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## Letter to Shareholders

On September 15<sup>th</sup>, we announced that Dream Global REIT entered into an agreement with Blackstone for the sale of the company in an all cash transaction valued at \$6.2 billion. Unitholders of Dream Global approved the acquisition of the REIT which is anticipated to close in December 2019, subject to customary closing conditions. The transaction itself is considered a pivotal event for our Company as it recognizes the value we created as an asset manager and demonstrates the strength of our platform. Having created the REIT in 2011 with an initial investment of only \$20 million, we have effectively generated a total return on our initial investment of over \$500 million, including the asset management fees we generated over the past 8 years plus incentive fees, representing an IRR of over 60% which is an impressive return for Dream. After the sale of Dream Global, we will concentrate our expertise on growing Dream Industrial and Dream Alternatives and our development management business, in addition to adding new public and private asset management ideas to our portfolio.

Year-to-date in 2019, we have acquired \$36 million of units in Dream Alternatives and Dream Office REIT bringing our total ownership in each entity to 23% and 24% respectively. As of November 11, 2019, Dream's total fair value of units held in the Dream Publicly Listed Funds was \$641 million. Upon closing of the Dream Global transaction, we expect to have close to \$1 billion of cash and securities – which approximates the market capitalization of our Company before considering any of the other assets we own.

In 2019, we have purchased 1.8 million subordinate voting shares for total proceeds of \$14 million under our normal course issuer bid, representing 14% of year-to-date trade volume. Given the gap between our view of net asset value and the market price, our intent is to acquire additional units in Dream to increase the value of the business. Assuming the successful completion of the Dream Global transaction and ongoing market conditions, we intend to make an offer to shareholders to acquire approximately 10 million subordinate voting shares for a total purchase price of \$110 million.

It is more apparent than ever that Dream has changed significantly from the Western Canada focused company which we took public in 2013. Our asset base has shifted dramatically, with over 65% of assets held directly or indirectly in Toronto, Ottawa, or within recurring income, compared to the same percentage of our book value driven by Western Canada at the time we started.

Our irreplaceable development pipeline in Toronto and Ottawa continues to become more valuable. At September 30, 2019, Dream had sufficient land for over 12,700 residential units and 3.6 million retail/commercial square feet (at 100% project level interest) which does not include the redevelopment opportunities held through our 24% ownership of Dream Office. These projects include: Riverside Square, future phases at the Canary District and Distillery District, the West Don Lands, Brightwater and Zibi. We have now commenced construction on our first residential rental building, Block 8 within the West Don Lands, which will comprise 770 rental units of which 30% are affordable. The development will focus on accessibility, affordability and sustainability. We are also making great progress at Zibi, our 34-acre waterfront development along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario. To date, we have commenced construction on 274,000 square feet of commercial space at Zibi of which 78% is leased to the Federal Government of Canada and other tenants, representing over 50% of the net market absorption for the region in 2019.

Although not yet complete we are pleased with our significant accomplishments to date in 2019, as we are achieving our ongoing goal of making the Company safer while increasing returns for our shareholders.

Thank you for your ongoing support and interest in our Company.

Sincerely,

***“Michael Cooper”***

Michael Cooper  
President and Chief Responsible Officer  
November 12, 2019

## Management's Discussion and Analysis

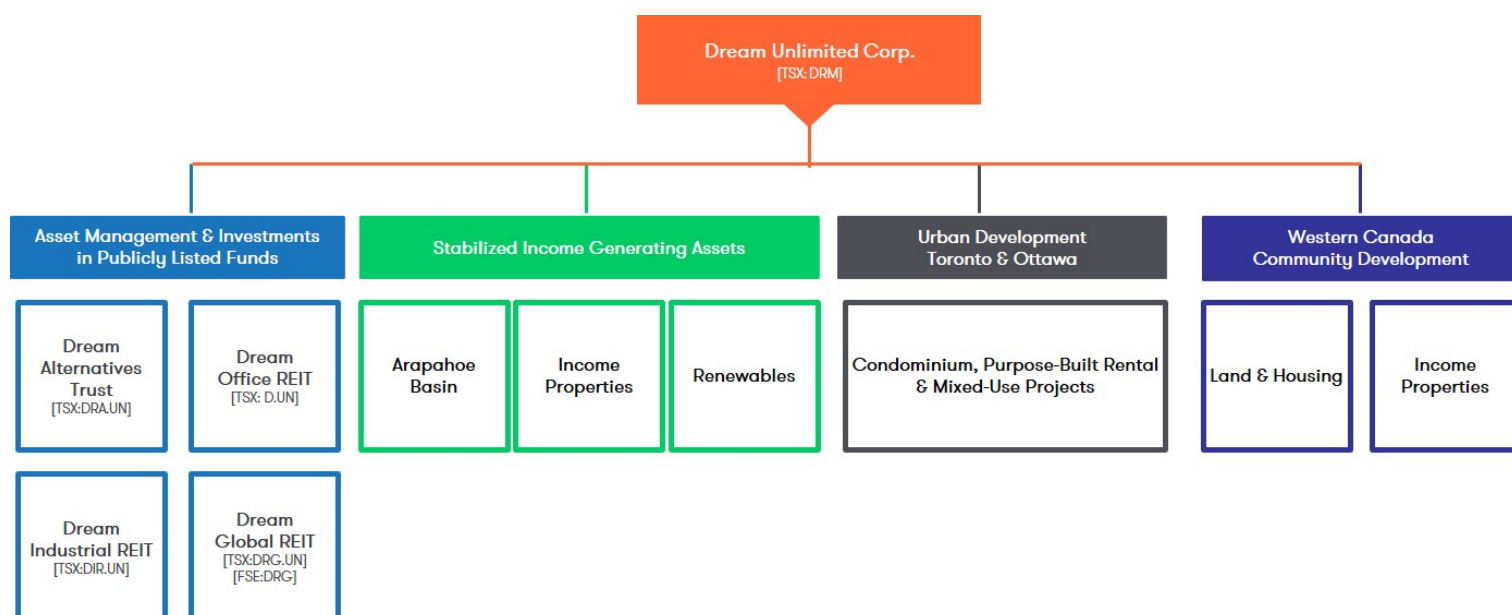
The Management's Discussion and Analysis ("MD&A") is intended to assist readers in understanding Dream Unlimited Corp. (the "Company" or "Dream"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the audited consolidated financial statements ("consolidated financial statements") of Dream, including the notes thereto, as at and for the year ended December 31, 2018 and the condensed consolidated financial statements as at and for the three and nine months ended September 30, 2019, which can be found in the Company's annual filings on the System for Electronic Document Analysis and Retrieval ("SEDAR") ([www.sedar.com](http://www.sedar.com)). The financial statements underlying this MD&A, including 2018 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, and reflects all material events up to, November 12, 2019.

## Business Overview

Dream is one of Canada's leading real estate companies with approximately \$16 billion of assets under management in North America and Europe. The scope of the business includes asset management and management services for four Toronto Stock Exchange ("TSX") listed trusts and institutional partnerships, condominium and mixed-use development, investments in and management of a renewable power portfolio, commercial property ownership, residential land development, and housing and multi-family development. 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") in 2011, 2012 and 2014, respectively. In the three months ended September 30, 2019, the Company announced the proposed acquisition of Dream Global REIT by affiliates of real estate funds managed by The Blackstone Group Inc. (collectively, "Blackstone").



## Summary of Achievements – Third Quarter of 2019

### Proposed Acquisition of Dream Global REIT

At the special meeting held November 12, 2019, 99.2% of unitholders of Dream Global REIT approved the acquisition of Dream Global REIT which is anticipated to close in December 2019, subject to the satisfaction of customary closing conditions including certain regulatory approvals. On closing of the transaction, Dream Global REIT unitholders will receive cash consideration of \$16.79 per unit, which represents a significant premium of 18.5% relative to the closing price prior to the announcement. We believe this transaction recognizes the value created by Dream since Dream Global REIT went public in 2011 and demonstrates the strength of our asset management business. Since we initially took Dream Global REIT public in 2011, the REIT will have generated a total return of 214%, or an annualized return of 15%. Dream's results for the third quarter of 2019 exclude the impact of the acquisition.

Upon the transaction closing, Dream expects to receive aggregate net proceeds of almost \$400 million after tax both in respect of its asset management agreement and units owned directly in Dream Global REIT, which will be used to pay down debt to make the company safer, fund potential new investments and for share repurchases.

### Recurring Income Sources

#### Asset Management and Investments in Dream Publicly Listed Funds

In the three and nine months ended September 30, 2019, the asset management division generated net margin of \$4.8 million and \$20.8 million, compared to \$8.3 million and \$22.5 million, respectively, in the comparative periods. The changes in net margin were driven by the timing of transactional activity, partially offset by growth in fee-earning assets under management and higher platform costs.

At November 11, 2019, the total fair value of units held in the Dream Publicly Listed Funds (comprising Dream Global REIT, Dream Alternatives and Dream Office REIT) was \$640.6 million, representing 60% of the Company's total market capitalization (compared to \$457.5 million as at December 31, 2018). The increase in value from 2018 has been driven by \$37.0 million of unit acquisitions and \$146.1 million of appreciation in the unit prices of the Dream Publicly Listed Funds. Dream currently owns 15.0 million units or \$441.2 million at fair value in Dream Office REIT (a 24% interest) and 15.7 million units or \$118.2 million at fair value in Dream Alternatives (a 23% interest).

### Development Assets

#### Urban Development - Toronto & Ottawa

In the three months ended September 30, 2019, the Company entered into an agreement with Anishnawbe Health Toronto to develop a mixed-use project ("Block 10") in the Canary District, adjacent to the Distillery District and West Don Lands in downtown Toronto. Block 10 is comprised of several components, including a proposed 200-unit condominium building, approximately 28,000 square feet ("sf") of heritage retail, a 225-unit residential rental building, along with a community health centre and a mixed-use commercial building that includes a training, education and employment centre, a city daycare and commercial space. Block 10 is an important component of the Dream and Kilmer Van Nostrand Co. Ltd. ("Kilmer") indigenous hub of which we are proud to be a part. Dream and Kilmer will develop the condominium and retail components in a 50/50 partnership and will also develop the residential rental alongside Tricon Capital Group and Dream Alternatives.

Upon completion, inclusive of the Distillery District and Lakeshore East, Dream and its partners will have developed 62 acres, comprising 6,800 residential and rental units and 1.2 million sf of commercial/retail in the east end of downtown Toronto.

In the three months ended September 30, 2019, the Company closed on \$357 million of financing (at the project level) related to its purpose-built rental community in Toronto's West Don Lands neighbourhood as part of CMHC's Rental Construction Financing initiative. Construction on the first block ("Block 8") commenced in the fourth quarter of 2019 and will comprise 770 rental units, of which 30% are affordable. The community will focus on accessibility, affordability and sustainability. Dream and Dream Alternatives, together have a 33% equity interest in the West Don Lands development.

Subsequent to September 30, 2019, the Company closed on \$170.0 million of project-level financing related to Canary Commons ("Block 12"), a 401-unit condominium development in the Canary District. First occupancies are expected in 2021 and the development is 96% pre-sold as of November 11, 2019.

As at September 30, 2019, Dream had over 12,700 residential units and 3.6 million retail/commercial sf in various stages of planning, pre-development and construction (at 100% project level interest). This included over 2,400 residential units and 0.5 million retail/commercial sf (867 units and 0.3 sf at Dream's share) which were under development or had achieved a sales launch, with the remainder in our future development pipeline. Of our condominium projects in inventory that have achieved market launches to date, approximately 98% of these units have been pre-sold, including Riverside Square, Canary Block and Canary Commons. Our pipeline includes, among others: future phases of the West Don Lands, Zibi, the Distillery District, Canary District - Block 13, Brightwater (formerly referred to as "Port Credit"), Frank Gehry and Lakeshore East. For further details on our project pipeline, refer to the "Urban Development Inventory and Pipeline" section of this MD&A.

## Western Canada Development

In the three months ended September 30, 2019, we recognized a \$3.7 million fair value gain on Brighton Marketplace (at Dream's 50% equity interest). Brighton Marketplace is a 225,000 sf retail development located in our Holmwood master-planned community in Saskatoon, Saskatchewan and is more than 80% leased as at November 11, 2019, to tenants such as Landmark Cinemas, Save-on Foods and Motion Fitness, with stabilization expected by 2021.

## Strong Liquidity Position, NCIB Activity & Return to Shareholders

As at September 30, 2019, we had up to \$146.0 million of undrawn credit availability on Dream's operating line and margin facility. As at September 30, 2019, our debt to total asset ratio on a Dream standalone basis, was 36.4%, in line with 36.2% as at June 30, 2019 and up from 34.9% as at December 31, 2018. In the first nine months of 2019, our debt ratio increased slightly due to the timing of purchases of units in Dream Office and Dream Alternatives and borrowings on our developments on a cost to complete basis. We expect our debt ratio to decline by the fourth quarter of 2019 as we utilize proceeds received on closing of the Dream Global REIT transaction. The Company remains committed to maintaining a conservative debt position and has ample excess liquidity even before considering unencumbered or under-levered assets.

In the three and nine months ended September 30, 2019, 0.7 million and 1.8 million Class A subordinate voting shares ("Subordinate Voting Shares") were purchased for cancellation by the Company for \$5.8 million and \$14.0 million under its normal course issuer bid, respectively, representing 14% of year-to-date trade volume. Dividends of \$2.6 million and \$8.0 million were declared and paid on its Subordinate Voting Shares and Class B common shares ("Class B Shares") in the three and nine month periods, respectively. Subsequent to September 30, 2019, an additional 0.3 million units were purchased for \$2.5 million.

**\$8.5 billion**

of fee-earning assets under management and

**\$16 billion**

of total assets under management

**\$64.5 million**

in recurring income  
YTD 2019,  
representing

**50%** of book equity  
per share

**17% CAGR**

in book value per share  
on a Dream standalone  
basis since our first  
reporting period as a  
public company in 2013

## Our Operating Segments and Strategy

As an asset manager, owner and developer of real estate, our objectives are to:

- Develop best-in-class properties and communities that attract exceptional businesses, residents and visitors;
- Own our newly developed income producing assets for the long term;
- Maintain a conservative balance sheet and liquidity position;
- Work with exceptional partners and stakeholders to maximize the value of our assets and developments;
- Manage our asset mix and profile to maximize long term value to shareholders; and
- Generate consistent returns for our shareholders over the long term.

We have achieved our goals in the past as a result of our expertise and high quality asset base, combined with a track record in our ability to source, structure and execute on compelling investment opportunities while maintaining conservative debt levels. Over the last few years, we have actively focused on differentiating our asset base by growing assets that contribute to recurring income and investing in development assets and real estate in Toronto, with a goal of improving the safety, value and earnings quality of our business.

Recurring income is important to our business as it provides stable returns in order to fund our ongoing interest, fixed operating costs and dividends. This provides enhanced stability and financial flexibility as we continue to execute on our development pipeline. Assets which contribute to recurring income include our asset management contracts with and equity ownership in the Dream Publicly Listed Funds and our stabilized income generating assets, such as the Distillery District in Toronto and our ski hill in Colorado, Arapahoe Basin. Our future recurring income properties will include those that are currently being developed within our mixed-use developments in Toronto and Ottawa and our master-planned communities in Western Canada.

Our development assets, comprised of residential, commercial, retail and raw land, are located across Toronto, Ottawa and Western Canada. We believe our development pipeline includes exceptional assets which will contribute to income and cash flow over time as they are developed and completed. Income and cash flow generated from these assets can vary from period to period, due to a variety of factors including the timing of construction, availability of inventory, timing of completion and end customer occupancy. As we execute on completing our development properties, we anticipate our recurring income assets to increase over time.

The Company's operating segments are as follows:

- *Asset management and investments in the Dream Publicly Listed Funds ("asset management")* includes various agreements with the Dream Publicly Listed Funds, and various development partnerships, in addition to equity interests in Dream Office REIT and Dream Global REIT.
- *Stabilized income generating assets* includes Arapahoe Basin, a ski hill in Colorado, income producing assets in Western Canada and Toronto, and the ownership of a renewable power portfolio.
- *Urban development - Toronto & Ottawa ("urban development")* includes condominium, purpose-built rental and mixed-use development in the Greater Toronto Area ("GTA") and Ottawa/Gatineau regions.
- *Western Canada community development* includes land, housing and retail/commercial/multi-family development in Saskatchewan and Alberta.
- *Dream Alternatives* includes the operating activity of Dream Alternatives' portfolio of real estate development opportunities and alternative assets.

Commencing in the first quarter of 2019, we have redefined our segment information to better reflect how we manage our business. Comparative information has been reclassified in accordance with our new segment presentation.

## Selected Key Operating Metrics by Segment<sup>(1)</sup>

| For the three months ended September 30, 2019       |                  |                                     |                   |                                      |                     |                        |  |
|-----------------------------------------------------|------------------|-------------------------------------|-------------------|--------------------------------------|---------------------|------------------------|--|
| (in thousands of dollars, except per share amounts) | Asset management | Stabilized income generating assets | Urban development | Western Canada community development | Corporate and other | Total Dream standalone |  |
| Revenue                                             | \$ 8,540         | \$ 10,421                           | \$ 4,432          | \$ 28,185                            | \$ —                | \$ 51,578              |  |
| % of total revenue                                  | 16.6%            | 20.2%                               | 8.6%              | 54.6%                                | —%                  | 100.0%                 |  |
| Net margin                                          | \$ 4,813         | \$ (523)                            | \$ (1,356)        | \$ (553)                             | \$ —                | \$ 2,381               |  |
| EBITDA <sup>(2)</sup>                               | \$ 28,518        | \$ 4,601                            | \$ 161            | \$ 3,945                             | \$ (3,444)          | \$ 33,781              |  |
| Adjusted EBITDA <sup>(2)</sup>                      | \$ 14,487        | \$ 1,476                            | \$ 505            | \$ 240                               | \$ (3,512)          | \$ 13,196              |  |
| For the nine months ended September 30, 2019        |                  |                                     |                   |                                      |                     |                        |  |
| Revenue                                             | \$ 31,527        | \$ 53,827                           | \$ 23,429         | \$ 51,776                            | \$ —                | \$ 160,559             |  |
| % of total revenue                                  | 19.6%            | 33.5%                               | 14.6%             | 32.3%                                | —%                  | 100.0%                 |  |
| Net margin                                          | \$ 20,771        | \$ 14,603                           | \$ (2,515)        | \$ (4,830)                           | \$ —                | \$ 28,029              |  |
| Net margin (%) <sup>(2)</sup>                       | 65.9%            | 27.1%                               | n/a               | n/a                                  | n/a                 | 17.5%                  |  |
| % of net margin                                     | 74.1%            | 52.1%                               | (9.0%)            | (17.2%)                              | —%                  | 100.0%                 |  |
| EBITDA <sup>(2)</sup>                               | \$ 74,700        | \$ 22,893                           | \$ 230            | \$ 3,924                             | \$ (10,748)         | \$ 90,999              |  |
| Adjusted EBITDA <sup>(2)</sup>                      | \$ 44,293        | \$ 20,855                           | \$ 583            | \$ (2,888)                           | \$ (10,824)         | \$ 52,019              |  |
| As at September 30, 2019                            |                  |                                     |                   |                                      |                     |                        |  |
| Segment assets                                      | \$ 616,730       | \$ 341,898                          | \$ 481,886        | \$ 764,191                           | \$ 18,786           | \$ 2,223,491           |  |
| Segment liabilities                                 | \$ 120,836       | \$ 128,319                          | \$ 285,101        | \$ 193,625                           | \$ 406,050          | \$ 1,133,931           |  |
| Segment shareholders' equity                        | \$ 495,894       | \$ 213,579                          | \$ 139,541        | \$ 570,566                           | \$ (387,264)        | \$ 1,032,316           |  |
| Book equity per share <sup>(2)</sup>                | \$ 4.70          | \$ 2.02                             | \$ 1.32           | \$ 5.41                              | \$ (3.67)           | \$ 9.78                |  |
| % of book equity per share <sup>(3)</sup>           | 35.0%            | 15.0%                               | 9.8%              | 40.2%                                | n/a                 | 100.0%                 |  |
| For the three months ended September 30, 2018       |                  |                                     |                   |                                      |                     |                        |  |
| (in thousands of dollars, except per share amounts) | Asset management | Stabilized income generating assets | Urban development | Western Canada community development | Corporate and other | Total Dream standalone |  |
| Revenue                                             | \$ 11,084        | \$ 10,209                           | \$ 754            | \$ 29,838                            | \$ —                | \$ 51,885              |  |
| % of total revenue                                  | 21.4%            | 19.7%                               | 1.5%              | 57.4%                                | —%                  | 100.0%                 |  |
| Net margin                                          | \$ 8,320         | \$ (141)                            | \$ (1,862)        | \$ (610)                             | \$ —                | \$ 5,707               |  |
| EBITDA <sup>(2)</sup>                               | \$ 20,589        | \$ 12,864                           | \$ (1,759)        | \$ (713)                             | \$ (2,995)          | \$ 27,986              |  |
| Adjusted EBITDA <sup>(2)</sup>                      | \$ 14,634        | \$ 9,197                            | \$ 5,345          | \$ 121                               | \$ (3,212)          | \$ 26,085              |  |
| For the nine months ended September 30, 2018        |                  |                                     |                   |                                      |                     |                        |  |
| Revenue                                             | \$ 30,447        | \$ 50,009                           | \$ 3,825          | \$ 66,034                            | \$ —                | \$ 150,315             |  |
| % of total revenue                                  | 20.3%            | 33.3%                               | 2.5%              | 43.9%                                | —%                  | 100.0%                 |  |
| Net margin                                          | \$ 22,457        | \$ 13,137                           | \$ (5,011)        | \$ (7,343)                           | \$ —                | \$ 23,240              |  |
| Net margin (%) <sup>(2)</sup>                       | 73.8%            | 26.3%                               | n/a               | n/a                                  | n/a                 | 15.5%                  |  |
| % of net margin                                     | 96.6%            | 56.5%                               | (21.6%)           | (31.5%)                              | —%                  | 100.0%                 |  |
| EBITDA <sup>(2)</sup>                               | \$ 74,948        | \$ 30,266                           | \$ 5,639          | \$ (6,013)                           | \$ (11,056)         | \$ 93,784              |  |
| Adjusted EBITDA <sup>(2)</sup>                      | \$ 40,404        | \$ 30,686                           | \$ 17,198         | \$ (5,437)                           | \$ (10,700)         | \$ 72,151              |  |
| As at December 31, 2018                             |                  |                                     |                   |                                      |                     |                        |  |
| Segment assets                                      | \$ 549,910       | \$ 350,631                          | \$ 347,815        | \$ 787,018                           | \$ 20,654           | \$ 2,056,028           |  |
| Segment liabilities                                 | \$ 113,974       | \$ 131,505                          | \$ 193,082        | \$ 173,271                           | \$ 398,944          | \$ 1,010,776           |  |
| Segment shareholders' equity                        | \$ 435,936       | \$ 219,126                          | \$ 110,798        | \$ 613,747                           | \$ (378,290)        | \$ 1,001,317           |  |
| Book equity per share <sup>(2)</sup>                | \$ 4.06          | \$ 2.04                             | \$ 1.03           | \$ 5.72                              | \$ (3.52)           | \$ 9.33                |  |
| % of book equity per share <sup>(3)</sup>           | 31.6%            | 15.9%                               | 8.0%              | 44.5%                                | n/a                 | 100.0%                 |  |

<sup>(1)</sup> All metrics are calculated on a Dream standalone basis. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

<sup>(2)</sup> Net margin (%), EBITDA, adjusted EBITDA and book equity per share are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details and a reconciliation of EBITDA and adjusted EBITDA to net segment earnings.

<sup>(3)</sup> This metric is calculated on a Dream standalone basis excluding Corporate and other, as this segment does not include amounts relevant to our operational segments.

### Asset Management and Investments in Dream Publicly Listed Funds

We provide asset management and development management services to the Dream Publicly Listed Funds and on behalf of various institutional partnerships/third-party real estate and development assets. As of November 11, 2019, we also hold an aggregate of \$640.6 million of units in Dream Office REIT, Dream Alternatives and Dream Global REIT (inclusive of deferred trust units), which generate monthly distributions for Dream. In the three months ended September 30, 2019, the Company announced the proposed acquisition of Dream Global REIT by affiliates of real estate funds managed by Blackstone, along with the suspension of its distribution effective September 2019.

It is important to note that fees earned on transactional activity in a period are not recurring in nature and accordingly will impact related margins. Fees related to development activities and partnerships included within this segment can fluctuate depending on the number of active projects and on Dream meeting certain milestones as the development manager. We expect that development and other management fees will continue to increase in future years as our existing developments progress through construction milestones.

In addition, we expect that distributions received from Dream Office REIT and Dream Alternatives will increase over time as we intend to further invest in both companies on an opportunistic basis as both companies focus on core Toronto assets.

### Stabilized Income Generating Assets

Dream owns a number of income generating assets which are key contributors to our sources of recurring income. These assets include Arapahoe Basin, our ski hill in Colorado, income producing assets in Toronto and Western Canada, the largest being the Distillery District, and a 20% investment in a renewable power portfolio. We expect assets in this segment to grow over time, as we intend to hold stabilized investment properties that are developed by Dream in the core markets in which we operate.

### Urban Development - Toronto & Ottawa

Our core development business consists of predominantly large scale developments in Toronto and Ottawa, with nearly 12,700 condominium and purpose-built rental units and approximately 3.6 million sf of retail and commercial density in our pipeline (at 100% project level interest). Significant projects in this segment include the West Don Lands, Canary District, Distillery District and Riverside Square in Toronto's east end, as well as Zibi in Ottawa/Gatineau. We expect our profitability to increase as we develop and complete these sites in phases, with certain income properties expected to contribute to recurring income while other developments will contribute to our results upon occupancy.

### Western Canada Community Development

Dream actively develops and services 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. With our land bank, comprising nearly 9,200 acres across nine master-planned communities, market share, liquidity position, and extensive experience as a developer, we are able to closely monitor and have the flexibility to increase or decrease our inventory levels to adjust to market conditions in any year. We also construct houses, multi-family, retail and commercial properties to maximize returns from building on our own lands.

### Dream Alternatives

Dream Alternatives provides investors with access to an exceptional portfolio of real estate development opportunities and alternative assets that would not otherwise be available in a public and fully transparent vehicle, managed by an experienced team with a successful track record in these areas with net asset value ("NAV") of \$576.9 million. Dream Alternatives' objectives are to build and maintain a growth-oriented portfolio, provide predictable cash distributions to unitholders on a tax efficient basis, and grow and reposition the portfolio to increase cash flow, unitholders' equity and net asset value per unit over time. As of November 11, 2019, Dream owns 23% of Dream Alternatives' outstanding trust units or \$118.2 million at fair value and is Dream Alternatives' largest unitholder.

## Summary of Our Significant Assets

Details of the Company's significant recurring income and development assets are presented below on a Dream standalone basis.

### Recurring income generating assets:

| Key assets                                                     | Segment                             | Balance sheet measure                                        | Value at<br>September 30, 2019 | Value at<br>December 31, 2018 |
|----------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------|--------------------------------|-------------------------------|
| Investment in Dream Office REIT                                | Asset management                    | Net equity accounted investment <sup>(1)</sup>               | \$ 362,682                     | \$ 341,516                    |
| Distillery District (Toronto)                                  | Stabilized income generating assets | Fair value of investment property                            | 116,250                        | 116,250                       |
| Investment in Dream Alternatives                               | Asset management                    | Cost of equity holdings, less return of capital              | 92,766                         | 72,678                        |
| Investment in Dream Global REIT units and deferred trust units | Asset management                    | Fair value of equity holdings                                | 80,799                         | 58,123                        |
| Asset management contracts and arrangements                    | Asset management                    | Book value of intangible asset related to Dream Alternatives | 43,000                         | 43,000                        |
| Firelight Infrastructure                                       | Stabilized income generating assets | Net equity accounted investment <sup>(1)</sup>               | 44,785                         | 38,475                        |
| Arapahoe Basin ski hill (Colorado)                             | Stabilized income generating assets | Book value of recreational property                          | 30,528                         | 32,103                        |
| Total                                                          |                                     |                                                              | \$ 770,810                     | \$ 702,145                    |
| % of total recurring income generating assets                  |                                     |                                                              | 80.4%                          | 78.0%                         |
| Other assets                                                   |                                     |                                                              | \$ 187,818                     | \$ 198,396                    |

### Development assets:

| Key assets                                  | Segment                              | Balance sheet measure                                                           | Value at<br>September 30, 2019 | Value at<br>December 31, 2018 |
|---------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Zibi (Ottawa/Gatineau) <sup>(2)</sup>       | Urban development                    | Book value of condominium inventory and investment properties under development | \$ 183,869                     | \$ 128,345                    |
| Holmwood (Saskatchewan)                     | Western Canada community development | Book value of land inventory                                                    | 118,407                        | 120,043                       |
| Providence (Alberta)                        | Western Canada community development | Book value of land inventory                                                    | 106,171                        | 105,367                       |
| Riverside Square - Phases 1 and 2 (Toronto) | Urban development                    | Book value of condominium inventory                                             | 81,938                         | 73,319                        |
| Canary District - Stage 2 (Toronto)         | Urban development                    | Net equity accounted investment <sup>(1)</sup>                                  | 11,483                         | 9,984                         |
| Total                                       |                                      |                                                                                 | \$ 501,868                     | \$ 437,058                    |
| % of total development assets               |                                      |                                                                                 | 40.3%                          | 38.5%                         |
| Other assets                                |                                      |                                                                                 | \$ 744,209                     | \$ 697,775                    |

<sup>(1)</sup> Equity accounted investments are held at cost, adjusted for Dream's share of earnings or losses and other comprehensive income, less return of capital. The fair value of Dream's investment in Dream Office REIT as of September 30, 2019 is \$444.2 million (December 31, 2018 - \$323.6 million).

<sup>(2)</sup> The carrying value of Zibi inventory is at 100% as the project is consolidated for financial statement purposes. Refer to Note 18 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019 for details on the non-controlling interest related to Zibi.

## 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, revenue 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. Certain marketing expenses for condominiums are incurred prior to the occupancy of these units and accordingly are not tied to the number of units occupied in a particular period as they are expensed as incurred. Commissions are capitalized as contract assets, and expensed when condominium and housing 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. 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 "Contribution of Quarterly Margin and Income by Major Business Segment/Investment" section of this MD&A for further details.

## Key Financial Information and Performance Indicators

### Selected Financial Information – Consolidated Dream

|                                                                           | For the three months ended September 30, |             | For the nine months ended September 30, |             |
|---------------------------------------------------------------------------|------------------------------------------|-------------|-----------------------------------------|-------------|
| (in thousands of dollars, except per share and outstanding share amounts) | 2019                                     | 2018        | 2019                                    | 2018        |
| Revenue                                                                   | \$ 64,069                                | \$ 64,497   | \$ 197,070                              | \$ 185,918  |
| Gross margin                                                              | \$ 21,049                                | \$ 24,257   | \$ 81,914                               | \$ 76,877   |
| Gross margin (%) <sup>(1)</sup>                                           | 32.9%                                    | 37.6%       | 41.6%                                   | 41.3%       |
| Net margin                                                                | \$ 10,793                                | \$ 12,244   | \$ 49,203                               | \$ 41,254   |
| Net margin (%) <sup>(2)</sup>                                             | 16.8%                                    | 19.0%       | 25.0%                                   | 22.2%       |
| Earnings (loss) before income taxes                                       | \$ 30,255                                | \$ 22,769   | \$ (17,903)                             | \$ 142,832  |
| Earnings (loss) for the period                                            | \$ 27,167                                | \$ 15,279   | \$ (17,446)                             | \$ 135,431  |
| Basic earnings (loss) per share <sup>(3)</sup>                            | \$ 0.26                                  | \$ 0.14     | \$ (0.17)                               | \$ 1.24     |
| Diluted earnings (loss) per share <sup>(3)</sup>                          | \$ 0.25                                  | \$ 0.14     | \$ (0.17)                               | \$ 1.22     |
| Weighted average number of shares outstanding, basic                      | 105,855,832                              | 108,254,079 | 106,602,544                             | 108,711,103 |
| Total issued and outstanding shares                                       | 105,557,910                              | 108,096,605 | 105,557,910                             | 108,096,605 |
| <b>Total earnings (loss) for the period attributable to:</b>              |                                          |             |                                         |             |
| Shareholders <sup>(4)</sup>                                               | \$ 27,135                                | \$ 15,283   | \$ (17,860)                             | \$ 135,206  |

|                   | September 30, 2019 | December 31, 2018 |
|-------------------|--------------------|-------------------|
| Total assets      | \$ 2,896,672       | \$ 2,751,566      |
| Total liabilities | \$ 1,812,838       | \$ 1,631,986      |
| Total equity      | \$ 1,083,834       | \$ 1,119,580      |

<sup>(1)</sup> Gross margin % (a non-IFRS measure) represents gross margin as a percentage of revenue. For additional details, refer to the "Non-IFRS Measures" section of this MD&A.

<sup>(2)</sup> Net margin % (a non-IFRS measure) represents net margin as a percentage of revenue. For additional details, refer to the "Non-IFRS Measures" section of this MD&A.

<sup>(3)</sup> See Note 23 of the Company's condensed consolidated financial statements for the three and nine months ended September 30, 2019 for further details on the calculation of basic and diluted earnings per share.

<sup>(4)</sup> Total earnings attributable to shareholders excludes the portion allocated to non-controlling interests.

The Company evaluates its Western Canada community development, urban development and asset management segments using net margin. The Company's stabilized income generating assets are evaluated using net operating income. Stated as a percentage to evaluate operational efficiency, these metrics are used as fundamental business considerations for updating budgets, forecasts and strategic planning.

### Overview of Consolidated Results

Revenue for the three months ended September 30, 2019 was consistent with the comparative period, as current period condominium occupancies were offset by lower asset management revenue and sales volumes in our Western Canada housing business. Revenue for the nine months ended September 30, 2019 increased by \$11.2 million relative to the prior year, primarily due to condominium occupancies and revenue growth at Arapahoe Basin, partially offset by reduced housing sales in Western Canada. Condominium results are not comparable to prior periods as different projects were available for occupancy.

In the three months ended September 30, 2019, on a consolidated basis, the Company recognized earnings before income taxes of \$30.3 million, an increase of \$7.5 million over the comparative period primarily due to appreciation in the unit price of Dream Global REIT, increased earnings from equity accounted investments of \$8.8 million and higher fair value gains on the Dream Alternatives trust units of \$1.6 million. This was partially offset by a fair value gain of \$7.6 million on an expropriated property in the prior year, \$3.5 million lower net margin from our asset management segment due to lower transactional activity and higher platform costs, and a \$6.3 million fair value loss on Dream Alternatives' non-core investment properties.

Dream Alternatives trust units held by other unitholders are treated as a liability on the condensed consolidated statements of financial position of Dream and are fair valued each period under IFRS, generating losses (gains) as Dream Alternatives' unit price increases (decreases). Included in the current period were \$2.8 million of fair value gains related to Dream Alternatives (as a result of the impact of the unit price decreasing to \$7.50 at September 30, 2019, from \$7.68 at June 30, 2019), compared to \$1.2 million of fair value gains in the comparative period (as a result of the unit price decreasing to \$6.77 at September 30, 2018 from \$6.89 at June 30, 2018).

In the nine months ended September 30, 2019, on a consolidated basis, the Company recognized a loss before income taxes of \$17.9 million, compared to earnings before taxes of \$142.8 million in the prior year, due to adjustments relating to the Dream Alternatives trust units and gains in prior period results, partially offset by higher margin generated from our operating segments and increased earnings from our equity accounted investments. Results in the comparative period included a one-time net gain on acquisition of Dream Alternatives of \$130.0 million. Fair value losses on the Dream Alternatives trust units were \$94.9 million in the current period (as a result of the impact of the unit price increasing to \$7.50 at September 30, 2019 from \$6.24 at December 31, 2018), compared to losses of \$45.6 million in the prior year (as a result of the unit price increasing to \$6.77 at September 30, 2018 from \$6.33 at January 1, 2018).

## Selected Financial Information – Dream Standalone<sup>(1)</sup>

Based on how we operate our business and evaluate our economic ownership of Dream Alternatives, we believe reviewing Dream's standalone results excluding the impact of consolidating Dream Alternatives is more relevant information for 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 the "Reconciliation of Basic Earnings per Share", "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" sections in this MD&A for a reconciliation of Dream standalone to the condensed consolidated financial statements as at September 30, 2019.

|                                                                           | For the three months ended September 30, |             | For the nine months ended September 30, |             |
|---------------------------------------------------------------------------|------------------------------------------|-------------|-----------------------------------------|-------------|
| (in thousands of dollars, except per share and outstanding share amounts) | 2019                                     | 2018        | 2019                                    | 2018        |
| Revenue                                                                   | \$ 51,578                                | \$ 51,885   | \$ 160,559                              | \$ 150,315  |
| Gross margin                                                              | \$ 12,637                                | \$ 17,720   | \$ 60,740                               | \$ 58,863   |
| Gross margin (%) <sup>(2)</sup>                                           | 24.5%                                    | 34.2%       | 37.8%                                   | 39.2%       |
| Net margin                                                                | \$ 2,381                                 | \$ 5,707    | \$ 28,029                               | \$ 23,240   |
| Net margin (%) <sup>(2)</sup>                                             | 4.6%                                     | 11.0%       | 17.5%                                   | 15.5%       |
| Earnings before income taxes                                              | \$ 24,058                                | \$ 18,627   | \$ 62,389                               | \$ 68,453   |
| Earnings for the period                                                   | \$ 22,596                                | \$ 13,648   | \$ 51,669                               | \$ 53,185   |
| Basic earnings per share <sup>(3)</sup>                                   | \$ 0.21                                  | \$ 0.13     | \$ 0.48                                 | \$ 0.50     |
| Diluted earnings per share                                                | \$ 0.20                                  | \$ 0.13     | \$ 0.47                                 | \$ 0.49     |
| Weighted average number of shares outstanding                             | 105,855,832                              | 108,254,079 | 106,602,544                             | 108,711,103 |
| Total issued and outstanding shares                                       | 105,557,910                              | 108,096,605 | 105,557,910                             | 108,096,605 |
| EBITDA <sup>(2)</sup>                                                     | \$ 33,781                                | \$ 27,986   | \$ 90,999                               | \$ 93,784   |
| Adjusted EBITDA <sup>(2)</sup>                                            | \$ 13,196                                | \$ 26,085   | \$ 52,019                               | \$ 72,151   |
| <b>Total earnings for the period attributable to:</b>                     |                                          |             |                                         |             |
| Shareholders                                                              | \$ 22,443                                | \$ 13,930   | \$ 51,542                               | \$ 54,005   |

|                                                                                | September 30, 2019 | December 31, 2018 |
|--------------------------------------------------------------------------------|--------------------|-------------------|
| Total assets                                                                   | \$ 2,223,491       | \$ 2,056,028      |
| Total liabilities                                                              | \$ 1,133,931       | \$ 1,010,776      |
| Total shareholders' equity (excluding non-controlling interest) <sup>(4)</sup> | \$ 1,032,316       | \$ 1,001,317      |
| Total book equity per share <sup>(2)</sup>                                     | \$ 9.78            | \$ 9.33           |

<sup>(1)</sup> Dream standalone represents the standalone results of Dream, excluding the segment impact of Dream Alternatives' consolidated results. Refer to the "Non-IFRS Measures" section of this MD&A for further details. Total assets as of September 30, 2019 includes the Company's investment in Dream Alternatives of 15,404,359 units at \$6.02 per unit totalling \$92.8 million (December 31, 2018 - 12,138,723 units at \$5.99 per unit totalling \$72.7 million). The Company's investment in Dream Alternatives is recorded at cost less return of capital.

<sup>(2)</sup> Gross margin (%), net margin (%), EBITDA, adjusted EBITDA and total book equity per share are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

<sup>(3)</sup> Basic earnings per share is computed by dividing Dream's earnings attributable to owners of the parent by the weighted average number of Dream Subordinate Voting Shares and Class B Shares outstanding during the period.

<sup>(4)</sup> Total shareholders' equity (excluding non-controlling interest) excludes \$57.2 million of non-controlling interest as at September 30, 2019 (\$43.9 million as at December 31, 2018) and includes the Company's investment in Dream Alternatives as at September 30, 2019 of \$92.8 million (\$72.7 million as at December 31, 2018). For further details refer to the "Segmented Assets and Liabilities" section of this MD&A.

## Overview of Dream Standalone Results

Revenue for the three months ended September 30, 2019 was relatively consistent with the prior year as changes in our asset management segment and lower sales volumes in our Western Canada housing business were offset by condominium occupancies in the current period. Revenue for the nine months ended September 30, 2019 increased by \$10.2 million due to the growth in revenue from Arapahoe Basin within our stabilized income generating assets segment as a result of increased skier visits and condominium occupancies achieved year-to-date, partially offset by lower housing sales in Western Canada, consistent with expectations.

In the three months ended September 30, 2019, earnings before income taxes, on a Dream standalone basis, increased by \$5.4 million primarily due to the appreciation in the unit price of Dream Global REIT, as well as an increase in earnings from our equity accounted investments due to fair value gains on properties under development. This was partially offset by a fair value gain of \$7.6 million on an expropriated property in the prior period and \$3.5 million lower net margin from our asset management segment due to decreased transactional activity and higher platform costs.

In the nine months ended September 30, 2019, earnings before income taxes decreased to \$62.4 million from \$68.5 million, primarily due to gains on asset dispositions and a one-time gain of \$12.6 million on the acquisition of Dream Alternatives in the prior period, in addition to higher interest expense of \$2.6 million. This was partially offset by appreciation in the unit price of Dream Global REIT, a \$12.1 million increase in earnings from our equity accounted investments (attributable to Dream Office REIT and the aforementioned fair value gains on properties under development held through equity investments) and \$4.8 million higher net margin generated from our operating segments.

Management uses EBITDA and adjusted EBITDA for purposes of evaluating our underlying business and segment performance. Adjusted EBITDA is calculated on a standalone basis using earnings for the period adjusted for interest and income tax expense, depreciation and amortization, fair value changes, non-cash gains/losses, and the net distribution component of income from the Company's equity accounted investments. It is an important measure for the Company as it eliminates the impact of significant non-cash items from earnings. Adjusted EBITDA for the three months ended September

30, 2019 decreased by \$12.9 million relative to the comparative period due to lower distributions from our equity accounted investments. Similarly, adjusted EBITDA for the nine months ended September 30, 2019 decreased by \$20.1 million relative to the prior period due to the aforementioned reasons as well as the disposition of an asset held for sale in the prior period.

## Sources of Recurring 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 and for the nine months ended September 30, 2019 and 2018.

| Asset                                                                                                    | Balance sheet measure                                    | Pre-tax income measure <sup>(1)</sup> | IFRS asset value at September 30, 2019 | IFRS asset value at December 31, 2018 | 2019 YTD pre-tax income | 2018 YTD pre-tax income |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|-------------------------|-------------------------|
| Asset management contracts and arrangements <sup>(2)</sup>                                               | Book value of intangible asset                           | Net margin                            | \$ 43,000                              | \$ 43,000                             | \$ 20,771               | \$ 22,457               |
| Direct equity investments in Dream Publicly Listed Funds <sup>(3)</sup>                                  | Fair value of equity holdings                            | Total distributions                   | 640,505                                | 457,492                               | 16,863                  | 14,937                  |
| Arapahoe Basin                                                                                           | Book value of recreational property, net of depreciation | Net operating income                  | 30,528                                 | 32,103                                | 10,622                  | 6,942                   |
| Firelight Infrastructure <sup>(4)</sup>                                                                  | Net equity accounted investment                          | Net earnings                          | 44,785                                 | 38,475                                | 6,293                   | 6,087                   |
| Stabilized income properties - Urban Development                                                         | Carrying value of properties                             | Net operating income                  | 143,508                                | 136,261                               | 5,691                   | 6,734                   |
| Stabilized income properties - Western Canada <sup>(5)</sup>                                             | Carrying value of properties                             | Net operating income                  | 41,388                                 | 40,661                                | 4,288                   | 4,473                   |
| Total assets and recurring income                                                                        |                                                          |                                       | \$ 943,714                             | \$ 747,992                            | \$ 64,528               | \$ 61,630               |
| Total debt outstanding <sup>(6)</sup>                                                                    |                                                          |                                       | \$ 211,694                             | \$ 211,853                            |                         |                         |
| Total general and administrative expenses and interest expense, Dream standalone                         |                                                          |                                       |                                        |                                       | \$ 35,213               | \$ 33,216               |
| Dividends paid on Dream subordinate voting shares and Class B common shares                              |                                                          |                                       |                                        |                                       | 7,980                   | —                       |
| Excess of recurring income over general and administrative expenses, interest expense and dividends paid |                                                          |                                       |                                        |                                       | \$ 21,335               | \$ 28,414               |

<sup>(1)</sup> Refer to the "Non-IFRS Measures" section of this MD&A for definitions of non-IFRS measures, including net operating income.

<sup>(2)</sup> 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.

<sup>(3)</sup> Refer to the "Investments in Dream Publicly Listed Funds" section of this MD&A for further information on the IFRS accounting treatment of these equity investments.

<sup>(4)</sup> 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.

<sup>(5)</sup> The IFRS asset value excludes balances related to certain properties classified as assets held for sale. Net operating income is inclusive of amounts attributable to assets held for sale before taxes.

<sup>(6)</sup> Total debt outstanding excludes balances related to certain properties classified as assets held for sale.

## Recurring Income Sources

### Asset Management and Investments in Dream Publicly Listed Funds

As the asset manager or service provider of the Dream Publicly Listed Funds and numerous development partnerships, we are 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 portfolio. The majority of our asset management fees in 2019 were derived from our agreements with the Dream Publicly Listed Funds. Management expects development and other asset management arrangements to become more significant in the future.

Our asset management and management services team consists of real estate and energy/infrastructure professionals with backgrounds in 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 approximately \$28 billion of commercial real estate and renewable power transactions. We also act as lead or co-lead developer on behalf of Dream Office REIT, Dream Alternatives and our third-party partnerships.

We made a strategic decision to increase our ownership position in both Dream Office REIT and Dream Alternatives commencing in 2017, as their businesses were transformed and are focused on owning core assets primarily in downtown Toronto and the GTA, both through dispositions of assets outside of these markets and new investments. As of September 30, 2019, we own approximately \$640.5 million of equity at fair value across the Dream Publicly Listed Funds, including \$559.7 million in Dream Office REIT and Dream Alternatives, and anticipate, over time, that our ownership interests will continue to increase on an opportunistic basis.

As at September 30, 2019, Dream managed assets with a total value of approximately \$16 billion (December 31, 2018 – \$15 billion), including fee earning assets under management of approximately \$8.5 billion (December 31, 2018 - \$8.4 billion).

## Selected Segment Key Operating Metrics

| (in thousands of dollars)                                                                                                         | For the three months ended September 30, |          | For the nine months ended September 30, |           |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------|-----------------------------------------|-----------|
|                                                                                                                                   | 2019                                     | 2018     | 2019                                    | 2018      |
| Fees earned on Dream Publicly Listed Funds                                                                                        | \$ 7,652                                 | \$ 9,826 | \$ 27,592                               | \$ 27,069 |
| Development and other asset management fees                                                                                       | 888                                      | 1,258    | 3,935                                   | 3,378     |
| Total asset management revenue                                                                                                    | 8,540                                    | 11,084   | 31,527                                  | 30,447    |
| Net margin                                                                                                                        | 4,813                                    | 8,320    | 20,771                                  | 22,457    |
| Net margin (%) <sup>(1)</sup>                                                                                                     | 56.4%                                    | 75.1%    | 65.9%                                   | 73.8%     |
| Distributions received from Dream Publicly Listed Funds - Dream Global REIT, Dream Office REIT, Dream Alternatives <sup>(2)</sup> | \$ 5,700                                 | \$ 5,433 | \$ 16,980                               | \$ 14,937 |
| Share of earnings from equity accounted investments - Dream Office REIT                                                           | 7,355                                    | 8,508    | 22,588                                  | 20,712    |

| (in thousands of dollars)                                | September 30, 2019 | December 31, 2018 |
|----------------------------------------------------------|--------------------|-------------------|
| Total fee-earning assets under management <sup>(1)</sup> | \$ 8,511,000       | \$ 8,356,000      |
| Fair value of units held in Dream Publicly Listed Funds  | 640,505            | 457,492           |

<sup>(1)</sup> 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.

<sup>(2)</sup> Distributions received from the Dream Publicly Listed Funds include cash distributions and incremental units earned through distribution reinvestment plans.

## Selected Segment Balance Sheet Data

| (in thousands of dollars, except per share amounts) | September 30, 2019 | December 31, 2018 |
|-----------------------------------------------------|--------------------|-------------------|
| Accounts receivable                                 | \$ 6,256           | \$ 8,329          |
| Other financial assets <sup>(1)</sup>               | 193,886            | 149,854           |
| Equity accounted investments <sup>(2)</sup>         | 373,588            | 348,727           |
| Intangible asset <sup>(3)</sup>                     | 43,000             | 43,000            |
| Total segment assets                                | \$ 616,730         | \$ 549,910        |
| Accounts payable and other liabilities              | \$ 20,836          | \$ 13,974         |
| Debt                                                | 100,000            | 100,000           |
| Total segment liabilities                           | \$ 120,836         | \$ 113,974        |
| Total segment shareholders' equity                  | \$ 495,894         | \$ 435,936        |
| Book equity per share                               | \$ 4.70            | \$ 4.06           |

<sup>(1)</sup> Other financial assets includes Dream's investment in Dream Alternatives of \$92.8 million, which is eliminated on a consolidated basis, and our investment in Dream Global REIT units and deferred trust units of \$80.8 million (December 31, 2018 - \$72.7 million and \$58.1 million, respectively).

<sup>(2)</sup> Equity accounted investments includes Dream's investment in Dream Office REIT of \$362.7 million (December 31, 2018 - \$340.3 million).

<sup>(3)</sup> Intangible asset as at September 30, 2019 and December 31, 2018 relates to the Dream Alternatives asset management contract, which is eliminated on consolidation.

## Acquisition of Dream Global REIT by Blackstone

On September 15, 2019, the Company and Dream Global REIT announced that Dream Global REIT had entered into a master acquisition agreement with Blackstone, pursuant to which Blackstone will acquire all of Dream Global REIT's subsidiaries and assets. Simultaneously, the Company entered into a separation agreement with Blackstone with respect to its asset management agreement. Upon transaction closing, Dream expects to receive aggregate net proceeds of almost \$400 million after tax both in respect of its asset management agreement and units owned directly in Dream Global REIT. Proceeds include \$275.2 million in satisfaction of the obligation to pay the incentive fee provided for in the asset management agreement, \$120.0 million to purchase the asset management agreement, \$86.1 million in respect of units and deferred trust units owned and \$26.4 million to reimburse the Company and certain other entities in the Dream group of companies, for expenses to be incurred as part of the separation of Dream Global REIT from the Dream platform, not including applicable taxes and transaction costs. Results for the third quarter of 2019 exclude the impact of the acquisition, as the transaction is subject to approval by unitholders on November 12, 2019 and the satisfaction of other customary closing conditions which had not yet been received or satisfied as of September 30, 2019.

## Results of Operations – Asset Management

In the three months ended September 30, 2019, revenue from asset management arrangements decreased by \$2.5 million from the prior year primarily due to lower transactional activity relative to the comparative period.

In the nine months ended September 30, 2019, revenue from asset management arrangements increased by \$1.1 million relative to the prior year primarily due to fees generated from development agreements and growth in fee earning assets under management, partially offset by less transactional activity.

Effective April 1, 2019, the Company agreed that fees payable by Dream Alternatives pursuant to the management agreement would be satisfied by units of Dream Alternatives converted at \$8.74 per unit, which are subsequently measured at the unit trading price for accounting purposes, resulting in a decrease in asset management revenue of \$0.4 million and \$0.7 million for the three and nine months ended September 30, 2019, respectively.

Net margin for the three and nine months ended September 30, 2019 decreased by \$3.5 million and \$1.7 million, respectively, relative to the comparative periods due to the aforementioned reasons in combination with increased platform support costs.

In the nine months ended September 30, 2019, Dream and Dream Office REIT entered into a shared services agreement pursuant to which Dream will act as the development manager for Dream Office REIT's future development projects for fees equal to 3.75% of the net revenue of the development or, for rental properties, 3.75% of the IFRS value upon completion, without any promote or other incentive fees. In the three and nine months ended September 30, 2019, Dream recognized development management fees of \$0.6 million and \$0.9 million, respectively, under this shared services agreement.

### Investments in Dream Publicly Listed Funds

As at September 30, 2019, the Company held \$640.5 million in the Dream Publicly Listed Funds, up from \$457.5 million at December 31, 2018. Although for accounting purposes the treatment of these investments may differ, management believes the fair value and distributions generated from holding these investments are important measures 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 up to September 2019 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. The Company's investment in Dream Office REIT is recorded in equity accounted investments.

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

|                                                                    | As at September 30, 2019 |            |                    |            |                                  |           |             |
|--------------------------------------------------------------------|--------------------------|------------|--------------------|------------|----------------------------------|-----------|-------------|
| <i>(In thousands of dollars, except unit and per unit amounts)</i> | Dream Office REIT        |            | Dream Alternatives |            | Dream Global REIT <sup>(1)</sup> |           |             |
|                                                                    | Units                    | Value      | Units              | Value      | Units                            | Value     | Total Value |
| Opening, January 1, 2019                                           | 14,518,761               | \$ 323,623 | 12,138,723         | \$ 75,746  | 5,214,244                        | \$ 58,123 | \$ 457,492  |
| Acquisitions/ (dispositions)                                       | 482,000                  | 11,302     | 3,265,636          | 24,317     | (55,475)                         | (1,008)   | 34,611      |
| Unit price appreciation                                            | —                        | 109,248    | —                  | 15,470     | —                                | 23,684    | 148,402     |
| Closing, September 30, 2019 <sup>(2)</sup>                         | 15,000,761               | \$ 444,173 | 15,404,359         | \$ 115,533 | 5,158,769                        | \$ 80,799 | \$ 640,505  |
| Market price                                                       |                          | \$ 29.61   |                    | \$ 7.50    |                                  | \$ 16.62  |             |
| Ownership %                                                        |                          | 24%        |                    | 23%        |                                  | 3%        |             |
| Annual distribution per unit                                       |                          | \$ 1.00    |                    | \$ 0.40    |                                  | \$ —      |             |
| Annualized distributions per year <sup>(3)</sup>                   |                          | \$ 15,001  |                    | \$ 6,162   |                                  | \$ —      |             |
| Total distributions received YTD <sup>(4)</sup>                    |                          | \$ 11,078  |                    | \$ 4,230   |                                  | \$ 1,672  | \$ 16,980   |

<sup>(1)</sup> Dream Global REIT holdings include 2,089,736 deferred trust units as of September 30, 2019 (January 1, 2019 - 2,081,517). As announced on September 15, 2019, Dream Global REIT has suspended its monthly distribution effective with the September 2019 distribution.

<sup>(2)</sup> Dream's investment in Dream Alternatives is included in other financial assets on a Dream standalone basis at \$92.8 million, which is eliminated on a consolidated basis, and our investment in Dream Office REIT is included in equity accounted investments on a Dream standalone basis at \$362.7 million (January 1, 2019 - \$72.7 million and \$340.3 million, respectively).

<sup>(3)</sup> Annualized pre-tax cash flows are based on the respective distribution rates and units held as at September 30, 2019.

<sup>(4)</sup> Distributions on the deferred trust units were received in the form of additional income deferred trust units and are not included above. The fair value of additional deferred trust units received in the three and nine months ended September 30, 2019 were \$0.3 million and \$1.1 million, respectively.

Refer to Note 21 of the Company's condensed consolidated financial statements for the three and nine months ended September 30, 2019 for details on the fair value measurement approach and the vesting schedule for the Dream Global REIT deferred trust units. Included in this segment for the three and nine months ended September 30, 2019 is a gain of \$14.3 million and \$25.1 million, respectively relating to fair value changes in financial instruments, as a result the appreciation in Dream Global REIT's unit price from the sale announcement.

## Share of Earnings from Equity Accounted Investment - Dream Office REIT

As at September 30, 2019, Dream held approximately \$444.2 million or 15.0 million units in Dream Office REIT (approximately 24% of units outstanding of Dream Office REIT).

A summary of Dream Office REIT's results is presented below.

|                                                                | For the three months ended September 30, |           | For the nine months ended September 30, |                   |
|----------------------------------------------------------------|------------------------------------------|-----------|-----------------------------------------|-------------------|
| (at 100%, unless otherwise noted)                              | 2019                                     | 2018      | 2019                                    | 2018              |
| <b>Operating results</b>                                       |                                          |           |                                         |                   |
| Net income (loss)                                              | \$ (2,340)                               | \$ 41,382 | \$ 54,127                               | \$ 99,289         |
| Net rental income                                              | 31,962                                   | 33,099    | 96,492                                  | 100,717           |
| Fair value adjustments to investment properties                | 17,587                                   | 25,819    | 34,494                                  | 28,918            |
| Comparative properties NOI <sup>(1)</sup>                      | \$ 33,759                                | \$ 34,223 | \$ 101,176                              | \$ 91,276         |
| Dream's share of Dream Office REIT's net income <sup>(2)</sup> | \$ 7,355                                 | \$ 8,508  | \$ 22,588                               | \$ 20,712         |
| Cash distributions received from Dream Office REIT             | 3,750                                    | 3,617     | 11,078                                  | 9,726             |
| (at 100%)                                                      |                                          |           | September 30, 2019                      | December 31, 2018 |
| <b>Total portfolio<sup>(3)</sup></b>                           |                                          |           |                                         |                   |
| Number of properties                                           |                                          |           | 33                                      | 37                |
| Gross leasable area (in 000s of sf)                            |                                          |           | 6,063                                   | 7,332             |
| Investment properties at fair value                            |                                          | \$        | 2,520,025                               | \$ 2,778,826      |
| Occupancy rate - including committed                           |                                          |           | 93.1%                                   | 93.0%             |
| Net asset value per unit - Dream Office REIT <sup>(1)</sup>    |                                          | \$        | 25.79                                   | \$ 24.97          |

<sup>(1)</sup> Net asset value per unit - Dream Office REIT and comparative properties NOI are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

<sup>(2)</sup> Dream's share of Dream Office REIT's net income is adjusted for fair value changes and distributions on the Dream Office REIT LP B units.

<sup>(3)</sup> Current and comparative periods exclude properties sold, properties held for future redevelopment and properties under development.

In the three and nine months ended September 30, 2019, Dream's share of equity income from its 24% investment in Dream Office REIT was \$7.4 million and \$22.6 million, compared to \$8.5 million and \$20.7 million in the comparative period, respectively. For the three months ended September 30, 2019, comparative properties NOI decreased by \$0.5 million from the prior year driven by lower occupancy and rents in Dream Office REIT's "Other markets" segment. Year-to-date, comparative properties NOI has increased by \$9.9 million due to higher occupancy and rental rates in downtown Toronto, partially offset by lower occupancy and rental rates in Other markets. In the nine months ended September 30, 2019, the Company's investment in Dream Office REIT generated cash distributions of \$11.1 million. At September 30, 2019, Dream Office reported a NAV of \$25.79, up from \$25.49 at June 30, 2019. The increase in NAV was driven by cash flow retention from operations, fair value uplifts in downtown Toronto, Mississauga and North York investment properties, partially offset by fair value declines in Other markets.

## Stabilized Income Generating Assets

Our stabilized income generating assets include Arapahoe Basin, a ski hill in Colorado, income producing assets in Toronto and Western Canada, and a 20% investment in Firelight Infrastructure, a renewable power portfolio. Included within income producing assets in Toronto and Western Canada are certain recreational assets held at depreciated cost.

### Selected Segment Key Operating Metrics

| (in thousands of dollars)                                       | For the three months ended September 30, |          | For the nine months ended September 30, |           |
|-----------------------------------------------------------------|------------------------------------------|----------|-----------------------------------------|-----------|
|                                                                 | 2019                                     | 2018     | 2019                                    | 2018      |
| <b>ARAPAHOE BASIN</b>                                           |                                          |          |                                         |           |
| Revenue                                                         | \$ 1,350                                 | \$ 882   | \$ 31,890                               | \$ 24,980 |
| Net operating income <sup>(1)</sup>                             | (2,856)                                  | (2,992)  | 10,622                                  | 6,942     |
| Net margin <sup>(2)</sup>                                       | (3,932)                                  | (3,877)  | 7,346                                   | 4,413     |
| Net margin (%) <sup>(1)</sup>                                   | n/a                                      | n/a      | 23.0%                                   | 17.7%     |
| <b>INCOME PROPERTIES - URBAN DEVELOPMENT</b>                    |                                          |          |                                         |           |
| Revenue                                                         | \$ 4,945                                 | \$ 5,083 | \$ 12,290                               | \$ 14,869 |
| Net operating income <sup>(1)</sup>                             | 2,407                                    | 2,426    | 5,691                                   | 6,734     |
| Net margin <sup>(3)</sup>                                       | 1,756                                    | 1,823    | 3,913                                   | 5,220     |
| Net margin (%) <sup>(1)</sup>                                   | 35.5%                                    | 35.9%    | 31.8%                                   | 35.1%     |
| Fair value changes in investment properties                     | \$ (70)                                  | \$ 7,399 | \$ (244)                                | \$ 7,277  |
| <b>INCOME PROPERTIES - WESTERN CANADA</b>                       |                                          |          |                                         |           |
| Revenue                                                         | \$ 4,126                                 | \$ 4,244 | \$ 9,647                                | \$ 10,160 |
| Net operating income <sup>(1)</sup>                             | 2,079                                    | 2,286    | 4,288                                   | 4,473     |
| Net margin <sup>(4)</sup>                                       | 1,653                                    | 1,913    | 3,344                                   | 3,504     |
| Net margin (%) <sup>(1)</sup>                                   | 40.1%                                    | 45.1%    | 34.7%                                   | 34.5%     |
| Fair value changes in investment properties                     | \$ (233)                                 | \$ 1,441 | \$ (2,763)                              | \$ 1,442  |
| <b>RENEWABLES</b>                                               |                                          |          |                                         |           |
| Share of earnings from equity accounted investments - Firelight | \$ 3,008                                 | \$ 2,923 | \$ 6,293                                | \$ 6,087  |

<sup>(1)</sup> Net margin (%) and net operating income are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

<sup>(2)</sup> Included in net margin for Arapahoe Basin for the three and nine months ended September 30, 2019 is depreciation of \$1.0 million and \$2.9 million (three and nine months ended September 30, 2018 - \$0.7 million and \$2.2 million).

<sup>(3)</sup> Included in net margin for Income Properties - Urban Development for the three and nine months ended September 30, 2019 is depreciation of \$0.1 million and \$0.5 million (three and nine months ended September 30, 2018 - \$0.2 million and \$0.5 million).

<sup>(4)</sup> Included in net margin for Income Properties - Western Canada for the three and nine months ended September 30, 2019 is depreciation of \$0.1 million and \$0.3 million (three and nine months ended September 30, 2018 - negligible and \$0.2 million).

### Selected Segment Balance Sheet Data

| (in thousands of dollars, except per share amounts) | September 30, 2019 | December 31, 2018 |
|-----------------------------------------------------|--------------------|-------------------|
| Cash and cash equivalents                           | \$ 9,612           | \$ 7,897          |
| Accounts receivable                                 | 7,963              | 6,842             |
| Other financial assets                              | 8                  | 610               |
| Land inventory                                      | 808                | 843               |
| Investment properties                               | 167,801            | 159,784           |
| Recreational properties                             | 47,623             | 49,241            |
| Equity accounted investments                        | 52,865             | 47,067            |
| Capital and other operating assets                  | 6,218              | 5,760             |
| Assets held for sale                                | 49,000             | 72,587            |
| <b>Total segment assets</b>                         | <b>\$ 341,898</b>  | <b>\$ 350,631</b> |
| Accounts payable and other liabilities              | \$ 16,625          | \$ 19,652         |
| <b>Debt</b>                                         | <b>111,694</b>     | <b>111,853</b>    |
| <b>Total segment liabilities</b>                    | <b>\$ 128,319</b>  | <b>\$ 131,505</b> |
| <b>Total segment shareholders' equity</b>           | <b>\$ 213,579</b>  | <b>\$ 219,126</b> |
| <b>Book equity per share</b>                        | <b>\$ 2.02</b>     | <b>\$ 2.04</b>    |

### Arapahoe Basin

In the three months ended September 30, 2019, revenue and net operating income from Arapahoe Basin were not meaningful due to the seasonal closure of the hill from July to September each year. In the nine months ended September 30, 2019, revenue and net operating income increased by \$6.9 million and \$3.7 million, respectively, due to growth in skier visits, which was partially offset by incremental overhead and compensation costs associated with our expanded operations. Arapahoe Basin comprises over 1,400 acres of skiable terrain, inclusive of the Beavers expansion completed in 2018.

In the three months ended September 30, 2019, we announced that Arapahoe Basin entered into a restricted pass arrangement with the Ikon pass. The Ikon pass was introduced in 2018 and provides unlimited or restricted access to 40 ski areas including: Aspen, Deer Valley, Copper Mountain and many

more. With the change from an unlimited pass to a restricted pass, we expect more skiers to ski on Arapahoe Basin tickets and pass products and we expect to increase our skier yields.

### Income Properties - Urban Development

Our urban development income properties include interests in commercial and retail properties comprising over 535,000 sf of GLA, inclusive of 390,000 sf in the Distillery District and the Broadview Hotel in downtown Toronto.

In the three months ended September 30, 2019, both revenue and net operating income were relatively consistent with the comparative period. In the nine months ended September 30, 2019, revenue and net operating income decreased by \$2.6 million and \$1.0 million, respectively, primarily due to the expropriation of a commercial site in Toronto in the third quarter of 2018 (the "Obico property").

In the year ended December 31, 2018, the Company received an offer of compensation from the City of Toronto upon expropriation of the Obico property in the amount of \$48.0 million, pursuant to Section 25 of the *Expropriations Act* (Ontario). The Company intends to pursue a higher amount of compensation under the *Expropriations Act* (Ontario) in respect of the expropriation of the Obico property.

### Income Properties - Western Canada

Our Western Canada income properties include interests in stabilized properties comprising over 185,000 sf of GLA, including assets held for sale.

In the three months ended September 30, 2019, both revenue and net operating income remained consistent with the comparative period. In the nine months ended September 30, 2019, revenue and net operating income decreased by \$0.5 million and \$0.2 million, respectively, due to the sale of a retail property, which closed in the third quarter of 2018. Fair value losses on investment properties of \$2.8 million in the nine months ended September 30, 2019 were driven by losses on certain properties classified as held for sale.

### Renewables - Firelight

For the three and nine months ended September 30, 2019, Firelight generated income of \$3.0 million and \$6.3 million (three and nine months ended September 30, 2018 – income of \$2.9 million and \$6.1 million, respectively). Earnings were relatively consistent with the comparative periods as favourable weather conditions in Ontario that impacted solar power generation were offset by lower wind power generation in Nova Scotia. 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.

## Development Assets

### Urban Development - Toronto & Ottawa

Our urban development segment is comprised of exceptional development opportunities in various planning and construction phases across Toronto and Ottawa. As of September 30, 2019, our pipeline includes over 12,700 condominium and purpose-built rental units and 3.6 million sf of retail and commercial space (approximately 4,000 units and 2.3 million sf at Dream's standalone share). A large proportion of assets carried within this segment are held at cost and will contribute meaningfully to earnings in future periods as properties are developed and completed. Development margin from these assets is earned in periods where we have inventory available for occupancy or have investment properties in occupancy. The developments are financed primarily through project-specific loans and include both land loans and construction financing.

We have expanded our focus on this segment in recent years and have a number of projects in early stages of development. Some of our significant investments were acquired on a 25%/75% basis with Dream Alternatives including Brightwater, West Don Lands, the Frank Gehry development and the Lakeshore East development, in which Dream is the co-developer alongside its partners for each of these sites. The following discussion excludes Dream Alternatives' investment in the aforementioned developments.

### Selected Segment Key Operating Metrics

|                                             | For the three months ended September 30, |         | For the nine months ended September 30, |          |
|---------------------------------------------|------------------------------------------|---------|-----------------------------------------|----------|
| (in thousands of dollars)                   | 2019                                     | 2018    | 2019                                    | 2018     |
| <b>DIRECTLY OWNED</b>                       |                                          |         |                                         |          |
| Revenue                                     | \$ 4,432                                 | \$ 754  | \$ 23,429                               | \$ 3,825 |
| Gross margin                                | 1,121                                    | 296     | 5,440                                   | 1,531    |
| Net margin                                  | (1,356)                                  | (1,862) | (2,515)                                 | (5,011)  |
| Condominium occupancy units (project level) | 31                                       | 1       | 166                                     | 8        |
| Condominium occupancy units (Dream's share) | 10                                       | 1       | 59                                      | 4        |

## Selected Segment Balance Sheet Data

(in thousands of dollars, except per share amounts)

|                                             | September 30, 2019 | December 31, 2018 |
|---------------------------------------------|--------------------|-------------------|
| Cash and cash equivalents                   | \$ 23,985          | \$ 6,255          |
| Accounts receivable                         | 44,898             | 30,091            |
| Other financial assets                      | 9,579              | 10,650            |
| Condominium inventory                       | 301,195            | 233,974           |
| Land inventory                              | 2,092              | 1,742             |
| Investment properties                       | 30,671             | —                 |
| Equity accounted investments                | 39,236             | 33,657            |
| Capital and other operating assets          | 30,230             | 31,446            |
| <b>Total segment assets</b>                 | <b>\$ 481,886</b>  | <b>\$ 347,815</b> |
| Accounts payable and other liabilities      | \$ 79,228          | \$ 48,688         |
| Provision for real estate development costs | 3,050              | 3,338             |
| Debt                                        | 202,823            | 141,056           |
| <b>Total segment liabilities</b>            | <b>\$ 285,101</b>  | <b>\$ 193,082</b> |
| Non-controlling interest                    | 57,244             | 43,935            |
| <b>Total segment shareholders' equity</b>   | <b>\$ 139,541</b>  | <b>\$ 110,798</b> |
| <b>Book equity per share</b>                | <b>\$ 1.32</b>     | <b>\$ 1.03</b>    |

A summary of our major projects and their development status is described below.

### Zibi

Zibi is a 34-acre mixed-use waterfront development along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario. The project is a multi-phase development that includes over 4 million sf of density consisting of over 1,800 residential units (inclusive of purpose-built rental units) and over 2 million sf of commercial space. Land servicing on both the Ontario and Quebec lands continues and construction is underway on the project's next residential building, Kanaal, a 71-unit condominium building in Ottawa, which is 90% pre-sold as of November 11, 2019 and expected to occupy in the first quarter of 2020. Construction has also commenced on the site's first commercial and residential rental buildings. In total, there is over 630,000 sf of residential rental, retail and commercial space in various planning/development stages at Zibi, of which 78% of the retail and commercial space has been pre-leased as of November 11, 2019.

### Riverside Square

Riverside Square is a 5-acre, two-phase, mixed-use development located in Toronto's downtown east end 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 alongside its partners. 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 GFA. The second phase is planned to consist of approximately 36,000 sf of multi-tenant commercial space with a proposed grocery-anchored component together with 224 condominium units. In the nine months ended September 30, 2019, 158 units (at project level) occupied in Phase 1, with the remaining units expected to occupy in late 2019 through the first quarter of 2020.

### Canary District - Stage 2, Blocks 12, 13 & 16

Our Stage 2 lands in the Canary District, developed in 50/50 partnership with Kilmer Van Nostrand Co. Ltd., comprise Canary Block Condominiums (Block 16), Canary Commons Condominiums (Block 12) and a future residential block currently referred to as "Block 13". In total on the 35 acre site, we expect to develop over 1,000 residential 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. Canary Block Condominiums and Canary Commons comprise 588 units and are currently under construction with initial occupancies expected to commence in late 2019 and 2021, respectively.

### Canary District - Block 10

Block 10 is a mixed-use project within the Canary District and is comprised of several components, including a proposed 200-unit condominium building, approximately 28,000 sf of heritage retail, a 225-unit residential rental building, along with a community health centre and a training, education and employment centre. Dream and Kilmer Van Nostrand Co. Ltd. will develop the condominium and retail components in a 50/50 partnership, as well as act as development manager for the training, education and employment centre. Dream and Dream Alternatives, together, have a 33.3% interest in the residential rental component of Block 10, with the remainder owned by Kilmer Van Nostrand Co. Ltd. and Tricon Capital Group.

### West Don Lands

West Don Lands is a purpose-built rental apartment community in Toronto's downtown east end adjacent to the Distillery District and the Canary District. The partnership entered into 99-year land leases with Infrastructure Ontario for land parcels that will be developed into approximately 1,500 rental units including an affordable component, as well as ancillary retail and potential office space. Dream and Dream Alternatives, together, have a 33.3% interest in the project. The first fully zoned block slated for development features 770 rental units and 4,000 sf of retail space. Construction commenced subsequent to September 30, 2019 with stabilization expected in 2022.

## Distillery District - 31A Parliament

The Distillery District is a landmark site comprising more than 40 heritage buildings or approximately 390,000 sf located on 13 acres in Toronto's east end. Dream has previously developed over 1,000 condominium units in the Distillery District between 2010 and 2014. 31A Parliament is a mixed-use development with approval for approximately 500 residential units and 340,000 sf of retail and commercial space, which is currently in the planning stages. Dream has a 50% interest in the project alongside its partner. To date, approximately 30% of the site has been leased.

## Brightwater

Brightwater (previously referred to as "Port Credit") is a 72-acre waterfront property for development in Mississauga's Port Credit area. The partnership is working with city residents and stakeholders on a plan to transform the site into a complete, vibrant and diverse waterfront community. Dream and Dream Alternatives, together, have a 31% interest in the project. The site is expected to be redeveloped into a large master-planned residential/mixed-use community. Highlights of the draft master plan proposal include nearly 3,000 residential units and 400,000 sf of retail and commercial space. In the three months ended September 30, 2019, Mississauga City Council unanimously approved the rezoning of the entire site. Significant advancements were also made on the remediation program with the environmental cleanup expected to be complete imminently. Initial vertical construction is anticipated to begin in 2021.

We develop or co-develop all of the projects below with exceptional partners:

| Project                                                     | Partners                                                                        | Partner since |
|-------------------------------------------------------------|---------------------------------------------------------------------------------|---------------|
| Distillery District                                         | Cityscape                                                                       | 2004          |
| Riverside Square, BT Towns and other mixed-use developments | Streetcar, other private investors                                              | 2007          |
| Canary District - Blocks 12, 13, 16                         | Kilmer Van Nostrand Co. Ltd.                                                    | 2011          |
| Canary District - Block 10                                  | Dream Alternatives, Kilmer Van Nostrand Co. Ltd., Tricon Capital Group          | 2019          |
| Zibi                                                        | Dream Alternatives, Theia Partners                                              | 2014          |
| Lakeshore East                                              | Dream Alternatives, Great Gulf Residential                                      | 2016          |
| Brightwater                                                 | Dream Alternatives, Kilmer Van Nostrand Co. Ltd., Diamond Corp., FRAM + Slokker | 2017          |
| Frank Gehry development                                     | Dream Alternatives, Great Gulf Residential, other private investors             | 2017          |
| West Don Lands                                              | Dream Alternatives, Kilmer Van Nostrand Co. Ltd., Tricon Capital Group          | 2018          |
| 100 Steeles Avenue West                                     | Dream Alternatives, Westdale Construction Co. Ltd.                              | 2018          |

## Urban Development Inventory and Pipeline

As at September 30, 2019, we currently have 2,408 residential units and 0.5 million sf of GFA in inventory or held through equity accounted investments which are under construction (867 units and 0.3 million sf at Dream's share). These projects are a combination of condominiums, purpose-built rentals and retail/commercial assets which we expect to be completed between 2019 through 2022. Details of our inventory and pipeline are described below. In addition, we have approximately 10,300 residential units and 3.1 million sf of retail/commercial space (3,100 units and 2.0 million sf at Dream's share) in our development pipeline. Our pipeline inventory may be developed as condominium units or purpose-built rental as supported by market demand, targeted studies and return objectives.

Total units and project GFA are project-level estimates as of September 30, 2019 and are subject to change pending various development approvals.

### Direct ownership

| Project                                                                                                 | Type                 | Status             | Dream's standalone ownership % | Dream's consolidated ownership % <sup>(1)</sup> | Inventory value <sup>(2)</sup> | Total residential units | Commercial and retail GFA (sf) | First occupancy <sup>(3)</sup> |
|---------------------------------------------------------------------------------------------------------|----------------------|--------------------|--------------------------------|-------------------------------------------------|--------------------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Toronto:</b>                                                                                         |                      |                    |                                |                                                 |                                |                         |                                |                                |
| Riverside Square - Phases 1 and 2                                                                       | Mixed-use            | In occupancy       | 32.5%                          | 32.5%                                           | \$ 81,938                      | 757                     | 210,000                        | Q2 2019 <sup>(4)</sup>         |
| BT Towns                                                                                                | Town homes           | Under construction | 50.0%                          | 50.0%                                           | 13,003                         | 60                      | —                              | Q4 2019                        |
| Distillery District - 31A Parliament                                                                    | Mixed-use            | Planning           | 50.0%                          | 50.0%                                           | 15,010                         | 500                     | 340,000                        | TBD                            |
| <b>Ottawa/Gatineau:</b>                                                                                 |                      |                    |                                |                                                 |                                |                         |                                |                                |
| Zibi - Kanaal <sup>(5)</sup>                                                                            | Condominium          | Under construction | 40.0%                          | 80.0%                                           | 21,045                         | 71                      | 8,500                          | Q1 2020                        |
| Zibi - Block 2-3                                                                                        | Retail/ Commercial   | Under construction | 40.0%                          | 80.0%                                           | 15,871                         | —                       | 55,000                         | 2019                           |
| Zibi - Block 10                                                                                         | Purpose-built rental | Under construction | 40.0%                          | 80.0%                                           | 2,808                          | 162                     | 1,500                          | 2021                           |
| Zibi - Block 211                                                                                        | Retail/ Commercial   | Under construction | 40.0%                          | 80.0%                                           | 5,051                          | —                       | 185,000                        | 2021                           |
| Zibi - Head Street Square                                                                               | Parking              | Under construction | 40.0%                          | 80.0%                                           | 6,364                          | —                       | —                              | 2019                           |
| Zibi - future blocks <sup>(5)</sup>                                                                     | Various              | Planning           | 40.0%                          | 80.0%                                           | 124,731                        | 1,550                   | 1,700,000                      | TBD                            |
| Other projects                                                                                          |                      |                    |                                |                                                 | 33,974                         | 703                     | 26,000                         | TBD                            |
| <b>Residual inventory in completed projects</b>                                                         |                      |                    |                                |                                                 | 14,163                         | 9                       | 48,000                         |                                |
| <b>Total</b>                                                                                            |                      |                    |                                |                                                 | <b>\$ 333,958</b>              | <b>3,812</b>            | <b>2,574,000</b>               |                                |
| <b>Total related debt outstanding as at September 30, 2019 (Dream's standalone share)<sup>(6)</sup></b> |                      |                    |                                |                                                 | <b>\$ 202,823</b>              |                         |                                |                                |
| <b>Total related debt facilities as at September 30, 2019 (Dream's standalone share)</b>                |                      |                    |                                |                                                 | <b>\$ 277,211</b>              |                         |                                |                                |

## Equity accounted investments

| Project                                            | Type                 | Status             | Dream's equity ownership % | Dream's consolidated ownership <sup>(1)</sup> | Net assets of investment <sup>(2)</sup> | Total residential units | Commercial and retail GFA (sf) | First occupancy <sup>(3)</sup> |
|----------------------------------------------------|----------------------|--------------------|----------------------------|-----------------------------------------------|-----------------------------------------|-------------------------|--------------------------------|--------------------------------|
| Canary Block Condominiums (Block 16)               | Condominium          | Under construction | 50.0%                      | 50.0%                                         | \$ 2,636                                | 187                     | 7,000                          | Q4 2019                        |
| Canary Commons Condominiums (Block 12)             | Condominium          | Under construction | 50.0%                      | 50.0%                                         | 3,050                                   | 401                     | 15,000                         | 2021                           |
| West Don Lands - Block 8                           | Purpose-built rental | Under construction | 8.33%                      | 33.0%                                         | 606                                     | 770                     | 4,000                          | 2022                           |
| Canary District - Block 13                         | Purpose-built rental | Planning           | 50.0%                      | 50.0%                                         | 6,213                                   | 470                     | 8,000                          | TBD                            |
| Canary District - Block 10                         | Purpose-built rental | Planning           | 8.33%                      | 33.0%                                         | 42                                      | 225                     | —                              | TBD                            |
| Canary District - Block 10                         | Condominium          | Planning           | 50.0%                      | 50.0%                                         | 1,628                                   | 200                     | 28,000                         | TBD                            |
| West Don Lands - Blocks 3/4/7 & 20                 | Purpose-built rental | Planning           | 8.33%                      | 33.0%                                         | 473                                     | 1,099                   | 317,000                        | TBD                            |
| Frank Gehry                                        | Mixed-use            | Planning           | 6.25%                      | 25.0%                                         | 7,471                                   | 1,500                   | 260,000                        | TBD                            |
| Lakeshore East                                     | Mixed-use            | Planning           | 12.5%                      | 50.0%                                         | 4,493                                   | 1,100                   | 32,000                         | TBD                            |
| Brightwater                                        | Mixed-use            | Planning           | 7.75%                      | 31.0%                                         | 12,044                                  | 3,000                   | 400,000                        | TBD                            |
| Other projects                                     |                      |                    |                            |                                               | 580                                     | —                       | —                              | TBD                            |
| <b>Total</b>                                       |                      |                    |                            |                                               | <b>\$ 39,236</b>                        | <b>8,952</b>            | <b>1,071,000</b>               |                                |
| <b>Total pipeline excluding residual inventory</b> |                      |                    |                            |                                               |                                         | <b>12,755</b>           | <b>3,597,000</b>               |                                |

<sup>(1)</sup> Dream's consolidated/managed ownership includes the ownership interest of Dream Alternatives, where applicable.

<sup>(2)</sup> 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.

<sup>(3)</sup> Revenue recognition for condominium inventory occurs at the time of unit occupancy. Refer to Note 3 of the consolidated financial statements for the year ended December 31, 2018 for details on the Company's revenue recognition policies. The percentage of units sold or pre-sold pertains only to units that have been brought to market and are available for sale.

<sup>(4)</sup> The majority of Phase 1 of Riverside Square is expected to occupy through the first quarter of 2020 and Phase 2 is expected to commence occupancy in 2021.

<sup>(5)</sup> The carrying value of Zibi inventory is at 100% as the project is consolidated for financial statement purposes. Refer to Note 18 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019 for details on the non-controlling interest related to Zibi.

<sup>(6)</sup> Total facilities include construction loans of \$144.1 million and mortgages and term debt on land of \$58.7 million used to fund future pre-development or construction costs.

## Results of Operations – Condominium and Mixed-Use

In the nine months ended September 30, 2019, condominium inventory increased by \$67.2 million, due to development costs incurred primarily related to net spend at Riverside Square and Zibi, in addition to investments in a land assembly in downtown Toronto expected to total 2.6 acres. Development spend was primarily funded through project-level debt facilities.

In the three and nine months ended September 30, 2019, the segment generated net losses of \$1.4 million and \$2.5 million, respectively, primarily from fixed and operating costs for the division partially offset by condominium occupancies at Riverside Square. Revenue in the three and nine months ended September 30, 2019 was \$4.4 million and \$23.4 million, respectively, an increase of \$3.7 million and \$19.6 million from the prior year due to minimal product available for occupancy in the comparative period.

## Western Canada Community Development

Dream's Western Canada community 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 9,789 acres of land in Western Canada, of which nearly 9,200 acres are in nine large master-planned communities at various stages of approval.

Dream actively develops land in Alberta (Calgary and Edmonton) and Saskatchewan (Saskatoon and Regina). 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. We also have housing operations in Alberta (Calgary) and Saskatchewan (Saskatoon and Regina) which we consider complementary to our land development business, in addition to our retail and commercial assets across our communities. As at September 30, 2019, in Western Canada we had retail, commercial and purpose-built rental properties under construction which comprised over 415,000 sf of GLA or 34.3 acres.

Building on our owned land delays the recognition of revenue, as the land sale is not recognized until the property is occupied by a third-party purchaser or tenant. 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. Due to the economic conditions in Western Canada, we may not make new investments in undeveloped land at the same rate as in past years unless management considers the lands to be strategic to existing land positions already owned by the Company. Nevertheless, we expect that we will generate profits from building on our owned land in the future. Land development is financed through our operating line, which is secured by our lands in Western Canada and associated trade receivables. Housing, retail, commercial and purpose-built rental development is financed through project-specific construction financing.

With continued challenging market conditions in Western Canada and increased pressures from government policies, we are closely monitoring customer demand, pricing trends and inventory supply across the division. We expect our activity in Western Canada to increase as excess supply is absorbed and as we commence development of Providence, our most valuable land position in Western Canada. However, we expect the proportion of income driven by Western Canada to decrease over time due to the increased diversification of our business and growth in recurring income generating assets. Refer to the "Sources of Recurring Income" section of this MD&A for further details on our recurring income and assets.

### Selected Segment Key Operating Metrics

| <i>(in thousands of dollars, except for average selling prices and acre, lot and unit statistics)</i> | For the three months ended September 30, |            | For the nine months ended September 30, |            |
|-------------------------------------------------------------------------------------------------------|------------------------------------------|------------|-----------------------------------------|------------|
|                                                                                                       | 2019                                     | 2018       | 2019                                    | 2018       |
| <b>LAND &amp; HOUSING</b>                                                                             |                                          |            |                                         |            |
| Revenue                                                                                               | \$ 27,872                                | \$ 29,653  | \$ 50,791                               | \$ 65,598  |
| Net margin                                                                                            | 22                                       | 342        | (3,136)                                 | (4,903)    |
| Lots sold                                                                                             | 121                                      | 108        | 208                                     | 206        |
| Average selling price per lot                                                                         | \$ 107,000                               | \$ 120,000 | \$ 111,000                              | \$ 116,000 |
| Housing units sold                                                                                    | 55                                       | 64         | 107                                     | 168        |
| Average selling price per housing unit                                                                | \$ 318,000                               | \$ 312,000 | \$ 324,000                              | \$ 327,000 |
| <b>DEVELOPMENT PROPERTIES</b>                                                                         |                                          |            |                                         |            |
| Revenue                                                                                               | \$ 313                                   | \$ 185     | \$ 985                                  | \$ 436     |
| Net operating income <sup>(1)</sup>                                                                   | 94                                       | 120        | 458                                     | 308        |
| Net margin                                                                                            | (575)                                    | (952)      | (1,694)                                 | (2,440)    |
| Fair value changes in investment properties                                                           | (20)                                     | (935)      | 2,996                                   | —          |
| Share of earnings (losses) from equity accounted investments                                          | 3,804                                    | 101        | 4,011                                   | (576)      |

<sup>(1)</sup> Net operating income is a non-IFRS measure. Refer to the "Non-IFRS Measures" section of this MD&A for a reconciliation between net operating income and net margin.

### Selected Segment Balance Sheet Data

| <i>(in thousands of dollars, except per share amounts)</i> | September 30, 2019 | December 31, 2018 |
|------------------------------------------------------------|--------------------|-------------------|
| Cash and cash equivalents                                  | \$ 3,775           | \$ 1,606          |
| Accounts receivable                                        | 86,924             | 120,026           |
| Housing inventory                                          | 41,002             | 56,605            |
| Condominium inventory                                      | 5,647              | 5,647             |
| Land inventory                                             | 574,162            | 573,311           |
| Investment properties                                      | 35,082             | 18,171            |
| Equity accounted investments                               | 10,636             | 6,534             |
| Capital and other operating assets                         | 6,963              | 5,118             |
| Total segment assets                                       | \$ 764,191         | \$ 787,018        |
| Accounts payable and other liabilities                     | \$ 26,951          | \$ 31,522         |
| Provision for real estate development costs                | 25,517             | 30,515            |
| Debt                                                       | 141,157            | 111,234           |
| Total segment liabilities                                  | \$ 193,625         | \$ 173,271        |
| Total segment shareholders' equity                         | \$ 570,566         | \$ 613,747        |
| Book equity per share                                      | \$ 5.41            | \$ 5.72           |

### Land & Housing Development

In the three and nine months ended September 30, 2019, revenue decreased by \$1.8 million and \$14.8 million, respectively, relative to the prior year due to lower sales volumes achieved. In the three months ended September 30, 2019, net margin was relatively consistent with the comparative period as the impact of the specific sales mix was offset by reduced fixed overhead costs. In the nine months ended September 30, 2019, net margin was negative primarily due to the impact of the specific sales mix achieved, partially offset by higher cost recoveries and lower overhead costs in the period.

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.

### Development Properties

In the three and nine months ended September 30, 2019, our retail and commercial development properties generated net operating income of \$0.1 million and \$0.5 million, respectively, relatively consistent with the prior year. Negative net margin of \$0.6 million and \$1.7 million was incurred in the three and nine months ended September 30, 2019, respectively, as the interim net operating income from our development properties did not fully cover the fixed costs of our retail and commercial properties division, consistent with management's expectations.

Included in Dream's share of earnings from equity accounted investments for the three and nine months ended September 30, 2019 was a \$3.7 million fair value gain on Brighton Marketplace (at Dream's 50% equity interest). Brighton Marketplace is a 225,000 sf retail development located in our Holmwood master-planned community in Saskatoon and is more than 80% leased as at November 11, 2019, to tenants such as Landmark Cinemas, Save-on Foods and Motion Fitness, with stabilization expected in mid-2021.

## Dream Alternatives

Dream owned 15.7 million units of Dream Alternatives as at November 11, 2019 (23% of units outstanding), which were acquired primarily through purchases on the open market. The Company intends to increase its ownership in Dream Alternatives over time on an opportunistic basis. Dream is the asset manager of Dream Alternatives and also has several co-owned development investments with Dream Alternatives, which are described in the "Urban Development Inventory and Pipeline" section of this MD&A.

### Selected Segment Key Operating Metrics

| <i>(in thousands of dollars, except for per unit amounts)</i> | For the three months ended September 30, |           | For the nine months ended September 30, |                   |
|---------------------------------------------------------------|------------------------------------------|-----------|-----------------------------------------|-------------------|
|                                                               | 2019                                     | 2018      | 2019                                    | 2018              |
| Revenue                                                       | \$ 14,450                                | \$ 15,232 | \$ 42,846                               | \$ 44,402         |
| Net margin                                                    | 10,622                                   | 9,740     | 28,752                                  | 27,732            |
| Net margin (%) <sup>(1)</sup>                                 | 73.5%                                    | 63.9%     | 67.1%                                   | 62.5%             |
| Net income                                                    | \$ 2,855                                 | \$ 1,008  | \$ 12,408                               | \$ 6,907          |
|                                                               |                                          |           |                                         |                   |
|                                                               |                                          |           | September 30, 2019                      | December 31, 2018 |
| Net asset value per unit - Dream Alternatives <sup>(1)</sup>  |                                          |           | \$ 8.43                                 | \$ 8.74           |

<sup>(1)</sup> Net margin % and net asset value per unit - Dream Alternatives are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

### Selected Segment Balance Sheet Data

| <i>(in thousands of dollars, except per share amounts)</i> | September 30, 2019 | December 31, 2018 |
|------------------------------------------------------------|--------------------|-------------------|
| Cash and cash equivalents                                  | \$ 7,610           | \$ 46,730         |
| Accounts receivable                                        | 3,840              | 2,821             |
| Other financial assets                                     | 110,291            | 122,908           |
| Lending portfolio                                          | 139,195            | 144,095           |
| Investment properties                                      | 214,104            | 224,921           |
| Renewable power assets                                     | —                  | 132,251           |
| Equity accounted investments                               | 170,141            | 132,528           |
| Capital and other operating assets                         | 878                | 5,023             |
| Assets held for sale                                       | 149,325            | —                 |
| Total segment assets                                       | \$ 795,384         | \$ 811,277        |
| Accounts payable and other liabilities                     | \$ 36,872          | \$ 25,888         |
| Income and other taxes payable                             | 1,418              | (1,707)           |
| Debt                                                       | 122,702            | 195,492           |
| Deferred income taxes                                      | 807                | (323)             |
| Liabilities related to assets held for sale                | 85,678             | —                 |
| Total segment liabilities                                  | \$ 247,477         | \$ 219,350        |
| Non-controlling interest                                   | 959                | 1,669             |
| Total segment shareholders' equity                         | \$ 546,948         | \$ 590,258        |
| Book equity per share                                      | \$ 5.18            | \$ 5.50           |

## Financial Overview

For the three months ended September 30, 2019, Dream Alternatives reported net income of \$2.9 million up from \$1.0 million in the comparative period. The increase was primarily due to income contribution from Axis Condominiums, lower depreciation and unrealized foreign currency gains and was partially offset by fair value losses related to non-core income properties. For similar reasons, in the nine months ended September 30, 2019, Dream Alternatives generated net income of \$12.4 million, an increase of \$5.5 million from the prior year period in addition to reduced earnings from the lending portfolio due to loan repayments.

During the three months ended September 30, 2019, Dream Alternatives announced the completion of its substantial issuer bid ("SIB"), which was the first tranche of Dream Alternatives' commitment to repurchase up to \$100 million of units. Dream Alternatives purchased for cancellation 4.0 million of its units for an aggregate purchase price of \$32.0 million. Dream Alternatives funded the SIB through a combination of cash on hand and its existing revolving credit facility. As at September 30, 2019, Dream Alternatives had a cash balance of \$7.6 million and funds available under its revolving credit facility of \$29.1 million. Subsequent to the three months ended September 30, 2019, the revolving credit facility was fully repaid with net proceeds from asset sales. Assuming current market conditions and the expected successful execution of non-core asset dispositions, we anticipate that the second and third SIBs will be launched in 2020 at prices of \$8.25 and \$8.50 per unit, respectively.

During the three and nine months ended September 30, 2019, Dream Alternatives invested \$8.8 million and \$26.1 million, respectively, including transaction costs, into various development projects. As of September 30, 2019, approximately 80% of Dream Alternatives' book equity was comprised of core investments across Toronto and the GTA, and our Zibi development in Ottawa/Gatineau.

During the three and nine months ended September 30, 2019, Dream Alternatives' equity investment in Axis Condominiums in downtown Toronto generated earnings of \$4.6 million and \$14.9 million, respectively, as the project completed unit occupancies.

For further details on Dream Alternatives, refer to the Dream Alternatives condensed consolidated financial statements and Management's Discussion & Analysis for the three and nine months ended September 30, 2019 filed on SEDAR.

## Corporate and Other Items

### Interest Expense

In the three and nine months ended September 30, 2019, interest expense was \$7.9 million and \$23.7 million, respectively, compared to \$7.9 million and \$21.2 million in the prior year. The increase of \$2.6 million from the comparative nine month period was primarily due to the impact of corporate debt facilities with fixed interest rates.

### Investment and Other Income

During the three and nine months ended September 30, 2019, the Company earned investment income of \$3.0 million and \$7.0 million, respectively. This compares to investment income of \$2.5 million and \$6.6 million, respectively, realized in the comparative periods.

### Income Tax Expense

The Company's effective income tax rate was 6.1% and 17.2% for the three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 – 26.7% and 22.3%). The effective income tax rate for the three and nine months ended September 30, 2019 is lower than the statutory combined federal and provincial tax rate of 26.6% mainly due to the non-taxable portion of capital gains, partially offset by a combination of non-deductible expenses and other items.

We are subject to income taxes in Canada, both federally and provincially, 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 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 income generating assets; to provide for resources needed to fund capital calls for existing developments; to generate a target rate of return on investments; and to cover our ongoing dividend. There were no material changes in future contractual obligations since September 30, 2019.

A summary of selected information as at September 30, 2019 and December 31, 2018 is presented below on a Dream standalone basis.

|                                             | September 30, 2019  |                        |                  |           | December 31, 2018   |                        |                  |           |
|---------------------------------------------|---------------------|------------------------|------------------|-----------|---------------------|------------------------|------------------|-----------|
|                                             | Less than 12 months | Greater than 12 months | Non-determinable | Total     | Less than 12 months | Greater than 12 months | Non-determinable | Total     |
| Cash and cash equivalents                   | \$ 38,203           | \$ —                   | \$ —             | \$ 38,203 | \$ 17,444           | \$ —                   | \$ —             | \$ 17,444 |
| Accounts receivable                         | 123,402             | 35,699                 | —                | 159,101   | 145,353             | 32,581                 | —                | 177,934   |
| Other financial assets                      | 87,048              | 116,501                | —                | 203,549   | 8,111               | 153,031                | —                | 161,142   |
| Accounts payable and accrued liabilities    | 105,561             | 19,290                 | 39,435           | 164,286   | 85,380              | 13,637                 | 34,110           | 133,127   |
| Provision for real estate development costs | 28,567              | —                      | —                | 28,567    | 33,853              | —                      | —                | 33,853    |
| Debt                                        | 265,615             | 514,060                | —                | 779,675   | 268,550             | 419,676                | —                | 688,226   |
| Preference shares, series 1                 | 28,675              | —                      | —                | 28,675    | —                   | —                      | 28,672           | 28,672    |
| Debt to total assets ratio <sup>(1)</sup>   | 36.4%               |                        |                  |           | 34.9%               |                        |                  |           |

<sup>(1)</sup> Refer to the "Non-IFRS Measures" section of this MD&A for the definition of debt to total assets ratio.

As at September 30, 2019, 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 and accordingly are not presented above. Management continuously reviews the timing of expected debt repayments and actively pursues refinancing opportunities as they arise. In addition, as at September 30, 2019, we had up to \$146.0 million of undrawn credit availability on Dream's Western Canada operating line and margin facility, as well as \$444.2 million in marketable securities not included above. Refer to the "Investments in Dream Publicly Listed Funds" section of this MD&A for further details on marketable securities held by the Company.

## 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 September 30, 2019, we had \$38.2 million in cash and cash equivalents (December 31, 2018 – \$17.4 million). 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 and recurring income will continue to provide the cash necessary to fund operating expenses and debt service requirements.

## Debt and Preference Shares

As at September 30, 2019, total debt was \$808.4 million (December 31, 2018 – \$716.9 million), which included \$28.7 million of Preference shares, series 1 (December 31, 2018 – \$28.7 million). A breakdown of project-specific debt, corporate debt facilities and Preference shares, series 1, is detailed in the table below.

| (in thousands of Canadian dollars)             | Balance            |                   | Weighted average interest rate |                   |
|------------------------------------------------|--------------------|-------------------|--------------------------------|-------------------|
|                                                | September 30, 2019 | December 31, 2018 | September 30, 2019             | December 31, 2018 |
| Construction loans and mortgages and term debt | \$ 366,254         | \$ 315,200        | 4.61%                          | 4.47%             |
| Operating line - Western Canada                | 89,420             | 48,943            | 4.64%                          | 4.48%             |
| Total project-specific debt                    | \$ 455,674         | \$ 364,143        | 4.62%                          | 4.47%             |
| Non-revolving term facility                    | 224,001            | 224,083           | 5.08%                          | 4.36%             |
| Margin facility                                | 100,000            | 100,000           | 4.57%                          | 4.35%             |
| Preference shares, series 1                    | 28,675             | 28,672            | 7.00%                          | 7.00%             |
| Total corporate debt facilities                | \$ 352,676         | \$ 352,755        | 5.09%                          | 4.57%             |
| Total debt and Preference shares, series 1     | \$ 808,350         | \$ 716,898        | 4.83%                          | 4.52%             |

As at September 30, 2019, \$111.2 million (December 31, 2018 – \$104.2 million) of aggregate development loans and term debt (excluding unamortized financing costs and Preference shares, series 1) were subject to a fixed, weighted average interest rate of 4.30% (December 31, 2018 – 4.53%) and will mature between 2019 and 2025. A further \$668.5 million (December 31, 2018 – \$584.0 million) of real estate debt was subject to a weighted average variable interest rate of 4.82% (December 31, 2018 – 4.39%) and will mature between 2019 and 2023. Included within total debt is \$231.0 million of variable debt that the Company has hedged through fixed interest rate swaps.

## 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 November 11, 2019, there were 4,005,729 Preference shares, series 1, issued and outstanding.

## Contractual Obligations

Our liquidity is impacted by contractual debt commitments as follows:

|                                          | 2019       | 2020       | 2021       | 2022       | 2023     | 2024 and thereafter | Total      |
|------------------------------------------|------------|------------|------------|------------|----------|---------------------|------------|
| Project-specific debt <sup>(1)</sup>     | \$ 78,644  | \$ 103,386 | \$ 209,005 | \$ 4,444   | \$ 2,219 | \$ 57,976           | \$ 455,674 |
| Corporate debt facilities <sup>(1)</sup> | 100,000    | —          | —          | 224,001    | —        | —                   | 324,001    |
| Preference shares, series 1              | 28,675     | —          | —          | —          | —        | —                   | 28,675     |
|                                          | \$ 207,319 | \$ 103,386 | \$ 209,005 | \$ 228,445 | \$ 2,219 | \$ 57,976           | \$ 808,350 |

<sup>(1)</sup> The amounts presented are shown consistent with the contractual terms of repayment, which may be due on demand.

## Shareholders' Equity

Dream is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Class B Shares. As at September 30, 2019, there were 102,442,999 Subordinate Voting Shares and 3,114,911 Class B Shares outstanding (December 31, 2018 - 104,215,841 Subordinate Voting Shares and 3,115,164 Class B Shares).

In the three and nine months ended September 30, 2019, the Company declared dividends of \$2.6 million and \$8.0 million, respectively, on its Subordinate Voting Shares and Class B Shares (three and nine months ended September 30, 2018 - \$nil).

Including the Subordinate Voting Shares of Dream and Class B Shares held or controlled directly or indirectly, the President and Chief Responsible Officer ("CRO") owned an approximate 35% economic interest and 83% voting interest in the Company as at September 30, 2019.

## Normal Course Issuer Bid ("NCIB")

In the three and nine months ended September 30, 2019, 0.7 million and 1.8 million Subordinate Voting Shares were purchased for cancellation by the Company for \$5.8 million and \$14.0 million at an average price of \$8.63 and \$7.82, respectively, under the Company's NCIB (year ended December 31, 2018 – 1.9 million Subordinate Voting Shares for \$16.0 million at an average price of \$8.31).

Subsequent to September 30, 2019, 0.3 million Subordinate Voting Shares were purchased for cancellation by the Company for \$2.5 million.

## Significant Sources and Uses of Cash

|                                                           | For the three months ended September 30, |             | For the nine months ended September 30, |             |
|-----------------------------------------------------------|------------------------------------------|-------------|-----------------------------------------|-------------|
|                                                           | 2019                                     | 2018        | 2019                                    | 2018        |
| Net cash flows provided by (used in) operating activities | \$ 7,829                                 | \$ (10,799) | \$ (20,888)                             | \$ (63,661) |
| Net cash flows provided by (used in) investing activities | (10,991)                                 | 34,789      | (21,973)                                | (47,465)    |
| Net cash flows provided by (used in) financing activities | 13,473                                   | (26,510)    | 63,620                                  | 102,975     |
| Change in cash and cash equivalents                       | \$ 10,311                                | \$ (2,520)  | \$ 20,759                               | \$ (8,151)  |

For more information, refer to the "Segmented Statement of Cash Flows" section of this MD&A and the statement of cash flows in the condensed consolidated financial statements for the three and nine months ended September 30, 2019.

In the three months ended September 30, 2019, the Company had cash flows from operating activities of \$7.8 million primarily due to net earnings in the period partially offset by development spend. In the nine months ended September 30, 2019, the Company had cash outflows of \$20.9 million, primarily due to spend in our development business.

In the three and nine months ended September 30, 2019, there were cash outflows from investing activities of \$11.0 million and \$22.0 million, respectively, mainly related to contributions to equity accounted investments, acquisitions and additions to investment properties and other financial assets, partially offset by proceeds received on the disposition of assets.

For the three and nine months ended September 30, 2019, the Company had cash flows from financing activities of \$13.5 million and \$63.6 million primarily due to net advances on debt, partially offset by cash dividends paid and shares repurchased under the NCIB.

## Off Balance Sheet Arrangements, Commitments and Contingencies

We conduct our real estate activities from time to time through joint arrangements with third-party partners. A discussion of our off balance sheet arrangements, commitments and contingencies is included in Note 24 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019.

## Transactions with Related Parties

The Company has agreements for services and transactions with related parties, which are outlined in Note 25 of our condensed consolidated financial statements for the three and nine months ended September 30, 2019.

## 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, revenue 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 revenue 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 our Annual Report for the year ended December 31, 2018.

## Internal Control over Financial Reporting

As at September 30, 2019, 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 control over financial reporting in the three and nine months ended September 30, 2019 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 and Future Accounting Standards

Refer to Note 3 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019 for information pertaining to accounting pronouncements that will be effective in future years. The Company has adopted the following new or revised standards, including any consequential amendments thereto, for the period effective January 1, 2019. 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 30 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019.

### IFRS 16, "Leases" ("IFRS 16")

IFRS 16 sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for most lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. The Company has adopted IFRS 16 effective January 1, 2019. Expanded disclosures required by IFRS 16 are included in Notes 11 and 13 and the impact of changes due to the adoption of IFRS 16 is included in Note 30 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019.

### 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, 2018 and our most recent Annual Information Form filed on SEDAR ([www.sedar.com](http://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, 2018 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 development plans and proposals for future retail, condominium, purpose-built rental and mixed-use projects and future stages of current retail, condominium, purpose-built rental and mixed-use projects, including projected sizes, density, uses and tenants; development timelines and anticipated returns or yields on current and future retail, condominium, purpose-built rental 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, purpose-built rental and mixed-use projects; our pipeline of retail, commercial, condominium, purpose-built rental 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; 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; the recovery of the Saskatoon, Regina and Calgary markets; 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; expected number of skiers, skier yields, pass product sales and earnings at Arapahoe Basin; future performance of the land development, housing development, condominium, purpose-built rental and mixed-use development and retail and commercial developments divisions; timing of achieving milestones in our retail, commercial, residential, condominium and mixed-use development 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 and the other Dream Publicly Listed Funds; the terms of the Dream Global Blackstone transaction and the expected date of completion of the transaction; whether the Dream Global Blackstone transaction will be completed or that it will be completed on the terms and conditions contemplated in this news release; the proceeds expected to be received by the Company in connection with the Dream Global Blackstone transaction and the proposed uses of such proceeds; the expected level of growth within Dream Office REIT's and Dream Alternatives' core Toronto development portfolios; the future NAV and NAV per unit of Dream Alternatives; 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; Dream Alternatives' strategic plan, its unit buyback program (including the amounts to be deployed, the timing, price and size of any offers to unitholders) and expected sources of funding for the unit buyback program; Dream Alternatives' expectations regarding its capital recycling programs; 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; our expectations of future income, earnings and net margin of our land and housing divisions; and our overall financial performance, profitability, leverage 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 analysis 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.

## Additional Information - Consolidated Dream

### Segmented Assets and Liabilities

September 30, 2019

| September 30, 2019                               |                  |                                     |                                      |                                      |                     |                  |                    |                                                         |                    |
|--------------------------------------------------|------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|------------------|--------------------|---------------------------------------------------------|--------------------|
|                                                  | Recurring income |                                     | Development                          |                                      |                     |                  |                    |                                                         |                    |
|                                                  | Asset management | Stabilized income generating assets | Urban development - Toronto & Ottawa | Western Canada community development | Corporate and other | Dream standalone | Dream Alternatives | Consolidation and fair value adjustments <sup>(1)</sup> | Consolidated Dream |
| Assets                                           |                  |                                     |                                      |                                      |                     |                  |                    |                                                         |                    |
| Cash and cash equivalents                        | \$ —             | \$ 9,612                            | \$ 23,985                            | \$ 3,775                             | \$ 831              | \$ 38,203        | \$ 7,610           | \$ 2,193                                                | \$ 48,006          |
| Accounts receivable                              | 6,256            | 7,963                               | 44,898                               | 86,924                               | 13,060              | 159,101          | 3,840              | (1,923)                                                 | 161,018            |
| Other financial assets                           | 193,886          | 8                                   | 9,579                                | —                                    | 76                  | 203,549          | 110,291            | (93,166)                                                | 220,674            |
| Lending portfolio                                | —                | —                                   | —                                    | —                                    | —                   | —                | 139,195            | —                                                       | 139,195            |
| Housing inventory                                | —                | —                                   | —                                    | 41,002                               | —                   | 41,002           | —                  | —                                                       | 41,002             |
| Condominium inventory                            | —                | —                                   | 301,195                              | 5,647                                | —                   | 306,842          | —                  | 14,905                                                  | 321,747            |
| Land inventory                                   | —                | 808                                 | 2,092                                | 574,162                              | —                   | 577,062          | —                  | —                                                       | 577,062            |
| Investment properties                            | —                | 167,801                             | 30,671                               | 35,082                               | —                   | 233,554          | 214,104            | 15,846                                                  | 463,504            |
| Recreational properties                          | —                | 47,623                              | —                                    | —                                    | —                   | 47,623           | —                  | —                                                       | 47,623             |
| Equity accounted investments                     | 373,588          | 52,865                              | 39,236                               | 10,636                               | —                   | 476,325          | 170,141            | (36,570)                                                | 609,896            |
| Capital and other operating assets               | —                | 6,218                               | 30,230                               | 6,963                                | 4,819               | 48,230           | 878                | 8,783                                                   | 57,891             |
| Intangible asset                                 | 43,000           | —                                   | —                                    | —                                    | —                   | 43,000           | —                  | (43,000)                                                | —                  |
| Assets held for sale                             | —                | 49,000                              | —                                    | —                                    | —                   | 49,000           | 149,325            | 10,729                                                  | 209,054            |
| Total assets                                     | \$ 616,730       | \$ 341,898                          | \$ 481,886                           | \$ 764,191                           | \$ 18,786           | \$ 2,223,491     | \$ 795,384         | \$ (122,203)                                            | \$ 2,896,672       |
| Liabilities                                      |                  |                                     |                                      |                                      |                     |                  |                    |                                                         |                    |
| Accounts payable and other liabilities           | \$ 20,836        | \$ 16,625                           | \$ 79,228                            | \$ 26,951                            | \$ 20,646           | \$ 164,286       | \$ 36,872          | \$ 24,884                                               | \$ 226,042         |
| Income and other taxes payable                   | —                | —                                   | —                                    | —                                    | 52,845              | 52,845           | 1,418              | —                                                       | 54,263             |
| Provision for real estate development costs      | —                | —                                   | 3,050                                | 25,517                               | —                   | 28,567           | —                  | —                                                       | 28,567             |
| Debt                                             | 100,000          | 111,694                             | 202,823                              | 141,157                              | 224,001             | 779,675          | 122,702            | 103                                                     | 902,480            |
| Preference shares, series 1                      | —                | —                                   | —                                    | —                                    | 28,675              | 28,675           | —                  | —                                                       | 28,675             |
| Dream Alternatives trust units                   | —                | —                                   | —                                    | —                                    | —                   | —                | —                  | 397,818                                                 | 397,818            |
| Deferred income taxes                            | —                | —                                   | —                                    | —                                    | 79,883              | 79,883           | 807                | 5,065                                                   | 85,755             |
| Liabilities associated with assets held for sale | —                | —                                   | —                                    | —                                    | —                   | —                | 85,678             | 3,560                                                   | 89,238             |
| Total liabilities                                | \$ 120,836       | \$ 128,319                          | \$ 285,101                           | \$ 193,625                           | \$ 406,050          | \$ 1,133,931     | \$ 247,477         | \$ 431,430                                              | \$ 1,812,838       |
| Non-controlling interest                         | —                | —                                   | 57,244                               | —                                    | —                   | 57,244           | 959                | (38,158)                                                | 20,045             |
| Total shareholders' equity                       | \$ 495,894       | \$ 213,579                          | \$ 139,541                           | \$ 570,566                           | \$ (387,264)        | \$ 1,032,316     | \$ 546,948         | \$ (515,475)                                            | \$ 1,063,789       |
| Book equity per share <sup>(1)</sup>             | \$ 4.70          | \$ 2.02                             | \$ 1.32                              | \$ 5.41                              | \$ (3.67)           | \$ 9.78          | \$ 5.18            | \$ (4.88)                                               | \$ 10.08           |

<sup>(1)</sup> Refer to the "Non-IFRS Measures" section of this MD&A for the definition of consolidation and fair value adjustments and book equity per share.

| December 31, 2018                           |                  |                                     |                                      |                                      |                     |                  |                    |                                                         |                    |
|---------------------------------------------|------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|------------------|--------------------|---------------------------------------------------------|--------------------|
|                                             | Recurring income |                                     | Development                          |                                      |                     |                  |                    |                                                         |                    |
|                                             | Asset management | Stabilized income generating assets | Urban development - Toronto & Ottawa | Western Canada community development | Corporate and other | Dream standalone | Dream Alternatives | Consolidation and fair value adjustments <sup>(1)</sup> | Consolidated Dream |
| Assets                                      |                  |                                     |                                      |                                      |                     |                  |                    |                                                         |                    |
| Cash and cash equivalents                   | \$ —             | \$ 7,897                            | \$ 6,255                             | \$ 1,606                             | \$ 1,686            | \$ 17,444        | \$ 46,730          | \$ 119                                                  | \$ 64,293          |
| Accounts receivable                         | 8,329            | 6,842                               | 30,091                               | 120,026                              | 12,646              | 177,934          | 2,821              | (3,341)                                                 | 177,414            |
| Other financial assets                      | 149,854          | 610                                 | 10,650                               | —                                    | 28                  | 161,142          | 122,908            | (71,699)                                                | 212,351            |
| Lending portfolio                           | —                | —                                   | —                                    | —                                    | —                   | —                | 144,095            | —                                                       | 144,095            |
| Housing inventory                           | —                | —                                   | —                                    | 56,605                               | —                   | 56,605           | —                  | —                                                       | 56,605             |
| Condominium inventory                       | —                | —                                   | 233,974                              | 5,647                                | —                   | 239,621          | —                  | —                                                       | 239,621            |
| Land inventory                              | —                | 843                                 | 1,742                                | 573,311                              | —                   | 575,896          | —                  | —                                                       | 575,896            |
| Investment properties                       | —                | 159,784                             | —                                    | 18,171                               | —                   | 177,955          | 224,921            | 9,895                                                   | 412,771            |
| Recreational properties                     | —                | 49,241                              | —                                    | —                                    | —                   | 49,241           | —                  | —                                                       | 49,241             |
| Renewable power assets                      | —                | —                                   | —                                    | —                                    | —                   | —                | 132,251            | 11,037                                                  | 143,288            |
| Equity accounted investments                | 348,727          | 47,067                              | 33,657                               | 6,534                                | —                   | 435,985          | 132,528            | (18,753)                                                | 549,760            |
| Capital and other operating assets          | —                | 5,760                               | 31,446                               | 5,118                                | 6,294               | 48,618           | 5,023              | 3                                                       | 53,644             |
| Intangible asset                            | 43,000           | —                                   | —                                    | —                                    | —                   | 43,000           | —                  | (43,000)                                                | —                  |
| Assets held for sale                        | —                | 72,587                              | —                                    | —                                    | —                   | 72,587           | —                  | —                                                       | 72,587             |
| Total assets                                | \$ 549,910       | \$ 350,631                          | \$ 347,815                           | \$ 787,018                           | \$ 20,654           | \$ 2,056,028     | \$ 811,277         | \$ (115,739)                                            | \$ 2,751,566       |
| Liabilities                                 |                  |                                     |                                      |                                      |                     |                  |                    |                                                         |                    |
| Accounts payable and other liabilities      | \$ 13,974        | \$ 19,652                           | \$ 48,688                            | \$ 31,522                            | \$ 19,291           | \$ 133,127       | \$ 25,888          | \$ 1,938                                                | \$ 160,953         |
| Income and other taxes payable              | —                | —                                   | —                                    | —                                    | 51,236              | 51,236           | (1,707)            | —                                                       | 49,529             |
| Provision for real estate development costs | —                | —                                   | 3,338                                | 30,515                               | —                   | 33,853           | —                  | —                                                       | 33,853             |
| Debt                                        | 100,000          | 111,853                             | 141,056                              | 111,234                              | 224,083             | 688,226          | 195,492            | 3,888                                                   | 887,606            |
| Preference shares, series 1                 | —                | —                                   | —                                    | —                                    | 28,672              | 28,672           | —                  | —                                                       | 28,672             |
| Dream Alternatives trust units              | —                | —                                   | —                                    | —                                    | —                   | —                | —                  | 377,234                                                 | 377,234            |
| Deferred income taxes                       | —                | —                                   | —                                    | —                                    | 75,662              | 75,662           | (323)              | 18,800                                                  | 94,139             |
| Total liabilities                           | \$ 113,974       | \$ 131,505                          | \$ 193,082                           | \$ 173,271                           | \$ 398,944          | \$ 1,010,776     | \$ 219,350         | \$ 401,860                                              | \$ 1,631,986       |
| Non-controlling interest                    | —                | —                                   | 43,935                               | —                                    | —                   | 43,935           | 1,669              | (29,275)                                                | 16,329             |
| Total shareholders' equity                  | \$ 435,936       | \$ 219,126                          | \$ 110,798                           | \$ 613,747                           | \$ (378,290)        | \$ 1,001,317     | \$ 590,258         | \$ (488,324)                                            | \$ 1,103,251       |
| Book equity per share <sup>(1)</sup>        | \$ 4.06          | \$ 2.04                             | \$ 1.03                              | \$ 5.72                              | \$ (3.52)           | \$ 9.33          | \$ 5.50            | \$ (4.55)                                               | \$ 10.28           |

<sup>(1)</sup> Refer to the "Non-IFRS Measures" section of this MD&A for the definition of consolidation and fair value adjustments and book equity per share.

## Segmented Statement of Earnings

For the three months ended September 30, 2019

For the three months ended September 30, 2019

|                                                            | Recurring income |                                     | Development                          |                                      |                     |                                 |                    |                                          |                    |  |
|------------------------------------------------------------|------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|---------------------------------|--------------------|------------------------------------------|--------------------|--|
|                                                            | Asset management | Stabilized income generating assets | Urban development - Toronto & Ottawa | Western Canada community development | Corporate and other | Dream standalone <sup>(1)</sup> | Dream Alternatives | Consolidation adjustments <sup>(2)</sup> | Consolidated Dream |  |
| Revenue                                                    | \$ 8,540         | \$ 10,421                           | \$ 4,432                             | \$ 28,185                            | \$ —                | \$ 51,578                       | \$ 14,450          | \$ (1,959)                               | \$ 64,069          |  |
| Direct operating costs                                     | (3,727)          | (8,791)                             | (3,311)                              | (23,112)                             | —                   | (38,941)                        | (3,828)            | (251)                                    | (43,020)           |  |
| Gross margin                                               | 4,813            | 1,630                               | 1,121                                | 5,073                                | —                   | 12,637                          | 10,622             | (2,210)                                  | 21,049             |  |
| Selling, marketing, depreciation and other operating costs | —                | (2,153)                             | (2,477)                              | (5,626)                              | —                   | (10,256)                        | —                  | —                                        | (10,256)           |  |
| Net margin                                                 | 4,813            | (523)                               | (1,356)                              | (553)                                | —                   | 2,381                           | 10,622             | (2,210)                                  | 10,793             |  |
| Fair value changes in investment properties                | —                | (303)                               | —                                    | (20)                                 | —                   | (323)                           | (6,316)            | (60)                                     | (6,699)            |  |
| Investment and other income                                | 737              | 529                                 | 1,346                                | 334                                  | 85                  | 3,031                           | 780                | (58)                                     | 3,753              |  |
| Interest expense                                           | (1,117)          | (1,601)                             | 261                                  | (1,970)                              | (3,466)             | (7,893)                         | (2,542)            | 76                                       | (10,359)           |  |
| Fair value changes in financial instruments                | 14,296           | (24)                                | —                                    | —                                    | 68                  | 14,340                          | 500                | —                                        | 14,840             |  |
| Share of earnings from equity accounted investments        | 8,669            | 3,586                               | 89                                   | 3,804                                | —                   | 16,148                          | 4,615              | (133)                                    | 20,630             |  |
| Net segment earnings (loss)                                | 27,398           | 1,664                               | 340                                  | 1,595                                | (3,313)             | 27,684                          | 7,659              | (2,385)                                  | 32,958             |  |
| General and administrative expenses                        |                  |                                     |                                      |                                      | (3,626)             | (3,626)                         | (4,131)            | 2,223                                    | (5,534)            |  |
| Adjustments related to Dream Alternatives trust units      |                  |                                     |                                      |                                      | —                   | —                               | —                  | 2,831                                    | 2,831              |  |
| Income tax recovery (expense)                              |                  |                                     |                                      |                                      | (1,462)             | (1,462)                         | (673)              | (953)                                    | (3,088)            |  |
| Net earnings (loss) <sup>(3)</sup>                         | \$ 27,398        | \$ 1,664                            | \$ 340                               | \$ 1,595                             | \$ (8,401)          | \$ 22,596                       | \$ 2,855           | \$ 1,716                                 | \$ 27,167          |  |

For the three months ended September 30, 2018

|                                                               | Recurring income    |                                              | Development                                   |                                               |                        |                                    |                       |                                             |                       |  |
|---------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|------------------------------------|-----------------------|---------------------------------------------|-----------------------|--|
|                                                               | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate<br>and other | Dream<br>standalone <sup>(1)</sup> | Dream<br>Alternatives | Consolidation<br>adjustments <sup>(2)</sup> | Consolidated<br>Dream |  |
| Revenue                                                       | \$ 11,084           | \$ 10,209                                    | \$ 754                                        | \$ 29,838                                     | \$ —                   | \$ 51,885                          | \$ 15,232             | \$ (2,620)                                  | \$ 64,497             |  |
| Direct operating costs                                        | (2,764)             | (8,489)                                      | (458)                                         | (22,454)                                      | —                      | (34,165)                           | (5,492)               | (583)                                       | (40,240)              |  |
| Gross margin                                                  | 8,320               | 1,720                                        | 296                                           | 7,384                                         | —                      | 17,720                             | 9,740                 | (3,203)                                     | 24,257                |  |
| Selling, marketing, depreciation<br>and other operating costs | —                   | (1,861)                                      | (2,158)                                       | (7,994)                                       | —                      | (12,013)                           | —                     | —                                           | (12,013)              |  |
| Net margin                                                    | 8,320               | (141)                                        | (1,862)                                       | (610)                                         | —                      | 5,707                              | 9,740                 | (3,203)                                     | 12,244                |  |
| Fair value changes in<br>investment properties                | —                   | 8,840                                        | —                                             | (935)                                         | —                      | 7,905                              | (476)                 | —                                           | 7,429                 |  |
| Investment and other income                                   | 756                 | 20                                           | 289                                           | 416                                           | 994                    | 2,475                              | 611                   | 24                                          | 3,110                 |  |
| Interest expense                                              | (979)               | (1,677)                                      | (17)                                          | (1,104)                                       | (4,095)                | (7,872)                            | (2,284)               | 182                                         | (9,974)               |  |
| Fair value changes in financial<br>instruments                | 2,728               | 8                                            | —                                             | —                                             | 217                    | 2,953                              | (406)                 | —                                           | 2,547                 |  |
| Gains from disposition of assets<br>held for sale             | —                   | —                                            | —                                             | —                                             | —                      | —                                  | —                     | —                                           | —                     |  |
| Share of earnings from equity<br>accounted investments        | 8,773               | 3,234                                        | (192)                                         | 101                                           | —                      | 11,916                             | (209)                 | 78                                          | 11,785                |  |
| Net segment earnings (loss)                                   | 19,598              | 10,284                                       | (1,782)                                       | (2,132)                                       | (2,884)                | 23,084                             | 6,976                 | (2,919)                                     | 27,141                |  |
| General and administrative<br>expenses                        |                     |                                              |                                               |                                               | (4,457)                | (4,457)                            | (3,682)               | 2,541                                       | (5,598)               |  |
| Adjustments related to Dream<br>Alternatives trust units      |                     |                                              |                                               |                                               | —                      | —                                  | —                     | 1,226                                       | 1,226                 |  |
| Income tax recovery (expense)                                 |                     |                                              |                                               |                                               | (4,979)                | (4,979)                            | (2,286)               | (225)                                       | (7,490)               |  |
| Net earnings (loss) <sup>(3)</sup>                            | \$ 19,598           | \$ 10,284                                    | \$ (1,782)                                    | \$ (2,132)                                    | \$ (12,320)            | \$ 13,648                          | \$ 1,008              | \$ 623                                      | \$ 15,279             |  |

<sup>(1)</sup> Dream standalone does not include any net earnings impact relating to the Company's investment in Dream Alternatives. Refer to the "Dream Alternatives" section of this MD&A for further details.

<sup>(2)</sup> Refer to the "Non-IFRS Measures" section of this MD&A for the definition of consolidation and fair value adjustments.

<sup>(3)</sup> Includes earnings attributable to non-controlling interest.

| For the nine months ended September 30, 2015               |                  |                                     |                                      |                                      |                     |                                 |                    |                                          |                    |  |
|------------------------------------------------------------|------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|---------------------------------|--------------------|------------------------------------------|--------------------|--|
|                                                            | Recurring income |                                     |                                      | Development                          |                     |                                 |                    |                                          |                    |  |
|                                                            | Asset management | Stabilized income generating assets | Urban development - Toronto & Ottawa | Western Canada community development | Corporate and other | Dream standalone <sup>(1)</sup> | Dream Alternatives | Consolidation adjustments <sup>(2)</sup> | Consolidated Dream |  |
| Revenue                                                    | \$ 31,527        | \$ 53,827                           | \$ 23,429                            | \$ 51,776                            | \$ —                | \$ 160,559                      | \$ 42,846          | \$ (6,335)                               | \$ 197,070         |  |
| Direct operating costs                                     | (10,756)         | (33,226)                            | (17,989)                             | (37,848)                             | —                   | (99,819)                        | (14,094)           | (1,243)                                  | (115,156)          |  |
| Gross margin                                               | 20,771           | 20,601                              | 5,440                                | 13,928                               | —                   | 60,740                          | 28,752             | (7,578)                                  | 81,914             |  |
| Selling, marketing, depreciation and other operating costs | —                | (5,998)                             | (7,955)                              | (18,758)                             | —                   | (32,711)                        | —                  | —                                        | (32,711)           |  |
| Net margin                                                 | 20,771           | 14,603                              | (2,515)                              | (4,830)                              | —                   | 28,029                          | 28,752             | (7,578)                                  | 49,203             |  |
| Fair value changes in investment properties                | —                | (3,007)                             | —                                    | 2,996                                | —                   | (11)                            | (6,055)            | (410)                                    | (6,476)            |  |
| Investment and other income                                | 2,570            | 566                                 | 2,411                                | 985                                  | 481                 | 7,013                           | 1,866              | 459                                      | 9,338              |  |
| Interest expense                                           | (3,767)          | (3,623)                             | (24)                                 | (5,249)                              | (11,075)            | (23,738)                        | (7,139)            | 226                                      | (30,651)           |  |
| Fair value changes in financial instruments                | 25,078           | (146)                               | —                                    | —                                    | 76                  | 25,008                          | (3,790)            | —                                        | 21,218             |  |
| Share of earnings from equity accounted investments        | 26,271           | 7,141                               | 140                                  | 4,011                                | —                   | 37,563                          | 14,237             | 386                                      | 52,186             |  |
| Net segment earnings (loss)                                | 70,923           | 15,534                              | 12                                   | (2,087)                              | (10,518)            | 73,864                          | 27,871             | (6,917)                                  | 94,818             |  |
| General and administrative expenses                        |                  |                                     |                                      |                                      | (11,475)            | (11,475)                        | (12,905)           | 6,605                                    | (17,775)           |  |
| Adjustments related to Dream Alternatives trust units      |                  |                                     |                                      |                                      | —                   | —                               | —                  | (94,946)                                 | (94,946)           |  |
| Income tax recovery (expense)                              |                  |                                     |                                      |                                      | (10,720)            | (10,720)                        | (2,558)            | 13,735                                   | 457                |  |
| Net earnings (loss) <sup>(3)</sup>                         | \$ 70,923        | \$ 15,534                           | \$ 12                                | \$ (2,087)                           | \$ (32,713)         | \$ 51,669                       | \$ 12,408          | \$ (81,523)                              | \$ (17,446)        |  |

|                                                            | Recurring income |                                     |                                      | Development                          |                     |                                 | For the nine months ended September 30, 2019 |                                          |                    |  |
|------------------------------------------------------------|------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|---------------------------------|----------------------------------------------|------------------------------------------|--------------------|--|
|                                                            | Asset management | Stabilized income generating assets | Urban development - Toronto & Ottawa | Western Canada community development | Corporate and other | Dream standalone <sup>(1)</sup> | Dream Alternatives                           | Consolidation adjustments <sup>(2)</sup> | Consolidated Dream |  |
| Revenue                                                    | \$ 30,447        | \$ 50,009                           | \$ 3,825                             | \$ 66,034                            | \$ —                | \$ 150,315                      | \$ 44,402                                    | \$ (8,799)                               | \$ 185,918         |  |
| Direct operating costs                                     | (7,990)          | (31,860)                            | (2,294)                              | (49,308)                             | —                   | (91,452)                        | (16,670)                                     | (919)                                    | (109,041)          |  |
| Gross margin                                               | 22,457           | 18,149                              | 1,531                                | 16,726                               | —                   | 58,863                          | 27,732                                       | (9,718)                                  | 76,877             |  |
| Selling, marketing, depreciation and other operating costs | —                | (5,012)                             | (6,542)                              | (24,069)                             | —                   | (35,623)                        | —                                            | —                                        | (35,623)           |  |
| Net margin                                                 | 22,457           | 13,137                              | (5,011)                              | (7,343)                              | —                   | 23,240                          | 27,732                                       | (9,718)                                  | 41,254             |  |
| Fair value changes in investment properties                | —                | 8,719                               | —                                    | —                                    | —                   | 8,719                           | (2,700)                                      | —                                        | 6,019              |  |
| Investment and other income                                | 2,429            | 334                                 | 1,614                                | 1,124                                | 1,049               | 6,550                           | 2,703                                        | 43                                       | 9,296              |  |
| Interest expense                                           | (2,417)          | (4,561)                             | (115)                                | (4,605)                              | (9,473)             | (21,171)                        | (6,774)                                      | 182                                      | (27,763)           |  |
| Fair value changes in financial instruments                | 15,987           | 92                                  | —                                    | —                                    | (356)               | 15,723                          | (102)                                        | (7,169)                                  | 8,452              |  |
| Net gain on acquisition of Dream Alternatives              | 12,555           | —                                   | —                                    | —                                    | —                   | 12,555                          | —                                            | 117,437                                  | 129,992            |  |
| Gains from disposition of assets held for sale             | —                | —                                   | 9,422                                | —                                    | —                   | 9,422                           | —                                            | —                                        | 9,422              |  |
| Share of earnings from equity accounted investments        | 21,503           | 5,184                               | (651)                                | (576)                                | —                   | 25,460                          | (502)                                        | 2,729                                    | 27,687             |  |
| Net segment earnings (loss)                                | 72,514           | 22,905                              | 5,259                                | (11,400)                             | (8,780)             | 80,498                          | 20,357                                       | 103,504                                  | 204,359            |  |
| General and administrative expenses                        |                  |                                     |                                      |                                      | (12,045)            | (12,045)                        | (11,449)                                     | 7,565                                    | (15,929)           |  |
| Adjustments related to Dream Alternatives trust units      |                  |                                     |                                      |                                      | —                   | —                               | —                                            | (45,598)                                 | (45,598)           |  |
| Income tax recovery (expense)                              |                  |                                     |                                      |                                      | (15,268)            | (15,268)                        | (2,001)                                      | 9,868                                    | (7,401)            |  |
| Net earnings (loss) <sup>(3)</sup>                         | \$ 72,514        | \$ 22,905                           | \$ 5,259                             | \$ (11,400)                          | \$ (36,093)         | \$ 53,185                       | \$ 6,907                                     | \$ 75,339                                | \$ 135,431         |  |

<sup>(1)</sup> Dream standalone does not include any net earnings impact relating to the Company's investment in Dream Alternatives. Refer to the "Dream Alternatives" section of this MD&A for further details.

<sup>(2)</sup> Refer to the "Non-IFRS Measures" section of this MD&A for the definition of consolidation and fair value adjustments.

<sup>(3)</sup> Includes earnings attributable to non-controlling interest.

## Segmented Statement of Cash Flows

|                                                                                       | For the three months ended September 30, 2019 |                                                           |                       | For the three months ended September 30, 2018 |                                                           |                       |
|---------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------|-----------------------|-----------------------------------------------|-----------------------------------------------------------|-----------------------|
|                                                                                       | Dream<br>standalone                           | Dream<br>Alternatives and<br>consolidation<br>adjustments | Consolidated<br>Dream | Dream<br>standalone                           | Dream<br>Alternatives and<br>consolidation<br>adjustments | Consolidated<br>Dream |
| <b>Operating activities</b>                                                           |                                               |                                                           |                       |                                               |                                                           |                       |
| Earnings for the period                                                               | \$ 22,596                                     | \$ 4,571                                                  | \$ 27,167             | \$ 13,647                                     | \$ 1,632                                                  | \$ 15,279             |
| Adjustments for non-cash items:                                                       |                                               |                                                           |                       |                                               |                                                           |                       |
| Depreciation and amortization                                                         | 1,830                                         | —                                                         | 1,830                 | 1,487                                         | 2,005                                                     | 3,492                 |
| Fair value changes in investment properties                                           | 323                                           | 6,376                                                     | 6,699                 | (7,905)                                       | 476                                                       | (7,429)               |
| Share of (earnings) losses from equity accounted investments                          | (16,148)                                      | (4,482)                                                   | (20,630)              | (11,916)                                      | 131                                                       | (11,785)              |
| Deferred income tax expense                                                           | 2,829                                         | 154                                                       | 2,983                 | 4,476                                         | 2,510                                                     | 6,986                 |
| Other adjustments                                                                     | (16,372)                                      | 2,676                                                     | (13,696)              | 1,025                                         | (3,621)                                                   | (2,596)               |
| Gain on disposition of assets                                                         | —                                             | —                                                         | —                     | (9,422)                                       | —                                                         | (9,422)               |
| Changes in non-cash working capital                                                   | 19,571                                        | (1,038)                                                   | 18,533                | 25,710                                        | 1,734                                                     | 27,444                |
| Acquisition of condominium inventory, net of acquired cash and working capital        | (6,412)                                       | —                                                         | (6,412)               | —                                             | —                                                         | —                     |
| Development of housing inventory, net of sales                                        | 12,469                                        | —                                                         | 12,469                | 6,057                                         | —                                                         | 6,057                 |
| Development of condominium inventory, net of sales                                    | (23,311)                                      | (138)                                                     | (23,449)              | (18,666)                                      | —                                                         | (18,666)              |
| Advances for construction loan, net of repayments                                     | 10,179                                        | —                                                         | 10,179                | 18,260                                        | —                                                         | 18,260                |
| Fair value adjustment on Dream Alternatives trust units                               | —                                             | (8,267)                                                   | (8,267)               | —                                             | (7,342)                                                   | (7,342)               |
| Development of land inventory, net of sales                                           | 275                                           | —                                                         | 275                   | (33,552)                                      | —                                                         | (33,552)              |
| Net cash flows provided by (used in) operating activities                             | 7,829                                         | (148)                                                     | 7,681                 | (10,799)                                      | (2,475)                                                   | (13,274)              |
| <b>Investing activities</b>                                                           |                                               |                                                           |                       |                                               |                                                           |                       |
| Acquisitions and additions to investment properties                                   | (12,067)                                      | (1,529)                                                   | (13,596)              | (751)                                         | (1,181)                                                   | (1,932)               |
| Additions to renewable power assets and recreational properties                       | (1,771)                                       | —                                                         | (1,771)               | (5,005)                                       | (20)                                                      | (5,025)               |
| Contributions to equity accounted investments                                         | (5,211)                                       | (4,065)                                                   | (9,276)               | (1,156)                                       | (2,782)                                                   | (3,938)               |
| Distributions from equity accounted investments                                       | 7,783                                         | —                                                         | 7,783                 | 18,345                                        | —                                                         | 18,345                |
| Acquisitions of financial assets and other assets, net of distributions and disposals | (3,606)                                       | 1,451                                                     | (2,155)               | (3,628)                                       | 1,775                                                     | (1,853)               |
| Proceeds on disposition of assets, net                                                | —                                             | 2,641                                                     | 2,641                 | 23,508                                        | —                                                         | 23,508                |
| Loans receivable repayments                                                           | 3,881                                         | —                                                         | 3,881                 | 3,476                                         | —                                                         | 3,476                 |
| Lending portfolio repayments, net of advances                                         | —                                             | 7,717                                                     | 7,717                 | —                                             | 14,832                                                    | 14,832                |
| Net cash flows provided by (used in) investing activities                             | (10,991)                                      | 6,215                                                     | (4,776)               | 34,789                                        | 12,624                                                    | 47,413                |
| <b>Financing activities</b>                                                           |                                               |                                                           |                       |                                               |                                                           |                       |
| Borrowings from mortgage and term debt facilities                                     | 32,592                                        | —                                                         | 32,592                | 60                                            | —                                                         | 60                    |
| Repayments of mortgage and term debt facilities                                       | (10,671)                                      | (564)                                                     | (11,235)              | (15,073)                                      | (573)                                                     | (15,646)              |
| Advances from operating lines, net of repayments                                      | (6,000)                                       | 6,500                                                     | 500                   | (37,000)                                      | (35,000)                                                  | (72,000)              |
| Advances from margin loan facility, net of repayments                                 | —                                             | —                                                         | —                     | 30,000                                        | —                                                         | 30,000                |
| Contributions from non-controlling interest, net of distributions                     | 6,000                                         | (4,388)                                                   | 1,612                 | —                                             | (443)                                                     | (443)                 |
| Dream Alternatives trust units repurchased from other unitholders                     | —                                             | (32,562)                                                  | (32,562)              | —                                             | (4,034)                                                   | (4,034)               |
| Dividends paid                                                                        | (2,643)                                       | —                                                         | (2,643)               | —                                             | —                                                         | —                     |
| Shares repurchased under normal course issuer bid                                     | (5,805)                                       | —                                                         | (5,805)               | (4,497)                                       | —                                                         | (4,497)               |
| Net cash flows provided by (used in) financing activities                             | 13,473                                        | (31,014)                                                  | (17,541)              | (26,510)                                      | (40,050)                                                  | (66,560)              |
| Increase (decrease) in cash and cash equivalents                                      | 10,311                                        | (24,947)                                                  | (14,636)              | (2,520)                                       | (29,901)                                                  | (32,421)              |
| Cash and cash equivalents, beginning of period                                        | 27,892                                        | 34,750                                                    | 62,642                | 19,777                                        | 76,657                                                    | 96,434                |
| Cash and cash equivalents, end of period                                              | \$ 38,203                                     | \$ 9,803                                                  | \$ 48,006             | \$ 17,257                                     | \$ 46,756                                                 | \$ 64,013             |

|                                                                                       | For the nine months ended September 30, 2019 |                                                           |                       | For the nine months ended September 30, 2018 |                                                           |                       |
|---------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------|-----------------------|----------------------------------------------|-----------------------------------------------------------|-----------------------|
|                                                                                       | Dream<br>standalone                          | Dream<br>Alternatives and<br>consolidation<br>adjustments | Consolidated<br>Dream | Dream<br>standalone                          | Dream<br>Alternatives and<br>consolidation<br>adjustments | Consolidated<br>Dream |
| <b>Operating activities</b>                                                           |                                              |                                                           |                       |                                              |                                                           |                       |
| Earnings (losses) for the period                                                      | \$ 51,669                                    | \$ (69,115)                                               | \$ (17,446)           | \$ 53,184                                    | \$ 82,247                                                 | \$ 135,431            |
| Adjustments for non-cash items:                                                       |                                              |                                                           |                       |                                              |                                                           |                       |
| Depreciation and amortization                                                         | 4,872                                        | 2,610                                                     | 7,482                 | 4,160                                        | 5,031                                                     | 9,191                 |
| Fair value changes in investment properties                                           | 11                                           | 6,465                                                     | 6,476                 | (8,719)                                      | 2,700                                                     | (6,019)               |
| Share of earnings from equity accounted investments                                   | (37,563)                                     | (14,623)                                                  | (52,186)              | (25,460)                                     | (2,227)                                                   | (27,687)              |
| Deferred income tax expense (recovery)                                                | 4,662                                        | (12,653)                                                  | (7,991)               | 11,278                                       | (7,873)                                                   | 3,405                 |
| Other adjustments                                                                     | (23,347)                                     | (441)                                                     | (23,788)              | (13,418)                                     | (838)                                                     | (14,256)              |
| Gain on disposition of assets                                                         | —                                            | —                                                         | —                     | (9,422)                                      | —                                                         | (9,422)               |
| Net gain on acquisition of Dream Alternatives                                         | —                                            | —                                                         | —                     | (12,555)                                     | (117,437)                                                 | (129,992)             |
| Changes in non-cash working capital                                                   | 38,122                                       | 9,822                                                     | 47,944                | 43,700                                       | (1,259)                                                   | 42,441                |
| Acquisition of condominium inventory, net of acquired cash and working capital        | (18,009)                                     | (24)                                                      | (18,033)              | (370)                                        | —                                                         | (370)                 |
| Development of housing inventory, net of sales                                        | 17,063                                       | —                                                         | 17,063                | 15,708                                       | —                                                         | 15,708                |
| Development of condominium inventory, net of sales                                    | (63,578)                                     | (138)                                                     | (63,716)              | (61,133)                                     | —                                                         | (61,133)              |
| Advances for construction loan, net of repayments                                     | 14,632                                       | —                                                         | 14,632                | (6,027)                                      | —                                                         | (6,027)               |
| Acquisition of land inventory                                                         | (3,244)                                      | —                                                         | (3,244)               | (960)                                        | —                                                         | (960)                 |
| Fair value adjustment on Dream Alternatives trust units                               | —                                            | 77,671                                                    | 77,671                | —                                            | 27,017                                                    | 27,017                |
| Development of land inventory, net of sales                                           | (6,178)                                      | —                                                         | (6,178)               | (53,627)                                     | —                                                         | (53,627)              |
| Net cash flows provided by (used in) operating activities                             | (20,888)                                     | (426)                                                     | (21,314)              | (63,661)                                     | (12,639)                                                  | (76,300)              |
| <b>Investing activities</b>                                                           |                                              |                                                           |                       |                                              |                                                           |                       |
| Acquisitions and additions to investment properties                                   | (15,882)                                     | (8,223)                                                   | (24,105)              | (8,174)                                      | (11,370)                                                  | (19,544)              |
| Additions to renewable power assets and recreational properties                       | (2,736)                                      | 41                                                        | (2,695)               | (6,369)                                      | (603)                                                     | (6,972)               |
| Investments in equity accounted investments                                           | (11,302)                                     | —                                                         | (11,302)              | (75,310)                                     | 59,504                                                    | (15,806)              |
| Contributions to equity accounted investments                                         | (9,379)                                      | (8,270)                                                   | (17,649)              | (5,191)                                      | (14,238)                                                  | (19,429)              |
| Distributions from equity accounted investments                                       | 17,805                                       | —                                                         | 17,805                | 34,010                                       | 1,960                                                     | 35,970                |
| Acquisitions of financial assets and other assets, net of distributions and disposals | (18,772)                                     | 31,634                                                    | 12,862                | (12,994)                                     | 11,787                                                    | (1,207)               |
| Proceeds on disposition of assets, net                                                | 15,323                                       | 2,641                                                     | 17,964                | 23,508                                       | —                                                         | 23,508                |
| Cash acquired in business combination                                                 | —                                            | —                                                         | —                     | —                                            | 60,927                                                    | 60,927                |
| Loans receivable repayments                                                           | 2,970                                        | —                                                         | 2,970                 | 3,055                                        | —                                                         | 3,055                 |
| Acquisition of investment holdings and marketable securities, net of disposals        | —                                            | —                                                         | —                     | —                                            | (33,718)                                                  | (33,718)              |
| Lending portfolio repayments, net of advances                                         | —                                            | 10,933                                                    | 10,933                | —                                            | 8,645                                                     | 8,645                 |
| Net cash flows provided by (used in) investing activities                             | (21,973)                                     | 28,756                                                    | 6,783                 | (47,465)                                     | 82,894                                                    | 35,429                |
| <b>Financing activities</b>                                                           |                                              |                                                           |                       |                                              |                                                           |                       |
| Borrowings from mortgage and term debt facilities                                     | 48,519                                       | —                                                         | 48,519                | 69,429                                       | —                                                         | 69,429                |
| Repayments of mortgage and term debt facilities                                       | (17,168)                                     | (2,876)                                                   | (20,044)              | (27,988)                                     | (2,823)                                                   | (30,811)              |
| Advances from operating lines, net of repayments                                      | 41,000                                       | 6,500                                                     | 47,500                | (38,000)                                     | —                                                         | (38,000)              |
| Advances from margin loan facility, net of repayments                                 | —                                            | —                                                         | —                     | 60,000                                       | —                                                         | 60,000                |
| Borrowings pursuant to non-revolving term facility                                    | —                                            | —                                                         | —                     | 50,000                                       | —                                                         | 50,000                |
| Contributions from non-controlling interest, net of distributions                     | 13,200                                       | (9,898)                                                   | 3,302                 | —                                            | (918)                                                     | (918)                 |
| Dream Alternatives trust units repurchased from other unitholders                     | —                                            | (59,102)                                                  | (59,102)              | —                                            | (19,758)                                                  | (19,758)              |
| Dividends paid                                                                        | (7,980)                                      | —                                                         | (7,980)               | —                                            | —                                                         | —                     |
| Shares repurchased under normal course issuer bid                                     | (13,951)                                     | —                                                         | (13,951)              | (10,466)                                     | —                                                         | (10,466)              |
| Net cash flows provided by (used in) financing activities                             | 63,620                                       | (65,376)                                                  | (1,756)               | 102,975                                      | (23,499)                                                  | 79,476                |
| Increase (decrease) in cash and cash equivalents                                      | 20,759                                       | (37,046)                                                  | (16,287)              | (8,151)                                      | 46,756                                                    | 38,605                |
| Cash and cash equivalents, beginning of period                                        | 17,444                                       | 46,849                                                    | 64,293                | 25,408                                       | —                                                         | 25,408                |
| Cash and cash equivalents, end of period                                              | \$ 38,203                                    | \$ 9,803                                                  | \$ 48,006             | \$ 17,257                                    | \$ 46,756                                                 | \$ 64,013             |

## Revenue by Geographic Region

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

|                                  | For the three months ended September 30, |        |        |      |        |        | For the nine months ended September 30, |         |        |    |         |        |
|----------------------------------|------------------------------------------|--------|--------|------|--------|--------|-----------------------------------------|---------|--------|----|---------|--------|
|                                  | 2019                                     |        |        | 2018 |        |        | 2019                                    |         | 2018   |    |         |        |
| Western Canada                   |                                          |        |        |      |        |        |                                         |         |        |    |         |        |
| <i>Alberta</i>                   | \$                                       | 7,084  | 11.1%  | \$   | 10,221 | 15.8%  | \$                                      | 21,174  | 10.7%  | \$ | 23,074  | 12.4%  |
| <i>British Columbia</i>          |                                          | 998    | 1.6%   |      | 1,097  | 1.7%   |                                         | 2,831   | 1.4%   |    | 3,057   | 1.6%   |
| <i>Saskatchewan</i>              |                                          | 25,368 | 39.5%  |      | 24,075 | 37.3%  |                                         | 40,823  | 20.7%  |    | 53,789  | 28.9%  |
|                                  | \$                                       | 33,450 | 52.2%  | \$   | 35,393 | 54.8%  | \$                                      | 64,828  | 32.8%  | \$ | 79,920  | 42.9%  |
| Ontario                          |                                          | 21,250 | 33.2%  |      | 21,328 | 33.1%  |                                         | 69,489  | 35.4%  |    | 56,607  | 30.5%  |
| Eastern Canada                   |                                          | 1,011  | 1.6%   |      | 1,236  | 1.9%   |                                         | 4,109   | 2.1%   |    | 4,378   | 2.4%   |
| Canada                           |                                          | 55,711 | 87.0%  |      | 57,956 | 89.8%  |                                         | 138,426 | 70.3%  |    | 140,905 | 75.8%  |
| United Kingdom                   |                                          | 661    | 1.0%   |      | 583    | 0.9%   |                                         | 2,190   | 1.1%   |    | 1,898   | 1.0%   |
| United States                    |                                          | 1,350  | 2.0%   |      | 881    | 1.4%   |                                         | 31,890  | 16.2%  |    | 24,979  | 13.4%  |
| Non-segmented (asset management) |                                          | 6,347  | 10.0%  |      | 5,077  | 7.9%   |                                         | 24,564  | 12.4%  |    | 18,136  | 9.8%   |
| Total                            | \$                                       | 64,069 | 100.0% | \$   | 64,497 | 100.0% | \$                                      | 197,070 | 100.0% | \$ | 185,918 | 100.0% |

## Net Margin by Geographic Region

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

|                                  | For the three months ended September 30, |         |         |      |         | For the nine months ended September 30, |    |         |        |    |         |        |
|----------------------------------|------------------------------------------|---------|---------|------|---------|-----------------------------------------|----|---------|--------|----|---------|--------|
|                                  | 2019                                     |         |         | 2018 |         | 2019                                    |    |         | 2018   |    |         |        |
| Western Canada                   |                                          |         |         |      |         |                                         |    |         |        |    |         |        |
| <i>Alberta</i>                   | \$                                       | (962)   | (8.9%)  | \$   | 445     | 3.6%                                    | \$ | 670     | 1.4%   | \$ | (1,469) | (3.6%) |
| <i>British Columbia</i>          |                                          | 998     | 9.2%    |      | 1,097   | 9.0%                                    |    | 2,831   | 5.8%   |    | 3,057   | 7.4%   |
| <i>Saskatchewan</i>              |                                          | 2,162   | 20.0%   |      | 1,020   | 8.3%                                    |    | (1,733) | (3.5%) |    | (1,864) | (4.5%) |
|                                  | \$                                       | 2,198   | 20.3%   | \$   | 2,562   | 20.9%                                   | \$ | 1,768   | 3.7%   | \$ | (276)   | (0.7%) |
| Ontario                          |                                          | 8,726   | 80.8%   |      | 11,416  | 93.2%                                   |    | 22,661  | 46.1%  |    | 25,526  | 61.9%  |
| Eastern Canada                   |                                          | 767     | 7.1%    |      | (1,873) | (15.2%)                                 |    | 2,850   | 5.7%   |    | 57      | 0.1%   |
| Canada                           |                                          | 11,691  | 108.2%  |      | 12,105  | 98.9%                                   |    | 27,279  | 55.5%  |    | 25,307  | 61.3%  |
| United Kingdom                   |                                          | 513     | 4.8%    |      | 2,449   | 20.0%                                   |    | 1,046   | 2.0%   |    | 2,360   | 5.7%   |
| United States                    |                                          | (3,932) | (36.4%) |      | (3,931) | (32.1%)                                 |    | 7,346   | 15.0%  |    | 4,360   | 10.6%  |
| Non-segmented (asset management) |                                          | 2,521   | 23.4%   |      | 1,621   | 13.2%                                   |    | 13,532  | 27.5%  |    | 9,227   | 22.4%  |
| Total                            | \$                                       | 10,793  | 100.0%  | \$   | 12,244  | 100.0%                                  | \$ | 49,203  | 100.0% | \$ | 41,254  | 100.0% |

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

| <i>(in thousands of dollars)</i>                                                     | Sep 30,<br>2019  | Jun 30,<br>2019  | Mar 31,<br>2019  | Dec 31,<br>2018  | Sep 30,<br>2018  | Jun 30,<br>2018  | Mar 31,<br>2018  | Dec 31,<br>2017  |
|--------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Asset management <sup>(1)</sup>                                                      | \$ 4,813         | \$ 7,216         | \$ 8,742         | \$ 10,856        | \$ 8,320         | \$ 7,021         | \$ 7,116         | \$ 6,965         |
| Urban development - Toronto and Ottawa                                               | (1,356)          | 500              | (1,659)          | 1,040            | (1,870)          | (2,208)          | (933)            | 1,244            |
| Stabilized income generating assets <sup>(2)</sup>                                   | (523)            | 5,348            | 9,778            | 2,084            | (1,086)          | 2,952            | 8,831            | 979              |
| Western Canada community development                                                 | (553)            | (1,620)          | (2,657)          | 28,679           | 343              | (1,559)          | (3,687)          | 40,812           |
| Dream Alternatives                                                                   | 10,622           | 10,108           | 8,022            | 7,192            | 9,740            | 9,777            | 8,215            | —                |
| Consolidation and fair value adjustments                                             | (2,210)          | (2,110)          | (3,258)          | (3,437)          | (3,203)          | (2,762)          | (3,753)          | —                |
| <b>Total net margin</b>                                                              | <b>\$ 10,793</b> | <b>\$ 19,442</b> | <b>\$ 18,968</b> | <b>\$ 46,414</b> | <b>\$ 12,244</b> | <b>\$ 13,221</b> | <b>\$ 15,789</b> | <b>\$ 50,000</b> |
| <b>Income (loss) amounts included below net margin</b>                               |                  |                  |                  |                  |                  |                  |                  |                  |
| Firelight Infrastructure Partners LP<br>(Energy and Infrastructure) <sup>(3)</sup>   | \$ 3,008         | \$ 2,819         | \$ 466           | \$ (875)         | \$ 2,924         | \$ 3,373         | \$ (209)         | \$ (717)         |
| Share of earnings from Dream Office REIT                                             | 7,355            | 10,035           | 5,198            | 9,361            | 8,508            | 7,104            | 7,429            | 13,727           |
| Other share of earnings (losses) from equity accounted<br>investments <sup>(4)</sup> | 10,267           | 11,713           | 1,325            | 856              | 353              | (973)            | (822)            | 902              |
| <b>Total share of earnings from equity accounted<br/>investments</b>                 | <b>\$ 20,630</b> | <b>\$ 24,567</b> | <b>\$ 6,989</b>  | <b>\$ 9,342</b>  | <b>\$ 11,785</b> | <b>\$ 9,504</b>  | <b>\$ 6,398</b>  | <b>\$ 13,912</b> |
| Investment income earned from Dream Publicly Listed<br>Funds                         | \$ 835           | \$ 808           | \$ 966           | \$ 959           | \$ 884           | \$ 842           | \$ 703           | \$ 696           |

<sup>(1)</sup> Net margin for asset management is gross of consolidation adjustments to eliminate margin earned on the Company's asset management contract with Dream Alternatives.

<sup>(2)</sup> The decline in net margin in 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.

<sup>(3)</sup> The decline in net earnings in 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 "Stabilized Income Generating Assets" section of this MD&A.

<sup>(4)</sup> Included in other share of earnings (losses) from equity accounted investments for the three months ended June 30, 2019 and September 30, 2019 was occupancy income generated from Dream CMCC Capital Fund II and Axis Condominiums.

## Quarterly Business Trends

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

| <i>(in thousands of dollars,<br/>except per share amounts)</i> | Sep 30,<br>2019 | Jun 30,<br>2019 | Mar 31,<br>2019 | Dec 31,<br>2018 | Sep 30,<br>2018 | Jun 30,<br>2018 | Mar 31,<br>2018 | Dec 31,<br>2017 |
|----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue                                                        | \$ 64,069       | \$ 76,044       | \$ 56,957       | \$ 153,955      | \$ 64,497       | \$ 61,600       | \$ 59,821       | \$ 144,586      |
| Earnings (loss) for the period                                 | 27,167          | (11,089)        | (33,524)        | 56,622          | 15,279          | (26,906)        | 147,058         | 50,268          |
| Basic earnings (loss) per share                                | 0.26            | (0.11)          | (0.31)          | 0.52            | 0.14            | (0.25)          | 1.35            | 0.46            |
| Diluted earnings (loss) per share                              | 0.25            | (0.11)          | (0.31)          | 0.50            | 0.14            | (0.25)          | 1.30            | 0.45            |

## Non-IFRS Measures

In addition to using financial measures determined in accordance with IFRS, we believe that important measures of operating performance include certain financial measures that are not defined under IFRS and, as such, may not be comparable to similar measures used by other companies. Throughout this MD&A, there are references to certain non-IFRS 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.

“**Adjusted EBITDA**” is an important measure of financial performance on a Dream standalone and segment basis and is calculated as earnings before interest, taxes, depreciation, amortization, fair value changes in investment properties and financial instruments, non-cash gains/losses and share of equity accounted earnings, offset by distributions received from the Dream Publicly Listed Funds and equity accounted investments. A reconciliation of earnings to adjusted EBITDA on a segment basis is presented below.

| For the three months ended September 30, 2019               |                     |                                              |                                               |                                               |                        |                                             |  |
|-------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|---------------------------------------------|--|
|                                                             | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate and<br>other | Total<br>Dream <sup>(1)</sup><br>standalone |  |
| Earnings for the period                                     | \$ 27,398           | \$ 1,664                                     | \$ 340                                        | \$ 1,595                                      | \$ (8,401)             | \$ 22,596                                   |  |
| Add (deduct):                                               |                     |                                              |                                               |                                               |                        |                                             |  |
| Interest expense                                            | 1,117               | 1,601                                        | (261)                                         | 1,970                                         | 3,466                  | 7,893                                       |  |
| Income tax expense                                          | —                   | —                                            | —                                             | —                                             | 1,462                  | 1,462                                       |  |
| Depreciation and amortization <sup>(1)</sup>                | 3                   | 1,336                                        | 82                                            | 380                                           | 29                     | 1,830                                       |  |
| <b>EBITDA</b>                                               | <b>28,518</b>       | <b>4,601</b>                                 | <b>161</b>                                    | <b>3,945</b>                                  | <b>(3,444)</b>         | <b>33,781</b>                               |  |
| Add (deduct):                                               |                     |                                              |                                               |                                               |                        |                                             |  |
| Fair value changes in investment properties                 | —                   | 303                                          | —                                             | 20                                            | —                      | 323                                         |  |
| Fair value changes in financial instruments                 | (14,296)            | 24                                           | —                                             | —                                             | (68)                   | (14,340)                                    |  |
| Share of earnings from Dream Office REIT                    | (7,355)             | —                                            | —                                             | —                                             | —                      | (7,355)                                     |  |
| Distributions received from the Dream Publicly Listed Funds | 5,700               | —                                            | —                                             | —                                             | —                      | 5,700                                       |  |
| Share of earnings from other equity accounted investments   | (1,314)             | (3,586)                                      | (89)                                          | (3,804)                                       | —                      | (8,793)                                     |  |
| Distributions from other equity accounted investments       | 3,234               | 134                                          | 586                                           | 79                                            | —                      | 4,033                                       |  |
| Earnings attributable to Zibi non-controlling interest      | —                   | —                                            | (153)                                         | —                                             | —                      | (153)                                       |  |
| <b>Adjusted EBITDA</b>                                      | <b>\$ 14,487</b>    | <b>\$ 1,476</b>                              | <b>\$ 505</b>                                 | <b>\$ 240</b>                                 | <b>\$ (3,512)</b>      | <b>\$ 13,196</b>                            |  |

<sup>(1)</sup> Refer to the "Segmented Statement of Earnings" and "Segmented Statement of Cash Flows" sections of this MD&A for a reconciliation between Dream standalone and Consolidated Dream figures.

| For the three months ended September 30, 2018               |                     |                                              |                                               |                                               |                        |                                             |  |
|-------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|---------------------------------------------|--|
|                                                             | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate and<br>other | Total<br>Dream <sup>(1)</sup><br>standalone |  |
| Earnings for the period                                     | \$ 19,598           | \$ 10,285                                    | \$ (1,782)                                    | \$ (2,133)                                    | \$ (12,320)            | \$ 13,648                                   |  |
| Add (deduct):                                               |                     |                                              |                                               |                                               |                        |                                             |  |
| Interest expense                                            | 979                 | 1,677                                        | 17                                            | 1,104                                         | 4,095                  | 7,872                                       |  |
| Income tax expense                                          | —                   | —                                            | —                                             | —                                             | 4,979                  | 4,979                                       |  |
| Depreciation and amortization <sup>(1)</sup>                | 12                  | 902                                          | 6                                             | 316                                           | 251                    | 1,487                                       |  |
| <b>EBITDA</b>                                               | <b>20,589</b>       | <b>12,864</b>                                | <b>(1,759)</b>                                | <b>(713)</b>                                  | <b>(2,995)</b>         | <b>27,986</b>                               |  |
| Add (deduct):                                               |                     |                                              |                                               |                                               |                        |                                             |  |
| Fair value changes in investment properties                 | —                   | (8,840)                                      | —                                             | 935                                           | —                      | (7,905)                                     |  |
| Fair value changes in financial instruments                 | (2,728)             | (8)                                          | —                                             | —                                             | (217)                  | (2,953)                                     |  |
| Share of earnings from Dream Office REIT                    | (8,508)             | —                                            | —                                             | —                                             | —                      | (8,508)                                     |  |
| Distributions received from the Dream Publicly Listed Funds | 5,433               | —                                            | —                                             | —                                             | —                      | 5,433                                       |  |
| Share of earnings from other equity accounted investments   | (265)               | (3,234)                                      | 192                                           | (101)                                         | —                      | (3,408)                                     |  |
| Distributions from other equity accounted investments       | 113                 | 8,415                                        | 6,629                                         | —                                             | —                      | 15,157                                      |  |
| Losses attributable to Zibi non-controlling interest        | —                   | —                                            | 283                                           | —                                             | —                      | 283                                         |  |
| <b>Adjusted EBITDA</b>                                      | <b>\$ 14,634</b>    | <b>\$ 9,197</b>                              | <b>\$ 5,345</b>                               | <b>\$ 121</b>                                 | <b>\$ (3,212)</b>      | <b>\$ 26,085</b>                            |  |

<sup>(1)</sup> Refer to the "Segmented Statement of Earnings" and "Segmented Statement of Cash Flows" sections of this MD&A for a reconciliation between Dream standalone and Consolidated Dream figures.

For the nine months ended September 30, 2019

|                                                             | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate and<br>other | Total<br>Dream <sup>(1)</sup><br>standalone |
|-------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|---------------------------------------------|
| Earnings for the period                                     | \$ 70,923           | \$ 15,534                                    | \$ 12                                         | \$ (2,087)                                    | \$ (32,713)            | \$ 51,669                                   |
| Add (deduct):                                               |                     |                                              |                                               |                                               |                        |                                             |
| Interest expense                                            | 3,767               | 3,623                                        | 24                                            | 5,249                                         | 11,075                 | 23,738                                      |
| Income tax expense                                          | —                   | —                                            | —                                             | —                                             | 10,720                 | 10,720                                      |
| Depreciation and amortization <sup>(1)</sup>                | 10                  | 3,736                                        | 194                                           | 762                                           | 170                    | 4,872                                       |
| <b>EBITDA</b>                                               | <b>74,700</b>       | <b>22,893</b>                                | <b>230</b>                                    | <b>3,924</b>                                  | <b>(10,748)</b>        | <b>90,999</b>                               |
| Add (deduct):                                               |                     |                                              |                                               |                                               |                        |                                             |
| Fair value changes in investment properties                 | —                   | 3,007                                        | —                                             | (2,996)                                       | —                      | 11                                          |
| Fair value changes in financial instruments                 | (25,078)            | 146                                          | —                                             | —                                             | (76)                   | (25,008)                                    |
| Share of earnings from Dream Office REIT                    | (22,588)            | —                                            | —                                             | —                                             | —                      | (22,588)                                    |
| Distributions received from the Dream Publicly Listed Funds | 16,980              | —                                            | —                                             | —                                             | —                      | 16,980                                      |
| Share of earnings from other equity accounted investments   | (3,683)             | (7,141)                                      | (140)                                         | (4,011)                                       | —                      | (14,975)                                    |
| Distributions from other equity accounted investments       | 3,962               | 1,950                                        | 620                                           | 195                                           | —                      | 6,727                                       |
| Earnings attributable to Zibi non-controlling interest      | —                   | —                                            | (127)                                         | —                                             | —                      | (127)                                       |
| <b>Adjusted EBITDA</b>                                      | <b>\$ 44,293</b>    | <b>\$ 20,855</b>                             | <b>\$ 583</b>                                 | <b>\$ (2,888)</b>                             | <b>\$ (10,824)</b>     | <b>\$ 52,019</b>                            |

<sup>(1)</sup> Refer to the "Segmented Statement of Earnings" and "Segmented Statement of Cash Flows" sections of this MD&A for a reconciliation between Dream standalone and Consolidated Dream figures.

For the nine months ended September 30, 2018

|                                                                      | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate and<br>other | Total<br>Dream <sup>(1)</sup><br>standalone |
|----------------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|---------------------------------------------|
| Earnings for the period                                              | \$ 72,514           | \$ 22,905                                    | \$ 5,259                                      | \$ (11,400)                                   | \$ (36,093)            | \$ 53,185                                   |
| Add (deduct):                                                        |                     |                                              |                                               |                                               |                        |                                             |
| Interest expense                                                     | 2,417               | 4,561                                        | 115                                           | 4,605                                         | 9,473                  | 21,171                                      |
| Income tax expense                                                   | —                   | —                                            | —                                             | —                                             | 15,268                 | 15,268                                      |
| Depreciation and amortization <sup>(1)</sup>                         | 17                  | 2,800                                        | 265                                           | 782                                           | 296                    | 4,160                                       |
| <b>EBITDA</b>                                                        | <b>74,948</b>       | <b>30,266</b>                                | <b>5,639</b>                                  | <b>(6,013)</b>                                | <b>(11,056)</b>        | <b>93,784</b>                               |
| Add (deduct):                                                        |                     |                                              |                                               |                                               |                        |                                             |
| Fair value changes in investment properties                          | —                   | (8,719)                                      | —                                             | —                                             | —                      | (8,719)                                     |
| Fair value changes in financial instruments                          | (15,987)            | (92)                                         | —                                             | —                                             | 356                    | (15,723)                                    |
| Non-cash gain on acquisition of Dream Alternatives                   | (12,555)            | —                                            | —                                             | —                                             | —                      | (12,555)                                    |
| Proceeds on disposition of assets held for sale, net of gains/losses | —                   | —                                            | 782                                           | —                                             | —                      | 782                                         |
| Share of earnings from Dream Office REIT                             | (20,712)            | —                                            | —                                             | —                                             | —                      | (20,712)                                    |
| Distributions received from the Dream Publicly Listed Funds          | 14,937              | —                                            | —                                             | —                                             | —                      | 14,937                                      |
| Share of earnings from other equity accounted investments            | (791)               | (5,184)                                      | 651                                           | 576                                           | —                      | (4,748)                                     |
| Distributions from other equity accounted investments                | 564                 | 14,415                                       | 9,305                                         | —                                             | —                      | 24,284                                      |
| Losses attributable to Zibi non-controlling interest                 | —                   | —                                            | 821                                           | —                                             | —                      | 821                                         |
| <b>Adjusted EBITDA</b>                                               | <b>\$ 40,404</b>    | <b>\$ 30,686</b>                             | <b>\$ 17,198</b>                              | <b>\$ (5,437)</b>                             | <b>\$ (10,700)</b>     | <b>\$ 72,151</b>                            |

<sup>(1)</sup> Refer to the "Segmented Statement of Earnings" and "Segmented Statement of Cash Flows" sections of this MD&A for a reconciliation between Dream standalone and Consolidated Dream figures.

**"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.

**"Book equity per share"** represents shareholders' equity divided by the weighted average number of shares outstanding in the period. The metric is used by management in evaluating the performance of the Company by segment and on a Dream standalone basis.

**"Comparative properties NOI"** includes the net rental income of the same properties owned by Dream Office REIT in the current and prior year comparative periods and excludes: property management and lease termination fees; one-time property adjustments, if any; bad debt expenses; NOI of sold properties, properties held for sale and properties held for future development; straight-line rent; amortization of lease incentives; and property management and other service fees. The metric is used by management to evaluate the performance of investment properties held by Dream Office REIT.

**"Consolidation and fair value adjustments"** represents certain IFRS adjustments required to reconcile Dream standalone and Dream Alternatives results to the consolidated results as at and for the three and nine months ended September 30, 2019, for the three and nine months ended September 30, 2018, and as at December 31, 2018. Consolidation and fair value adjustments related to segmented assets and liabilities are disclosed on a cumulative basis since the acquisition of Dream Alternatives on January 1, 2018. A reconciliation of these adjustments is presented below.

#### Segmented Assets and Liabilities

| September 30, 2019                                  |                                                                              |                                                          |                                                                                             |                                         |                                                           |                   |                                                         |  |
|-----------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-------------------|---------------------------------------------------------|--|
|                                                     | Adjustments on<br>acquisition of Dream<br>Alternatives on<br>January 1, 2018 | Eliminate<br>intercompany<br>receivables and<br>payables | Eliminate investments in<br>Dream Alternatives units<br>and record fair value<br>adjustment | Adjustments<br>for co-owned<br>projects | Amortization of<br>business<br>combination<br>adjustments | Tax<br>adjustment | Total<br>consolidation<br>and fair value<br>adjustments |  |
| <b>Assets</b>                                       |                                                                              |                                                          |                                                                                             |                                         |                                                           |                   |                                                         |  |
| Cash and cash equivalents                           | \$ —                                                                         | \$ —                                                     | \$ —                                                                                        | \$ 2,193                                | \$ —                                                      | \$ —              | \$ 2,193                                                |  |
| Accounts receivable                                 | —                                                                            | (2,587)                                                  | —                                                                                           | 664                                     | —                                                         | —                 | (1,923)                                                 |  |
| Other financial assets                              | —                                                                            | —                                                        | (92,766)                                                                                    | (400)                                   | —                                                         | —                 | (93,166)                                                |  |
| Lending portfolio                                   | (33)                                                                         | —                                                        | —                                                                                           | —                                       | 33                                                        | —                 | —                                                       |  |
| Condominium inventory                               | —                                                                            | —                                                        | —                                                                                           | 14,905                                  | —                                                         | —                 | 14,905                                                  |  |
| Investment properties                               | —                                                                            | —                                                        | —                                                                                           | 15,846                                  | —                                                         | —                 | 15,846                                                  |  |
| Equity accounted<br>investments                     | (5,513)                                                                      | —                                                        | —                                                                                           | (31,057)                                | —                                                         | —                 | (36,570)                                                |  |
| Capital and other operating<br>assets               | —                                                                            | —                                                        | —                                                                                           | 8,783                                   | —                                                         | —                 | 8,783                                                   |  |
| Intangible asset                                    | (43,000)                                                                     | —                                                        | —                                                                                           | —                                       | —                                                         | —                 | (43,000)                                                |  |
| Assets held for sale                                | 11,654                                                                       | —                                                        | —                                                                                           | —                                       | (925)                                                     | —                 | 10,729                                                  |  |
| <b>Total assets</b>                                 | \$ (36,892)                                                                  | \$ (2,587)                                               | \$ (92,766)                                                                                 | \$ 10,934                               | \$ (892)                                                  | \$ —              | \$ (122,203)                                            |  |
| <b>Liabilities</b>                                  |                                                                              |                                                          |                                                                                             |                                         |                                                           |                   |                                                         |  |
| Accounts payable and other<br>liabilities           | \$ —                                                                         | \$ (2,587)                                               | \$ —                                                                                        | \$ 27,471                               | \$ —                                                      | \$ —              | \$ 24,884                                               |  |
| Debt                                                | 248                                                                          | —                                                        | —                                                                                           | (268)                                   | 123                                                       | —                 | 103                                                     |  |
| Dream Alternatives trust<br>units                   | 397,620                                                                      | —                                                        | 198                                                                                         | —                                       | —                                                         | —                 | 397,818                                                 |  |
| Deferred income taxes                               | 23,355                                                                       | —                                                        | —                                                                                           | 953                                     | —                                                         | (19,243)          | 5,065                                                   |  |
| Liabilities associated with<br>assets held for sale | 3,942                                                                        | —                                                        | —                                                                                           | —                                       | (382)                                                     | —                 | 3,560                                                   |  |
| <b>Total liabilities</b>                            | \$ 425,165                                                                   | \$ (2,587)                                               | \$ 198                                                                                      | \$ 28,156                               | \$ (259)                                                  | \$ (19,243)       | \$ 431,430                                              |  |
| Non-controlling interest                            | (25,393)                                                                     | —                                                        | —                                                                                           | (12,765)                                | —                                                         | —                 | (38,158)                                                |  |
| <b>Total shareholders' equity</b>                   | \$ (436,664)                                                                 | \$ —                                                     | \$ (92,964)                                                                                 | \$ (4,457)                              | \$ (633)                                                  | \$ 19,243         | \$ (515,475)                                            |  |

December 31, 2018

|                                           | Adjustments on<br>acquisition of Dream<br>Alternatives on<br>January 1, 2018 | Eliminate<br>intercompany<br>receivables and<br>payables | Eliminate investments in<br>Dream Alternatives units<br>and record fair value<br>adjustment | Adjustments<br>for co-owned<br>projects | Amortization of<br>business<br>combination<br>adjustments | Current<br>period tax<br>adjustment | Total<br>consolidation<br>and fair value<br>adjustments |
|-------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-------------------------------------|---------------------------------------------------------|
| <b>Assets</b>                             |                                                                              |                                                          |                                                                                             |                                         |                                                           |                                     |                                                         |
| Cash and cash equivalents                 | \$ —                                                                         | \$ —                                                     | \$ —                                                                                        | \$ 119                                  | \$ —                                                      | \$ —                                | 119                                                     |
| Accounts receivable                       | —                                                                            | (3,599)                                                  | —                                                                                           | 258                                     | —                                                         | —                                   | (3,341)                                                 |
| Other financial assets                    | —                                                                            | —                                                        | (72,678)                                                                                    | 979                                     | —                                                         | —                                   | (71,699)                                                |
| Lending portfolio                         | (33)                                                                         | —                                                        | —                                                                                           | —                                       | 33                                                        | —                                   | —                                                       |
| Investment properties                     | —                                                                            | —                                                        | —                                                                                           | 9,895                                   | —                                                         | —                                   | 9,895                                                   |
| Renewable power assets                    | 11,654                                                                       | —                                                        | —                                                                                           | (3)                                     | (614)                                                     | —                                   | 11,037                                                  |
| Equity accounted<br>investments           | (5,513)                                                                      | —                                                        | —                                                                                           | (13,240)                                | —                                                         | —                                   | (18,753)                                                |
| Capital and other operating<br>assets     | —                                                                            | —                                                        | —                                                                                           | 3                                       | —                                                         | —                                   | 3                                                       |
| Intangible asset                          | (43,000)                                                                     | —                                                        | —                                                                                           | —                                       | —                                                         | —                                   | (43,000)                                                |
| <b>Total assets</b>                       | <b>\$ (36,892)</b>                                                           | <b>\$ (3,599)</b>                                        | <b>\$ (72,678)</b>                                                                          | <b>\$ (1,989)</b>                       | <b>\$ (581)</b>                                           | <b>\$ —</b>                         | <b>(115,739)</b>                                        |
| <b>Liabilities</b>                        |                                                                              |                                                          |                                                                                             |                                         |                                                           |                                     |                                                         |
| Accounts payable and other<br>liabilities | \$ —                                                                         | \$ (3,599)                                               | \$ —                                                                                        | \$ 5,537                                | \$ —                                                      | \$ —                                | 1,938                                                   |
| Debt                                      | 4,190                                                                        | —                                                        | —                                                                                           | —                                       | (302)                                                     | —                                   | 3,888                                                   |
| Dream Alternatives trust<br>units         | 397,620                                                                      | —                                                        | (20,386)                                                                                    | —                                       | —                                                         | —                                   | 377,234                                                 |
| Deferred income taxes                     | 23,355                                                                       | —                                                        | —                                                                                           | —                                       | —                                                         | (4,555)                             | 18,800                                                  |
| <b>Total liabilities</b>                  | <b>\$ 425,165</b>                                                            | <b>\$ (3,599)</b>                                        | <b>\$ (20,386)</b>                                                                          | <b>\$ 5,537</b>                         | <b>\$ (302)</b>                                           | <b>\$ (4,555)</b>                   | <b>401,860</b>                                          |
| Non-controlling interest                  | (25,393)                                                                     | —                                                        | —                                                                                           | (3,882)                                 | —                                                         | —                                   | (29,275)                                                |
| <b>Total shareholders' equity</b>         | <b>\$ (436,664)</b>                                                          | <b>\$ —</b>                                              | <b>\$ (52,292)</b>                                                                          | <b>\$ (3,644)</b>                       | <b>\$ (279)</b>                                           | <b>\$ 4,555</b>                     | <b>(488,324)</b>                                        |

**Segmented Statement of Earnings**

For the three months ended September 30, 2019

|                                                               | Eliminate asset<br>management<br>revenue, expenses<br>and cost recoveries | Fair value adjustment<br>to Dream<br>Alternatives trust<br>units | Adjustments<br>for co-owned<br>projects | Amortization of<br>business<br>combination<br>adjustments | Current<br>period tax<br>adjustment | Total<br>consolidation<br>and fair value<br>adjustments |
|---------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-------------------------------------|---------------------------------------------------------|
| Revenue                                                       | \$ (2,079)                                                                | \$ —                                                             | \$ 120                                  | \$ —                                                      | \$ —                                | (1,959)                                                 |
| Direct operating costs                                        | (99)                                                                      | —                                                                | (152)                                   | —                                                         | —                                   | (251)                                                   |
| Gross margin                                                  | (2,178)                                                                   | —                                                                | (32)                                    | —                                                         | —                                   | (2,210)                                                 |
| Selling, marketing, depreciation and other operating<br>costs | —                                                                         | —                                                                | —                                       | —                                                         | —                                   | —                                                       |
| Net margin                                                    | (2,178)                                                                   | —                                                                | (32)                                    | —                                                         | —                                   | (2,210)                                                 |
| Fair value changes in investment properties                   | —                                                                         | —                                                                | (60)                                    | —                                                         | —                                   | (60)                                                    |
| Investment and other income                                   | —                                                                         | —                                                                | (58)                                    | —                                                         | —                                   | (58)                                                    |
| Share of earnings from equity accounted investments           | —                                                                         | —                                                                | (133)                                   | —                                                         | —                                   | (133)                                                   |
| General and administrative expenses                           | 2,166                                                                     | —                                                                | 57                                      | —                                                         | —                                   | 2,223                                                   |
| Interest expense                                              | —                                                                         | —                                                                | 76                                      | —                                                         | —                                   | 76                                                      |
| Adjustments related to Dream Alternatives trust units         | —                                                                         | 2,831                                                            | —                                       | —                                                         | —                                   | 2,831                                                   |
| Income tax expense                                            | —                                                                         | —                                                                | —                                       | —                                                         | (953)                               | (953)                                                   |
| <b>Net earnings (loss)</b>                                    | <b>\$ (12)</b>                                                            | <b>\$ 2,831</b>                                                  | <b>\$ (150)</b>                         | <b>\$ —</b>                                               | <b>\$ (953)</b>                     | <b>1,716</b>                                            |

For the three months ended September 30, 2018

|                                                                  | Adjustments on<br>acquisition of Dream<br>Alternatives on<br>January 1, 2018 | Eliminate asset<br>management<br>revenue, expenses<br>and cost recoveries | Fair value adjustment<br>to Dream<br>Alternatives trust<br>units | Adjustments<br>for co-owned<br>projects | Amortization of<br>business<br>combination<br>adjustments | Current<br>period tax<br>adjustment | Total<br>consolidation<br>and fair value<br>adjustments |
|------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-------------------------------------|---------------------------------------------------------|
| Revenue                                                          | \$ —                                                                         | \$ (2,679)                                                                | \$ —                                                             | \$ 35                                   | \$ 24                                                     | \$ —                                | \$ (2,620)                                              |
| Direct operating costs                                           | —                                                                            | (114)                                                                     | —                                                                | (7)                                     | (462)                                                     | —                                   | (583)                                                   |
| Gross margin                                                     | —                                                                            | (2,793)                                                                   | —                                                                | 28                                      | (438)                                                     | —                                   | (3,203)                                                 |
| Selling, marketing,<br>depreciation and other<br>operating costs | —                                                                            | —                                                                         | —                                                                | —                                       | —                                                         | —                                   | —                                                       |
| Net margin                                                       | —                                                                            | (2,793)                                                                   | —                                                                | 28                                      | (438)                                                     | —                                   | (3,203)                                                 |
| Investment and other income                                      | —                                                                            | —                                                                         | —                                                                | 24                                      | —                                                         | —                                   | 24                                                      |
| Interest expense                                                 | —                                                                            | —                                                                         | —                                                                | (46)                                    | 228                                                       | —                                   | 182                                                     |
| Share of earnings from equity<br>accounted investments           | —                                                                            | —                                                                         | —                                                                | 78                                      | —                                                         | —                                   | 78                                                      |
| General and administrative<br>expenses                           | —                                                                            | 2,540                                                                     | —                                                                | 1                                       | —                                                         | —                                   | 2,541                                                   |
| Adjustments related to Dream<br>Alternatives trust units         | —                                                                            | —                                                                         | 1,226                                                            | —                                       | —                                                         | —                                   | 1,226                                                   |
| Income tax expense                                               | —                                                                            | —                                                                         | —                                                                | —                                       | —                                                         | (225)                               | (225)                                                   |
| <b>Net earnings (loss)</b>                                       | <b>\$ —</b>                                                                  | <b>\$ (253)</b>                                                           | <b>\$ 1,226</b>                                                  | <b>\$ 85</b>                            | <b>\$ (210)</b>                                           | <b>\$ (225)</b>                     | <b>\$ 623</b>                                           |

For the nine months ended September 30, 2019

|                                                               | Eliminate asset<br>management<br>revenue, expenses<br>and cost recoveries | Fair value adjustment<br>to Dream<br>Alternatives trust<br>units | Adjustments<br>for co-owned<br>projects | Amortization of<br>business<br>combination<br>adjustments | Current<br>period tax<br>adjustment | Total<br>consolidation<br>and fair value<br>adjustments |
|---------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-------------------------------------|---------------------------------------------------------|
| Revenue                                                       | \$ (6,623)                                                                | \$ —                                                             | \$ 288                                  | \$ —                                                      | \$ —                                | \$ (6,335)                                              |
| Direct operating costs                                        | (276)                                                                     | —                                                                | (660)                                   | (307)                                                     | —                                   | (1,243)                                                 |
| Gross margin                                                  | (6,899)                                                                   | —                                                                | (372)                                   | (307)                                                     | —                                   | (7,578)                                                 |
| Selling, marketing, depreciation and other operating<br>costs | —                                                                         | —                                                                | —                                       | —                                                         | —                                   | —                                                       |
| Net margin                                                    | (6,899)                                                                   | —                                                                | (372)                                   | (307)                                                     | —                                   | (7,578)                                                 |
| Fair value changes in investment properties                   | —                                                                         | —                                                                | (410)                                   | —                                                         | —                                   | (410)                                                   |
| Investment and other income                                   | —                                                                         | —                                                                | 459                                     | —                                                         | —                                   | 459                                                     |
| Share of earnings from equity accounted investments           | —                                                                         | —                                                                | 386                                     | —                                                         | —                                   | 386                                                     |
| General and administrative expenses                           | 6,650                                                                     | —                                                                | (45)                                    | —                                                         | —                                   | 6,605                                                   |
| Interest expense                                              | —                                                                         | —                                                                | 76                                      | 150                                                       | —                                   | 226                                                     |
| Adjustments related to Dream Alternatives trust units         | —                                                                         | (94,946)                                                         | —                                       | —                                                         | —                                   | (94,946)                                                |
| Income tax expense                                            | —                                                                         | —                                                                | —                                       | —                                                         | 13,735                              | 13,735                                                  |
| <b>Net earnings (loss)</b>                                    | <b>\$ (249)</b>                                                           | <b>\$ (94,946)</b>                                               | <b>\$ 94</b>                            | <b>\$ (157)</b>                                           | <b>\$ 13,735</b>                    | <b>\$ (81,523)</b>                                      |

For the nine months ended September 30, 2018

|                                                            | Adjustments on acquisition of Dream Alternatives on January 1, 2018 | Eliminate asset management revenue, expenses and cost recoveries | Fair value adjustment to Dream Alternatives trust units | Adjustments for co-owned projects | Amortization of business combination adjustments | Current period tax adjustment | Total consolidation and fair value adjustments |
|------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------|--------------------------------------------------|-------------------------------|------------------------------------------------|
| Revenue                                                    | \$ —                                                                | \$ (8,775)                                                       | \$ —                                                    | \$ (48)                           | \$ 24                                            | \$ —                          | \$ (8,799)                                     |
| Direct operating costs                                     | —                                                                   | (342)                                                            | —                                                       | (115)                             | (462)                                            | —                             | (919)                                          |
| Gross margin                                               | —                                                                   | (9,117)                                                          | —                                                       | (163)                             | (438)                                            | —                             | (9,718)                                        |
| Selling, marketing, depreciation and other operating costs | —                                                                   | —                                                                | —                                                       | —                                 | —                                                | —                             | —                                              |
| Net margin                                                 | —                                                                   | (9,117)                                                          | —                                                       | (163)                             | (438)                                            | —                             | (9,718)                                        |
| Net gain on acquisition of Dream Alternatives              | 117,437                                                             | —                                                                | —                                                       | —                                 | —                                                | —                             | 117,437                                        |
| Investment and other income                                | —                                                                   | —                                                                | —                                                       | 43                                | —                                                | —                             | 43                                             |
| Interest expense                                           | —                                                                   | —                                                                | —                                                       | (46)                              | 228                                              | —                             | 182                                            |
| Share of earnings from equity accounted investments        | —                                                                   | —                                                                | —                                                       | 2,729                             | —                                                | —                             | 2,729                                          |
| General and administrative expenses                        | —                                                                   | 7,687                                                            | —                                                       | (122)                             | —                                                | —                             | 7,565                                          |
| Fair value changes in financial instruments                | —                                                                   | —                                                                | —                                                       | (7,169)                           | —                                                | —                             | (7,169)                                        |
| Adjustments related to Dream Alternatives trust units      | —                                                                   | —                                                                | (45,598)                                                | —                                 | —                                                | —                             | (45,598)                                       |
| Income tax expense                                         | —                                                                   | —                                                                | —                                                       | —                                 | —                                                | 9,868                         | 9,868                                          |
| Net earnings (loss)                                        | \$ 117,437                                                          | \$ (1,430)                                                       | \$ (45,598)                                             | \$ (4,728)                        | \$ (210)                                         | \$ 9,868                      | \$ 75,339                                      |

**“Debt to adjusted EBITDA”** is an important measure of financial performance on a Dream standalone basis and is calculated as debt (being the sum of debt and Preference shares, series 1), as a percentage of adjusted EBITDA. A reconciliation of debt to adjusted EBITDA for the trailing four quarters can be found below.

For the three months ended

|                                                                      | Sep 30, 2019      | Jun 30, 2019  | Mar 31, 2019  | Dec 31, 2018  | Sep 30, 2018      | Jun 30, 2018  | Mar 31, 2018  | Dec 31, 2017  |
|----------------------------------------------------------------------|-------------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|
| Earnings for the period                                              | \$ 22,596         | \$ 10,607     | \$ 18,466     | \$ 29,908     | \$ 13,648         | \$ 15,509     | \$ 24,028     | \$ 50,268     |
| Add (deduct):                                                        |                   |               |               |               |                   |               |               |               |
| Interest expense                                                     | 7,893             | 8,162         | 7,683         | 8,030         | 7,872             | 7,087         | 6,212         | 6,198         |
| Income tax expense                                                   | 1,462             | 4,034         | 5,224         | 10,973        | 4,979             | 4,832         | 5,457         | 17,923        |
| Depreciation and amortization <sup>(1)</sup>                         | 1,830             | 1,515         | 1,527         | 2,180         | 1,487             | 1,243         | 1,430         | 1,277         |
| <b>EBITDA</b>                                                        | <b>33,781</b>     | <b>24,318</b> | <b>32,900</b> | <b>51,091</b> | <b>27,986</b>     | <b>28,671</b> | <b>37,127</b> | <b>75,666</b> |
| Add (deduct):                                                        |                   |               |               |               |                   |               |               |               |
| Fair value changes in investment properties                          | 323               | (204)         | (108)         | (8,785)       | (7,905)           | (548)         | (266)         | (4,979)       |
| Fair value changes in financial instruments                          | (14,340)          | 1,075         | (11,743)      | 11,237        | (2,953)           | (4,632)       | (8,138)       | 29            |
| Non-cash gain on acquisition of Dream Alternatives                   | —                 | —             | —             | —             | —                 | —             | (12,555)      | —             |
| Proceeds on disposition of assets held for sale, net of gains/losses | —                 | —             | —             | —             | —                 | 782           | —             | —             |
| Share of earnings from Dream Office REIT                             | (7,355)           | (10,035)      | (5,198)       | (9,361)       | (8,508)           | (6,180)       | (6,024)       | (13,727)      |
| Distributions received from the Dream Publicly Listed Funds          | 5,700             | 5,742         | 5,538         | 5,487         | 5,433             | 4,989         | 4,515         | 4,194         |
| Share of (earnings) losses from other equity accounted investments   | (8,793)           | (4,327)       | (1,855)       | 196           | (3,408)           | (2,453)       | 1,113         | 1,407         |
| Distributions from other equity accounted investments                | 4,033             | 2,161         | 533           | 3,137         | 15,157            | 4,756         | 4,371         | —             |
| (Earnings) losses attributable to Zibi non-controlling interest      | (153)             | (12)          | 38            | (1,868)       | 283               | 240           | 298           | 404           |
| Adjusted EBITDA                                                      | \$ 13,196         | \$ 18,718     | \$ 20,105     | \$ 51,134     | \$ 26,085         | \$ 25,625     | \$ 20,441     | \$ 62,994     |
| <b>Adjusted EBITDA, trailing 4 quarters</b>                          | <b>\$ 103,153</b> |               |               |               | <b>\$ 135,145</b> |               |               |               |

As at September 30,

|                                                     | 2019              | 2018              |
|-----------------------------------------------------|-------------------|-------------------|
| Debt                                                | \$ 779,675        | \$ 897,977        |
| Preference shares, series 1                         | 28,675            | 28,671            |
| <b>Total debt</b>                                   | <b>\$ 808,350</b> | <b>\$ 926,648</b> |
| <b>Debt to adjusted EBITDA, trailing 4 quarters</b> | <b>7.8x</b>       | <b>6.9x</b>       |

<sup>(1)</sup> Excludes depreciation and amortization relating to Dream Alternatives.

**"Debt to total assets ratio"** is an important measure of financial liquidity on a Dream standalone basis and is calculated as debt (as defined above), as a percentage of total assets per the consolidated financial statements. A reconciliation of the debt to total asset ratio can be found below.

|                               | September 30, 2019 | December 31, 2018 |
|-------------------------------|--------------------|-------------------|
| Debt                          | \$ 779,675         | \$ 688,226        |
| Preference shares, series 1   | 28,675             | 28,672            |
| Total debt                    | \$ 808,350         | \$ 716,898        |
| Total assets                  | \$ 2,223,491       | \$ 2,056,028      |
| Debt to total asset ratio (%) | 36.4%              | 34.9%             |

**"Dream standalone"** represents the results of Dream, excluding the impact of Dream Alternatives' consolidated results. 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 "Dream standalone basic earnings per share" definition below, and 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 consolidated financial statements.

**"Dream standalone basic earnings per share"** represents earnings per share on a standalone basis, a metric used by management in evaluating the overall performance of the Company. A reconciliation of this non-IFRS measure to basic earnings (loss) per share is presented below.

|                                                                      | For the three months ended September 30, 2019 |           | For the nine months ended September 30, 2019 |             |
|----------------------------------------------------------------------|-----------------------------------------------|-----------|----------------------------------------------|-------------|
| (in thousands of dollars, except per share amounts)                  | Per share                                     | Total     | Per share                                    | Total       |
| Dream Consolidated                                                   | \$ 0.26                                       | \$ 27,135 | \$ (0.17)                                    | \$ (17,860) |
| Dream Alternatives income attributable to shareholders               | (0.03)                                        | (2,875)   | (0.11)                                       | (12,020)    |
| Adjustments related to Dream Alternatives trust units <sup>(2)</sup> | (0.03)                                        | (2,831)   | 0.89                                         | 94,946      |
| Other consolidation adjustments                                      | 0.01                                          | 1,014     | (0.13)                                       | (13,524)    |
| Dream standalone <sup>(1)</sup>                                      | \$ 0.21                                       | \$ 22,443 | \$ 0.48                                      | \$ 51,542   |

|                                                                      | For the three months ended September 30, 2018 |           | For the nine months ended September 30, 2018 |            |
|----------------------------------------------------------------------|-----------------------------------------------|-----------|----------------------------------------------|------------|
|                                                                      | Per share                                     | Total     | Per share                                    | Total      |
| Dream Consolidated                                                   | \$ 0.14                                       | \$ 15,283 | \$ 1.24                                      | \$ 135,206 |
| Dream Alternatives income attributable to shareholders               | 0.01                                          | 918       | 0.05                                         | 6,407      |
| Gain on acquisition of Dream Alternatives                            | —                                             | —         | 1.08                                         | 117,437    |
| Adjustments related to Dream Alternatives trust units <sup>(2)</sup> | 0.01                                          | 1,226     | (0.42)                                       | (45,598)   |
| Other consolidation adjustments                                      | (0.01)                                        | (791)     | 0.03                                         | 2,955      |
| Dream standalone <sup>(1)</sup>                                      | \$ 0.13                                       | \$ 13,930 | \$ 0.50                                      | \$ 54,005  |

<sup>(1)</sup> Dream standalone represents the standalone results of Dream, excluding the impact of Dream Alternatives' consolidated results. For a further description of the Dream standalone results, refer above.

<sup>(2)</sup> In accordance with the Company's accounting policy described in our Annual Report, Dream accounted for the 77% interest in Dream Alternatives trust units held by other unitholders as a financial liability measured at fair value through profit and loss. Accordingly, we expect adjustments related to Dream Alternatives trust units to vary period to period, based on fluctuations in the listed market price and changes in the outstanding number of trust units at period-end. Refer to Note 15 of the condensed consolidated financial statements for the three and nine months ended September 30, 2019 for a continuity of the liability related to the Dream Alternatives trust units.

**"EBITDA"** is an important measure of financial performance on a Dream standalone and segment basis and is calculated as earnings before interest, taxes, depreciation and amortization. A reconciliation of earnings to EBITDA on a segment basis is presented within the definition of adjusted EBITDA.

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

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

**"Internal rate of return" ("IRR")** is calculated based on the estimated net pre-tax cash flows expected from an investment considering expenditures and timelines. This non-IFRS measure is an important measure for evaluating the performance of the Company's investments, however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

**"Market value"** represents Dream Alternatives' carrying value as per the condensed consolidated statements of financial position adjusted for external appraisal values or a discounted cash flow methodology, incorporating expected future cash flows, discount rates, other applicable market information and the reduction in the risk profile of the renewable power projects and equity accounted investments as they are developed or achieve completion milestones by Dream Alternatives. Dream Alternatives believes that incorporating this adjustment in determining the market value of the asset is a more useful measure to value the renewable power portfolio and equity investments that would not ordinarily be captured within IFRS and Dream Alternatives' condensed consolidated financial statements.

**"Net asset value ("NAV") of Dream Alternatives"**, a non-IFRS measure, represents total unitholders' equity per the Dream Alternatives segment, adjusted for market 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. A market 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 market value (subject to appraisals). A market 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 market value (subject to appraisals). The mortgages payable premiums represent 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. Dream Alternatives believes that incorporating a market value adjustment is a more useful measure to value both the renewable power portfolio and equity accounted investments that would not ordinarily be captured within IFRS and Dream Alternatives' condensed consolidated financial statements. The market value adjustments account for the applicable deferred income tax estimates considering the timing of their realization and, if appropriate, will be incorporated into the determination of the NAV. The applicable deferred income tax estimates related to the market value adjustments is calculated either based on income or capital gain rates or a combination thereof. The income tax rates used to determine NAV are dependent on various factors such as anticipated development plans, stage of development, and current market trends applicable to the future development plans and will be reviewed on a regular basis and are subject to change. Excluded from the NAV of Dream Alternatives calculation are any market value adjustment 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 to total unitholders' equity can be found below.

**"Net asset value ("NAV") per unit - Dream Alternatives"** 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. A reconciliation of NAV to total unitholders' equity can be found below.

|                                                         | September 30, 2019 | December 31, 2018 |
|---------------------------------------------------------|--------------------|-------------------|
| Total unitholders' equity <sup>(1)</sup>                | \$ 546,988         | \$ 590,258        |
| Market value adjustment to equity accounted investments | 26,998             | 39,870            |
| Market value adjustment to renewable power assets       | 7,258              | 10,527            |
| Deferred income taxes adjustment                        | (4,352)            | (6,005)           |
| NAV of Dream Alternatives                               | \$ 576,892         | \$ 634,650        |
| NAV per unit of Dream Alternatives                      | \$ 8.43            | \$ 8.74           |

<sup>(1)</sup> Dream Alternatives' unitholders' equity is eliminated upon consolidation.

**"Net asset value ("NAV") per unit - Dream Office REIT"** is calculated as Dream Office REIT's total equity (including LP B units) divided by the total number of REIT A units and LP B units. This non-IFRS measure is an important measure used by the Company in evaluating Dream Office REIT's performance as it is an indicator of the intrinsic value of Dream Office REIT.

**"Net margin %"** is an important measure of operating earnings in each business segment of Dream and represents net margin as a percentage of revenue. This non-IFRS measure is an important measure on evaluating the Company's performance; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

**"Net operating income"** represents revenue less direct operating costs. Net operating income less general, administrative and overhead expenses, and amortization, is equal to net margin as per Note 27 of the condensed consolidated financial statements. Net operating income for the income generating assets, including stabilized assets and properties under development for the three and nine months ended September 30, 2019 and 2018, is calculated as follows:

|                                                                 | For the three months ended September 30, 2019           |                                                      |                                                      |                                         |
|-----------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|-----------------------------------------|
|                                                                 | Stabilized income generating assets - Urban Development | Stabilized income generating assets - Western Canada | Stabilized income generating assets - Arapahoe Basin | Development properties - Western Canada |
| Revenue                                                         | \$ 4,945                                                | \$ 4,126                                             | \$ 1,350                                             | \$ 313                                  |
| Less: Direct operating costs                                    | (2,538)                                                 | (2,047)                                              | (4,206)                                              | (219)                                   |
| Less: Selling, marketing, depreciation and other indirect costs | (651)                                                   | (426)                                                | (1,076)                                              | (669)                                   |
| Net margin                                                      | \$ 1,756                                                | \$ 1,653                                             | \$ (3,932)                                           | \$ (575)                                |
| Add: Depreciation                                               | 149                                                     | 149                                                  | 972                                                  | 17                                      |
| Add: General and administrative expenses                        | 502                                                     | 277                                                  | 104                                                  | 652                                     |
| <b>Net operating income</b>                                     | <b>\$ 2,407</b>                                         | <b>\$ 2,079</b>                                      | <b>\$ (2,856)</b>                                    | <b>\$ 94</b>                            |

For the three months ended September 30, 2018

|                                                                 | Stabilized income<br>generating assets -<br>Urban Development | Stabilized income<br>generating assets -<br>Western Canada | Stabilized income<br>generating assets -<br>Arapahoe Basin | Development<br>properties -<br>Western Canada |
|-----------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------|
| Revenue                                                         | \$ 5,083                                                      | \$ 4,244                                                   | \$ 882                                                     | \$ 185                                        |
| Less: Direct operating costs                                    | (2,657)                                                       | (1,958)                                                    | (3,874)                                                    | (65)                                          |
| Less: Selling, marketing, depreciation and other indirect costs | (603)                                                         | (372)                                                      | (885)                                                      | (1,073)                                       |
| Net margin                                                      | \$ 1,823                                                      | \$ 1,914                                                   | \$ (3,877)                                                 | \$ (953)                                      |
| Add: Depreciation                                               | 154                                                           | 13                                                         | 735                                                        | 24                                            |
| Add: General and administrative expenses                        | 449                                                           | 359                                                        | 150                                                        | 1,049                                         |
| Net operating income                                            | \$ 2,426                                                      | \$ 2,286                                                   | \$ (2,992)                                                 | \$ 120                                        |

For the nine months ended September 30, 2019

|                                                                 | Stabilized income<br>generating assets -<br>Urban Development | Stabilized income<br>generating assets -<br>Western Canada | Stabilized income<br>generating assets -<br>Arapahoe Basin | Development<br>properties -<br>Western Canada |
|-----------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------|
| Revenue                                                         | \$ 12,290                                                     | \$ 9,647                                                   | \$ 31,890                                                  | \$ 985                                        |
| Less: Direct operating costs                                    | (6,599)                                                       | (5,359)                                                    | (21,268)                                                   | (527)                                         |
| Less: Selling, marketing, depreciation and other indirect costs | (1,778)                                                       | (944)                                                      | (3,276)                                                    | (2,152)                                       |
| Net margin                                                      | \$ 3,913                                                      | \$ 3,344                                                   | \$ 7,346                                                   | \$ (1,694)                                    |
| Add: Depreciation                                               | 459                                                           | 349                                                        | 2,928                                                      | 48                                            |
| Add: General and administrative expenses                        | 1,319                                                         | 595                                                        | 348                                                        | 2,104                                         |
| Net operating income                                            | \$ 5,691                                                      | \$ 4,288                                                   | \$ 10,622                                                  | \$ 458                                        |

For the nine months ended September 30, 2018

|                                                                 | Stabilized income<br>generating assets -<br>Urban Development | Stabilized income<br>generating assets -<br>Western Canada | Stabilized income<br>generating assets -<br>Arapahoe Basin | Development<br>properties -<br>Western Canada |
|-----------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------|
| Revenue                                                         | \$ 14,869                                                     | \$ 10,160                                                  | \$ 24,980                                                  | \$ 436                                        |
| Less: Direct operating costs                                    | (8,135)                                                       | (5,687)                                                    | (18,038)                                                   | (128)                                         |
| Less: Selling, marketing, depreciation and other indirect costs | (1,514)                                                       | (969)                                                      | (2,529)                                                    | (2,748)                                       |
| Net margin                                                      | \$ 5,220                                                      | \$ 3,504                                                   | \$ 4,413                                                   | \$ (2,440)                                    |
| Add: Depreciation                                               | 452                                                           | 181                                                        | 2,167                                                      | 76                                            |
| Add: General and administrative expenses                        | 1,062                                                         | 788                                                        | 362                                                        | 2,672                                         |
| Net operating income                                            | \$ 6,734                                                      | \$ 4,473                                                   | \$ 6,942                                                   | \$ 308                                        |

## Additional Information

Additional information relating to Dream, including the Company's annual information form and condensed consolidated financial statements and accompanying notes, are available on SEDAR at [www.sedar.com](http://www.sedar.com). The Subordinate Voting Shares trade on the TSX under the symbol "DRM", and the Dream Preference shares, series 1, trade under the symbol "DRM.PR.A".

## Appendix: Supplemental Information

This supplemental information is intended to assist readers in understanding Dream on a standalone basis, its business environment, strategies, performance and risk factors by segment. Metrics calculated on a Dream standalone basis are used by management in evaluating the overall performance and managing risk of the Company.

## Asset Management and Investments in Dream Publicly Listed Funds

### Composition of Asset Management Revenue

|                                                                           | For the three months ended September |           | For the nine months ended September |           |
|---------------------------------------------------------------------------|--------------------------------------|-----------|-------------------------------------|-----------|
|                                                                           | 2019                                 | 2018      | 2019                                | 2018      |
| Base asset management fees                                                | \$ 6,732                             | \$ 6,799  | \$ 20,534                           | \$ 20,217 |
| Transactional and other fees                                              | 920                                  | 3,027     | 7,058                               | 6,852     |
| Total fees earned from Dream Publicly Listed Funds                        | 7,652                                | 9,826     | 27,592                              | 27,069    |
| Development and other asset management fees from third-party arrangements | 888                                  | 1,258     | 3,935                               | 3,378     |
| Total asset management revenue                                            | \$ 8,540                             | \$ 11,084 | \$ 31,527                           | \$ 30,447 |

## Urban Development - Toronto & Ottawa

### Urban Development Pipeline

Further detail on our active residential and retail/commercial projects is included below.

#### Residential

| Project                                | Form of investment | Dream's equity ownership | Dream's consolidated ownership <sup>(1)</sup> | Total residential units | Commercial and retail GFA (sf) | First occupancy <sup>(2)</sup> | % units sold or pre-sold as at November 11, 2019 <sup>(2)</sup> | Average selling price per pre-sold unit |
|----------------------------------------|--------------------|--------------------------|-----------------------------------------------|-------------------------|--------------------------------|--------------------------------|-----------------------------------------------------------------|-----------------------------------------|
| Riverside Square - Phases 1 and 2      | Direct ownership   | 32.5%                    | 32.5%                                         | 757                     | 210,000                        | Q2 2019 <sup>(3)</sup>         | 99%                                                             | \$388,000                               |
| Canary Block Condominiums (Block 16)   | Equity accounted   | 50.0%                    | 50.0%                                         | 187                     | 7,000                          | Q4 2019                        | 100%                                                            | 470,000                                 |
| BT Towns                               | Direct ownership   | 50.0%                    | 50.0%                                         | 60                      | —                              | Q4 2020                        | 98%                                                             | 696,000                                 |
| Zibi - Kanaal                          | Direct ownership   | 40.0%                    | 80.0%                                         | 71                      | 8,500                          | Q1 2020                        | 90%                                                             | 518,000                                 |
| Canary Commons Condominiums (Block 12) | Equity accounted   | 50.0%                    | 50.0%                                         | 401                     | 15,000                         | 2021                           | 96%                                                             | 627,000                                 |
| <b>Total</b>                           |                    |                          |                                               | <b>1,476</b>            | <b>240,500</b>                 |                                | <b>98%</b>                                                      | <b>\$469,000</b>                        |

#### Retail/Commercial

| Project          | Form of investment | Dream's equity ownership | Dream's consolidated ownership <sup>(1)</sup> | Commercial and retail GFA (sf) | First occupancy <sup>(2)</sup> | Committed leases as of November 11, 2019 |
|------------------|--------------------|--------------------------|-----------------------------------------------|--------------------------------|--------------------------------|------------------------------------------|
| Zibi - Block 211 | Direct ownership   | 40.0%                    | 80.0%                                         | 185,000                        | 2021                           | 85%                                      |
| Zibi - Block 208 | Direct ownership   | 40.0%                    | 80.0%                                         | 34,000                         | 2020                           | 76%                                      |
| Zibi - Block 2-3 | Direct ownership   | 40.0%                    | 80.0%                                         | 55,000                         | 2019                           | 53%                                      |
| <b>Total</b>     |                    |                          |                                               | <b>274,000</b>                 |                                | <b>78%</b>                               |

<sup>(1)</sup> Dream's consolidated/managed ownership includes ownership interest of Dream Alternatives, where applicable.

<sup>(2)</sup> Revenue recognition for condominium inventory occurs at the time of unit occupancy. Refer to Note 3 of the consolidated financial statements for the year ended December 31, 2018 for details on the Company's revenue recognition policies. The percentage of units sold or pre-sold pertains only to units that have been brought to market and are available for sale.

<sup>(3)</sup> The majority of Phase 1 of Riverside Square is expected to occupy through the first quarter of 2020 and Phase 2 is expected to commence occupancy in 2021.

## Western Canada Community Development

### Land Portfolio

As at September 30, 2019, our Western Canada land portfolio, including land held for development and land under development, consisted of 9,680 acres and 829 lots in various stages of development. This represents 9,789 acre equivalents. Land held for development and land under development is carried at historical cost.

(in thousands of dollars, except lots and acres)

September 30, 2019

|                        | Land held for development |              |               | Land under development |            |            |               | Total             |
|------------------------|---------------------------|--------------|---------------|------------------------|------------|------------|---------------|-------------------|
|                        | Cost                      | Acres        | Cost per acre | Cost                   | Acres      | Lots       | Cost per acre |                   |
| Alberta                | \$ 196,856                | 3,169        | \$ 62         | \$ 42,819              | 56         | 311        | \$ 464        | \$ 239,675        |
| Saskatchewan           | 239,852                   | 6,321        | 38            | 94,635                 | 134        | 518        | 449           | 334,487           |
| <b>Total inventory</b> | <b>\$ 436,708</b>         | <b>9,490</b> | <b>\$ 46</b>  | <b>\$ 137,454</b>      | <b>190</b> | <b>829</b> | <b>\$ 459</b> | <b>\$ 574,162</b> |

### Land Approval Pipeline

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



| Province                   | Neighbourhood            | Upcoming milestone | Gross acres | Anticipated sales start <sup>(1)</sup> |
|----------------------------|--------------------------|--------------------|-------------|----------------------------------------|
| <b>Active developments</b> |                          |                    | 1,204       |                                        |
| <b>Current pipeline</b>    |                          |                    |             |                                        |
| Saskatchewan               | Holmwood Suburban Centre | Tier 2 approval    | 1,050       | 2023                                   |
| Saskatchewan               | The Willows              | Tier 2 approval    | 80          | 2020                                   |
| Saskatchewan               | Elk Point                | Tier 2 approval    | 150         | 2024                                   |
| Saskatchewan               | Harbour Landing West     | Tier 1 approval    | 940         | 2023                                   |
| Saskatchewan               | Coopertown               | Tier 3 approval    | 1,050       | 2021                                   |
| Alberta                    | Providence East          | Tier 3 approval    | 650         | 2021                                   |
| Alberta                    | Glacier Ridge South      | Tier 2 approval    | 320         | 2022                                   |
| Alberta                    | Elan                     | Tier 4 approval    | 371         | 2021                                   |
| <b>Future developments</b> |                          |                    | 4,611       |                                        |
| <b>Other land holdings</b> |                          |                    | 3,912       |                                        |
|                            |                          |                    | 62          |                                        |
|                            |                          |                    | 9,789       |                                        |

<sup>(1)</sup> Anticipated sales starts are subject to change and based on current information available to management.

## Selected Key Operating Metrics - Land & Housing Development

|                                                                                                           | For the three months ended September 30, |                   | For the nine months ended September 30, |                   |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------|-----------------------------------------|-------------------|
| <i>(in thousands of dollars, except for average selling prices and acre, lot, unit and sf statistics)</i> | 2019                                     | 2018              | 2019                                    | 2018              |
| <b>LAND DEVELOPMENT</b>                                                                                   |                                          |                   |                                         |                   |
| <b>Land revenue</b>                                                                                       |                                          |                   |                                         |                   |
| Alberta                                                                                                   | \$ 2,750                                 | \$ 6,664          | \$ 9,969                                | \$ 9,989          |
| Saskatchewan                                                                                              | 12,713                                   | 7,918             | 15,773                                  | 15,506            |
| <b>Total</b>                                                                                              | <b>\$ 15,463</b>                         | <b>\$ 14,582</b>  | <b>\$ 25,742</b>                        | <b>\$ 25,495</b>  |
| <b>Land net margin</b>                                                                                    |                                          |                   |                                         |                   |
| Alberta                                                                                                   | \$ (659)                                 | \$ 915            | \$ 2,101                                | \$ (249)          |
| Saskatchewan                                                                                              | 1,460                                    | 904               | (736)                                   | (325)             |
| <b>Total</b>                                                                                              | <b>\$ 801</b>                            | <b>\$ 1,819</b>   | <b>\$ 1,365</b>                         | <b>\$ (574)</b>   |
| <b>Net margin (%)</b>                                                                                     | <b>5.2%</b>                              | <b>12.5%</b>      | <b>5.3%</b>                             | <b>n/a</b>        |
| <b>Lots sold</b>                                                                                          |                                          |                   |                                         |                   |
| Alberta                                                                                                   | 21                                       | 52                | 79                                      | 79                |
| Saskatchewan                                                                                              | 100                                      | 56                | 129                                     | 127               |
| <b>Total</b>                                                                                              | <b>121</b>                               | <b>108</b>        | <b>208</b>                              | <b>206</b>        |
| <b>Average selling price per lot</b>                                                                      |                                          |                   |                                         |                   |
| Alberta                                                                                                   | \$ 131,000                               | \$ 128,000        | \$ 126,000                              | \$ 126,000        |
| Saskatchewan                                                                                              | 102,000                                  | 141,000           | 102,000                                 | 122,000           |
| <b>Average selling price per lot</b>                                                                      | <b>\$ 107,000</b>                        | <b>\$ 120,000</b> | <b>\$ 111,000</b>                       | <b>\$ 116,000</b> |
| <b>HOUSING DEVELOPMENT</b>                                                                                |                                          |                   |                                         |                   |
| Revenue                                                                                                   | \$ 12,409                                | \$ 15,071         | \$ 25,049                               | \$ 40,103         |
| Net margin                                                                                                | (789)                                    | (1,477)           | (4,511)                                 | (4,329)           |
| Net margin (%)                                                                                            | n/a                                      | n/a               | n/a                                     | n/a               |
| Housing units sold                                                                                        | 55                                       | 64                | 107                                     | 168               |
| Average housing unit selling price <sup>(1)</sup>                                                         | \$ 318,000                               | \$ 312,000        | \$ 324,000                              | \$ 327,000        |
| Average selling price per sf <sup>(1)</sup>                                                               | 225                                      | 248               | 226                                     | 245               |

<sup>(1)</sup> Average lot selling price is gross of land sales to external customers, which are in the land results above.

## Condensed Consolidated Statements of Financial Position

(unaudited)

| <i>(in thousands of Canadian dollars)</i>        | Note | September 30, 2019  | December 31, 2018   |
|--------------------------------------------------|------|---------------------|---------------------|
| <b>Assets</b>                                    |      |                     |                     |
| Cash and cash equivalents                        | 26   | \$ 48,006           | \$ 64,293           |
| Accounts receivable                              |      | 161,018             | 177,414             |
| Other financial assets                           | 4    | 220,674             | 212,351             |
| Lending portfolio                                | 5    | 139,195             | 144,095             |
| Housing inventory                                |      | 41,002              | 56,605              |
| Condominium inventory                            | 6    | 321,747             | 239,621             |
| Land inventory                                   | 7    | 577,062             | 575,896             |
| Investment properties                            | 8    | 463,504             | 412,771             |
| Recreational properties                          |      | 47,623              | 49,241              |
| Renewable power assets                           | 9    | —                   | 143,288             |
| Equity accounted investments                     | 10   | 609,896             | 549,760             |
| Capital and other operating assets               | 11   | 57,891              | 53,644              |
| Assets held for sale                             | 12   | 209,054             | 72,587              |
| <b>Total assets</b>                              |      | <b>\$ 2,896,672</b> | <b>\$ 2,751,566</b> |
| <b>Liabilities</b>                               |      |                     |                     |
| Accounts payable and other liabilities           | 13   | \$ 226,042          | \$ 160,953          |
| Income and other taxes payable                   |      | 54,263              | 49,529              |
| Provision for real estate development costs      |      | 28,567              | 33,853              |
| Debt                                             | 14   | 902,480             | 887,606             |
| Preference shares, series 1                      |      | 28,675              | 28,672              |
| Dream Alternatives trust units                   | 15   | 397,818             | 377,234             |
| Deferred income taxes                            | 16   | 85,755              | 94,139              |
| Liabilities associated with assets held for sale | 12   | 89,238              | —                   |
| <b>Total liabilities</b>                         |      | <b>1,812,838</b>    | <b>1,631,986</b>    |
| <b>Shareholders' equity</b>                      |      |                     |                     |
| Share capital                                    | 17   | 1,195,961           | 1,209,819           |
| Reorganization adjustment                        |      | (944,577)           | (944,577)           |
| Contributed surplus                              | 22   | 10,587              | 8,049               |
| Retained earnings                                |      | 792,717             | 818,581             |
| Accumulated other comprehensive income           |      | 9,101               | 11,379              |
| <b>Total shareholders' equity</b>                |      | <b>1,063,789</b>    | <b>1,103,251</b>    |
| Non-controlling interest                         | 18   | 20,045              | 16,329              |
| <b>Total equity</b>                              |      | <b>1,083,834</b>    | <b>1,119,580</b>    |
| <b>Total liabilities and equity</b>              |      | <b>\$ 2,896,672</b> | <b>\$ 2,751,566</b> |

See accompanying notes to the condensed consolidated financial statements.

### Commitments and contingencies (Note 24)

On behalf of the Board of Directors of Dream Unlimited Corp.:

**"Michael J. Cooper"**

Michael J. Cooper  
Director

**"Joanne Ferstman"**

Joanne Ferstman  
Chair

## Condensed Consolidated Statements of Earnings (Loss)

(unaudited)

|                                                                  |       | For the three months ended September 30, |          | For the nine months ended September 30, |             |
|------------------------------------------------------------------|-------|------------------------------------------|----------|-----------------------------------------|-------------|
| (in thousands of Canadian dollars, except for per share amounts) |       | Note                                     | 2019     | 2018                                    | 2019        |
| Revenue                                                          | 19    | \$                                       | 64,069   | \$ 64,497                               | \$ 197,070  |
| Direct operating costs                                           |       |                                          | (43,020) | (40,240)                                | (115,156)   |
| Gross margin                                                     |       |                                          | 21,049   | 24,257                                  | 81,914      |
| Selling, marketing, depreciation and other operating costs       |       |                                          | (10,256) | (12,013)                                | (32,711)    |
| Net margin                                                       |       |                                          | 10,793   | 12,244                                  | 49,203      |
| Other income (expenses):                                         |       |                                          |          |                                         |             |
| General and administrative expenses                              |       |                                          | (5,534)  | (5,598)                                 | (17,775)    |
| Fair value changes in investment properties                      | 8, 12 |                                          | (6,699)  | 7,429                                   | (6,476)     |
| Share of earnings from equity accounted investments              | 10    |                                          | 20,630   | 11,785                                  | 52,186      |
| Investment and other income                                      |       |                                          | 3,753    | 3,110                                   | 9,338       |
| Gain on disposition of assets held for sale                      |       |                                          | —        | —                                       | —           |
| Interest expense                                                 | 20    |                                          | (10,359) | (9,974)                                 | (30,651)    |
| Net gain on acquisition of Dream Alternatives                    |       |                                          | —        | —                                       | —           |
| Adjustments related to Dream Alternatives trust units            | 15    |                                          | 2,831    | 1,226                                   | (94,946)    |
| Fair value changes in financial instruments                      |       |                                          | 14,840   | 2,547                                   | 21,218      |
| Earnings (losses) before income taxes                            |       |                                          | 30,255   | 22,769                                  | (17,903)    |
| Income tax recovery (expense)                                    | 16    |                                          | (3,088)  | (7,490)                                 | 457         |
| Earnings (losses) for the period                                 |       | \$                                       | 27,167   | \$ 15,279                               | \$ (17,446) |
| Total earnings (losses) for the period attributable to:          |       |                                          |          |                                         |             |
| Shareholders                                                     |       | \$                                       | 27,135   | \$ 15,283                               | \$ (17,860) |
| Non-controlling interest                                         | 18    |                                          | 32       | (4)                                     | 414         |
| Earnings (losses) for the period                                 |       | \$                                       | 27,167   | \$ 15,279                               | \$ (17,446) |
| Basic earnings (loss) per share                                  | 23    | \$                                       | 0.26     | \$ 0.14                                 | \$ (0.17)   |
| Diluted earnings (loss) per share                                | 23    | \$                                       | 0.25     | \$ 0.14                                 | \$ (0.17)   |

See accompanying notes to the condensed consolidated financial statements.

## Condensed Consolidated Statements of Comprehensive Income (Loss)

(unaudited)

| (in thousands of Canadian dollars)                                                                                                   | Note | For the three months ended September 30, |                  | For the nine months ended September 30, |                   |
|--------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------|------------------|-----------------------------------------|-------------------|
|                                                                                                                                      |      | 2019                                     | 2018             | 2019                                    | 2018              |
| <b>Earnings (loss) for the period</b>                                                                                                |      | <b>\$ 27,167</b>                         | <b>\$ 15,279</b> | <b>\$ (17,446)</b>                      | <b>\$ 135,431</b> |
| <b>Other comprehensive income (loss)</b>                                                                                             |      |                                          |                  |                                         |                   |
| Reversal of losses on interest rate hedge reclassified to net income, net of tax                                                     |      | —                                        | 24               | 53                                      | 74                |
| Unrealized gain (loss) on interest rate hedge, net of tax                                                                            |      | 554                                      | 468              | (1,418)                                 | (419)             |
| Unrealized gain (loss) from foreign currency translation (reclassified to earnings on partial or full disposal of foreign operation) |      | 702                                      | (804)            | (578)                                   | 1,387             |
| Reversal of losses reclassified to net income upon consolidation of Dream Alternatives                                               |      | —                                        | —                | —                                       | 68                |
| Share of other comprehensive income from equity accounted investments                                                                |      | 226                                      | 49               | (335)                                   | 437               |
| <b>Total other comprehensive income (loss)</b>                                                                                       |      | <b>1,482</b>                             | <b>(263)</b>     | <b>(2,278)</b>                          | <b>1,547</b>      |
| <b>Total comprehensive income (loss)</b>                                                                                             |      | <b>\$ 28,649</b>                         | <b>\$ 15,016</b> | <b>\$ (19,724)</b>                      | <b>\$ 136,978</b> |
| <b>Total comprehensive income (loss) for the period attributable to:</b>                                                             |      |                                          |                  |                                         |                   |
| Shareholders                                                                                                                         |      | \$ 28,617                                | \$ 15,020        | \$ (20,138)                             | \$ 136,753        |
| Non-controlling interest                                                                                                             | 18   | 32                                       | (4)              | 414                                     | 225               |
| <b>Total comprehensive income (loss)</b>                                                                                             |      | <b>\$ 28,649</b>                         | <b>\$ 15,016</b> | <b>\$ (19,724)</b>                      | <b>\$ 136,978</b> |

See accompanying notes to the condensed consolidated financial statements.

## Condensed Consolidated Statements of Changes in Equity

(unaudited)

| <i>(in thousands of Canadian dollars)</i>                 | Dream share capital<br>(Note 17) | Contributed surplus | Reorganization adjustment | Retained earnings | Accumulated other comprehensive income | Total shareholders' equity | Non-controlling interest | Total equity |
|-----------------------------------------------------------|----------------------------------|---------------------|---------------------------|-------------------|----------------------------------------|----------------------------|--------------------------|--------------|
| Balance, January 1, 2019                                  | \$ 1,209,819                     | \$ 8,049            | \$ (944,577)              | \$ 818,581        | \$ 11,379                              | \$ 1,103,251               | \$ 16,329                | \$ 1,119,580 |
| Earnings (losses) for the period                          | —                                | —                   | —                         | (17,860)          | —                                      | (17,860)                   | 414                      | (17,446)     |
| Other comprehensive loss for the period                   | —                                | —                   | —                         | —                 | (2,278)                                | (2,278)                    | —                        | (2,278)      |
| Share repurchase under normal course issuer bid (Note 17) | (13,951)                         | —                   | —                         | —                 | —                                      | (13,951)                   | —                        | (13,951)     |
| Dividends paid (Note 17)                                  | —                                | —                   | —                         | (7,980)           | —                                      | (7,980)                    | —                        | (7,980)      |
| Share-based compensation (Note 22)                        | 93                               | 2,538               | —                         | (24)              | —                                      | 2,607                      | —                        | 2,607        |
| Distributions to non-controlling interests (Note 18)      | —                                | —                   | —                         | —                 | —                                      | —                          | (1,098)                  | (1,098)      |
| Contributions from non-controlling interests (Note 18)    | —                                | —                   | —                         | —                 | —                                      | —                          | 4,400                    | 4,400        |
| Balance, September 30, 2019                               | \$ 1,195,961                     | \$ 10,587           | \$ (944,577)              | \$ 792,717        | \$ 9,101                               | \$ 1,063,789               | \$ 20,045                | \$ 1,083,834 |

| <i>(in thousands of Canadian dollars)</i>                | Dream share capital | Contributed surplus | Reorganization adjustment | Retained earnings | Accumulated other comprehensive income | Total shareholders' equity | Non-controlling interest | Total equity |
|----------------------------------------------------------|---------------------|---------------------|---------------------------|-------------------|----------------------------------------|----------------------------|--------------------------|--------------|
| Balance, January 1, 2018                                 | \$ 1,225,651        | \$ 5,341            | \$ (944,577)              | \$ 601,098        | \$ 31,881                              | \$ 919,394                 | \$ 38,090                | \$ 957,484   |
| Impact of changes in accounting policies                 | —                   | —                   | —                         | 34,144            | (23,698)                               | 10,446                     | —                        | 10,446       |
| Adjusted balance, January 1, 2018                        | 1,225,651           | 5,341               | (944,577)                 | 635,242           | 8,183                                  | 929,840                    | 38,090                   | 967,930      |
| Earnings for the period                                  | —                   | —                   | —                         | 135,206           | —                                      | 135,206                    | 225                      | 135,431      |
| Other comprehensive income for the period                | —                   | —                   | —                         | —                 | 1,547                                  | 1,547                      | —                        | 1,547        |
| Share repurchase under normal course issuer bid          | (10,466)            | —                   | —                         | —                 | —                                      | (10,466)                   | —                        | (10,466)     |
| Share-based compensation                                 | 194                 | 2,057               | —                         | —                 | —                                      | 2,251                      | —                        | 2,251        |
| Distributions to non-controlling interests               | —                   | —                   | —                         | —                 | —                                      | —                          | (918)                    | (918)        |
| Non-controlling interest related to business combination | —                   | —                   | —                         | —                 | —                                      | —                          | 1,948                    | 1,948        |
| Change in interest in subsidiary                         | —                   | —                   | —                         | (7,609)           | —                                      | (7,609)                    | (25,393)                 | (33,002)     |
| Balance, September 30, 2018                              | \$ 1,215,379        | \$ 7,398            | \$ (944,577)              | \$ 762,839        | \$ 9,730                               | \$ 1,050,769               | \$ 13,952                | \$ 1,064,721 |

See accompanying notes to the condensed consolidated financial statements.

## Condensed Consolidated Statements of Cash Flows

(unaudited)

| (in thousands of Canadian dollars)                                                         | Note  | For the nine months ended September 30, |            |
|--------------------------------------------------------------------------------------------|-------|-----------------------------------------|------------|
|                                                                                            |       | 2019                                    | 2018       |
| <b>Operating activities</b>                                                                |       |                                         |            |
| Earnings (losses) for the period                                                           |       | \$ (17,446)                             | \$ 135,431 |
| Adjustments for non-cash items:                                                            |       |                                         |            |
| Depreciation and amortization                                                              |       | 7,482                                   | 9,191      |
| Fair value changes in investment properties                                                | 8, 12 | 6,476                                   | (6,019)    |
| Share of earnings from equity accounted investments                                        | 10    | (52,186)                                | (27,687)   |
| Deferred income tax expense (recovery)                                                     | 16    | (7,991)                                 | 3,405      |
| Other adjustments                                                                          | 26    | (23,788)                                | (14,256)   |
| Gain on disposition of assets                                                              |       | —                                       | (9,422)    |
| Net gain on acquisition of Dream Alternatives                                              |       | —                                       | (129,992)  |
| Changes in non-cash working capital                                                        | 26    | 47,944                                  | 42,441     |
| Acquisition of condominium inventory, net of acquired cash and working capital             |       | (18,033)                                | (370)      |
| Development of housing inventory, net of sales                                             |       | 17,063                                  | 15,708     |
| Development of condominium inventory, net of sales                                         | 6     | (63,716)                                | (61,133)   |
| Advances for construction loan, net of repayments                                          | 14    | 14,632                                  | (6,027)    |
| Acquisition of land inventory                                                              | 7     | (3,244)                                 | (960)      |
| Fair value adjustment on Dream Alternatives trust units                                    | 15    | 77,671                                  | 27,017     |
| Development of land inventory, net of sales                                                | 7     | (6,178)                                 | (53,627)   |
| Net cash flows used in operating activities                                                |       | (21,314)                                | (76,300)   |
| <b>Investing activities</b>                                                                |       |                                         |            |
| Acquisitions and additions to investment properties                                        | 8, 12 | (24,105)                                | (19,544)   |
| Additions to recreational properties and renewable power assets, net                       |       | (2,695)                                 | (6,972)    |
| Investments in equity accounted investments                                                |       | (11,302)                                | (15,806)   |
| Contributions to equity accounted investments                                              |       | (17,649)                                | (19,429)   |
| Distributions from equity accounted investments                                            |       | 17,805                                  | 35,970     |
| Distributions from and disposals of financial assets and other assets, net of acquisitions |       | 12,862                                  | (1,207)    |
| Proceeds on disposition of assets, net                                                     | 8, 12 | 17,964                                  | 23,508     |
| Cash acquired in business combination                                                      |       | —                                       | 60,927     |
| Loans receivable repayments                                                                |       | 2,970                                   | 3,055      |
| Acquisition of investment holdings and marketable securities, net of disposals             |       | —                                       | (33,718)   |
| Lending portfolio repayments, net of advances and lender fees                              |       | 10,933                                  | 8,645      |
| Net cash flows provided by investing activities                                            |       | 6,783                                   | 35,429     |
| <b>Financing activities</b>                                                                |       |                                         |            |
| Borrowings from mortgages and term debt facilities                                         | 14    | 48,519                                  | 69,429     |
| Repayments of mortgages and term debt facilities                                           | 14    | (20,044)                                | (30,811)   |
| Advances from operating lines, net of repayments                                           |       | 47,500                                  | (38,000)   |
| Advances from margin facility, net of repayments                                           |       | —                                       | 60,000     |
| Borrowings pursuant to non-revolving term facility                                         |       | —                                       | 50,000     |
| Contributions to non-controlling interest, net of distributions                            | 18    | 3,302                                   | (918)      |
| Dream Alternatives trust units repurchased from other unitholders                          | 15    | (59,102)                                | (19,758)   |
| Dividends paid                                                                             | 17    | (7,980)                                 | —          |
| Shares repurchased under normal course issuer bid                                          | 17    | (13,951)                                | (10,466)   |
| Net cash flows provided by (used in) financing activities                                  |       | (1,756)                                 | 79,476     |
| Change in cash and cash equivalents                                                        |       | (16,287)                                | 38,605     |
| Cash and cash equivalents, beginning of period                                             |       | 64,293                                  | 25,408     |
| <b>Cash and cash equivalents, end of period</b>                                            | 26    | \$ 48,006                               | \$ 64,013  |

See accompanying notes to the condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

## 1. Business and structure

Dream Unlimited Corp. ("Dream" or "the Company"), through its wholly owned subsidiary, Dream Asset Management Corporation ("DAM"), is one of Canada's leading real estate companies with assets under management in North America and Europe. The scope of the business includes asset management and management services for four Toronto Stock Exchange ("TSX") listed trusts and institutional partnerships, condominium and mixed-use development, investments in and management of a renewable power portfolio, commercial property ownership, residential land development, and housing and multi-family development.

The principal office and centre of administration of the Company is 30 Adelaide Street East, Suite 301, State Street Financial Centre, Toronto, Ontario, M5C 3H1. The Company is listed on the TSX and is domiciled in Canada.

## 2. Basis of preparation

The condensed consolidated financial statements are prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and are in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" ("IAS 34"), on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the year ended December 31, 2018, except for new standards adopted during the nine months ended September 30, 2019 as described in Notes 3 and 30. Accordingly, certain information and footnote disclosures normally provided in annual consolidated financial statements prepared in accordance with IFRS have been omitted or condensed.

The condensed consolidated financial statements should be read in conjunction with the most recently issued Annual Report of the Company, which includes information necessary to understand the Company's business and financial statement presentation.

All dollar amounts discussed herein are in thousands of Canadian dollars, unless otherwise stated.

The condensed consolidated financial statements for the three and nine months ended September 30, 2019 were approved by the Board of Directors for issue on November 12, 2019, after which date they may be amended only with the Board of Directors' approval.

## 3. Summary of significant accounting policies

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Company's annual consolidated financial statements for the year ended December 31, 2018, except for new standards adopted during the nine months ended September 30, 2019 and related accounting policies as described below.

### Adoption of Recent Accounting Pronouncements

The Company has adopted the following new or revised standards, including any consequential amendments thereto, for the period effective January 1, 2019. 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 30.

#### **IFRS 16, "Leases" ("IFRS 16")**

IFRS 16 sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for most lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. The Company has adopted IFRS 16 effective January 1, 2019. Expanded disclosures required by IFRS 16 are included in Notes 11 and 13 and the impact of changes due to the adoption of IFRS 16 is included in Note 30.

#### **IFRS 3, "Business Combinations" ("IFRS 3")**

IFRS 3 clarifies that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interest in the assets and liabilities of the joint operation at fair value. The amendments to IFRS 3 are effective for annual periods beginning on or after January 1, 2019. There was no impact to the condensed consolidated financial statements on application of this amendment, as IFRS 3 will apply to the Company's future business combinations.

#### **IFRIC 23, "Uncertainty over Income Tax Treatments" ("IFRIC 23")**

IFRIC 23 clarifies the application of the recognition and measurement requirements in IAS 12, "Income Taxes" ("IAS 12"), for situations where there is uncertainty over income tax treatments. IFRIC 23 specifically addresses whether an entity considers income tax treatments separately; assumptions that an entity makes regarding the examination of tax treatments by taxation authorities; how an entity determines taxable income or loss, tax bases, unused tax losses or credits and tax rates; and how an entity considers changes in facts and circumstances. IFRIC 23 does not apply to taxes or levies outside the scope of IAS 12. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRIC 23 did not have a material impact on the Company's condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

## Future Accounting Standards

### IFRS 3, "Business Combinations"

IFRS 3 sets out to emphasize that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amended definition of a business is effective on or after January 1, 2020, with earlier application permitted. These amendments will apply to the Company's future business combinations.

## 4. Other financial assets

Other financial assets consisted of the following:

|                                           | Note | September 30, 2019 | December 31, 2018 |
|-------------------------------------------|------|--------------------|-------------------|
| Marketable securities - Dream Global REIT |      | \$ 80,799          | \$ 58,123         |
| Participating mortgages                   |      | 66,663             | 64,764            |
| Investment holdings                       |      | 60,588             | 73,085            |
| Loans receivable                          |      | 7,998              | 11,894            |
| Other instruments                         |      | 4,626              | 4,485             |
|                                           | 21   | \$ 220,674         | \$ 212,351        |

### Marketable Securities

As at September 30, 2019, the Company held 3,069,033 Dream Global REIT units with a fair value of \$51,007 (December 31, 2018 – 3,132,727 units with a fair value of \$37,279). In addition, the Company held 2,089,736 deferred trust units ("DTUs") as at September 30, 2019 with a fair value of \$29,792 (December 31, 2018 – 2,081,517 DTUs with a fair value of \$20,844), which were received as compensation from 2012 to 2016 for services pursuant to the asset management agreement between the Company and Dream Global REIT. Refer to Note 21 for the valuation methodology used to determine the fair value of the DTUs.

### Participating Mortgages

Participating mortgages related to two long-term development loans secured by real property comprising two residential assets under development. Refer to Note 21 for the valuation methodology used to determine the fair value of the participating mortgages.

## 5. Lending portfolio

|                                                                             | September 30, 2019 | December 31, 2018 |
|-----------------------------------------------------------------------------|--------------------|-------------------|
| Balance, beginning of period                                                | \$ 144,095         | \$ —              |
| Acquired through business combination                                       | —                  | 161,399           |
| Add (deduct):                                                               |                    |                   |
| Lending portfolio advances                                                  | 59                 | 35,042            |
| Changes in accrued interest receivable                                      | 575                | (776)             |
| Interest capitalized to lending portfolio balance                           | 4,903              | 6,113             |
| Premium (discount) on lending portfolio, net of amortization                | 555                | (3,513)           |
| Lender fees and extension fees received, net of amortization                | 338                | 318               |
| Principal repayments at maturity and contractual repayments and prepayments | (11,330)           | (54,488)          |
| <b>Balance, end of period<sup>(1)</sup></b>                                 | <b>\$ 139,195</b>  | <b>\$ 144,095</b> |

<sup>(1)</sup> Included is a loan of \$9,912 that is classified as fair value through profit or loss ("FVTPL") (December 31, 2018 - \$16,574).

The table below provides a summary of the Company's lending portfolio:

|                                                       | September 30, 2019 | December 31, 2018 |
|-------------------------------------------------------|--------------------|-------------------|
| Weighted average effective interest rate (period-end) | 9.2%               | 9.6%              |
| Security allocation (1st mortgages/other)             | 74.9%/25.1%        | 69.8%/30.2%       |
| Maturity dates                                        | 2019 - 2025        | 2019 - 2025       |
| Balance of accrued interest                           | \$ 816             | \$ 241            |
| Loans with prepayment options                         | 35,244             | 37,127            |

## Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

During the nine months ended September 30, 2019, a loan investment classified as FVTPL, aggregating \$9,912, was measured at fair value using the discounted cash flow method. The fair value was determined by discounting the expected cash flows of the loan using an interest rate of 17.5%, which took into consideration similar instruments with corresponding maturity dates plus a credit adjustment in accordance with the borrowers' creditworthiness, as well as the risk profile of the underlying security. Generally, under this method, a decrease in the market rate will result in an increase to the fair value and an increase in the market rate will result in a decrease to the fair value. If the weighted average market rate were to increase by 25 basis points ("bps"), the fair value of the loan investments would decrease by \$100. If the weighted average market rate were to decrease by 25 bps, the fair value would increase by \$100.

Subsequent to September 30, 2019, the Company received a loan repayment of \$45,375, inclusive of interest.

### 6. Condominium inventory

The movement in condominium inventory is as follows:

|                                             | September 30, 2019 | December 31, 2018 |
|---------------------------------------------|--------------------|-------------------|
| Balance, beginning of period                | \$ 239,621         | \$ 171,513        |
| Acquisitions                                | 40,749             | 694               |
| Development                                 | 81,705             | 85,817            |
| Condominium unit occupied                   | (17,989)           | (18,403)          |
| Transfers to investment properties (Note 8) | (22,339)           | —                 |
| <b>Balance, end of period</b>               | <b>\$ 321,747</b>  | <b>\$ 239,621</b> |

In the nine months ended September 30, 2019, inventory totalling \$22,339 relating to the Company's Zibi development was transferred to investment properties under development.

### 7. Land inventory

The movement in land inventory is as follows:

|                                             | Land held for development | Land under development | Total September 30, 2019 | Total December 31, 2018 |
|---------------------------------------------|---------------------------|------------------------|--------------------------|-------------------------|
| Balance, beginning of period                | \$ 429,460                | \$ 146,436             | \$ 575,896               | \$ 574,898              |
| Acquisitions                                | 4,875                     | —                      | 4,875                    | 960                     |
| Development                                 | 4,805                     | 16,457                 | 21,262                   | 86,761                  |
| Lot and acre sales                          | —                         | (15,084)               | (15,084)                 | (62,955)                |
| Transfers                                   | (1,622)                   | 1,622                  | —                        | —                       |
| Transfers to housing inventory              | —                         | (1,465)                | (1,465)                  | (17,527)                |
| Transfers to investment properties (Note 8) | —                         | (8,422)                | (8,422)                  | (6,241)                 |
| <b>Balance, end of period</b>               | <b>\$ 437,518</b>         | <b>\$ 139,544</b>      | <b>\$ 577,062</b>        | <b>\$ 575,896</b>       |

In the nine months ended September 30, 2019, inventory totalling \$8,422 relating to the Company's Hampton Heights and Brighton Village Centre developments was transferred to investment properties under development.

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

## 8. Investment properties

The movement in investment properties by type is as follows:

|                                                           | Stabilized assets | Properties under development | Dream Alternatives <sup>(1)</sup> | September 30, 2019 | Total<br>December 31, 2018 |
|-----------------------------------------------------------|-------------------|------------------------------|-----------------------------------|--------------------|----------------------------|
| Balance, beginning of period                              | \$ 159,784        | \$ 18,171                    | \$ 234,816                        | \$ 412,771         | \$ 241,977                 |
| Additions to and transfers to/from investment properties: |                   |                              |                                   |                    |                            |
| Properties acquired through business combination          | —                 | —                            | —                                 | —                  | 220,240                    |
| Acquisitions                                              | 2,082             | —                            | 6,257                             | 8,339              | 13,525                     |
| Land and building additions                               | 532               | 13,780                       | 4,651                             | 18,963             | 14,948                     |
| Transfers from inventory (Notes 6 and 7)                  | —                 | 30,761                       | —                                 | 30,761             | 6,241                      |
| Transfers (to)/from assets held for sale (Note 12)        | 5,708             | —                            | —                                 | 5,708              | (53,732)                   |
| Dispositions                                              | —                 | —                            | (8,069)                           | (8,069)            | (48,000)                   |
| Gains (losses) included in earnings:                      |                   |                              |                                   |                    |                            |
| Fair value changes in investment properties               | (354)             | 2,998                        | (6,465)                           | (3,821)            | 18,660                     |
| Amortization and other                                    | (12)              | —                            | (1,237)                           | (1,249)            | (1,306)                    |
| Change in straight-line rent                              | 61                | 43                           | (3)                               | 101                | 218                        |
| <b>Balance, end of period</b>                             | <b>\$ 167,801</b> | <b>\$ 65,753</b>             | <b>\$ 229,950</b>                 | <b>\$ 463,504</b>  | <b>\$ 412,771</b>          |

<sup>(1)</sup> Dream Alternatives includes consolidation adjustments relating to a 50% leasehold interest co-owned with Dream.

In the year ended December 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 ("100 Steeles") in Toronto, split 25%/75% between Dream and Dream Alternatives, respectively. The investment is currently a stabilized retail property with redevelopment potential in future years. During the nine months ended September 30, 2019, Dream, along with Dream Alternatives, increased its ownership in the project to 50% for a total cost of \$8,339.

Included in stabilized assets as at September 30, 2019 is a right-of-use asset for the 100 Steeles leasehold interest of \$10,569 (December 31, 2018 - \$7,299).

In the three months ended September 30, 2019, Dream Alternatives sold its co-owned industrial properties to Dream Industrial REIT for gross proceeds of \$8,069.

In the nine months ended September 30, 2019, Dream achieved first tenant occupancies within Hampton Heights, a retail property under development in Saskatoon, Saskatchewan. As a result, the Company recognized a non-cash gain of \$2,495 within fair value changes in investment properties in the condensed consolidated statement of earnings (loss).

Fair value changes for the three and nine months ended September 30, 2019 for investment properties were unrealized losses of \$6,550 and \$3,821, respectively (three and nine months ended September 30, 2018 – unrealized losses of \$139 and \$1,537).

### Fair Value of Investment Properties

Fair values of investment properties are determined using valuations prepared by management using inputs that are Level 3 on the fair value hierarchy. To supplement the assessment of fair value, management obtains valuations of selected investment properties on a rotational basis from qualified external valuation professionals and verifies the results of such valuations with the external appraisers.

The discount rate is based on the weighted average cost of capital of the Company and is used to determine the net present value of cash flows. The terminal capitalization rate is based on the location, size and quality of the investment property and takes into account any available market data at the valuation date. The terminal capitalization rate is used to estimate the value of a property at the end of the holding period.

The following are the significant assumptions used under the discounted cash flow method:

- Terminal capitalization rate – taking into account assumptions regarding vacancy rates and market rents
- Discount rate – reflecting current market assessments of the uncertainty in the amount and timing of cash flows

## Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

Significant unobservable inputs were as follows for September 30, 2019 and December 31, 2018:

|                              |                              | September 30, 2019 |                  | December 31, 2018 |                  |
|------------------------------|------------------------------|--------------------|------------------|-------------------|------------------|
|                              | Input                        | Range              | Weighted average | Range             | Weighted average |
| Stabilized assets            | Discount rate                | 6.00%-7.00%        | 6.2%             | 6.00%-7.00%       | 6.2%             |
|                              | Terminal capitalization rate | 5.25%-6.50%        | 5.4%             | 5.25%-6.50%       | 5.4%             |
| Properties under development | Discount rate                | 7.00%              | 7.0%             | 7.00%             | 7.0%             |
|                              | Terminal capitalization rate | 6.25%-6.50%        | 6.3%             | 6.25%-6.50%       | 6.4%             |
| Dream Alternatives           | Discount rate                | 5.75%-8.50%        | 7.0%             | 5.80%-8.80%       | 6.9%             |
|                              | Terminal capitalization rate | 4.75%-8.00%        | 6.2%             | 4.75%-8.00%       | 6.3%             |

Fair values of investment properties, which include commercial, retail and other properties held for the long term, are calculated using a discounted cash flow ("DCF") model, generally over an average period of ten years, plus a terminal value based on the estimated cash flow in the final year. The DCF model incorporates, among other things, expected rental income from current leases, assumptions about rental income from future leases and implied vacancy rates, general inflation and projections of required cash outflows with respect to such leases. The significant unobservable inputs for the fair value of the Company's investment properties are provided above.

Fair values of the Company's investment properties are most sensitive to changes in the terminal capitalization rates. An increase in the terminal capitalization rate will result in a decrease in the fair value of an investment property and vice versa. If the capitalization rate were to increase or decrease by 25 bps, the value of investment properties would decrease by \$17,548 and increase by \$18,393, respectively, as at September 30, 2019.

Investment properties, including equity accounted investments and excluding assets held for sale, with a fair value of \$373,767 as at September 30, 2019 (December 31, 2018 - \$373,270) are pledged as security for mortgages and term debt. Investment properties, including equity accounted investments, with a fair value of \$75,278 as at September 30, 2019 (December 31, 2018 - \$37,646) are pledged as security for construction loans.

## 9. Renewable power assets

The movement in renewable power assets is as follows:

|                                                    | Right-of-use assets | Solar power | Wind power  | September 30, 2019 | December 31, 2018 |
|----------------------------------------------------|---------------------|-------------|-------------|--------------------|-------------------|
| Balance, beginning of period                       | \$ —                | \$ 84,779   | \$ 58,509   | \$ 143,288         | \$ —              |
| Impact of changes in accounting policies (Note 30) | 12,036              | —           | —           | 12,036             | —                 |
| Adjusted balance, beginning of period              | 12,036              | 84,779      | 58,509      | 155,324            | —                 |
| Acquired through business combination              | —                   | —           | —           | —                  | 148,901           |
| Additions/(dispositions)                           | —                   | (41)        | —           | (41)               | 584               |
| Depreciation                                       | (236)               | (1,310)     | (1,064)     | (2,610)            | (6,717)           |
| Other                                              | (219)               | —           | (835)       | (1,054)            | 520               |
| Transferred to assets held for sale (Note 12)      | (11,581)            | (83,428)    | (56,610)    | (151,619)          | —                 |
| <b>Balance, end of period</b>                      | <b>\$ —</b>         | <b>\$ —</b> | <b>\$ —</b> | <b>\$ —</b>        | <b>\$ 143,288</b> |

|                                               | September 30, 2019 | December 31, 2018 |
|-----------------------------------------------|--------------------|-------------------|
| Cost                                          | \$ 171,632         | \$ 160,691        |
| Accumulated depreciation                      | (20,013)           | (17,403)          |
| Transferred to assets held for sale (Note 12) | (151,619)          | —                 |
| <b>Total renewable power assets</b>           | <b>\$ —</b>        | <b>\$ 143,288</b> |

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
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## 10. Equity accounted investments

The Company has entered into certain arrangements in the form of jointly controlled entities for various residential and investment property developments, as well as renewable energy investments. These arrangements include restrictions on the ability to access assets without the consent of all partners and include distribution conditions outlined in partnership agreements. These arrangements are accounted for under the equity method. The equity method of accounting is also applicable to investments in common stock in which the Company is deemed to be able to exercise significant influence over the investee company. As at September 30, 2019, the carrying value of these arrangements was \$609,896 (December 31, 2018 – \$549,760).

The following tables summarize the Company's proportionate share of assets and liabilities in equity accounted investments (segregated between development and income producing investments) as at September 30, 2019 and December 31, 2018.

| September 30, 2019                   |                    |                     |                     |                   |                                                                             |                   |
|--------------------------------------|--------------------|---------------------|---------------------|-------------------|-----------------------------------------------------------------------------|-------------------|
| At Dream's share                     | Ownership interest | Assets              | Liabilities         | Net assets        | Difference between net assets and deemed cost of investments <sup>(1)</sup> | Total             |
| Development investments              |                    |                     |                     |                   |                                                                             |                   |
| Brighton Marketplace                 | 50%                | \$ 31,722           | \$ (19,710)         | \$ 12,012         | \$ (2,286)                                                                  | <b>9,726</b>      |
| Canary District                      | 50%                | 99,195              | (87,712)            | 11,483            | —                                                                           | <b>11,483</b>     |
| Frank Gehry                          | 25%                | 88,875              | (67,184)            | 21,691            | 8,323                                                                       | <b>30,014</b>     |
| Brightwater <sup>(2)</sup>           | 31%                | 88,149              | (35,664)            | 52,485            | —                                                                           | <b>52,485</b>     |
| Lakeshore East                       | 50%                | 48,022              | (15,448)            | 32,574            | —                                                                           | <b>32,574</b>     |
| Other development investments        | 7%-50%             | 83,226              | (36,135)            | 47,091            | —                                                                           | <b>47,091</b>     |
| Total development investments        |                    | \$ 439,189          | \$ (261,853)        | \$ 177,336        | \$ 6,037                                                                    | <b>183,373</b>    |
| Income producing investments         |                    |                     |                     |                   |                                                                             |                   |
| Dream Office REIT                    | 24%                | \$ 716,347          | \$ (323,478)        | \$ 392,869        | \$ (30,187)                                                                 | <b>362,682</b>    |
| Firelight Infrastructure Partners LP | 20%                | 194,383             | (149,598)           | 44,785            | —                                                                           | <b>44,785</b>     |
| Other income producing investments   | 17%-78%            | 43,569              | (24,307)            | 19,262            | (206)                                                                       | <b>19,056</b>     |
| Total income producing investments   |                    | \$ 954,299          | \$ (497,383)        | \$ 456,916        | \$ (30,393)                                                                 | <b>426,523</b>    |
| <b>Total</b>                         |                    | <b>\$ 1,393,488</b> | <b>\$ (759,236)</b> | <b>\$ 634,252</b> | <b>\$ (24,356)</b>                                                          | <b>\$ 609,896</b> |

<sup>(1)</sup> The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at period-end.

<sup>(2)</sup> Previously referred to as "Port Credit".

| December 31, 2018                    |                    |                     |                     |                   |                                                                             |                |
|--------------------------------------|--------------------|---------------------|---------------------|-------------------|-----------------------------------------------------------------------------|----------------|
| At Dream's share                     | Ownership interest | Assets              | Liabilities         | Net assets        | Difference between net assets and deemed cost of investments <sup>(1)</sup> | Total          |
| Development investments              |                    |                     |                     |                   |                                                                             |                |
| Brighton Marketplace                 | 50%                | \$ 23,233           | \$ (15,323)         | \$ 7,910          | \$ (2,286)                                                                  | 5,624          |
| Canary District                      | 50%                | 62,529              | (52,545)            | 9,984             | —                                                                           | 9,984          |
| Frank Gehry                          | 25%                | 85,773              | (64,816)            | 20,957            | 7,656                                                                       | 28,613         |
| Brightwater <sup>(2)</sup>           | 31%                | 84,902              | (38,076)            | 46,826            | —                                                                           | 46,826         |
| Lakeshore East                       | 50%                | 46,383              | (15,021)            | 31,362            | —                                                                           | 31,362         |
| Other development investments        | 7%-50%             | 104,288             | (75,057)            | 29,231            | —                                                                           | 29,231         |
| Total development investments        |                    | \$ 407,108          | \$ (260,838)        | \$ 146,270        | \$ 5,370                                                                    | 151,640        |
| Income producing investments         |                    |                     |                     |                   |                                                                             |                |
| Dream Office REIT                    | 24%                | \$ 700,581          | \$ (339,199)        | \$ 361,382        | \$ (21,125)                                                                 | 340,257        |
| Firelight Infrastructure Partners LP | 20%                | 188,969             | (150,494)           | 38,475            | —                                                                           | 38,475         |
| Other income producing investments   | 17%-78%            | 45,486              | (26,098)            | 19,388            | —                                                                           | 19,388         |
| Total income producing investments   |                    | \$ 935,036          | \$ (515,791)        | \$ 419,245        | \$ (21,125)                                                                 | 398,120        |
| <b>Total</b>                         |                    | <b>\$ 1,342,144</b> | <b>\$ (776,629)</b> | <b>\$ 565,515</b> | <b>\$ (15,755)</b>                                                          | <b>549,760</b> |

<sup>(1)</sup> The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at period-end.

<sup>(2)</sup> Previously referred to as "Port Credit".

# Notes to the Condensed Consolidated Financial Statements

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The following tables summarize the Company's proportionate share of revenue, earnings (losses) and earnings (losses) before depreciation in equity accounted investments for the three and nine months ended September 30, 2019 and 2018.

## For the three months ended September 30, 2019

| At Dream's share                       | Ownership interest | Revenue   | Earnings (losses) | Earnings (losses) before depreciation |
|----------------------------------------|--------------------|-----------|-------------------|---------------------------------------|
| Development investments <sup>(1)</sup> | 7%-50%             | \$ 12,715 | \$ 9,569          | \$ 9,527                              |
| Income producing investments           |                    |           |                   |                                       |
| Dream Office REIT                      | 24%                | 13,934    | 7,355             | 7,450                                 |
| Firelight Infrastructure Partners LP   | 20%                | 8,276     | 3,008             | 5,185                                 |
| Other income producing investments     | 17%-78%            | 5,754     | 698               | 521                                   |
| Total income producing investments     |                    | \$ 27,964 | \$ 11,061         | \$ 13,156                             |
| Total                                  |                    | \$ 40,679 | \$ 20,630         | \$ 22,683                             |

<sup>(1)</sup> Earnings from development investments in the three months ended September 30, 2019 relate primarily to the Company's share of earnings from Dream CMCC Capital Fund II and Axis Condominiums due to occupancies in the period and fair value gains on investment properties from Brighton Marketplace.

## For the three months ended September 30, 2018

| At Dream's share                     | Ownership interest | Revenue   | Earnings (losses) | Earnings (losses) before depreciation |
|--------------------------------------|--------------------|-----------|-------------------|---------------------------------------|
| Development investments              | 7%-50%             | \$ 371    | \$ (79)           | \$ (79)                               |
| Income producing investments         |                    |           |                   |                                       |
| Dream Office REIT                    | 18%                | 12,727    | 8,508             | 8,562                                 |
| Firelight Infrastructure Partners LP | 20%                | 8,379     | 2,924             | 5,118                                 |
| Other income producing investments   | 17%-78%            | 6,780     | 432               | 675                                   |
| Total income producing investments   |                    | \$ 27,886 | \$ 11,864         | \$ 14,355                             |
| Total                                |                    | \$ 28,257 | \$ 11,785         | \$ 14,276                             |

## For the nine months ended September 30, 2019

| At Dream's share                       | Ownership interest | Revenue    | Earnings (losses) | Earnings (losses) before depreciation |
|----------------------------------------|--------------------|------------|-------------------|---------------------------------------|
| Development investments <sup>(1)</sup> | 7%-50%             | \$ 38,065  | \$ 22,402         | \$ 22,402                             |
| Income producing investments           |                    |            |                   |                                       |
| Dream Office REIT                      | 24%                | 40,323     | 22,588            | 22,891                                |
| Firelight Infrastructure Partners LP   | 20%                | 22,191     | 6,293             | 13,150                                |
| Other income producing investments     | 17%-78%            | 13,983     | 903               | 1,088                                 |
| Total income producing investments     |                    | \$ 76,497  | \$ 29,784         | \$ 37,129                             |
| Total                                  |                    | \$ 114,562 | \$ 52,186         | \$ 59,531                             |

<sup>(1)</sup> Earnings from development investments in the nine months ended September 30, 2019 relate primarily to the Company's share of earnings from Dream CMCC Capital Fund II and Axis Condominiums due to occupancies in the period and fair value gains on investment properties from Brighton Marketplace.

## For the nine months ended September 30, 2018

| At Dream's share                     | Ownership interest | Revenue   | Earnings (losses) | Earnings (losses) before depreciation |
|--------------------------------------|--------------------|-----------|-------------------|---------------------------------------|
| Development investments              | 7%-50%             | \$ 592    | \$ (622)          | \$ (622)                              |
| Income producing investments         |                    |           |                   |                                       |
| Dream Office REIT                    | 18%                | 42,067    | 23,041            | 23,349                                |
| Firelight Infrastructure Partners LP | 20%                | 22,429    | 6,088             | 12,648                                |
| Other income producing investments   | 17%-78%            | 14,737    | (820)             | (243)                                 |
| Total income producing investments   |                    | \$ 79,233 | \$ 28,309         | \$ 35,754                             |
| Total                                |                    | \$ 79,825 | \$ 27,687         | \$ 35,132                             |

# Notes to the Condensed Consolidated Financial Statements

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## 11. Capital and other operating assets

Capital and other operating assets consisted of the following:

|                                                 | Note | September 30, 2019 | December 31, 2018 |
|-------------------------------------------------|------|--------------------|-------------------|
| Deposits                                        |      | \$ 841             | \$ 2,539          |
| Restricted cash                                 |      | 14,963             | 14,832            |
| Capital assets                                  |      | 10,831             | 12,291            |
| Right-of-use assets                             | 30   | 4,015              | —                 |
| Prepaid expenses <sup>(1)</sup>                 |      | 12,472             | 9,203             |
| Inventory                                       |      | 1,193              | 1,203             |
| Goodwill                                        |      | 13,576             | 13,576            |
| <b>Total capital and other operating assets</b> |      | <b>\$ 57,891</b>   | <b>\$ 53,644</b>  |

|                             | September 30, 2019 | December 31, 2018 |
|-----------------------------|--------------------|-------------------|
| Capital assets              | \$ 20,002          | \$ 20,317         |
| Accumulated depreciation    | (9,171)            | (8,026)           |
| <b>Total capital assets</b> | <b>\$ 10,831</b>   | <b>\$ 12,291</b>  |

<sup>(1)</sup> Included in prepaid expenses as at September 30, 2019 is \$4,090 of capitalized sales commissions relating to housing and condominium sales to be recognized in future periods (December 31, 2018 - \$3,507).

Restricted cash represents cash advanced by the Company to secure letters of credit provided to various government agencies to support development activity, certain customer deposits on land, housing and condominium sales required for specific statutory requirements before closing, and cash held as security.

Goodwill arising from business combinations is allocated at the lowest level within the Company at which it is monitored by management to make business decisions and, therefore, has been allocated to the Zibi cash generating unit within the Urban Development - Toronto & Ottawa operating segment.

### Right-of-use assets

The movement in right-of-use assets relating to property and equipment is as follows:

|                               | September 30, 2019 |
|-------------------------------|--------------------|
| Balance, beginning of period  | \$ 4,831           |
| Depreciation                  | (816)              |
| <b>Balance, end of period</b> | <b>\$ 4,015</b>    |

Refer to Note 8 for right-of-use assets relating to investment properties.

## 12. Assets held for sale

As at September 30, 2019, management had committed to a plan of sale of certain properties and renewable power assets, which were considered to be highly probable. As a result, these properties and renewable power assets were classified as assets held for sale totalling \$209,054.

| Assets held for sale                                                           | September 30, 2019 | December 31, 2018 |
|--------------------------------------------------------------------------------|--------------------|-------------------|
| Balance, beginning of period                                                   | \$ 72,587          | \$ 34,118         |
| Transfers (to)/from investment properties (Note 8)                             | (5,708)            | 53,732            |
| Transfer from renewable power assets (Note 9)                                  | 151,619            | —                 |
| Transfer of other assets associated with renewable power                       | 7,248              | —                 |
| Change in other assets associated with renewable power                         | 1,187              | —                 |
| Assets sold during the period                                                  | (15,323)           | (14,086)          |
| Additions to assets held for sale                                              | 383                | 1,763             |
| Change in straight-line rent                                                   | (284)              | 458               |
| Fair value changes in investment properties classified as assets held for sale | (2,655)            | (3,398)           |
| <b>Balance, end of period</b>                                                  | <b>\$ 209,054</b>  | <b>\$ 72,587</b>  |

## Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
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| Liabilities associated with assets held for sale        | September 30, 2019 | December 31, 2018 |
|---------------------------------------------------------|--------------------|-------------------|
| Balance, beginning of period                            | \$ —               | \$ —              |
| Transfer of liabilities associated with renewable power | 89,263             | —                 |
| Change in liabilities associated with renewable power   | (25)               | —                 |
| <b>Balance, end of period</b>                           | <b>\$ 89,238</b>   | <b>\$ —</b>       |

In the nine months ended September 30, 2019, the Company disposed of its interest in two properties, for total consideration of \$15,323. No gain on disposal was recognized in the condensed consolidated statement of earnings (loss) for the nine months ended September 30, 2019 as the investment properties were carried at fair value.

In the nine months ended September 30, 2019, Dream Alternatives began marketing its economic interest in the Canadian and U.K. renewable power portfolio. These include three solar and wind properties in Canada and one wind property in the U.K., which were reclassified into assets held for sale in the period. At the time of transfer, the assets had a carrying value of \$151,619 (\$143,288 as at December 31, 2018).

Subsequent to September 30, 2019, the Canadian component of Dream Alternatives' renewable power portfolio was sold for gross cash proceeds of \$47,230.

### 13. Accounts payable and other liabilities

The details of accounts payable and other liabilities are as follows:

|                                                  | Note | September 30, 2019 | December 31, 2018 |
|--------------------------------------------------|------|--------------------|-------------------|
| Trade payables <sup>(1)</sup>                    |      | \$ 34,302          | \$ 24,549         |
| Accrued liabilities                              |      | 110,160            | 87,422            |
| Customer deposits                                |      | 58,840             | 34,111            |
| Deferred revenue                                 |      | 5,511              | 6,774             |
| Interest rate swap                               |      | 2,597              | 685               |
| Retraction option on Preference shares, series 1 | 21   | 204                | 232               |
| Lease obligation                                 |      | 14,428             | 7,180             |
|                                                  |      | <b>\$ 226,042</b>  | <b>\$ 160,953</b> |

<sup>(1)</sup> Included in trade payables were bank overdraft balances of \$5,916 as at September 30, 2019 (December 31, 2018 - \$7,602).

### Lease Obligation

|                                                                                   | September 30, 2019 |
|-----------------------------------------------------------------------------------|--------------------|
| Maturity analysis - contractual undiscounted cash flows                           |                    |
| Less than one year                                                                | \$ 1,708           |
| One to five years                                                                 | 5,516              |
| More than five years                                                              | 12,571             |
| Total undiscounted lease obligation as at September 30, 2019                      | \$ 19,795          |
| Discounted using the lessee's incremental borrowing rate as at September 30, 2019 | (5,367)            |
| <b>Total discounted lease obligation as at September 30, 2019</b>                 | <b>\$ 14,428</b>   |
| Current portion of lease obligation                                               | 2,296              |
| Non-current portion of lease obligation                                           | 12,132             |
| <b>Total lease obligation</b>                                                     | <b>\$ 14,428</b>   |

There are no future cash outflows to which the Company is potentially exposed that are not reflected in the measurement of lease obligations.

# Notes to the Condensed Consolidated Financial Statements

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## 14. Debt

Debt consisted of the following:

|                                              | Weighted average effective interest rates |                   | Debt amount        |                   |
|----------------------------------------------|-------------------------------------------|-------------------|--------------------|-------------------|
|                                              | September 30, 2019                        | December 31, 2018 | September 30, 2019 | December 31, 2018 |
| Project-specific debt                        |                                           |                   |                    |                   |
| Operating line - Western Canada              | 4.64%                                     | 4.48%             | \$ 89,420          | \$ 48,943         |
| Construction loans - Western Canada          | 4.42%                                     | 4.05%             | 48,829             | 61,421            |
| Construction loans - Toronto & Ottawa        | 4.90%                                     | 4.63%             | 144,100            | 116,565           |
| Mortgages and term debt - Dream              | 4.43%                                     | 4.55%             | 173,325            | 137,214           |
| Mortgages and term debt - Dream Alternatives | 3.73%                                     | 3.83%             | 116,305            | 199,380           |
| Total project-specific debt                  | 4.43%                                     | 4.26%             | \$ 571,979         | \$ 563,523        |
| Corporate debt facilities                    |                                           |                   |                    |                   |
| Non-revolving term facility                  | 5.08%                                     | 4.36%             | \$ 224,001         | \$ 224,083        |
| Margin facility                              | 4.57%                                     | 4.35%             | 100,000            | 100,000           |
| Operating line - Dream Alternatives          | 3.95%                                     | —%                | 6,500              | —                 |
| Total corporate debt facilities              | 4.91%                                     | 4.36%             | \$ 330,501         | \$ 324,083        |
| Total debt                                   | 4.61%                                     | 4.29%             | \$ 902,480         | \$ 887,606        |

### Operating Line - Western Canada

The Company's revolving term credit facility (the "operating line") is primarily used to finance land servicing activity in Saskatchewan and Alberta. The operating line is available up to a formula-based maximum not to exceed \$290,000, with a syndicate of Canadian financial institutions. In the nine months ended September 30, 2019, the Company amended the operating line, extending the maturity date to January 31, 2021 and revising certain covenants of DAM.

As at September 30, 2019, funds available under this facility were \$272,830, as determined by the formula-based maximum calculation, with \$46,873 of letters of credit issued against the facility.

### Other Project-Specific Debt

Western Canada construction loans relate to housing, retail and commercial projects under development and are all due on demand with recourse provisions. Urban development construction loans relate to project-specific financing for residential and mixed-use development and land servicing and hold security against the underlying land. Mortgages and term debt for both Dream and Dream Alternatives are provided by a variety of lenders. In the nine months ended September 30, 2019, \$75,204 of mortgages and term debt relating to Dream Alternatives was reclassified to liabilities associated with assets held for sale.

### Non-Revolving Term Facility

In the nine months ended September 30, 2019, the Company executed on an amendment to its \$225,000 non-revolving term facility with a syndicate of Canadian financial institutions, extending the maturity date to February 28, 2022 and revising certain covenants of DAM.

### Operating Line - Dream Alternatives

Dream Alternatives has a revolving term credit facility available up to a formula-based maximum not to exceed \$50,000, with a Canadian financial institution. During the three months ended September 30, 2019, the facility was renewed with certain financial covenant requirements amended and the maturity date extended to July 31, 2021. As at September 30, 2019, \$6,500 was drawn on the revolving credit facility (December 31, 2018 – \$nil) and funds available under this facility were \$29,051 (December 31, 2018 – \$38,000), net of \$3,597 (December 31, 2018 – \$1,395) of letters of credit issued against the facility. Subsequent to September 30, 2019, the total amount drawn on the facility was repaid in full.

### Interest Rate Swaps

The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Excluding the operating line - Western Canada and margin facility, variable rate debt represented 80% (December 31, 2018 - 71%) of total debt obligations as at September 30, 2019. In order to manage the interest rate risk on certain variable rate debt, the Company has entered into interest rate swaps as detailed below:

| Maturity date     | Debt facility               | Notional amount hedged | Fixed interest rate | Financial instrument classification | Fair value of hedging instrument as at September 30, 2019 |
|-------------------|-----------------------------|------------------------|---------------------|-------------------------------------|-----------------------------------------------------------|
| January 14, 2023  | Term debt                   | \$ 5,991               | 3.69%               | FVTPL                               | \$ 8                                                      |
| February 28, 2022 | Non-revolving term facility | 225,000                | 5.08%               | Cash flow hedge                     | (2,597)                                                   |

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### 15. Dream Alternatives trust units

The Company accounts for the 77% interest in Dream Alternatives trust units held by other unitholders as a financial liability measured at FVTPL (December 31, 2018 - 83%). As at September 30, 2019, the trust units had a fair value of \$397,818 based on the trading price on the TSX. The movement in Dream Alternatives trust units is as follows:

|                                                                          | September 30, 2019 |                   | December 31, 2018 |                   |
|--------------------------------------------------------------------------|--------------------|-------------------|-------------------|-------------------|
|                                                                          | Units              | Total             | Units             | Total             |
| Balance, beginning of period                                             | 60,454,099         | \$ 377,234        | —                 | \$ —              |
| Assumed through business combination                                     | —                  | —                 | 62,815,176        | 397,620           |
| Units acquired by the Company in the period                              | (2,820,155)        | (21,049)          | (1,875,426)       | (12,221)          |
| Units issued to other unitholders through distribution reinvestment plan | 142,818            | 940               | 756,348           | 4,984             |
| Units repurchased and cancelled by Dream Alternatives                    | (4,876,984)        | (38,053)          | (1,289,889)       | (8,455)           |
| Deferred units exchanged for Dream Alternatives trust units              | 142,606            | 1,075             | 47,890            | 309               |
| Fair value adjustment                                                    | —                  | 77,671            | —                 | (5,003)           |
| <b>Balance, end of period</b>                                            | <b>53,042,384</b>  | <b>\$ 397,818</b> | <b>60,454,099</b> | <b>\$ 377,234</b> |

During the three and nine months ended September 30, 2019, the Company, through Dream Alternatives, declared distributions on the trust units of \$5,436 and \$17,275 owing to other unitholders, of which \$5,436 and \$16,335 was paid in cash, respectively (year ended December 31, 2018 - distributions of \$24,683, of which \$19,699 was paid in cash).

During the three and nine months ended September 30, 2019, the Company recognized adjustments related to Dream Alternatives trust units of \$2,831 (gain) and \$94,946 (loss) in the condensed consolidated statements of earnings (loss), comprising distributions to other unitholders of \$5,436 and \$17,275 and a fair value gain of \$8,267 and fair value loss of \$77,671, respectively, due to changes in Dream Alternatives' trust unit trading prices (year ended December 31, 2018 - expense of \$19,680, comprising distributions to other unitholders of \$24,683 offset by a fair value gain of \$5,003).

In the nine months ended September 30, 2019, Dream Alternatives announced the suspension of its distribution reinvestment plan effective for the February 2019 distribution.

### 16. Income taxes

During the three and nine months ended September 30, 2019, the Company recognized an income tax expense of \$3,088 and a recovery of \$457, respectively (three and nine months ended September 30, 2018 – expense of \$7,490 and \$7,401), the major components of which include the following items:

|                                                                             | For the three months ended September 30, |          | For the nine months ended September 30, |          |
|-----------------------------------------------------------------------------|------------------------------------------|----------|-----------------------------------------|----------|
|                                                                             | 2019                                     | 2018     | 2019                                    | 2018     |
| Current income taxes:                                                       |                                          |          |                                         |          |
| Current income taxes (recoveries) with respect to profits during the period | \$ (759)                                 | \$ (298) | \$ 4,954                                | \$ 1,747 |
| Other items affecting current tax expense                                   | 864                                      | 803      | 2,580                                   | 2,249    |
| Current income tax expense                                                  | 105                                      | 505      | 7,534                                   | 3,996    |
| Deferred income taxes:                                                      |                                          |          |                                         |          |
| Origination and reversal of temporary differences                           | 4,970                                    | 6,411    | (5,917)                                 | 3,162    |
| Recovery arising from previously unrecognized temporary difference          | —                                        | 597      | —                                       | 110      |
| Impact of changes in income tax rates                                       | (1,987)                                  | (23)     | (2,074)                                 | 133      |
| Deferred income tax expense (recovery)                                      | 2,983                                    | 6,985    | (7,991)                                 | 3,405    |
| Income tax expense (recovery)                                               | \$ 3,088                                 | \$ 7,490 | \$ (457)                                | \$ 7,401 |

Due to non-coterminous tax years of the Company's partnership and trust interests, income of approximately \$6,457 for the nine months ended September 30, 2019 (nine months ended September 30, 2018 – \$5,461) relating to such partnership and trust interests will be included in computing the Company's taxable income for its 2020 and 2019 taxation years.

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The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.6%, as presented in the table below. Cash paid for income taxes for the nine months ended September 30, 2019 was \$3,390 (nine months ended September 30, 2018 – \$37,123).

|                                                                      | For the nine months ended September 30, |           |
|----------------------------------------------------------------------|-----------------------------------------|-----------|
|                                                                      | 2019                                    | 2018      |
| Earnings (loss) before tax at statutory rate of 26.6% (2018 - 26.7%) | \$ (4,762)                              | \$ 38,137 |
| Effect on taxes of:                                                  |                                         |           |
| Non-deductible expenses                                              | 1,538                                   | 3,208     |
| Adjustment in expected future tax rates                              | (2,074)                                 | 133       |
| Non-taxable gain on acquisition of Dream Alternatives                | —                                       | (34,713)  |
| Tax adjustments in respect of prior periods                          | —                                       | 110       |
| Non-taxable portion of capital gains                                 | 2,898                                   | (1,042)   |
| Other items                                                          | 1,943                                   | 1,568     |
| Income tax expense (recovery)                                        | \$ (457)                                | \$ 7,401  |

The movement in the deferred income taxes in the nine months ended September 30, 2019 and the year ended December 31, 2018, and the net components of the Company's net deferred income tax liabilities, are presented in the following table:

| Asset (Liability)                        | Accounts receivable | Real estate inventory | Non-coterminous tax year | Financial instruments/ equity accounted investments | Loss carry-forwards | Equity issuance | Total              |
|------------------------------------------|---------------------|-----------------------|--------------------------|-----------------------------------------------------|---------------------|-----------------|--------------------|
| Balance, December 31, 2018               | \$ (9,005)          | \$ (26,238)           | \$ (3,337)               | \$ (22,514)                                         | \$ 1,226            | \$ 149          | \$ (59,719)        |
| Impact of changes in accounting policies | —                   | (1,743)               | —                        | (869)                                               | —                   | —               | (2,612)            |
| Adjusted balance, January 1, 2018        | (9,005)             | (27,981)              | (3,337)                  | (23,383)                                            | 1,226               | 149             | (62,331)           |
| (Charged) credited to:                   |                     |                       |                          |                                                     |                     |                 |                    |
| Loss (earnings) for the period           | 325                 | (8,857)               | (210)                    | 1,717                                               | (1,958)             | (149)           | (9,132)            |
| Assumed through business combination     | —                   | (5,994)               | —                        | (2,758)                                             | 8,863               | —               | 111                |
| Tax effect of business combination       | —                   | 5,469                 | —                        | (28,824)                                            | —                   | —               | (23,355)           |
| Other comprehensive income               | —                   | 357                   | —                        | 211                                                 | —                   | —               | 568                |
| Balance, December 31, 2018               | \$ (8,680)          | \$ (37,006)           | \$ (3,547)               | \$ (53,037)                                         | \$ 8,131            | \$ —            | \$ (94,139)        |
| (Charged) credited to:                   |                     |                       |                          |                                                     |                     |                 |                    |
| Loss (earnings) for the period           | 2,482               | (1,854)               | 1,862                    | 10,845                                              | (5,344)             | —               | 7,991              |
| Other comprehensive income (loss)        | —                   | (104)                 | —                        | 497                                                 | —                   | —               | 393                |
| <b>Balance, September 30, 2019</b>       | <b>\$ (6,198)</b>   | <b>\$ (38,964)</b>    | <b>\$ (1,685)</b>        | <b>\$ (41,695)</b>                                  | <b>\$ 2,787</b>     | <b>\$ —</b>     | <b>\$ (85,755)</b> |

As at September 30, 2019, the Company had tax losses of \$15,029 (December 31, 2018 – \$15,764) that expire between 2025 and 2039 and U.S. capital losses of \$1,123 (US\$848) (December 31, 2018 – \$1,157 (US\$848)) that expire in 2019. Deferred income tax assets have not been recognized in respect of these losses, as it is not probable that the Company will be able to utilize all of the losses against taxable profits in the future.

## 17. Share capital

The Company is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Class B Shares. Holders of Subordinate Voting Shares and Class B Shares are entitled to one vote and 100 votes, respectively, for each share held. The Class B Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time. Holders of Subordinate Voting Shares and Class B Shares are entitled to receive and participate equally as to dividends, share for share, as and when declared by the directors of the Company. In the event of a liquidation, dissolution or winding up of the Company, holders of Subordinate Voting Shares and Class B Shares will, after payment to the holders of Preference shares, series 1, be entitled to the remaining property and assets of the Company.

|                           | September 30, 2019 |                     | December 31, 2018  |                     |
|---------------------------|--------------------|---------------------|--------------------|---------------------|
| Issued and outstanding    | Number of shares   | Amount              | Number of shares   | Amount              |
| Subordinate Voting Shares | 102,442,999        | \$ 1,157,178        | 104,215,841        | \$ 1,171,034        |
| Class B Shares            | 3,114,911          | 38,783              | 3,115,164          | 38,785              |
|                           | <b>105,557,910</b> | <b>\$ 1,195,961</b> | <b>107,331,005</b> | <b>\$ 1,209,819</b> |

## Notes to the Condensed Consolidated Financial Statements

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The following table summarizes the changes in the Subordinate Voting Shares issued:

|                                                         | September 30, 2019 |              | December 31, 2018 |              |
|---------------------------------------------------------|--------------------|--------------|-------------------|--------------|
|                                                         | Number of shares   | Amount       | Number of shares  | Amount       |
| Issued and outstanding, beginning of period             | 104,215,841        | \$ 1,171,034 | 106,120,323       | \$ 1,186,865 |
| Class B Shares converted into Subordinate Voting Shares | 253                | 2            | 135               | 1            |
| Stock options exercised                                 | 12,000             | 93           | 24,583            | 194          |
| Subordinate Voting Shares repurchased                   | (1,785,095)        | (13,951)     | (1,929,200)       | (16,026)     |
| Issued and outstanding, end of period                   | 102,442,999        | \$ 1,157,178 | 104,215,841       | \$ 1,171,034 |

The following table summarizes the changes in the Class B Shares issued:

|                                                         | September 30, 2019 |           | December 31, 2018 |           |
|---------------------------------------------------------|--------------------|-----------|-------------------|-----------|
|                                                         | Number of shares   | Amount    | Number of shares  | Amount    |
| Issued and outstanding, beginning of period             | 3,115,164          | \$ 38,785 | 3,115,299         | \$ 38,786 |
| Class B Shares converted into Subordinate Voting Shares | (253)              | (2)       | (135)             | (1)       |
| Issued and outstanding, end of period                   | 3,114,911          | \$ 38,783 | 3,115,164         | \$ 38,785 |

Including the Subordinate Voting Shares of Dream and Class B Shares held or controlled directly or indirectly, the President and CRO owned an approximate 35% economic interest and 83% voting interest in the Company as at September 30, 2019.

### Dividends

In the three and nine months ended September 30, 2019, the Company declared dividends of \$2,645 and \$7,980 on its Subordinate Voting Shares and Class B Shares, respectively (three and nine months ended September 30, 2018 - \$nil).

### Normal Course Issuer Bid

The Company renewed its normal course issuer bid (the "Bid"), which commenced on September 20, 2019, under which the Company has the ability to purchase for cancellation up to a maximum number of 6,604,023 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 the Company, are subject to a maximum daily purchase limitation of 15,029 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

In the three and nine months ended September 30, 2019, 672,645 and 1,785,095 Subordinate Voting Shares were purchased for cancellation by the Company at an average price of \$8.63 and \$7.82, respectively (year ended December 31, 2018 – 1,929,200 Subordinate Voting Shares at an average price of \$8.31).

In connection with the renewal of the Bid, the Company has established an automatic securities purchase plan (the "Plan") with its designated broker to facilitate the purchase of Subordinate Voting Shares under the Bid at times when the Company would ordinarily not be permitted to purchase its Subordinate Voting Shares due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Company's broker based on the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the Subordinate Voting Shares may also be purchased in accordance with management's discretion. The Plan was pre-cleared by the TSX and will terminate on September 19, 2020.

Subsequent to September 30, 2019, 255,909 Subordinate Voting Shares were purchased for cancellation by the Company for \$2,527.

## 18. Non-controlling interest

The movement in non-controlling interest is as follows:

|                                                                  | Zibi             | Other         | September 30, 2019 | December 31, 2018 |
|------------------------------------------------------------------|------------------|---------------|--------------------|-------------------|
| Balance, beginning of period                                     | \$ 14,660        | \$ 1,669      | \$ 16,329          | \$ 38,090         |
| Earnings for the period                                          | 42               | 372           | 414                | 1,105             |
| Change in interest in subsidiary related to business combination | —                | —             | —                  | (25,393)          |
| Distributions to non-controlling interests                       | —                | (1,098)       | (1,098)            | (1,021)           |
| Contributions from non-controlling interests                     | 4,400            | —             | 4,400              | 1,600             |
| Non-controlling interest related to business combination         | —                | —             | —                  | 1,948             |
| <b>Balance, end of period</b>                                    | <b>\$ 19,102</b> | <b>\$ 943</b> | <b>\$ 20,045</b>   | <b>\$ 16,329</b>  |

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## 19. Revenue

Revenue consisted of the following:

|                                                | For the three months ended September 30, 2019 |        | For the nine months ended September 30, 2019 |        | For the three months ended September 30, 2018 |         | For the nine months ended September 30, 2018 |         |
|------------------------------------------------|-----------------------------------------------|--------|----------------------------------------------|--------|-----------------------------------------------|---------|----------------------------------------------|---------|
|                                                |                                               |        |                                              |        |                                               |         |                                              |         |
| Revenue from contracts with customers          | \$                                            | 53,655 | \$                                           | 52,902 | \$                                            | 165,812 | \$                                           | 151,031 |
| Revenue from other sources - lending portfolio |                                               | 3,621  |                                              | 4,201  |                                               | 10,883  |                                              | 12,061  |
| Revenue from other sources - rental income     |                                               | 6,793  |                                              | 7,394  |                                               | 20,375  |                                              | 22,826  |
| Total revenue                                  | \$                                            | 64,069 | \$                                           | 64,497 | \$                                            | 197,070 | \$                                           | 185,918 |

### Revenue from Contracts with Customers

The following table disaggregates revenue by major revenue stream and timing of revenue recognition:

| For the three months ended September 30, 2019 |    |        |                         |                       |                         |                  |                 |           |
|-----------------------------------------------|----|--------|-------------------------|-----------------------|-------------------------|------------------|-----------------|-----------|
|                                               |    | Land   | Housing and condominium | Investment properties | Recreational properties | Asset management | Renewable power | Total     |
| Revenue                                       | \$ | 15,463 | \$ 21,939               | \$ 4,063              | \$ 5,835                | \$ 8,540         | \$ 4,993        | \$ 60,833 |
| Less: Intercompany revenue                    |    | —      | (5,099)                 | —                     | —                       | (2,079)          | —               | (7,178)   |
| Revenue from external customers               | \$ | 15,463 | \$ 16,840               | \$ 4,063              | \$ 5,835                | \$ 6,461         | \$ 4,993        | \$ 53,655 |

Timing of revenue recognition

|                    |    |        |           |          |          |          |          |           |
|--------------------|----|--------|-----------|----------|----------|----------|----------|-----------|
| At a point in time | \$ | 15,463 | \$ 16,840 | \$ —     | \$ 5,127 | \$ 205   | \$ —     | \$ 37,635 |
| Over time          |    | —      | —         | 4,063    | 708      | 6,256    | 4,993    | 16,020    |
|                    | \$ | 15,463 | \$ 16,840 | \$ 4,063 | \$ 5,835 | \$ 6,461 | \$ 4,993 | \$ 53,655 |

| For the three months ended September 30, 2018 |    |        |                         |                       |                         |                  |                 |           |
|-----------------------------------------------|----|--------|-------------------------|-----------------------|-------------------------|------------------|-----------------|-----------|
|                                               |    | Land   | Housing and condominium | Investment properties | Recreational properties | Asset management | Renewable power | Total     |
| Revenue                                       | \$ | 14,582 | \$ 20,743               | \$ 4,123              | \$ 5,131                | \$ 11,084        | \$ 4,941        | \$ 60,604 |
| Less: Intercompany revenue                    |    | —      | (4,918)                 | —                     | —                       | (2,784)          | —               | (7,702)   |
| Revenue from external customers               | \$ | 14,582 | \$ 15,825               | \$ 4,123              | \$ 5,131                | \$ 8,300         | \$ 4,941        | \$ 52,902 |

Timing of revenue recognition

|                    |    |        |           |          |          |          |          |           |
|--------------------|----|--------|-----------|----------|----------|----------|----------|-----------|
| At a point in time | \$ | 14,582 | \$ 15,825 | \$ —     | \$ 4,446 | \$ 2,908 | \$ —     | \$ 37,761 |
| Over time          |    | —      | —         | 4,123    | 685      | 5,392    | 4,941    | 15,141    |
|                    | \$ | 14,582 | \$ 15,825 | \$ 4,123 | \$ 5,131 | \$ 8,300 | \$ 4,941 | \$ 52,902 |

## Notes to the Condensed Consolidated Financial Statements

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| For the nine months ended September 30, 2019 |    |        |                            |                          |                            |                     |                    |    |                 |
|----------------------------------------------|----|--------|----------------------------|--------------------------|----------------------------|---------------------|--------------------|----|-----------------|
|                                              |    | Land   | Housing and<br>condominium | Investment<br>properties | Recreational<br>properties | Asset<br>management | Renewable<br>power |    | Total           |
| Revenue                                      | \$ | 25,742 | \$ 58,070                  | \$ 11,474                | \$ 40,970                  | \$ 31,527           | \$ 14,245          | \$ | <b>182,028</b>  |
| Less: Intercompany revenue                   |    | —      | (9,593)                    | —                        | —                          | (6,623)             | —                  |    | <b>(16,216)</b> |
| Revenue from external customers              | \$ | 25,742 | \$ 48,477                  | \$ 11,474                | \$ 40,970                  | \$ 24,904           | \$ 14,245          | \$ | <b>165,812</b>  |
| Timing of revenue recognition                |    |        |                            |                          |                            |                     |                    |    |                 |
| At a point in time                           | \$ | 25,742 | \$ 48,477                  | \$ —                     | \$ 34,461                  | \$ 3,000            | \$ —               | \$ | <b>111,680</b>  |
| Over time                                    |    | —      | —                          | 11,474                   | 6,509                      | 21,904              | 14,245             |    | <b>54,132</b>   |
|                                              | \$ | 25,742 | \$ 48,477                  | \$ 11,474                | \$ 40,970                  | \$ 24,904           | \$ 14,245          | \$ | <b>165,812</b>  |

| For the nine months ended September 30, 2018 |    |        |                            |                          |                            |                     |                    |    |          |
|----------------------------------------------|----|--------|----------------------------|--------------------------|----------------------------|---------------------|--------------------|----|----------|
|                                              |    | Land   | Housing and<br>condominium | Investment<br>properties | Recreational<br>properties | Asset<br>management | Renewable<br>power |    | Total    |
| Revenue                                      | \$ | 25,495 | \$ 58,814                  | \$ 11,350                | \$ 34,288                  | \$ 30,447           | \$ 14,610          | \$ | 175,004  |
| Less: Intercompany revenue                   |    | —      | (14,886)                   | —                        | —                          | (9,087)             | —                  |    | (23,973) |
| Revenue from external customers              | \$ | 25,495 | \$ 43,928                  | \$ 11,350                | \$ 34,288                  | \$ 21,360           | \$ 14,610          | \$ | 151,031  |
| Timing of revenue recognition                |    |        |                            |                          |                            |                     |                    |    |          |
| At a point in time                           | \$ | 25,495 | \$ 43,928                  | \$ —                     | \$ 28,586                  | \$ 4,015            | \$ —               | \$ | 102,024  |
| Over time                                    |    | —      | —                          | 11,350                   | 5,702                      | 17,345              | 14,610             |    | 49,007   |
|                                              | \$ | 25,495 | \$ 43,928                  | \$ 11,350                | \$ 34,288                  | \$ 21,360           | \$ 14,610          | \$ | 151,031  |

## 20. Interest expense

Interest expense consisted of the following:

|                                                                              | For the three months ended September 30, |                 | For the nine months ended September 30, |                  |
|------------------------------------------------------------------------------|------------------------------------------|-----------------|-----------------------------------------|------------------|
|                                                                              | 2019                                     | 2018            | 2019                                    | 2018             |
| Interest on project-specific debt                                            | \$ 7,868                                 | \$ 4,999        | \$ 22,080                               | \$ 15,314        |
| Interest on corporate debt facilities                                        | 4,054                                    | 4,934           | 12,612                                  | 12,271           |
| Dividends on Preference shares, series 1                                     | 502                                      | 502             | 1,506                                   | 1,506            |
| Amortization of deferred financing costs and accretion of effective interest | 466                                      | 200             | 1,511                                   | 1,184            |
| Project-specific interest capitalized to real estate development projects    | (2,531)                                  | (661)           | (7,058)                                 | (2,512)          |
| <b>Total</b>                                                                 | <b>\$ 10,359</b>                         | <b>\$ 9,974</b> | <b>\$ 30,651</b>                        | <b>\$ 27,763</b> |

# Notes to the Condensed Consolidated Financial Statements

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## 21. Financial instruments fair value and risk management

### Fair Value of Financial Instruments

The following table categorizes financial assets or liabilities measured or disclosed at fair value by level according to the significance of inputs used in making measurements. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

|                                                  |                      | September 30, 2019 |            | December 31, 2018 |            |
|--------------------------------------------------|----------------------|--------------------|------------|-------------------|------------|
|                                                  | Fair value hierarchy | Carrying value     | Fair value | Carrying value    | Fair value |
| Recurring measurement                            |                      |                    |            |                   |            |
| Financial assets                                 |                      |                    |            |                   |            |
| Dream Global REIT units                          | Level 1              | \$ 51,007          | \$ 51,007  | \$ 37,279         | \$ 37,279  |
| Dream Global REIT deferred trust units           | Level 3              | 29,792             | 29,792     | 20,844            | 20,844     |
| Participating mortgages                          | Level 3              | 66,663             | 66,663     | 64,764            | 64,764     |
| Investment holdings                              | Level 3              | 60,588             | 60,588     | 73,085            | 73,085     |
| Other instruments                                | Level 3              | 4,626              | 4,626      | 4,485             | 4,485      |
| Lending portfolio                                | Level 3              | 9,912              | 9,912      | 16,574            | 16,574     |
| Financial liabilities                            |                      |                    |            |                   |            |
| Dream Alternatives trust units                   | Level 1              | 397,818            | 397,818    | 377,234           | 377,234    |
| Retraction option on Preference shares, series 1 | Level 3              | 204                | 204        | 232               | 232        |
| Interest rate swap                               | Level 3              | 2,597              | 2,597      | 685               | 685        |
| Fair values disclosed                            |                      |                    |            |                   |            |
| Lease obligation                                 | Level 3              | 14,428             | 14,428     | 7,180             | 7,180      |
| Lending portfolio                                | Level 3              | 129,283            | 128,667    | 127,521           | 126,825    |
| Construction loans                               | Level 3              | 192,929            | 192,585    | 177,986           | 177,953    |
| Mortgages and term debt - Dream                  | Level 3              | 173,325            | 172,714    | 137,214           | 136,591    |
| Mortgages and term debt - Dream Alternatives     | Level 3              | 116,305            | 115,206    | 199,380           | 200,500    |
| Operating line - Western Canada                  | Level 3              | 89,420             | 90,000     | 48,943            | 49,000     |
| Non-revolving term facility                      | Level 3              | 224,001            | 225,000    | 224,083           | 225,000    |
| Margin facility                                  | Level 3              | 100,000            | 100,000    | 100,000           | 100,000    |
| Operating line - Dream Alternatives              | Level 3              | 6,500              | 6,500      | —                 | —          |
| Preference shares, series 1                      | Level 2              | 28,675             | 29,715     | 28,672            | 28,838     |

The fair values of cash and cash equivalents, accounts receivable, loans receivable, deposits, restricted cash and certain financial instruments included in accounts payable and other liabilities, with the exception of lease obligations, are carried at amortized cost, which approximates their fair values due to their short-term nature.

The fair value of the Preference shares, series 1, is based on the listed market price on the TSX as at September 30, 2019 of \$7.45 per share for the 4,005,729 issued and outstanding Preference shares, series 1, adjusted for the fair value of the embedded redemption and retraction options.

The fair value of the Dream Alternatives trust units is based on the listed market price on the TSX as at September 30, 2019 of \$7.50 per share for the 53,042,384 outstanding trust units not held by the Company.

### Level 3 Fair Value Measurements

The Company used the following techniques to determine the fair value measurements categorized in Level 3:

#### Dream Global REIT Deferred Trust Units

The fair value of Dream Global REIT DTUs is based on the market price of Dream Global REIT units and applying an appropriate discount rate to reflect the vesting period. The significant unobservable inputs used in determining the discount rate as at September 30, 2019 are the risk-free rate of 1.4% - 1.5% and expected volatility of 13.8% - 16.7%.

The volatility of Dream Global REIT units is estimated based on comparable companies in both the European and Canadian real estate markets. The discount rate used to value the deferred trust units is calculated by weighting a put-and-call model calculated using the Black-Scholes option pricing model. A higher volatility or risk-free rate will decrease the value of the deferred trust units and vice versa.

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|                                                                  | Total deferred units granted | Vesting period | Fair value as at September 30, 2019 |         |
|------------------------------------------------------------------|------------------------------|----------------|-------------------------------------|---------|
| Units as at September 30, 2019 closing price of \$16.62 per unit |                              |                | \$                                  | 34,731  |
| Discount rate of 10% per unit for units issued in 2012           | 390,325                      | 2018–2022      |                                     | (649)   |
| Discount rate of 12% per unit for units issued in 2013           | 516,116                      | 2019–2023      |                                     | (1,029) |
| Discount rate of 14% per unit for units issued in 2014           | 536,125                      | 2020–2024      |                                     | (1,247) |
| Discount rate of 18% per unit for units issued in 2015           | 410,299                      | 2021–2025      |                                     | (1,227) |
| Discount rate of 20% per unit for units issued in 2016           | 236,871                      | 2022–2026      |                                     | (787)   |
| Total                                                            | 2,089,736                    |                | \$                                  | 29,792  |

In the case of Dream Global REIT, the Company had irrevocably elected to receive the first \$3,500 of the annual fees payable to it pursuant to these arrangements in DTUs of Dream Global REIT for the first five years until August 2016. The DTUs will vest to the Company in five equal annual installments, beginning in the sixth year following the grant of such DTUs.

## Participating Mortgages

The fair value of participating mortgages is determined using a discounted cash flow analysis. The discounted cash flow model is calculated based on future interest and participating profit payments and the project managers' estimates of unit sales proceeds and/or net operating income of the underlying development. In determining the discount rate, the Company considered market conditions, time to completion of the development, the market capitalization rate, the percentage of space leased on units sold and other available information. The significant unobservable input as at September 30, 2019 is the discount rate of 7.0% - 8.0%.

Generally, an increase in anticipated proceeds from unit closings or an increase in stabilized net operating income will result in an increase in fair values. An increase in the capitalization rates or in the discount rates will result in a decrease in fair values. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower rate resulting in a greater impact to the fair value than a higher rate. Any change in the revenue or costing estimates or development timeline could have a significant impact on the value of the development and investment holdings.

If the discount rates applied for participating mortgages were to increase by 1%, the fair value of the participating mortgages would decrease by \$400. If the discount rate were to decrease by 1%, the fair value would increase by \$400.

## Investment Holdings - Co-Owned Commercial Assets

The fair value of co-owned commercial assets is based on the fair value of the Company's proportionate net assets of the underlying investment. The significant unobservable inputs used in the fair value measurement related to the fair value of the underlying investment properties and project-specific debt as at September 30, 2019 are the capitalization rate of 3.0% - 5.1%, average growth rate of 1.5% and the market rate on project-specific debt of 0.9% - 1.2%.

## Redemption and Retraction Options on Preference Shares, Series 1

The fair value of the Preference shares, series 1, redemption and retraction options is calculated using an interest rate option pricing method. The significant unobservable inputs used in the fair value measurement of the redemption and retraction options on the Preference shares, series 1 as at September 30, 2019 are the credit spread of 3.6%, reversion parameter of 0.2% and expected volatility of 38.4%.

A higher volatility will increase the value of the redemption and retraction options. A lower credit spread will decrease the value of the redemption and retraction options.

## Interest Rate Swaps

The fair value measurements of the interest rate swaps were valued by qualified external valuers based on the present value of the estimated future cash flows determined using observable yield curves.

## Lending Portfolio

The fair value measurement of the lending portfolio is determined based on the Company's assessment of the current lending market for lending portfolio investments of same or similar terms in consultation with the Canadian Mortgage Servicing Corporation ("CMSC"), the manager and servicer of the lending portfolio, and other available information.

## Corporate Debt Facilities

The fair value measurement of the non-revolving term facility, margin facility and Dream Alternatives operating line approximate the carrying value excluding unamortized financing costs given their variable rate.

## Project-Specific Debt and Lease Obligation

The fair value of the operating loan - Western Canada, construction loans, mortgages and term debt and lease obligation has been calculated by discounting the expected cash flows of each loan using a discount rate specific to each individual loan or obligation. The discount rate is determined using the bond yield for similar instruments of similar maturity adjusted for each individual project's specific credit risk. In determining the adjustment for credit risk, the Company considers current market conditions and other indicators of the Company's creditworthiness.

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## Valuation Process

The Company's finance department is responsible for performing the valuation of fair value measurements or reviewing the fair value measurements provided by third-party appraisers. The Company has determined that third-party appraisers will be utilized for recurring measurements of derivative instruments, such as the redemption and retraction options on the Preference shares, series 1, on a quarterly basis. On a quarterly basis, management will review the valuation policies, procedures and analysis of changes in fair value measurements. Refer to Note 5 for a continuity of the Company's lending portfolio balance.

The Company recognizes transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. During the three and nine months ended September 30, 2019, \$nil and \$1,144 was transferred from Level 3 to Level 1 related to vested Dream Global REIT DTUs, respectively.

|                                                                       | Investment<br>holdings | Investment<br>in Dream<br>Global REIT -<br>DTUs | Redemption<br>option on<br>Preference<br>shares, series 1 | Interest rate<br>swaps <sup>(1)</sup> | Participating<br>mortgages | Retraction<br>option on<br>Preference<br>shares, series 1 |
|-----------------------------------------------------------------------|------------------------|-------------------------------------------------|-----------------------------------------------------------|---------------------------------------|----------------------------|-----------------------------------------------------------|
| Balance, December 31, 2018                                            | \$ 73,085              | \$ 20,844                                       | \$ 28                                                     | \$ (527)                              | \$ 64,764                  | \$ (232)                                                  |
| Issued or received during the period:                                 |                        |                                                 |                                                           |                                       |                            |                                                           |
| DTUs                                                                  | —                      | 1,070                                           | —                                                         | —                                     | —                          | —                                                         |
| DTUs vested during the period                                         | —                      | (1,144)                                         | —                                                         | —                                     | —                          | —                                                         |
| Contributions/(distributions)                                         | 993                    | —                                               | —                                                         | —                                     | 1,511                      | —                                                         |
| Dispositions                                                          | (10,307)               | —                                               | —                                                         | —                                     | —                          | —                                                         |
| Total gains or losses for the period included in net earnings (loss): |                        |                                                 |                                                           |                                       |                            |                                                           |
| Change in fair value                                                  | (2,027)                | 9,022                                           | 48                                                        | (146)                                 | 386                        | 28                                                        |
| Foreign currency loss                                                 | (1,156)                | —                                               | —                                                         | —                                     | —                          | —                                                         |
| Included in other comprehensive income:                               |                        |                                                 |                                                           |                                       |                            |                                                           |
| Change in fair value                                                  | —                      | —                                               | —                                                         | (1,916)                               | —                          | —                                                         |
| <b>Balance, September 30, 2019</b>                                    | <b>\$ 60,588</b>       | <b>\$ 29,792</b>                                | <b>\$ 76</b>                                              | <b>\$ (2,589)</b>                     | <b>\$ 66,661</b>           | <b>\$ (204)</b>                                           |

<sup>(1)</sup> Included within other instruments in other financial assets and within accounts payable and other liabilities.

## 22. Share-based compensation

### Stock Option Plan

The Company has a stock option plan under which key officers and employees are granted options to purchase Subordinate Voting Shares. Each option granted can be exercised for one Subordinate Voting Share.

|                                           | September 30, 2019 |                                    | December 31, 2018 |                                    |
|-------------------------------------------|--------------------|------------------------------------|-------------------|------------------------------------|
|                                           | Options            | Weighted average<br>exercise price | Options           | Weighted average<br>exercise price |
| Options outstanding, beginning of period  | 1,892,100          | \$ 8.39                            | 1,809,050         | \$ 8.44                            |
| Granted                                   | 149,175            | 7.18                               | 147,050           | 7.44                               |
| Exercised                                 | (12,000)           | 7.76                               | (24,583)          | 7.93                               |
| Forfeited                                 | (5,833)            | 7.76                               | (39,417)          | 7.55                               |
| <b>Options outstanding, end of period</b> | <b>2,023,442</b>   | <b>\$ 8.31</b>                     | <b>1,892,100</b>  | <b>\$ 8.39</b>                     |
| <b>Options exercisable, end of period</b> | <b>1,268,647</b>   | <b>\$ 8.78</b>                     | <b>1,061,663</b>  | <b>\$ 8.87</b>                     |

As at September 30, 2019, 2,023,442 options were outstanding under the stock option plan collectively. The fair value of the stock options granted in the period ended and outstanding as at September 30, 2019 was estimated on the historical grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

|                                     |           |
|-------------------------------------|-----------|
| Risk-free interest rate             | 1.9%      |
| Estimated volatility <sup>(1)</sup> | 22.0%     |
| Expected life                       | 6.5 years |
| Contractual life                    | 10 years  |
| Expected dividend yield             | —%        |

<sup>(1)</sup> Estimated volatility is based on a blended rate of market comparables and the Company's historical volatility.

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During the three and nine months ended September 30, 2019, the Company recognized \$110 and \$319, respectively (three and nine months ended September 30, 2018 – \$174 and \$462), of share-based compensation expense related to stock options, primarily recognized in general and administrative expense.

### Performance Share Unit Plan

Performance share units ("PSUs") may be granted to current employees and are subject to either time vesting only, or time and performance vesting. PSUs subject to performance vesting provide the holder with a minimum of 0 and a maximum of 1.5 Subordinate Voting Shares based on the achievement of predetermined Company performance goals. In lieu of receiving Subordinate Voting Shares on vesting, PSU holders have the right to request a cash payment equal to the five-day trailing weighted average share price of the Company's Subordinate Voting Shares on the vesting date or settlement date, when applicable; however, the form of payment on vesting is ultimately the decision of the Company.

|                                         | September 30, 2019 |                                           | December 31, 2018 |                                           |
|-----------------------------------------|--------------------|-------------------------------------------|-------------------|-------------------------------------------|
|                                         | Units              | Weighted average fair value at grant date | Units             | Weighted average fair value at grant date |
| Units outstanding, beginning of period  | 634,252            | \$ 7.03                                   | 328,526           | \$ 6.62                                   |
| Granted                                 | 338,930            | 7.18                                      | 334,130           | 7.44                                      |
| Forfeited                               | —                  | —                                         | (28,404)          | 7.03                                      |
| <b>Units outstanding, end of period</b> | <b>973,182</b>     | <b>\$ 7.08</b>                            | <b>634,252</b>    | <b>\$ 7.03</b>                            |

During the three and nine months ended September 30, 2019, compensation expense of \$579 and \$1,514, respectively (three and nine months ended September 30, 2018 – \$384 and \$1,040), related to this plan was primarily recognized in general and administrative expense.

The fair value of PSUs granted in the period and outstanding as at September 30, 2019 was estimated on the historical grant date with the following assumptions:

|                         |          |
|-------------------------|----------|
| Risk-free interest rate | 1.8%     |
| Expected life           | 3 years  |
| Contractual life        | 10 years |
| Expected dividend yield | —%       |

### Deferred Share Unit Plan

The Company has a deferred share unit incentive plan pursuant to which deferred share units ("DSUs") may be granted to eligible directors, senior management and certain service providers. As at September 30, 2019, there were 364,782 units outstanding (December 31, 2018 – 273,839 units outstanding). During the three and nine months ended September 30, 2019, compensation expense of \$116 and \$681, respectively (three and nine months ended September 30, 2018 – \$116 and \$662), related to this plan was recognized in general and administrative expense.

|                                         | September 30, 2019 | December 31, 2018 |
|-----------------------------------------|--------------------|-------------------|
| Units outstanding, beginning of period  | 273,839            | 186,546           |
| Granted and reinvested                  | 90,943             | 87,293            |
| <b>Units outstanding, end of period</b> | <b>364,782</b>     | <b>273,839</b>    |

The net changes in contributed surplus relating to share-based compensation for the stock option plan, preferred share unit plan and deferred share unit plan were as follows:

|                               | September 30, 2019 | December 31, 2018 |
|-------------------------------|--------------------|-------------------|
| Balance, beginning of period  | \$ 8,049           | \$ 5,341          |
| Granted                       | 2,538              | 2,708             |
| <b>Balance, end of period</b> | <b>\$ 10,587</b>   | <b>\$ 8,049</b>   |

## Notes to the Condensed Consolidated Financial Statements

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### 23. Earnings per share

Basic earnings per share is calculated by dividing the Company's earnings attributable to outside shareholders of the Company by the weighted average number of shares outstanding in the period.

Diluted earnings per share is calculated by dividing the Company's earnings attributable to the outside shareholders of the Company by the weighted average number of shares outstanding after the dilutive effect of the Preference shares, series 1, stock options, preferred share units and deferred share units. The diluted weighted average number of shares used in the diluted earnings per share calculation is determined by assuming that the total proceeds received for the conversion of such units is used to repurchase Subordinate Voting Shares at the average selling price of such publicly traded units over the term of the calculation.

The following table summarizes the basic and diluted earnings per share and the weighted average number of shares outstanding:

|                                                                                               | For the three months ended September 30, |             | For the nine months ended September 30, |             |
|-----------------------------------------------------------------------------------------------|------------------------------------------|-------------|-----------------------------------------|-------------|
|                                                                                               | 2019                                     | 2018        | 2019                                    | 2018        |
| Earnings (loss) attributable to the outside shareholders of the Company                       | \$ 27,135                                | \$ 15,283   | \$ (17,860)                             | \$ 135,206  |
| Diluted earnings per share adjustments for Preference shares, series 1                        | 587                                      | —           | —                                       | 2,033       |
| Earnings (loss) for diluted earnings per share                                                | \$ 27,722                                | \$ 15,283   | \$ (17,860)                             | \$ 137,239  |
| Weighted average number of shares outstanding:                                                |                                          |             |                                         |             |
| Dream Subordinate Voting Shares                                                               | 102,740,921                              | 105,138,780 | 103,487,573                             | 105,595,804 |
| Dream Class B Shares                                                                          | 3,114,911                                | 3,115,299   | 3,114,971                               | 3,115,299   |
| Total weighted average number of shares                                                       | 105,855,832                              | 108,254,079 | 106,602,544                             | 108,711,103 |
| Effect of dilutive securities on weighted average number of shares outstanding at period-end: |                                          |             |                                         |             |
| Share-based compensation <sup>(1)</sup>                                                       | 1,011,482                                | 609,820     | —                                       | 470,005     |
| Preference shares, series 1                                                                   | 3,331,371                                | —           | —                                       | 3,771,461   |
| Total weighted average number of shares outstanding after dilution                            | 110,198,685                              | 108,863,899 | 106,602,544                             | 112,952,569 |
| Basic earnings (loss) per share                                                               | \$ 0.26                                  | \$ 0.14     | \$ (0.17)                               | \$ 1.24     |
| Diluted earnings (loss) per share                                                             | \$ 0.25                                  | \$ 0.14     | \$ (0.17)                               | \$ 1.22     |

<sup>(1)</sup> For the three months ended September 30, 2019, 989,175 stock options were considered anti-dilutive (three months ended September 30, 2018 – 991,425 stock options (including PSUs) and 4,005,729 Preference shares, series 1). For the nine months ended September 30, 2019, 2,923,113 stock options (including PSUs) and 3,331,371 Preference shares, series 1 were considered anti-dilutive (nine months ended September 30, 2018 – 997,883 stock options (including PSUs)).

### 24. Commitments and contingencies

#### Letters of Credit and Surety Bonds

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 \$85,647 (December 31, 2018 – \$91,672). The Company is also contingently liable for bonds that have been provided to support certain urban development condominium partnerships that expire at the end of a specified warranty period.

The Company is committed to pay levies in the future of up to \$1,252 (December 31, 2018 – \$1,252) relating to signed municipal agreements on commencement of development of certain real estate assets. Additional development costs may also be required to satisfy the requirements of these municipal agreements.

#### Joint Operations, Co-ownerships, Joint Ventures and Associates

The Company may conduct its real estate activities from time to time through joint operations and joint ventures with third-party partners. The Company was contingently liable for the obligations of the other owners of the unincorporated joint operations and joint ventures in the amount of \$46,206 as at September 30, 2019 (December 31, 2018 – \$15,609). The Company would have available to it the other co-venturers' share of assets to satisfy any obligations that may arise.

#### Dream Alternatives

During the nine months ended September 30, 2019, the Company, through a subsidiary of Dream Alternatives, continued to provide a guarantee for up to \$45,000 pursuant to the requirements of a senior construction loan associated with a participating mortgage. 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 \$7,500 (December 31, 2018 - \$7,500). As at September 30, 2019, the Company is contingently liable under guarantees that are issued on certain debt assumed by purchasers of income properties up to an amount of \$2,762 (December 31, 2018 - \$44,157).

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Dream Alternatives is contingently liable for letters of credit in the amount of \$3,597 (December 31, 2018 - \$1,395) that have been provided to support third party performance.

## Legal Contingencies

The Company 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 the Company.

## 25. Asset management and management services agreements and related party transactions

### Material Transactions with Dream Industrial REIT and Dream Global REIT

The Company entered into asset management agreements with Dream Global REIT and Dream Industrial REIT, effective August 2011 and October 2012, respectively, pursuant to which the Company provides each entity a range of management and advisory services. The Company receives revenue in respect of these services including base annual management fees, acquisition fees, financing fees, capital expenditure fees and incentive fees, determined in accordance with the formulas set forth in the respective agreements. The incentive fee is payable in respect of each 12-month period during the term of the applicable agreement in an amount equal to 15% of the applicable Trust's adjusted funds from operations per unit as defined in the applicable asset management agreement, inclusive of gains on the disposition of any properties, in excess of a hurdle amount. The amount of the incentive fee payable by either Dream Global REIT or Dream Industrial REIT, is contingent on a variety of factors, including, but not limited to, changes in the fair value of investment properties, timing of dispositions and foreign exchange rates. Each of the asset management agreements has an initial term of 10 years and is renewable for further five-year terms. Subject to the termination provisions in the respective agreements, the Company is automatically reappointed at the expiration of each five-year term. Upon termination of the relevant asset management agreement, all accrued fees, including the incentive fee, become payable to the Company in accordance with the provisions of the applicable agreements. In such circumstances or if Dream Global REIT or Dream Industrial REIT is acquired, the incentive fee is calculated as if all of the applicable REIT's properties were sold on the applicable date.

In addition, the Company has entered into shared services and cost sharing agreements ("shared services agreements") with each of Dream Industrial REIT and Dream Global REIT. Pursuant to the agreements, Dream Industrial REIT and Dream Global REIT reimburse the Company for shared costs allocated in each calendar year on a cost recovery basis.

On September 15, 2019, the Company and Dream Global REIT announced that Dream Global REIT had entered into a master acquisition agreement with affiliates of real estate funds managed by The Blackstone Group Inc. ("Blackstone"), pursuant to which Blackstone will acquire all of Dream Global REIT's subsidiaries and assets. Simultaneously, DAM entered into a separation agreement with Blackstone with respect to its asset management agreement. Effective September 15, 2019, the Company will continue to earn base asset management fees on the REIT's portfolio until the point of the transaction close. All other fees and cost recoveries under the asset management agreement and shared services agreements ceased. Upon transaction closing, Dream expects to receive aggregate net proceeds of almost \$400,000 after tax both in respect of its asset management agreement and units owned directly in Dream Global REIT. Proceeds include \$275,150 in satisfaction of the obligation to pay the incentive fee provided for in the asset management agreement, \$120,000 to purchase the asset management agreement, \$86,125 in respect of units and deferred trust units owned and \$26,433 to reimburse DAM and certain other entities in the Dream group of companies, for expenses to be incurred as part of the separation of Dream Global REIT from the Dream platform, not including applicable taxes and transaction costs.

Concurrently with the execution of the separation agreement, DAM entered into a transition services agreement, pursuant to which DAM will provide certain transition services between the transaction close and March 31, 2020.

During the three and nine months ended September 30, 2019 and 2018, the Company earned/recovered the following amounts pursuant to its asset management and advisory services and shared services agreements:

|                                                                                | For the three months ended September 30, |          | For the nine months ended September 30, |          |
|--------------------------------------------------------------------------------|------------------------------------------|----------|-----------------------------------------|----------|
|                                                                                | 2019                                     | 2018     | 2019                                    | 2018     |
| Asset management fees charged by Dream to Dream Industrial REIT <sup>(1)</sup> | \$ 1,607                                 | \$ 1,824 | \$ 6,658                                | \$ 5,125 |
| Asset management fees charged by Dream to Dream Global REIT <sup>(2)</sup>     | 3,996                                    | 5,515    | 14,533                                  | 13,522   |
| Cost recoveries charged by Dream to Dream Industrial REIT                      | 176                                      | 159      | 509                                     | 500      |
| Cost recoveries charged by Dream to Dream Global REIT                          | 25                                       | 299      | 617                                     | 841      |

<sup>(1)</sup> Included in asset management fees charged to Dream Industrial REIT for the three and nine months ended September 30, 2019 were incentive fees of \$nil (2018 - \$nil).

<sup>(2)</sup> Included in asset management fees charged to Dream Global REIT for the three and nine months ended September 30, 2019 were incentive fees of \$nil and \$2,246, respectively (2018 - \$nil).

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Included in accounts receivable are balances due from Dream Industrial REIT and Dream Global REIT related to asset management agreements and cost sharing agreements as follows:

|                       | September 30, 2019 | December 31, 2018 |
|-----------------------|--------------------|-------------------|
| Dream Industrial REIT | \$ 651             | \$ 606            |
| Dream Global REIT     | 648                | 5,047             |
|                       | <b>\$ 1,299</b>    | <b>\$ 5,653</b>   |

### Material Transactions with Dream Office REIT

During the nine months ended September 30, 2019, the Company and Dream Office REIT entered into a shared services agreement pursuant to which the Company will act as the development manager for Dream Office REIT's future development projects and Dream Office REIT will act as the property manager for the Company's stabilized investment properties. The shared services agreement maintains certain resource sharing arrangements between the Company and Dream Office REIT. Concurrently with the execution of the shared services agreement, the Company and Dream Office REIT terminated the existing Management Services Agreement and administrative services agreement. Under the shared services agreement, in connection with each future development project, the Company earns a development fee equal to 3.75% of the total net revenue of the development or, for rental properties, 3.75% of the IFRS value upon completion, without any promote or other incentive fees. In connection with the property management services provided by Dream Office REIT, the Company pays a fee equal to 3.5% of gross revenue of the portfolio.

Amounts charged under both agreements during the three and nine months ended September 30, 2019 and 2018 are as follows:

|                                                       | For the three months ended September 30, |        | For the nine months ended September 30, |          |
|-------------------------------------------------------|------------------------------------------|--------|-----------------------------------------|----------|
|                                                       | 2019                                     | 2018   | 2019                                    | 2018     |
| Costs recovered from Dream Office REIT                | \$ 474                                   | \$ 837 | \$ 1,584                                | \$ 2,849 |
| Cost recoveries charged by Dream Office REIT to Dream | 1,642                                    | 1,844  | 4,822                                   | 4,700    |
| Fees charged by Dream to Dream Office REIT            | 589                                      | —      | 884                                     | —        |
| Fees charged by Dream Office REIT to Dream            | 57                                       | —      | 162                                     | —        |

The amount owing from Dream Office REIT as of September 30, 2019 was \$454 (December 31, 2018 – amount owed to Dream Office REIT of \$457).

### Distributions Earned from Investments

The Company earned distributions from Dream Global REIT and Dream Office REIT (Notes 4 and 10).

### Other Transactions

Included in other financial assets as at September 30, 2019 is \$20,321 (December 31, 2018 – \$19,052) relating to co-owned commercial assets acquired jointly with Dream Global REIT. Loans from Dream Global REIT relating to these co-owned commercial assets totalling \$17,431 (December 31, 2018 – \$9,072) were included in accounts payable and other liabilities owing to Dream Global REIT as at September 30, 2019 of \$17,440 (December 31, 2018 – \$9,440).

In the nine months ended September 30, 2019, two project-level property management agreements with Dream Industrial REIT were terminated.

In the year ended December 31, 2018, the Company, along with Dream Office REIT, entered into a strategic partnership, Alate Partners, focused on the property technology market. The Company and Dream Office REIT each hold a 25% interest in Alate Partners, included within other development interests in equity accounted investments. As at September 30, 2019, the Company had funded \$4,286 into Alate Partners (December 31, 2018 - \$1,541).

## 26. Supplementary cash flow information

Components of other adjustments include:

|                                                         | For the nine months ended September 30, |                    |
|---------------------------------------------------------|-----------------------------------------|--------------------|
|                                                         | 2019                                    | 2018               |
| Dream Global REIT deferred trust units                  | \$ (1,070)                              | \$ (1,027)         |
| Accrued interest on loans receivable and other expenses | (6,939)                                 | (4,322)            |
| Share-based compensation expense                        | 2,538                                   | 2,251              |
| Fair value changes in financial instruments             | (21,218)                                | (8,452)            |
| Non-cash acquisition of properties, net                 | (1,059)                                 | (7,299)            |
| Other                                                   | 3,960                                   | 4,593              |
|                                                         | <b>\$ (23,788)</b>                      | <b>\$ (14,256)</b> |

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Components of changes in non-cash working capital include:

|                                              | For the nine months ended September 30, |           |
|----------------------------------------------|-----------------------------------------|-----------|
|                                              | 2019                                    | 2018      |
| Accounts receivable                          | \$ 6,621                                | \$ 40,287 |
| Accounts payable and other liabilities       | 38,098                                  | 40,753    |
| Income and other taxes payable               | 4,734                                   | (32,263)  |
| Provision for real estate development costs  | (5,286)                                 | (425)     |
| Deposits                                     | 67                                      | (1,585)   |
| Restricted cash                              | 8,000                                   | (4,968)   |
| Inventory, prepaid expenses and other assets | (4,290)                                 | 642       |
|                                              | \$ 47,944                               | \$ 42,441 |

The breakdown of cash and cash equivalents is as follows:

|                                            | September 30, 2019 | December 31, 2018 |
|--------------------------------------------|--------------------|-------------------|
| Cash                                       | \$ 47,822          | \$ 63,955         |
| Money market funds, term deposits and GICs | 184                | 338               |
|                                            | \$ 48,006          | \$ 64,293         |

## 27. Segmented information

Management has determined the operating segments based on the reports reviewed by the President and Chief Responsible Officer and senior management. Gross margin represents revenue, less direct operating costs, excluding selling, marketing and other operating costs. Net margin represents gross margin, as defined above, including selling, marketing and other operating costs. Used as a percentage of revenue to evaluate operational efficiency, these margins are employed as fundamental business considerations in updating budgets, forecasts and strategic planning. The allocation of other components of earnings would not assist management in the evaluation of the segments' contributions to earnings and are categorized as Corporate and other.

The Company has reviewed its segment reporting taking into consideration how the Company presents information for financial reporting and management decision making. The Company has retrospectively applied the below segment presentation for all periods presented.

The Company's operating segments are as follows:

- *Asset management and investments in publicly listed funds ("asset management")* includes managing the publicly listed funds and various development partnerships, in addition to equity interests in Dream Office REIT and Dream Global REIT.
- *Stabilized income generating assets* includes Arapahoe Basin, a ski hill in Colorado, income producing assets in Western Canada and Toronto, and the ownership of a renewable power portfolio.
- *Urban development - Toronto & Ottawa* includes condominium, purpose-built residential and mixed-use development in the Greater Toronto Area and Ottawa/Gatineau regions.
- *Western Canada community development* includes land, housing and retail/commercial/multi-family development in Saskatchewan and Alberta.
- *Dream Alternatives* includes the operating activity of Dream Alternatives' portfolio of real estate development opportunities and alternative assets.

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## Segmented Statement of Net Earnings

Segmented revenue and expenditures for the three and nine months ended September 30, 2019 and 2018 are as follows:

| For the three months ended September 30, 2019                    |                     |                                              |                                               |                                            |                        |                       |                              |                       |  |
|------------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|--------------------------------------------|------------------------|-----------------------|------------------------------|-----------------------|--|
|                                                                  | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western Canada<br>community<br>development | Corporate and<br>other | Dream<br>Alternatives | Consolidation<br>adjustments | Consolidated<br>Dream |  |
| Revenue                                                          | \$ 8,540            | \$ 10,421                                    | \$ 4,432                                      | \$ 28,185                                  | \$ —                   | \$ 14,450             | \$ (1,959)                   | \$ 64,069             |  |
| Direct operating costs                                           | (3,727)             | (8,791)                                      | (3,311)                                       | (23,112)                                   | —                      | (3,828)               | (251)                        | (43,020)              |  |
| Gross margin                                                     | 4,813               | 1,630                                        | 1,121                                         | 5,073                                      | —                      | 10,622                | (2,210)                      | 21,049                |  |
| Selling, marketing,<br>depreciation and other<br>operating costs | —                   | (2,153)                                      | (2,477)                                       | (5,626)                                    | —                      | —                     | —                            | (10,256)              |  |
| Net margin                                                       | 4,813               | (523)                                        | (1,356)                                       | (553)                                      | —                      | 10,622                | (2,210)                      | 10,793                |  |
| Fair value changes in<br>investment properties                   | —                   | (303)                                        | —                                             | (20)                                       | —                      | (6,316)               | (60)                         | (6,699)               |  |
| Investment and other<br>income                                   | 737                 | 529                                          | 1,346                                         | 334                                        | 85                     | 780                   | (58)                         | 3,753                 |  |
| Interest expense                                                 | (1,117)             | (1,601)                                      | 261                                           | (1,970)                                    | (3,466)                | (2,542)               | 76                           | (10,359)              |  |
| Fair value changes in<br>financial instruments                   | 14,296              | (24)                                         | —                                             | —                                          | 68                     | 500                   | —                            | 14,840                |  |
| Share of earnings from<br>equity accounted<br>investments        | 8,669               | 3,586                                        | 89                                            | 3,804                                      | —                      | 4,615                 | (133)                        | 20,630                |  |
| Net segment earnings<br>(loss)                                   | \$ 27,398           | \$ 1,664                                     | \$ 340                                        | \$ 1,595                                   | \$ (3,313)             | \$ 7,659              | \$ (2,385)                   | \$ 32,958             |  |
| General and administrative expenses                              |                     |                                              |                                               |                                            | (3,626)                | (4,131)               | 2,223                        | (5,534)               |  |
| Adjustments related to Dream Alternatives trust units            |                     |                                              |                                               |                                            | —                      | —                     | 2,831                        | 2,831                 |  |
| Income tax recovery (expense)                                    |                     |                                              |                                               |                                            | (1,462)                | (673)                 | (953)                        | (3,088)               |  |
| Net earnings (loss) <sup>(1)</sup>                               | \$                  |                                              |                                               |                                            | \$ (8,401)             | \$ 2,855              | \$ 1,716                     | \$ 27,167             |  |

<sup>(1)</sup> Includes earnings attributable to non-controlling interest.

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| For the three months ended September 30, 2018                    |                     |                                              |                                               |                                            |                        |                       |                              |                       |  |  |
|------------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|--------------------------------------------|------------------------|-----------------------|------------------------------|-----------------------|--|--|
|                                                                  | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western Canada<br>community<br>development | Corporate and<br>other | Dream<br>Alternatives | Consolidation<br>adjustments | Consolidated<br>Dream |  |  |
| Revenue                                                          | \$ 11,084           | \$ 10,209                                    | \$ 754                                        | \$ 29,838                                  | \$ —                   | \$ 15,232             | \$ (2,620)                   | \$ 64,497             |  |  |
| Direct operating costs                                           | (2,764)             | (8,489)                                      | (458)                                         | (22,454)                                   | —                      | (5,492)               | (583)                        | (40,240)              |  |  |
| Gross margin                                                     | 8,320               | 1,720                                        | 296                                           | 7,384                                      | —                      | 9,740                 | (3,203)                      | 24,257                |  |  |
| Selling, marketing,<br>depreciation and other<br>operating costs | —                   | (1,861)                                      | (2,158)                                       | (7,994)                                    | —                      | —                     | —                            | (12,013)              |  |  |
| Net margin                                                       | 8,320               | (141)                                        | (1,862)                                       | (610)                                      | —                      | 9,740                 | (3,203)                      | 12,244                |  |  |
| Fair value changes in<br>investment properties                   | —                   | 8,840                                        | —                                             | (935)                                      | —                      | (476)                 | —                            | 7,429                 |  |  |
| Investment and other<br>income                                   | 756                 | 20                                           | 289                                           | 416                                        | 994                    | 611                   | 24                           | 3,110                 |  |  |
| Interest expense                                                 | (979)               | (1,677)                                      | (17)                                          | (1,104)                                    | (4,095)                | (2,284)               | 182                          | (9,974)               |  |  |
| Fair value changes in<br>financial instruments                   | 2,728               | 8                                            | —                                             | —                                          | 217                    | (406)                 | —                            | 2,547                 |  |  |
| Share of earnings from<br>equity accounted<br>investments        | 8,773               | 3,234                                        | (192)                                         | 101                                        | —                      | (209)                 | 78                           | 11,785                |  |  |
| Net segment earnings<br>(loss)                                   | \$ 19,598           | \$ 10,284                                    | \$ (1,782)                                    | \$ (2,132)                                 | \$ (2,884)             | \$ 6,976              | \$ (2,919)                   | \$ 27,141             |  |  |
| General and administrative expenses                              |                     |                                              |                                               |                                            | (4,457)                | (3,682)               | 2,541                        | (5,598)               |  |  |
| Adjustments related to Dream Alternatives trust units            |                     |                                              |                                               |                                            | —                      | —                     | 1,226                        | 1,226                 |  |  |
| Income tax expense                                               |                     |                                              |                                               |                                            | (4,979)                | (2,286)               | (225)                        | (7,490)               |  |  |
| Net earnings (loss) <sup>(1)</sup>                               |                     |                                              |                                               |                                            | \$ (12,320)            | \$ 1,008              | \$ 623                       | \$ 15,279             |  |  |

<sup>(1)</sup> Includes earnings attributable to non-controlling interest.

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| For the nine months ended September 30, 2019                     |                     |                                              |                                               |                                               |                        |                       |                              |                       |  |
|------------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|-----------------------|------------------------------|-----------------------|--|
|                                                                  | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate and<br>other | Dream<br>Alternatives | Consolidation<br>adjustments | Consolidated<br>Dream |  |
| Revenue                                                          | \$ 31,527           | \$ 53,827                                    | \$ 23,429                                     | \$ 51,776                                     | \$ —                   | \$ 42,846             | \$ (6,335)                   | \$ 197,070            |  |
| Direct operating costs                                           | (10,756)            | (33,226)                                     | (17,989)                                      | (37,848)                                      | —                      | (14,094)              | (1,243)                      | (115,156)             |  |
| Gross margin                                                     | 20,771              | 20,601                                       | 5,440                                         | 13,928                                        | —                      | 28,752                | (7,578)                      | 81,914                |  |
| Selling, marketing,<br>depreciation and other<br>operating costs | —                   | (5,998)                                      | (7,955)                                       | (18,758)                                      | —                      | —                     | —                            | (32,711)              |  |
| Net margin                                                       | 20,771              | 14,603                                       | (2,515)                                       | (4,830)                                       | —                      | 28,752                | (7,578)                      | 49,203                |  |
| Fair value changes in<br>investment properties                   | —                   | (3,007)                                      | —                                             | 2,996                                         | —                      | (6,055)               | (410)                        | (6,476)               |  |
| Investment and other<br>income                                   | 2,570               | 566                                          | 2,411                                         | 985                                           | 481                    | 1,866                 | 459                          | 9,338                 |  |
| Interest expense                                                 | (3,767)             | (3,623)                                      | (24)                                          | (5,249)                                       | (11,075)               | (7,139)               | 226                          | (30,651)              |  |
| Fair value changes in<br>financial instruments                   | 25,078              | (146)                                        | —                                             | —                                             | 76                     | (3,790)               | —                            | 21,218                |  |
| Share of earnings from<br>equity accounted<br>investments        | 26,271              | 7,141                                        | 140                                           | 4,011                                         | —                      | 14,237                | 386                          | 52,186                |  |
| Net segment earnings (loss)                                      | \$ 70,923           | \$ 15,534                                    | \$ 12                                         | \$ (2,087)                                    | \$ (10,518)            | \$ 27,871             | \$ (6,917)                   | \$ 94,818             |  |
| General and administrative expenses                              |                     |                                              |                                               |                                               | (11,475)               | (12,905)              | 6,605                        | (17,775)              |  |
| Adjustments related to Dream Alternatives trust units            |                     |                                              |                                               |                                               | —                      | —                     | (94,946)                     | (94,946)              |  |
| Income tax recovery (expense)                                    |                     |                                              |                                               |                                               | (10,720)               | (2,558)               | 13,735                       | 457                   |  |
| Net earnings (loss) <sup>(1)</sup>                               |                     |                                              |                                               |                                               | \$ (32,713)            | \$ 12,408             | \$ (81,523)                  | \$ (17,446)           |  |

<sup>(1)</sup> Includes earnings attributable to non-controlling interest.

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

| For the nine months ended September 30, 2018                     |                     |                                              |                                               |                                            |                        |                       |                              |                       |  |  |
|------------------------------------------------------------------|---------------------|----------------------------------------------|-----------------------------------------------|--------------------------------------------|------------------------|-----------------------|------------------------------|-----------------------|--|--|
|                                                                  | Asset<br>management | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western Canada<br>community<br>development | Corporate and<br>other | Dream<br>Alternatives | Consolidation<br>adjustments | Consolidated<br>Dream |  |  |
| Revenue                                                          | \$ 30,447           | \$ 50,009                                    | \$ 3,825                                      | \$ 66,034                                  | \$ —                   | \$ 44,402             | \$ (8,799)                   | \$ 185,918            |  |  |
| Direct operating costs                                           | (7,990)             | (31,860)                                     | (2,294)                                       | (49,308)                                   | —                      | (16,670)              | (919)                        | (109,041)             |  |  |
| Gross margin                                                     | 22,457              | 18,149                                       | 1,531                                         | 16,726                                     | —                      | 27,732                | (9,718)                      | 76,877                |  |  |
| Selling, marketing,<br>depreciation and other<br>operating costs | —                   | (5,012)                                      | (6,542)                                       | (24,069)                                   | —                      | —                     | —                            | (35,623)              |  |  |
| Net margin                                                       | 22,457              | 13,137                                       | (5,011)                                       | (7,343)                                    | —                      | 27,732                | (9,718)                      | 41,254                |  |  |
| Fair value changes in<br>investment properties                   | —                   | 8,719                                        | —                                             | —                                          | —                      | (2,700)               | —                            | 6,019                 |  |  |
| Investment and other<br>income                                   | 2,429               | 334                                          | 1,614                                         | 1,124                                      | 1,049                  | 2,703                 | 43                           | 9,296                 |  |  |
| Interest expense                                                 | (2,417)             | (4,561)                                      | (115)                                         | (4,605)                                    | (9,473)                | (6,774)               | 182                          | (27,763)              |  |  |
| Fair value changes in<br>financial instruments                   | 15,987              | 92                                           | —                                             | —                                          | (356)                  | (102)                 | (7,169)                      | 8,452                 |  |  |
| Net gain on acquisition of<br>Dream Alternatives                 | 12,555              | —                                            | —                                             | —                                          | —                      | —                     | 117,437                      | 129,992               |  |  |
| Gain from disposition of<br>assets held for sale                 | —                   | —                                            | 9,422                                         | —                                          | —                      | —                     | —                            | 9,422                 |  |  |
| Share of earnings from<br>equity accounted<br>investments        | 21,503              | 5,184                                        | (651)                                         | (576)                                      | —                      | (502)                 | 2,729                        | 27,687                |  |  |
| Net segment earnings<br>(loss)                                   | \$ 72,514           | \$ 22,905                                    | \$ 5,259                                      | \$ (11,400)                                | \$ (8,780)             | \$ 20,357             | \$ 103,504                   | \$ 204,359            |  |  |
| General and administrative expenses                              |                     |                                              |                                               |                                            | (12,045)               | (11,449)              | 7,565                        | (15,929)              |  |  |
| Adjustments related to Dream Alternatives trust units            |                     |                                              |                                               |                                            | —                      | —                     | (45,598)                     | (45,598)              |  |  |
| Income tax recovery (expense)                                    |                     |                                              |                                               |                                            | (15,268)               | (2,001)               | 9,868                        | (7,401)               |  |  |
| Net earnings (loss) <sup>(1)</sup>                               |                     |                                              |                                               |                                            | \$ (36,093)            | \$ 6,907              | \$ 75,339                    | \$ 135,431            |  |  |

<sup>(1)</sup> Includes earnings attributable to non-controlling interest.

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

## Segmented Assets and Liabilities

Segmented assets and liabilities as at September 30, 2019 and December 31, 2018 were as follows:

| September 30, 2019                               |                                    |                                              |                                               |                                               |                        |                       |                                                |                       |
|--------------------------------------------------|------------------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|-----------------------|------------------------------------------------|-----------------------|
|                                                  | Asset<br>management <sup>(1)</sup> | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate and<br>other | Dream<br>Alternatives | Consolidation<br>and fair value<br>adjustments | Consolidated<br>Dream |
| <b>Assets</b>                                    |                                    |                                              |                                               |                                               |                        |                       |                                                |                       |
| Cash and cash equivalents                        | \$ —                               | \$ 9,612                                     | \$ 23,985                                     | \$ 3,775                                      | \$ 831                 | \$ 7,610              | \$ 2,193                                       | \$ 48,006             |
| Accounts receivable                              | 6,256                              | 7,963                                        | 44,898                                        | 86,924                                        | 13,060                 | 3,840                 | (1,923)                                        | 161,018               |
| Other financial assets                           | 193,886                            | 8                                            | 9,579                                         | —                                             | 76                     | 110,291               | (93,166)                                       | 220,674               |
| Lending portfolio                                | —                                  | —                                            | —                                             | —                                             | —                      | 139,195               | —                                              | 139,195               |
| Housing inventory                                | —                                  | —                                            | —                                             | 41,002                                        | —                      | —                     | —                                              | 41,002                |
| Condominium inventory                            | —                                  | —                                            | 301,195                                       | 5,647                                         | —                      | —                     | 14,905                                         | 321,747               |
| Land inventory                                   | —                                  | 808                                          | 2,092                                         | 574,162                                       | —                      | —                     | —                                              | 577,062               |
| Investment properties                            | —                                  | 167,801                                      | 30,671                                        | 35,082                                        | —                      | 214,104               | 15,846                                         | 463,504               |
| Recreational properties                          | —                                  | 47,623                                       | —                                             | —                                             | —                      | —                     | —                                              | 47,623                |
| Equity accounted investments                     | 373,588                            | 52,865                                       | 39,236                                        | 10,636                                        | —                      | 170,141               | (36,570)                                       | 609,896               |
| Capital and other operating assets               | —                                  | 6,218                                        | 30,230                                        | 6,963                                         | 4,819                  | 878                   | 8,783                                          | 57,891                |
| Intangible asset                                 | 43,000                             | —                                            | —                                             | —                                             | —                      | —                     | (43,000)                                       | —                     |
| Assets held for sale                             | —                                  | 49,000                                       | —                                             | —                                             | —                      | 149,325               | 10,729                                         | 209,054               |
| <b>Total assets</b>                              | <b>\$ 616,730</b>                  | <b>\$ 341,898</b>                            | <b>\$ 481,886</b>                             | <b>\$ 764,191</b>                             | <b>\$ 18,786</b>       | <b>\$ 795,384</b>     | <b>\$ (122,203)</b>                            | <b>\$ 2,896,672</b>   |
| <b>Liabilities</b>                               |                                    |                                              |                                               |                                               |                        |                       |                                                |                       |
| Accounts payable and other liabilities           | \$ 20,836                          | \$ 16,625                                    | \$ 79,228                                     | \$ 26,951                                     | \$ 20,646              | \$ 36,872             | \$ 24,884                                      | \$ 226,042            |
| Income and other taxes payable                   | —                                  | —                                            | —                                             | —                                             | 52,845                 | 1,418                 | —                                              | 54,263                |
| Provision for real estate development costs      | —                                  | —                                            | 3,050                                         | 25,517                                        | —                      | —                     | —                                              | 28,567                |
| Debt                                             | 100,000                            | 111,694                                      | 202,823                                       | 141,157                                       | 224,001                | 122,702               | 103                                            | 902,480               |
| Preference shares, series 1                      | —                                  | —                                            | —                                             | —                                             | 28,675                 | —                     | —                                              | 28,675                |
| Dream Alternatives trust units                   | —                                  | —                                            | —                                             | —                                             | —                      | —                     | 397,818                                        | 397,818               |
| Deferred income taxes                            | —                                  | —                                            | —                                             | —                                             | 79,883                 | 807                   | 5,065                                          | 85,755                |
| Liabilities associated with assets held for sale | —                                  | —                                            | —                                             | —                                             | —                      | 85,678                | 3,560                                          | 89,238                |
| <b>Total liabilities</b>                         | <b>\$ 120,836</b>                  | <b>\$ 128,319</b>                            | <b>\$ 285,101</b>                             | <b>\$ 193,625</b>                             | <b>\$ 406,050</b>      | <b>\$ 247,477</b>     | <b>\$ 431,430</b>                              | <b>\$ 1,812,838</b>   |
| Non-controlling interest                         | —                                  | —                                            | 57,244                                        | —                                             | —                      | 959                   | (38,158)                                       | 20,045                |
| <b>Total shareholders' equity</b>                | <b>\$ 495,894</b>                  | <b>\$ 213,579</b>                            | <b>\$ 139,541</b>                             | <b>\$ 570,566</b>                             | <b>\$ (387,264)</b>    | <b>\$ 546,948</b>     | <b>\$ (515,475)</b>                            | <b>\$ 1,063,789</b>   |

<sup>(1)</sup> Included in other financial assets is \$92,766 relating to the Company's investment in Dream Alternatives trust units that is eliminated in the consolidation and fair value adjustments column.

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

| December 31, 2018                           |                                    |                                              |                                               |                                               |                        |                       |                                                |                       |  |
|---------------------------------------------|------------------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|-----------------------|------------------------------------------------|-----------------------|--|
|                                             | Asset<br>management <sup>(1)</sup> | Stabilized<br>income<br>generating<br>assets | Urban<br>development -<br>Toronto &<br>Ottawa | Western<br>Canada<br>community<br>development | Corporate and<br>other | Dream<br>Alternatives | Consolidation<br>and fair value<br>adjustments | Consolidated<br>Dream |  |
| <b>Assets</b>                               |                                    |                                              |                                               |                                               |                        |                       |                                                |                       |  |
| Cash and cash equivalents                   | \$ —                               | \$ 7,897                                     | \$ 6,255                                      | \$ 1,606                                      | \$ 1,686               | \$ 46,730             | \$ 119                                         | \$ 64,293             |  |
| Accounts receivable                         | 8,329                              | 6,842                                        | 30,091                                        | 120,026                                       | 12,646                 | 2,821                 | (3,341)                                        | 177,414               |  |
| Other financial assets                      | 149,854                            | 610                                          | 10,650                                        | —                                             | 28                     | 122,908               | (71,699)                                       | 212,351               |  |
| Lending portfolio                           | —                                  | —                                            | —                                             | —                                             | —                      | 144,095               | —                                              | 144,095               |  |
| Housing inventory                           | —                                  | —                                            | —                                             | 56,605                                        | —                      | —                     | —                                              | 56,605                |  |
| Condominium inventory                       | —                                  | —                                            | 233,974                                       | 5,647                                         | —                      | —                     | —                                              | 239,621               |  |
| Land inventory                              | —                                  | 843                                          | 1,742                                         | 573,311                                       | —                      | —                     | —                                              | 575,896               |  |
| Investment properties                       | —                                  | 159,784                                      | —                                             | 18,171                                        | —                      | 224,921               | 9,895                                          | 412,771               |  |
| Recreational properties                     | —                                  | 49,241                                       | —                                             | —                                             | —                      | —                     | —                                              | 49,241                |  |
| Renewable power assets                      | —                                  | —                                            | —                                             | —                                             | —                      | 132,251               | 11,037                                         | 143,288               |  |
| Equity accounted investments                | 348,727                            | 47,067                                       | 33,657                                        | 6,534                                         | —                      | 132,528               | (18,753)                                       | 549,760               |  |
| Capital and other operating assets          | —                                  | 5,760                                        | 31,446                                        | 5,118                                         | 6,294                  | 5,023                 | 3                                              | 53,644                |  |
| Intangible asset                            | 43,000                             | —                                            | —                                             | —                                             | —                      | —                     | (43,000)                                       | —                     |  |
| Assets held for sale                        | —                                  | 72,587                                       | —                                             | —                                             | —                      | —                     | —                                              | 72,587                |  |
| <b>Total assets</b>                         | <b>\$ 549,910</b>                  | <b>\$ 350,631</b>                            | <b>\$ 347,815</b>                             | <b>\$ 787,018</b>                             | <b>\$ 20,654</b>       | <b>\$ 811,277</b>     | <b>\$ (115,739)</b>                            | <b>\$ 2,751,566</b>   |  |
| <b>Liabilities</b>                          |                                    |                                              |                                               |                                               |                        |                       |                                                |                       |  |
| Accounts payable and other liabilities      | \$ 13,974                          | \$ 19,652                                    | \$ 48,688                                     | \$ 31,522                                     | \$ 19,291              | \$ 25,888             | \$ 1,938                                       | \$ 160,953            |  |
| Income and other taxes payable              | —                                  | —                                            | —                                             | —                                             | 51,236                 | (1,707)               | —                                              | 49,529                |  |
| Provision for real estate development costs | —                                  | —                                            | 3,338                                         | 30,515                                        | —                      | —                     | —                                              | 33,853                |  |
| Debt                                        | 100,000                            | 111,853                                      | 141,056                                       | 111,234                                       | 224,083                | 195,492               | 3,888                                          | 887,606               |  |
| Preference shares, series 1                 | —                                  | —                                            | —                                             | —                                             | 28,672                 | —                     | —                                              | 28,672                |  |
| Dream Alternatives trust units              | —                                  | —                                            | —                                             | —                                             | —                      | —                     | 377,234                                        | 377,234               |  |
| Deferred income taxes                       | —                                  | —                                            | —                                             | —                                             | 75,662                 | (323)                 | 18,800                                         | 94,139                |  |
| <b>Total liabilities</b>                    | <b>\$ 113,974</b>                  | <b>\$ 131,505</b>                            | <b>\$ 193,082</b>                             | <b>\$ 173,271</b>                             | <b>\$ 398,944</b>      | <b>\$ 219,350</b>     | <b>\$ 401,860</b>                              | <b>\$ 1,631,986</b>   |  |
| <b>Non-controlling interest</b>             | <b>—</b>                           | <b>—</b>                                     | <b>43,935</b>                                 | <b>—</b>                                      | <b>—</b>               | <b>1,669</b>          | <b>(29,275)</b>                                | <b>16,329</b>         |  |
| <b>Total shareholders' equity</b>           | <b>\$ 435,936</b>                  | <b>\$ 219,126</b>                            | <b>\$ 110,798</b>                             | <b>\$ 613,747</b>                             | <b>\$ (378,290)</b>    | <b>\$ 590,258</b>     | <b>\$ (488,324)</b>                            | <b>\$ 1,103,251</b>   |  |

<sup>(1)</sup> Included in other financial assets is \$72,678 relating to the Company's investment in Dream Alternatives trust units that is eliminated in the consolidation and fair value adjustments column.

## Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

### 28. Classification of items in condensed consolidated statements of financial position

A summary of the classification between current and non-current assets and liabilities is presented below.

| September 30, 2019                               |                     |         |                        |         |                  |              |
|--------------------------------------------------|---------------------|---------|------------------------|---------|------------------|--------------|
|                                                  | Less than 12 months |         | Greater than 12 months |         | Non-determinable | Total        |
| Assets                                           |                     |         |                        |         |                  |              |
| Cash and cash equivalents                        | \$                  | 48,006  | \$                     | —       | \$               | 48,006       |
| Accounts receivable                              |                     | 125,319 |                        | 35,699  | —                | 161,018      |
| Other financial assets                           |                     | 87,048  |                        | 133,626 | —                | 220,674      |
| Lending portfolio                                |                     | 103,436 |                        | 35,759  | —                | 139,195      |
| Housing inventory                                |                     | —       |                        | —       | 41,002           | 41,002       |
| Condominium inventory                            |                     | —       |                        | —       | 321,747          | 321,747      |
| Land inventory                                   |                     | —       |                        | —       | 577,062          | 577,062      |
| Investment properties                            |                     | —       |                        | 463,504 | —                | 463,504      |
| Recreational properties                          |                     | —       |                        | 47,623  | —                | 47,623       |
| Equity accounted investments                     |                     | —       |                        | —       | 609,896          | 609,896      |
| Capital and other operating assets               |                     | 13,665  |                        | 44,226  | —                | 57,891       |
| Assets held for sale                             |                     | 209,054 |                        | —       | —                | 209,054      |
| Total assets                                     | \$                  | 586,528 | \$                     | 760,437 | \$ 1,549,707     | \$ 2,896,672 |
| Liabilities                                      |                     |         |                        |         |                  |              |
| Accounts payable and accrued liabilities         | \$                  | 137,966 | \$                     | 29,236  | \$ 58,840        | \$ 226,042   |
| Income and other taxes payable                   |                     | 54,263  |                        | —       | —                | 54,263       |
| Provision for real estate development costs      |                     | 28,567  |                        | —       | —                | 28,567       |
| Debt <sup>(1)</sup>                              |                     | 266,500 |                        | 635,980 | —                | 902,480      |
| Preference shares, series 1 <sup>(2)</sup>       |                     | 28,675  |                        | —       | —                | 28,675       |
| Dream Alternatives trust units <sup>(2)</sup>    |                     | —       |                        | —       | 397,818          | 397,818      |
| Deferred income taxes                            |                     | —       |                        | 85,755  | —                | 85,755       |
| Liabilities associated with assets held for sale |                     | 89,238  |                        | —       | —                | 89,238       |
| Total liabilities                                | \$                  | 605,209 | \$                     | 750,971 | \$ 456,658       | \$ 1,812,838 |

<sup>(1)</sup> The amounts presented are shown consistent with the contractual terms of repayment, which may be due on demand.

<sup>(2)</sup> Preference shares, series 1 and Dream Alternatives trust units may be redeemed at the option of the holder with no expiry date.

# Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

December 31, 2018

|                                               | Less than 12 months | Greater than 12 months | Non-determinable    | Total               |
|-----------------------------------------------|---------------------|------------------------|---------------------|---------------------|
| <b>Assets</b>                                 |                     |                        |                     |                     |
| Cash and cash equivalents                     | \$ 64,293           | \$ —                   | \$ —                | 64,293              |
| Accounts receivable                           | 146,461             | 30,953                 | —                   | 177,414             |
| Other financial assets                        | 8,111               | 204,240                | —                   | 212,351             |
| Lending portfolio                             | 96,968              | 47,127                 | —                   | 144,095             |
| Housing inventory                             | —                   | —                      | 56,605              | 56,605              |
| Condominium inventory                         | —                   | —                      | 239,621             | 239,621             |
| Land inventory                                | —                   | —                      | 575,896             | 575,896             |
| Investment properties                         | —                   | 412,771                | —                   | 412,771             |
| Recreational properties                       | —                   | 49,241                 | —                   | 49,241              |
| Renewable power assets                        | —                   | 143,288                | —                   | 143,288             |
| Equity accounted investments                  | —                   | —                      | 549,760             | 549,760             |
| Capital and other operating assets            | 10,406              | 43,238                 | —                   | 53,644              |
| Assets held for sale                          | 72,587              | —                      | —                   | 72,587              |
| <b>Total assets</b>                           | <b>\$ 398,826</b>   | <b>\$ 930,858</b>      | <b>\$ 1,421,882</b> | <b>\$ 2,751,566</b> |
| <b>Liabilities</b>                            |                     |                        |                     |                     |
| Accounts payable and accrued liabilities      | \$ 107,426          | \$ 19,416              | \$ 34,111           | 160,953             |
| Income and other taxes payable                | 49,529              | —                      | —                   | 49,529              |
| Provision for real estate development costs   | 33,853              | —                      | —                   | 33,853              |
| Debt <sup>(1)</sup>                           | 301,196             | 586,410                | —                   | 887,606             |
| Preference shares, series 1 <sup>(2)</sup>    | —                   | —                      | 28,672              | 28,672              |
| Dream Alternatives trust units <sup>(2)</sup> | —                   | —                      | 377,234             | 377,234             |
| Deferred income taxes                         | —                   | 94,139                 | —                   | 94,139              |
| <b>Total liabilities</b>                      | <b>\$ 492,004</b>   | <b>\$ 699,965</b>      | <b>\$ 440,017</b>   | <b>\$ 1,631,986</b> |

<sup>(1)</sup> The amounts presented are shown consistent with the contractual terms of repayment, which may be due on demand.

<sup>(2)</sup> Preference shares, series 1 may be redeemed at the option of the holder with no expiry date.

## 29. Comparative figures

Certain comparative balances have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2019 condensed consolidated financial statements.

## 30. Changes in accounting policies

### IFRS 16

The Company leases various office equipment, land and vehicles. Rental contracts are typically made for fixed periods of 1 to 25 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Prior to January 1, 2019, leases of property or equipment (including land leases) were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the condensed consolidated statement of earnings on a straight-line basis over the period of the lease.

Effective January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the condensed consolidated statement of earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that are based on an index or a rate; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

## Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 4.4%.

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the condensed consolidated statement of earnings. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise individual assets with a value less than \$10.

For leases previously classified as finance leases, the Company recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Company accounts for its leases in accordance with IFRS 16 from the date of initial application.

|                                                                                                |           | Total         |
|------------------------------------------------------------------------------------------------|-----------|---------------|
| Operating lease commitments disclosed as at December 31, 2018                                  | \$        | 24,793        |
| Finance lease liabilities recognized as at December 31, 2018                                   |           | 7,180         |
| Non-lease commitments disclosed as at December 31, 2018                                        |           | 5,674         |
|                                                                                                |           | 37,647        |
| Discounted using the lessee's incremental borrowing rate as of the date of initial application |           | (5,899)       |
| Less: Short-term & low value leases recognized on a straight-line basis as expense             |           | (952)         |
| Less: Adjustments as a result of a different treatment of extension and termination options    |           | (1,075)       |
| Less: Non-lease commitments                                                                    |           | (5,674)       |
| <b>Lease liability recognized as at January 1, 2019<sup>(1)</sup></b>                          | <b>\$</b> | <b>24,047</b> |
| Of which are due in:                                                                           |           |               |
| 2019                                                                                           | \$        | 1,991         |
| 2020                                                                                           |           | 1,939         |
| 2021                                                                                           |           | 1,736         |
| 2022                                                                                           |           | 1,388         |
| 2023                                                                                           |           | 1,384         |
| 2024+                                                                                          |           | 15,609        |

<sup>(1)</sup> Lease liability of \$24,047 recognized as at January 1, 2019 includes finance lease liabilities of \$7,180 previously recognized as at December 31, 2018.

The associated right-of-use assets for leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

|                                             | September 30, 2019 | January 1, 2019  |
|---------------------------------------------|--------------------|------------------|
| Property and equipment                      | \$ 4,015           | \$ 4,831         |
| Land leases related to assets held for sale | 11,581             | 12,036           |
| <b>Total right-of-use assets</b>            | <b>\$ 15,596</b>   | <b>\$ 16,867</b> |

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard: the reliance on previous assessments on whether leases are onerous; and the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made under IAS 17 and IFRIC 4, "Determining whether an Arrangement contains a Lease".

## Notes to the Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except numbers of shares and per share amounts)  
(unaudited)

### Impact on Date of Initial Application

|                                        | December 31, 2018 |         | IFRS 16 | January 1, 2019 |
|----------------------------------------|-------------------|---------|---------|-----------------|
| <b>Assets</b>                          |                   |         |         |                 |
| Capital and other operating assets     | \$                | 53,644  | \$      | 4,831           |
| Renewable power assets                 |                   | 143,288 |         | 12,036          |
|                                        |                   |         |         | <b>58,475</b>   |
|                                        |                   |         |         | <b>155,324</b>  |
| <b>Liabilities</b>                     |                   |         |         |                 |
| Accounts payable and other liabilities | \$                | 160,953 | \$      | 16,867          |
|                                        |                   |         |         | <b>177,820</b>  |



## Corporate Information

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### HEAD OFFICE

#### **Dream Unlimited Corp.**

State Street Financial Centre  
30 Adelaide Street East, Suite 301  
Toronto, Ontario M5C 3H1  
Phone: (416) 365-3535  
Fax: (416) 365-6565  
Website: [www.dream.ca](http://www.dream.ca)

### INVESTOR RELATIONS

Phone: (416) 365-3535  
Toll free: 1 877 365-3535  
Email: [info@dream.ca](mailto:info@dream.ca)  
Website: [www.dream.ca](http://www.dream.ca)

### TRANSFER AGENT

(for change of address, registration or  
other unitholder enquiries)

#### **Computershare Trust Company of Canada**

100 University Avenue, 8th Floor  
Toronto, Ontario M5J 2Y1  
Phone: (514) 982-7555 or  
1 800 564-6253  
Fax: (416) 263-9394 or  
1 888 453-0330  
Website: [www.computershare.com](http://www.computershare.com)  
Email: [service@computershare.com](mailto:service@computershare.com)

### AUDITOR

#### **PricewaterhouseCoopers LLP**

PwC Tower, 18 York Street, Suite 2600  
Toronto, Ontario M5J 0B2

### CORPORATE COUNSEL

#### **Osler, Hoskin & Harcourt LLP**

Box 50, 1 First Canadian Place, Suite 6200  
Toronto, Ontario M5X 1B8

### STOCK EXCHANGE LISTING

#### **The Toronto Stock Exchange**

##### **Listing Symbols:**

Subordinate Voting Shares: DRM  
Series 1 Preferred Shares: DRM.PR.A

For more information, please visit  
**[www.dream.ca](http://www.dream.ca)**

## Corporate Office

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State Street Financial Centre  
30 Adelaide Street East, Suite 301  
Toronto, Ontario M5C 3H1  
Phone: 416.365.3535  
Fax: 416.365.6565  
Website: [www.dream.ca](http://www.dream.ca)  
Email: [info@dream.ca](mailto:info@dream.ca)

