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, 2020 and the condensed financial statements as at and for the three months ended March 31, 2021, which can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). The financial statements underlying this MD&A, including 2020 comparative information, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Certain disclosures included herein are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

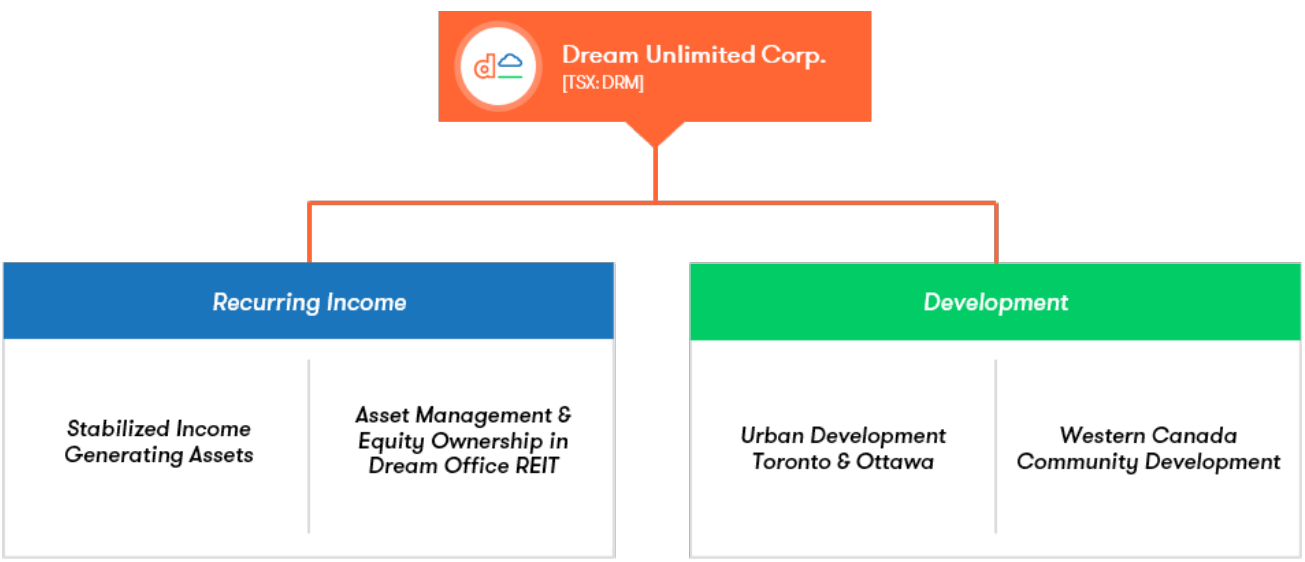
All dollar amounts in tables within this MD&A are in thousands of Canadian dollars, unless otherwise specified. Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. This MD&A is dated as of, and reflects all material events up to, May 11, 2021.

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 $10 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. 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. An illustrative chart showing the structure and diversity of our business is set out below and 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, Dream Impact Trust ("Dream Impact"), formerly Dream Hard Asset Alternatives Trust and Dream Impact Fund, in 2011, 2012, 2014 and 2021, respectively, and the sale of the assets and subsidiaries of Dream Global REIT in 2019.



Summary of Results – First Quarter of 2021

On May 3, 2021, Dream released its inaugural impact report and disclosure statement as a signatory to the Operating Principles for Impact Management. The report outlines the Dream Impact Management System, which is a significant milestone as it is the framework for a systematic and transparent approach to defining and measuring impact across our investments for both public and private investment vehicles including Dream Impact Trust and Dream Impact Fund. Our three impact verticals reflect our established values as a developer: attainable and affordable housing, inclusive communities, and environmental sustainability and resilience, in addition to the United Nations Sustainable Development Goals.

Recurring Income

In the three months ended March 31, 2021, our recurring income segment generated revenue and net operating income of $30.9 million and $14.2 million, respectively, compared to $36.6 million and $16.3 million in the prior period. The decrease in revenue and net operating income is primarily due to a $4.1 million one-time transition service fee from Blackstone in relation to the Dream Global REIT transaction in the prior period and scheduled repayments on Dream Impact Trust's lending portfolio. This was partially offset by improved results at Arapahoe Basin due to a full quarter of operations. Despite operating restrictions and drier than average conditions at the ski hill, strong customer demand, higher margin pass sales and cost containment efforts led to an improvement in net operating income in excess of 50% relative to prior year.

Included in revenue for the first quarter was $5.7 million relating to asset management and development contracts with Dream Industrial REIT, Dream Office REIT and our partnerships, which are expected to grow over time as we actively pursue new asset management opportunities. As of May 7, 2021, Dream Industrial REIT has completed or waived conditions on 13 acquisitions valued at approximately $350 million in Canada, the U.S. and Europe in 2021.

In addition, Dream launched its private impact fund ("Impact Fund") in the first quarter, raising $136 million on first close from a group of Canada's leading institutions and high net worth individuals. Dream has retained a 40% interest in the Impact Fund and contributed our stand-alone interest in the Indigenous Hub (Canary Block 10), Block 8 in the West Don Lands, the Federal Government building under construction at Zibi and our interest in Zibi Community Utility. Subsequent to quarter-end, we closed on a partnership with a global investment manager to create a multi-family platform in the United States seeded with 90% of our combined interest in a 1,200-unit apartment portfolio previously acquired with a partner in 2020 and are under contract to acquire another 792 apartment units in Phoenix, Arizona in the second quarter. Our asset management team remains focused on sourcing, managing and growing our apartment and impact platforms through 2021 and beyond, as well as seeking other opportunities to grow the private equity division.

With the exception of the Broadview and Gladstone Hotels, our boutique hotels in Toronto, our results for the quarter were minimally impacted by the ongoing COVID-19 pandemic. Inclusive of retail in Western Canada, Dream's average monthly rent collection in the three months ended March 31, 2021 exceeded 95%.

Across the Dream group platform, which includes assets held through the Company, Dream Impact Trust, Dream Impact Fund and Dream Office REIT, we have approximately 6.8 million sf of gross leasable area in stabilized rental, retail and commercial properties, in addition to our recreational properties. As at May 11, 2021, the Company had a 26% interest in Dream Impact Trust and a 32% interest in Dream Office REIT.

Development

In the three months ended March 31, 2021, our development segment generated revenue of $19.2 million and incurred negative net margin of $1.3 million, respectively, compared to revenue and net income of $139.8 million and $43.9 million in the prior period. Comparative results include the sale of our interest in 480 acres in Glacier Ridge in Calgary and condominium occupancies at Riverside Square, BT Towns and Kanaal at Zibi, with minimal activity in the current quarter.

We achieved 78 lot sales and 26 housing occupancies in the first quarter, up from 26 lot sales and 18 housing occupancies in the comparative period. As of May 7, 2021, we have secured commitments for an additional 653 lots, 10 acres and 64 houses across our communities in Saskatchewan and Alberta that we expect to contribute to earnings in 2021.

On April 7, 2021, Dream obtained zoning settlement approval from the City of Toronto council for its 5.3 acre Lakeshore East development. The site, which was approved for 1.25 million sf of primarily residential density, is located in close proximity to the Canary and Distillery Districts, and immediately adjacent to Waterfront Toronto's Quayside property (former Sidewalk Labs site). Dream and Dream Impact Trust have a combined 50% interest in the development.

We commenced the market launch of Canary House, our 206-unit condominium development in Block 10 of the Canary District in the first quarter. Of the 150 units released to the market, we are 94% pre-sold as of May 7, 2021 at an average selling price of $1,246 per sf. Our investments in downtown Toronto's east end include the Distillery District, the two-phased Canary District, West Don Lands neighbourhood and Lakeshore East and will comprise over 7,200 residential units and 1.2 million sf of commercial/retail space developed by Dream and its partners.

Subsequent to March 31, 2021, we launched our first block of townhomes at Brightwater, our large master-planned 72 acre waterfront community in Mississauga's Port Credit area. In addition to the first two condominium buildings launched in late 2020, these townhomes are the next phase of the development which is expected to comprise 3,000 residential units, 350,000 sf of retail/commercial space and 18 acres of parks and public space on full build out. All units brought to market are fully pre-sold or in rescission as of May 7, 2021, with occupancies expected in 2023.

Subsequent to March 31, 2021, the Federation of Canadian Municipalities ("FCM") announced a $23 million financing initiative through FCM's Green Municipal Fund for the development of Zibi Community Utility's District Thermal Energy System. Created in partnership with Hydro Ottawa, this system utilizes post-industrial waste energy for heating and the Ottawa River for cooling to recycle greenhouse gas emissions for the entire Zibi development. Dream's 40% interest in Zibi Community Utility is held through Dream Impact Fund and Dream Impact Trust.

Across the Dream group platform, we have approximately 5.1 million sf of GLA in retail or commercial properties and over 19,700 condominium or purpose-built rental units (at the project level) in our development pipeline. For further details on our development pipeline, refer to the "Summary of Dream's Assets & Holdings" section of this MD&A.

Share Capital & Return to Shareholders

In the three months ended March 31, 2021, 1.2 million Subordinate Voting Shares were purchased for cancellation by the Company at an average price of $21.41 under a normal course issuer bid ("NCIB") for total proceeds of $26.6 million (year ended December 31, 2020 - 7.7 million Subordinate Voting Shares at an average price of $22.07, inclusive of 5.0 million Subordinate Voting Shares purchased for cancellation under a substantial issuer bid).

Dividends of $3.1 million were declared and paid on its Subordinate Voting Shares and Class B Shares in the three months ended March 31, 2021, (three months ended March 31, 2020 - $2.8 million).

As of March 31, 2021, the Company had $406.6 million in corporate-level cash and available credit under its various revolving facilities and a conservative leverage position with a debt to total assets ratio of 27.1%.

20,982 residential units &

11.8 million sf

of commercial/retail GLA across the Dream Group portfolio

$6 billion

of fee earning assets under management and

$10 billion

of total assets under management

17% CAGR

in book value per share 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;
- Create positive and lasting impacts through our impact dedicated vehicles;
- 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 Impact Fund, Dream Impact Trust and Dream Office REIT, our portfolio totals 20,982 residential units and 11.8 million sf of commercial/retail GLA as at March 31, 2021 (at 100% project level).

The Company's reporting segments 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, fees earned through Dream Equity Partners, a 32% equity interest in Dream Office REIT, Dream Impact Trust's 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, multi-family and retail/commercial development in Saskatchewan and Alberta, and Dream Impact Trust's investment in the Virgin Hotels 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 32% equity ownership in Dream Office REIT, management fees from Dream Impact Fund 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 Impact 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.

Selected Key Operating Metrics by Segment

				For the three months ended March 31, 2021
(in thousands of dollars, except outstanding share amounts)	**Recurring income[1]**	**Development**	**Corporate and other**	**Total**
Revenue	**$ 30,889**	**$ 19,185**	**$ —**	**$ 50,074**
% of total revenue	**61.7%**	**38.3%**	**—%**	**100.0%**
Net margin	**$ 12,516**	**$ (1,308)**	**$ —**	**$ 11,208**
Net margin (%)[2]	**40.5%**	**n/a**	**n/a**	**22.4%**
				As at March 31, 2021
Segment assets	**$ 1,160,110**	**$ 1,522,117**	**$ 139,463**	**$ 2,821,690**
Segment liabilities	**324,119**	**428,211**	**696,650**	**1,448,980**
Segment shareholders' equity[3]	**835,991**	**1,078,309**	**(557,187)**	**1,357,113**
Total issued and outstanding shares				**43,784,071**

(in thousands of dollars, except outstanding share amounts)	Recurring income[1]	Development	Corporate and other	Total
				For the three months ended March 31, 2020
Revenue	$ 36,633	$ 139,822	$ —	$ 176,455
% of total revenue	20.8%	79.2%	—%	100.0%
Net margin	$ 14,678	$ 43,949	$ —	$ 58,627
Net margin (%)[2]	40.1%	31.4%	n/a	33.2%
				As at December 31, 2020
Segment assets	$ 1,118,871	$ 1,560,924	$ 164,578	$ 2,844,373
Segment liabilities	313,274	452,100	672,387	1,437,761
Segment shareholders' equity[3]	805,597	1,093,858	(507,809)	1,391,646
Total issued and outstanding shares				45,011,928

(1) Asset management revenue and net margin from Dream Impact Trust and Dream Impact Fund 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 excludes $15.6 million of Zibi non-controlling interest as at March 31, 2021 (December 31, 2020 - $15.0 million).

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 March 31, 2021	2020
Revenue	**$ 50,074**	$ 176,455
Gross margin	**$ 18,309**	$ 68,322
Gross margin (%)[1]	**36.6%**	38.7%
Net margin	**$ 11,208**	$ 58,627
Net margin (%)[2]	**22.4%**	33.2%
Earnings (loss) before income taxes	**$ (4,852)**	$ 232,779
Earnings (loss) for the period	**$ (3,761)**	$ 185,830
Basic earnings (loss) per share[3]	**$ (0.10)**	$ 3.78
Diluted earnings (loss) per share[3]	**$ (0.10)**	$ 3.71
Weighted average number of shares outstanding, basic	**44,325,920**	49,143,261
Total issued and outstanding shares	**43,784,071**	47,394,907
Total earnings (loss) for the period attributable to:		
Shareholders[4]	**$ (4,392)**	$ 185,556

	March 31, 2021	December 31, 2020
Total assets	**$ 2,821,690**	$ 2,844,373
Total liabilities	**$ 1,448,980**	$ 1,437,761
Total equity	**$ 1,372,710**	$ 1,406,612
Total issued and outstanding shares	**43,784,071**	45,011,928

(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 months ended March 31, 2021 for further details on the calculation of basic and diluted earnings (loss) per share.
(4) Total earnings (loss) attributable to shareholders excludes the portion allocated to non-controlling interests.

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 losses taken on Dream Impact Trust units held by other unitholders for the three months ended March 31, 2021 was $12.8 million, a decrease of $45.7 million relative to the prior year. The change is primarily due to the sale of a 73% interest in 480 acres in Glacier Ridge in Calgary in the prior period and reduced condominium inventory available for occupancy. Included in results for the three months ended March 31, 2021 are $2.9 million of net fair value gains across our investment property and financial asset portfolios.

Dream Impact 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 gains/losses with the fluctuation of Dream Impact Trust's unit price. In the three months ended March 31, 2021, the fair value loss on the Dream Impact Trust units was $17.7 million (as a result of the unit price increasing to $6.30 at March 31, 2021 from $6.03 at December 31, 2020), compared to a gain of $174.2 million in the comparative period (as a result of the unit price decreasing to $4.37 at March 31, 2020 from $7.75 at December 31, 2019).

Summary of Dream's Assets and Holdings

The following table includes supplementary information on our portfolio as at March 31, 2021.

Project/Property	Entity	Dream ownership[1]	Status/Type	Total residential/ hotel units at completion[2]	Residential GFA[2] (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	31.6%	Income property	—	—	658,000	93.6%	
Sussex Centre	Dream Office REIT/ MPCT	65.8%	Income property	—	—	655,000	85.9%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	Dream Office REIT	31.6%	Income property	—	—	442,000	62.8%	
State Street Financial Centre	Dream Office REIT	31.6%	Income property	—	—	414,000	100.0%	
Distillery District	Dream	50.0%	Income property	—	—	395,000	99.1%	
438 University Avenue	Dream Office REIT	31.6%	Income property	—	—	323,000	99.1%	
655 Bay Street	Dream Office REIT	31.6%	Income property	—	—	301,000	97.8%	
74 Victoria Street/137 Yonge Street	Dream Office REIT	31.6%	Income property	—	—	266,000	98.9%	
720 Bay Street	Dream Office REIT	31.6%	Income property	—	—	248,000	100.0%	
36 Toronto Street	Dream Office REIT	31.6%	Income property	—	—	214,000	90.1%	
330 Bay Street	Dream Office REIT	31.6%	Income property	—	—	165,000	75.7%	
20 Toronto Street/33 Victoria Street	Dream Office REIT	31.6%	Income property	—	—	158,000	94.1%	
250 Dundas Street West	Dream Office REIT	31.6%	Income property	—	—	121,000	98.5%	
Victory Building	Dream Office REIT	31.6%	Income property	—	—	101,000	66.6%	
49 Ontario	MPCT	100.0%	Redevelopment	TBD	TBD	88,000	91.5%	
425 Bloor Street East	Dream Office REIT	31.6%	Income property	—	—	83,000	97.5%	
212 King Street West	Dream Office REIT	31.6%	Income property	—	—	73,000	95.9%	
357 Bay Street	Dream Office REIT	31.6%	Income property	—	—	65,000	100.0%	
10 Lower Spadina	MPCT	100.0%	Income property	—	—	61,000	100.0%	
100 Steeles Avenue West	Dream/MPCT	50.0%	Redevelopment	TBD	TBD	59,000	96.4%	
360 Bay Street	Dream Office REIT	31.6%	Income property	—	—	58,000	86.8%	
6 Adelaide Street East	Dream Office REIT	31.6%	Income property	—	—	53,000	70.0%	
350 Bay Street	Dream Office REIT	31.6%	Income property	—	—	53,000	83.1%	
67 Richmond Street West	Dream Office REIT	31.6%	Income property	—	—	50,000	92.0%	
366 Bay Street	Dream Office REIT	31.6%	Redevelopment	—	—	36,000	34.0%	2023
Plaza Imperial	MPCT	40.0%	Income property	—	—	35,000	100.0%	
349 Carlaw	MPCT	100.0%	Income property	—	—	34,000	91.6%	
56 Temperance Street	Dream Office REIT	31.6%	Income property	—	—	32,000	80.2%	
Canary District - Stage 1 retail	Dream	50.0%	Income property	—	—	32,000	87.5%	
68-70 Claremont Street	MPCT	100.0%	Income property	—	—	29,000	39.7%	
Plaza Bathurst	MPCT	40.0%	Income property	—	—	24,000	100.0%	
Queen and Mutual	MPCT	9.0%	Income property	—	—	24,000	80.0%	
76 Stafford Street	MPCT	100.0%	Income property	—	—	24,000	100.0%	
220 King Street West	Dream Office REIT	15.8%	Income property	—	—	22,000	83.4%	
Other GTA retail	Dream	17.1-50.0%	Income property	—	—	290,000	84.3%	
Other:								
The Broadview Hotel	Dream	50.0%	Hospitality	58	—	—		
The Gladstone Hotel	Dream	50.0%	Hospitality	55	—	—		
Total Downtown Toronto & GTA				**113**	**—**	**5,686,000**	**89.8%**	
U.S.								
Arapahoe Basin ski hill, Colorado	Dream	100.0%	Income property	—	—			
Abbey at Vista Ridge, Texas	Dream	50.0%	Income property	300	297,000		97.7%	
Tallows Apartments, Texas	Dream	50.0%	Income property	252	218,000		97.2%	
Villas at Waterchase, Texas	Dream	50.0%	Income property	244	215,000		95.5%	
Tall Timbers Apartments, Texas	Dream	50.0%	Income property	216	201,000		87.5%	
Fieldcrest Apartments, Texas	Dream	50.0%	Income property	180	144,000		95.0%	
12800 Foster Street, Overland Park, Kansas	Dream Office REIT	31.6%	Income property	—	—	185,000	100.0%	
Total U.S.				**1,192**	**1,075,000**	**185,000**	**95.6%**	

Project/Property	Type	Entity	Dream ownership[1]	Status/Type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
Western Canada									
Residential and Mixed-Use:									
Kensington, Saskatoon		Dream	100.0%	Income property	48	75,000	—	93.8%	
Commercial:									
444 - 7th Building, Calgary		Dream Office REIT	31.6%	Income property	—	—	261,000	74.5%	
Saskatoon Square, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	228,000	65.2%	
Princeton Tower, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	136,000	48.1%	
606 - 4th Building & Barclay Parkade, Calgary		Dream Office REIT	31.6%	Income property	—	—	126,000	76.5%	
Kensington House, Calgary		Dream Office REIT	31.6%	Income property	—	—	78,000	95.7%	
Shops of South Kensington, Saskatoon		Dream	100.0%	Income property	—	—	72,000	96.4%	
234 - 1st Avenue South, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	10,000	66.8%	
Other:									
Willows, Saskatoon		Dream	100.0%	Income property	—	—			
Total Western Canada					**48**	**75,000**	**911,000**	**73.6%**	
Total Recurring Income Segment					**1,353**	**1,150,000**	**6,782,000**	**88.7%**	
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	100.0%	2022
WDL Block 8	Hold	Impact Fund/MPCT	33.3%	Under construction	770	623,000	4,000		2023
Brightwater I and II	Sell	Dream/MPCT	31.0%	Planning	311	216,000	100,000	33.0%	2023
Canary House (Block 10 - Condo)	Sell	Impact Fund	50.0%	Planning	206	146,000	26,000		2024
Canary Block 10 - Rental	Hold	Impact Fund/MPCT	33.3%	Planning	238	173,000	—		2024
Brightwater future blocks	Various	Dream/MPCT	31.0%	Planning	2,684	2,897,000	256,000		2024-2032
WDL Block 3/4/7	Hold	Dream/MPCT	33.3%	Planning	855	805,000	33,000		2025
Canary Block 13	Hold	Dream	50.0%	Planning	477	468,000	7,000		TBD
WDL Block 20	Hold	Dream/MPCT	33.3%	Planning	654	571,000	260,000		TBD
Scarborough Junction	Sell	MPCT	45.0%	Planning	6,619	5,270,000	165,000		TBD
Frank Gehry	Sell	Dream/MPCT	33.3%	Planning	1,500	1,652,000	260,000		TBD
Lakeshore East	TBD	Dream/MPCT	50.0%	Planning	1,100	989,000	32,000		TBD
Distillery District - 31A Parliament	Hold	Dream	50.0%	Planning	500	448,000	300,000	30.7%	TBD
Seaton	Sell	MPCT	7.0%	Planning	TBD	TBD	TBD		TBD
Other	Sell	Various	Various	Various	1,195	1,304,000	58,000		TBD
Total Downtown Toronto & GTA					17,737	16,129,000	1,559,000	33.8%	
Zibi (Ottawa/Gatineau)									
Block 2-3	Hold	Dream/MPCT	89.2%	Under construction	—	—	55,000	81.2%	Q2 2021
Block 211	Hold	Impact Fund/MPCT	89.2%	Under construction	—	—	185,000	86.0%	Q4 2021
Block 208	Hold	Dream/MPCT	89.2%	Under construction	—	—	34,000	79.8%	2022
Block 10	Hold	Dream/MPCT	89.2%	Under construction	162	147,000	1,500		2022
Block 206	Hold	Dream/MPCT	89.2%	Planning	211	166,000	14,000		2023
Block 11	Hold	Dream/MPCT	89.2%	Planning	146	116,000	5,000		2023
Block 207	Hold	Dream/MPCT	89.2%	Planning	—	—	90,000		2023
Future blocks	Various	Dream/MPCT	89.2%	Planning	1,233	1,387,000	2,054,000		TBD
Total Zibi (Ottawa/Gatineau)					1,752	1,816,000	2,438,500	84.3%	
U.S.									
Las Vegas industrial site	Hold	Dream	10.0%	Planning	—	—	464,000		TBD
Virgin Hotels Las Vegas	Sell	MPCT	10.0%	Hospitality	1,502	—	—		2023
Total U.S.					1,502	—	464,000		
Western Canada									
Residential:									
Brighton Village Rentals 1, Saskatoon	Hold	Dream	100.0%	In occupancy	121	81,000	—	36.4%	Q3 2021
Brighton Village Rentals 2, Saskatoon	Hold	Dream	100.0%	Planning	132	112,000	13,000		2022-2023
Brighton Recreation, Saskatoon	Hold	Dream	100.0%	In occupancy	—	—	6,000	100.0%	Q3 2021
Commercial:									
1900 Sherwood Place, Regina	Hold	Dream Office REIT	31.6%	Redevelopment	—	—	210,000	91.9%	Q3 2021
Brighton Marketplace, Saskatoon	Hold	Dream	50.0%	Under construction	—	—	222,000	74.1%	2022
Harbour Landing, Regina	Hold	Dream	100.0%	Under construction	—	—	41,000	58.2%	2022
Montrose, Calgary	Hold	Dream	100.0%	Under construction	—	—	24,000	70.8%	2022
Hampton Heights, Saskatoon	Hold	Dream	100.0%	Under construction	—	—	22,000	91.0%	2022
Total Western Canada					253	193,000	538,000	74.9%	
Total Development Segment					**21,244**	**18,138,000**	**4,999,500**	**63.7%**	
Total Dream Platform					**22,597**	**19,288,000**	**11,781,500**	**85.2%**	

Western Canada Land Holdings

City	Acre equivalents
Calgary	1,892
Edmonton	858
Saskatoon	3,136
Regina	3,314
Total[3]	**9,200**

Summary by Geography

Location	Current GLA	Future GLA under development[2]	In-place and committed occupancy	Residential/ hotel units at completion[2]	Residential GFA[2]
Downtown Toronto & GTA	5,686,000	1,559,000	86.0%	17,850	16,129,000
Ottawa/Gatineau	—	2,438,500	84.3%	1,752	1,816,000
U.S.	185,000	464,000	95.6%	2,694	1,075,000
Western Canada[3]	1,121,000	328,000	74.1%	301	268,000
Total	**6,992,000**	**4,789,500**	**85.2%**	**22,597**	**19,288,000**

(1) Dream, Dream Impact Fund ("Impact Fund") and Dream Impact Trust ("MPCT") holdings at fully consolidated ownership. Dream Office REIT at 31.6% ownership as of March 31, 2021.

(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

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, including our private fund business. Asset management fees and equity interests in Dream Impact Trust and Dream Impact Fund are eliminated on consolidation. As of March 31, 2021, we held an aggregate of 17.6 million units in Dream Office REIT, representing a 31.6% 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 $36 billion of commercial real estate and real estate alternative transactions. We also act as lead or co-lead developer on behalf of Dream Office REIT, Dream Impact Trust, Dream Impact Fund and our third-party partnerships.

As at March 31, 2021, Dream managed assets with a total value of approximately $10 billion (December 31, 2020 – $10 billion), including fee earning assets under management of approximately $6 billion (December 31, 2020 - $5 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 March 31, 2021, we held over 7.9 million sf of GLA in 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.

Selected Segment Key Operating Metrics

	For the three months ended March 31,	
(in thousands of dollars, unless otherwise noted)	**2021**	2020
Revenue	**$ 30,889**	$ 36,633
Net operating income[1]	**14,180**	16,277
Net margin	**12,516**	14,678
Net margin (%)[1]	**40.5%**	40.1%
Fair value changes in investment properties	**$ (1,611)**	$ (643)
Share of earnings from equity accounted investments	**10,610**	545

(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 March 31, 2021, revenue and net operating income derived from recurring income sources decreased by $5.7 million and $2.1 million, respectively, from the comparative period, primarily due to a $4.1 million one-time transition service fee from Blackstone in relation to the Dream Global REIT transaction earned in 2020, prior period asset dispositions and scheduled lending portfolio repayments. This was partially offset by improved results at Arapahoe Basin in 2021 due to higher pass sales in a full quarter of operations.

During the three months ended March 31, 2021, the Company, through Dream Impact Trust, acquired a 100% interest in two income properties, 76 Stafford and 68-70 Claremont, located in downtown Toronto, for a total consideration of $33.6 million, including transaction costs. Fair value losses on investment properties of $1.6 million for the three months ended March 31, 2021 were primarily driven by transaction costs on the acquisition of the aforementioned properties.

Asset management revenues declined relative to the comparative period as a result of the aforementioned transition service fee from Blackstone in the first quarter of 2020, partially offset by higher development fees. In the three months ended March 31, 2021, total asset management and development management fees generated from contracts with Dream Industrial REIT, Dream Office REIT and our partnerships were $5.7 million. Net operating income from our asset management business declined in the three months ended March 31, 2021, relative to prior periods, due to the reasons discussed above.

Earnings from equity accounted investments in the three months ended March 31, 2021 increased by $10.1 million relative to the comparative period as a result of fair value gains in the investment properties in our U.S. Multifamily Portfolio. Earnings from the remainder of our equity accounted investments in this segment remained consistent.

In the first quarter of 2021, we contributed four high-quality, active development assets with defined impact pathways to form Dream Impact Fund's seed portfolio. This includes the Company's interest in the Indigenous Hub (Canary Block 10), Block 8 in the West Don Lands, the Federal Government building under construction at Zibi and our interest in Zibi Community Utility, the system created in partnership with Hydro Ottawa to provide net zero heating and cooling to the entire Zibi project. Dream will earn asset management fees at 1.5% of net asset value and a promote. All fees from Dream Impact Fund are eliminated on consolidation.

Over the next five years, an additional 2.2 million sf of residential GFA and 0.8 million sf of commercial/retail GLA will be added to our recurring income segment (at the project level). Details of projects we expect to be completed during this time period include the following:

Project/Property	Entity	Dream ownership[1]	Total residential units[2]	Residential GFA[2] (at 100%)	Commercial and retail GLA[2] (at 100%)	Committed occupancy	Occupancy date
357 Bay Street	Dream Office REIT	31.6%	—	—	65,000	100.0%	2021
1900 Sherwood Place	Dream Office REIT	31.6%	—	—	210,000	91.9%	Q3 2021
Brighton Village Rental 1	Dream	100.0%	121	81,000	—	36.4%	Q3 2021
Brighton Village Rental 2	Dream	100.0%	132	112,000	13,000		2022-2023
Brightwater I and II	Dream/MPCT	31.0%	—	—	100,000	33.0%	2023
WDL Block 8	Impact Fund/MPCT	33.3%	770	623,000	4,000		2023
Canary Block 10 - Rental	Impact Fund/MPCT	33.3%	238	173,000	—		2024
WDL Block 3/4/7	Dream/MPCT	33.3%	855	805,000	33,000		2025
Zibi							
Block 2-3	Dream/MPCT	89.2%	—	—	55,000	81.2%	Q2 2021
Block 211	Impact Fund/MPCT	89.2%	—	—	185,000	86.0%	Q4 2021
Block 208	Dream/MPCT	89.2%	—	—	34,000	79.8%	2022
Block 10	Dream/MPCT	89.2%	162	147,000	1,500		2022
Block 206	Dream/MPCT	89.2%	211	166,000	14,000		2023
Block 207	Dream/MPCT	89.2%	—	—	90,000		2023
Block 11	Dream/MPCT	89.2%	146	116,000	5,000		2023
Total			**2,635**	**2,223,000**	**809,500**	**75.5%**	

(1) Dream, Impact Fund and MPCT holdings at fully consolidated ownership. Dream Office REIT at 31.6% ownership as of March 31, 2021.

(2) Residential units, GLA and GFA are at 100% project level and include planned units. Planned residential units may be developed as condominium units or purpose-built rentals as supported by market demand, targeted studies and return objectives.

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 Impact Trust 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 Impact Trust 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 development holdings.

The developments that we hold today do not require a significant amount of capital and are financed primarily through project-specific debt including 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 March 31, 2021, our GTA and Ottawa pipeline across the Dream portfolio is comprised of over 19,400 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	Dream/Impact Fund/MPCT ownership interest %	Project inception
Distillery District	50%	2004
Riverside Square and other mixed-use developments	32.5%-50%	2007
Canary District - Blocks 12 and 13	50%	2011
Zibi	89%	2014
Lakeshore East	50%	2016
Brightwater	31%	2017
Frank Gehry	33%	2017
West Don Lands	33%	2018
100 Steeles Avenue West	50%	2018
Canary District - Block 10	33%-50%	2019

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 approximately 9,200 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 March 31, 2021, our Western Canada pipeline across the Dream portfolio is comprised of 253 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

(in thousands of dollars, except unit and acre amounts)	For the three months ended March 31, **2021**	2020
DIRECTLY OWNED		
Revenue	**$ 19,185**	$ 139,822
Gross margin	**4,129**	52,045
Net margin	**(1,308)**	43,949
Fair value change on investment properties	**6,346**	(549)
Condominium occupancy units (project level) - Toronto & Ottawa	**5**	269
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**3**	119
Lots sold - Western Canada	**78**	26
Acres sold - Western Canada	**—**	505
EQUITY ACCOUNTED INVESTMENTS		
Share of earnings from equity accounted investments	**$ 212**	$ 4,978
Condominium occupancy units (project level) - Toronto & Ottawa	**—**	122
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**—**	61

Results of Operations

In the three months ended March 31, 2021, we generated revenue of $19.2 million and incurred net margin of ($1.3 million) compared to revenue of $139.8 million and net margin of $43.9 million in the comparative period. The comparative results included earnings from the sale of our 73% interest in 480 acres of land at Glacier Ridge in Calgary and condominium occupancies at Riverside Square, BT Towns and Kanaal at Zibi with no activity in 2021. Included in results for the three months ended March 31, 2021 is $6.3 million in fair value gains on investment properties, primarily driven by our commercial buildings at Zibi, inclusive of Block 211 which is leased to the Federal Government.

Earnings from equity accounted investments for the three months ended March 31, 2021 decreased by $4.8 million from the comparative period due to occupancies at Canary Block in the first quarter of 2020 with no activity in 2021.

Minimal condominium occupancies are expected in 2021. Our development team remains focused on building out our exceptional development pipeline, including Phase 2 of Riverside Square, Canary Commons, Brightwater I and II and West Don Lands Block 8, which are expected to occupy between 2022 and 2023; however, as the development manager for our projects, we are able to adjust, in real time, should adverse changes to the market arise.

Active Projects

Zibi

In the three months ended March 31, 2021, vertical construction at Zibi continued on all active blocks. 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. Zibi will be one of Canada's most sustainable communities and the country's first "One Planet Master-Planned Community". In partnership with Hydro Ottawa, we are developing 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 commenced in late 2020 with first occupancies expected in 2022.

Downtown Toronto's East End

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 Canary Commons (Block 12), a 401-unit condominium building, and 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. Construction on West Don Lands Block 3/4/7 is expected to commence in mid-2021. This block will add an additional 855 rental units (30% affordable), with initial occupancies planned for 2025. 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.

Brightwater

Brightwater is a 72 acre waterfront property for development in Mississauga's Port Credit area, with plans to transform the site into a complete, vibrant and diverse waterfront community. The site is expected to be redeveloped into a large master-planned residential/mixed-use community. Highlights of the draft master plan proposal include nearly 3,000 residential units and 350,000 sf of retail and commercial space. The source remediation program is complete and vertical construction is expected to commence in 2021 on the project's first residential buildings which are fully pre-sold or in rescission as of May 7, 2021.

Other Items

Interest Expense

In the three months ended March 31, 2021, interest expense decreased by $1.0 million from the comparative periods primarily due to a decline in interest rates and lower corporate debt levels.

General and Administrative Expenses

In the three months ended March 31, 2021, general and administrative expenses were $3.7 million, down from $4.9 million in the comparative period largely due to government assistance received through the Canadian Emergency Wage Subsidy in the current period, partially offset by a decrease in Dream Impact Trust's deferred unit incentive plan liability, as a result of an increase in Dream Impact Trust's unit price from $6.03 as at December 31, 2020 to $6.30 as at March 31, 2021. Included in general and administrative expenses for the three months ended March 31, 2021 was government assistance received of $1.7 million.

Income Tax Expense

The Company's effective income tax rate was 22.5% for the three months ended March 31, 2021 (three months ended March 31, 2020 – 20.2%). The effective income tax rate for the three months ended March 31, 2021 is different than the statutory combined federal and provincial tax rate of 26.3% 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 objectives in managing our capital are 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 March 31, 2021.

A summary of our working capital and financial assets and liabilities as at March 31, 2021 and December 31, 2020 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.

	March 31, 2021				December 31, 2020			
	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	$ 165,761	$ —	$ —	**$ 165,761**	$ 185,121	$ —	$ —	$ 185,121
Accounts receivable	143,052	20,015	—	**163,067**	180,039	20,851	—	200,890
Other financial assets[(1)]	35,161	81,739	—	**116,900**	24,302	112,947	—	137,249
Lending portfolio	3,895	11,600	—	**15,495**	9,497	13,751	—	23,248
Equity accounted investment in Dream Office REIT	—	—	477,661	**477,661**	—	—	476,686	476,686
Subtotal assets	347,869	113,354	477,661	**938,884**	398,959	147,549	476,686	1,023,194
Accounts payable and accrued liabilities	96,650	32,975	44,898	**174,523**	120,480	35,531	42,824	198,835
Income and other taxes payable	64,448	—	—	**64,448**	58,091	—	—	58,091
Provision for real estate development costs	30,260	—	—	**30,260**	31,040	—	—	31,040
Corporate debt facilities	—	202,557	—	**202,557**	—	202,452	—	202,452
Dream Impact Trust units	—	—	300,848	**300,848**	—	—	289,330	289,330
Dream Impact Fund units	—	—	19,246	**19,246**	—	—	—	—
Subtotal liabilities	191,358	235,532	364,992	**791,882**	209,611	237,983	332,154	779,748
Net excess (deficiency)	$ 156,511	$ (122,178)	$ 112,669	**$ 147,002**	$ 189,348	$ (90,434)	$ 144,532	$ 243,446

(1) Other financial assets as at March 31, 2021 excludes $39.3 million in project-specific investment holdings (December 31, 2020 – $40.0 million).

As at March 31, 2021, 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. As at March 31, 2021, we had $406.6 million in corporate-level cash and available under 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 March 31, 2021, on a consolidated basis, we had $165.8 million in cash and cash equivalents (December 31, 2020 – $185.1 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 March 31, 2021, our debt maturing in 2021 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 March 31, 2021, total debt was $765.4 million (December 31, 2020 – $755.9 million). A breakdown of project-specific and corporate debt facilities is detailed in the table below.

	Balance		Weighted average interest rate	
(in thousands of Canadian dollars)	**March 31, 2021**	December 31, 2020	**March 31, 2021**	December 31, 2020
Operating line - Dream Impact Fund	**$ 2,366**	$ —	**3.20%**	—%
Operating line - Western Canada	**—**	—	**2.94%**	2.98%
Construction loans	**210,098**	221,952	**2.88%**	3.17%
Mortgages and term debt	**350,346**	331,472	**3.51%**	3.57%
Total project-specific debt	**$ 562,810**	$ 553,424	**3.26%**	3.41%
Non-revolving term facility	**$ 202,557**	$ 202,452	**3.18%**	2.99%
Total corporate debt facilities	**$ 202,557**	$ 202,452	**3.18%**	2.99%
Total debt	**$ 765,367**	$ 755,876	**3.25%**	3.30%
Debt to total assets ratio(1)	**27.1%**	26.6%		

(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.

As at March 31, 2021, $320.0 million (December 31, 2020 – $285.9 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 3.32% (December 31, 2020 – 3.47%) and will mature between 2021 and 2031. A further $445.4 million (December 31, 2020 – $470.0 million) of real estate debt was subject to a weighted average variable interest rate of 3.20% (December 31, 2020 – 3.19%) and will mature between 2021 and 2023. Included within total debt is $178.2 million of variable debt that the Company has hedged through fixed interest rate swaps.

Contractual Obligations

Our liquidity is impacted by contractual debt commitments as follows:

	2021	**2022**	**2023**	**2024**	**2025**	**2026 and thereafter**	**Total**
Project-specific debt(1)	$ 104,742	$ 120,837	$ 127,146	$ 9,486	$ 60,682	$ 139,917	$ 562,810
Corporate debt facilities(1)	—	202,557	—	—	—	—	202,557
	$ 104,742	$ 323,394	$ 127,146	$ 9,486	$ 60,682	$ 139,917	$ 765,367

(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 March 31, 2021, there were 42,226,715 Subordinate Voting Shares and 1,557,356 Class B Shares outstanding (December 31, 2020 - 43,454,572 Subordinate Voting Shares and 1,557,356 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 46% economic interest and 87% voting interest in the Company as at March 31, 2021.

Share Repurchases

The Company renewed its NCIB, which commenced on September 21, 2020, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,604,395 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 25,412 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

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 20, 2021.

In the three months ended March 31, 2021, 1.2 million Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $21.41 (year ended December 31, 2020 – 2.7 million Subordinate Voting Shares at an average price of $19.45). In the prior year the Company completed a substantial issuer bid ("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.

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 months ended March 31, 2021.

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 months ended March 31, 2021.

Critical Accounting Estimates

The preparation of the condensed consolidated financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies, estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities included in the Company's condensed consolidated financial statements. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions or conditions. A detailed summary of the most significant accounting judgments, estimates and assumptions made by management in the preparation and analysis of our financial results is included in our Annual Report for the year ended December 31, 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 accounts receivable, net realizable value of inventories including land in Western Canada, carrying values of recreational properties and 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, and investment properties 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 and recreational properties. 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 losses ("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 March 31, 2021, the President and Chief Responsible Officer and the Chief Financial Officer (the "Certifying Officers"), 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 Officers 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 months ended March 31, 2021 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, 2020.

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, 2020 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 Impact Trust, please refer to the Dream Impact Trust Annual Report for the year ended December 31, 2020 and the most recent Annual Information Form filed by Dream Impact Trust on SEDAR.

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 and growth of our asset management business and private equity division, as well as our apartment and impact platforms; expectations that recurring income assets will increase over time and the future composition of our recurring income portfolio; our development and redevelopment 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 Impact Trust; 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 development segment to our earnings and income in future periods and our expectation that recurring income will increase in the future as urban development properties are completed and held for the long term; the supplementary information in relation to the development and redevelopment assets in our portfolio, including total residential/hotel units at completion, residential GFA, commercial and retail GLA, occupancy/stabilization dates and future GLA under development; expectations of future profit and earnings contributions from Western Canada; our acquisition and development pipeline; 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 cooling 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", "target' 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, the impact of the COVID-19 pandemic on the Company and uncertainties surrounding the COVID-19 pandemic, including government measures to contain 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 May 11, 2021. 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

							March 31, 2021
	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Assets							
Cash and cash equivalents	$ 21,879	$ 17,449	$ 126,433	**$ 165,761**	$ 91,858	$ 2,947	**$ 70,956**
Accounts receivable	15,344	141,715	6,008	**163,067**	756	(4,256)	**166,567**
Other financial assets[2]	39,997	116,235	—	**156,232**	64,535	(94,463)	**186,160**
Lending portfolio	15,495	—	—	**15,495**	15,495	—	**—**
Housing inventory	—	29,179	—	**29,179**	—	—	**29,179**
Condominium inventory	—	257,253	—	**257,253**	—	18,141	**239,112**
Land inventory	750	482,147	—	**482,897**	—	—	**482,897**
Investment properties	458,569	221,819	—	**680,388**	245,188	15,068	**420,132**
Recreational properties	59,877	—	—	**59,877**	—	—	**59,877**
Equity accounted investments	537,241	228,587	—	**765,828**	230,133	(64,763)	**600,458**
Capital and other operating assets	10,958	27,733	7,022	**45,713**	4,667	411	**40,635**
Intangible asset	—	—	—	**—**	—	(43,000)	**43,000**
Total assets	$ 1,160,110	$ 1,522,117	$ 139,463	**$ 2,821,690**	$ 652,632	$ (169,915)	**$ 2,338,973**
Liabilities							
Accounts payable and other liabilities	$ 32,654	$ 126,606	$ 15,263	**$ 174,523**	$ 14,293	$ 27,290	**$ 132,940**
Income and other taxes payable[3]	—	—	64,448	**64,448**	—	—	**64,448**
Provision for real estate development costs	—	30,260	—	**30,260**	—	—	**30,260**
Debt	291,465	271,345	202,557	**765,367**	104,910	—	**660,457**
Dream Impact Trust units[3]	—	—	300,848	**300,848**	—	300,848	**—**
Dream Impact Fund units	—	—	19,246	**19,246**	—	—	**19,246**
Deferred income taxes[3]	—	—	94,288	**94,288**	5,841	13,734	**74,713**
Total liabilities	$ 324,119	$ 428,211	$ 696,650	**$ 1,448,980**	$ 125,044	$ 341,872	**$ 982,064**
Non-controlling interest	$ —	$ 15,597	$ —	$ 15,597	$ —	$ (67,368)	$ 82,965
Shareholders' equity	835,991	1,078,309	(557,187)	1,357,113	527,588	(444,419)	1,273,944
Total equity	$ 835,991	$ 1,093,906	$ (557,187)	**$ 1,372,710**	$ 527,588	$ (511,787)	**$ 1,356,909**

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Impact Trust, consolidation and fair value adjustments and Dream standalone.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $93.9 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

December 31, 2020

		Recurring income		Development		Corporate and other		Consolidated Dream		Less: Dream Impact Trust[1]		Less: Consolidation and fair value adjustments[1]		Dream standalone[1]
Assets														
Cash and cash equivalents	$	13,136	$	21,630	$	150,355	$	185,121	$	110,671	$	3,840	$	70,610
Accounts receivable		15,205		179,257		6,428		200,890		1,306		(1,345)		200,929
Other financial assets[2]		41,240		135,989		—		177,229		73,662		(94,306)		197,873
Lending portfolio		23,248		—		—		23,248		23,248		—		—
Housing inventory		—		29,195		—		29,195		—		—		29,195
Condominium inventory		—		248,506		—		248,506		—		17,190		231,316
Land inventory		764		484,074		—		484,838		—		—		484,838
Investment properties		426,632		193,240		—		619,872		213,352		15,496		391,024
Recreational properties		60,560		—		—		60,560		—		—		60,560
Equity accounted investments		531,113		231,539		—		762,652		224,390		(59,738)		598,000
Capital and other operating assets		6,973		37,494		7,795		52,262		1,885		417		49,960
Intangible asset		—		—		—		—		—		(43,000)		43,000
Total assets	$	1,118,871	$	1,560,924	$	164,578	$	2,844,373	$	648,514	$	(161,446)	$	2,357,305
Liabilities														
Accounts payable and other liabilities	$	39,879	$	141,031	$	17,925	$	198,835	$	12,055	$	30,905	$	155,875
Income and other taxes payable[3]		—		—		58,091		58,091		7		—		58,084
Provision for real estate development costs		—		31,040		—		31,040		—		—		31,040
Debt[4]		273,395		280,029		202,452		755,876		88,195		—		667,681
Dream Impact Trust units[3]		—		—		289,330		289,330		—		289,330		—
Deferred income taxes[3]		—		—		104,589		104,589		8,380		17,077		79,132
Total liabilities	$	313,274	$	452,100	$	672,387	$	1,437,761	$	108,637	$	337,312	$	991,812
Non-controlling interest	$	—	$	14,966	$	—	$	14,966	$	—	$	(62,775)	$	77,741
Shareholders' equity		805,597		1,093,858		(507,809)		1,391,646		539,877		(435,983)		1,287,752
Total equity	$	805,597	$	1,108,824	$	(507,809)	$	1,406,612	$	539,877	$	(498,758)	$	1,365,493

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Impact Trust, consolidation and fair value adjustments and Dream standalone.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $93.8 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

Segmented Statement of Earnings (Loss)

For the three months ended March 31, 2021

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 30,889	$ 19,185	$ —	**$ 50,074**	$ 4,845	$ (1,937)	**$ 47,166**
Direct operating costs	(16,709)	(15,056)	—	**(31,765)**	(2,257)	(365)	**(29,143)**
Gross margin	14,180	4,129	—	**18,309**	2,588	(2,302)	**18,023**
Selling, marketing, depreciation and other operating costs	(1,664)	(5,437)	—	**(7,101)**	—	(51)	**(7,050)**
Net margin	12,516	(1,308)	—	**11,208**	2,588	(2,353)	**10,973**
Fair value changes in investment properties	(1,611)	6,346	—	**4,735**	(1,959)	(64)	**6,758**
Investment and other income	39	1,582	243	**1,864**	208	(38)	**1,694**
Interest expense	(2,247)	(588)	(2,411)	**(5,246)**	(858)	—	**(4,388)**
Fair value changes in financial instruments	12	(6,887)	—	**(6,875)**	(6,887)	—	**12**
Share of earnings (loss) from equity accounted investments	10,610	212	—	**10,822**	2,143	(2,523)	**11,202**
Net segment earnings (loss)	19,319	(643)	(2,168)	**16,508**	(4,765)	(4,978)	**26,251**
General and administrative expenses[2]	—	—	(3,682)	**(3,682)**	(3,993)	2,206	**(1,895)**
Adjustments related to Dream Impact Trust units[2]	—	—	(17,678)	**(17,678)**	—	(17,678)	**—**
Income tax expense[2]	—	—	1,091	**1,091**	2,546	3,343	**(4,798)**
Net earnings (loss)[3]	$ 19,319	$ (643)	$ (22,437)	**$ (3,761)**	$ (6,212)	$ (17,107)	**$ 19,558**

For the three months ended March 31, 2020

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Revenue	$ 36,633	$ 139,822	$ —	$ 176,455	$ 5,888	$ (798)	$ 171,365
Direct operating costs	(20,356)	(87,777)	—	(108,133)	(2,150)	(431)	(105,552)
Gross margin	16,277	52,045	—	68,322	3,738	(1,229)	65,813
Selling, marketing, depreciation and other operating costs	(1,599)	(8,096)	—	(9,695)	—	(168)	(9,527)
Net margin	14,678	43,949	—	58,627	3,738	(1,397)	56,286
Fair value changes in investment properties	(643)	(549)	—	(1,192)	—	(149)	(1,043)
Investment and other income	2	1,792	591	2,385	805	(2)	1,582
Interest expense	(2,160)	(1,219)	(2,833)	(6,212)	(791)	(20)	(5,401)
Fair value changes in financial instruments	(92)	4,421	—	4,329	4,421	—	(92)
Share of earnings from equity accounted investments	545	4,978	—	5,523	(910)	(271)	6,704
Net segment earnings (loss)	12,330	53,372	(2,242)	63,460	7,263	(1,839)	58,036
General and administrative expenses[2]	—	—	(4,888)	(4,888)	(880)	1,138	(5,146)
Adjustments related to Dream Impact Trust units[2]	—	—	174,207	174,207	—	174,207	—
Income tax recovery (expense)[2]	—	—	(46,949)	(46,949)	(1,231)	(23,837)	(21,881)
Net earnings[3]	$ 12,330	$ 53,372	$ 120,128	$ 185,830	$ 5,152	$ 149,669	$ 31,009

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Impact Trust, consolidation and fair value adjustments and Dream standalone.
(2) Certain line items are included in Corporate and other as balances are reviewed on a consolidated basis.
(3) Includes earnings attributable to non-controlling interest.

Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	For the three months ended March 31, 2021	2020
Operating activities		
Earnings (loss) for the period	**$ (3,761)**	$ 185,830
Adjustments for non-cash items:		
Depreciation and amortization	**1,606**	1,780
Fair value changes in investment properties	**(4,735)**	1,192
Share of earnings from equity accounted investments	**(10,822)**	(5,523)
Deferred income tax expense (recovery)	**(10,383)**	32,685
Other adjustments	**7,619**	(15,831)
Changes in non-cash working capital	**32,814**	(159,590)
Acquisition of condominium inventory, net of acquired cash and working capital	**(2,584)**	(4,513)
Sale of housing inventory, net of development	**1,934**	900
Sale of condominium inventory, net of development	**(6,163)**	19,793
Advances on construction loans, net of repayments	**(11,948)**	19,726
Acquisition of land inventory	**(3,063)**	—
Fair value adjustment on Dream Impact Trust units	**12,900**	(179,517)
Development of land inventory, net of sales	**3,086**	(8,942)
Net cash flows (used in) provided by operating activities	**6,500**	(112,010)
Investing activities		
Acquisitions and additions to investment properties	**(56,201)**	(18,131)
Acquisitions and additions to recreational properties	**(946)**	(70)
Investments in equity accounted investments	**—**	(23,720)
Contributions to equity accounted investments	**(4,234)**	(8,247)
Distributions and disposals of equity accounted investments	**4,411**	6,274
Advances to equity accounted investments	**—**	(4,934)
Acquisitions of financial assets and other assets	**(2,264)**	(1,308)
Distributions and disposals of financial assets and other assets	**4,028**	1,608
Loans receivable advances, net of repayments	**12,600**	(7,983)
Lending portfolio repayments, net of advances and lender fees	**8,070**	7,778
Net cash flows used in investing activities	**(34,536)**	(48,733)
Financing activities		
Borrowings from mortgages and term debt facilities	**30,542**	11,432
Repayments of mortgages and term debt facilities	**(11,463)**	(1,025)
Advances from operating lines, net of repayments	**2,366**	66,000
Dream Impact Trust units repurchased from other unitholders	**(1,800)**	(303)
Dream Impact Fund contributions from other unitholders	**19,246**	—
Dividends paid	**(3,073)**	(2,845)
Repayments of lease obligations	**(576)**	(927)
Shares repurchased	**(26,566)**	(125,413)
Net cash flows provided by (used in) financing activities	**8,676**	(53,081)
Change in cash and cash equivalents	**(19,360)**	(213,824)
Cash and cash equivalents, beginning of period	**185,121**	388,521
Cash and cash equivalents, end of period	**$ 165,761**	$ 174,697

Revenue by Geographic Region

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

	For the three months ended March 31,			
	2021		2020	
Western Canada				
Alberta	$ **5,902**	**11.8%**	$ 87,066	49.4%
British Columbia	**—**	**—%**	417	0.2%
Saskatchewan	**11,908**	**23.8%**	7,797	4.4%
	$ **17,810**	**35.6%**	$ 95,280	54.0%
Ontario	**9,901**	**19.8%**	55,908	31.7%
Quebec	**456**	**0.9%**	351	0.2%
Canada	**28,167**	**56.3%**	151,539	85.9%
United States	**16,372**	**32.7%**	14,783	8.4%
Non-segmented (asset management)	**5,535**	**11.0%**	10,133	5.7%
Total	$ **50,074**	**100.0%**	$ 176,455	100.0%

Net Margin by Geographic Region

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

	For the three months ended March 31,			
	2021		2020	
Western Canada				
Alberta	$ **(783)**	**(7.0%)**	$ 43,209	73.7%
British Columbia	**—**	**—%**	417	0.7%
Saskatchewan	**640**	**5.7%**	170	0.3%
	$ **(143)**	**(1.3%)**	$ 43,796	74.7%
Ontario	**2,598**	**23.2%**	5,677	9.7%
Quebec	**90**	**0.8%**	48	0.1%
Canada	**2,545**	**22.7%**	49,521	84.5%
United States	**7,834**	**69.9%**	4,864	8.3%
Non-segmented (asset management)	**829**	**7.4%**	4,242	7.2%
Total	$ **11,208**	**100.0%**	$ 58,627	100.0%

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)	**Mar 31, 2021**	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Revenue	$ **50,074**	$ 48,639	$ 60,485	$ 62,044	$ 176,455	$ 383,360	$ 64,069	$ 76,044
Earnings (loss) for the period	**(3,761)**	(32,315)	(4,653)	10,776	185,830	349,191	27,167	(11,089)
Basic earnings (loss) per share[(1)]	**(0.10)**	(0.70)	(0.11)	0.23	3.78	6.65	0.51	(0.22)
Diluted earnings (loss) per share[(1)]	**(0.10)**	(0.70)	(0.11)	0.22	3.71	6.43	0.50	(0.22)

(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 gross assets managed by the Company on behalf of its clients, investors or partners under asset management agreements, development management agreements and/or management services agreements at 100% of the client's total assets. All other investments are reflected at the Company's proportionate share of the investment's total assets without duplication. 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 Impact Trust results to the consolidated results as at and for the three months ended March 31, 2021 and 2020. Consolidation and fair value adjustments relate to business combination adjustments on acquisition of Dream Impact Trust on January 1, 2018 and related amortization, elimination of intercompany balances including the investment in Dream Impact Trust units, adjustments for co-owned projects, fair value adjustments to the Dream Impact Trust 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.

		March 31, 2021		December 31, 2020
Debt	**$**	**765,367**	$	755,876
Total assets		**2,821,690**		2,844,373
Debt to total assets ratio		**27.1%**		26.6%

"Dream standalone" represents the results of Dream, excluding the impact of Dream Impact Trust's 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 Impact Trust 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 calculated as the total of: (i) 100% of the purchase price of client properties, assets and/or indirect investments subject to asset management agreements; (ii) 100% of carrying value of gross assets of the underlying development project subject to development management agreements; and (iii) 100% of carrying value of specific Dream Office REIT redevelopment properties subject to a development management addendum under the shared services agreement with Dream Office REIT, without duplication.

"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 March 31, 2021 and 2020 is calculated as follows:

		For the three months ended March 31,		
		2021		2020
Revenue	**$**	**30,889**	$	36,633
Less: Direct operating costs		**(16,709)**		(20,356)
Less: Selling, marketing, depreciation and other indirect costs		**(1,664)**		(1,599)
Net margin	**$**	**12,516**	$	14,678
Add: Depreciation		**1,213**		1,188
Add: General and administrative expenses		**451**		411
Net operating income	**$**	**14,180**	$	16,277

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 March 31, 2021
	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total recurring income - Dream consolidated**
Revenue	$ 7,715	$ 3,732	$ 16,372	$ 3,070	**$ 30,889**
Net margin	3,214	1,020	7,834	448	**12,516**

					For the three months ended March 31, 2020
	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income - Dream consolidated
Revenue	$ 11,171	$ 5,407	$ 14,783	$ 5,272	$ 36,633
Net margin	5,471	1,652	4,864	2,691	14,678

[1] Dream Impact Trust, 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 March 31, 2021
	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total development - Dream consolidated**
Revenue	$ 2,542	$ 16,805	$ (162)	**$ 19,185**
Net margin	(849)	(246)	(213)	**(1,308)**

				For the three months ended March 31, 2020
	Urban development	Western Canada community development	Dream Impact Trust& consolidation and fair value adjustments[1]	Total development - Dream consolidated
Revenue	$ 47,179	$ 92,825	$ (182)	$ 139,822
Net margin	1,574	42,725	(350)	43,949

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