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, 2019 and the condensed financial statements as at and for the three and six months ended June 30, 2020, which can be found in the Company's annual filings on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). The financial statements underlying this MD&A, including 2019 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.

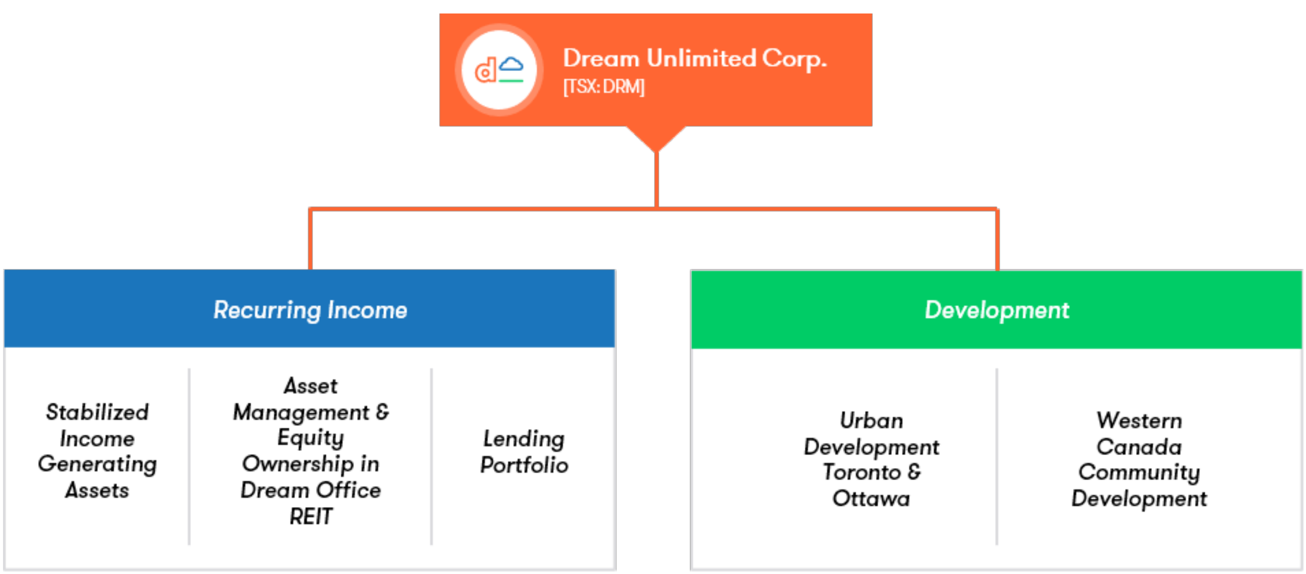
All dollar amounts in tables within this MD&A are in thousands of Canadian dollars, unless otherwise specified. Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. This MD&A is dated as of, and reflects all material events up to, August 11, 2020.

The "Forward-Looking Information" section of this MD&A includes important information concerning certain information found in this MD&A that contains or incorporates statements that constitute forward-looking information within the meaning of applicable securities laws. Readers are encouraged to read the "Forward-Looking Information" and "Risk Factors" sections of this MD&A for a discussion of the risks and uncertainties regarding this forward-looking information as there are a number of factors that could cause actual results to differ materially from those disclosed or implied by such forward-looking information.

Business Overview

Dream is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of $8 billion of assets under management across three Toronto Stock Exchange ("TSX") listed trusts and numerous partnerships. We also develop land and residential assets in Western Canada for immediate sale. Dream expects to generate more recurring income in the future as its development properties are completed and held for the long term. Dream has a proven track record for being innovative and for our ability to source, structure and execute on compelling investment opportunities. A comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of this MD&A.

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") in 1996 as a public company, its subsequent privatization in 2003 and reorganization in 2013, the creation of Dream Office REIT in 2003, the establishment of our asset management business, the creation of Dream Global REIT, Dream Industrial REIT and Dream Hard Asset Alternatives Trust ("Dream Alternatives" or "DAT") in 2011, 2012 and 2014, respectively, and the sale of the assets and subsidiaries of Dream Global REIT in 2019.



Summary of Results – Second Quarter of 2020

In the three months ended June 30, 2020, we successfully closed on the sale of our indirect interest in a renewable power portfolio to Potentia Renewables Inc. The sale generated pre-tax earnings of $34.2 million for Dream in the quarter, net of transaction costs, and provided $70.2 million in gross cash proceeds, which were received subsequent to period-end. The Company also completed the refinancing of the Distillery District, our 395,000 square foot ("sf") retail and commercial site in downtown Toronto, which provided an additional $42 million of liquidity for Dream. Proceeds from the transactions were used to pay down debt.

As of June 30, 2020, the Company had $378.1 million available under its revolving credit facilities and a conservative leverage position with a debt to total assets ratio of 27.0%. With the exception of Arapahoe Basin, our ski hill in Colorado, results for the quarter were minimally impacted by the ongoing COVID-19 pandemic. In response to government mandated closures, Arapahoe Basin was required to close from mid-March through May, resulting in a $5.8 million decline in net operating income for the three months ended June 30, 2020 relative to the prior year. We continue to work with our retail and commercial tenants on a case-by-case basis providing temporary rent deferrals and by participating in the Canada Emergency Commercial Rent Assistance program ("CECRA"), which provides qualifying small businesses a 75% rent abatement from landlords. Inclusive of retail in Western Canada, Dream's average monthly rent collection in the three months ended June 30, 2020 exceeded 88%. Our continued focus to maintain a strong balance sheet and allocate capital prudently has provided us with the flexibility to manage our business effectively during this uncertain time.

Recurring Income

In the three months ended June 30, 2020, our recurring income segment generated revenue and net operating income of $19.8 million and $4.2 million, respectively, compared to $42.5 million and $21.8 million, respectively, in the prior period. The decrease was driven by the temporary closure of Arapahoe Basin and reduced income from Dream Alternatives' portfolio due to prior year asset dispositions and loan repayments in line with the Trust's strategic plan. Included in revenue for the quarter was $5.8 million relating to asset management and development contracts with Dream Industrial REIT, Dream Office REIT and our partnerships, which is expected to grow over time as we actively pursue new asset management opportunities.

On July 8, 2020, we successfully closed on the acquisition of a 1,200-unit apartment portfolio located in Dallas, Texas for a gross purchase price of $178.0 million USD. The acquisition was funded through agency and mezzanine debt and cash on hand of $11.1 million USD. As of July 24, 2020, 95% of units across the five properties were occupied. Dream has a 50% interest in the portfolio, alongside our partner, Pauls Corp.

Across the Dream group platform, which includes assets held through the Company, Dream Alternatives and Dream Office REIT, we have approximately 6.9 million sf of gross leasable area ("GLA") in stabilized retail and commercial properties, in addition to our recreational properties. As at August 11, 2020, the Company had a 26% interest in Dream Alternatives and 29% interest in Dream Office REIT.

Development

In the quarter, our development segment generated revenue and net margin of $42.3 million and $3.4 million, respectively, up by $8.7 million and $4.1 million from the prior year. The increase was primarily driven by higher acre sales volumes in Western Canada and the condominium occupancy mix, relative to the comparative period.

On July 30, 2020, we officially broke ground on the first phase of Alpine Park within our master planned community, Providence, located in southwest Calgary. The first phases of Alpine Park, which have a 5-year development timeline, make up 136 acres and will comprise nearly 800 lots and 485 multi-family units upon completion. As at June 30, 2020, we have secured commitments from builders for the initial 36 acres, which will be built out over the next two years and translate into nearly 200 lot sales. Dream's total landholdings within Providence is 1,600 acres.

Final closings at Riverside Square, BT Towns, Canary Block and Kanaal at Zibi are expected to occur in the second half of 2020 and represent over 1,000 condominium units that took occupancy between May 2019 and June 2020. This will result in the collection of approximately $97 million in receivables and the repayment of over $88 million in construction facilities at Dream's share. Refer to the "Summary of Dream's Assets and Holdings" section of this MD&A for further details.

Across the Dream group platform, we have approximately 5.0 million sf of GLA in retail or commercial properties and over 12,700 condominium or purpose-built rental units (at the project level) in our development pipeline.

Share Repurchase Activity and Return to Shareholders

Effective July 6, 2020, the Company completed a share consolidation of all issued and outstanding Class A subordinate voting shares ("Subordinate Voting Shares") of Dream on the basis of one post-consolidation Subordinate Voting Share for every two pre-consolidation Subordinate Voting Shares, and all of the issued and outstanding Class B common shares ("Class B Shares") of Dream on the basis of one post-consolidation Class B Share for every two pre-consolidation Class B Shares ("the Share Consolidation"). Upon completion of the Share Consolidation, the number of Subordinate Voting Shares issued and outstanding as of July 6, 2020 has been consolidated from 91,641,438 to 45,820,395, and the number of Class B Shares issued and outstanding has been consolidated from 3,114,845 to 1,557,356.

Shares and per share amounts disclosed herein reflect the post-Share Consolidation shares for all periods presented, unless otherwise specified.

In the six months ended June 30, 2020, 5.4 million Subordinate Voting Shares were purchased for cancellation by the Company at an average price of $23.48 under a substantial issuer bid ("SIB") and the ongoing normal course issuer bid ("NCIB") for total proceeds of $125.7 million (year ended December 31, 2019 – 1,020,502 Subordinate Voting Shares at an average price of $16.14).

On February 25, 2020, the Company announced an increase to the annual dividend from $0.10 to $0.12 per Subordinate Voting Share and Class B Share on a pre-Share Consolidation basis. Dividends of $2.8 million and $5.7 million were declared and paid on its Subordinate Voting Shares and Class B Shares in the three and six month period (three and six months ended June 30, 2019 - $2.7 million and $5.3 million).

12,800 units
&
11.9 million sf
of commercial/retail GLA across the Dream Group portfolio

$3 billion
of fee-earning assets under management and
$8 billion
of total assets under management

20% 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 solid 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 the goal of improving the safety, value and earnings quality of our business. Inclusive of assets held by Dream Alternatives and Dream Office REIT, our portfolio totals nearly 12,800 residential units and 11.9 million sf of commercial/retail GLA as at June 30, 2020 at 100% project level.

Commencing in the first quarter of 2020, we redefined our reporting segment information to better reflect how we manage our business, including Dream Alternatives. Comparative information has been reclassified in accordance with our new segment presentation.

The Company's reporting segments now consist of the following:

- *Recurring income:* Comprised of our asset management and development management agreements with Dream Industrial REIT, Dream Office REIT and various development partners, a 29% equity interest in Dream Office REIT, Dream Alternatives' lending portfolio, and our stabilized income producing assets in the Greater Toronto Area ("GTA"), Western Canada and Colorado.
- *Development*: Comprised of mixed-use developments in the GTA and Ottawa/Gatineau, land, housing and retail/commercial development in Saskatchewan and Alberta, and Dream Alternatives' investment in the Hard Rock/Virgin Hotel in Las Vegas.

Recurring income is important to our business as it provides stable cash flows 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 that contribute to recurring income include our asset and development management contracts, our 29% equity ownership in Dream Office REIT and our stabilized income generating assets, such as the Distillery District in Toronto and Arapahoe Basin, our ski hill in Colorado. Our future recurring income properties will include those that are currently being developed within our mixed-use developments in Toronto and Ottawa.

Our development assets, comprised of residential, commercial and retail buildings, and raw land, are located across Toronto, Ottawa and Western Canada. We believe our development pipeline includes exceptional assets that 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, achievement of project milestones, timing of completion and end customer occupancy. As we execute on completing our development properties, we anticipate our recurring income assets will increase over time.

While not considered an individual reportable segment, corporate and other includes: corporate-level cash and other working capital, consolidated tax balances and expense, our term facility and related interest expense, general and administrative expenses not allocated to a particular segment and the liability and fair value adjustments to Dream Alternatives trust units held by other unitholders. Refer to the "Additional Information - Consolidated Dream" section of this MD&A for segmented assets and liabilities and the segmented statement of earnings (loss).

Selected Key Operating Metrics by Segment

(in thousands of dollars, except outstanding share amounts)	Recurring income[1]	Development	Corporate and other	Total
For the three months ended June 30, 2020				
Revenue	**$ 19,789**	**$ 42,255**	**$ —**	**$ 62,044**
% of total revenue	**31.9%**	**68.1%**	**—%**	**100.0%**
Net margin	**$ 2,809**	**$ 3,444**	**$ —**	**$ 6,253**
Net margin (%)[2]	**14.2%**	**8.2%**	**n/a**	**10.1%**
For the six months ended June 30, 2020				
Revenue	**$ 56,240**	**$ 182,259**	**$ —**	**$ 238,499**
% of total revenue	**23.6%**	**76.4%**	**—%**	**100.0%**
Net margin	**$ 17,305**	**$ 47,575**	**$ —**	**$ 64,880**
Net margin (%)[2]	**30.8%**	**26.1%**	**n/a**	**27.2%**
As at June 30, 2020				
Segment assets	**$ 1,214,856**	**$ 1,594,583**	**$ 118,398**	**$ 2,927,837**
Segment liabilities	**343,986**	**418,610**	**656,900**	**1,419,496**
Segment shareholders' equity[3]	**870,870**	**1,147,184**	**(538,502)**	**1,479,552**
Total issued and outstanding shares[4]				**47,377,751**

(in thousands of dollars, except outstanding share amounts)	Recurring income[1]	Development	Corporate and other	Total
For the three months ended June 30, 2019				
Revenue	$ 42,518	$ 33,526	$ —	$ 76,044
% of total revenue	55.9%	44.1%	—%	100.0%
Net margin	$ 20,079	$ (622)	$ —	$ 19,457
Net margin (%)[2]	47.2%	n/a	n/a	25.6%

(in thousands of dollars, except per share amounts)	Recurring income[1]	Development	Corporate and other	Total
For the six months ended June 30, 2019				
Revenue	$ 91,091	$ 41,910	$ —	$ 133,001
% of total revenue	68.5%	31.5%	—%	100.0%
Net margin	$ 42,787	$ (4,362)	$ —	$ 38,425
Net margin (%)[2]	47.0%	n/a	n/a	28.9%
As at December 31, 2019				
Segment assets	$ 1,133,201	$ 1,546,373	$ 354,459	$ 3,034,033
Segment liabilities	255,863	444,407	901,154	1,601,424
Segment shareholders' equity[3]	877,338	1,080,317	(546,695)	1,410,960
Total issued and outstanding shares[4]				52,658,860

[1] Asset management revenue and net margin from Dream Alternatives are eliminated upon consolidation within this segment.
[2] Net margin (%) is a non-IFRS measure. Refer to the "Non-IFRS Measures" section of this MD&A for further details.
[3] Shareholders' equity for the development segment excludes $28.8 million of non-controlling interest as at June 30, 2020 (December 31, 2019 - $21.6 million).
[4] Number of shares reflects the Share Consolidation as at June 30, 2020 and December 31, 2019.

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 and homes 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, the Company's results can vary significantly from quarter to quarter.

Key Financial Information and Performance Indicators

Selected Financial Information

(in thousands of dollars, except per share and outstanding share amounts)		For the three months ended June 30, 2020		2019		For the six months ended June 30, 2020		2019
Revenue	**$**	**62,044**	$	76,044	**$**	**238,499**	$	133,001
Gross margin	**$**	**14,305**	$	29,285	**$**	**82,627**	$	58,554
Gross margin (%)[(1)]		**23.1%**		38.5%		**34.6%**		44.0%
Net margin	**$**	**6,253**	$	19,457	**$**	**64,880**	$	38,425
Net margin (%)[(2)]		**10.1%**		25.6%		**27.2%**		28.9%
Earnings (loss) before income taxes	**$**	**2,662**	$	(11,567)	**$**	**235,441**	$	(48,158)
Earnings (loss) for the period	**$**	**10,776**	$	(11,089)	**$**	**196,606**	$	(44,613)
Basic earnings (loss) per share[(3)(5)]	**$**	**0.23**	$	(0.21)	**$**	**4.07**	$	(0.84)
Diluted earnings (loss) per share[(3)(5)]	**$**	**0.22**	$	(0.21)	**$**	**4.01**	$	(0.84)
Weighted average number of shares outstanding, basic[(5)]		**47,387,554**		53,395,077		**48,284,725**		53,489,651
Total issued and outstanding shares[(5)]		**47,377,751**		53,108,887		**47,377,751**		53,108,887
Total earnings (loss) for the period attributable to:								
Shareholders[(4)]	**$**	**10,810**	$	(11,243)	**$**	**196,366**	$	(44,995)

		June 30, 2020		December 31, 2019
Total assets	**$**	**2,927,837**	$	3,034,033
Total liabilities	**$**	**1,419,496**	$	1,601,424
Total equity	**$**	**1,508,341**	$	1,432,609
Total issued and outstanding shares[(5)]		**47,377,751**		52,658,860

(1) 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.
(2) 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.
(3) See Note 23 of the Company's condensed consolidated financial statements for the three and six months ended June 30, 2020 for further details on the calculation of basic and diluted earnings (loss) per share.
(4) Total earnings attributable to shareholders excludes the portion allocated to non-controlling interests.
(5) Shares and per share amounts reflect the Share Consolidation for all periods presented.

The Company evaluates its development segment using net margin. The Company's recurring income segment is 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 Results

Earnings before income taxes after adjusting for fair value gains/losses taken on Dream Alternatives units held by other unitholders for the three months ended June 30, 2020 was $28.0 million, an increase of $3.7 million relative to the prior year. The increase was driven by earnings from the renewable power portfolio sale and lower interest costs, partially offset by the timing of development completion within certain equity accounted investments, reduced earnings from Arapahoe Basin and Dream Alternatives' investment portfolio, and fair value losses recognized on our investment properties in the period.

Earnings before income taxes for the six-month period was $86.6 million, up from $49.6 million in the prior year after adjusting for fair value gains/losses on Dream Alternatives units. The increase was primarily due to the aforementioned factors, in addition to the sale of 480 acres in Glacier Ridge in the first quarter of 2020. Prior period results included fair value gains and distribution income from our previously held Dream Global REIT units, with no comparable activity in the current period.

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 fair value losses (gains) with the fluctuation of Dream Alternatives' unit price. In the three months ended June 30, 2020, the fair value loss on the Dream Alternatives trust units was $25.4 million (as a result of the impact of the unit price increasing to $4.75 at June 30, 2020 from $4.37 at March 31, 2020), compared to a loss of $35.9 million in the comparative period (as a result of the impact of the unit price increasing to $7.68 at June 30, 2019 from $7.17 at March 31, 2019). In the six months ended June 30, 2020, the fair value gain on the Dream Alternatives trust units was $148.8 million (as a result of the impact of the unit price decreasing to $4.75 at June 30, 2020 from $7.75 at December 31, 2019), compared to a loss of $97.8 million in the comparative period (as a result of the impact of the unit price increasing to $7.68 at June 30, 2019 from $6.24 at December 31, 2018).

Summary of Dream's Assets and Holdings

The following table includes supplementary information on our portfolio as at June 30, 2020.

Project/Property	Entity	Dream ownership[1]	Status	Total residential units at completion[2]	Residential GFA[1] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
RECURRING INCOME SEGMENT								
Downtown Toronto & GTA								
Commercial:								
Adelaide Place	Dream Office REIT	29.2%	Income property	—	—	658,000	98.2%	
50 & 90 Burnhamthorpe Road West (Sussex Centre)	Dream Office REIT/ DAT	64.6%	Income property	—	—	655,000	87.7%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	Dream Office REIT	29.2%	Income property	—	—	442,000	47.9%	
State Street Financial Centre	Dream Office REIT	29.2%	Income property	—	—	414,000	100.0%	
Distillery District	Dream	50.0%	Income property	—	—	395,000	98.8%	
438 University Avenue	Dream Office REIT	29.2%	Income property	—	—	323,000	100.0%	
655 Bay Street	Dream Office REIT	29.2%	Income property	—	—	301,000	98.4%	
74 Victoria Street/137 Yonge Street	Dream Office REIT	29.2%	Income property	—	—	266,000	98.9%	
720 Bay Street	Dream Office REIT	29.2%	Income property	—	—	248,000	100.0%	
36 Toronto Street	Dream Office REIT	29.2%	Income property	—	—	214,000	98.2%	
330 Bay Street	Dream Office REIT	29.2%	Income property	—	—	165,000	89.7%	
20 Toronto Street/33 Victoria Street	Dream Office REIT	29.2%	Income property	—	—	158,000	98.2%	
250 Dundas Street West	Dream Office REIT	29.2%	Income property	—	—	122,000	99.4%	
Victory Building	Dream Office REIT	29.2%	Income property	—	—	101,000	77.2%	
49 Ontario	DAT	100.0%	Redevelopment	TBD	TBD	88,000	91.5%	
425 Bloor Street East	Dream Office REIT	29.2%	Income property	—	—	83,000	100.0%	
212 King Street West	Dream Office REIT	29.2%	Income property	—	—	73,000	100.0%	
10 Lower Spadina	DAT	100.0%	Income property	—	—	61,000	100.0%	
100 Steeles Avenue West	Dream/DAT	50.0%	Redevelopment	TBD	TBD	59,000	97.1%	
360 Bay Street	Dream Office REIT	29.2%	Income property	—	—	58,000	90.6%	
67 & 69 Richmond Street West	Dream Office REIT	29.2%	Income property	—	—	54,000	88.1%	
6 Adelaide Street East	Dream Office REIT	29.2%	Income property	—	—	53,000	96.7%	
350 Bay Street	Dream Office REIT	29.2%	Income property	—	—	53,000	97.4%	
366 Bay Street	Dream Office REIT	29.2%	Income property	—	—	36,000	54.3%	
Plaza Imperial	DAT	40.0%	Income property	—	—	35,000	100.0%	
349 Carlaw	DAT	100.0%	Income property	—	—	34,000	100.0%	
56 Temperance Street	Dream Office REIT	29.2%	Income property	—	—	32,000	100.0%	
Canary District - Stage 1 retail	Dream	50.0%	Income property	—	—	32,000	84.6%	
Plaza Bathurst	DAT	40.0%	Income property	—	—	24,000	100.0%	
Queen and Mutual	DAT	9.0%	Income property	—	—	24,000	84.4%	
220 King Street West	Dream Office REIT	14.6%	Income property	—	—	22,000	83.4%	
Other GTA retail	Dream	18.0-50.0%	Income property	—	—	335,000	86.0%	
Other:								
The Broadview Hotel	Dream	50.0%	Income property	—	—	—		
The Gladstone Hotel	Dream	50.0%	Income property	—	—	—		
Total Downtown Toronto & GTA				**—**	**—**	**5,618,000**	**91.4%**	
U.S.								
Arapahoe Basin ski hill, Colorado	Dream	100.0%	Income property	—	—	n/a		
12800 Foster Street, Kansas	Dream Office REIT	29.2%	Income property	—	—	185,000	100.0%	
Total U.S.				**—**	**—**	**185,000**	**100.0%**	
Western Canada								
Residential and Mixed-Use:								
Kensington, Saskatoon	Dream	100.0%	Income property	48	75,000	—		
Commercial:								
444 - 7th Building, Calgary	Dream Office REIT	29.2%	Income property	—	—	261,000	80.5%	
Saskatoon Square, Saskatoon	Dream Office REIT	29.2%	Income property	—	—	228,000	62.7%	
Princeton Tower, Saskatoon	Dream Office REIT	29.2%	Income property	—	—	134,000	45.5%	
606 - 4th Building & Barclay Parkade, Calgary	Dream Office REIT	29.2%	Income property	—	—	126,000	85.5%	
Tamarack, Edmonton	Dream	100.0%	Income property	—	—	119,000	100.0%	
Kensington House, Calgary	Dream Office REIT	29.2%	Income property	—	—	78,000	95.7%	
Shops of South Kensington, Saskatoon	Dream	100.0%	Income property	—	—	72,000	96.4%	
Preston Centre, Saskatoon	Dream Office REIT	29.2%	Income property	—	—	62,000	78.5%	
234 - 1st Avenue South, Saskatoon	Dream Office REIT	29.2%	Income property	—	—	10,000	66.8%	
Other:								
Willows, Saskatoon	Dream	100.0%	Income property	—	—	n/a		
Total Western Canada				**48**	**75,000**	**1,090,000**	**77.1%**	
Total Recurring Income Segment				**48**	**75,000**	**6,893,000**	**89.4%**	

Project/Property	Type	Entity	Dream ownership[1]	Status	Total residential units at completion[2]	Residential GFA[1] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
DEVELOPMENT SEGMENT									
Downtown Toronto & GTA									
Residential and Mixed-Use:									
Riverside Square - Phase 2	Sell	Dream	32.5%	Planning	227	195,000	43,000		2022
Canary Commons (Block 12)	Sell	Dream	50.0%	Under construction	401	372,000	15,000		2022
Canary Block 13	Hold	Dream	50.0%	Planning	470	458,000	8,000		TBD
Canary Block 10	Various	Dream/DAT	33.0-50.0%	Planning	445	358,000	25,000		TBD
WDL Block 8	Hold	Dream/DAT	33.0%	Under construction	770	724,000	4,000		2023
WDL Block 3/4/7	Hold	Dream/DAT	33.0%	Planning	834	801,000	37,000		2025
WDL Block 20	Hold	Dream/DAT	33.0%	Planning	398	258,000	280,000		TBD
Distillery District - 31A Parliament	Hold	Dream	50.0%	Planning	500	448,000	300,000	30.7%	TBD
Lakeshore East	TBD	Dream/DAT	50.0%	Planning	1,100	989,000	32,000		TBD
Frank Gehry	Sell	Dream/DAT	25.0%	Planning	1,500	1,652,000	260,000		TBD
Brightwater	Sell	Dream/DAT	31.0%	Planning	3,000	3,100,000	400,000		2023-2032
Seaton	Sell	DAT	7.0%	Planning	TBD	TBD	TBD		TBD
Other	Sell	Various	Various	Various	1,195	1,304,000	65,000		TBD
Commercial:									
357 Bay Street	Hold	Dream Office REIT	29.2%	Redevelopment	—	—	65,000	100.0%	2020
Total Downtown Toronto & GTA					10,840	10,659,000	1,534,000	43.0 %	
Zibi (Ottawa/Gatineau):									
Kanaal	Sell	Dream/DAT	80.0%	In occupancy	30	76,000	8,500		2020
Block 2-3	Hold	Dream/DAT	80.0%	Under construction	—	—	55,000	81.2%	2020
Block 208	Hold	Dream/DAT	80.0%	Under construction	—	—	34,000	79.8%	2020
Block 10	Hold	Dream/DAT	80.0%	Under construction	162	147,000	1,500		2022
Block 211	Hold	Dream/DAT	80.0%	Under construction	—	—	185,000	86.0%	2021
Future blocks	Various	Dream/DAT	80.0%	Planning	1,558	1,668,000	2,226,000		TBD
Total Zibi (Ottawa/Gatineau)					1,750	1,891,000	2,510,000	84.3%	
U.S.									
Las Vegas industrial site	Hold	Dream	10.0%	Planning	—	—	438,000		TBD
Hard Rock/Virgin Hotel, Las Vegas	Sell	DAT	10.0%	Under construction	—	—	TBD		2023
Total U.S.					—	—	438,000		
Western Canada									
Residential:									
Brighton Village Centre, Saskatoon	Hold	Dream	100.0%	Under construction	121	94,000	—		2020
Commercial:									
Brighton Marketplace, Saskatoon	Hold	Dream	50.0%	Under construction	—	—	223,500	80.3%	2022
1900 Sherwood Place, Regina	Hold	Dream Office REIT	29.2%	Redevelopment	—	—	210,000	100.0%	2021
Harbour Landing, Regina	Hold	Dream	100.0%	Under construction	—	—	41,000	57.4%	2021
Hampton Heights, Saskatoon	Hold	Dream	100.0%	Under construction	—	—	27,500	72.4%	2022
Montrose, Calgary	Hold	Dream	100.0%	Under construction	—	—	24,500	78.7%	2021
Total Western Canada					121	94,000	526,500	85.9%	
Total Development Segment					**12,711**	**12,644,000**	**5,008,500**	**72.1%**	
Total Dream Platform					**12,759**	**12,719,000**	**11,901,500**	**86.9%**	

Western Canada Land Holdings

City	Acre Equivalents
Calgary	1,858
Edmonton	856
Saskatoon	3,127
Regina	3,296
Total[3]	**9,137**

Summary by Geography

Location	Current GLA	Future GLA under development[2]	In-place and committed occupancy	Residential units at completion[2]	Residential GFA[2]
Downtown Toronto & GTA	5,683,000	1,469,000	88.5 %	10,840	10,659,000
Ottawa/Gatineau	—	2,510,000	84.3 %	1,750	1,891,000
U.S.	185,000	438,000	100.0 %	—	—
Western Canada[3]	1,300,000	316,500	79.9 %	169	169,000
Total	**7,168,000**	**4,733,500**	**86.9 %**	**12,759**	**12,719,000**

[1] Dream and DAT holdings at fully consolidated ownership. Dream Office REIT at 29.2% ownership as of June 30, 2020.

[2] Residential units, GFA and GLA are at 100% project level and include planned units, GFA and GLA, which are subject to change pending various development approvals. Planned residential units may be developed as condominium units or purpose-built rentals as supported by market demand, targeted studies and return objectives. For projects currently in occupancy, residential units reflect remaining units in inventory to be occupied in future periods.

[3] Dream's acre equivalents in Western Canada represent an estimated 15,000 residential units that we plan to build out over time.

Recurring Income

A summary of the major asset types within our recurring income segment is included below.

Asset Management and Equity Ownership in Dream Office REIT

We provide asset management and development management services to Dream Industrial REIT and Dream Office REIT, respectively, and on behalf of various institutional partnerships/third-party real estate. Asset management fees earned from Dream Alternatives and our 16.3 million units held in Dream Alternatives are eliminated on consolidation. As of June 30, 2020, we held an aggregate of 17.6 million units in Dream Office REIT, representing a 29% interest, which generate monthly cash distributions for Dream. 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 may fluctuate depending on the number of active projects and on Dream achieving 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.

Our asset management and management services team consists of real estate 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 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 $35 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.

As at June 30, 2020, Dream managed assets with a total value of approximately $8 billion (December 31, 2019 – $9 billion), including fee earning assets under management of approximately $3 billion (December 31, 2019 - $4 billion).

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, and income producing assets in Toronto and Western Canada, the largest being the Distillery District. As of June 30, 2020, we held over 6.9 million sf in GLA of retail, residential and mixed-use properties across the Dream platform and 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.

Lending Portfolio

Dream Alternatives invests in mortgages and loans secured by all types of residential and commercial real estate property that represent an acceptable underwriting risk. Working within these risk parameters, Dream Alternatives also invests in higher-yielding development and construction loans and bridge loans, where we are comfortable with the underlying security, guarantees and covenants of the borrower.

Selected Segment Key Operating Metrics

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands of dollars, unless otherwise noted)	**2020**	2019	**2020**	2019
Revenue	**$ 19,789**	$ 42,518	**$ 56,240**	$ 91,091
Net operating income[(1)]	**4,213**	21,806	**20,308**	46,058
Net margin	**2,809**	20,079	**17,305**	42,787
Net margin (%)[(1)]	**14.2%**	47.2%	**30.8%**	47.0%
Fair value changes in investment properties	**$ (4,925)**	$ (171)	**$ (5,568)**	$ (2,793)
Share of earnings from equity accounted investments	**48,444**	14,306	**48,989**	21,024

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

Results of Operations

In the three months ended June 30, 2020, revenue and net operating income derived from recurring income sources decreased by $22.7 million and $17.6 million, respectively, from the comparative period. The declines were primarily due to reduced contribution from Dream Alternatives due to asset dispositions and loan repayments in the prior year, as well as reduced revenue and net operating income from Arapahoe Basin. Due to government mandated closures to address COVID-19, Arapahoe Basin was not operational from mid-March to late May. Similarly, in the six months ended June 30, 2020, revenue and net operating income derived from recurring income sources decreased by $34.9 million and $25.8 million, respectively, from the comparative periods.

Results for the three and six months ended June 30, 2020 include fair value losses on investment properties of $4.9 million and $5.6 million, respectively, primarily driven by revised market growth assumptions.

Asset management revenues were relatively consistent with the comparative period as the impact of reduced revenue from Dream Global REIT due to the sale in 2019 was offset by transactional activity at Dream Industrial REIT, a one-time transition service fee in relation to the Dream Global REIT transaction and development management fees generated in 2020. In the three and six months ended June 30, 2020, total asset management and development management fees generated from contracts with Dream Industrial REIT, Dream Office REIT and our partnerships were $5.8 million and $11.6 million, respectively. Net operating income from our asset management business declined in the three and six months ended June 30, 2020, relative to the prior periods, as a result of increased platform costs as we invest in the expansion of our asset management business.

Earnings from equity accounted investments in the three and six months ended June 30, 2020 increased by $34.1 million and $28.0 million, respectively, from the prior year primarily due to the pre-tax gain of $34.2 million, net of transaction costs recognized on the sale of Dream's indirect interest in a renewable power portfolio in the three months ended June 30, 2020. Year-to-date, this was partially offset by a foregone deposit incurred in the six months ended June 30, 2020.

Development

An overview of our development segment by geography is included below.

Urban Development - Toronto & Ottawa
Our urban development assets are comprised of exceptional development opportunities in various planning and construction phases across Toronto & Ottawa and are comprised of condominium, purpose-built rental and mixed-use developments. A large proportion of assets carried within this segment are held at cost and will contribute meaningfully to the Company's earnings in future periods as properties are developed and completed. In addition, through our equity ownership in Dream Alternatives and Dream Office REIT, we have indirect investments in high-quality assets located in the GTA with significant redevelopment potential.

Over the last five years, we have significantly expanded our investment pipeline in this segment. A number of these 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. Refer to the "Summary of Dream's Assets and Holdings" section of this MD&A for a comprehensive overview of our Urban Development holdings.

The developments that we hold today do not require a significant amount of capital and are financed primarily through project-specific debt and include both land loans and construction financing, providing us with additional financial flexibility. In cases where we are developing investment properties for hold, fair value gains are recognized as key milestones are achieved through the development period over the time frame to stabilization and/or completion. Development margin from these assets is earned in periods where we have inventory available for occupancies in condominium or investment properties. With the repositioning of our development portfolio away from Western Canada to the GTA, we anticipate a larger proportion of our income to be derived from this segment in future years.

As at June 30, 2020, our GTA and Ottawa pipeline across the Dream portfolio is comprised of nearly 12,600 residential units and approximately 4.0 million sf of commercial/retail GLA.

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

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

Western Canada Community Development
Dream's Western Canada community development is comprised of land, housing, multi-family and retail/commercial assets within our master-planned communities in Saskatchewan and Alberta. We currently own over 9,100 acres of land in Western Canada, of which nearly 8,600 acres are in nine large master-planned communities at various stages of approval. With our land bank, 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. As at June 30, 2020, our Western Canada pipeline across the Dream portfolio is comprised of 121 purpose-built rental units and 0.5 million sf of commercial/retail GLA.

Building on our own 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. With continued challenging market conditions in Western Canada and the impact of COVID-19 on global oil demand, we are closely monitoring the fair values of our investment properties under development, customer demand, pricing trends and inventory supply across the division. Nevertheless, we expect that we will generate profits from building on our own land in the future upon market stabilization.

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 multi-family development is financed through project-specific construction financing.

With the intent of diversifying our business, over the last few years we have focused on repatriating capital out of Western Canada and redeploying proceeds to our Toronto developments.

Selected Segment Key Operating Metrics

		For the three months ended June 30,			For the six months ended June 30,	
(in thousands of dollars, except unit and acre amounts)		**2020**	2019		**2020**	2019
DIRECTLY OWNED						
Revenue	$	**42,255**	$ 33,526	$	**182,259**	$ 41,910
Gross margin		**10,092**	7,479		**62,319**	12,496
Net margin		**3,444**	(622)		**47,575**	(4,362)
Condominium occupancy units (project level) - Toronto & Ottawa		**126**	133		**352**	135
Condominium occupancy units (Dream's share) - Toronto & Ottawa		**48**	47		**166**	49
Acres sold - Western Canada		**6**	—		**511**	—
EQUITY ACCOUNTED INVESTMENTS						
Share of earnings (losses) from equity accounted investments	$	**(8,491)**	$ 10,261	$	**(3,513)**	$ 10,532
Condominium occupancy units (project level) - Toronto & Ottawa		**10**	381		**132**	381
Condominium occupancy units (Dream's share) - Toronto & Ottawa		**5**	56		**66**	56

Results of Operations

In the three months ended June 30, 2020, we generated revenue and net margin of $42.3 million and $3.4 million, respectively, up by $8.7 million and $4.1 million from the prior year, primarily driven by acre sales in Western Canada, as well as condominium unit occupancies at Riverside Square and BT Towns with initial occupancy activity at Riverside Square in the comparative period. Earnings from equity accounted investments decreased by $18.8 million due to prior period occupancies at Axis Condominium and related non-cash consolidation adjustments with limited occupancies in the current quarter.

In the six months ended June 30, 2020, revenue and net margin increased by $140.3 million and $51.9 million, respectively, from the prior year. These increases were primarily driven by acre sales in Western Canada, including the sale of 73% interest in our 480-acre land in Glacier Ridge, as well as condominium unit occupancies at Riverside Square, BT Towns and Kanaal at Zibi, with initial occupancy activity at Riverside Square in the comparative period. The sale of our 73% interest in Glacier Ridge generated revenue and net margin of $82.6 million and $43.9 million in the first quarter of 2020, respectively. Earnings from equity accounted investments decreased by $14.0 million from the comparative period as results from Axis Condominium were partially offset by occupancies at Canary Block in 2020.

In the six months ended June 30, 2020, land and condominium inventory decreased by $42.4 million and $23.2 million, respectively, as a result of the aforementioned sales and occupancies. Over the same period, accounts receivable and other financial assets increased by an aggregate of $109.6 million for similar reasons. Upon final closing of condominium units, the associated construction facility is repaid and outstanding receivables are collected. Final closings at Riverside Square, BT Towns, Kanaal at Zibi and Canary Block are expected to occur in the second half of 2020, resulting in the collection of approximately $97.0 million in receivables and the repayment of over $88 million in construction facilities at Dream's share.

Minimal condominium occupancies are expected in the second half of 2020. Our development team remains focused on building out our exceptional development pipeline, including Phase 2 of Riverside Square, Canary Commons and West Don Lands Block 8 which are expected to occupy between 2022 to 2023; however, as the development manager for our projects, we are able to adjust, in real-time, should adverse changes to the market arise.

Projects in Occupancy

Zibi

In the three months ended June 30, 2020, vertical construction at Zibi, our 34 acre mixed-use waterfront community situated along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario, resumed on all blocks as provincially mandated COVID-19 closures were lifted. 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), over 2 million sf of commercial space and 8 acres of riverfront parks and plazas. In total, there is over 540,000 sf of residential rental, retail and commercial space under active construction and an additional 575,000 sf in planning/pre-development stages. Zibi will be one of Canada's most sustainable communities and the country's first One Planet community. In partnership with a utility company, we have developed the District Thermal Energy System, the first post-industrial waste heat recovery system in a master-planned community in North America, which will provide net-zero heating and cooling for all tenants, residents and visitors at Zibi.

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 GLA and is fully occupied. 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 227 condominium units. Vertical construction on the second phase is expected to commence in late 2020 with first occupancies expected in 2022.

Downtown Toronto's East End

In the three months ended June 30, 2020, Canary Block, our first condominium building on our Stage 2 Canary lands, completed unit occupancies. The Canary District is developed in a 50/50 partnership with Kilmer Van Nostrand Co. Ltd. and is located in downtown Toronto's east end. Construction is ongoing at Block 8, the first building in our purpose-built rental community in the West Don Lands neighbourhood. Block 8 will comprise 770 rental units, of which 30% are affordable, with first occupancies expected in 2023. This area is a significant development hub for Dream, as it includes the 35 acre Canary District, the adjacent West Don Lands and Distillery District development assets, in addition to the future Lakeshore East site.

In aggregate, this area represents over 60 acres of development by Dream and its partners and includes over 2,000 residential units built to date, with an additional 741,000 sf of retail/commercial space and nearly 4,800 condominium and purpose-built rental units in our development pipeline. For further details by block, refer to the "Summary of Dream's Assets and Holdings" section of this MD&A.

Other Items

Interest Expense

In the three and six months ended June 30, 2020, interest expense was $5.8 million and $12.0 million, a decrease of $4.6 million and $8.3 million, respectively, from the comparative periods primarily due to a decline in interest rates and redemption of preference shares, in addition to lower corporate and project-specific debt levels.

Income Tax Expense

The Company's effective income tax (recovery) rate was (304.8%) and 16.5% for the three and six months ended June 30, 2020 (three and six months ended June 30, 2019 – (4.1%) and (7.4%)). The effective income tax rate for the three and six months ended June 30, 2020 is different than the statutory combined federal and provincial tax rate of 26.4% 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 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 dividend payments. There have been no material changes in future contractual obligations since June 30, 2020.

A summary of our working capital and financial assets and liabilities as at June 30, 2020 and December 31, 2019 is presented below. Project-specific inventory and debt balances are excluded from the table below as the sale of inventory funds the repayment of project-specific construction facilities and cash flow from investment properties is used to fund regular payments on mortgages and term debt.

	June 30, 2020				December 31, 2019			
	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	$ 139,544	$ —	$ —	**$ 139,544**	$ 388,521	$ —	$ —	$ 388,521
Accounts receivable	219,209	28,918	—	**248,127**	164,105	38,053	—	202,158
Other financial assets[(1)]	64,874	133,448	—	**198,322**	11,365	118,091	—	129,456
Lending portfolio	20,789	14,185	—	**34,974**	51,216	13,489	—	64,705
Equity accounted investment in Dream Office REIT	—	—	469,738	**469,738**	—	—	433,373	433,373
Subtotal assets	444,416	176,551	469,738	**1,090,705**	615,207	169,633	433,373	1,218,213
Accounts payable and accrued liabilities	99,904	24,710	44,606	**169,220**	132,748	23,289	50,243	206,280
Income and other taxes payable	56,054	—	—	**56,054**	154,361	—	—	154,361
Provision for real estate development costs	35,819	—	—	**35,819**	36,853	—	—	36,853
Corporate debt facilities	—	214,306	—	**214,306**	—	224,105	—	224,105
Dream Alternatives trust units	—	—	249,478	**249,478**	—	—	411,078	411,078
Subtotal liabilities	191,777	239,016	294,084	**724,877**	323,962	247,394	461,321	1,032,677
Net excess (deficiency)	$ 252,639	$ (62,465)	$ 175,654	**$ 365,828**	$ 291,245	$ (77,761)	$ (27,948)	$ 185,536

(1) Other financial assets as at June 30, 2020 excludes $41.6 million in project-specific investment holdings (December 31, 2019 – $nil).

As at June 30, 2020, 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 June 30, 2020, we had up to $378.1 million of undrawn credit availability on our revolving credit facilities.

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 June 30, 2020, on a consolidated basis, we had $139.5 million in cash and cash equivalents (December 31, 2019 – $388.5 million). Our intention is to meet short-term liquidity requirements through cash on hand, cash from operating activities, working capital reserves and operating debt facilities. As at June 30, 2020, our debt maturing in 2020 is project-specific and is expected to be funded through proceeds from condominium unit closings. 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

As at June 30, 2020, total debt was $791.3 million (December 31, 2019 – $699.0 million). A breakdown of project-specific debt and corporate debt facilities is detailed in the table below.

	Balance		Weighted average interest rate	
(in thousands of Canadian dollars)	**June 30, 2020**	December 31, 2019	**June 30, 2020**	December 31, 2019
Operating line - Western Canada	**$ —**	$ —	**3.92%**	4.64%
Construction loans	**216,090**	217,341	**3.97%**	4.79%
Mortgages and term debt	**360,914**	257,509	**3.71%**	4.23%
Total project-specific debt	**$ 577,004**	$ 474,850	**3.81%**	4.41%
Non-revolving term facility	**214,306**	224,105	**4.40%**	5.08%
Margin facility	**—**	—	**3.05%**	4.56%
Operating line - Dream Alternatives	**—**	—	**2.45%**	3.95%
Total corporate debt facilities	**$ 214,306**	$ 224,105	**4.40%**	5.08%
Total debt	**$ 791,310**	$ 698,955	**3.97%**	4.63%
Debt to total assets ratio(1)	**27.0%**	23.0%		

(1) Debt to total assets ratio is a non-IFRS measure. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

In the three and six months ended June 30, 2020, $10.0 million was repaid on the non-revolving term facility.

As at June 30, 2020, $306.2 million (December 31, 2019 – $106.8 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 3.69% (December 31, 2019 – 4.47%) and will mature between 2020 and 2027. A further $485.1 million (December 31, 2019 – $503.1 million) of real estate debt was subject to a weighted average variable interest rate of 4.15% (December 31, 2019 – 4.91%) and will mature between 2020 and 2023. Included within total debt is $179.8 million of variable debt that the Company has hedged through fixed interest rate swaps.

Contractual Obligations

Our liquidity is impacted by contractual debt and lease commitments as follows:

	2020	**2021**	**2022**	**2023**	**2024**	**2025 and thereafter**	**Total**
Project-specific debt(1)	$ 118,646	$ 165,444	$ 92,541	$ 45,826	$ 9,484	$ 145,063	$ 577,004
Corporate debt facilities(1)	—	—	214,306	—	—	—	214,306
	$ 118,646	$ 165,444	$ 306,847	$ 45,826	$ 9,484	$ 145,063	$ 791,310

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

In addition to the commitments above, we may be required to fund capital to our development projects as part of the Company's normal course of operations.

Shareholders' Equity

Dream is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Class B Shares. As at June 30, 2020, there were 45,820,395 Subordinate Voting Shares and 1,557,356 Class B Shares outstanding (December 31, 2019 - 51,101,795 Subordinate Voting Shares and 1,557,456 Class B Shares).

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 39% economic interest and 86% voting interest in the Company as at June 30, 2020.

Share Repurchases

The Company renewed its NCIB, which commenced on September 20, 2019, under which the Company has the ability to purchase for cancellation up to a maximum number of 3,302,011 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 7,514 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules and purchases between March 23, 2020 and June 30, 2020, which were subject to a daily limit of 50% of the average daily trading volume pursuant to a temporary blanket relief granted by the TSX.

In connection with the renewal of the NCIB, 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 NCIB 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.

In the six months ended June 30, 2020, the Company completed the SIB and purchased for cancellation 5.0 million Subordinate Voting Shares at a price of $23.50 per share for aggregate proceeds of $117.5 million. In addition, in the three and six months ended June 30, 2020, 17,156 and 352,008 Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $15.79 and $23.25 (year ended December 31, 2019 – 2.0 million Subordinate Voting Shares at an average price of $16.14).

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 six months ended June 30, 2020.

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 six months ended June 30, 2020.

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, 2019.

During the six months ended June 30, 2020, the World Health Organization declared COVID-19 a global pandemic, and the ensuing responses by governments including the closure of non-essential businesses and social distancing requirements have increased the level of uncertainty in the economy and caused significant disruptions to all businesses and daily life. The Company assessed this impact on its business, including the recoverability of its lending portfolio, recoverability of accounts receivable, net realizable value of inventories including land in Western Canada, carrying values of equity accounted investments including Dream Office REIT, timing and amount of revenue recognized from investment properties, the fair value of certain loan investments classified as fair value through profit and loss ("FVTPL"), investment properties, participating mortgages and investment holdings.

The significant global uncertainty has impacted the availability of reliable market metrics and, accordingly, the Company performed additional risk-based procedures to assess the fair value of its participating mortgages and investment holdings, investment properties and certain loan investments to ensure the Company applied sound judgment with respect to the various assumptions impacting the valuation. The Company took into consideration the market conditions existing at the reporting date. The additional risk-based procedures included scenario testing to evaluate downside risk, reviewing risk profiles of its tenant base, borrowers' creditworthiness and risk characteristics of its underlying developments.

The Company assessed the possibility and amount of any impairment loss or writedown as it relates to amounts receivable, equity accounted investments, recreational properties and the lending portfolio. The estimates and judgments primarily relate to the timing and amount of future cash flows. In determining whether the Company's financial assets require a provision for impairment, the Company reviewed its Expected Credit Loss ("ECL") model including the following various factors: the borrowers' credit risk, term to maturity, status of the underlying project and market risk.

The amounts recorded in the condensed consolidated financial statements are based on the best estimate at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Internal Control over Financial Reporting

As at June 30, 2020, the President and CRO (the "Certifying Officer"), along 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 Certifying Officer 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 six months ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Accounting Standards Adopted During the Period

The 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, 2019, except for new standards adopted during the six months ended June 30, 2020 and related accounting policies as described below.

The Company has adopted the following new or revised standards, including any consequential amendments thereto, for the period effective January 1, 2020. Changes in accounting policies adopted by the Company were made in accordance with the applicable transitional provisions as provided in those standards and amendments.

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 was effective on January 1, 2020 and applies to the Company's future business combinations.

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 our Annual Report for the year ended December 31, 2019 and our most recent Annual Information Form filed on SEDAR (www.sedar.com). For a discussion of the risks and uncertainties identified specific to Dream Alternatives, please refer to the Dream Alternatives Annual Report for the year ended December 31, 2019 and the most recent Annual Information Form filed by Dream Alternatives on SEDAR.

Except as disclosed below, the Company's risk exposures have not changed significantly since December 31, 2019.

During the six months ended June 30, 2020, the World Health Organization declared COVID-19 a global pandemic. The ensuing responses by governments including the closure of non-essential businesses and social distancing requirements has increased the level of uncertainty in the economy and caused significant disruptions to all businesses and daily life. The duration and full scope of the economic impact of COVID-19 is unknown and as a result it is not possible to estimate the full impact on our financial results and operations. Management continues to assess the impact of COVID-19 and governments' responses to it on the Company, including the recoverability of its lending portfolio, recoverability of accounts receivable, net realizable value of inventories including land in Western Canada, carrying values of equity accounted investments including Dream Office REIT, timing and amount of revenue recognized from investment properties, the fair value of certain loan investments classified as FVTPL, investment properties, participating mortgages and investment holdings.

The significant global uncertainty resulting from the COVID-19 pandemic has impacted the availability of reliable market metrics. Portions of our financial results incorporate estimates from management and therefore are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. The amounts recorded in the condensed consolidated financial statements are based on management's best estimate at the reporting date. However, uncertainty about these assumptions and estimates or new market information could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Credit risk related to investment properties and certain investment holdings arises from the possibility that tenants may not fulfill their lease or contractual obligations. The Company mitigates its credit risks from its tenants by attracting tenants of sound financial standing and by diversifying its tenant mix. COVID-19 and the measures to reduce its impact have created significant uncertainty in the general economy. A deterioration in the economy may impact the ability of tenants to meet their obligations under their leases or contracts due to the negative impact of the outbreak of COVID-19. The Company has assessed the effect of the current economic conditions on the credit risk of our tenants and counterparties, which included the review of the risk profiles of its tenant base. As at June 30, 2020, the Company determined there to be a minimal impact on the Company's financial results. For the three months ended June 30, 2020, the Company's average monthly rental collection, on a consolidated basis, exceeded 88%.

Credit risk may also arise from a borrower that may not be able to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. Credit risk related to financial guarantees provided by the Company arises from the possibility that counterparties default on their financial obligations. The Company mitigates these risks by actively monitoring the mortgage/loan receivables, loan investment and financial guarantees, and initiating recovery procedures, in a timely manner, when required. Further considerations were taken on the fair value of certain loans within the lending portfolio as discussed below.

Credit risk may also arise from a customer that may not be able to close financing on a land lot or condominium unit previously occupied and recognized in revenue. The Company mitigates this risk by requiring deposits on signing, mortgage pre-approvals on initial deposit, actively monitoring collection of interim occupancy payments, working closely with project-specific mortgage brokers, where applicable, retaining title to the underlying land or unit until final closing, and initiating recovery procedures when required.

The maximum exposure to credit risk at June 30, 2020 was the fair value of the Company's accounts receivable from previously recognized land and condominium revenue, participating mortgages, loans receivable and the contractual value of its lending portfolio which, including interest receivable, was $328.7 million (December 31, 2019 - $254.2 million). The Company has recourse under these investments in the event of default by the counterparty, in which case, the Company would have a claim against the underlying collateral.

As a result of the economic impact of COVID-19, the Company has performed additional procedures to assess the fair value of its investment holdings, investment properties, and certain loan investments to ensure the Company applied sound judgment with respect to the various assumptions impacting the valuation. The procedures included scenario testing to evaluate downside risk, borrowers' creditworthiness and risk characteristics of its underlying developments, which impact the underlying valuation of the asset. The Company took into consideration the market conditions existing at the reporting date and will continue to monitor changes in the market and assumptions used to determine the fair value of the Company's assets. The Company recognized an additional $2.9 million provision on its lending portfolio as a result of the value of underlying real estate properties and estimated transaction costs.

The Company is exposed to the variability in market interest rates on maturing debt payable to be renewed. As at June 30, 2020, 39% of the Company's outstanding debt on our condensed consolidated statements of financial position was fixed.

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. As at June 30, 2020, the Company had $378.1 million available under various revolving facilities. As at June 30, 2020, the Company has sufficient liquidity available to cover obligations as they become due.

Although we believe that the above-noted risk factors along with the risk factors described in our 2019 Annual Report and in our 2019 Annual Information Form are the most material risks that we will face, they are not the only risks. Additional risk factors not presently known to us or that we currently believe are immaterial could also materially adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make dividend payments to shareholders and thereby adversely affect the value of our Subordinate Voting Shares. The occurrence of any of such risks could materially and adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make dividend payments to shareholders.

Forward-Looking Information

Certain information herein contains or incorporates statements that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding our objectives and strategies to achieve those objectives; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, expected net proceeds from sales or transactions, 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 the COVID-19 pandemic and resulting disruptions; anticipated levels of development, asset management and other management fees in future periods; the expansion of our asset management business; expectations that recurring income generating assets will increase over time; our development plans and proposals for current and future projects, including projected sizes, density, timelines, uses and tenants; the redevelopment potential of our assets and the assets held by Dream Office REIT and Dream Alternatives; anticipated current and future unit sales and occupancies of our condominium and mixed-use projects, including anticipated timing of closings of condominium unit sales, and resulting revenue and debt repayments; the contribution of our Urban Development – Toronto & Ottawa segment to our earnings in future periods and the proportion of our income to be derived from this segment in future years; expectations that distributions from Dream Office REIT and Dream Alternatives may increase over time; expectations of future profit contributions from Western Canada Community Development and our rate of investment in this segment in the future; our pipeline of retail, commercial, condominium and mixed-use developments projects; the sustainability rating of Zibi upon completion and Zibi becoming the first One Planet community in Canada; the District Thermal Energy System providing net-zero heating and cooking for all tenants, residents and visitors at Zibi; our expected sources of funding of current liabilities, short-term liquidity requirements, operating expenses and debt service requirements; and our overall financial performance, profitability and liquidity for future periods and years.

Forward-looking statements generally can be identified by words such as "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "project", "continue" or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. The assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein as well as assumptions relating to: that no unforeseen changes in the legislative and operating framework for the respective businesses will occur; that we will meet our future objectives, priorities and growth targets; that we receive the licences, permits or approvals in necessary connection with our projects; that we will have access to adequate capital to fund our future projects, plans and any potential future acquisitions; that our future projects and plans will proceed as anticipated; that we are able to identify high-quality investment opportunities; that we find suitable partners with which to enter into joint ventures or partnerships; that we do not incur any material environmental liabilities and that future market, demographic and economic conditions will occur as expected; and the nature of development lands held and the development potential of such lands, our ability to bring new developments to market, anticipated positive general economic and business conditions, including low unemployment and interest rates, positive net migration, oil and gas commodity prices, our business strategy, including geographic focus, anticipated sales volumes, performance of our underlying business segments and conditions in the Western Canada land and housing markets.

All the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions; there can be no assurance that actual results will be consistent with these forward-looking statements. Factors or risks that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, adverse changes in general and local economic and business conditions, uncertainties surrounding the COVID-19 pandemic, employment levels, regulatory risks, mortgage rates and regulations, environmental risks, consumer confidence, seasonality, adverse weather conditions, reliance on key clients and personnel and competition and other risks and factors described from time to time in the documents filed by the Company with the securities regulators.

All forward-looking information is as of August 11, 2020. Dream does not undertake to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dream.ca.

Additional Information - Consolidated Dream

Segmented Assets and Liabilities

June 30, 2020	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Alternatives[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Assets							
Cash and cash equivalents	$ 18,825	$ 18,663	$ 102,056	**$ 139,544**	$ 106,452	$ 785	**$ 32,307**
Accounts receivable	9,489	229,399	9,239	**248,127**	1,189	(1,124)	**248,062**
Other financial assets	42,950	196,940	—	**239,890**	129,350	(95,007)	**205,547**
Lending portfolio	34,974	—	—	**34,974**	34,974	—	**—**
Housing inventory	—	32,737	—	**32,737**	—	—	**32,737**
Condominium inventory	—	268,109	—	**268,109**	—	16,458	**251,651**
Land inventory	842	495,349	—	**496,191**	—	—	**496,191**
Investment properties	464,813	128,094	—	**592,907**	202,619	15,621	**374,667**
Recreational properties	57,563	—	—	**57,563**	—	—	**57,563**
Equity accounted investments	577,897	186,709	—	**764,606**	189,030	(63,913)	**639,489**
Capital and other operating assets	7,503	38,583	7,103	**53,189**	1,265	6,828	**45,096**
Intangible asset	—	—	—	**—**	—	(43,000)	**43,000**
Total assets	$ 1,214,856	$ 1,594,583	$ 118,398	**$ 2,927,837**	$ 664,879	$ (163,352)	**$ 2,426,310**
Liabilities							
Accounts payable and other liabilities	$ 40,456	$ 109,317	$ 19,447	**$ 169,220**	$ 14,822	$ 23,635	**$ 130,763**
Income and other taxes payable[2]	—	—	56,054	**56,054**	7	—	**56,047**
Provision for real estate development costs	—	35,819	—	**35,819**	—	—	**35,819**
Debt	303,530	273,474	214,306	**791,310**	88,595	65	**702,650**
Dream Alternatives trust units[2]	—	—	249,478	**249,478**	—	249,478	**—**
Deferred income taxes[2]	—	—	117,615	**117,615**	4,388	24,816	**88,411**
Total liabilities	$ 343,986	$ 418,610	$ 656,900	**$ 1,419,496**	$ 107,812	$ 297,994	**$ 1,013,690**
Non-controlling interest	—	28,789	—	**28,789**	—	(57,586)	**86,375**
Shareholders' equity	$ 870,870	$ 1,147,184	$ (538,502)	**$ 1,479,552**	$ 557,067	$ (403,760)	**$ 1,326,245**
Total equity	$ 870,870	$ 1,175,973	$ (538,502)	**$ 1,508,341**	$ 557,067	$ (461,346)	**$ 1,412,620**

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Alternatives, consolidation and fair value adjustments and Dream standalone.
(2) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

December 31, 2019

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Alternatives(1)	Less: Consolidation and fair value adjustments(1)	Dream standalone(1)
Assets							
Cash and cash equivalents	$ 11,518	$ 31,327	$ 345,676	$ 388,521	$ 117,787	$ 1,244	$ 269,490
Accounts receivable	11,093	188,555	2,510	202,158	4,179	(2,240)	200,219
Other financial assets	—	129,456	—	129,456	119,887	(94,249)	103,818
Lending portfolio	64,705	—	—	64,705	64,705	—	—
Housing inventory	—	38,607	—	38,607	—	—	38,607
Condominium inventory	—	291,304	—	291,304	—	15,129	276,175
Land inventory	786	537,785	—	538,571	—	—	538,571
Investment properties	419,991	98,433	—	518,424	201,624	15,786	301,014
Recreational properties	48,779	—	—	48,779	—	—	48,779
Equity accounted investments	520,284	188,556	—	708,840	186,713	(41,651)	563,778
Capital and other operating assets	6,956	42,350	6,273	55,579	1,188	8,196	46,195
Intangible asset	—	—	—	—	—	(43,000)	43,000
Assets held for sale(2)	49,089	—	—	49,089	—	—	49,089
Total assets	$ 1,133,201	$ 1,546,373	$ 354,459	$ 3,034,033	$ 696,083	$ (140,785)	$ 2,478,735
Liabilities							
Accounts payable and other liabilities	$ 52,413	$ 136,154	$ 17,713	$ 206,280	$ 35,087	$ 22,926	$ 148,267
Income and other taxes payable(2)	—	—	154,361	154,361	(58)	—	154,419
Provision for real estate development costs	—	36,853	—	36,853	—	—	36,853
Debt(3)	203,450	271,400	224,105	698,955	88,988	24	609,943
Dream Alternatives trust units(2)	—	—	411,078	411,078	—	411,078	—
Deferred income taxes(2)	—	—	93,897	93,897	4,515	6,985	82,397
Total liabilities	$ 255,863	$ 444,407	$ 901,154	$ 1,601,424	$ 128,532	$ 441,013	$ 1,031,879
Non-controlling interest	—	21,649	—	21,649	—	(43,297)	64,946
Shareholders' equity	$ 877,338	$ 1,080,317	$ (546,695)	$ 1,410,960	$ 567,551	$ (538,500)	$ 1,381,910
Total equity	$ 877,338	$ 1,101,966	$ (546,695)	$ 1,432,609	$ 567,551	$ (581,797)	$ 1,446,856

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Alternatives, consolidation and fair value adjustments and Dream standalone.
(2) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.
(3) Debt associated with assets held for sale totalling $30.1 million is classified as current within debt as at December 31, 2019.

Segmented Statement of Earnings (Loss)

For the three months ended June 30, 2020

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Alternatives[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 19,789	$ 42,255	$ —	**$ 62,044**	$ 5,463	$ (859)	**$ 57,440**
Direct operating costs	(15,576)	(32,163)	—	**(47,739)**	(2,746)	(390)	**(44,603)**
Gross margin	4,213	10,092	—	**14,305**	2,717	(1,249)	**12,837**
Selling, marketing, depreciation and other operating costs	(1,404)	(6,648)	—	**(8,052)**	—	—	**(8,052)**
Net margin	2,809	3,444	—	**6,253**	2,717	(1,249)	**4,785**
Fair value changes in investment properties	(4,925)	(605)	—	**(5,530)**	132	(71)	**(5,591)**
Investment and other income	617	1,949	20	**2,586**	269	87	**2,230**
Interest expense	(2,062)	(1,025)	(2,684)	**(5,771)**	(828)	(21)	**(4,922)**
Fair value changes in financial instruments	(2,885)	(1,951)	—	**(4,836)**	(4,833)	—	**(3)**
Share of earnings (loss) from equity accounted investments[2]	48,444	(8,491)	—	**39,953**	(259)	(8,022)	**48,234**
Net segment earnings (loss)	41,998	(6,679)	(2,664)	**32,655**	(2,802)	(9,276)	**44,733**
General and administrative expenses[3]	—	—	(4,626)	**(4,626)**	(2,190)	1,213	**(3,649)**
Adjustments related to Dream Alternatives trust units[3]	—	—	(25,367)	**(25,367)**	—	(25,367)	**—**
Income tax recovery[3]	—	—	8,114	**8,114**	1,358	6,006	**750**
Net earnings (loss)[4]	$ 41,998	$ (6,679)	$ (24,543)	**$ 10,776**	$ (3,634)	$ (27,424)	**$ 41,834**

For the three months ended June 30, 2019

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Alternatives[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Revenue	$ 42,518	$ 33,526	$ —	$ 76,044	$ 14,514	$ (1,601)	$ 63,131
Direct operating costs	(20,712)	(26,047)	—	(46,759)	(4,406)	(509)	(41,844)
Gross margin	21,806	7,479	—	29,285	10,108	(2,110)	21,287
Selling, marketing, depreciation and other operating costs	(1,727)	(8,101)	—	(9,828)	—	—	(9,828)
Net margin	20,079	(622)	—	19,457	10,108	(2,110)	11,459
Fair value changes in investment properties	(171)	497	—	326	261	(139)	204
Investment and other income	706	1,238	483	2,427	446	2	1,979
Interest expense	(4,721)	(1,971)	(3,684)	(10,376)	(2,289)	75	(8,162)
Fair value changes in financial instruments	(1,023)	(3,947)	(52)	(5,022)	(3,947)	—	(1,075)
Share of earnings from equity accounted investments	14,306	10,261	—	24,567	10,066	139	14,362
Net segment earnings (loss)	29,176	5,456	(3,253)	31,379	14,645	(2,033)	18,767
General and administrative expenses[3]	—	—	(7,040)	(7,040)	(4,595)	1,681	(4,126)
Adjustments related to Dream Alternatives trust units[3]	—	—	(35,906)	(35,906)	—	(35,906)	—
Income tax recovery (expense)[3]	—	—	478	478	(1,211)	5,723	(4,034)
Net earnings (loss)[4]	$ 29,176	$ 5,456	$ (45,721)	$ (11,089)	$ 8,839	$ (30,535)	$ 10,607

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Alternatives, consolidation and fair value adjustments and Dream standalone.
(2) Losses from development investments in the three months ended June 30, 2020 relate primarily to the amortization of fair value adjustments relating to the consolidation of Dream Alternatives in the period.
(3) Certain line items are included in Corporate and other as balances are reviewed on a consolidated basis.
(4) Includes earnings attributable to non-controlling interest.

For the six months ended June 30, 2020

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Alternatives[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 56,240	$ 182,259	$ —	**$ 238,499**	$ 11,351	$ (1,657)	**$ 228,805**
Direct operating costs	(35,932)	(119,940)	—	**(155,872)**	(4,896)	(821)	**(150,155)**
Gross margin	20,308	62,319	—	**82,627**	6,455	(2,478)	**78,650**
Selling, marketing, depreciation and other operating costs	(3,003)	(14,744)	—	**(17,747)**	—	(168)	**(17,579)**
Net margin	17,305	47,575	—	**64,880**	6,455	(2,646)	**61,071**
Fair value changes in investment properties	(5,568)	(1,154)	—	**(6,722)**	132	(220)	**(6,634)**
Investment and other income	619	3,741	611	**4,971**	1,074	85	**3,812**
Interest expense	(4,222)	(2,244)	(5,517)	**(11,983)**	(1,619)	(41)	**(10,323)**
Fair value changes in financial instruments	(2,977)	2,470	—	**(507)**	(412)	—	**(95)**
Share of earnings (loss) from equity accounted investments[2]	48,989	(3,513)	—	**45,476**	(1,169)	(8,293)	**54,938**
Net segment earnings (loss)	54,146	46,875	(4,906)	**96,115**	4,461	(11,115)	**102,769**
General and administrative expenses[3]	—	—	(9,514)	**(9,514)**	(3,070)	2,351	**(8,795)**
Adjustments related to Dream Alternatives trust units[3]	—	—	148,840	**148,840**	—	148,840	**—**
Income tax recovery (expense)[3]	—	—	(38,835)	**(38,835)**	127	(17,831)	**(21,131)**
Net earnings[4]	$ 54,146	$ 46,875	$ 95,585	**$ 196,606**	$ 1,518	$ 122,245	**$ 72,843**

For the six months ended June 30, 2019

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Alternatives[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Revenue	$ 91,091	$ 41,910	$ —	$ 133,001	$ 28,396	$ (4,376)	$ 108,981
Direct operating costs	(45,033)	(29,414)	—	(74,447)	(10,266)	(992)	(63,189)
Gross margin	46,058	12,496	—	58,554	18,130	(5,368)	45,792
Selling, marketing, depreciation and other operating costs	(3,271)	(16,858)	—	(20,129)	—	—	(20,129)
Net margin	42,787	(4,362)	—	38,425	18,130	(5,368)	25,663
Fair value changes in investment properties	(2,793)	3,016	—	223	261	(350)	312
Investment and other income	1,813	2,974	798	5,585	1,086	517	3,982
Interest expense	(9,094)	(3,414)	(7,784)	(20,292)	(4,597)	150	(15,845)
Fair value changes in financial instruments	10,660	(4,290)	8	6,378	(4,290)	—	10,668
Share of earnings from equity accounted investments	21,024	10,532	—	31,556	9,622	519	21,415
Net segment earnings (loss)	64,397	4,456	(6,978)	61,875	20,212	(4,532)	46,195
General and administrative expenses[3]	—	—	(12,256)	(12,256)	(8,774)	4,382	(7,864)
Adjustments related to Dream Alternatives trust units[3]	—	—	(97,777)	(97,777)	—	(97,777)	—
Income tax recovery (expense)[3]	—	—	3,545	3,545	(1,885)	14,688	(9,258)
Net earnings (loss)[4]	$ 64,397	$ 4,456	$ (113,466)	$ (44,613)	$ 9,553	$ (83,239)	$ 29,073

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Alternatives, consolidation and fair value adjustments and Dream standalone.
(2) Losses from development investments in the six months ended June 30, 2020 include the amortization of fair value adjustments relating to the consolidation of Dream Alternatives, partially offset by the Company's share of earnings from Canary District occupancies.
(3) Certain line items are included in Corporate and other as balances are reviewed on a consolidated basis.
(4) Includes earnings attributable to non-controlling interest.

Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	For the three months ended June 30, 2020	2019	For the six months ended June 30, 2020	2019
Operating activities				
Earnings (losses) for the period	**$ 10,776**	$ (11,090)	**$ 196,606**	$ (44,613)
Adjustments for non-cash items:				
Depreciation and amortization	**2,684**	2,441	**4,464**	6,180
Fair value changes in investment properties	**5,530**	(326)	**6,722**	(223)
Share of earnings from equity accounted investments	**(39,953)**	(24,567)	**(45,476)**	(31,556)
Deferred income tax expense (recovery)	**(8,177)**	(1,354)	**24,508**	(10,974)
Other adjustments	**5,937**	3,644	**(9,894)**	(10,092)
Changes in non-cash working capital	**2,878**	23,263	**(157,639)**	28,883
Acquisition of condominium inventory, net of acquired cash and working capital	**(787)**	(10,090)	**(5,300)**	(11,621)
Sale of housing inventory, net of development	**3,973**	6,670	**4,873**	4,594
Sale of condominium inventory, net of development	**8,702**	(16,908)	**28,495**	(40,267)
Repayments of construction loans, net of advances	**(20,977)**	3,675	**(1,251)**	4,453
Acquisition of land inventory	**—**	—	**—**	(3,244)
Fair value adjustment on Dream Alternatives trust units	**20,087**	30,100	**(159,430)**	85,938
Development of land inventory, net of sales	**1,919**	(2,199)	**(7,023)**	(6,453)
Net cash flows (used in) provided by operating activities	**(7,408)**	3,259	**(120,345)**	(28,995)
Investing activities				
Acquisitions and additions to investment properties and assets held for sale	**(14,646)**	(2,018)	**(32,777)**	(10,509)
Acquisitions and additions to recreational properties and renewable power assets, net	**(9,361)**	(79)	**(9,431)**	(924)
Investments in equity accounted investments	**—**	(11,302)	**(23,720)**	(11,302)
Contributions to equity accounted investments	**(5,093)**	(2,777)	**(13,340)**	(8,373)
Distributions from equity accounted investments	**12,476**	5,859	**18,750**	10,022
Advances to equity accounted investments	**(1,121)**	—	**(6,055)**	—
Acquisitions of financial assets and other assets, net of distributions and disposals	**(42,658)**	14,350	**(42,358)**	15,017
Proceeds on disposition of assets, net	**—**	—	**—**	15,323
Loans receivable advances, net of repayments	**623**	(911)	**(7,360)**	(911)
Lending portfolio repayments, net of advances and lender fees	**20,966**	(171)	**28,744**	3,216
Net cash flows (used in) provided by investing activities	**(38,814)**	2,951	**(87,547)**	11,559
Financing activities				
Borrowings from mortgages and term debt facilities	**96,351**	6,009	**107,783**	15,927
Repayments of mortgages and term debt facilities	**(3,755)**	(2,532)	**(4,780)**	(8,809)
Advances from operating lines, net of repayments	**(66,000)**	23,000	**—**	47,000
Repayment on non-revolving term facility	**(10,000)**	—	**(10,000)**	—
Contributions from non-controlling interest, net of distributions	**—**	1,276	**—**	1,690
Dream Alternatives trust units repurchased from other unitholders	**(2,413)**	(16,265)	**(2,716)**	(26,540)
Dividends paid	**(2,843)**	(2,660)	**(5,688)**	(5,337)
Shares repurchased	**(271)**	(6,601)	**(125,684)**	(8,146)
Net cash flows (used in) provided by financing activities	**11,069**	2,227	**(41,085)**	15,785
Change in cash and cash equivalents	**(35,153)**	8,437	**(248,977)**	(1,651)
Cash and cash equivalents, beginning of period	**174,697**	54,205	**388,521**	64,293
Cash and cash equivalents, end of period	**$ 139,544**	$ 62,642	**$ 139,544**	$ 62,642

Revenue by Geographic Region

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

	For the three months ended June 30,				For the six months ended June 30,			
	2020		2019		**2020**		2019	
Western Canada								
Alberta	**$ 5,154**	**8.3%**	$ 9,338	12.3%	**$ 92,220**	**38.7%**	$ 14,090	10.6%
British Columbia	**286**	**0.5%**	944	1.2%	**703**	**0.3%**	1,833	1.4%
Saskatchewan	**16,195**	**26.1%**	10,421	13.7%	**23,992**	**10.1%**	15,455	11.6%
	$ 21,635	**34.9%**	$ 20,703	27.2%	**$ 116,915**	**49.1%**	$ 31,378	23.6%
Ontario	**30,808**	**49.7%**	33,127	43.6%	**86,716**	**36.4%**	48,239	36.4%
Quebec	**560**	**0.9%**	—	—%	**911**	**0.4%**	—	—%
Eastern Canada	**—**	**—%**	1,373	1.8%	**—**	**—%**	3,098	2.3%
Canada	**53,003**	**85.5%**	55,203	72.6%	**204,542**	**85.9%**	82,715	62.3%
United Kingdom	**—**	**—%**	707	0.9%	**—**	**—%**	1,529	1.1%
United States	**3,024**	**4.9%**	11,895	15.6%	**17,807**	**7.4%**	30,540	23.0%
Non-segmented (asset management)	**6,017**	**9.6%**	8,239	10.9%	**16,150**	**6.7%**	18,217	13.6%
Total	**$ 62,044**	**100.0%**	$ 76,044	100.0%	**$ 238,499**	**100.0%**	$ 133,001	100.0%

Net Margin by Geographic Region

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

	For the three months ended June 30,				For the six months ended June 30,			
	2020		2019		**2020**		2019	
Western Canada								
Alberta	**$ (706)**	**(11.3%)**	$ 277	1.3%	**$ 42,503**	**65.5%**	$ 1,805	4.7%
British Columbia	**286**	**4.6%**	944	4.6%	**703**	**1.1%**	1,833	4.8%
Saskatchewan	**3,200**	**51.2%**	(448)	(2.2%)	**3,370**	**5.2%**	(3,895)	(10.1%)
	$ 2,780	**44.5%**	$ 773	3.7%	**$ 46,576**	**71.8%**	$ (257)	(0.6%)
Ontario	**5,317**	**85.0%**	10,800	52.2%	**10,932**	**16.8%**	16,088	41.9%
Quebec	**—**	**—%**	—	—%	**48**	**0.1%**	—	—%
Eastern Canada	**—**	**—%**	986	4.8%	**—**	**—%**	2,083	5.4%
Canada	**8,097**	**129.5%**	12,559	60.7%	**57,556**	**88.7%**	17,914	46.6%
United Kingdom	**—**	**—%**	411	2.0%	**—**	**—%**	533	1.4%
United States	**(2,351)**	**(37.6%)**	3,501	16.9%	**2,513**	**3.9%**	11,278	29.4%
Non-segmented (asset management)	**507**	**8.1%**	4,212	20.4%	**4,811**	**7.4%**	8,700	22.5%
Total	**$ 6,253**	**100.0%**	$ 20,683	100.0%	**$ 64,880**	**100.0%**	$ 38,425	99.9%

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.

(in thousands of dollars, except per share amounts)	**Jun 30, 2020**	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
Revenue	**$ 62,044**	$ 176,455	$ 383,360	$ 64,069	$ 76,044	$ 56,957	$ 153,955	$ 64,497
Earnings (loss) for the period[(1)]	**10,776**	185,830	349,191	27,167	(11,089)	(33,524)	56,622	15,279
Basic earnings (loss) per share[(1)]	**0.23**	3.78	6.64	0.52	(0.22)	(0.62)	1.04	0.28
Diluted earnings (loss) per share[(1)]	**0.22**	3.72	6.42	0.50	(0.22)	(0.62)	1.00	0.28

(1) Per share amounts reflect the Share Consolidation for all periods presented.

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.

"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.

"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 six months ended June 30, 2020 and 2019. Consolidation and fair value adjustments relate to business combination adjustments on acquisition of Dream Alternatives on January 1, 2018 and related amortization, elimination of intercompany balances including the investment in Dream Alternatives units, adjustments for co-owned projects, fair value adjustments to the Dream Alternatives units held by other unitholders, and deferred income taxes.

"Debt to total assets ratio" represents the Company's financial leverage and is calculated as debt as a percentage of total assets per the condensed consolidated financial statements. A reconciliation of the debt to total assets ratio can be found below.

		June 30, 2020		December 31, 2019
Debt	**$**	**791,310**	$	698,955
Total assets		**2,927,837**		3,034,033
Debt to total assets ratio		**27.0%**		23.0%

"Dream standalone" represents the results of Dream, excluding the impact of Dream Alternatives' consolidated results. Refer to the "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" sections of this MD&A for a reconciliation of Dream excluding Dream Alternatives results to the condensed consolidated financial statements.

"Fee earning assets under management" represents assets under management that are managed under contractual arrangements that entitle the Company to earn asset management 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. Gross margin represents revenue, less direct operating costs, excluding selling, marketing, depreciation and other operating costs.

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

"Net operating income" 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 recurring income segment for the three months ended June 30, 2020 and 2019 is calculated as follows:

	For the three months ended June 30,				**For the six months ended June 30,**			
		2020		2019		**2020**		2019
Revenue	**$**	**19,789**	$	42,518	**$**	**56,240**	$	91,091
Less: Direct operating costs		**(15,576)**		(20,712)		**(35,932)**		(45,033)
Less: Selling, marketing, depreciation and other indirect costs		**(1,404)**		(1,727)		**(3,003)**		(3,271)
Net margin	**$**	**2,809**	$	20,079	**$**	**17,305**	$	42,787
Add: Depreciation		**1,197**		1,160		**2,385**		2,296
Add: General and administrative expenses		**207**		567		**618**		975
Net operating income	**$**	**4,213**	$	21,806	**$**	**20,308**	$	46,058

Additional Information

Additional information relating to Dream, including the Company's annual information form and condensed consolidated financial statements and accompanying notes, is available on SEDAR at www.sedar.com. The Subordinate Voting Shares trade on the TSX under the symbol **"DRM"**.

Appendix - Supplemental Segmented Information

Recurring Income

For the three months ended June 30, 2020	Asset management	Stabilized properties	Arapahoe Basin	Dream Alternatives & consolidation and fair value adjustments[1]	**Total recurring income - Dream consolidated**
Revenue	$ 7,119	$ 5,042	$ 3,024	$ 4,604	**$ 19,789**
Net margin	1,725	1,782	(2,166)	1,468	**2,809**

For the six months ended June 30, 2020	Asset management	Stabilized properties	Arapahoe Basin	Dream Alternatives & consolidation and fair value adjustments[1]	**Total recurring income - Dream consolidated**
Revenue	$ 18,290	$ 10,449	$ 17,807	$ 9,694	**$ 56,240**
Net margin	7,196	3,434	2,698	3,977	**17,305**

For the three months ended June 30, 2019	Asset management	Stabilized properties	Arapahoe Basin	Dream Alternatives & consolidation and fair value adjustments[1]	Total recurring income - Dream consolidated
Revenue	$ 10,052	$ 7,373	$ 11,895	$ 13,198	$ 42,518
Net margin	6,131	2,164	3,501	8,283	20,079

For the six months ended June 30, 2019	Asset management	Stabilized properties	Arapahoe Basin	Dream Alternatives & consolidation and fair value adjustments[1]	Total recurring income - Dream consolidated
Revenue	$ 22,987	$ 12,866	$ 30,540	$ 24,698	$ 91,091
Net margin	13,647	4,422	11,278	13,440	42,787

[1] Dream Alternatives, and Consolidation and fair value adjustments are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

Development

For the three months ended June 30, 2020	Urban development	Western Canada community development	Dream Alternatives & consolidation and fair value adjustments[1]	**Total development - Dream consolidated**
Revenue	$ 23,637	$ 18,618	$ —	**$ 42,255**
Net margin	2,127	1,317	—	**3,444**

For the six months ended June 30, 2020	Urban development	Western Canada community development	Dream Alternatives & consolidation and fair value adjustments[1]	**Total development - Dream consolidated**
Revenue	$ 70,816	$ 111,443	$ —	**$ 182,259**
Net margin	3,701	44,042	(168)	**47,575**

For the three months ended June 30, 2019	Urban development	Western Canada community development	Dream Alternatives & consolidation and fair value adjustments[1]	Total development - Dream consolidated
Revenue	$ 17,728	$ 16,083	$ (285)	$ 33,526
Net margin	1,196	(1,533)	(285)	(622)

For the six months ended June 30, 2019	Urban development	Western Canada community development	Dream Alternatives & consolidation and fair value adjustments[1]	Total development - Dream consolidated
Revenue	$ 18,997	$ 23,591	$ (678)	$ 41,910
Net margin	420	(4,104)	(678)	(4,362)

[1] Dream Alternatives, and Consolidation and fair value adjustments are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.