





Brightwater
Port Credit, ON



dream alternatives

Dream Hard Asset Alternatives Trust (“DAT”) is a mutual fund trust focused on hard asset alternative investments comprising real estate development, real estate lending, and income-producing real estate.

Letter to Unitholders

Since the creation of Dream Alternatives Trust, we have repositioned the portfolio we inherited and recycled the capital into very high-quality development and income assets. We eliminated investments in small markets to concentrate on developments and income properties primarily in Toronto, Vancouver and Ottawa. While we made great progress towards building for the future, our unit price did not perform as well as we would have liked. One year ago, we announced a strategic plan with the intention of narrowing the gap between the Trust's trading price and its net asset value. The plan included continuing to build the underlying value of the business and buying back \$100 million of our units. We are very pleased with the successful execution of our strategic plan to date and our accomplishments this year. In 2019, the total return to unitholders was over 31%.

In 2019 we completed the Trust's asset disposition program as part of our strategic plan, selling all of our remaining non-core properties for gross proceeds of \$110 million. We sold all our renewable power assets and our income properties located in secondary markets. The Trust's portfolio is now concentrated on owning and developing exceptional real estate in major markets with strong growth. At December 31, 2019, over 70% of the Trust's net assets are high quality assets concentrated in downtown Toronto and across the GTA plus investments in Zibi in Ottawa and loans in Vancouver and corporate level cash.

As outlined in our strategic plan, we expected to use proceeds from our asset disposition program, repayment of loans and completion of developments to acquire \$100 million of the Trust's units. In 2019, we completed the Trust's first substantial issuer bid ("SIB"), repurchasing 4 million units for \$32 million. On February 3, 2020, we announced a second SIB to repurchase another 4 million units at \$8.25 per unit and we expect to launch the third and final SIB of our strategic plan by mid-2020. In addition, since our inception, the Trust has repurchased a total of 8.8 million units under our normal course issuer bid for \$62.3 million and our manager Dream Unlimited has acquired 16.1 million units.

In 2019 we made tremendous progress through our investments in existing developments and achieved numerous achievements across our portfolio. 49 Ontario is an 87,000 square foot office building in downtown Toronto with exposure to three streets

with a surface parking lot. We recently submitted a rezoning application to allow for 710,000 square feet of density including approximately 630 apartment units and a replacement office space in the new building. The fair value of the property is now based on its redevelopment potential and we recognized a portion of the potential increase in value that a buyer would pay for it at this stage. The first commercial tenant at Zibi was secured as we leased 155,000 square feet to the Federal Government of Canada. In addition, we have secured other leases for another 55,000 square feet at Zibi. Together, Zibi is capturing significant market share of new leasing in Ottawa. In our West Don Lands project, we received municipal approvals for our first stage, Block 8, which is a 770-unit purpose built rental building in downtown Toronto in addition to construction commencing. We also secured \$357 million 10-year financing through CMHC's Rental Construction Financing Initiative for Block 8. Our Empire Lakeshore project continued towards completion with about 80% of the units occupied and final occupancy expected in mid-2020. Axis Condominiums, a 572-unit condominium project in Toronto closed which produced a 60% annual return for the Trust.

The Trust already owns sufficient land to develop 1 million square feet of commercial and approximately 11,300 apartment units that we intend to develop to keep, as well as condo units that we will sell. We are confident in the quality of our assets and the potential to generate exceptional returns from best in class developments and income properties for the Trust.

We are pleased with our accomplishments in 2019 and look forward to many years of future growth in the value of the Trust.

Thank you for your continued support for our business.

Sincerely,



Michael J. Cooper
Portfolio Manager

February 18, 2020



At a Glance

~\$696 M*

IN TOTAL ASSETS

71%

OF NET ASSETS ARE IN
TORONTO AND THE GTA

MANAGED BY

dream 

AN EXPERIENCED ASSET MANAGER
WITH A SUCCESSFUL TRACK RECORD

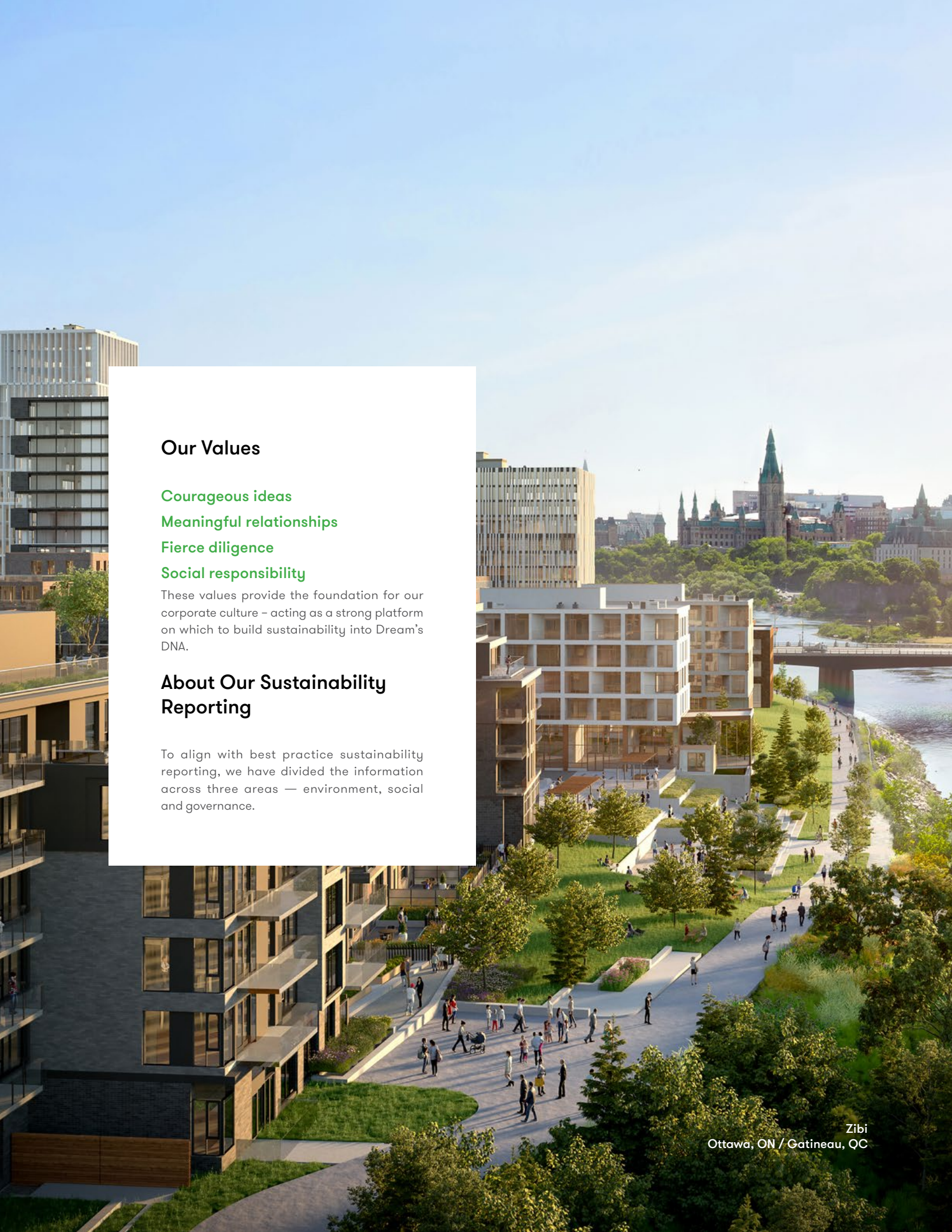
Exceptional

DEVELOPMENT ASSETS IN
TORONTO, THE GTA & OTTAWA

* As at December 31, 2019



Brightwater
Port Credit, ON

An architectural rendering of a modern urban development. In the foreground, there are several multi-story buildings with large glass windows and balconies. A wide, paved pedestrian walkway runs alongside a green lawn area with young trees. In the background, a river flows, and a city skyline is visible, including a prominent church with a tall spire. The sky is clear and blue.

Our Values

Courageous ideas

Meaningful relationships

Fierce diligence

Social responsibility

These values provide the foundation for our corporate culture – acting as a strong platform on which to build sustainability into Dream's DNA.

About Our Sustainability Reporting

To align with best practice sustainability reporting, we have divided the information across three areas — environment, social and governance.



Sustainability

Focus on Sustainability

We focus on promoting the highest standards of corporate governance, social responsibility and ethical behaviour throughout our organization.

Sustainability is ingrained in how we run our business both internally and externally. It fits naturally with Dream's purpose to Build Better Communities and with our values. Building better communities guides how we think, live and work. We strive to make positive impacts on the natural environment and the communities in which we operate, work and live.

As property owners, operators and developers, we believe building a better community is bigger than ourselves and our own assets, it encompasses the greater community at large and the cities in which we live and operate. Building a better community means more than just limiting environmental impact, it applies to social benefits, such as promoting inclusivity, diversity and, health and wellness.

As a developer we have a legacy of building communities that showcase best practices in sustainability. Brightwater in Port Credit, as well as the LEED Gold Canary District, and West Don Lands in Toronto, are all examples of our commitment to sustainable design in urban centres. Our communities cater to buyers seeking a green, urban lifestyle where transit and public spaces have premium value.

Affordable housing is intrinsic to our vision. The integration of market and affordable units within a vibrant mixed-income community is an integral part of creating a complete, family focused

community that provides access to housing for people of all income levels. Whether building new communities, making new investments or operating our existing assets, we always keep in mind the impact we have on our customers, tenants, employees and homebuyers, as well as the greater community and residents in general.

From our ongoing dialogue with stakeholders, we know that they care about our sustainability platform, best practices and results. Our investors want to be confident that they are investing in a corporate entity which uses land and resources responsibly, minimizes carbon emissions and is in good standing with its employees and communities.

Our focus is to directly tie sustainability to our corporate values, our culture and the way in which we conduct our business. We have been making progress in how we manage our environmental impacts, engage employees and conduct social out-reach programs by adopting a formal approach to sustainability.

We are also continuing to invest in the development of our employees, which contributes to the strong execution of our business strategies. Further, it is increasingly important to employees that they feel good about the company for which they work.

Our commitment to strong governance ensures that we attain the highest ethical standards, which includes how we manage and mandate sustainability. We continue to implement strategies to manage our impact and measure our performance in attaining targets.

Our continued focus on sustainability is fostering a culture of innovation and collaboration with external business partners and the community at large. We look forward to continued engagement with our stakeholders as we move forward with our sustainability initiatives.

Environmental

Pro-active implementation of sustainability best practices throughout our portfolio.

Our environmental initiatives include:

1

Developing sustainable and inclusive communities and properties where people are proud to live and work –Green Building Certifications.

2

Monitoring our resource consumption to reduce the environmental impact of our operations and our carbon footprint.

Green Building Certifications

According to the Canadian Green Building Council (CaGBC), green-certified buildings with lower operating costs and superior indoor environmental quality are more attractive to a growing group of customers. High-performing buildings and communities are becoming a material factor when tenants and home buyers make leasing and buying decisions.

Affirming Strong Sustainability Practices and Responding to Market Demands

Dream is working hard to integrate sustainability into every aspect of our operations. Green building certifications help us incorporate a range of sustainability features into our physical properties and our daily practices.

Sustainability initiatives increase occupancy and rental rates, ultimately increasing rental income. Studies have shown that certified buildings produce higher capital and income growth relative to industry benchmarks.

In addition, several of the communities Dream develops are built to attain LEED status: Zibi, West Don Lands, The Canary District, Brightwater and The Distillery District, to name a few.

LEED

The Leadership in Energy and Environmental Design (LEED) certification

LEED provides independent, third-party verification that a building was built using strategies aimed at achieving high performance in key areas of human and environmental health. It is administered by the CaGBC.



Brightwater
Port Credit, ON



West Don Lands
Toronto, ON



Zibi
Ottawa, ON / Gatineau, QC



Canary District
Toronto, ON

Sustainable Development

Creating inclusive and vibrant urban communities that people are proud to live and work in.

- Building long-term affordable housing in prime locations – close to transit and employment.
- Integrating market and affordable units to create diverse, mixed-income, family-focused communities.
- Committing to sustainable design in urban centres – LEED Gold or higher.
- Building the most sustainable community in Canada (Zibi).
- Partnering with First Nation communities.

Affordability and Mixed-income Neighbourhoods

At Dream, we develop a wide range of housing types to meet the needs of varying age and income groups and lifestyles. Dream believes building mixed-use and mixed income projects within our master-planned communities is smart business and aligns with our values, as well as our commitment to shareholders and communities.





Sustainability is a Key Driver of our New Communities



Sustainable Planning

To integrate sustainability, it all starts with planning. We consult with the public to identify community needs that can be incorporated into the overall plan prior to starting the development application process.

We also work with world leaders in urban design and master community planning to create attractive, community-oriented and environmentally sustainable concepts and designs that advance the approval process.



Sustainable Design

One of our design objectives is to integrate our communities into the natural environment. To do this, we build around important environmental landmarks. We use native plants and grasses where possible.

Sustainable Development

Creating an innovative and affordable sustainable community that provides equal access to all amenities for residents.





LEED Gold Certified



West Don Lands
Toronto, ON

West Don Lands

Affordable housing, accessibility and energy efficiency

Affordable housing and energy efficiency is key to the development plan for our LEED Gold designed West Don Lands development. In addition to offering sustainability and affordability, West Don Lands residents can take advantage of the proximity to public transit, schools and services as well as the many neighbourhood amenities in the nearby Canary and Distillery Districts.

- One of the largest affordable housing projects in Canada.
- First mixed-use, purpose-built rental community in the area (1,869 purpose-built rentals of which 30% will be affordable).
- Public-private partnership to create long-term affordable units.
- Won a competitive bidding process by ensuring long-term affordability and our plan to manage without further government incentives.
- Secured \$357 million of financing as part of CMHC's Rental Construction Financing initiative.

Sustainable Development

Partnering with Toronto's First Nations community in the Canary District.



Canary District

Innovative partnership with Anishnawbe Health Toronto

Dream has entered into an agreement with Anishnawbe Health Toronto to develop Canary Block 10, a mixed-use project, in the Canary District. Canary Block 10 will be comprised of: a proposed 200-unit condominium building, a 225-unit residential rental building, heritage retail space, a community health centre and a mixed-use commercial building that includes a training, education and employment centre, and a city daycare. Canary Block 10 is an important part of the Indigenous Hub which will celebrate indigenous culture and serve the needs of Toronto's First Nations community as well as the broader city.



LEED Gold Certified



Canary District, Block 10
Toronto, ON



Canary District, Block 10
Toronto, ON

Sustainable Development

The Zibi development will be one of Canada's most sustainable communities and Canada's first One Planet community.



Zibi

District Thermal Energy System

- First post industrial waste heat recovery system in a master-planned community in North America
- First zero-carbon-emission District Thermal Heating and Cooling System in the National Capital Region

The District Thermal Energy System will provide self-sufficient, net-zero heating and cooling for all tenants, residents and visitors of Zibi. It will contribute to Zibi being the region's first zero-carbon-emission community, allowing for equitable access to a sustainable community which provides environmental, social and economic benefits to all.





2019 Year in Review

In 2019, at Zibi, we began to lay the foundation of our community with residents moving into the project's first condominium building, O, in Gatineau. Unlike most other development projects, Zibi's involvement in the community does not end at the completion of the development. As a One Planet Living Community we are not only here to design and build sustainable infrastructure, but through the role of the One Planet Ambassador, a position that exists to build change through sustainable culture, residents are inspired to lessen their impact on the planet. In 2019, the One Planet Ambassador hosted a series of events including an evening snowshoe, a talk on zero carbon, an organic gardening workshop and a hands-on introduction to Zibi's honey bees, the Zibeas. The intent of these events is to foster a sense of appreciation for the planet and to create a sense of community among residents.

In the spring of 2019, the National Capital Region experienced unprecedented and catastrophic flooding. As a project building on islands and the shores of the Ottawa River, climate change vulnerability is top of mind. In response, our buildings are constructed to accommodate a 1-in-1000-year flood and incorporate additional climate resilient mitigation measures

including waterproofing of underground infrastructure. As a result, we were spared from the flooding of 2019 and will continue to follow climate change science closely to adapt to future changes.

Zibi undertook a major infrastructure project in 2019 that will have significant positive impact on the region. Working with many land managers, Zibi closed a major commuting corridor connecting Gatineau and Ottawa in order to install site services and to modernize active transportation infrastructure. The corridor which was previously a harrowing experience on a bike will now facilitate relevant and safe cycling and pedestrian access across the Ottawa River to and from our project. This project also marks significant investment in our district thermal energy system which ultimately solidifies our commitment to our long-term goal of operating as a zero-carbon community.

Lastly, with our One Planet Design and Contractor Specifications in place, we became better at systemizing our approach to sustainability. Throughout the year, we developed procedures that allow for us to track our progress on our One Planet Action Plan, building by building. Ultimately, this enhances accountability and allows for us to boast about our leadership in sustainability with confidence.

Social

Building a thriving, people-centric organization.

Our social initiatives encompass three key areas:

1

Employees: Committed to the development of employees through continuous learning and promotion of healthy workplaces and lifestyles.

2

The Greater Community: Actively committed to the community and local charitable organizations.

3

Tenants: Committed to tenant satisfaction and engagement.

A Diverse Group of Employees Demonstrating a Culture of Sustainability

A Future-oriented workforce

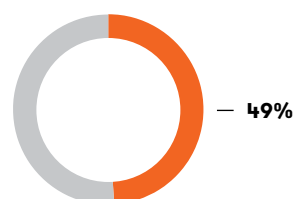
Dream's potential as an organization comes from our strong and diverse workforce. We have more than 500 employees across our business who possess expertise in a wide variety of areas that benefit our business, from real estate management and development to capital markets, risk and insurance, and many more.

Our people come from a range of backgrounds and places, bringing many valuable skills and perspectives to our team. The people we hire all have one thing in common: they share our company values and contribute to our company culture.

We are very proud to have a strong female presence in our workforce – 49% of our employees are women. In addition, we have many women in senior management roles across the company.

A Gender-diverse company

Female employees



Female directors & above



Female managers & above





Partnering with Tenants on the Tree of Dreams

For the fourth consecutive year, we hosted the Tree of Dreams campaign, in support of local charities that care for underprivileged seniors. Through this campaign, Dream and its tenants can send gifts to seniors in our communities who might otherwise not receive gifts or visits during the holidays. The feedback from tenants was overwhelmingly positive. With their help, we distributed over 400 gifts to seniors in need, right here in our community.



Dream in the Community

Our company values are aligned with sustainability

As a major Canadian real estate and development company, we recognize the integral role that Dream plays in building and strengthening the communities where we work. We are involved with a range of community organizations across Canada and we engage community members wherever we are present.



Healthy Workplaces & Lifestyle

Employees health and wellness is important to Dream and there are a large number of initiatives and programs to encourage employees to lead healthy lifestyles. We provide free fresh fruit in all our offices, and selected healthy snacks are available for purchase at an affordable price.

Throughout the year, Dream also supports fundraising events that encourage employees to be active for a good cause – bike rides, stair climbing, runs and walks – and sponsors employee teams so they can play soccer, hockey, or volleyball together in corporate leagues.

Health & safety is a priority

Ensuring the health and safety of our employees, tenants and others on all our sites is something we never compromise on: we target zero injuries. We also seek to exceed health and safety regulatory requirements by implementing programs focused on accident investigation and prevention and other types of health and safety training.



Dream Employees

Making an impact

Our employees are connected to the communities where they work. Dream creates opportunities for employees to volunteer through our relationships with charitable organizations. We have Community Leaders in each city who identify local volunteering opportunities and organize team volunteering days for their colleagues. We also encourage our employees to contribute to their local communities and boost their efforts through an employee donation program. Dream will contribute \$500 per employee annually to a charitable organization that employees are actively involved with.



Building Better Leaders

We take great pride in our people and know that investing in them is a smart decision with great payoff. We are focused on developing leaders throughout our company by providing opportunities for employees to grow personally and professionally.

Goal-setting

Dream employee goal-setting takes place at the beginning of each year. Employees discuss goals with their managers that are aligned with corporate or department objectives as well as personal development goals. All leadership team goals are visible through our internal employee website for any employee to view across all of our business lines.

Governance

Strong
governance
practices &
high ethical
standards.

Our governance initiatives include:

1

Diverse and experienced Board with majority of independent directors and trustees.

2

Strong governance. Transparency in all aspects of our business.



Commitment to Good Governance

Dream is committed to sound and effective corporate governance. Our goal is to not only meet the requirements established by regulators, but also to uphold the spirit of good corporate governance.

Good governance is a key aspect of sustainability

Good governance is regarded as an important part of corporate sustainability. As one of Canada's leading real estate organizations, we are committed to maintaining the highest standards as it relates to board governance and ethical business conduct.

We have a diverse and experienced Board of Directors, with a high ratio of independent Directors and Trustees.



Sound Board composition and committees that oversee sustainability

Dream Alternatives' Board achieves strong marks on board independence and gender diversity. Dream Alternatives has 71% independent representation and 43% of Board directors are female, exceeding our 30% target. We are also starting to embed elements of sustainability in our board mandates.

Driving sustainability progress

Our vision is to integrate sustainability in all our businesses' strategic plans, enterprise management systems and, most importantly, in our culture. Good sustainability governance is important as this is an emerging area of management and value creation.

Code of Business Conduct and Ethics

Each of the Dream entities has a code of business conduct and ethics. The code has guidelines for expected behaviours and practices in day-to-day business activities. While it does not specifically address corrupt or anti-competitive business situations that employees may be exposed to, it directs employees to report conflicts of interest to a manager and it is also supported by a whistleblower policy.

We anticipate expanding our business ethics guidelines with explicit guidance about bribery and anti-competitive situations in the upcoming year. You can find out more information about the Code of Conduct and the Whistleblower Policy on our website at www.dream.ca.

Bevi, Reducing Can and Bottle Consumption at Head Office

Bevi is a water system which replaces canned and bottled beverages for employees at Dream’s head office. It was chosen as an alternative to canned and bottled beverages to provide a fun and engaging way to stay hydrated while doing our part for the environment. Bevi not only allows us to customize the water we’re drinking, but it has also allowed us to avoid the waste from thousands of cans per year.

Sustainability Highlights

Environmental



West Don Lands
community will offer purpose-built rentals that include affordable options



Zibi is 1 of 10 Endorsed
One Planet communities in the world based on 10 sustainable principles



Sustainable Development
principles are embedded in the design and construction of our communities



Tenant Engagement
on energy management through education and awareness



Reducing Impact
on the environment through monitoring our operations and reducing our carbon footprint



Public Collaboration
to identify community needs that can be incorporated to the overall development plan.

Social*



**~1,300+ Shoeboxes
and ~\$11,000**

were donated to The Shoebox Project for Women's Shelters by Dream employees



~\$700,000

was donated to charities and communities



~\$302,000

in tuition and professional development fees were reimbursed to employees



449 Gifts

were donated to seniors through the Tree of Dreams with Dream tenants



Tenant Focused

We are committed to tenant satisfaction and are continually looking for ways to improve their experience in our buildings



Community Engagement

We are actively engaged with the community through strong partnerships and support for local charitable organizations



Employee Development, Education and Well-Being

Committed to the development of employees through continuous learning and promotion of healthy workplaces and lifestyles



National Sponsor

of The Shoebox Project for Women's Shelters



Peer Recognition

Ethos Award recognizes employee contributions and their demonstration of core values, culture and initiatives to build better communities

Governance



43%

of Dream Unlimited Board members are women



71%

of Dream Unlimited Board members are independent



Strong Governance

policies and transparency in all aspects of our business



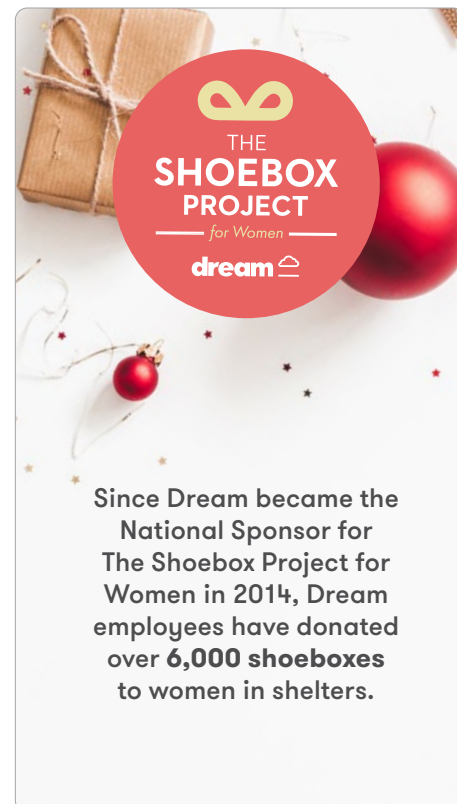
Whistleblower

procedures and reporting guidelines



Board Mandated

and supported sustainability initiatives



* Social highlights are based on all Dream entities combined.



Virgin Hotel
Las Vegas, NV

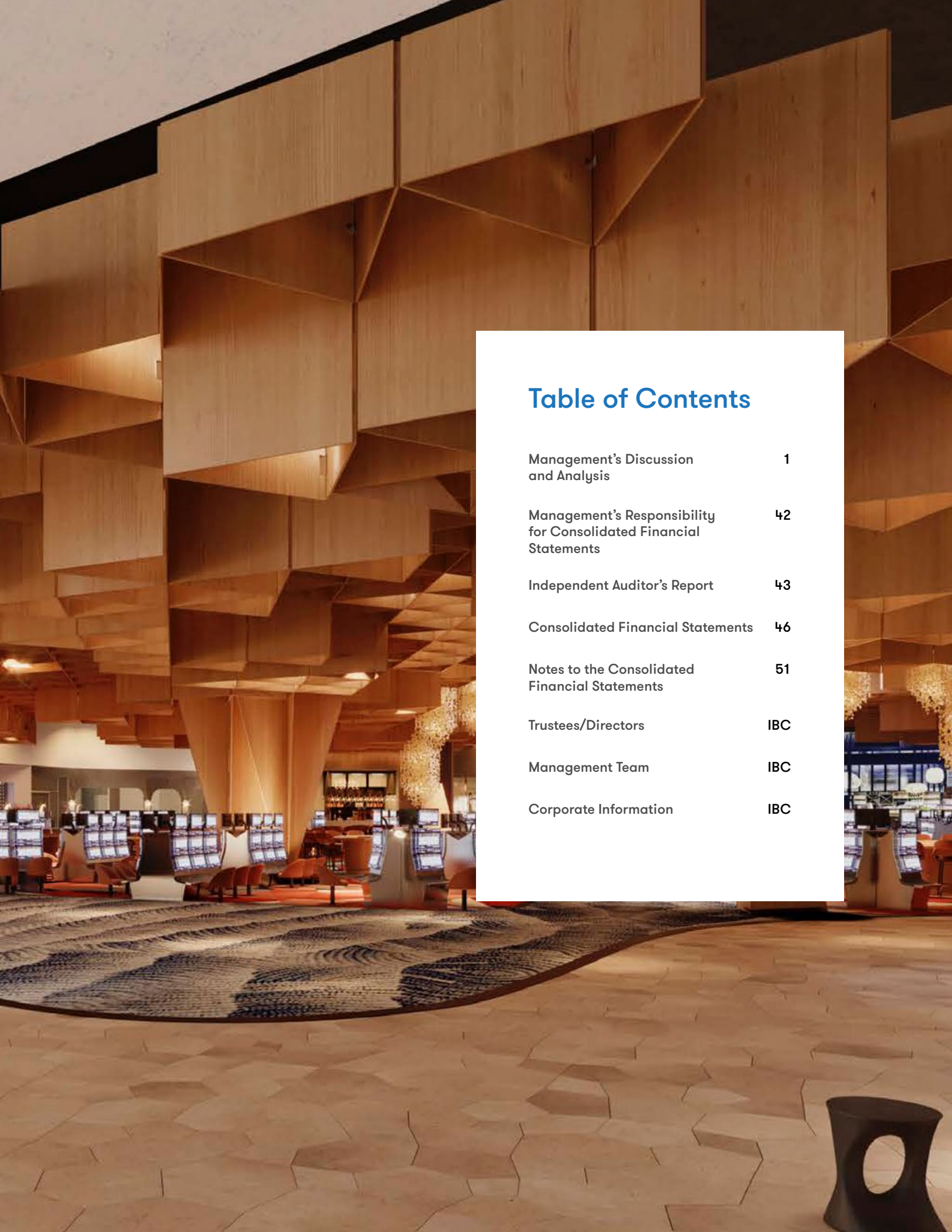


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MANAGEMENT'S DISCUSSION AND ANALYSIS

(All dollar amounts in our tables are presented in thousands of Canadian dollars, except unit and per unit amounts, unless otherwise stated)

1. OVERVIEW AND OVERALL FINANCIAL PERFORMANCE

1.1 OVERVIEW OF THE TRUST

Dream Hard Asset Alternatives Trust ("Dream Alternatives" or the "Trust") is an open-ended trust focused on hard asset alternative investments comprising real estate development, real estate lending, and income-producing real estate. In the Trust's reportable operating segments, these investments are referred to as development and investment holdings, lending portfolio, and income properties, respectively. The Trust is managed by Dream Asset Management Corporation ("DAM" or the "Asset Manager"), a subsidiary of Dream Unlimited Corp. ("Dream") (TSX: DRM), which is one of Canada's leading real estate companies, with approximately \$9 billion of assets under management in North America and Europe. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DRA.UN". On January 1, 2018, Dream acquired control of the Trust, for accounting purposes, based on Dream's increased exposure to variable returns resulting from increased ownership through units held in the Trust and from new real estate joint venture agreements. The ultimate controlling party of the Trust is Michael Cooper, President and Chief Responsible Officer of DAM and Dream.

This Management's Discussion and Analysis ("MD&A") is dated as of, and reflects all material events up to February 18, 2020, the date on which this MD&A was approved by the Board of Trustees. This MD&A should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2019 and December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

When we refer to terms such as "we", "us" and "our", we are referring to the Trust, Dream Alternatives Master LP and its subsidiaries. When we refer to the term "units" we are referring to the units of the Trust. When we refer to "unitholders" we are referring to holders of the units of the Trust.

The Basis of Presentation section of this MD&A includes important information concerning certain information found in this MD&A that contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities laws. Readers are encouraged to read the Basis of Presentation and Risks and Risk Management 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.

As at December 31, 2019, the Trust presented the renewable power segment as discontinued operations with the results being presented separately from the Trust's ongoing operating activities. As at December 31, 2019, our operating segments from continuing operations consist of the following:

- **Development and investment holdings** — participating mortgages receivable, and direct and indirect investments in developments and income-producing properties which included certain income-producing properties with redevelopment potential;
- **Lending portfolio** — interest-paying mortgages, mezzanine and corporate loans;
- **Income properties** — a portfolio of office and commercial real estate properties in the Greater Toronto Area ("GTA").

1.2 OUR OBJECTIVES

Our objectives are to:

- provide investors with access to an exceptional portfolio of real estate development opportunities and alternative assets that would not otherwise be available in a public and fully transparent vehicle, managed by an experienced team with a successful track record in these areas;
- build and maintain a growth-oriented portfolio;
- provide predictable cash distributions to unitholders on a tax-efficient basis; and
- grow and reposition the portfolio to increase cash flow, unitholders' equity and net asset value ("NAV")⁽¹⁾ per unit⁽¹⁾ over time.

⁽¹⁾ For the Trust's definition of the following non-IFRS measures: NAV, NAV per unit, and a reconciliation to total unitholders' equity, please refer to the Non-IFRS Measures and Other Disclosures section and Financial Overview- Reconciliation of Net Asset Value to Total Unitholders' Equity section of this MD&A.

1.3 PORTFOLIO SUMMARY

The table below provides a summary of the Trust's portfolio as at December 31, 2019, including total unitholders' equity and NAV. Going forward, the Trust will disclose NAV on an annual basis only, timed with the external appraisal process, which occurs on an annual basis. With the Trust's focus on development investments that will generate higher growth and cash flow over a period of time, annual NAV per unit is considered to be a useful metric of value creation and unitholders' return. The determination of NAV incorporates a market value⁽¹⁾ adjustment to equity accounted investments to take into consideration market comparables and a change in risk profile. The risk profile can change as a result of various factors including the progression of each project toward completion and/or the reflection of new information from recent market transactions that indicate a change in the investment value. For additional details on NAV per unit, a non-IFRS measure, and a reconciliation to total unitholders' equity, please refer to the Reconciliation of Net Asset Value to Total Unitholders' Equity in the Financial Overview section of this MD&A.

	Accounting treatment ⁽²⁾	Assets	Debt	Total unitholders' equity ⁽³⁾	NAV ⁽¹⁾	NAV per unit ⁽¹⁾	Percentage of total NAV
Development and investment holdings, including equity accounted investments	Fair value/ Equity accounted	\$ 301,660		\$ 292,447	\$ 332,853	\$ 4.84	55.0%
Lending portfolio	Amortized cost ⁽⁴⁾	\$ 64,705		\$ 64,705	\$ 64,705	\$ 0.94	11.0%
Income properties	Fair value	\$ 200,869	\$ 88,988	\$ 111,175	\$ 111,175	\$ 1.62	19.0%
Other⁽⁵⁾							
Cash and consolidated working capital				99,224	99,224	1.44	
Deferred income tax adjustment ⁽⁶⁾					(6,365)	(0.09)	
				\$ 99,224	\$ 92,859	\$ 1.35	15.0%
Total unitholders' equity / NAV⁽¹⁾				\$ 567,551	\$ 601,592		
Total unitholders' equity per unit⁽¹⁾ / NAV per unit⁽¹⁾				\$ 8.25		\$ 8.75	100.0%

⁽¹⁾ For the Trust's definition of the following non-IFRS measures NAV, NAV per unit, market value and total unitholders' equity per unit, please refer to the Non-IFRS Measures and Other Disclosures section and Financial Overview-Reconciliation of Net Asset Value to Total Unitholders' Equity section of this MD&A.

⁽²⁾ Equity accounted investments are recognized initially at cost and subsequently adjusted for the Trust's share of the profit or loss.

⁽³⁾ Total unitholders' equity includes working capital for each segment. Working capital is excluded from the Assets and Debt balances disclosed for each investment, as applicable.

⁽⁴⁾ As at December 31, 2019, the balance includes a loan of \$7.3 million classified as fair value through profit and loss ("FVTPL").

⁽⁵⁾ Includes the Trust and other segment level cash and net working capital balances.

⁽⁶⁾ The deferred income tax adjustment is related to the equity accounted investment market value adjustments.

For a list of the development and investment holdings, and income properties, refer to section 1.6 of this MD&A.

SUMMARY OF DEVELOPMENT AND INVESTMENT HOLDINGS PARTNERS

We continue to leverage our relationships and expertise to attract world-class partners and investment opportunities. As a result of our partners and relationships, the Trust has access to unparalleled investment opportunities across North America. The table below provides an overview of some of the Trust's key partners within its development/redevelopment investments:

Project	Partners	Partner since
Empire Lakeshore & Brampton	Empire Communities	2014
Axis Condominiums	CentreCourt Developments	2016
Lakeshore East development	Dream Unlimited, Great Gulf Residential	2016
Brightwater development ⁽⁸⁾	Dream Unlimited, Kilmer Van Nostrand Co. Ltd, Diamond Corp., FRAM + Slokker	2017
Zibi development	Dream Unlimited, Theia Partners ⁽⁷⁾	2017
Frank Gehry development	Dream Unlimited, Great Gulf Residential, Westdale Construction Co Ltd	2017
Seaton development	Fieldgate Homes, Mattamy Homes, Paradise Developments, TACC Construction Ltd	2018
Hard Rock/Virgin Hotels Las Vegas	Juniper Capital Partners, Fengate Real Asset Investments, Virgin Hotels	2018
100 Steeles	Dream Unlimited, Westdale Construction Co. Ltd	2018
West Don Lands	Dream Unlimited, Kilmer van Nostrand Co. Ltd, Tricon Capital Group	2018

⁽⁷⁾ Formerly known as Windmill development

⁽⁸⁾ Formerly known as Port Credit development

1.4 FINANCIAL OVERVIEW - FOURTH QUARTER AND YEAR ENDED 2019

For the three months ended December 31, 2019, the Trust reported net income of \$19.9 million up significantly from \$7.0 million in the comparative period. The increase of \$12.9 million was attributable to an increase in net fair value gains of \$20.6 million in the period, primarily due to an increase in value of 49 Ontario Street, due to the asset's redevelopment potential. Additionally, during the three months ended December 31, 2019, the Trust recognized an increase of \$7.4 million of income from equity accounted investments, which was primarily driven by net fair value gains recorded at the investment level, as supported by third-party appraisals. Partially offsetting the above-noted net fair value gains were \$5.9 million of losses related to non-core asset dispositions, a \$2.4 million provision on the lending portfolio, an increase in foreign exchange losses of \$3.0 million and an increase of \$4.3 million of income taxes related to fair value gains in the period.

For the year ended December 31, 2019, the Trust recognized net income of \$32.3 million, an increase of \$18.4 million from the prior year due to an increase in net fair value gains of \$17.3 million on income properties, increased income of \$22.1 million from equity accounted investments driven by income contributions from Axis Condominiums which occupied during the year and the aforementioned fair value gains at the investment level, partially offset by \$5.9 million of losses related to non-core asset dispositions, a \$2.4 million provision on the lending portfolio, an increase in foreign exchange losses of \$4.2 million and an increase of \$7.4 million of deferred income taxes in the year.

KEY ACHIEVEMENTS

As announced in February 2019, management of the Trust committed to a strategic plan to narrow the gap between the trading price of the Trust's units and net asset value ("NAV")⁽²⁾, while continuing to build the underlying value of the business. We are pleased with our progress to date as discussed below.

In the year ended December 31, 2019, the Trust successfully disposed of all its non-core assets, including its entire renewable power segment and certain non-core income properties comprising over 380,000 square feet ("sf") of gross leasable area ("GLA"). Aggregate cash proceeds of \$111.5 million were generated from these asset sales.

During the year ended December 31, 2019, the Trust successfully completed its first substantial issuer bid ("SIB"), which was the first tranche of the Trust's commitment to repurchase up to \$100 million of units. The Trust purchased for cancellation 4.0 million units for an aggregate purchase price of \$32.0 million. Subsequent to December 31, 2019, the Trust announced its intention to commence its second SIB, pursuant to which the Trust has offered to purchase from unitholders of the Trust up to 4.0 million units at a price of \$8.25 per unit for an aggregate purchase price of \$33.0 million. The offer commenced on February 7, 2020 and will expire on March 16, 2020.

As at December 31, 2019, the Trust had a cash balance of \$117.8 million and funds available under its revolving credit facility of \$9.3 million, which will fund the upcoming SIB and future investments in the Trust's existing development projects. The Trust's debt to total asset value as at December 31, 2019 was 12.8%, down from 19.0% as at September 30, 2019 and 24.4% as at December 31, 2018.

During the three months and year ended December 31, 2019, the Trust invested \$20.5 million and \$47.4 million, respectively, including transaction costs, into its existing development opportunities which have continued to progress towards key milestones and/or completion. Notable highlights for the Trust's development projects are detailed below.

During the three months and year ended December 31, 2019, the Trust's equity investment in Axis Condominiums in downtown Toronto generated earnings of \$1.4 million and \$16.3 million, respectively, as the project completed unit occupancies. We are extremely pleased with the success of the investment, which has generated an internal rate of return ("IRR") for the Trust of approximately 60%.

During the three months and year ended December 31, 2019, the Trust invested an additional \$10.8 million in the Trust's Hard Rock/Virgin Hotels Las Vegas ("Hard Rock") investment. As at December 31, 2019, the Trust's 10% investment in Hard Rock had a fair value of \$48.6 million. Subsequent to December 31, 2019, the Hard Rock closed to the public and construction began on the redevelopment/conversion of the property. The grand re-opening as The Virgin Hotels Las Vegas is slated for late 2020.

In the year ended December 31, 2019, development continued to progress on our Zibi development. Zibi is a 34-acre mixed-use waterfront development along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario. The project is a multi-phase development that includes over 4.0 million sf of density consisting of over 1,800 residential units and over 2.0 million sf of commercial space. Land servicing on both the Ontario and Quebec lands continues and construction is underway on the project's next residential building, Kanaal, a 71-unit condominium building in Ottawa that is expected to occupy in 2020. In total, there is over 630,000 sf of residential rental, retail and commercial space in various planning / development stages at Zibi, of which 78% of the retail and commercial space has been pre-leased as of December 31, 2019. Tenants include the Federal Government of Canada and Spaces, an Amsterdam-based creative workspace provider. Spaces will open two new co-working facilities in the Zibi

development with approximately 29,000 sf of vibrant flexible workspace in downtown Gatineau and approximately 26,000 sf of co-working space in the Ottawa waterfront, which will be connected by a second storey walkway.

During the year ended December 31, 2019, the Trust, as part of CMHC's Rental Construction Financing initiative, closed on \$357 million of financing (at the project level) on its first block ("Block 8") of its purpose-built rental community in Toronto's West Don Lands neighbourhood ("West Don Lands"). Construction on Block 8 commenced in the fourth quarter of 2019 and will comprise 770 rental units, of which 30% are affordable. As a result of progress achieved to date on Block 8, a fair value gain of \$21.3 million (at 100% project level) was recognized in the fourth quarter of 2019, as supported by a third-party appraisal. The Trust has a 25% interest in the development.

During the year ended December 31, 2019, the Brightwater development reached a key development milestone as Mississauga City Council unanimously approved the rezoning of the entire site. Brightwater is a 72-acre waterfront development in Mississauga's Port Credit. Highlights of the draft master plan proposal include nearly 3,000 residential units and 400,000 sf of commercial space upon completion. In 2019, significant advancements were also made on environmental clean-up with the source remediation program now complete and vertical construction expected to commence in 2021. The Trust has a 23.3% interest in the project.

Development projects are key drivers of future growth for the Trust and are expected to generate attractive returns and future cash flows as milestones are achieved. The Trust expects its development projects will provide attractive profits to the Trust upon their respective completion dates and will contribute to increased value for unitholders over the longer term. The Trust generally targets a pre-tax IRR of at least 15-20% on new equity investments in residential and mixed-use development projects.

RESULTS HIGHLIGHTS

DEVELOPMENT AND INVESTMENT HOLDINGS

For the three months and year ended December 31, 2019, development and investment holdings generated net income of \$8.0 million and \$19.4 million, respectively, compared with \$3.8 million and \$0.9 million, respectively, in the same periods in the prior year. During the three months and year ended December 31, 2019, the Trust's share of income from equity accounted investments included income generated from the completion of the Axis Condominium project and net fair value gains recorded at the investment level supported by third-party appraisals, with no similar adjustments recorded in the comparative periods.

LENDING PORTFOLIO

During the three months and year ended December 31, 2019, the Trust recognized a net loss of \$0.4 million and net income of \$10.4 million, respectively, on the lending portfolio, a decrease from net income of \$3.6 million and \$15.6 million, respectively, in the same periods in the prior year. The decrease was primarily attributable to a lower loan balance outstanding compared with the prior periods. Additionally, in the three months ended December 31, 2019, a loan loss provision of \$2.4 million was recognized relating to a loan, the value of which was determined based on the net realizable value of the underlying real estate properties and estimated transaction costs.

INCOME PROPERTIES

During the three months ended December 31, 2019, the Trust recorded net income of \$22.8 million compared with \$2.1 million in the same period in the prior year from its income properties portfolio. The increase relative to the comparative period was driven by net fair value gains of \$21.1 million in the period, primarily due to an increase in value of 49 Ontario Street. The Trust has recently submitted a rezoning application in respect of the site to pursue increased density of the asset.

During the year ended December 31, 2019, the Trust generated net income of \$21.1 million compared with \$9.3 million in the prior year. The increase was primarily due to the above-mentioned net fair value gains, partially offset by fair value losses of \$6.1 million recorded on non-core income properties which were sold in 2019. In addition, the variance was due to \$4.8 million of income and fair value gains recorded in the prior period related to marketable securities, which were disposed at the end of the second quarter of 2018.

OTHER⁽¹⁾

The Other segment recorded a net loss of \$6.2 million for the three months ended December 31, 2019 compared with a net loss of \$2.2 million in the same period in the prior year. The Other segment recorded a net loss of \$23.0 million for the year ended December 31, 2019 compared with a net loss of \$14.9 million in the prior year. The variances were primarily due to an income tax expense of \$3.0 million and \$7.1 million recorded for the three months and year ended December 31, 2019, respectively, related to the above noted increase in net income.

⁽¹⁾ Includes other Trust amounts not specifically related to the segments.

UNITHOLDERS' EQUITY

As at December 31, 2019, total unitholders' equity per unit of \$8.25 increased compared to total unitholders' equity per unit of \$7.99 as at September 30, 2019 and \$8.13 per unit as at December 31, 2018. The increase in total unitholders' equity per unit for the three months and year ended December 31, 2019, was primarily due to the aforementioned increase in net income which exceeded the Trust's distributions to unitholders.

NET ASSET VALUE ("NAV")

AAs at December 31, 2019, the NAV per unit was \$8.75 compared with total unitholders' equity of \$8.25 per unit. The variance was due to a market value adjustment of \$34.0 million (September 30, 2019 - \$29.9 million) which included the net impact of market value gains on equity accounted investments. Market value gains recorded during the fourth quarter of 2019 primarily related to the Brightwater and Lakeshore East developments, as supported by independent third-party appraisals. The market value gain on the Lakeshore East development was the result of land appreciation, as supported by market comparables, including Waterfront Toronto's appraisal for the 12-acre Quayside site, which is immediately adjacent to our 5.3-acre Lakeshore East development. The market value gain on the Brightwater development was a result of progress on the investment along with significant milestones met during the period which included the achievement of municipal approvals, as discussed above. The above-mentioned market value gains were partially offset by a corresponding increase in the related deferred tax adjustments and the decrease in the market value adjustment related to the completion of the Axis Condominium project and the disposition of the renewable power portfolio as the realization of income and losses, respectively, are now reflected in book value.

As at December 31, 2019, the NAV per unit of \$8.75 was comparable with NAV per unit of \$8.74 in the prior year. As discussed above, fair value gains recorded during the year were offset by the Trust's distributions to unitholders as well as the net decrease in market value adjustments primarily related to the sale of the renewable power portfolio. Given the long-term nature of the Trust's development investments the Trust believes providing annual updates to NAV is more useful to readers. Going forward, the Trust will disclose NAV on an annual basis only, timed with the external appraisal process which occurs at year end.

Market value adjustments are reflected only in NAV, which is a non-IFRS measure. The Trust believes that incorporating an annual market value adjustment is a more useful measure to value development assets. As development projects progress toward completion and/or reflect information from recent market transactions, we expect both unitholders' equity and NAV to increase based on expected growth and cash flows from these investments. The Trust relies on annual NAV per unit as a measure of value creation including the market value adjustments on its equity accounted investments. The closest IFRS measure to NAV per unit is unitholders' equity per unit. For further details and reconciliations regarding non-IFRS measures, where applicable, to the consolidated financial statements, please refer to the "Financial Overview" section in the Management's Discussion and Analysis ("MD&A") under the heading "Reconciliation of Net Asset Value to Total Unitholders' Equity".

CASH GENERATED FROM OPERATING ACTIVITIES - CONTINUING OPERATIONS

Cash generated from operating activities (continuing operations) for the three months ended December 31, 2019 was \$3.1 million compared with a minimal balance generated from operating activities in the same period in the prior year. The increase was due to the settlement of the asset management fees payable to DAM, pursuant to the Management Agreement, in units which commenced during the second quarter of 2019.

Cash generated from operating activities (continuing operations) for the year ended December 31, 2019 was \$28.6 million, an increase of \$21.0 million compared to the prior year due to the net impact of working capital changes primarily related to the receipt of cash advances from the Axis Condominium development.

FINANCIAL HIGHLIGHTS OF THE TRUST

For the periods ended December 31,	Three months ended December 31,		Year-ended December 31,	
	2019	2018	2019	2018
Consolidated results of operations				
Net income	\$ 19,923	6,995	\$ 32,331	\$ 13,902
Net income from continuing operations	24,133	7,293	27,977	10,865
Net operating income ("NOI") ⁽¹⁾⁽²⁾	5,372	8,092	38,915	28,717
Cash generated from operating activities from continuing operations	3,062	7	28,597	7,609
Net income per unit ⁽¹⁾	0.29	0.10	0.47	0.19
Net income from continuing operations per unit ⁽¹⁾	0.35	0.10	0.41	0.15
Cash generated from operating activities from continuing operations per unit ⁽¹⁾	0.04	—	0.42	0.10
Distributions declared and paid per unit	0.10	0.10	0.40	0.40
Units outstanding – end of period	68,763,987	72,592,822	68,763,987	72,592,822
Units outstanding – weighted average	68,581,227	72,437,648	66,690,503	72,361,187

⁽¹⁾ For the Trust's definition of the following non-IFRS measures: NOI, net income per unit, net income from continuing operations per unit, and cash generated from operating activities from continuing operations per unit and a reconciliation of NOI to net income (loss), please refer to the Non-IFRS Measures and Other Disclosures section of this MD&A.

⁽²⁾ Excludes the renewable power-discontinued operations.

As at	December 31, 2019	September 30, 2019	December 31, 2018
Consolidated financial position			
Total unitholders' equity	\$ 567,551	\$ 546,948	\$ 590,258
Total unitholders' equity per unit	8.25	7.99	8.13
NAV ⁽¹⁾	601,592	576,852	634,650
NAV per unit ⁽¹⁾	8.75	8.43	8.74
Total debt	89,269	123,000	198,654
Total assets	696,141	795,384	813,307
Cash	117,787	7,610	46,730
Debt-to-asset value ⁽¹⁾	12.8%	19.0%	24.4%

⁽¹⁾ For the Trust's definition of the following non-IFRS measure: NAV, NAV per unit and debt-to-asset value, and a reconciliation of NAV to total unitholders' equity, please refer to the Non-IFRS Measures and Other Disclosures section and Financial Overview-Reconciliation of Net Asset Value to Total Unitholders' Equity section of this MD&A.

NET INCOME (LOSS) BY OPERATING SEGMENTS FROM CONTINUING OPERATIONS

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018 ⁽²⁾	2019	2018 ⁽²⁾
Development and investment holdings	\$ 7,967	\$ 3,801	\$ 19,427	\$ 903
Lending portfolio	(427)	3,607	10,445	15,550
Income properties	22,770	2,098	21,097	9,315
Other ⁽¹⁾	(6,177)	(2,213)	(22,992)	(14,903)
Total	\$ 24,133	\$ 7,293	\$ 27,977	\$ 10,865

⁽¹⁾ Includes other Trust amounts not specifically related to the segments.

⁽²⁾ Certain prior year comparative results have been reclassified to conform to the current year's consolidated financial statement presentation.

RECONCILIATION OF NET ASSET VALUE TO TOTAL UNITHOLDERS' EQUITY

The closest IFRS measure to NAV is total unitholders' equity. The table below provides the reconciliation of NAV to total unitholders' equity:

As at December 31, 2019	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total
TOTAL UNITHOLDERS' EQUITY⁽²⁾	\$ 292,447	\$ 64,705	\$ 111,175	\$ 99,224	\$ 567,551
Market value adjustment to equity accounted investments ⁽³⁾	40,406	—	—	—	40,406
Deferred income taxes adjustment	—	—	—	(6,365)	(6,365)
NAV	\$ 332,853	\$ 64,705	\$ 111,175	\$ 92,859	\$ 601,592
NAV PER UNIT	\$ 4.84	\$ 0.94	\$ 1.62	\$ 1.35	\$ 8.75

As at December 31, 2018	Development and investment holdings	Lending portfolio	Income properties	Renewable power-discontinued operations	Other ⁽¹⁾	Total
TOTAL UNITHOLDERS' EQUITY⁽²⁾	\$ 254,804	\$ 142,220	\$ 101,962	\$ 64,184	\$ 27,088	\$ 590,258
Market value adjustment to equity accounted investments ⁽³⁾	39,870	—	—	—	—	39,870
Market value adjustment to renewable power assets	—	—	—	10,527	—	10,527
Deferred income taxes adjustment	—	—	—	—	(6,005)	(6,005)
NAV	\$ 294,674	\$ 142,220	\$ 101,962	\$ 74,711	\$ 21,083	\$ 634,650
NAV PER UNIT	\$ 4.06	\$ 1.96	\$ 1.40	\$ 1.03	\$ 0.29	\$ 8.74

⁽¹⁾ Other includes Trust and segment level cash and net working capital balances.

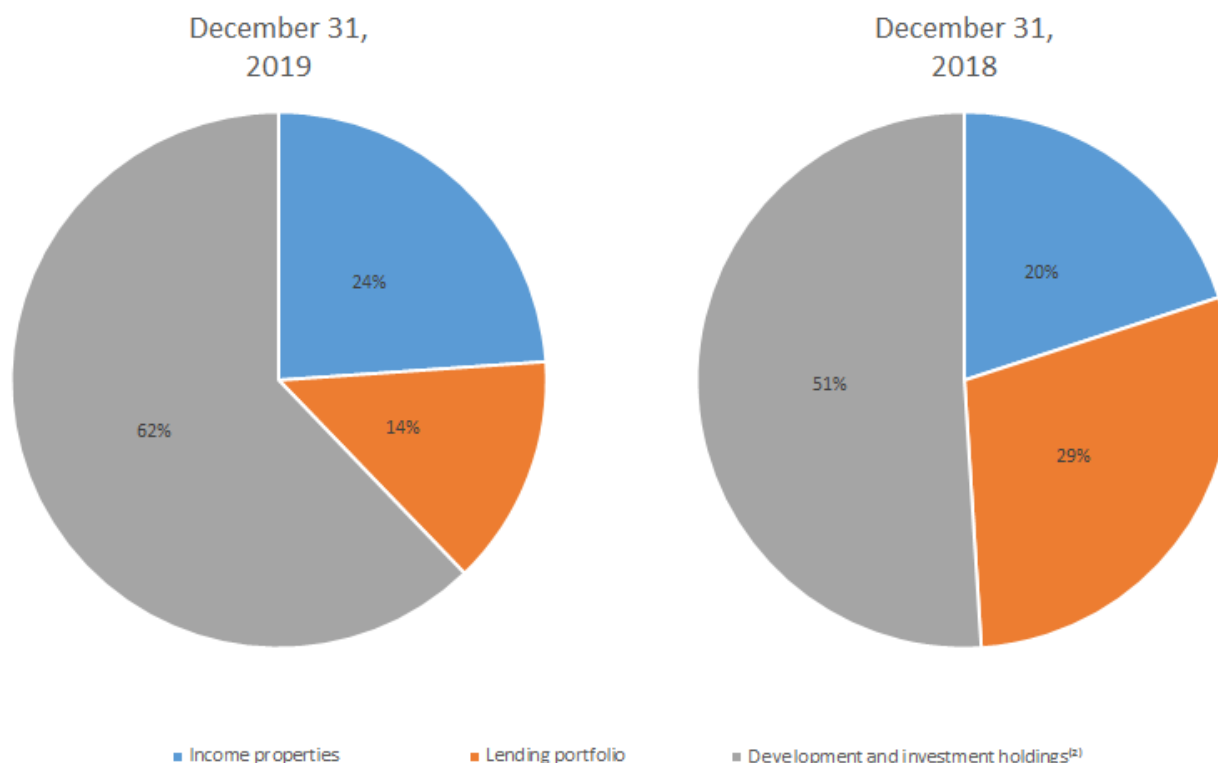
⁽²⁾ Total unitholders' equity includes working capital balances as allocated to each respective segment.

⁽³⁾ For additional details on the Trust's equity accounted investments market value adjustment, please refer to Equity Accounted Investments Market Value Adjustments Included in NAV - Methodology within section 2.1 of this MD&A.

1.5 HIGHLIGHTS BY REPORTABLE OPERATING SEGMENTS FROM CONTINUING OPERATIONS

The charts and tables below summarize our consolidated net assets attributable to unitholders of the Trust⁽¹⁾ as at December 31, 2019 by operating segment and geographic allocation, excluding cash and the Trusts' other consolidated working capital, including tax.

OPERATING SEGMENT ALLOCATION



⁽¹⁾ For the Trust's definition of net assets attributable to unitholders of the Trust, please refer to the Non-IFRS Measures and Other Disclosures section of this MD&A.

⁽²⁾ As at December 31, 2019, this segment includes under development and completed investments of 47.8% (December 31, 2018 - 36.7%) and income-producing investments with redevelopment potential of 14.7% (December 31, 2018 - 13.8%).

GEOGRAPHIC ALLOCATION

As at	December 31, 2019	December 31, 2018 ⁽³⁾
Toronto and GTA	71.3%	66.9%
Ottawa / Gatineau	11.5%	7.7%
United States	10.4%	8.0%
British Columbia	4.0%	8.2%
Saskatchewan	2.6%	3.5%
Other Ontario	0.2%	2.9%
Other Western Canada	—%	2.8%
Total	100.0%	100.0%

⁽³⁾ Excludes the renewable power segment. As at December 31, 2019, the Trust sold its renewable power portfolio for gross cash proceeds of \$63.7 million.

1.6 SUMMARY OF DEVELOPMENT AND INVESTMENT HOLDINGS AND INCOME PROPERTIES

DEVELOPMENT HOLDINGS (Total assets of \$66.2 million)

Empire Lakeshore (Etobicoke, Ontario)

Empire Lakeshore, in which the Trust has an 80% interest in relation to participating loans, is a condominium development located in Etobicoke, Ontario. The development consists of two towers: the Water Tower and the Sky Tower, at 49 and 66 storeys, respectively. With 99% of the 1,280 total condominium units sold, the project is expected to be completed and occupied in phases through to the second quarter of 2020.

Empire Brampton (Brampton, Ontario)

Empire Brampton, in which the Trust has an interest of 78.8%, is a low-rise project that is substantially completed. Amounts outstanding pertaining to this investment represent customary cash hold backs expected to be released in 2020.

INVESTMENT HOLDINGS (Total assets of \$48.7 million)

Hard Rock/Virgin Hotels Las Vegas (Las Vegas, Nevada)

The Hard Rock in Las Vegas, Nevada, in which the Trust has a 10% interest, is planning to open as a re-conceptualized and revitalized Virgin Hotels in late 2020. The hotel will include 1,504 suites, a 60,000 sf fully renovated casino and world class restaurants. The property is located at 4455 Paradise Road in Las Vegas on 30 acres of land and is situated 1 mile east of the strip and 2 miles from the McCarran International Airport.

EQUITY ACCOUNTED INVESTMENTS (Net assets of \$186.7 million)

Canary Block 10 (Toronto, Ontario)

The Trust's investment in Canary Block 10 includes a proposed 225-unit residential rental building, located within the Canary District, adjacent to the West Don Lands and Distillery District in downtown Toronto.

Zibi Development (Ottawa, Ontario)

Zibi is a 34-acre mixed-use waterfront development along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario. The project is a multi-phase development that includes over 4.0 million sf of density consisting of over 1,800 residential units and over 2.0 million sf of commercial space. Land servicing on both the Ontario and Quebec lands continues and construction is underway on the project's next residential building, Kanaal, a 71-unit condominium building in Ottawa, expected to occupy in 2020. In total, there is over 630,000 sf of residential rental, retail and commercial space in various planning / development stages at Zibi, of which 78% of the retail and commercial space has been pre-leased as of December 31, 2019.

Brightwater Development (Mississauga, Ontario)

Brightwater (formerly referred to as "Port Credit") 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 400,000 sf of retail and commercial space. During the year ended December 31, 2019, significant advancements were made on the remediation program with the environmental cleanup; the source remediation program is now complete and vertical construction is expected to commence in 2021.

Frank Gehry Development (Toronto, Ontario)

The Frank Gehry development, designed by renowned architect Frank Gehry, is slated to comprise two landmark residential towers, each in excess of 80 storeys. The project will consist of over 80,000 sf of multi-level luxury retail opportunities, including a potential hotel component and an art gallery. The development is located at the intersection of King Street West and Duncan Street in downtown Toronto.

Lakeshore East Development (Toronto, Ontario)

The Lakeshore East development is a 5.3-acre waterfront property in downtown Toronto adjacent to a planned investment by Sidewalk Labs, a sister company of Google. The project is in the pre-development and planning stages and has approximately 1 million sf of density to be realized.

100 Steeles (Toronto, Ontario)

100 Steeles is currently a 59,000 sf income-producing retail property that is 97.1% leased, located north of Toronto, steps away from the proposed Yonge-North subway extension. 100 Steeles is planned for much higher density beyond current zoning that would include over 1 million sf of residential and mixed-use development.

West Don Lands (Toronto, Ontario)

West Don Lands is a purpose-built multi-family rental apartment community in Toronto's downtown east end adjacent to the Distillery District and the Canary District. The development will feature approximately 1,500 rental units including an affordable component, as well as ancillary retail and potential office space. The first fully-zoned block for development (Block 8) commenced construction in the fall of 2019 and features 770 rental units and 4,000 sf of retail space.

Plaza Bathurst Development (Toronto, Ontario)

The Plaza Bathurst investment includes two properties which are located at 6035 Bathurst Street and 388-390 Dupont Street in the GTA. The Bathurst property is a 6,000 sf commercial property and the Dupont property is a 19,000 sf fully leased distribution centre.

Plaza Imperial Development (Toronto, Ontario)

The Plaza Imperial investment includes two properties which are located at 25 Imperial Street and 374 Dupont Street. The Imperial Street property is a 23,000 sf office property and the Dupont Street property is an 11,000 sf fully leased commercial property.

Seaton Development (Pickering, Ontario)

The Seaton development is a fully-zoned 395-acre land and housing development in the city of Pickering, Ontario.

Axis Condominiums (Toronto, Ontario)

Axis Condominiums is a 38 storey development, located in downtown Toronto, comprising over 500 units and retail space on the ground floor. The project is now fully occupied and completed.

Queen & Mutual (Toronto, Ontario)

Queen & Mutual is a mixed-use condominium development, located in downtown Toronto. The building is designed by IBI Architects and is expected to include 356 residential condo units, retail uses and community space. The investment acquired various retail investment properties located at the Mutual Street and Queen Street East intersection.

IVY Condominiums (Toronto, Ontario)

IVY Condominiums is located in downtown Toronto's garden district close to the Eaton Centre, Dundas subway station and many restaurants.

INCOME-PRODUCING CORE PROPERTIES (\$200.9 million)**49 Ontario Street (Toronto, Ontario)**

49 Ontario Street is an office property wholly owned by the Trust. The 87,000 sf income property is located in downtown Toronto close to the financial district in an area undergoing extensive redevelopment.

10 Lower Spadina (Toronto, Ontario)

10 Lower Spadina is an office property wholly owned by the Trust. This 60,000 sf, 7-storey building is located on Toronto's prime waterfront, in close proximity to the financial district and transit, with redevelopment potential.

349 Carlaw (Toronto, Ontario)

349 Carlaw is an office property wholly owned by the Trust. This 33,000 sf, 3-storey building is located in a mixed commercial and residential neighbourhood in close proximity to Toronto's Queen Street neighbourhood.

Sussex Centre (Mississauga, Ontario)

Sussex Centre is a 50.1% co-owned income property with Dream Office Real Estate Investment Trust ("Dream Office REIT"). The 652,000 sf centre includes 2 buildings located in Mississauga, Ontario, offering prime office and retail space.

2. REPORTABLE OPERATING SEGMENTS RESULTS OF OPERATIONS

2.1 DEVELOPMENT AND INVESTMENT HOLDINGS, INCLUDING EQUITY ACCOUNTED INVESTMENTS

As at December 31, 2019, our development and investment holdings, including equity accounted investments, consisted of approximately \$301.7 million (December 31, 2018 - \$251.1 million) of net assets. The following represents the Trust's net assets, which include the following investments:

Investment	Sector	Accounting treatment	Status	Economic interest ⁽¹⁾ %	Expected completion ⁽²⁾	Asset value		At 100% project level			
						December 31, 2019	December 31, 2018	% of sold or leased / occupied	Units (#) or sq. ft. (000s)		
Investment holdings											
Hard Rock/Virgin Hotels Las Vegas ⁽³⁾	Hospitality	Fair value	Income-producing	10.0%	2020	\$	48,640	\$	39,965	86.3%	1,504 suites
Other	Retail	Fair value	Income-producing	N/A	N/A		96		13,879	N/A	279 sf
Total investment holdings						\$	48,736	\$	53,844		
Development holdings											
Empire Brampton	Residential	Fair value	Substantially completed	78.8%	Q3 2017 ⁽⁴⁾	\$	2,126	\$	3,430	100.0%	685 units
Empire Lakeshore	Residential	Fair value	Construction	80.0%	Q4 2019 - Q2 2020		64,085		61,335	99.3%	1,280 units
Total development holdings						\$	66,211	\$	64,765		
Total development and investment holdings ⁽⁵⁾						\$	114,947	\$	118,609		
Total equity accounted investments ⁽⁵⁾						\$	186,713	\$	132,528		
Total development and investment holdings, including equity accounted investments						\$	301,660	\$	251,137		
Market value adjustments to equity accounted investments included in NAV ⁽⁶⁾						\$	40,406	\$	39,870		
NAV per unit						\$	4.84	\$	4.06		

⁽¹⁾ Represents debt and equity interests in the underlying projects.

⁽²⁾ The expected completion dates are estimated by the Asset Manager. The estimates are based on information provided by the development project manager regarding the expected completion dates and development status as at December 31, 2019 and are subject to change.

⁽³⁾ % occupied based on a year to date average for the year ended December 31, 2019.

⁽⁴⁾ The Empire Brampton low-rise project was considered substantially complete during the third quarter of 2017. The amount outstanding represents customary cash hold backs expected to be received by the Trust during 2020.

⁽⁵⁾ For additional details on the Trust's assets, please refer to the Summary of Development and Investment Holdings, and Income Properties, within section 1.6 of this MD&A.

⁽⁶⁾ For additional details on the Trust's market value adjustments to equity accounted investments, please refer to Equity Accounted Investments Market Value Adjustments Included in NAV - Methodology within section 2.1 of this MD&A.

A summary of the development and investment holdings results, including equity accounted investments, is below:

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
Net income (loss) - development holdings and equity accounted investments	\$ 9,109	\$ 1,325	\$ 24,741	\$ (2,164)
Net income (loss) - investment holdings	(1,142)	2,476	(5,314)	3,067
Total net income	\$ 7,967	\$ 3,801	\$ 19,427	\$ 903

For the three months and year ended December 31, 2019, development and investment holdings generated net income of \$8.0 million and \$19.4 million, respectively, compared to \$3.8 million and \$0.9 million, respectively, in the comparative periods. During the three months and year ended December 31, 2019, development holdings and equity accounted investments generated income from the completion of the Axis Condominiums project and net fair value gains at the investment level supported by third party appraisals, with no similar adjustments recorded in the comparative periods. During the year ended December 31, 2019, investment holdings generated a fair value loss of \$3.3 million due to the disposal of the Trust's non-core legacy retail investment and foreign currency losses of \$2.1 million related to the Hard Rock investment. To date, the Hard Rock investment has recognized cumulative foreign exchange losses of \$0.1 million.

DEVELOPMENT HOLDINGS, INCLUDING EQUITY ACCOUNTED INVESTMENTS

The tables below provide a continuity of the development holdings balance, including equity accounted investments, for the periods indicated:

For the three months ended December 31, 2019	Empire Brampton	Empire Lakeshore	Subtotal	Equity accounted investments	Total
Balance as at September 30, 2019	\$ 2,578	\$ 64,085	\$ 66,663	\$ 170,141	\$ 236,804
Advances/investments/share of income	—	—	—	17,056	17,056
Distribution/capital repayment	(540)	—	(540)	(484)	(1,024)
Fair value adjustments	88	—	88	—	88
Balance as at December 31, 2019	\$ 2,126	\$ 64,085	\$ 66,211	\$ 186,713	\$ 252,924

For the year ended December 31, 2019	Empire Brampton	Empire Lakeshore	Subtotal	Equity accounted investments	Total
Balance as at December 31, 2018	\$ 3,430	\$ 61,335	\$ 64,765	\$ 132,528	\$ 197,293
Advances/investments/share of income	—	2,750	2,750	54,669	57,419
Distribution/capital repayment	(1,778)	—	(1,778)	(484)	(2,262)
Fair value adjustments	474	—	474	—	474
Balance as at December 31, 2019	\$ 2,126	\$ 64,085	\$ 66,211	\$ 186,713	\$ 252,924

DEVELOPMENT HOLDINGS

As at December 31, 2019, approximately \$86.5 million of the Trust's total assets were advanced to Empire-related development projects or debt representing approximately 12.4% of the Trust's total assets, excluding the Trust's financial guarantee associated with Empire Lakeshore, which is discussed in Note 27 of the consolidated financial statements.

To date, the Trust has received \$30.9 million from the Empire Brampton project, of which \$12.0 million represented profit to the Trust in excess of its initial contribution. The timing of the remaining \$2.2 million in cash distributions on the project is expected to be released during 2020.

EQUITY ACCOUNTED INVESTMENTS

The Trust participates in various partnerships with other parties for the purpose of investing in residential and mixed-use development projects, which are accounted for using the equity accounted method. As at December 31, 2019, the carrying value of these arrangements was \$186.7 million (December 31, 2018 - \$132.5 million).

During the three months and year ended December 31, 2019, the Trust contributed \$8.4 million and \$31.7 million, respectively, to its equity accounted investments, primarily related to the Zibi and Brightwater developments.

EQUITY ACCOUNTED INVESTMENTS MARKET VALUE ADJUSTMENT INCLUDED IN NAV - METHODOLOGY

As part of its NAV calculation, a non-IFRS measure, the Trust recognized cumulative market value gains of \$40.4 million related to equity accounted investments as at December 31, 2019 (September 30, 2019 - \$27.0 million; December 31, 2018 - \$39.9 million). During the three months ended December 31, 2019, the market value adjustment to equity accounted investments increased by \$13.4 million from the prior quarter primarily due to market value gains on Lakeshore East and Brightwater developments, as supported by independent third-party appraisals. During the three months ended December 31, 2019, market value gains of \$10.1 million and \$5.2 million, respectively, were recognized on the Lakeshore East and Brightwater developments, resulting in cumulative market value gains of \$30.9 million and \$9.5 million, respectively, as at December 31, 2019. The market value gain on the Lakeshore East development was the result of land appreciation, as supported by market comparables, including Waterfront Toronto's appraisal for the 12-acre Quayside site, which is immediately adjacent to the 5.3-acre Lakeshore East development. The market value gain on the Brightwater development was a result of progress on the investment along with significant milestones met during the period which included the achievement of municipal approvals. During the year ended December 31, 2019, the market value adjustment increased by \$0.5 million from the prior year due to the aforementioned market value gains offset by a market value decrease related to the completion of the Axis Condominium project as the realization of income is now reflected in book value.

The market value adjustment is considered an important element that the Trust has included in its NAV calculation to address the change in risk profile taking into consideration various factors including the progression of each project toward completion and/or reflecting information from recent market transactions that indicate a change in the investment value. Under IFRS and in the Trust's consolidated financial statements these development investments are equity accounted and are initially recognized at cost and subsequently include the Trust's share of profit or loss. The Trust believes that incorporating an annual market value adjustment is a more useful measure to value these development assets that would not ordinarily be captured within IFRS and the Trust's consolidated financial statements. In calculating the annual market value adjustment on the equity accounted development investments, the Trust obtains independent third-party appraisals annually or as significant development milestones are achieved. For those projects in active development or construction, the Trust uses the discounted cash flow methodology in determining the market value adjustment. The discounted cash flow model utilizes various assumptions including, but not limited to: the risk and timing of expected cash flows, and the successful completion of the projects on time and on budget. Assuming consistent market conditions, the development projects are expected to continue to generate market value increases as they continue to advance closer to their completion dates.

INVESTMENT HOLDINGS

The tables below provide a continuity of the investment holdings balance for the periods indicated:

For the three months ended December 31, 2019	Hard Rock/ Virgin Hotels Las Vegas	Other	Total
Balance as at September 30, 2019	\$ 38,807	\$ 276	\$ 39,083
Advances/investments	10,795	—	10,795
Fair value adjustments	(962)	(180)	(1,142)
Balance as at December 31, 2019	\$ 48,640	\$ 96	\$ 48,736

For the year ended December 31, 2019	Hard Rock/ Virgin Hotels Las Vegas	Other	Total
Balance as at December 31, 2018	\$ 39,965	\$ 13,879	\$ 53,844
Advances/investments	10,795	—	10,795
Distribution/capital repayment/disposal	—	(10,307)	(10,307)
Fair value adjustments	(2,120)	(3,476)	(5,596)
Balance as at December 31, 2019	\$ 48,640	\$ 96	\$ 48,736

During the three months and year ended December 31, 2019, the Trust invested an additional \$10.8 million in the Hard Rock. Subsequent to the year ended December 31, 2019, construction began on the redevelopment/conversion of the property to The Virgin Hotels Las Vegas with a grand re-opening slated for late 2020.

In the year ended December 31, 2019, the Trust sold components of its non-core legacy retail investment for cash proceeds of \$10.3 million, recognizing a fair value loss of \$3.3 million upon disposition.

2.2 LENDING PORTFOLIO

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

A summary of the lending portfolio segment results follows:

For the period ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
Net income (loss)	\$ (427)	\$ 3,607	\$ 10,445	\$ 15,550

As at	December 31, 2019	December 31, 2018
Number of loans outstanding	7	10
Lending portfolio balance at amortized cost ⁽¹⁾	\$ 64,705	\$ 144,095
NAV ⁽²⁾	64,705	142,220
NAV per unit ⁽²⁾	0.94	1.96
Security allocation (first mortgages/other)	47.7% / 52.3%	69.8% / 30.2%
Weighted average effective interest rate (period-end)	9.1%	9.6%
Weighted average face interest rate (period-end)	6.9%	8.8%
Weighted average remaining term to maturity (period-end) (years)	0.80	1.28

⁽¹⁾ Lending portfolio balance included a loan of \$7.3 million (December 31, 2018 - \$16.6 million) that is classified as FVTPL.

⁽²⁾ For the Trust's definition of the following non-IFRS measures: NAV, NAV per unit, and a reconciliation to total unitholders' equity, please refer to the Non-IFRS Measures and Other Disclosures section and Financial Overview-Reconciliation of Net Asset Value to Total Unitholders' Equity section of this MD&A.

During the three months and year ended December 31, 2019, the Trust recognized a net loss of \$0.4 million and net income of \$10.4 million, respectively, on the lending portfolio a decrease from \$3.6 million and \$15.6 million, respectively, in the same periods in the prior year. The decrease was primarily attributable to a lower loan balance outstanding compared with the prior periods. Additionally, in the three months ended December 31, 2019, the Trust recognized a loan loss provision of \$2.4 million, the value of which was determined based on the net realizable value of the underlying real estate properties and estimated transaction costs.

The table below provides a continuity of the lending portfolio balance for the periods indicated:

For the years ended	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 144,095	\$ 161,432
Add (Deduct):		
Lending portfolio advances	119	35,042
Changes in accrued interest balance	(111)	(776)
Provision for lending portfolio losses	(2,350)	—
Interest capitalized to lending portfolio balance	5,029	6,113
Premium (discount) on lending portfolio	752	(3,546)
Lender fees and extension fees received	383	318
Principal repayments at maturity, contractual repayments and prepayments	(83,212)	(54,488)
Balance, end of year⁽¹⁾	\$ 64,705	\$ 144,095
Less: current portion	51,216	96,968
Non-current portion of lending portfolio	\$ 13,489	\$ 47,127

⁽¹⁾ Lending portfolio balance includes a loan of \$7.3 million (December 31, 2018 - \$16.6 million) that is classified as FVTPL.

During the year ended December 31, 2019, scheduled loan repayments of \$83.2 million were received by the Trust. During the year ended December 31, 2019, the Trust renewed a \$10.7 million loan in the Greater Vancouver Area, extending the maturity date to 2020.

We continue to leverage our relationships and expertise to identify opportunities with attractive yields to balance the returns within the lending portfolio and our future expected capital requirements on our development projects. The Asset Manager actively manages the lending portfolio and may decide to renew and extend loans, including those with a maturity date of 12 months from the balance sheet date, in the normal course of business.

Development loans have historically provided very attractive returns. We believe that we benefit from the Asset Manager's position as an active developer, such that our risk associated with originating development loans is reduced to a certain extent. As a result, the Trust's exposure to residential development and land loans located within the Greater Vancouver Area and the GTA has increased since inception. We believe that real estate lending continues to be valuable by providing a base return while also supporting the overall liquidity objectives of the Trust.

2.3 INCOME PROPERTIES

Revenue from income properties includes base rents, operating expenses and property tax recoveries, lease termination fees, parking income and ancillary income. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable is recorded for the difference between the rental revenue recognized and the contractual amount received. Recoveries from tenants are recognized as revenues in the period that the corresponding costs are incurred and collectability is reasonably assured. Other revenues are recorded as earned.

As at December 31, 2019, the Trust's income property segment was solely comprised of core income properties. Total income properties include three wholly owned office properties and one office property co-owned with Dream Office REIT (TSX: D.UN).

A summary of income property segment results is included in the table below:

As at	December 31, 2019	December 31, 2018
NAV ⁽¹⁾	\$ 111,175	\$ 101,962
NAV per unit ⁽¹⁾	1.62	1.40
Income properties at IFRS fair value	200,869	224,310
Amortized balance of mortgages payable	88,988	122,214

⁽¹⁾ For the Trust's definition of the following non-IFRS measures: NAV, NAV per unit, and a reconciliation to total unitholders' equity, please refer to the Non-IFRS Measures and Other Disclosures section and Financial Overview-Reconciliation of Net Asset Value to Total Unitholders' Equity section of this MD&A.

For the periods ended December 31,	Three months ended		Year ended	
	2019	2018	2019	2018
Income properties revenue	\$ 5,848	\$ 6,316	\$ 23,568	\$ 24,071
NOI ⁽¹⁾	2,473	3,002	10,618	11,536
Net income ⁽²⁾	22,770	2,098	21,097	4,549
Core income properties⁽³⁾				
Income properties revenue	\$ 4,359	\$ 4,356	\$ 16,460	\$ 16,233
NOI ⁽¹⁾	2,189	2,223	8,001	7,980
Net income	22,525	2,180	25,947	4,599

⁽¹⁾ For the Trust's definition of the following non-IFRS measures: NOI and a reconciliation of NOI to net income (loss), please refer to the Non-IFRS Measures and Other Disclosures section of this MD&A.

⁽²⁾ Net income for the year ended December 31, 2018 excludes a fair value adjustment to the Trust's investment in Dream Office REIT units of \$3.7 million and dividend income of \$1.1 million.

⁽³⁾ Core income properties are those that the Trust plans to hold for the long-term and non-core income properties are considered non-strategic to management's long-term business plan.

During the three months ended December 31, 2019, the Trust recorded net income of \$22.8 million compared with \$2.1 million in the same period in the prior year. The increase relative to the comparative period was driven by net fair value gains of \$21.1 million in the period, primarily due to an increase in value of 49 Ontario Street. The Trust has recently submitted a rezoning application in respect of the site to pursue increased density of the asset.

During the year ended December 31, 2019, the Trust generated net income of \$21.1 million compared with \$4.5 million in the prior year. The increase was primarily due to the above-mentioned net fair value gains, partially offset by fair value losses of \$6.1 million recorded on non-core income properties which were sold in 2019.

Operating statistics for core income properties portfolio are as follows:

As at	December 31, 2019	September 30, 2019	December 31, 2018
Total core income properties portfolio			
Number of properties	4	4	10
Owned GLA (in millions of sf)	0.5	0.5	0.6
Occupancy rate (period-end) — including committed	92.8%	92.8%	88.9%
Occupancy rate (period-end) — in-place	88.7%	87.3%	88.0%
Average tenant size (in sf)	8,732	8,567	9,865
Average in-place and committed base rent per sf (period-end)	18.27	18.07	16.98
Weighted average remaining lease term (years)	5.6	5.8	5.2

As at December 31, 2019, the committed occupancy rate for the core income properties was 92.8%, up from 88.9% as at December 31, 2018, primarily due to new lease arrangements on certain core income properties. The weighted average remaining lease term increased to 5.6 years at December 31, 2019, compared to 5.2 years at December 31, 2018, due to the above-mentioned new leasing arrangements as well as the renegotiation of renewal extensions with longer maturity dates.

INCOME PROPERTIES FAIR VALUES AND CONTINUITY

The table below provides a continuity of the income properties balance for the periods indicated:

For the years ended	December 31, 2019	December 31, 2018
Balance, beginning of period	\$ 224,310	\$ 219,656
Add (deduct):		
Building improvements	4,195	1,250
Lease incentives and initial direct leasing costs	3,266	6,859
Amortization of lease incentives	(1,626)	(1,260)
Fair value adjustments to income properties	15,064	(2,195)
Disposition of properties	(44,340)	—
Balance, end of period	\$ 200,869	\$ 224,310

During the year ended December 31, 2019, the Trust disposed of its remaining non-core income properties for gross proceeds of \$44.3 million. Net proceeds were \$10.5 million, after the repayment by the Trust or assumption of the mortgages payable by the purchaser.

As at December 31, 2019, the fair value of one income property, 49 Ontario Street, was based on land value when considering the property and its highest and best use. The highest and best use for this property considered the redevelopment potential due to its recent rezoning application submission, whereby the property was valued using the direct comparison approach. The direct comparison approach considered recent activity for similar development/redevelopment sites in downtown Toronto. The appraised value for this wholly owned property was at a higher value than the fair value recorded in the consolidated statements of financial position as it was adjusted for factors specific to the property which included zoning, density and timing assumptions.

During the year ended December 31, 2019, income properties with a total fair value of \$200.9 million (December 31, 2018 - \$224.3 million) were valued by an independent third-party appraiser at \$222.1 million (December 31, 2018 - \$224.3 million).

Certain income properties, other than the above noted, are measured at fair value using the income approach, which is derived from the overall capitalization rate method or discounted cash flow method. The fair values of certain income properties at December 31, 2019 were determined by using capitalization rates ("cap rates") of 5.0% to 6.3% (December 31, 2018 – 4.3% to 7.5%), resulting in a weighted average cap rate of 5.9% (December 31, 2018 – 5.9%) and discount rates of 6.0% to 7.3% (December 31, 2018 – 5.8% to 8.8%).

2.4 CONSOLIDATED TRUST REVIEW OF TOTAL COMPREHENSIVE INCOME (LOSS)

The table below presents summarized consolidated statements of comprehensive income (loss) for the periods indicated:

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
TOTAL INCOME	\$ 15,404	\$ 13,453	\$ 54,454	\$ 39,275
TOTAL EXPENSES	(9,672)	(8,330)	(35,245)	(32,863)
Fair value adjustments to income properties	21,119	505	15,064	(2,195)
OPERATING INCOME	26,851	5,628	34,273	4,217
Interest and other income	821	610	2,312	3,313
Transaction costs	(552)	(227)	(1,521)	(375)
Fair value adjustments to marketable securities	—	—	—	3,366
EARNINGS BEFORE INCOME TAX RECOVERY (EXPENSE)	27,120	6,011	35,064	10,521
INCOME TAX RECOVERY (EXPENSE)				
Current income tax recovery	1,469	18	—	18
Deferred income tax recovery (expense)	(4,456)	1,264	(7,087)	326
TOTAL INCOME TAX RECOVERY (EXPENSE)	(2,987)	1,282	(7,087)	344
NET INCOME FROM CONTINUING OPERATIONS	24,133	7,293	27,977	10,865
Income (loss) from discontinued operations	(5,397)	(333)	1,625	4,065
Income tax recovery (expense) from discontinued operations - current	7	(3)	—	(9)
Income tax recovery (expense) from discontinued operations - deferred	1,180	38	2,729	(1,019)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(4,210)	(298)	4,354	3,037
NET INCOME	19,923	6,995	32,331	13,902
Other comprehensive income from discontinued operations	5,034	575	3,979	566
TOTAL COMPREHENSIVE INCOME	\$ 24,957	\$ 7,570	\$ 36,310	\$ 14,468

TOTAL INCOME FROM CONTINUING OPERATIONS

Total income for the three months and year ended December 31, 2019, of \$15.4 million and \$54.5 million, respectively, increased by \$2.0 million and \$15.2 million, respectively, when compared with the same periods in the prior year. The increase was primarily attributable to an increase in the Trust's share of income from its equity accounted investments. As previously discussed, the increase was due to occupancy income at Axis Condominiums and fair value gains recorded within equity accounted investments.

TOTAL EXPENSES

During the three months ended December 31, 2019, total expenses of \$9.7 million increased by \$1.3 million compared with the same period in the prior year. During the year ended December 31, 2019, total expenses of \$35.2 million increased by \$2.4 million compared with the same period in the prior year. This increase was primarily due to a provision for lending portfolio losses recorded within the Trust's lending portfolio.

FAIR VALUE ADJUSTMENTS TO INCOME PROPERTIES

For the three months and year ended December 31, 2019, the Trust recorded fair value gains of \$21.1 million and \$15.1 million, respectively, compared with \$0.5 million and a net fair value loss of \$2.2 million, respectively, in the comparative periods. For additional details, refer to the Reportable Operating Segments Results of Operations - Income Properties section of this MD&A.

TRANSACTION COSTS

Transaction costs during the three months and year ended December 31, 2019, were \$0.6 million and \$1.5 million compared with \$0.2 million and \$0.4 million in the same periods in the prior year. The year-over-year variance was mainly due to non-recurring costs related to the Trust's disposition of its non-core income properties and the renewable power portfolio, with no similar activity in the comparative periods.

FAIR VALUE ADJUSTMENT TO MARKETABLE SECURITIES

During the year ended December 31, 2019, the Trust did not record any fair value adjustments in marketable securities compared with fair value gains of \$3.4 million in the prior year as all marketable securities were disposed of mid-2018.

INCOME TAX RECOVERY (EXPENSE)

For the three months ended December 31, 2019, income tax expense was \$3.0 million compared to an income tax recovery of \$1.3 million in the comparative period. For the year ended December 31, 2019, income tax expense was \$7.1 million compared to an income tax recovery of \$0.3 million in the comparative period. The year over year variances were primarily due to an increase in deferred tax expense related to the above noted increase in net income driven by fair value gains to income properties and the Trust's share of income from its equity accounted investments recorded during the current periods.

Due to the Trust's diversified asset mix and active asset management strategy, we expect some degree of variability in current and deferred income tax expense recognized each quarter through the consolidated statement of net income (loss) resulting in an income tax expense (recovery) position. The Trust intends to actively manage the portfolio in a tax-efficient manner.

We are subject to income taxes both federally and provincially in Canada and the United States. Significant judgments and estimates are required in the determination of the Trust's tax balances. Our income tax expense/recovery and deferred tax liabilities/assets reflect management's best estimate of current and future taxes to be paid/recovered. The Trust 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 Trust in its tax filings.

TAX ATTRIBUTES

INCOME PROPERTIES

We deduct mortgage interest and available tax depreciation on our buildings from our Canadian income properties that generate taxable net operating income. These deductions contribute to the overall tax efficiency of our structure and the tax depreciation helps provide the Trust with tax-sheltered cash flow. Any change in the fair value of income properties is not recognized in the determination of current taxes until the sale of the asset.

NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

For the three months ended December 31, 2019, the renewable power portfolio recorded a net loss of \$4.2 million compared to \$0.3 million in the same period in the prior year. For the year ended December 31, 2019, the renewable power portfolio recorded net income of \$4.4 million compared to \$3.0 million in the prior year. The year over year variances were a result of the aggregate impact of the sale of the renewable power segment. As at December 31, 2019, the Trust sold its renewable power portfolio for gross cash proceeds of \$63.7 million where the buyer assumed the assets and liabilities. The Trust recorded a net loss of \$1.1 million and realized losses of \$4.8 million related to the realization of both the foreign currency translation reserve and the loss from the derivative financial liability hedge.

OTHER COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS

During the three months and year ended December 31, 2019, the Trust recorded other comprehensive income from discontinued operations of \$5.0 million and \$4.0 million compared to \$0.6 million in both comparative periods in the prior year. As previously mentioned, during the three months and year ended December 31, 2019, the Trust disposed of its renewable power portfolio, resulting in the realization of both the foreign currency translation and loss from the derivative financial liability hedge into the consolidated statements of net income (loss).

2.5 RELATED PARTY TRANSACTIONS

The Trust and its subsidiaries enter into transactions with related parties that are disclosed in Note 25 of the consolidated financial statements.

2.6 SELECTED ANNUAL INFORMATION

The Trust's consolidated financial statements have been prepared in accordance with IFRS and are presented in Canadian dollars.

For the years ended December 31,	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Total income	\$ 54,454	\$ 39,275	\$ 50,002
Net income (loss) from continuing operations	27,977	10,865	(13,040)
Net income from discontinued operations	4,354	3,037	3,568
Net income (loss)	32,331	13,902	(9,472)
TOTAL NET INCOME ATTRIBUTABLE TO			
Unitholders	\$ 32,121	\$ 13,160	\$ (10,319)
Non-controlling interest	210	742	847
Total net income (loss)	\$ 32,331	\$ 13,902	\$ (9,472)
For the years ended December 31,	2019	2018⁽¹⁾	2017⁽¹⁾
Total assets	\$ 696,141	\$ 813,307	\$ 852,432
Total non-current liabilities	95,586	165,012	196,618
Total unitholders' equity	567,551	590,258	604,706
NAV	601,592	634,650	641,427
Annualized distributions per unit	0.40	0.40	0.40
Net income (loss) per unit	0.47	0.19	(0.13)
Net income (loss) from continuing operations per unit	0.41	0.15	(0.18)
Total unitholders' equity per unit	8.25	8.13	8.35
NAV per unit	8.75	8.74	8.86

⁽¹⁾ Certain prior period comparative results have been reclassified to conform to the current year's consolidated financial statement presentation.

3. DISTRIBUTION MEASURES

In any given period, the Trust anticipates that actual distributions paid and payable may differ from cash generated from (utilized in) operating activities. This difference is driven by a number of factors including the impact of leasing incentives and initial direct leasing costs which can fluctuate with lease maturities, renewal terms and the type of asset being leased; changes in non-cash working capital; cash flow from certain development holdings; and the longer-term nature and investment return profile of development holdings.

With the transformation of the business to a core focus on the development and investment holdings segment of our portfolio, the Trust expects that for the foreseeable future, cash generated from (utilized in) operating activities will fluctuate from period to period and may differ from distributions paid and payable in a single reporting period. Because of the long-term nature of the projects in the development and investment holdings segment, cash generated from (utilized in) operating activities from this segment generally does not occur until later in the operating life cycle of the developments. However, these cash flows are relevant in the determination of distributions, as cash flows relating to the project will ultimately be fully received at project completion. The Trust considers these factors among others in evaluating its distribution policy as well as its assessment of cash generated from (utilized in) operating activities over the longer term.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following tables outline the differences between cash generated from operating activities, and distributions paid and payable in accordance with the guidelines:

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
Cash generated from operating activities from continuing operations	\$ 3,062	\$ 7	\$ 28,597	\$ 7,609
Distributions paid and payable	6,876	7,343	28,381	29,300
Excess (shortfall) of cash generated from operating activities over distributions paid and payable	\$ (3,814)	\$ (7,336)	\$ 216	\$ (21,691)

For the three months ended December 31, 2019, distributions paid and payable exceeded cash utilized in operating activities from continuing operations by \$3.8 million (three months ended December 31, 2018 – shortfall of \$7.3 million). For the year ended December 31, 2019, distributions paid and payable exceeded cash generated from operating activities from continuing operations by \$0.2 million (year ended December 31, 2018 – shortfall of \$21.7 million).

The following table summarizes net income (loss) from continuing operations and total distributions paid and payable for the periods indicated:

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
Net income from continuing operations	\$ 24,133	\$ 7,293	\$ 27,977	\$ 10,865
Distributions paid and payable	6,876	7,343	28,381	29,300
Excess (shortfall) of net income from continuing operations over distributions paid and payable	\$ 17,257	(50)	\$ (404)	\$ (18,435)

For the three months ended December 31, 2019, the Trust's net income from continuing operations exceeded the distributions paid and payable by \$17.3 million (three months ended December 31, 2018 – shortfall of \$0.1 million).

For the year ended December 31, 2019, distributions paid and payable exceeded the Trust's net income from continuing operations by \$0.4 million (year ended December 31, 2018 – shortfall of \$18.4 million).

Certain assets and liabilities are recognized at fair value in the consolidated financial statements. Unrealized fair value adjustments and other non-cash items are included in net income (loss) and can fluctuate from period to period. As a result, the Trust anticipates that distributions declared will, in the foreseeable future, continue to vary from net income (loss). The total unrealized fair value adjustments and other non-cash items included in net income (loss) in the consolidated financial statements for the periods indicated are summarized in the following table:

For the periods ended	Three months ended		Year-ended	
	2019	2018	2019	2018
Total adjustments to fair values and other non-cash items included in net income from continuing operations	\$ (23,976)	\$ (998)	\$ (24,043)	\$ 3,943

The total adjustments to fair values and other non-cash items included in net income (loss) from continuing operations comprise: deferred income tax expense/recovery, fair value adjustments in development and investment holdings, share of income (loss) from equity accounted investments, deferred compensation expense, and other non-cash items.

The Trust funds its working capital needs and investment in lease incentives and initial direct leasing costs with cash on hand and its existing revolving credit facility. As at December 31, 2019, the Trust had cash on hand of \$117.8 million and \$9.3 million of undrawn credit capacity on its revolving credit facility.

To the extent that there are shortfalls in cash flows relative to distributions paid and payable, the Trust may use the existing revolving credit facility as a source of funding. The use of the Trust's revolving credit facility may involve risks as compared to using cash on hand as a source of funding, such as the risk that interest rates may rise in the future, which may make it more expensive for the Trust to borrow under its revolving credit facility, and the risk associated with increasing the overall indebtedness of the Trust. The Trust will review its distribution policy over time, to ensure the distribution policy is reflective of the Trust's business and asset profile. The Trust does not anticipate cash distributions will be suspended in the foreseeable future. Accordingly, distributions are considered an economic return of capital until cash distributions from completed development projects are received in future years. The Asset Manager reviews the estimated annual distributable cash flow with the Board of Trustees to assist the Board in determining the targeted distribution amount, taking into consideration the duration of the current assets within the Trust's portfolio and the future investment strategy.

4. CAPITAL RESOURCES AND LIQUIDITY

Our financial position is summarized below:

As at	December 31, 2019	December 31, 2018
Consolidated financial position		
Total unitholders' equity	\$ 567,551	\$ 590,258
Total unitholders' equity per unit	8.25	8.13
NAV ⁽¹⁾	601,592	634,650
NAV per unit ⁽¹⁾	8.75	8.74
Total debt payable	89,269	198,654
Total assets	696,141	813,307
Cash	117,787	46,730

⁽¹⁾ For the Trust's definition of the following non-IFRS measures: NAV, NAV per unit, and a reconciliation to total unitholders' equity, please refer to the Non-IFRS Measures and Other Disclosures" section and "Financial Overview - Reconciliation of Net Asset Value to Total Unitholders' Equity" section of this MD&A.

The Trust's primary sources of financing are cash generated from operating activities, lending activities, debt financing and refinancing, and project financing. Our primary uses of capital include: investments in development and investment holdings, equity accounted investments, debt principal repayments, interest payments, mortgage lending, distributions, costs of attracting and retaining tenants, recurring property maintenance, and major property improvements. It is the Trust's objective to meet all our ongoing obligations with current cash, cash flows generated from operating activities, cash from maturing lending portfolio investments, and cash from financing and refinancing activities. The Trust's revolving credit facility provides additional liquidity and flexibility in support of operations.

SUMMARY OF DEBT

As at December 31, 2019 and December 31, 2018, total debt comprised of the following:

As at	December 31, 2019	December 31, 2018
Mortgages payable	\$ 89,269	\$ 122,684
Term loans	—	75,970
Total debt payable	\$ 89,269	\$ 198,654
Unamortized balance of deferred financing costs	(281)	(3,162)
Total debt	\$ 88,988	\$ 195,492

As at December 31, 2019, total debt was \$89.0 million, a decrease of \$106.5 million from December 31, 2018 mainly due to the term loans related to renewable power assets, which were assumed by the purchaser.

We use the following cash flow performance and debt level indicators to assess our ability to meet or refinance our debt obligations:

As at	December 31, 2019	December 31, 2018
Weighted average effective interest rate (period-end) ⁽¹⁾	3.6%	3.8%
Weighted average face rate of interest (period-end)	3.6%	3.8%
Debt due within one year	\$ 878	\$ 32,646
Total assets	696,141	813,307
Debt-to-asset value ⁽²⁾	12.8%	24.4%
Debt – average term to maturity (years)	2.54	8.06

⁽¹⁾ Weighted average effective interest rate is calculated as the weighted average face rate of interest, net of financing costs of interest-bearing debt, weighted by the size of the respective interest bearing debt instruments in the portfolio.

⁽²⁾ For the Trust's definition of the following non-IFRS measures: debt-to-asset value, please refer to the Non-IFRS Measures and Other Disclosures section of this MD&A.

The debt-to-asset value as at December 31, 2019 was 12.8%, lower than 24.4% at December 31, 2018 as a result of the disposition of the renewable power portfolio during the year.

Principal repayments and maturity balances on total debt to be repaid each year are as follows:

Debt maturities	Outstanding balance due at maturity	Scheduled principal repayments	Total maturity balance and principal repayments	% of total debt maturities and principal repayments	Weighted average interest rate (face)
Mortgages payable					
2020	\$ —	\$ 878	\$ 878	1.0%	3.2%
2021	10,329	645	10,975	12.3%	3.1%
2022	77,318	99	77,416	86.7%	3.7%
Subtotal before undernoted	\$ 87,647	\$ 1,622	\$ 89,269	100.0%	3.6%
Unamortized balance of deferred financing costs (net)	(281)	—	(281)		
Total debt	\$ 87,366	\$ 1,622	\$ 88,988		

⁽¹⁾ The revolving credit facility matures on July 31, 2021.

As at December 31, 2019, no funds were drawn on the revolving credit facility (December 31, 2018 – \$nil) and the funds available under the facility were \$8.9 million (December 31, 2018 – \$38.0 million), net of \$0.4 million (December 31, 2018 – \$1.4 million) of letters of credit issued against the facility. During the year ended December 31, 2019, the revolving credit facility was renewed with certain financial covenant requirements amended and the maturity date extended to July 31, 2021.

For the three months and year ended December 31, 2019, regular repayments of mortgages payable and term loans totaled \$0.2 million and \$1.0 million, respectively (three months and year ended December 31, 2018 – \$1.8 million and \$4.7 million). During the three months and year ended December 31, 2019, there was \$27.0 million of lump sum repayments of mortgages payable related to a non-core income property, which was paid by the Trust.

FINANCIAL COVENANTS

The revolving credit facility, the financial guarantees and certain mortgages on income properties contain financial covenants that require the Trust and/or its subsidiaries to meet certain financial ratios and financial condition tests. A failure to meet these tests could result in default and, if not cured or waived, could result in an acceleration of the repayment in the underlying financing.

The following are financial covenants required to be met by Dream Alternatives Master LP ("DAM LP"), a wholly owned subsidiary of the Trust, under the terms of the revolving credit facility, as at December 31, 2019:

Financial covenant	Financial covenant requirement
Unitholders' equity	≥ \$450,000
Interest service coverage ratio ⁽¹⁾	> 2.00
Debt-to-total assets	≤ 50.0%

⁽¹⁾ Calculated on a rolling four fiscal quarter basis.

As at December 31, 2019, the Trust was in compliance with these financial covenants.

TOTAL EQUITY

As at December 31, 2019, the Trust had 68,763,987 units outstanding and a total unitholders' equity balance of \$567.6 million.

As at	December 31, 2019		December 31, 2018	
	Number of units	Amount	Number of units	Amount
Unitholders' equity	68,763,987	\$ 559,370	72,592,822	\$ 591,094
Retained earnings		8,181		3,143
Accumulated other comprehensive loss		—		(3,979)
Total unitholders' equity	68,763,987	\$ 567,551	72,592,822	\$ 590,258
Non-controlling interests		—		1,669
Total equity		\$ 567,551		\$ 591,927

The following table summarizes the changes in the outstanding units and unitholders' equity:

	Units	Unitholders' equity
Total units outstanding on December 31, 2018	72,592,822	\$ 591,094
Units issued pursuant to the DRIP	271,551	1,779
Deferred units exchanged for Trust units	142,606	1,075
Cancellation of Trust units	(4,876,984)	(39,351)
Units issued as settlement of asset management fee with DAM	633,992	4,773
Total units outstanding on December 31, 2019	68,763,987	\$ 559,370

As at February 18, 2020, 69,122,857 Trust units were outstanding.

The Deferred Unit Incentive Plan ("DUIP") provides for the grant of deferred trust units ("DTUs") to trustees of the Trust, officers and employees, as well as affiliates, including the Asset Manager. DTUs are granted at the discretion of the trustees of the Trust and receive distributions in the form of income deferred trust units as they are declared and paid by the Trust. As at December 31, 2019, up to a maximum of 3.0 million DTUs were issuable under the DUIP. Distributions on the unvested DTUs are paid in the form of units converted at the market price on the date of distribution. As at December 31, 2019, there were 477,605 deferred trust units and income deferred trust units outstanding (December 31, 2018 – 457,488 units). As at February 18, 2020, 481,691 deferred trust units and income deferred trust units were outstanding.

During the year ended December 31, 2019, the Trust announced that until December 31, 2020, management fees payable to DAM pursuant to the asset management agreement ("Management Agreement") will be satisfied in Trust units. The Trust units will be valued at a NAV per unit of \$8.74, the NAV as at December 31, 2018, for purposes of determining the number of units to be issued. DAM agreed to accept units in satisfaction of the management fees in order to increase its ownership stake in the Trust and to preserve the business's cash to support the cash distributions by the Trust while the Trust executes on its strategic plan. During the year ended December 31, 2019, 633,992 Trust units were issued as settlement of these asset management fees. Subsequent to December 31, 2019, the Trust settled its management fee payable to DAM with the issuance of 358,870 units.

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN ("DRIP")

On February 20, 2019, the Trust announced the suspension of its Distribution Reinvestment and Unit Purchase Plan ("DRIP") until further notice effective from the February 2019 distribution. Our DRIP entitled unitholders to reinvest all cash distributions into additional units. Of the distributions paid and payable, for the three months and year ended December 31, 2019, \$nil and \$1.8 million, respectively (three months and year ended December 31, 2018 - \$2.5 million and \$9.2 million), was reinvested into the DRIP.

DISTRIBUTIONS

The distributable cash flow and amount of monthly distributions to unitholders are determined by the Board of Trustees of the Trust based on distributions received from DAM LP, net of general and administrative expenses, operating and other expenses, and income tax expenses. The Asset Manager forecasts the annual distributable cash flow from the Trust's operating segments to assist the Board of Trustees in determining the targeted distribution amount.

Our Declaration of Trust provides our trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures. As at December 31, 2019, our monthly distribution rate was \$0.033 per unit.

As at	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Annualized distribution amount	\$ 0.400	\$ 0.400	\$ 0.400	\$ 0.400	\$ 0.400	\$ 0.400	\$ 0.400	\$ 0.400
Monthly distribution amount	0.033	0.033	0.033	0.033	0.033	0.033	0.033	0.033
Annualized distribution rate of return ⁽¹⁾	5.2%	5.3%	5.2%	5.6%	6.4%	5.9%	5.8%	6.4%
DRIP units issued during the quarter	—	—	—	271,552	383,952	362,693	360,287	293,323

⁽¹⁾ Annualized distribution rate of return is calculated as the annualized distribution amount divided by the closing price per unit on the TSX at the date specified.

During the year ended December 31, 2019, as previously mentioned, the Trust announced an agreement to satisfy the asset management fees payable to DAM in units of the Trust until December 2020, confirming its commitment to maintain the existing distribution policy at \$0.40 per unit on an annual basis.

UNIT BUYBACK PROGRAM

The following table summarizes the Trust's unitholders' equity activity under its SIB and its Normal Course Issuer Bid ("NCIB") program for the periods ended as indicated:

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
Units repurchased (number of units)	—	140,331	4,876,984	1,273,109
Total cash consideration	\$ —	\$ 918	\$ 38,053	\$ 8,350

During the year ended December 31, 2019, the Trust successfully completed a SIB pursuant to which the Trust purchased for cancellation 4.0 million units at a price of \$8.00 per unit, for an aggregate purchase price of \$32.0 million. Subsequent to December 31, 2019, on February 3, 2020, the Trust announced its second SIB to purchase for cancellation up to 4.0 million units at a price of \$8.25 per unit.

From January 1, 2019 to February 18, 2020, a total of 4,876,984 units were purchased at a cost of \$38.1 million, including the SIB. From the inception of the Trust's unit buyback program in December 2014 to February 18, 2020, the Trust purchased for cancellation 8.8 million units for a total cost of \$62.3 million. From 2014 to February 18, 2020, the Trust's asset manager, DAM, purchased an aggregate of 16.1 million of the Trust's units, including 1.3 million units repurchased under the DRIP and the rest in the open market for its own account, representing approximately 23% of the total units outstanding.

The Trust received acceptance of its Notice of Intention to renew its prior NCIB from the TSX on January 11, 2019. The bid commenced on January 15, 2019 and expired on January 14, 2020. Under the bid the Trust purchased for cancellation 876,984 units through the facilities of the TSX at a weighted average price of \$6.90 for a total cost of \$6.1 million.

Subsequent to December 31, 2019, the Trust received acceptance of its Notice of Intention to renew its prior NCIB from the TSX on January 16, 2020. The bid commenced on January 20, 2020 and will remain in effect until the earlier of January 19, 2021 or the date on which the Trust has purchased the maximum number of units permitted under the bid. Under the bid the Trust has the ability to purchase for cancellation up to a maximum of 5,256,231 units (representing 10% of the Trust's public float of 52,562,317 units at the time of entering the bid through the facilities of the TSX). Daily purchases will be limited to 8,281 units which equals 25% of the average daily trading volume during the last six calendar months (being 33,126 units per day), other than purchases pursuant to applicable block purchase exceptions. As at December 31, 2019, the number of issued and outstanding units is 68,763,987.

During the year ended December 31, 2019, the Trust entered into an automatic securities repurchase plan (the "Plan") in order to facilitate purchases of its units under the NCIB. The Plan allows for purchases by Dream Alternatives of units at any time including, without limitation, times when the Trust would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust based upon the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the units may also be purchased in accordance with management's discretion. The Plan terminated on January 14, 2020. Subsequent to December 31, 2019, the Trust renewed the Plan which will expire on January 19, 2021.

LIQUIDITY

The following table summarizes the Trust's consolidated statements of cash flows from continuing operations for the periods indicated:

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
Cash generated from operating activities	\$ 3,062	\$ 7	\$ 28,597	\$ 7,609
Cash generated from investing activities	87,209	6,199	83,197	3,370
Cash generated utilized in financing activities	(40,626)	(6,079)	(92,804)	(29,542)

Cash generated from operating activities (continuing operations) for the three months ended December 31, 2019 was \$3.1 million compared with a minimal balance generated from operating activities in the same period in the prior year. The increase was due to the settlement of the asset management fees payable to DAM, pursuant to the Management Agreement, in units which commenced during the second quarter of 2019.

Cash generated from operating activities (continuing operations) for the year ended December 31, 2019 was \$28.6 million, an increase of \$21.0 million compared to the prior year, due to the net impact of working capital changes primarily related to the receipt of cash advances from the Axis Condominium development.

Cash generated from investing activities for the three months and year ended December 31, 2019, was \$87.2 million and \$83.2 million, respectively, compared to \$6.2 million and \$3.4 million, respectively, in the comparative periods. The increase was primarily due to the receipt of cash proceeds on non-core asset dispositions and repayments received from the lending portfolio.

Cash utilized in financing activities for the three months and year ended December 31, 2019, was \$40.6 million and \$92.8 million, respectively, compared to \$6.1 million and \$29.5 million, respectively, in the comparative periods. The increase for the three month period was due to repayment of the credit facility and the lump sum mortgage repayment on the non-core income property disposed of in the period. For similar reasons, the increase relative to the prior year was driven by above noted repayments as well as the funding of the SIB.

COMMITMENTS AND CONTINGENCIES

Dream Alternatives and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of the Asset Manager, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of Dream Alternatives.

COMMERCIAL MORTGAGE SERVICING AGREEMENT

On July 8, 2014, Dream Alternatives Lending Services LP ("Lending Services LP"), a subsidiary of the Trust, entered into a commercial mortgage servicing agreement ("Mortgage Servicing Agreement") with Canadian Mortgage Servicing Corporation ("CMSC") to manage and service the loan portfolio and select other debt investments for the following fees:

- A monthly fee of 1.25 basis points ("bps") (15 bps annually), calculated on the principal amount of each mortgage in the loan portfolio outstanding at the beginning of each month; and
- Origination fees paid by a borrower of up to 1% of the principal amount of each new mortgage investment originated by CMSC and up to 50% of the origination fee paid by a borrower in excess of 1%.

In addition, Lending Services LP reimburses CMSC for all reasonable third-party disbursements and expenses made or incurred in connection with the performance of the services described in the Mortgage Servicing Agreement. The agreement can be terminated upon 90 days' written notice.

OTHER COMMITMENTS

During the year ended December 31, 2019, the Trust, through a subsidiary, continued to provide a guarantee for up to \$45.0 million (December 31, 2018 - \$45.0 million) pursuant to the requirements of a senior construction loan associated with the Empire Lakeshore residential project. The guarantee will be in place for the term of the construction loan and will proportionately scale down as the construction loan is repaid as unit closings begin to occur. Guarantees of the other underlying development project

loan amounts of third parties are \$34.4 million (December 31, 2018 - \$7.5 million). As at December 31, 2019, the Trust is contingently liable under guarantees that are issued on certain debt assumed by purchasers of income properties up to an amount of \$2.7 million (December 31, 2018 - \$44.2 million).

The Trust is contingently liable for letters of credit in the amount of \$0.4 million (December 31, 2018 - \$1.4 million) that have been provided to support third-party performance.

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

The Trust has entered into lease agreements that may require tenant improvement costs of approximately \$0.1 million (December 31, 2018 - \$0.1 million).

5. QUARTERLY FINANCIAL INFORMATION

	2019				2018 ⁽¹⁾			
	Q4	Q3	Q2	Q1 ⁽¹⁾	Q4	Q3	Q2	Q1
TOTAL INCOME	\$ 15,404	\$ 14,574	\$ 15,703	\$ 8,773	\$ 13,453	\$ 9,676	\$ 4,791	\$ 11,355
TOTAL EXPENSES	(9,672)	(8,320)	(8,457)	(8,796)	(8,330)	(8,053)	(8,408)	(8,072)
Fair value adjustments to income properties	21,119	(6,316)	261	—	505	(476)	(114)	(2,110)
OPERATING INCOME (LOSS)	26,851	(62)	7,507	(23)	5,628	1,147	(3,731)	1,173
Interest and other income	821	405	446	640	610	612	857	1,235
Transaction costs	(552)	(539)	(445)	15	(227)	(12)	(60)	(77)
Fair value adjustments to marketable securities	—	—	—	—	—	—	615	2,751
EARNINGS (LOSS) BEFORE INCOME TAX EXPENSE	27,120	(196)	7,508	632	6,011	1,747	(2,319)	5,082
INCOME TAX RECOVERY (EXPENSE)								
Current income tax recovery (expense)	1,469	(1,469)	—	—	18	—	—	—
Deferred income tax recovery (expense)	(4,456)	1,089	(3,262)	(458)	1,264	(1,905)	965	2
TOTAL INCOME TAX RECOVERY (EXPENSE)	(2,987)	(380)	(3,262)	(458)	1,282	(1,905)	965	2
Net income (loss) from continuing operations	\$ 24,133	\$ (576)	\$ 4,246	\$ 174	\$ 7,293	\$ (158)	\$ (1,354)	\$ 5,084
Net income (loss) from discontinued operations before income tax recovery (expense)	\$ (5,397)	\$ 3,724	\$ 2,542	\$ 756	\$ (333)	\$ 1,547	\$ 1,965	\$ 886
INCOME TAX RECOVERY (EXPENSE) FROM DISCONTINUED OPERATIONS								
Income tax recovery (expense) from discontinued operations - current	7	(3)	(3)	(1)	(3)	(2)	(4)	—
Income tax recovery (expense) from discontinued operations - deferred	1,180	(290)	2,054	(215)	38	(379)	(492)	(186)
TOTAL INCOME TAX RECOVERY (EXPENSE) FROM DISCONTINUED OPERATIONS	\$ 1,187	\$ (293)	\$ 2,051	\$ (216)	\$ 35	\$ (381)	\$ (496)	\$ (186)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	\$ (4,210)	\$ 3,431	\$ 4,593	\$ 540	\$ (298)	\$ 1,166	\$ 1,469	\$ 700
TOTAL NET INCOME	\$ 19,923	\$ 2,855	\$ 8,839	\$ 714	\$ 6,995	\$ 1,008	\$ 115	\$ 5,784
Total other comprehensive income (loss) from discontinued operations	5,034	(302)	(765)	12	575	(478)	(770)	1,239
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 24,957	\$ 2,553	\$ 8,074	\$ 726	\$ 7,570	\$ 530	\$ (655)	\$ 7,023
NET INCOME PER UNIT⁽²⁾	\$ 0.29	\$ 0.04	\$ 0.12	\$ 0.01	\$ 0.10	\$ 0.01	\$ —	\$ 0.08
NET INCOME (LOSS) FROM CONTINUING OPERATIONS PER UNIT⁽²⁾	0.35	(0.01)	0.06	—	0.10	—	(0.02)	0.07
TOTAL UNITHOLDERS' EQUITY PER UNIT⁽²⁾	8.25	7.99	8.05	8.04	8.13	8.14	8.23	8.34
NAV PER UNIT⁽²⁾	8.75	8.43	8.55	8.71	8.74	8.69	8.77	8.86

⁽¹⁾ Certain prior period comparative results have been reclassified to conform to the current year's consolidated financial statement presentation.

⁽²⁾ For the Trust's definition of the following non-IFRS measures: net income (loss) per unit, net income (loss) per unit from continuing operations, total unitholders' equity per unit, and NAV per unit, please refer to the Non-IFRS Measures and Other Disclosures section of this MD&A.

As a result of the Trust's implementation of its long-term strategy to expand its development and investment holdings segment, the Trust expects that the quarterly/annual results of operations will fluctuate from period to period. This is due to the long-term nature of the projects in the development and investment holdings segment.

6. NON-IFRS MEASURES AND OTHER DISCLOSURES

We have presented certain non-IFRS measures because we believe these non-IFRS measures are important in evaluating the Trust's underlying operating performance, debt management and our ability to earn and pay cash distributions to unitholders. These non-IFRS measures do not have standardized meanings prescribed by IFRS and may not be comparable with similar measures presented by other issuers. Investors are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS.

"Cash generated from (utilized in) operating activities from continuing operations per unit" represents cash generated from (utilized in) operating activities from continuing operations of the Trust divided by the number of units outstanding at the end of the period.

"Debt-to-asset value" represents the total debt payable for the Trust or operating segment divided by asset value of the Trust or operating segment as at the applicable reporting date. This non-IFRS measure is an important measure in evaluating the amount of debt leverage; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. A calculation of debt-to-asset value can be found in the Capital Resources and Liquidity section of this MD&A under the heading "Summary of Debt".

"Internal rate of return ("IRR")" for residential development projects is calculated based on the estimated net pre-tax cash flow expected to be generated from each project considering real estate development revenues, expenditures, construction timeline and sale dates; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. This non-IFRS measure is an important measure used by the Trust in evaluating the performance of its investments.

"Net assets attributable to unitholders' of the Trust" refers to the net difference between total assets and total liabilities less the amount of assets and liabilities attributable to non-controlling interests. This non-IFRS measure is an important measure in evaluating the Trust's and Asset Manager's performance. It is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. A reconciliation of net assets attributable to unitholders of the Trust can be found in the "Financial Overview-Reconciliation of Net Asset Value to Total Unitholders' Equity" section of this MD&A.

"Market value" represents the carrying value as per the consolidated statements of financial position adjusted for external appraisal values or a discounted cash flow methodology, incorporating expected future cash flows, discount rates, other applicable market information and the reduction in the risk profile of the renewable power projects and equity accounted investments as they are developed or achieve completion milestones by the Trust. The Trust believes that incorporating this adjustment in determining the market value of the asset is a more useful measure to value the renewable power portfolio and equity investments that would not ordinarily be captured within IFRS and the Trust's consolidated financial statements. This non-IFRS measure is an important measure used by the Trust in evaluating the Trust's and Asset Manager's performance as it is an indicator of the intrinsic value of the Trust; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers.

"Net asset value ("NAV")", a non-IFRS measure, represents total unitholders' equity per the consolidated financial statements, adjusted for market value adjustments for both renewable power projects and equity accounted investments (including applicable deferred income tax adjustments) and the unamortized balance of the mortgages payable premiums. A market value adjustment for renewable power projects developed by the Trust is reflected once they become operational and long-term financing is arranged as well as reflecting recent market information that would indicate a change in the renewable power portfolio market value (subject to appraisals). A market value adjustment for equity accounted investments is included to address the reduction in risk profile as each project progresses toward completion and/or reflect information from recent market transactions that indicate a change in the equity investment market value (subject to appraisals). The mortgages payable premiums represent the current unamortized balance of fair value adjustments recorded for these instruments at the Trust's listing date. Since the Trust intends to repay the mortgages at maturity, this historical fair value adjustment is removed for the calculation of the NAV. The Trust believes that incorporating a market value adjustment is a more useful measure to value both the renewable power portfolio and equity accounted investments that would not ordinarily be captured within IFRS and the Trust's consolidated financial statements. The market value adjustments account for the applicable deferred income tax estimates considering the timing of their realization and, if appropriate, will be incorporated into the determination of the NAV. The applicable deferred income tax estimates related to the market value adjustments is calculated either based on income or capital gain rates or a combination thereof. The income tax rates used to determine NAV are dependent on various factors such as anticipated development plans, stage of development and current market trends applicable to the future development plans and will be reviewed on a regular

basis and are subject to change. Excluded from the NAV calculation are any market value adjustments with respect to liabilities as well as commitments/contracts that are not otherwise recorded as liabilities on the Trust's balance sheet. The Trust has not appraised the lending portfolio, as the Trust intends to hold the investments in the lending portfolio until maturity and its term to maturity is within one year, as such this portfolio is considered fairly liquid and fair value approximates amortized cost.

This non-IFRS measure is an important measure used by the Trust in evaluating the Trust's and Asset Manager's performance as it is an indicator of the intrinsic value of the Trust; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. A reconciliation of NAV to unitholders' equity can be found in the "Financial Overview-Reconciliation of Net Asset Value to Total Unitholders' Equity" section of this MD&A.

"Net asset value ("NAV") per unit" represents the net asset value attributable to unitholders of the Trust divided by the number of units outstanding at the end of the period. This non-IFRS measure is an important measure used by the Trust in evaluating the Trust's performance as it is an indicator of the intrinsic value of the Trust; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. A reconciliation of NAV per unit to total unitholders' equity per unit can be found in the "Financial Overview-Reconciliation of Net Asset Value to Total Unitholders' Equity" section of this MD&A.

"Net income (loss) per unit" represents net income (loss) of the Trust divided by the number of units outstanding at the end of the period.

"Net income (loss) from continuing operations per unit" represents net income (loss) from continuing operations of the Trust divided by the number of units outstanding at the end of the period. The Trust excludes the renewable power segment from its continuing operations as it is classified as discontinued operations.

For the periods ended December 31,	Three months ended		Year-ended	
	2019	2018	2019	2018
Net income	\$ 19,923	6,995	\$ 32,331	\$ 13,902
Net income from continuing operations	24,133	7,293	27,977	10,865
Total units outstanding	68,763,987	72,592,822	68,763,987	72,592,822
Net income per unit	0.29	0.10	0.47	0.19
Net income per unit from continuing operations	0.35	0.10	0.41	0.15

"Net operating income ("NOI")" is defined by the Trust as net income (loss) per the consolidated financial statements adjusted for: income tax expense (recovery), interest expense net of other interest income, depreciation and amortization, transaction costs, debt settlement costs, provision for lending portfolio losses, general and administrative expenses, fair value adjustments to income properties, fair value adjustments to development and investment holdings, and fair value adjustments to marketable securities. This non-IFRS measure is an important measure used by the Trust in evaluating operating performance; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. Reconciliations of NOI to net income (loss) can be found in the Non-IFRS Measures and Other Disclosures section of this MD&A under the heading "Reconciliation of Net Income (Loss) to Net Operating Income".

"Total unitholders' equity per unit" represents the total unitholders' equity of the Trust divided by the number of units outstanding at the end of the period.

RECONCILIATION OF NET INCOME (LOSS) TO NET OPERATING INCOME

For the three months ended December 31, 2019	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total continuing operations	Renewable - discontinued operations	Total
NET INCOME (LOSS)	\$ 7,967	\$ (427)	\$ 22,770	\$ (6,177)	\$ 24,133	\$ (4,210)	\$ 19,923
Add (Deduct):							
Income tax expense (recovery)	—	—	—	2,987	2,987	(1,187)	1,800
Interest expense net of other interest income	(337)	—	735	(269)	129	372	501
Fair value adjustments to income properties	—	—	(21,119)	—	(21,119)	—	(21,119)
Transaction costs	—	3	87	462	552	—	552
Fair value adjustments to equity accounted investments	(7,711)	—	—	—	(7,711)	—	(7,711)
Provision for lending portfolio losses	—	2,350	—	—	2,350	—	2,350
General and administrative expenses	—	—	—	2,997	2,997	—	2,997
Fair value adjustments to development and investment holdings	1,054	—	—	—	1,054	—	1,054
Loss on sale of renewable power portfolio	—	—	—	—	—	1,099	1,099
Realized loss from derivative financial liabilities	—	—	—	—	—	2,233	2,233
Realized foreign currency translation loss	—	—	—	—	—	2,613	2,613
NET OPERATING INCOME	\$ 973	\$ 1,926	\$ 2,473	\$ —	\$ 5,372	\$ 920	\$ 6,292

⁽¹⁾ Other includes Trust and segment level cash and net working capital balances.

For the three months ended December 31, 2018	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total continuing operations	Renewable - discontinued operations	Total
NET INCOME (LOSS)	\$ 3,801	\$ 3,607	\$ 2,098	\$ (2,213)	\$ 7,293	\$ (298)	\$ 6,995
Add (Deduct):							
Income tax recovery	—	—	—	(1,282)	(1,282)	(35)	(1,317)
Interest expense net of other interest income	(278)	—	1,189	(240)	671	909	1,580
Fair value adjustments to income properties	—	—	(505)	—	(505)	—	(505)
Depreciation and amortization	—	—	—	—	—	1,533	1,533
Transaction costs	—	7	220	—	227	—	227
General and administrative expenses	—	—	—	3,735	3,735	—	3,735
Fair value adjustments to development and investment holdings	(2,047)	—	—	—	(2,047)	—	(2,047)
NET OPERATING INCOME	\$ 1,476	\$ 3,614	\$ 3,002	\$ —	\$ 8,092	\$ 2,109	\$ 10,201

⁽¹⁾ Other includes Trust and segment level cash and net working capital balances.

For the year ended December 31, 2019	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total continuing operations	Renewable - discontinued operations	Total
NET INCOME (LOSS)	\$ 19,427	\$ 10,445	\$ 21,097	\$ (22,992)	\$ 27,977	\$ 4,354	\$ 32,331
Add (Deduct):							
Income tax expense (recovery)	—	—	—	7,087	7,087	(2,729)	4,358
Interest expense net of other interest income	(1,350)	—	4,290	(241)	2,699	3,075	5,774
Fair value adjustments to income properties	—	—	(15,064)	—	(15,064)	—	(15,064)
Depreciation and amortization	—	—	—	—	—	2,310	2,310
Transaction costs	—	14	295	1,212	1,521	—	1,521
Fair value adjustments to equity accounted investments	(7,711)	—	—	—	(7,711)	—	(7,711)
Provision for lending portfolio losses	—	2,350	—	—	2,350	—	2,350
General and administrative expenses	—	—	—	14,934	14,934	—	14,934
Fair value adjustments to development and investment holdings	5,122	—	—	—	5,122	—	5,122
Loss on sale of renewable power portfolio	—	—	—	—	—	1,099	1,099
Realized loss from derivative financial liabilities	—	—	—	—	—	2,233	2,233
Realized foreign currency translation loss	—	—	—	—	—	2,613	2,613
NET OPERATING INCOME	\$ 15,488	\$ 12,809	\$ 10,618	\$ —	\$ 38,915	\$ 12,955	\$ 51,870

⁽¹⁾ Other includes Trust and segment level cash and net working capital balances.

For the year ended December 31, 2018	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total continuing operations	Renewable - discontinued operations	Total
NET INCOME (LOSS)	\$ 903	\$ 15,550	\$ 9,315	\$ (14,903)	\$ 10,865	\$ 3,037	\$ 13,902
Add (Deduct):							
Income tax expense (recovery)	—	—	—	(344)	(344)	1,028	684
Interest expense net of other interest income	(1,350)	—	3,409	(80)	1,979	3,672	5,651
Fair value adjustments to income properties	—	—	2,195	—	2,195	—	2,195
Depreciation and amortization	—	—	—	—	—	6,103	6,103
Transaction costs	—	101	274	—	375	—	375
Fair value adjustments to marketable securities	—	—	(3,657)	291	(3,366)	—	(3,366)
General and administrative expenses	—	—	—	15,036	15,036	—	15,036
Fair value adjustments to development and investment holdings	1,977	—	—	—	1,977	—	1,977
NET OPERATING INCOME	\$ 1,530	\$ 15,651	\$ 11,536	\$ —	\$ 28,717	\$ 13,840	\$ 42,557

⁽¹⁾ Other includes Trust and segment level cash and net working capital balances.

7. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Trust does not have a Chief Executive Officer or a Chief Financial Officer. At December 31, 2019, the President and Chief Responsible Officer and Chief Financial Officer of DAM (the "Certifying Officers"), are responsible for and, along with the assistance of senior management of the Asset Manager, have designed or caused to be designed under the Certifying Officer's supervision, disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" to provide reasonable assurance that material information relating to the Trust is made known to the Certifying Officers in a timely manner and information required to be disclosed by the Trust is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS.

As at December 31, 2019, the Certifying Officers, together with other members of management, have evaluated the design and effectiveness of the Trust's DC&P. Based on that evaluation, the Certifying Officers have concluded that, as at December 31, 2019, the DC&P are adequate and effective in order to provide reasonable assurance that material information has been accumulated and communicated to management to allow timely decisions of required disclosures by the Trust and its consolidated subsidiary entities within the required time periods.

The Trust's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Using the framework established in "2013 Committee of Sponsoring Organizations (COSO) Internal Control Framework", published by the Committee of Sponsoring Organizations of the Treadway Commission, the Certifying Officers, together with other members of management, have evaluated the design and operation of the Trust's ICFR. Based on that evaluation, the Certifying Officers have concluded that the Trust's ICFR was effective as at December 31, 2019.

During the year ended December 31, 2019, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

8. RISKS AND RISK MANAGEMENT

Dream Alternatives is exposed to various risks and uncertainties, many of which are beyond our control. The following is a review of material factors that may impact our business operations. Additional risks and uncertainties are described in our most recent Annual Report and our current Annual Information Form, which are posted on our website at www.dreamalternatives.ca and on SEDAR at www.sedar.com. The occurrence of any of such risks could materially and adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make cash distributions to Unitholders. Although we believe that the risk factors described below and in our Annual Information Form are the most material risks that we will face, they are not the only risks. Additional risk factors not presently known to us or that we currently believe are immaterial could also materially adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make cash distributions to Unitholders and thereby adversely affect the value of our units.

GENERAL INVESTMENTS RISK

Our investments include direct and indirect investments in real estate, mortgages and other loans, and development and investment holdings, each of which can be relatively illiquid. While investments in illiquid assets have the potential to produce above-average growth opportunities, they may be difficult to value or sell at the time and price preferred by the owner. Accordingly, there is a risk that we would be unable to dispose of our illiquid assets in a timely way in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain of our assets, including certain types of real estate. The costs of holding certain of our assets, including real estate, are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of rental income. In such circumstances, it may be necessary for us to dispose of properties, or interests in properties, at discounted prices in order to generate sufficient cash for operations and making distributions. Where we are unable to dispose of illiquid assets, or we are forced to sell such assets at a discounted price, our ability to make cash distributions, our financial results and the value of our units may be adversely affected.

The Trust may undertake strategic property dispositions from time to time in order to recycle its capital and maintain an optimal portfolio composition but may experience significant delays in the repositioning of our portfolio as a result of the certain illiquid assets. The Trust may also be subject to unexpected costs or liabilities related to such dispositions, which could adversely affect the Trust's financial position and results of operations and its ability to meet its obligations.

DEVELOPMENT RISK

The Trust is involved in several residential and mixed-use development projects, often set up as joint ventures or partnerships. These developments are often carried out with an experienced developer or co-developers as the Trust's co-ventures/partners. The Trust expects to be increasingly involved in investments that develop residential and mixed-use developments.

Before a development project generates any revenues, material expenditures are incurred. This includes, but is not limited to, expenditures incurred to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model suites and sales facilities. It generally takes several fiscal periods for a development to achieve cumulative positive cash flow. If the development projects in which we participate are not developed and marketed successfully or costs of development exceed original estimates and do not generate positive cash flows in a timely manner, this may have a material adverse effect on our business and results of operations.

There are also several factors that impact development risk, including, but not limited to, rising construction costs and development charges, shortage of experienced labour in certain construction related trades, and structure for municipal zoning approvals due to its unclear mandate at an early stage of development. These factors could impact our development profit margin or development yield potential. As a result, there can be no assurance that all of our proposed residential projects as described herein will be undertaken, and if so, with what mix of residential and commercial development, at what costs, and generating what profit margin or development yield. There could also be changes to the mix of condominium versus residential rental units or air rights sales for certain projects. As well, any change in the revenue or costing estimates or development timeline could have a significant impact on the value of the development and investment holdings.

In addition, purchaser demand with regards to residential condominiums is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for home buyers, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends and housing demand. As well, an oversupply of homes or residential condominium units in the market, such as resale properties, including properties held for sale by investors and speculators, foreclosed homes and rental properties, may reduce the Trust's ability to sell residential development units and may depress prices and reduce margins from the sale of residential development units.

The Trust is also subject to the risk that purchasers of such properties may become unable or unwilling to meet their obligations or that the Trust may not be able to close the sale of a significant number of units in a development project on economically favourable terms. To mitigate these risks, the Trust monitors the market trends and development risks to adapt to any changes to market conditions.

RESIDENTIAL RENTAL BUSINESS RISK

The Trust expects to be increasingly involved in mixed-use development projects that include residential rentals. Purchaser demand for residential rentals is cyclical and is affected by changes in general market and economic conditions, such as consumer confidence, employment levels, availability of financing for home buyers, interest rates, demographic trends, housing supply and housing demand. As a landlord in its properties that include rental apartments, the Trust is subject to the risks inherent in the multi-unit residential rental business, including, but not limited to, fluctuations in occupancy levels, individual credit risk, heightened reputation risk, tenant privacy concerns, potential changes to rent control regulations, increases in operating costs including the costs of utilities and the imposition of new taxes or increased property taxes.

JOINT VENTURE RISK

Several investments, including the Trust's mortgage loan portfolio, property developments and income properties, are often made or developed as joint ventures or partnerships with third parties. These structures involve certain additional risks, including, but not limited to, co-venturers/partners that might experience financial difficulties or fail to fund their share of required capital contributions or suffer reputational damage that could have an adverse impact on the Trust.

In addition, our co-venturers/partners may, at any time, have economic or business interests inconsistent with ours and we may be required to take actions that are in the interest of the partners collectively, but not in the Trust's sole best interests. Accordingly, we may not be able to favourably resolve issues with respect to such decisions or we could become engaged in a dispute with any of them that might affect our ability to develop or operate the business or assets in question efficiently. Any failure of the Trust or our co-venturers and partners to meet their obligations, or disagreements with respect to strategic decision making, could have an adverse effect on the joint ventures or partnerships, which may have an adverse effect on the Trust.

We attempt to mitigate these risks by performing due diligence procedures on potential partners and contractual arrangements, and by closely monitoring and supervising the joint ventures or partnerships.

GENERAL REAL ESTATE RISK

Returns on real estate and real estate related assets and investments are generally subject to a number of factors and risks, including changes in general economic conditions (which could affect the availability, terms and cost of mortgage financings and other types of credit), changes in local economic conditions (such as an oversupply of properties or a reduction in demand for real estate in a particular area), the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs.

These factors and risks could cause fluctuations in the value of the real estate and real estate related assets and investments owned by us or in the value of the real estate securing mortgages and other loans we issue. These fluctuations could materially adversely affect us.

LEASE RENEWALS AND RENTAL RATES RISK

The income-producing properties in our investment portfolio generate income through rent payments made by our tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or that the tenant will be replaced. Furthermore, the terms of any subsequent lease may be less favourable than those of the existing lease. The Trust's income and cash flows would be adversely affected if we were unable to lease a significant amount of the available space in any particular property on economically favourable lease terms or on a timely basis.

TENANT DEFAULT RISK

In the event of default by a tenant, we may experience delays or limitations in enforcing our rights as the lessor and incur substantial costs in protecting our investment. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to us, which may adversely affect us.

CREDIT RISK

There is a risk that a borrower or issuer of an investment security will not make a payment on debt or that an originating lender will not make its payment on a loan participation interest purchased by us or that an issuer or an investment security or an originating lender retaining the original loan in which it grants participations may suffer adverse changes in financial condition, lowering the credit quality of its security or participation and increasing the volatility of the security or participation price. Such changes in the credit quality of a security or participation can affect its liquidity and make it more difficult to sell if we wish to do so. In addition, with respect to loans made or held by us, a change in the financial condition of a borrower could have a negative financial impact on us.

While we intend to diversify our investments to ensure that we do not have excessive concentration in any single borrower/counterparty or related group of borrowers/counterparties, the Trust currently holds various lending instruments and investments with the same counterparty or related counterparties within its lending portfolio and development and investment holdings portfolio, as discussed in Note 29 to the consolidated financial statements. A change in the financial condition of any single borrower/counterparty or related group of borrowers/counterparties to which the Trust has concentrated exposure could significantly and adversely affect the overall performance of the Trust.

LENDING PORTFOLIO DEFAULT RISK

If a borrower under a loan defaults under any terms of the loan, we may have the ability to exercise our enforcement remedies in respect of the loan. Exercising enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact our cash flow. In addition, as a result of potential declines in real estate values, there is no assurance that we will be able to recover all or substantially all of the outstanding principal and interest owed to us in respect of such loans by exercising our enforcement remedies. Our inability to recover the amounts owed to us in respect of such loans could materially adversely affect us.

There can be no assurance that any of the loans comprising our borrowers' portfolio can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. The lenders, the borrowers or both may elect to not renew any loan. If loans are renewed, the principal balance, the interest rates and the other terms and conditions will be subject to negotiation between the lenders and the borrowers at the time of renewal.

In addition, the composition of our lending portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in it being less diversified during certain periods. A lack of diversification may result in exposure to economic downturns or other events that have an adverse and disproportionate effect on particular types of securities, industries or geographies.

CONCENTRATION RISKS AND OTHER SIMILAR RISKS

While our intention is to diversify our investments, our current investments are relatively concentrated in a limited number of market sectors or asset types or in a limited number of issuers. An investment in the Trust may therefore involve greater risk and volatility than an investment in an issuer with a broader portfolio of assets since the performance of one particular industry, market or issuer could significantly and adversely affect the overall performance of the Trust.

COMPETITION FOR INVESTMENT OPPORTUNITIES AND ABILITY TO SOURCE SUITABLE INVESTMENTS

Our performance depends on our ability to source or acquire assets including mortgage and other loans, real estate, and other investment opportunities at favourable yields or potential rates of return. We will compete with other investors, managers, corporations, institutions, developers, and owners of real estate for investment opportunities in the financing and/or acquisition of assets, including real estate and real estate and other lending. Certain competitors may have a higher risk tolerance, greater financial and other resources, and greater operating flexibility than us, allowing these competitors to more aggressively pursue investment opportunities. Accordingly, we may be unable to acquire sufficient real property, real property lending assets, or other assets or investment opportunities at favourable yields or terms or at all.

Our strategy involves investing and reinvesting in suitable investment opportunities, pursuing such opportunities, consummating investments and, in the case of real estate property, effectively leasing and operating such properties and assets. There can be no assurance as to the pace of growth through investments and/or acquisitions or that we will be able to acquire assets on an accretive basis, which could adversely impact our financial performance.

ENVIRONMENTAL AND CLIMATE CHANGE RISKS

As an owner of real estate property, we are subject to various federal, provincial, municipal and state laws relating to environmental matters. Such laws provide that we could be liable for the costs of removal and remediation of certain hazardous, toxic substances released on or in our properties or disposed of at other locations, as well as potentially significant penalties. We have insurance and other policies and procedures in place to review and monitor environmental exposure, which we believe mitigates these risks to an acceptable level. Some of the properties in which we have an interest currently have or have had occupants that use hazardous substances or create waste. Such uses can potentially create environmental liabilities. A few issues have been identified through site assessments, including the need to remediate or otherwise address certain contaminations. These issues are being carefully managed with the involvement of professional consultants. Where circumstances warrant, designated substance surveys and/or environmental assessments are conducted. Although environmental assessments provide some assurance, we may become liable for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

The Trust has formal policies and procedures which cause DAM to review and monitor environmental exposure. These policies include the requirement to conduct a Phase I environmental site assessment, or review a current Phase I, before we acquire real properties or originate any real estate lending.

Climate change continues to attract the focus of governments and the general public as an important threat, given the emission of greenhouse gases and other activities continue to negatively impact the planet. We face the risk that our properties will be

subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on our operational flexibility or cause us to incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change reform could result in fines or adversely affect our reputation, operations or financial performance. Furthermore, our properties may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt our operations and activities, damage our properties and may potentially decrease our property values or require us to incur additional expenses including an increase in insurance costs to insure our properties against natural disasters and severe weather.

FOREIGN EXCHANGE RISKS

The Trust is exposed to foreign exchange risks, particularly with respect to fluctuations of the U.S. dollar against the Canadian dollar, in respect of our investment in the Hard Rock/Virgin Hotel in Las Vegas, Nevada. The Trust's results are reported in Canadian dollars and the Trust pays distributions to unitholders in Canadian dollars; therefore, fluctuations in the value of the U.S. dollar impacts the fair value or future cash flows of these investments and our ability to pay cash distributions to unitholders. The Trust does not hedge this exposure.

UNEXPECTED CAPITAL EXPENDITURES AND OTHER FIXED COSTS

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. This may include expenditures to fulfill mandatory requirements for energy efficiency. In order to retain desirable rentable space and to generate adequate revenue over the long term, the condition of the properties in which we have an interest must be maintained or, in some cases, improved to meet market demand. Maintaining or upgrading a rental property in accordance with market standards can entail significant costs, which we may not be able to pass on to our tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization.

If the actual costs of maintaining or upgrading a property in which we have an interest exceed our estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if we are not permitted to raise rents due to legal constraints, we will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of our properties is located or similar properties located in the vicinity of one of our properties are substantially refurbished, the net operating income derived from and the value of such property could be reduced.

Any failure to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that we earn from such properties; for example, such a failure could entitle tenants to withhold or reduce rental payments or even to terminate existing leases. Any such event could have a material adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on units.

UNEXPECTED COSTS OR LIABILITIES RELATED TO ACQUISITIONS

Our external growth prospects depend in part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions, including direct or indirect acquisitions of real estate. Notwithstanding pre-acquisition due diligence, it is not possible to fully understand a property before it is owned and operated for an extended period of time and there may be undisclosed or unknown liabilities concerning the acquired properties, and the Trust may not be indemnified for some or all of these liabilities. To mitigate this risk, our Asset Manager conducts an appropriate level of due diligence and investigation in connection with its acquisition of properties and seeks through, contractual arrangements, to ensure that risks lie with the appropriate party.

FINANCING RISKS, LEVERAGE AND RESTRICTIVE COVENANTS

Ownership of certain of our assets and the industries in which we operate are capital intensive. We will require access to capital to maintain the real estate and other assets in which we have an interest, as well as to fund our growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. Our access to third-party financing will be subject to a number of factors, including general market conditions; the market's perception of our growth potential; our current and expected future earnings; our cash flow and cash distributions, and cash interest payments; and the market price of our units. Our failure to access required capital could materially adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the units and our ability to implement our growth strategy.

A significant portion of our financing is debt. Accordingly, we are subject to the risks associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest, and that, on maturities of

such debt, we may not be able to refinance the outstanding principal under such debt or that the terms of such refinancing will be more onerous than those of the existing debt. If we are unable to refinance debt at maturity on terms acceptable to us or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses and could alter our debt-to-equity ratio or be dilutive to unitholders. Such losses could have a material adverse effect on our financial position or cash flows.

The degree to which we are leveraged could have important consequences to our operations. A high level of debt will reduce the amount of funds available for the payment of distributions to unitholders; limit our flexibility in planning for and reacting to changes in the economy and in the industry, and increase our vulnerability to general adverse economic and industry conditions; limit our ability to borrow additional funds, dispose of assets, encumber our assets and make potential investments; place us at a competitive disadvantage compared to other owners of similar assets that are less leveraged and, therefore, may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing; make it more likely that a reduction in our borrowing base following a periodic valuation (or redetermination) could require us to repay a portion of then outstanding borrowings; and impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

INTEREST RATE RISK

When negotiating financing agreements or extending such agreements, we will depend on our ability to agree on terms, including in respect of interest payments and amortization. In addition, we may enter into financing agreements with variable interest rates. An increase in interest rates could result in a significant increase in the amount paid by us to service debt, that could materially adversely affect our cash flows.

We may implement hedging programs in order to offset the risk of revenue losses and to provide more certainty on our cash flows should current variable interest rates increase. However, to the extent that we fail to adequately manage these risks, our financial results and our ability to make interest payments under future financings may be adversely affected. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by financial institutions, could have a material adverse effect on our ability to sell any of our investments.

In addition, the value of our lending portfolio at any given time may be affected by the level of interest rates prevailing at such time. The income we earn on our lending portfolio is primarily from interest payments. If there is a decline in interest rates (as measured by the indices upon which the interest rates of our mortgages are based), we may find it difficult to make additional mortgages bearing rates sufficient to achieve our investment objectives. This could have a materially adverse impact to the Trust's cash flows. A decline in interest rates could depress the housing market, which may affect our investment holding mortgage investments in condominium and home development and have a materially adverse impact on our cash flows. As well, if interest rates increase, the value of our lending portfolio may be negatively impacted.

GOVERNMENT AND REGULATORY RISKS

We are subject to laws and regulations governing the development, ownership, operation and leasing of certain of our assets, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, municipal, state, local, or common laws or regulations, or changes in their enforcement or regulatory interpretation, could result in changes in the legal requirements affecting us (including with retroactive effect). Any changes in the laws to which we are subject could materially adversely affect the distributions received by the Trust from DAM LP or by unitholders from the Trust. It is not possible to predict whether there will be any further changes in any regulatory regime to which we are subject or the effect of any such change on our investments.

The real estate development process is subject to a variety of laws and regulations. In particular, governmental authorities regulate such matters as zoning and permitted land uses, levels of density and building standards. We will have to continue to obtain approvals from various governmental authorities and comply with local, provincial and federal laws, including laws and regulations concerning the protection of the environment in connection with such development projects. Obtaining such approvals and complying with such laws and regulations may result in delays which may cause us to incur additional costs which impact the profitability of a development project, or may restrict development activity altogether with respect to a particular project.

INCOME TAX RISK

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency ("CRA") respecting the treatment of "mutual fund trusts" will not be changed in a manner that adversely affects unitholders. If we cease to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations applicable

to us would be materially and adversely different in certain respects, including that units may cease to be qualified investments for Plans.

Although we are of the view that all expenses to be claimed by us will be reasonable and deductible and that the cost amount and capital cost allowance claims of entities indirectly owned by us will have been correctly determined, there can be no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the CRA will agree with our determinations. If the CRA successfully challenges the deductibility of such expenses, our taxable income will increase or change.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by us are able to deduct depreciation, interest and loan expenses relating to our investments for purposes of the Tax Act.

We will endeavour to ensure that units continue to be qualified investments for Plans; however, there can be no assurance that this will occur. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

We are 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 Trust, which could lead to reassessments. These reassessments could have a material impact on the Trust in future periods.

INSURANCE RISKS

We carry, or cause to be carried, general liability, umbrella liability and excess liability insurance with limits which are typically obtained for similar operations in Canada and otherwise acceptable to the Trust Board on the recommendation of DAM. For the property risks we cause "All Risks" property insurance, including, but not limited to, flood, earthquake and loss of rental income insurance (with at least a 24-month indemnity period), to be carried. We also cause boiler and machinery insurance, covering all boilers, pressure vessels, HVAC systems and equipment breakdown, to be carried. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure at this time. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We may carry, or may cause to be carried, title insurance on certain of our real estate assets but will not necessarily insure all titles. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

RELIANCE ON DAM FOR MANAGEMENT SERVICES

We rely on DAM with respect to the asset management of our investments. Consequently, our ability to achieve our investment objectives depends in large part on DAM and its ability to properly advise us. Although the management agreement we have entered into with DAM (the "management agreement") does not have a fixed term, DAM has the right to terminate the management agreement with 180 days' prior written notice if DAM LP and/or the Trust defaults in the performance or observance of any material term, condition or agreement of the management agreement in a manner that results in material harm and such default continues unremedied for a period of 60 days. The management agreement may also be terminated in other circumstances, such as upon the occurrence of an event of default or insolvency of DAM within the meaning of such agreement. Accordingly, there can be no assurance that DAM will continue to be our Asset Manager. If DAM should cease for any reason to be our Asset Manager, our ability to meet our objectives and execute our strategy may be adversely affected. We may be unable to duplicate the quality and depth of management available to DAM by becoming a self-managed Trust or by hiring another asset manager. In addition, the cost of obtaining substitute services may be greater than the fees we will pay DAM under the management agreement.

We depend on the management and administration services provided by DAM under the management agreement. DAM personnel and support staff that provide services to us under the management agreement are not required to have as their primary responsibility the management and administration of the Trust or Dream Alternatives Master LP or to act exclusively for either of us, and the management agreement does not require that the services we receive be provided to us by any specific individuals employed by DAM. Any failure to effectively manage our operations or to implement our strategy could materially adversely affect us.

RELIANCE ON DAM LP

The Trust's sole material asset is its limited partnership interest in DAM LP. The cash distributions to unitholders are dependent on the ability of DAM LP to pay distributions in respect of its LP A Units. The ability of DAM LP to pay distributions or make other payments or advances to us may be subject to contractual restrictions contained in any instruments governing the indebtedness of DAM LP or investments held by it. The ability of DAM LP to pay distributions or make other payments or advances is also

dependent on the ability of DAM LP's subsidiaries to pay distributions or make other payments or advances to DAM LP. The Trust depends on distributions and other payments from DAM LP and, indirectly, its subsidiaries and investments, to provide the Trust with the funds necessary to pay distributions to its unitholders and to meet its financial obligations.

CYBER SECURITY RISK

Cyber security has become an increasing area of focus for issuers and businesses in Canada and globally, as reliance on digital technologies to conduct business operations has grown significantly. As we continue to increase our dependence on information technologies to conduct our operations, the risks associated with cyber security also increase. We rely on management information systems and computer control systems. Business interruptions, utility outages, and information technology system and network disruptions due to cyber-attacks could seriously harm our operations and materially adversely affect our operating results. Cyber attacks against organizations are increasing in sophistication and can include but are not limited to intrusions into operating systems, theft of personal or other sensitive data and/or cause disruptions to business operations. Such cyber attacks could compromise the Trust's confidential information as well as that of the Trust's employees, customers and third parties with whom the Trust interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage. Our exposure to cyber security risks includes exposure through third parties on whose systems we place significant reliance for the conduct of our business. We have implemented security procedures and measures in order to protect our systems and information from being vulnerable to cyber-attacks. However, we may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could have severe financial and other business implications.

9. SIGNIFICANT ACCOUNTING POLICIES

9.1 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Refer to Note 4 of the consolidated financial statements for the year ended December 31, 2019, for a summary of Dream Alternatives' critical accounting judgments, estimates and assumptions in applying accounting policies.

9.2 ADOPTION OF ACCOUNTING STANDARDS

CURRENT ACCOUNTING POLICY CHANGES

Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2019, for information pertaining to accounting standards adopted during the period.

9.3 FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2019 for information pertaining to accounting standards that will be effective in future years.

10. BASIS OF PRESENTATION

This MD&A contains a discussion of the operating results, cash flows and financial position of Dream Alternatives and should be read in conjunction with the consolidated financial statements of Dream Alternatives for the years ended December 31, 2019 and December 31, 2018, prepared in accordance with IFRS.

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements relating to the Trust's objectives and strategies to achieve those objectives; the Trust's beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth and drivers thereof, results of operations, performance, business prospects and opportunities, market conditions, acquisitions or divestitures, leasing transactions, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, litigation and the real estate and lending industries in general, in each case, that are not historical facts, as well as statements regarding our strategic plan; our unit buyback program (including the amounts to be deployed, and the timing, price and size of any offers to unitholders); our commitment to maintaining the current distribution policy; our expectations regarding future purchases of units by the Trust under our NCIB; our expectations regarding the commencement of the second SIB and the terms thereof, including the maximum

number of units we may purchase under the offer and timing for completion of the offer; our plans and proposals for current and future development and investment holdings projects, including equity accounted investments and income properties redevelopment projects, including projected sizes, densities, uses, costs and manner of funding, and development milestones; development timelines on current and future development and investment holdings projects, including equity accounted investments and income properties redevelopment projects, including expected commencement, completion and occupancy dates; anticipated returns and profits from our development and investment holdings projects, including equity accounted investments, as well as their future contributions to NAV and unitholder value and their ability to drive the Trust's growth; timing of distributions or future cash return from our development and investment holdings portfolio; our targeted return on equity (levered and unlevered), income and cash flow growth, NAV growth and targeted pre-tax IRR; our methodologies for valuing investments, including market value adjustments, and timing of appraisals; anticipated effect of our developments on our NAV, unitholders' equity, growth and cash flows in future periods; expected profits from our development projects; our expectations of changes in our NAV in future periods; the anticipated future variability in our results of operations, including cash from operating activities and net income; expected debt financings and the timing thereof; our expectations regarding the Trust's income tax expense/recovery and deferred tax liabilities/assets. Forward-looking statements generally can be identified by words such as "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "project", "continue" or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust'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 general and local economic and business conditions; the regulatory environment; the real estate market in general; the financial condition of tenants and borrowers; interest and mortgage rates; timing and amount of future loan financings and deposit commitments; leasing risks, including those associated with the ability to lease vacant space; and the development, construction and operation of our real estate projects on anticipated terms.

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, general economic conditions; changes to the regulatory environment; environmental risks; local real estate conditions, including the development of properties in close proximity to the Trust's properties and changes in real estate values; timely leasing of vacant space and re-leasing of occupied space upon expiration; dependence on tenants' and borrowers' financial condition; the uncertainties of acquisition activity; the ability to effectively integrate acquisitions; dependence on our partners in the development, construction and operation of our real estate projects; uncertainty surrounding the development and construction of new projects and delays and cost overruns in the design, development, construction and operation of projects; our ability to execute strategic plans and meet financial obligations; interest and mortgage rates and regulations; inflation; availability of equity and debt financing; foreign exchange fluctuations; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of February 18, 2020. Dream Alternatives 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.dreamalternatives.ca.

Certain market information has been obtained from Standard & Poor's publications prepared by independent, third-party commercial firms that provide information relating to the real estate industry. Although we believe this information is reliable, the accuracy and completeness of this information is not guaranteed. We have not independently verified this information and make no representation as to its accuracy.

In addition, certain disclosures incorporated by reference into this report including, but not limited to, information regarding our development and investment holdings' development partners were obtained from publicly available information. We have not independently verified any such information.

11. ADDITIONAL INFORMATION

11.1 TAX INFORMATION

The Trust pays a monthly distribution to its unitholders of which only a portion is taxable. A taxable Canadian holder of the Trust units is required to include the taxable portion of the distribution in income. Any amount in excess of the after-tax net income of the Trust payable to the unitholder will generally not be included in the unitholders' income for the year. The non-taxable portion of the distribution received by a unitholder will reduce the unitholders' tax cost of their investment. On an annual basis, the unitholders will be provided with information relating to the tax treatment of the monthly distributions.

The Trust has determined that the distributions should be treated in the following manner:

	2018	2017	2016	2015
Non-eligible dividends	0.02%	0.06%	—%	—%
Eligible dividends	—%	—%	—%	28.60%
Return of capital	95.00%	99.94%	100.00%	71.40%
Foreign non-business income	4.98%	—%	—%	—%

11.2 ADDITIONAL INFORMATION

Additional information relating to Dream Hard Asset Alternatives Trust, including the Trust's Annual Information Form and audited consolidated financial statements and accompanying notes is available on SEDAR at www.sedar.com. The Trust's voting units trade on the TSX under the symbol "DRA.UN".

11.3 ASSET LISTING

The following table includes supplementary information for our portfolio as at December 31, 2019.

					Total residential units at completion (at 100%)	Total commercial and retail GLA (1) (at 100%)	In-place and committed occupancy	Occupancy/ stabilization date	
Project/Property		Entity	DAT Ownership	Status					
Recurring income									
Downtown Toronto & Greater Toronto Area (GTA)									
Commercial:									
50 & 90 Burnhamthorpe Road West (Sussex Centre)		Dream Office REIT/DAT	50.1%	Income property	—	652,000	91.0%		
49 Ontario		DAT	100.0%	Income property	—	87,000	91.5%		
Queen & Mutual		DAT	9.0%	Income property	—	24,000	84.4%		
10 Lower Spadina		DAT	100.0%	Income property	—	60,000	100.0%		
349 Carlaw		DAT	100.0%	Income property	—	33,000	100.0%		
Plaza Imperial		DAT	40.0%	Income property	—	34,000	100.0%		
Plaza Bathurst		DAT	40.0%	Income property	—	25,000	100.0%		
100 Steeles Avenue West		Dream/DAT	37.5%	Redevelopment	—	59,000	97.1%	TBD	
Total Downtown Toronto & GTA					—	974,000	92.7%		
Total recurring income					—	974,000	92.7%		
					Total residential units at completion (at 100%)	Total commercial and retail GLA (1) (at 100%)	In-place and committed occupancy	Occupancy/ stabilization date	
Project/Property		Type	Entity	DAT Ownership	Status				
Development segment									
Downtown Toronto & GTA									
Residential and Mixed-Use:									
Canary Block 10		Build to hold	Dream/DAT	25.0%	Planning	425	28,000		TBD
WDL Block 8		Build to hold	Dream/DAT	25.0%	Under construction	770	4,000		2022
WDL Block 3/4/7		Build to hold	Dream/DAT	25.0%	Planning	827	37,000		2025
WDL Block 20		Build to hold	Dream/DAT	25.0%	Planning	272	280,000		TBD
Lakeshore East		TBD	Dream/DAT	37.5%	Planning	1,100	32,000		TBD
Frank Gehry		Build to sell	Dream/DAT	18.8%	Planning	1,500	260,000		TBD
Empire Lakeshore		Build to sell	DAT	80.0%	In occupancy	1,280	55,000	28%	2020
Brightwater		Build to sell	Dream/DAT	23.3%	Planning	3,000	400,000		2023-2032
Ivy		Build to sell	Dream/DAT	75.0%	Planning	253	—		TBD
Seaton		Build to sell	DAT	7.0%	Planning	TBD	TBD		TBD
Total Downtown Toronto & GTA						9,427	1,096,000	n/a	
Zibi (Ottawa/Gatineau):									
Kanaal		Build to sell	Dream/DAT	40.0%	In occupancy	71	8,500		Q4 2019
Block 2-3		Build to hold	Dream/DAT	40.0%	Under construction	—	55,000	53.8%	Q1 2020
Block 208		Build to hold	Dream/DAT	40.0%	Under construction	—	34,000	75.8%	2020
Block 10		Build to hold	Dream/DAT	40.0%	Under construction	162	1,500		2021
Block 211		Build to hold	Dream/DAT	40.0%	Under construction	—	185,000	85.4%	2021
Future blocks		Various	Dream/DAT	40.0%	Planning	1,617	1,716,000		TBD
Total Ottawa/Gatineau						1,850	2,000,000	77.9%	
U.S.									
Hard Rock/Virgin Hotel, Las Vegas		Build to sell	DAT	10.0%	Redevelopment	—	TBD		2023
Total U.S.						—	—		
Total development						11,277	3,096,000		
Total DAT platform						11,277	4,070,000		
Summary by Geography									
Location		Current GLA (at 100%)	Future GLA under development (at 100%)	In-place and committed occupancy	Residential units at completion (at 100%)				
Downtown Toronto & GTA		974,000	1,096,000	92.7%	9,427				
Ottawa/Gatineau		—	2,000,000	77.9%	1,850				
U.S.		n/a	n/a	n/a	n/a				
Total		974,000	3,096,000	n/a	11,277				

⁽¹⁾ Total commercial and retail GLA includes planned GLA which are subject to change pending various development approvals.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Asset Manager of Dream Hard Asset Alternatives Trust prepares the Annual Report, which includes the consolidated financial statements, the notes thereto and management's discussion and analysis. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, using the Asset Manager's best estimates and judgments when appropriate.

The Board of Trustees is responsible for ensuring that the Asset Manager fulfills its responsibility for financial reporting and internal control. The audit committee, which comprises Trustees, meets with the Asset Manager as well as the external auditor to satisfy itself that the Asset Manager is properly discharging its financial responsibilities and to review its consolidated financial statements and the report of the auditor. The audit committee reports its findings to the Board of Trustees, which approves the consolidated financial statements.

PricewaterhouseCoopers LLP, the independent auditor, has audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards. The auditor has full and unrestricted access to the audit committee, with or without the Asset Manager present.

"Michael J. Cooper"

Michael J. Cooper
Portfolio Manager

"Pauline Alimchandani"

Pauline Alimchandani
Chief Financial Officer

Toronto, Ontario, February 18, 2020



Independent auditor's report

To the Unitholders of Dream Hard Asset Alternatives Trust

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dream Hard Asset Alternatives Trust and its subsidiaries (together, the Trust) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Trust's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of net income (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Frank Magliocco.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 18, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)	Note	December 31, 2019	December 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Development and investment holdings	7	\$ 114,947	\$ 118,609
Lending portfolio	8	13,489	47,127
Income properties	9	200,869	224,310
Renewable power assets	10	—	130,615
Deferred income taxes	23	—	323
Other non-current assets	11	1,789	6,493
Equity accounted investments	12	186,713	132,528
TOTAL NON-CURRENT ASSETS		517,807	660,005
CURRENT ASSETS			
Lending portfolio	8	51,216	96,968
Amounts receivable	13	9,119	3,463
Income tax receivable		58	1,707
Prepaid expenses and other current assets		154	4,434
Cash		117,787	46,730
TOTAL CURRENT ASSETS		178,334	153,302
TOTAL ASSETS		\$ 696,141	\$ 813,307
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt	14	88,110	162,846
Deferred income taxes	23	4,515	—
Deferred units incentive plan	15	2,961	2,166
TOTAL NON-CURRENT LIABILITIES		95,586	165,012
CURRENT LIABILITIES			
Debt	14	878	32,646
Amounts payable and accrued liabilities	16	32,126	23,722
TOTAL CURRENT LIABILITIES		33,004	56,368
TOTAL LIABILITIES		128,590	221,380
UNITHOLDERS' EQUITY			
Unitholders' equity		559,370	591,094
Retained earnings		8,181	3,143
Accumulated other comprehensive loss	18	—	(3,979)
TOTAL UNITHOLDERS' EQUITY		567,551	590,258
Non-controlling interests		—	1,669
TOTAL EQUITY		567,551	591,927
TOTAL LIABILITIES AND EQUITY		\$ 696,141	\$ 813,307

See the accompanying notes to the consolidated financial statements.
Commitments and contingencies (Note 27).

On behalf of the Board of Trustees of Dream Hard Asset Alternatives Trust:

"Amar Bhalla"

Amar Bhalla
Chair

"Karine MacIndoe"

Karine MacIndoe
Trustee

CONSOLIDATED STATEMENTS OF NET INCOME

<i>(in thousands of Canadian dollars)</i>	Note	2019	2018
INCOME			
Fair value adjustments and operating cash distributions in development and investment holdings		\$ (4,844)	\$ (1,260)
Lending portfolio interest income and lender fees		12,809	15,651
Income properties revenue	19	23,568	24,071
Share of income from equity accounted investments	12	22,921	813
TOTAL INCOME		54,454	39,275
EXPENSES			
Income properties, operating	20	(12,950)	(12,535)
Interest expense	21	(5,011)	(5,292)
Provision for lending portfolio losses	8	(2,350)	—
General and administrative	22	(14,934)	(15,036)
TOTAL EXPENSES		(35,245)	(32,863)
Fair value adjustments to income properties	9	15,064	(2,195)
OPERATING INCOME		34,273	4,217
Interest and other income		2,312	3,313
Transaction costs		(1,521)	(375)
Fair value adjustments to marketable securities		—	3,366
EARNINGS BEFORE INCOME TAX RECOVERY (EXPENSE)		35,064	10,521
INCOME TAX RECOVERY (EXPENSE)			
Current income tax recovery	23	—	18
Deferred income tax recovery (expense)	23	(7,087)	326
TOTAL INCOME TAX RECOVERY (EXPENSE)		(7,087)	344
NET INCOME FROM CONTINUING OPERATIONS		27,977	10,865
Net income from discontinued operations before income tax recovery (expense)	6	1,625	4,065
Income tax expense from discontinued operations - current		—	(9)
Income tax recovery (expense) from discontinued operations - deferred	23	2,729	(1,019)
NET INCOME FROM DISCONTINUED OPERATIONS		4,354	3,037
NET INCOME		\$ 32,331	\$ 13,902
NET INCOME ATTRIBUTABLE TO			
Unitholders		\$ 32,121	\$ 13,160
Non-controlling interests - discontinued operations		210	742
NET INCOME		\$ 32,331	\$ 13,902

See the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in thousands of Canadian dollars)</i>	Note	2019	2018
NET INCOME		\$ 32,331	\$ 13,902
OTHER COMPREHENSIVE INCOME			
Other comprehensive income - discontinued operations	18	\$ 3,979	\$ 566
TOTAL COMPREHENSIVE INCOME		\$ 36,310	\$ 14,468
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Unitholders		\$ 36,100	\$ 13,726
Non-controlling interests - discontinued operations		210	742
TOTAL COMPREHENSIVE INCOME		\$ 36,310	\$ 14,468
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Continuing operations		\$ 27,977	\$ 10,865
Discontinued operations		8,333	3,603
TOTAL COMPREHENSIVE INCOME		\$ 36,310	\$ 14,468

See the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2019

<i>(in thousands of Canadian dollars, except for number of units)</i>	Note	Number of units	Unitholders' equity	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non- controlling interests	Total
Balance as at January 1, 2019		72,592,822	\$ 591,094	\$ 3,143	\$ (3,979)	\$ 1,669	\$ 591,927
Net income for the year		—	—	32,121	—	210	32,331
Other comprehensive income - discontinued operations		—	—	—	3,979	—	3,979
Distributions paid and payable	17	—	—	(28,381)	—	—	(28,381)
Distribution Reinvestment Plan	17	271,551	1,779	—	—	—	1,779
Deferred units exchanged for Trust units	15	142,606	1,075	—	—	—	1,075
Cancellation of Trust units	17	(4,876,984)	(39,351)	1,298	—	—	(38,053)
Units issued as settlement of asset management fees	25	633,992	4,773	—	—	—	4,773
Distributions to non-controlling interests - discontinued operations		—	—	—	—	(1,098)	(1,098)
Disposition of non-controlling interest		—	—	—	—	(781)	(781)
Balance as at December 31, 2019		68,763,987	\$ 559,370	\$ 8,181	\$ —	\$ —	\$ 567,551

For the year ended December 31, 2018

<i>(in thousands of Canadian dollars, except for number of units)</i>	Note	Number of units	Unitholders' equity	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non- controlling interests	Total
Balance as at January 1, 2018		72,417,786	\$ 592,269	\$ 16,687	\$ (4,250)	\$ 1,948	\$ 606,654
IFRS 9 adoption adjustment		—	—	295	(295)	—	—
Restated balance as at January 1, 2018		72,417,786	\$ 592,269	\$ 16,982	\$ (4,545)	\$ 1,948	\$ 606,654
Net income for the year		—	—	13,160	—	742	13,902
Other comprehensive income		—	—	—	566	—	566
Distributions paid and payable	17	—	—	(29,300)	—	—	(29,300)
Distribution Reinvestment Plan	17	1,400,255	9,167	—	—	—	9,167
Deferred units exchanged for Trust units	15	47,890	309	—	—	—	309
Cancellation of Trust units	17	(1,273,109)	(10,651)	2,301	—	—	(8,350)
Distributions to non-controlling interests		—	—	—	—	(1,021)	(1,021)
Balance as at December 31, 2018		72,592,822	\$ 591,094	\$ 3,143	\$ (3,979)	\$ 1,669	\$ 591,927

See the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of Canadian dollars)</i>	Note	2019	2018
Net income			
Continuing operations		\$ 27,977	\$ 10,865
Discontinued operations		4,354	3,037
Net income		\$ 32,331	\$ 13,902
Non-cash and other items:			
Amortization and depreciation	26	696	326
Other adjustments	26	(31,036)	(6,138)
Change in non-cash working capital	26	26,457	1,447
Investment in lease incentives and initial direct leasing costs		(4,398)	(3,185)
Asset management fee settled in units		4,773	—
Provision for lending portfolio losses	8	2,350	—
Cash distributions from development and investment holdings	7	1,778	4,294
Generated from operating activities - continuing operations		\$ 28,597	\$ 7,609
Generated from (utilized in) operating activities - discontinued operations		\$ (11,378)	\$ 9,642
Generated from operating activities - all operations		\$ 17,219	\$ 17,251
Generated from (utilized in) investing activities			
Investments in building improvements		(2,900)	(1,993)
Proceeds from disposition of income properties	9	37,506	—
Cash distributions from development and investment holdings		—	3,652
Cash advances to development and investment holdings	7	(13,545)	—
Proceeds from disposal of development and investment holdings	7	10,307	—
Lending portfolio additions	8	(119)	(30,658)
Principal repayments received from lending portfolio	8	83,212	54,488
Acquisition of investment holdings		—	(37,926)
Proceeds from sale of marketable securities		—	64,003
Distributions from equity accounted investments		484	1,960
Investments in equity accounted investments		(31,748)	(50,156)
Generated from investing activities - continuing operations		\$ 83,197	\$ 3,370
Generated from (utilized in) investing activities - discontinued operations		\$ 63,730	\$ (573)
Generated from investing activities - all operations		\$ 146,927	\$ 2,797
Cancellation of Trust units	17	(38,053)	(8,350)
Lump sum repayments of mortgage payable	14	(27,008)	—
Mortgages repayments	14	(1,013)	(1,065)
Distributions paid on units	17	(26,730)	(20,127)
Utilized in financing activities - continuing operations		\$ (92,804)	\$ (29,542)
Utilized in financing activities - discontinued operations		\$ (293)	\$ (4,704)
Utilized in financing activities - all operations		\$ (93,097)	\$ (34,246)
Foreign exchange on cash held in foreign currency - discontinued operations		\$ 8	\$ 1
Increase (decrease) in cash		71,057	(14,197)
Cash, beginning of the year		46,730	60,927
Cash, end of the year		\$ 117,787	\$ 46,730

See the accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts are presented in thousands of Canadian dollars, except for unit, per unit, and Megawatt ("MW") amounts, unless otherwise stated)

1. ORGANIZATION

Dream Hard Asset Alternatives Trust ("Dream Alternatives" or the "Trust") is an open-ended trust established under the laws of the Province of Ontario by a Declaration of Trust dated April 28, 2014, amended and restated on July 8, 2014. The consolidated financial statements of Dream Alternatives include the accounts of Dream Alternatives and its consolidated subsidiaries. The Trust was formed by and is managed by Dream Asset Management Corporation ("DAM" or the "Asset Manager"), a wholly owned subsidiary of Dream Unlimited Corp. ("Dream"). On January 1, 2018, Dream acquired control of the Trust, based on Dream's increased exposure to variable returns resulting from increased ownership through units held in the Trust and from new real estate joint venture agreements. Dream is the ultimate parent company of the Trust. The ultimate controlling party of the Trust is Michael Cooper, President and Chief Responsible Officer of DAM and Dream.

The Trust is focused on hard asset alternative investments comprising real estate development, real estate lending, and income-producing real estate.

The Trust's registered office is 30 Adelaide Street East, Suite 301, Toronto, Ontario, Canada, M5C 3H1. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DRA.UN". Dream Alternatives' consolidated financial statements for the year ended December 31, 2019 were authorized for issuance by the Board of Trustees on February 18, 2020.

For simplicity, throughout the notes, reference is made to the units of the Trust as follows:

- "units" meaning Trust voting units, and
- "unitholders" meaning holders of Trust voting units.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"). The Trust's consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated. The consolidated financial statements are prepared on a historical cost basis, except for income properties and certain development and investment holdings and financial instruments that are measured at fair value. The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated.

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Trust and its subsidiaries. All intercompany transactions have been eliminated in these consolidated financial statements.

Subsidiaries are those entities that the Trust controls by having the power to govern the financial and operating policies of the entity and has exposure, or rights, to variable returns from its involvement with the entity and the ability to use its power over the investee to affect the amount of the investor's return. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Trust controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Trust and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

NON-CONTROLLING INTERESTS

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Net income and comprehensive income of subsidiaries is recognized directly in equity attributable to non-controlling interests and owners of the Trust within equity. Changes in the Trust's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

JOINT ARRANGEMENTS

The Trust may enter into joint arrangements through joint operations and joint ventures. Joint arrangements are contractual arrangements that give two or more parties joint control of the arrangement. Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to

the arrangement, whereas a joint venture is a joint arrangement whereby the parties that have joint control only have rights to the net assets of the arrangement.

The Trust, through its subsidiaries, is a co-owner in an income property that is subject to joint control and has direct rights to the income property, and obligations for the liabilities relating to the co-ownership. Therefore the joint arrangement is considered to be a joint operation. The Trust recognizes its proportionate share of the assets, liabilities, revenue and expenses of the co-ownership in the respective lines in the consolidated financial statements.

Interests in joint ventures are accounted for using the equity method. The Trust's equity accounted investments are initially recognized at cost. The cost of a joint venture at initial recognition comprises its purchase price and any directly attributable expenditures necessary to obtain it. Any goodwill arising on the acquisition of a joint venture is not separately recognized but is included in the carrying value of the joint venture. The consolidated financial statements include the Trust's share of the profit or loss and other comprehensive income (loss), after adjustments to align the accounting policies with those of the Trust, from the date that joint control commences until the date that joint control ceases. When the Trust's share of losses, if any, exceeds the carrying amount of the joint venture, including any long-term investments, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Trust has a legal or constructive obligation or has made a payment on behalf of the joint venture.

INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for using the equity method. Investments in associates are those entities in which the Trust has significant influence, but no control or joint control, over the financial and operating policies. Investments in associates are recognized initially at cost. The cost of an investment in an associate at initial recognition comprises its purchase price and any directly attributable expenditures necessary to obtain it. Any goodwill arising on the acquisition of an associate is not separately recognized but is included in the carrying value of the associate. The consolidated financial statements include the Trust's share of the profit or loss and other comprehensive income (loss), after adjustments to align the accounting policies with those of the Trust, from the date that significant influence commences until the date that significant influence ceases. When the Trust's share of losses, if any, exceeds the carrying amount of the associate, including any long-term investments, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Trust has a legal or constructive obligation or has made a payment on behalf of the associate.

SEGMENT REPORTING

A reportable operating segment is a distinguishable component of the Trust that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) that is subject to risks and rewards that are different from those of other reportable segments. The Trust's primary format for segment reporting is based on business segments. The business segments are: development and investment holdings, lending portfolio and income properties, based on the Trust's management and internal reporting structure. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Portfolio Manager of Dream Alternatives. The operating segments derive their revenue primarily from rental income, lessees, power sales, interest income and loan fees.

3. ACCOUNTING POLICIES SELECTED AND APPLIED FOR SIGNIFICANT TRANSACTIONS AND EVENTS

The principal accounting policies applied in the preparation of these consolidated financial statements are described below.

DEVELOPMENT AND INVESTMENT HOLDINGS

Development and investment holdings include limited partnership interests, a hospitality asset and mortgage receivables secured against residential development properties and include participation rights in the profits of the underlying development. At initial recognition, the Trust initially measures a financial asset at its fair value, plus any related transaction costs. Subsequent measurement depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The development and investment holdings are classified as Fair Value Through Profit and Loss ("FVTPL") as their contractual cash flows do not represent solely payments of principal and interest. Income earned and the changes in fair value are recorded in the consolidated statements of comprehensive income (loss) as fair value adjustments and operating cash distributions in development and investment holdings. Cash flows related to capital components of development and investment holdings are classified as investing activities on the consolidated statement of cash flows when it represents a return of capital and operating activities when it represents profit to the Trust.

LENDING PORTFOLIO

The lending portfolio is primarily comprised of fixed-interest-rate and interest-only mortgage and loan investments that the Trust intends on holding until maturity. They are recognized initially at fair value, plus any directly attributable transaction costs. The Trust classifies all loan investments that give rise to specified payments of principal and interest as amortized cost. All other loan investments are classified as FVTPL. For those loan investments classified as amortized cost, subsequent to initial recognition, the lending portfolio investments are measured at amortized cost using the effective interest rate method, less any provision for impairment, if applicable. A provision for impairment on the lending portfolio is established based on the general approach Expected Credit Loss ("ECL") model. Under the general approach ECL model, the Trust estimates possible default scenarios for the next 12 months on its lending portfolio investments. The Trust established a provision matrix that considers various factors including the borrower's credit risk, term to maturity, status of the underlying project and market risk. The results of the general approach ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the consolidated statements of comprehensive income (loss). If a significant increase in credit risk occurs on a loan investment, an estimate of default is considered over the entire remaining life of the assets. In circumstances when an entity acquires a loan investment that is credit impaired at the date of initial recognition the credit adjusted approach ECL model will be applied. The credit adjusted approach ECL model results in expected credit losses calculated considering an estimate of default over the life of the asset.

The Trust recognizes interest, lender fees and other income from the lending portfolio in the consolidated statements of comprehensive income (loss) using the effective interest rate method for the general or simplified approach ECL model regardless if evidence of impairment exists. If the credit adjusted approach ECL model is used then a credit adjusted effective interest rate is used in calculating the applicable interest, lender fees and other income. Lending portfolio interest income and lenders fees includes the Trust's share of any fees received, as well as the effect of any premium or discount received on the mortgage. The effective interest rate method discounts the future cash payments and receipts through the expected life of the lending portfolio mortgage or loan to its carrying amount before any allowance for expected credit losses. Under the general and simplified approach, if no evidence of impairment exists, interest income is calculated on the carrying amount at the beginning of the period before any allowance for expected credit loss, otherwise interest income is calculated after an allowance for expected credit loss.

INCOME PROPERTIES

Income properties are initially recorded at cost, including related transaction costs in connection with asset acquisitions, and include office properties held to earn rental income and/or for capital appreciation. After initial recognition, income properties are carried at fair value. At the end of each reporting period, the Trust determines the fair value of income properties by either considering current contracted prices for certain income properties, including those available for sale, by obtaining appraisals from qualified external professionals or using internally prepared valuations. Internally prepared valuations are performed by the Asset Manager, who estimates the fair value of each income property using the most appropriate valuation methodology determined for each property on a highest and best use basis, which may include the overall capitalization method, the discounted cash flow method or, in certain limited circumstances, land values. Related fair value gains and losses are recorded in net income (loss) in the consolidated statements of comprehensive income (loss).

The fair value of income properties is typically based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the consolidated statement of financial position dates, less future estimated cash outflows in respect of such properties. To determine fair value, the Trust first considers whether it can use current prices in an active market for a similar property in the same location and condition that is subject to similar leases and other contracts. The Trust has concluded that there is insufficient market evidence on which to base income property valuation using this approach; therefore, it uses the income approach for certain of its income properties. The income approach is one in which the fair value is estimated by capitalizing the net rental income that the property can reasonably be expected to produce over its remaining economic life. The income approach is derived from two methods: the overall capitalization rate method, whereby the net operating income is capitalized at the requisite overall capitalization rate, and/or the discounted cash flow method, in which the income and expenses are projected over the anticipated term of the investment plus a terminal value discounted using an appropriate discount rate. For certain income properties the fair value will be based on land values when considering the property and its highest and best use. The primary approaches to the valuation of land are the direct comparison or the land residual/development approach. The direct comparison approach considers recent sales activity for similar land parcels in the same or similar markets, adjusting for any significant differences. The land residual development approach estimates current land values based on determining the sale price of a completed development project, and, considers development costs and returns to determine the residual land value. Each property is subject to an appraisal by an independent valuator at least once every three years, if not earlier.

Initial direct leasing costs incurred in negotiating and arranging tenant leases are added to the carrying amount of income properties. Lease incentives, which include costs incurred to make leasehold improvements to tenants' space and cash allowances provided to tenants, are added to the carrying amount of income properties and are amortized on a straight-line basis over the term of the lease as a reduction of income properties' revenue.

RENEWABLE POWER ASSETS

Renewable power assets are measured at cost less accumulated depreciation and impairment charges, if any. Cost includes expenditures that are directly attributable to the acquisition and construction of the asset including interest costs paid or accrued during construction. Annual depreciation rates estimated by the Trust are listed in the table below. The depreciation methods, residual values, and estimates of the useful lives of its renewable power assets are reviewed by management at least annually.

Asset class	Depreciation method and period
Solar power equipment	
Solar modules, inverters and racking	4%, straight-line
Wind power equipment	
Wind generation equipment, electrical system, foundations and roads	4% to 5%, straight-line

On sale or retirement, renewable power assets and their related accumulated depreciation are removed from the consolidated statement of financial position, and any related gain or loss is reflected in net income in the consolidated statements of comprehensive income (loss). The cost of replacing a component of an item of renewable power assets is recognized in the carrying amount of the item if it is probable that the Trust will receive future economic benefits from the replacement components, and if the cost of the components can be measured reliably. The carrying amount of the replaced component is derecognized.

INTANGIBLE ASSETS

Intangible assets are related to provincial government contracts to supply wind power at rates above fixed price contracts and are recorded at cost less accumulated amortization and impairment charges, if any. Amortization takes place over the contractual term of the agreements related to the assets, which are 20 years on a straight-line basis. These intangible assets are classified as other non-current assets on the consolidated statements of financial position.

IMPAIRMENT OF RENEWABLE POWER ASSETS AND INTANGIBLE ASSETS

Renewable power assets and intangible assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds the greater of the value-in-use or fair value less costs to sell. For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows. The amount of the loss is recognized in the consolidated statements of comprehensive income (loss) within operating expenses. The carrying amount is reduced by the impairment loss directly. If, in a subsequent year, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in net income in the consolidated statements of comprehensive income (loss).

IMPAIRMENT OF EQUITY ACCOUNTED INVESTMENTS AND INVESTMENTS IN ASSOCIATES

The Trust assesses, at each reporting date, whether there is objective evidence that its interest in equity accounted investments and investments in associates are impaired. If impaired, the carrying value of the Trust's equity accounted investment balance is written down to its estimated recoverable amount, which is the greater of its value-in-use or fair value less costs to sell, with any differences charged to net income in the consolidated statements of comprehensive income (loss).

LENDING PORTFOLIO INTEREST AND FEES INCOME

Mortgage interest and fees revenues are recognized in the consolidated statements of comprehensive income (loss) using the effective interest method. Mortgage interest and fees revenues include the discount or premium incurred by the Trust at the time the mortgages were acquired, if any. The effective interest method derives the interest rate that discounts the estimated future cash payments and receipts over the expected life of the mortgages to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and transaction costs paid or received, including the incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

INCOME PROPERTIES REVENUE FROM CONTRACTS WITH CUSTOMERS

The Trust has obligations to provide ongoing services related to its leases. These services include common area maintenance services, utilities and other services at its properties (collectively "CAM services"). The Trust's performance obligations on CAM services are satisfied over time as services are provided during the period over which tenants occupy the premises. When providing CAM services, the Trust is entitled to fees from tenants to the extent costs are incurred to provide the services. Tenants are billed monthly based on estimates and the Trust recognizes revenue to the extent that actual costs are incurred. To the extent that costs exceed billings, an amounts receivable is recognized; if the billings exceed costs, an amounts payable is recognized. These current assets or liabilities are settled with tenants annually.

The Trust provides parking services to its properties' tenants and visitors. Tenant parking revenue is recognized evenly over the terms of the related leases. Transient parking revenue is recognized based on actual usage.

The consideration received from tenants under the lease arrangements is allocated between the lease and service revenue (CAM services and parking services, if applicable) based on relative stand-alone selling prices.

For all revenue streams from contracts with customers, revenue is measured at the best estimate of the amount the Trust expects to receive for performing the services. Revenue is recognized only to the extent that it is highly probable that a significant amount of the cumulative revenue recognized for a contract will not reverse. The Trust is obligated to continue to provide CAM services over the remaining term of each lease contract. The Trust will recognize revenue on these remaining performance obligations based on the actual cost incurred to fulfill the CAM services in the period.

INCOME PROPERTIES RENTAL INCOME

The Trust accounts for tenant leases as operating leases, given that it has retained substantially all of the risks and benefits of ownership of its income properties. Rental revenue includes base rents, property tax recoveries, percentage participation rents, lease termination fees, and other rental revenue including recoveries for landlord work and tenant improvement allowances. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in other non-current assets, is recorded for the difference between the rental revenue recognized and the contractual amount received. Property tax recoveries are recognized as revenues in the period in which the corresponding costs are incurred and collectability is reasonably assured. Percentage participation rents are recognized on an accrual basis once tenant sales revenues exceed contractual thresholds. Other revenues are recorded as earned.

RENEWABLE POWER ASSETS REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from renewable power assets is recognized based on the amount of energy generated at the contracted rates and is recognized when the energy produced is received by the client and the performance obligation is satisfied. Several power-generating sites are eligible for additional payments under government programs designed to provide additional fees based on the supply of renewable energy. These amounts are related to energy generated and are based on the megawatt hours ("MWh") of electricity supplied. These amounts are recorded as revenue in the period in which the energy produced is received by the client. Amounts are determined based on a spot amount or fixed amount per MWh generated, depending on the location of where the energy is produced.

The unsatisfied performance obligation resulting from contracted rates has a variable consideration that is constrained by the MWh of energy produced.

BUSINESS COMBINATIONS

The purchase method of accounting is used for acquisitions meeting the definition of a business. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquiror, the liabilities incurred by the acquiror to former owners of the acquiree, and the equity interests issued by the acquiror.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair values irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Trust's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Trust's share of the net assets acquired, the difference is recognized directly in profit or loss for the year as a gain on acquisition. Any transaction costs incurred with respect to the business combination are expensed in the period incurred.

CASH

Cash excludes restricted cash subject to restrictions that prevent its use for current purposes. Restricted cash is included in prepaid expenses and other current assets. Excluded from cash are amounts held for repayment of tenant security deposits, as required by various lending agreements. These security deposits are included in accounts payable and accrued liabilities. As at December 31, 2019, cash included an amount of \$4,218 (December 31, 2018 – \$5,296) held in bank accounts that require both the Trust's and third parties' approval prior to distribution.

LEASES

Leases are recognized as right-of-use assets and a corresponding lease liability at the date at which the leased asset is available for use by the Trust. At the commencement date, right-of-use assets are measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequent to the commencement date the right-of-use asset is measured at cost less any accumulated depreciation. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term is determined as the non-cancellable period of a lease plus the period covered by an option to extend the lease if the lessee is reasonably certain to exercise that option as well as the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Trust exercises judgment when reviewing the lease terms, particularly the options to extend or terminate the lease and whether reasonable certainty exists to exercise either option. In addition, the right-of-use assets are assessed for impairment and adjusted for certain remeasurement of the lease liability. The fair value model will be applied if the right-of-use assets meet the definition of an investment property. Lease liabilities are measured at the present value of the lease payments that are not paid at the date at which the leased asset is available for use. Certain leases contain variable lease payments that are linked to an index resulting in an increase in the annual lease payments to capture inflation. Variable lease payments are initially measured using the index or rate as at the commencement date of the lease term. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change on exercising a purchase, extension or termination option, if applicable. Upon remeasurement of the lease liability, a corresponding adjustment is reflected to the carrying amount of the right-of-use assets or is recorded in the consolidated statement of comprehensive income (loss) if the carrying amount of the right-of-use assets have been reduced to zero. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. Generally, the Trust uses its incremental borrowing rate as the discount rate and risk adjusts it to consider various factors including the current economic environment, remaining term, and security. The weighted average incremental borrowing rate applied as at the January 1, 2019 date of adoption of IFRS 16 was 4.65%. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of comprehensive income (loss) over the lease period.

The Trust has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low value. Those payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis and are recorded in the consolidated statement of comprehensive income (loss). Short-term leases are identified as those with a lease term of less than one year. Low-value assets are those less than or equal to five thousand dollars.

Prior to December 31, 2018, leases that substantially transfer all the benefits and risks of ownership of property and equipment to the Trust, or otherwise meet the criteria for capitalizing a lease under IFRS, were accounted for as finance leases. An asset was recognized at the time a finance lease was entered into together with its related long-term obligation. Property and equipment recognized under finance leases were amortized on the same basis under income properties or renewable power assets. Payments on operating leases were expensed on a straight-line basis.

DISTRIBUTIONS

Distributions to unitholders are recognized as a liability in the period in which the distributions are approved by the Board of Trustees and are recorded as a reduction to retained earnings.

INCOME TAXES

The Trust follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Due to uncertainties in the estimation process, particularly with respect to changes in facts and circumstances in future reporting years (carry-forward period assumptions), it is reasonably possible that actual results could differ from the estimates used in the Trust's historical analysis. If the Trust's results of operations are less than projected and there is insufficient objectively verifiable evidence to support the likely realization of its deferred tax assets, adjustments would be required to reduce or eliminate its deferred tax assets.

UNIT-BASED COMPENSATION PLAN

As described in Note 15, the Trust has a Deferred Unit Incentive Plan ("DUIP") that provides for the granting of deferred Trust units and income deferred Trust units to Trustees, officers, employees and affiliates and their service providers (including the Asset Manager). Unvested deferred Trust units are recorded as a liability, and compensation expense is recognized over the vesting period at amortized cost based on the fair value of the units. Once vested, the liability is remeasured at each reporting date at amortized cost, based on the fair value of the corresponding units, with changes in fair value recognized in the consolidated statements of comprehensive income (loss).

FINANCIAL INSTRUMENTS

DESIGNATION OF FINANCIAL INSTRUMENTS

The following summarizes the Trust's classification and measurement of financial assets and financial liabilities:

	Classification
Financial assets	
Development and investment holdings	Fair value through profit or loss
Lending portfolio	Amortized cost/Fair value through profit or loss
Amounts receivable	Amortized cost
Restricted cash	Amortized cost
Cash	Amortized cost
Financial liabilities	
Debt	Amortized cost
Amounts payable and accrued liabilities	Amortized cost

The accounting policies for the lending portfolio and development and investment holdings have been discussed previously.

FINANCIAL ASSETS

The Trust classifies its financial assets that give rise to specified payments of principal and interest as amortized cost, unless the Trust plans to sell the financial asset, which is then classified as fair value through other comprehensive income ("FVOCI"). All other financial assets are classified as FVTPL.

Amounts receivable are initially measured at fair value and are subsequently measured at amortized cost less a provision for impairment, if applicable. A provision for impairment on accounts receivable is established based on the simplified approach ECL model. Under the simplified approach ECL model, the Trust estimates lifetime expected losses for its amounts receivables at each balance sheet date based on available information. To measure the expected losses, amounts receivable are grouped based on the days past due. The results of the simplified approach ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the consolidated statements of comprehensive income (loss) within operating expenses. Bad debt write-offs occur when the Trust determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of comprehensive income (loss).

Financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire or the Trust transfers substantially all risks and rewards of ownership.

FINANCIAL LIABILITIES

The Trust classifies its financial liabilities on initial recognition as either FVTPL or as amortized cost. Financial liabilities are initially recognized at fair value less related transaction costs. Financial liabilities classified as amortized cost are measured using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in net income in the consolidated statements of comprehensive income (loss) over the expected life of the debt. Modifications of financial liabilities carried at amortized cost that do not result in derecognition give rise to a revaluation gain or loss equal to the change in discounted contractual cash flows using the effective interest rate method. This revaluation gain or loss is recognized in the statement of comprehensive income (loss). The Trust's financial liabilities that are classified as FVTPL are initially recognized at fair value and are subsequently remeasured at fair value each reporting period, with changes in the fair value recognized in the consolidated statements of comprehensive income (loss).

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Trust's foreign operations are measured using the currency of the primary economic environment in which the foreign operations are conducted ("the functional currency"). The functional currency of the Trust's foreign operations located in the United Kingdom ("U.K."), which was sold as at December 31, 2019, was the British pound. The functional currency of the Trust and Canadian operations is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars, which is the Trust's presentation currency.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the Trust's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the exchange rates effective at the financial statement reporting date for monetary assets and liabilities denominated in foreign currencies, if any, are recognized in the consolidated statements of comprehensive income (loss).

FOREIGN OPERATIONS

The results and financial position of the foreign operations are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the date of that consolidated statement of financial position;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income (loss) in the consolidated statements of comprehensive income (loss).

ASSET RETIREMENT OBLIGATIONS

The Trust is subject to certain legal and constructive obligations associated with the retirement of renewable power assets, which are recorded as liabilities when those obligations have occurred and are measured as the present value of the expected costs to settle the liability, discounted at the current pre-tax rate specific to the liability. The liability is accreted up to the date the liability will be incurred, with a corresponding charge to interest expense. The carrying amount of long-term provisions is reviewed quarterly, with changes in the estimates of timing or amount of cash flows added to or deducted from the cost of the related asset.

INTEREST EXPENSE

Interest expense includes interest on mortgages payable secured by income properties, interest on term loans, amortization of ancillary costs incurred in connection with the arrangement of borrowing, and interest on the revolving credit facility.

CAPITALIZATION OF BORROWING COSTS

The Trust capitalizes borrowing costs that are directly attributable to qualifying assets by determining whether the borrowings are general or specific to a project. Interest is capitalized during periods of active development and construction, starting from the commencement of development until the date all activities necessary to prepare the asset for its intended use are complete. Interest on general borrowings that are directly attributable to an asset is capitalized based upon a weighted average cost of borrowing. Borrowing costs are capitalized to qualifying assets that necessarily take a substantial period of time to prepare for their intended use or sale. The Trust considers a substantial period of time to be a period longer than nine months to complete.

EQUITY

The Trust presents units as equity, notwithstanding the fact that the Trust's units meet the definition of a financial liability. Under IAS 32, the units are considered a puttable financial instrument because of the holder's option to redeem units, generally at any time, subject to certain restrictions, at a redemption price per unit equal to the lesser of 90% of a 20-day weighted average closing price prior to the redemption date or 100% of the closing market price on the redemption date. The total amount payable by Dream Alternatives in any calendar month will not exceed \$50 unless waived by Dream Alternatives' Board of Trustees at their sole discretion. The Trust has determined that the units can be presented as equity and not financial liabilities because the units have all of the following features, as defined in IAS 32 (hereinafter referred to as the "puttable exemption"):

- Units entitle the holder to a pro rata share of the Trust's net assets in the event of its liquidation. Net assets are those assets that remain after deducting all other claims on the assets.
- Units are the class of instruments that are subordinate to all other classes of instruments because they have no priority over other claims to the assets of the Trust on liquidation and do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments.
- All instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- Apart from the contractual obligation for the Trust to redeem the units for cash or another financial asset, the units do not include any contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Trust, and it is not a contract that will or may be settled in the Trust's own instruments.
- The total expected cash flows attributable to the units over their lives are based substantially on the net income and the changes in the recognized net assets and unrecognized net assets of the Trust over the life of the units.

Units are initially recognized at the fair value of the consideration received by the Trust. Any transaction costs arising on the issuance of units are recognized directly in unitholders' equity as a reduction of the proceeds received.

PROVISIONS

Provisions for legal claims are recognized when the Trust has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets are classified as assets held for sale when their carrying value will be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), the appropriate level of management must be committed to a plan to sell the asset (or disposal group) with an active program to locate a buyer, and its sale must be highly probable within one year.

Assets (or disposal group) are classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Assets and the liabilities of a disposal group classified as held for sale are presented separately from other assets and liabilities in the consolidated statements of financial position. Comparative periods are not adjusted for the classification of assets and liabilities held for sale in the consolidated statements of financial position. Depreciation ceases on assets classified as held for sale.

Assets held for sale that represent a component of an entity which are a separate major line of business or geographical area of operations, part of a single co-ordinate plan to dispose of a separate major line of business or geographical area of operations, or are a subsidiary acquired exclusively with a view to resale are presented as discontinued operations in the consolidated statements of comprehensive income (loss). Comparative periods are adjusted to distinguish between continuing and discontinued operations.

Classification of assets or a disposal group as held for sale and discontinued operations requires judgment on whether the sale will be highly probable, and whether the sale will be recovered through a sale rather than continuing use of the assets.

ACCOUNTING FOR LEVIES IMPOSED BY GOVERNMENT

IFRIC 21, "Levies" ("IFRIC 21"), provides guidance on accounting for levies in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. 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.

CRITICAL ACCOUNTING JUDGMENTS

The following are the critical accounting judgments used in applying the Trust's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

JOINT ARRANGEMENTS, ASSOCIATES AND SUBSIDIARIES

The Trust holds investments in various assets, and its ownership interest in these investments is established through diverse structures. Significant judgment is applied in assessing whether the investment structure results in control, joint control or significant influence over the operations of the investment, or whether the Trust's investment is passive in nature. For joint arrangements, judgment is applied in determining whether the Trust has an interest in the net assets of the arrangement or a direct interest in the underlying assets and a direct obligation for the underlying liabilities of the arrangement. The Trust considers the contractual rights and obligations of the arrangement, and other relevant factors, in determining the appropriate accounting treatment for its investments.

In determining if an entity is a subsidiary of the Trust, the Trust makes significant judgments about whether it has control over such an entity. In addition to voting rights, the Trust considers the contractual rights and obligations arising from other arrangements and other relevant factors relating to an entity in determining if the Trust has power and variable returns. The contractual rights and obligations considered by the Trust include, among others, the approvals and decision-making process over significant operating, financing and investing activities, the responsibilities and scope of decision-making power of the Trust, the termination provisions of agreements, the types and determination of fees paid to the Trust and the significance of any investment by the Trust (if any). The Trust reviews its prior conclusions when facts and circumstances change.

DEVELOPMENT AND INVESTMENT HOLDINGS

Critical judgments are made in determining the fair value of development and investment holdings. The fair values of these investments is reviewed regularly by the Asset Manager with reference to the applicable local market conditions and in discussion with the development's construction management company. The Trust makes judgments with respect to the completion dates of the developments, and the leasing and management cost assumptions for the buildings and/or unit sales in order to determine the Trust's interest and participating income. Generally, the development and investment holdings are valued using a number of approaches that typically include a discounted cash flow analysis, direct capitalization approach and direct comparison approach. The discounted cash flow model is calculated based on future interest and participating profit payments as determined by the Asset Manager and project managers' estimates of unit sales proceeds and/or net operating income ("NOI") of the development properties. With the direct capitalization rate method, the fair value is determined by applying a capitalization rate to stabilized NOI. Each investment is subject to an appraisal by an independent valuator at least once every three years, if not earlier. The direct comparison approach considered recent activity for similar land parcels in the same market. Land values are estimated using either a per acre or per buildable square foot basis. Additionally, other factors specific to the investments are considered in the determination of the fair value including location, timing, intended use, zoning, density and servicing.

INCOME PROPERTIES

Critical judgments are made in respect of the fair values of income properties. The fair values of these investments are reviewed regularly by the Asset Manager with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The independent valuers are experienced, nationally recognized and qualified in the professional valuation of office and industrial buildings in their respective geographic areas. Judgment is also applied in determining the extent and frequency of independent appraisals. Each property is subject to an appraisal by an independent valuator at least once every three years, if not earlier. For income properties not subject to independent appraisals, internal valuations are prepared by the Asset Manager and reviewed during each reporting period.

For income properties, the Asset Manager makes judgments with respect to whether lease incentives provided in connection with a lease enhance the value of the leased space, which determines whether or not such amounts are treated as tenant improvements and added to income properties. Lease incentives, such as cash, rent-free periods, and lessee or lessor-owned improvements, may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of income properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease. Judgment is also applied in determining whether certain costs are additions to the carrying amount of the income property.

The Trust exercises judgment in estimating the transaction price for contract revenues with customers. The Trust exercises judgment with regards to the amount and timing of the revenue recognized for CAM service contracts which are satisfied over time. The amount of revenue recognized for CAM services with variable consideration is constrained by the actual costs incurred and any restrictions in lease agreements. The revenues related to these obligations are recorded over time as the obligation of the Trust is to provide the CAM services on an as needed basis throughout the contract period.

The Trust exercises judgment in determining which of its revenue streams that arise from lease agreements are in scope of IFRS 15 and which are not. Specifically, the Trust considers whether a revenue stream related to a lease agreement is for the lease of an asset or is for the provision of a distinct service. Revenues of the latter type are determined to be in scope of IFRS 15, while the former are in scope of IFRS 16, "Leases".

LENDING PORTFOLIO

Critical judgments are made in determining the fair value of loan investments that are classified as FVTPL. The fair values of these loans are reviewed regularly by the Asset Manager with reference to market interest rates, which considers similar instruments with corresponding maturity dates plus a credit adjustment in accordance with the borrowers creditworthiness as well as the risk characteristics of the underlying development.

DEPRECIATION OF RENEWABLE POWER ASSETS

The Trust makes estimates and assumptions when determining the annual depreciation rates, residual values, and useful lives of its depreciable assets. The assets' depreciation rates are detailed in Note 3.

BUSINESS COMBINATIONS

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits to investors. A business generally consists of inputs, processes applied to those inputs and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a group of assets is deemed to have been acquired. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business. Judgment is used by the Asset Manager in determining whether an acquisition qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition.

When determining whether an acquisition is a business combination or an asset acquisition, the Trust applies judgment when considering whether the acquisition is capable of producing outputs and whether the market participant could produce outputs if missing elements exist. In particular, the Trust considers whether employees were assumed in the acquisition and whether an operating platform has been acquired.

IMPAIRMENT

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to amounts receivable, equity accounted investments, lending portfolio, intangible assets and renewable power assets. Such estimates and assumptions primarily relate to the timing and amount of future cash flows.

IFRS 9, "Financial Instruments", requires management to use judgment in determining whether the Trust's financial assets require a provision for impairment. The Trust's financial assets are subject to the ECL model whereby the Trust estimates on a forward

looking basis possible default scenarios and establishes a provision matrix that considers various factors including industry and sector performance, economic and technological changes, and other external market indicators.

IAS 36, "Impairment of Assets", requires management to use judgment in determining the recoverable amount of non-financial assets tested for impairment. Judgment is involved in estimating the fair value less the cost to sell or value-in-use of the cash-generating units ("CGUs"), including estimates of growth rates, discount rates and terminal rates. The values assigned to these key assumptions reflect past experience and are consistent with external sources of information.

ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires the Trust to make estimates and assumptions that affect the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of total comprehensive income (loss) for the period. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the consolidated financial statements relate to the following:

VALUATION OF INCOME PROPERTIES AND DEVELOPMENT AND INVESTMENT HOLDINGS

The fair values of income properties and development and investment holdings are dependent on estimates regarding stabilized or forecasted NOI and capitalization and discount rates applicable to those assets. The determination of stabilized or forecasted NOI incorporates various assumptions including those regarding contractual rents, expected future market rents, renewal rates and maintenance costs. Capitalization and discount rates reflect market uncertainties and are based on the location, size and quality of the asset and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of income properties and development and investment holdings may change materially.

VALUATION OF FINANCIAL INSTRUMENTS

The Trust makes estimates and assumptions relating to the fair value measurement and disclosure of the development and investment holdings, lending portfolio, mortgages payable and term loans. The fair values of development holdings, that are not based on recent purchase or bid price, are determined based on discounted cash flows and the direct capitalization rate method using discount rates and capitalization rates that reflect current market conditions for instruments with similar terms and risks. The fair values of investments holdings are determined by applying capitalization rates, which reflect current market conditions for properties with similar terms and risks, to the Asset Manager's assessment of stabilized NOI. There are no quoted prices in an active market for the lending portfolio investments. The Trust determines fair value based on its assessment of the current lending market for lending portfolio investments having the same or similar terms, in consultation with the manager and servicer of the lending portfolio, and other available information. The critical assumptions underlying the fair value measurements and disclosures include the market interest rates for lending portfolio and mortgages and term loans, discount rates for development holdings and stabilized NOI for investment holdings.

For certain financial instruments, including cash, restricted cash, amounts receivable, amounts payable and accrued liabilities, deposits, and distributions payable, the carrying amounts approximate fair values due to their immediate or short-term maturity.

5. ADOPTION OF ACCOUNTING STANDARDS

CURRENT ACCOUNTING POLICY CHANGES

The Trust has adopted the following revised standards, along with any consequential amendments, effective January 1, 2019.

LEASES

IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract.

Effective January 1, 2019, the Trust has applied IFRS 16, a single accounting model for most leases that requires a lessee to recognize right-of-use assets and lease liabilities for leases. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. The Trust performed an in-depth assessment of its various segments and contracts to identify lease arrangements impacted by IFRS 16. The Trust has elected to apply the modified retrospective approach with the cumulative effect of initially applying the standard recognized at the date of initial application in accordance with transitional provisions. Therefore, the comparative information has not been restated and application of the standard will result in the calculation of the lease liability by discounting the remaining rental payments at the lessee's incremental borrowing rate at January 1, 2019, the date of transition. As a result of its assessment, the Trust identified various land and rooftop leases within its renewable portfolio and the Trust recognized right-of-use assets and a corresponding lease liability for \$12,036 in the consolidated statements of

financial position as at January 1, 2019. During the year ended December 31, 2019, the renewable power portfolio was sold, which included the right-of-use assets and corresponding lease liability. As at December 31, 2019, the balance of the lease liability was \$nil as a result. Refer to "Note 6 - Discontinued Operations".

Operating lease commitments disclosed as at December 31, 2018	\$	18,358
Non-lease commitments disclosed as at December 31, 2018		1,051
Total operating commitments disclosed as at December 31, 2018	\$	19,409
Discounted using the lessee's incremental borrowing rate as of the date of initial application		(5,247)
Less: Short-term and low-value leases recognized on a straight-line basis as an expense		—
Less: Non-lease commitments		(1,051)
Less: Adjustments as a result of a different treatment of extension and termination options		(1,075)
Lease liability recognized as at January 1, 2019	\$	12,036

INCOME TAXES

IFRIC 23, "Uncertainty over Income Tax Treatments" ("IFRIC 23"), clarifies the application of the recognition and measurement requirements in IAS 12, "Income Taxes" ("IAS 12"), for situations where there is uncertainty over income tax treatments. IFRIC 23 specifically addresses whether an entity considers income tax treatments separately; assumptions that an entity makes regarding the examination of tax treatments by taxation authorities; how an entity determines taxable income or loss, tax bases, unused tax losses or credits, and tax rates; and how an entity considers changes in facts and circumstances. IFRIC 23 does not apply to taxes or levies outside the scope of IAS 12. This amendment did not have an impact on the Trust's consolidated financial statements.

FUTURE ACCOUNTING POLICY CHANGES

Standards issued but not yet effective up to the date of issuance of the Trust's consolidated financial statements that are likely to have an impact on the Trust are listed below. This listing is of standards and interpretations issued that the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt those standards when they become effective.

BUSINESS COMBINATIONS

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

6. DISCONTINUED OPERATIONS

In the year ended December 31, 2019, the Trust sold its renewable power portfolio with a net asset position of \$64,829 for gross cash proceeds of \$63,730 plus the assumption by the buyer of the assets and liabilities. Upon disposition, the Trust recorded a net loss of \$1,099 and realized losses of \$4,846 related to the realization of the foreign currency translation reserve and the loss from the derivative financial liabilities hedge. As a result of the sale of the renewable portfolio, the foreign currency translation reserve and the loss from the derivative financial liabilities were fully realized in the consolidated statements of net income.

A summary of assets held for sale is as follows:

For the year ended December 31	Note	December 31, 2019
Balance, beginning of year		\$ —
Add (Deduct):		
Reclassified from renewable power assets	10	139,278
Reclassified from renewable power segment - working capital		8,859
Changes in working capital		4,913
Foreign currency loss		(609)
Disposition of working capital		(12,554)
Disposition of renewable power assets		(139,887)
Balance, end of year		\$ —

A summary of liabilities related to assets held for sale is as follows:

For the year ended	Note	December 31, 2019
Balance, beginning of year		\$ —
Add (Deduct):		
Term loans reclassified to liabilities held for sale		71,591
Working capital reclassified to liabilities held for sale		2,466
Lease liability reclassified to assets held for sale		11,592
Term loan repayments		(1,268)
Amortization of deferred financing costs		131
Changes in working capital		1,858
Foreign currency gain		461
Disposition of term loans		(71,326)
Disposition of liabilities related to assets held for sale - working capital and lease liabilities		(15,505)
Balance, end of year		\$ —

A summary of the renewable power-discontinued operations are as follows:

	Note	2019	2018
Total income	\$	15,853	\$ 17,874
Operating expenses		(5,208)	(10,137)
Interest expense		(3,459)	(3,672)
Interest and other income		384	—
Loss on sale of renewable power portfolio		(1,099)	—
Reversal of losses reclassified to net income on disposition of renewable power portfolio:			
Derivative financial liabilities hedges	18	(2,233)	—
Foreign currency translation loss	18	(2,613)	—
Net income from discontinued operations before income tax recovery (expense)		1,625	4,065
Income tax expense from discontinued operations - current		—	(9)
Income tax recovery (expense) from discontinued operations - deferred	23	2,729	(1,019)
Net income after income tax expense from discontinued operations	\$	4,354	\$ 3,037

The renewable power segment included operations in foreign jurisdictions. During the year ended December 31, 2019, total income of \$2,857 (December 31, 2018 - \$2,696) was attributed to operations in foreign jurisdictions. As at December 31, 2019 there were no non-current assets that were attributed to operations in foreign jurisdictions (December 31, 2018 - \$19,724). During the year ended December 31, 2019, the Trust recorded total income of \$6,620 (December 31, 2018 - \$7,354) from an electric transmission and distribution company in the renewable power portfolio.

7. DEVELOPMENT AND INVESTMENT HOLDINGS

The table below provides a continuity of development and investment holdings:

	FVTPL	AFS ⁽¹⁾	Total investment holdings	Development holdings	Total development and investment holdings
Balance as at January 1, 2018	\$ 3,652	\$ 14,799	\$ 18,451	\$ 72,155	\$ 90,606
Reclassification on the adoption of IFRS 9 ⁽¹⁾	14,799	(14,799)	—	—	—
Acquisitions	37,926	—	37,926	—	37,926
Distributions/capital repayment	(4,886)	—	(4,886)	(3,060)	(7,946)
Fair value adjustments	2,353	—	2,353	(4,330)	(1,977)
Balance as at December 31, 2018	\$ 53,844	\$ —	\$ 53,844	\$ 64,765	\$ 118,609
Advances	10,795	—	10,795	2,750	13,545
Distributions/capital repayment	—	—	—	(1,778)	(1,778)
Dispositions	(10,307)	—	(10,307)	—	(10,307)
Fair value adjustments	(5,596)	—	(5,596)	474	(5,122)
Balance as at December 31, 2019	\$ 48,736	\$ —	\$ 48,736	\$ 66,211	\$ 114,947

⁽¹⁾ Upon adoption of IFRS 9, the financial instruments previously recorded as available-for-sale ("AFS") are now classified as Fair Value Through Profit and Loss ("FVTPL").

As at December 31, 2019, investment holdings include a hospitality asset and a retail asset within one of the limited partnerships that are recorded as FVTPL. Development holdings, also recorded through FVTPL, includes two long-term participating loans secured by real property comprising two residential assets under development.

During the year ended December 31, 2019, the Trust recorded a net fair value loss of \$5,122. This net fair value loss was primarily due to the sale of certain components of its retail properties within investment holdings for gross proceeds of \$10,307 and a fair value loss of \$3,476 at the time of disposition.

During the year ended December 31, 2018, the Trust invested US \$29,000 (CAD \$37,926) for an approximate 10% interest in the Hard Rock/Virgin Hotels Las Vegas ("Hard Rock"), with a consortium of partners, led by Juniper Capital partners and Fengate Real Asset Investments. During the year ended December 31, 2019, the Trust invested an additional CAD \$10,795 into the investment. This investment is considered an investment holding asset and is classified as FVTPL. As at December 31, 2019, the cash paid continues to approximate fair value, adjusted for foreign currency translation.

The fair value methodologies applied have been consistent with the prior period. For development and investment holdings recently acquired, or where certain bids have been obtained, the fair value is based on the purchase or bid price. The fair value methodologies and material assumptions for each respective category, other than the above noted, are summarized in the table below:

As at			December 31, 2019	December 31, 2018
	Method	Unobservable inputs	Range	Range
Development holdings				
Residential assets under development	Discount future anticipated proceeds from unit closings	Discount rates	7.0% - 8.0%	7.0% - 8.0%
Investment holdings				
Limited Partnerships	Calculate value by applying direct capitalization method to stabilized NOI and where applicable discount back to the reporting date	Capitalization rates	-	6.2% - 7.0%

Generally, an increase in anticipated proceeds from unit closings or an increase in stabilized NOI will result in an increase in fair values. An increase in the capitalization rates ("cap rate") or in the discount rates will result in a decrease in fair values.

If the discount rates applied for residential assets under development were to increase by 1%, the fair value of the residential assets under development would decrease by \$300. If the discount rate were to decrease by 1%, the fair value would increase by \$300.

8. LENDING PORTFOLIO

For the years ended	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 144,095	\$ 161,432
Add (Deduct):		
Lending portfolio advances	119	35,042
Changes in accrued interest balance	(111)	(776)
Provision for lending portfolio losses	(2,350)	—
Interest capitalized to lending portfolio balance	5,029	6,113
Premium (discount) on lending portfolio	752	(3,546)
Lender fees and extension fees received	383	318
Principal repayments at maturity, contractual repayments and prepayments	(83,212)	(54,488)
Balance, end of year⁽¹⁾	\$ 64,705	\$ 144,095
Less: current portion	51,216	96,968
Non-current portion of lending portfolio	\$ 13,489	\$ 47,127

⁽¹⁾ Lending portfolio balance includes a loan of \$7,301 (December 31, 2018 - \$16,574) that is classified as FVTPL.

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

As at	December 31, 2019	December 31, 2018
Weighted average interest rate (year-end)	9.1%	9.6%
Security allocation (1st mortgages/other)	47.7% / 52.3%	69.8% / 30.2%
Maturity dates	2020 - 2025	2019 - 2025
Balance of accrued interest	\$ 130	\$ 241
Loans with prepayment options	30,877	37,127

During the year ended December 31, 2019, an increase in the existing provision for the lending portfolio resulted in a loss of \$2,350 (December 31, 2018 - \$nil). The full provision relates to one loan, the value of which was determined based on the net realizable value of the underlying real estate properties and related transaction costs based on internal valuations. The provision for impairment on this loan was established based on the credit adjusted approach ECL model which results in expected credit losses calculated considering an estimate of default over the life of the asset. There was no provision recorded on the remainder of the lending portfolio due to the value of the collateralized properties and the loan to value ratios.

During the year ended December 31, 2019, a loan investment classified as FVTPL, aggregating \$7,301 (December 31, 2018 - \$16,574), was measured at fair value using a discounted cash flow method. The fair value was determined by discounting the expected cash flows of the loan using an interest rate of 17.5% (December 31, 2018 - 17.6%), which took into consideration similar instruments with corresponding maturity dates plus a credit adjustment in accordance with the borrowers' creditworthiness, as well as the risk profile of the underlying securities. Generally, under this method, a decrease in the market rate will result in an increase to the fair value and an increase in the market rate will result in a decrease to the fair value. If the weighted average market rate were to increase by 25 basis points ("bps"), the fair value of the loan investments would decrease by \$100. If the weighted average market rate were to decrease by 25 bps, the fair value would increase by \$100.

9. INCOME PROPERTIES

For the year ended	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 224,310	\$ 219,656
Add (Deduct):		
Building improvements	4,195	1,250
Lease incentives and initial direct leasing costs	3,266	6,859
Amortization of lease incentives	(1,626)	(1,260)
Fair value adjustments to income properties	15,064	(2,195)
Disposition of properties	(44,340)	—
Balance, end of year	\$ 200,869	\$ 224,310
Change in unrealized gains (losses) included in net income (loss) for the year		
Change in fair value of income properties	\$ 21,194	\$ (2,195)

As at December 31, 2019, the Trust's income properties consisted of three wholly owned office properties, and an interest in an office property co-owned with Dream Office Real Estate Investment Trust ("Dream Office REIT"), which is accounted for as a joint operation.

During the year ended December 31, 2019, the Trust sold its six co-owned industrial properties to Dream Industrial Real Estate Investment Properties ("Dream Industrial REIT") for gross proceeds of \$8,069. Net proceeds were \$2,641, after the assumption of the mortgage payable by the purchaser.

During the year ended December 31, 2019, the Trust sold its remaining non-core income property, which was co-owned with Dream Office REIT, to a third-party for gross proceeds of \$36,271. Net proceeds were \$7,857, after the repayment of the mortgage payable by the Trust.

During the year ended December 31, 2019, the Trust recorded a net fair value gain of \$15,064 (December 31, 2018 - fair value loss of \$2,195) in the consolidated statements of net income (loss). The net fair value gain primarily related to a wholly owned office property, whereby its highest and best use considered the asset's redevelopment potential due to its recent rezoning application submission, thereby the property was valued using the direct comparison approach. The direct comparison approach considered recent activity for similar development/redevelopment sites. The appraised value for this wholly owned property was a higher value than the fair value recorded in the consolidated statement of financial position as it was adjusted for factors specific to the property, which included zoning, density and timing assumptions.

During the year ended December 31, 2019, income properties with a total fair value of \$200,869 (December 31, 2018 - \$224,310) were valued by an independent third party appraiser at a value of \$222,069 (December 31, 2018 - \$224,310).

Certain income properties, other than the above noted, are measured at fair value using the income approach, which is derived from the overall capitalization rate method or discounted cash flow method. The fair values of certain income properties were determined by using cap rates of 5.0% to 6.3% (December 31, 2018 – 4.3% to 7.5%), resulting in a weighted average cap rate of 5.9% (December 31, 2018 – 5.9%) and discount rates of 6.0% to 7.3% (December 31, 2018 – 5.8% to 8.8%).

Generally, under the overall cap rate method, an increase in stabilized NOI will result in an increase to the fair value. An increase in the cap rate will result in a decrease to the fair value. The cap rate magnifies the effect of a change in stabilized NOI. If the weighted average cap rate were to increase by 25 bps, the fair value of income properties would decrease by \$10,000. If the weighted average cap rate were to decrease by 25 bps, the fair value would increase by \$10,000.

As at December 31, 2019, all of the income properties, with a fair value of \$200,869 (December 31, 2018 – \$224,310), were pledged as security for mortgages.

10. RENEWABLE POWER ASSETS

The table below provides a continuity of renewable power assets:

	Note	Right-of-use	Solar power	Wind power	Total
Balance as at January 1, 2018		\$ —	\$ 83,381	\$ 52,133	\$ 135,514
Additions to renewable power assets during the year		—	312	277	589
Depreciation of renewable power assets		—	(3,530)	(2,476)	(6,006)
Foreign currency gain		—	—	518	518
Balance as at December 31, 2018		\$ —	\$ 80,163	\$ 50,452	\$ 130,615
Right-of-use assets recognized on the adoption of IFRS 16 ⁽¹⁾		12,036	—	—	12,036
Dispositions to renewable power assets during the period		—	(41)	—	(41)
Depreciation of renewable power assets		(236)	(1,198)	(844)	(2,278)
Foreign currency loss		(219)	—	(835)	(1,054)
Transfers to assets held for sale	6	(11,581)	(78,924)	(48,773)	(139,278)
Balance as at December 31, 2019		\$ —	\$ —	\$ —	\$ —

⁽¹⁾ Upon adoption of IFRS 16, the trust has recognized right-of-use assets for leases with terms more than 12 months. Refer to Note 5, "Adoption of Accounting Standards".

As at	December 31, 2019	December 31, 2018
Gross book value	\$ 158,248	\$ 147,307
Accumulated depreciation	(18,970)	(16,692)
Transfers to assets held for sale	(139,278)	—
Total renewable power assets	\$ —	\$ 130,615

During the year ended December 31, 2019, the Trust classified its renewable power assets as assets held for sale and sold the portfolio. For further details refer to Note 6, "Discontinued Operations".

11. OTHER NON-CURRENT ASSETS

As at	December 31, 2019	December 31, 2018
Deposits and other	1,034	4,246
Intangible assets, net of amortization – wind power contract	—	1,636
Straight-line rent receivable	755	611
Total	\$ 1,789	\$ 6,493

12. EQUITY ACCOUNTED INVESTMENTS

The Trust participates in various partnerships with other parties for the purpose of investing in various residential and mixed-use investment property developments, which are accounted for using the equity investment method. These partnerships are either considered joint ventures or investments in associates. A joint venture is an arrangement entered into in the form of jointly controlled entities whereby the parties have joint control and have rights to the net assets of the arrangement. Investments in associates are those in which the Trust has significant influence over the arrangement. As at December 31, 2019, the carrying value of these arrangements was \$186,713 (December 31, 2018 - \$132,528).

During the year ended December 31, 2019, the Axis Condominiums project was completed, which resulted in \$16,322 of income recorded at the Trust's share as well as the receipt of cash advances of \$17,215.

During the year ended December 31, 2019, the Trust entered into an agreement with Anishnawbe Health Toronto to develop a mixed-use project ("Canary Block 10") within the Canary District, adjacent to the West Don Lands and Distillery District in downtown Toronto. As at December 31, 2019, the Trust along with DAM, together, hold a 33.3% interest in the residential rental component of Canary Block 10, with the remainder owned by Kilmer Van Nostrand Co. Ltd. and Tricon Capital Group. The Trust invested \$125, including transaction costs, for a 25% interest in Canary Block 10 with DAM owning 8.3%. The investment is considered to be a joint venture and the equity method of accounting was applied.

During the year ended December 31, 2019, the Trust, along with DAM, acquired the remaining 50% of an existing equity partnership formed for the development of a residential property located in downtown Toronto, Ontario. The Trust, along with DAM, invested \$4,458 for the additional 50% in the development investment resulting in the Trust owning a 75% interest and DAM owning the remainder. The project is managed by DAM, which controls the general partner ("GP"). Given the ownership percentage and decision making abilities of the Trust pursuant to the partnership agreements, the Trust is considered to have significant influence over this investment, and accordingly, the equity method of accounting continued to be applied.

During the year ended December 31, 2019, the Trust, along with DAM, increased its interest in a retail shopping centre and residential mixed-use development investment opportunity located at 100 Steeles Ave. West in Toronto, Ontario ("100 Steeles") to 50%. The Trust initially invested \$2,156 for an additional interest in the investment resulting in the Trust increasing its ownership to 37.5% in 100 Steeles, with DAM owning the remaining 12.5%. Given the ownership percentage and the ability to exercise significant influence pursuant to the partnership agreements, the Trust is considered to have significant influence over this investment, and accordingly, the equity method of accounting continued to be applied.

During the year ended December 31, 2018, the Trust entered into a partnership with Parallax Jardun Inc. ("Parallax") for purposes of investing in a mixed use condominium development ("Queen & Mutual"), located in downtown Toronto. The investment acquired various retail investment properties located along the Mutual Street and Queen Street East intersection. Through a 45% interest in the partnership, the Trust, along with Parallax, acquired a 20% equity investment in the development. The Trust initially invested \$1,242, including transaction costs. The investment is considered to be a joint venture and the equity method of accounting was adopted.

During the year ended December 31, 2018, the Trust formed a partnership to develop a new residential rental apartment community in Toronto's West Don Lands region. The partnership entered into 99-year land leases with Infrastructure Ontario ("IO") for land parcels that will be developed into approximately 1,500 rental units as well as retail and office space. The Trust, along with DAM, together hold a 33.3% ownership share in the partnership with the residual interest held by Kilmer Van Nostrand and Tricon Capital Group. The Trust initially invested \$837, including transaction costs, for a 25% interest in the West Don Lands investment with DAM owning 8.3%. The investment is considered to be a joint venture and the equity method of accounting was adopted.

During the year ended December 31, 2018, the Trust entered into a partnership which included Fieldgate Homes, Mattamy Homes, Paradise Developments, and TACC Construction Ltd. The partnership invested in a fully-zoned 395-acre land and housing development located in Seaton, in the City of Pickering, Ontario ("Seaton Development"). During the year ended December 31, 2018, the Trust, along with Fieldgate Homes, acquired a 14% equity investment in the partnership, of which the Trust owns 50%. The Trust initially invested a total of \$9,050 for its interest in the partnership through a combination of loans and equity investment. The investment is considered to be a joint venture and the equity method of accounting was adopted.

Each equity accounted investment is subject to a shareholder or limited partnership agreement that governs distributions from these investments. In addition, distributions must also comply with the respective credit agreements.

The following tables summarize the Trust's proportionate share of the net assets of the equity accounted investments:

As at December 31, 2019	100% project level			Ownership interest	Net assets
	Asset	Liabilities	Net assets		
Frank Gehry	\$ 397,321	\$ 273,647	\$ 123,674	18.75%	\$ 23,189
Brightwater ⁽¹⁾	274,230	110,325	163,905	23.25%	38,108
Zibi	248,809	114,379	134,430	40.00%	53,772
Lakeshore East	67,562	30,012	37,550	37.50%	14,081
West Don Lands	141,714	106,526	35,188	25.00%	8,797
100 Steeles	32,501	10,914	21,587	37.50%	8,095
Axis Condominiums	126,291	1,250	125,041	28.00% ⁽²⁾	18,381
Other ⁽³⁾	226,754	114,612	112,142	7.00% - 50.00%	22,290
Total	\$ 1,515,182	\$ 761,665	\$ 753,517		\$ 186,713

⁽¹⁾ Formerly known as Port Credit Development.

⁽²⁾ Effective economic interest of 14.7% based on milestone achieved per partnership agreement.

⁽³⁾ Other equity accounted investments includes IVY Condominiums, Plaza Bathurst, Plaza Imperial, Seaton development, Canary Block 10 and Queen & Mutual.

As at December 31, 2018	100% project level			Ownership interest	Net assets
	Asset	Liabilities	Net assets		
Frank Gehry	\$ 378,422	\$ 260,395	\$ 118,027	18.75%	\$ 22,130
Brightwater ⁽¹⁾	265,363	124,167	141,196	23.25%	32,828
Zibi	193,516	97,521	95,995	40.00%	38,398
Lakeshore East	64,363	30,040	34,323	37.50%	12,871
West Don Lands	69,809	62,025	7,784	25.00%	1,946
100 Steeles	31,866	7,390	24,476	25.00%	6,119
Axis Condominiums	135,701	128,516	7,185	28.00%	2,012
Other ⁽²⁾	210,642	110,948	99,694	7.00% - 50.00%	16,224
Total	\$ 1,349,682	\$ 821,002	\$ 528,680		\$ 132,528

⁽¹⁾ Formerly known as Port Credit Development.

⁽²⁾ Other equity accounted investments includes IVY Condominiums, Plaza Bathurst, Plaza Imperial, Seaton development and Queen & Mutual.

The following tables summarize the Trust's proportionate share of revenue and net income (loss) in the equity accounted investments:

	100% project level				
For the year ended December 31, 2019	Revenue	Net income (Loss)	Ownership interest	Revenue	Net income (Loss)
Frank Gehry	\$ 2,278	\$ (1,855)	18.75%	\$ 427	\$ (348)
Brightwater ⁽¹⁾	59	(511)	23.25%	14	(119)
Zibi	5,191	(3,618)	40.00%	2,076	(1,447)
Lakeshore East	395	269	37.50%	148	101
West Don Lands	996	21,995	25.00%	249	5,499
100 Steeles	2,355	(1,441)	37.50%	883	(540)
Axis Condominiums	281,171	111,034	28.00% ⁽²⁾	41,332	16,322
Other ⁽³⁾	2,415	8,912	7.00% - 75.00%	822	3,453
Total	\$ 294,860	\$ 134,785		\$ 45,951	\$ 22,921

⁽¹⁾ Formerly known as Port Credit Development.

⁽²⁾ Effective economic interest of 14.7% based on milestone achieved per partnership agreement.

⁽³⁾ Other equity accounted investments includes IVY Condominiums, Plaza Bathurst, Plaza Imperial, Seaton development, Block 10 and Queen & Mutual.

	100% project level				
For the year ended December 31, 2018	Revenue	Net income (Loss)	Ownership interest	Revenue	Net income (Loss)
Frank Gehry	\$ 5,124	\$ 787	18.75%	\$ 961	\$ 148
Brightwater ⁽¹⁾	—	(98)	23.25%	—	(23)
Zibi	19,987	1,706	40.00%	7,995	682
Lakeshore East	132	(165)	37.50%	50	(62)
West Don Lands	597	576	25.00%	149	144
100 Steeles	2,168	224	37.50%	542	56
Axis Condominiums	—	(16)	28.00%	—	(3)
Other ⁽²⁾	1,539	(327)	7.00% - 75.00%	607	(129)
Total	\$ 29,547	\$ 2,687		\$ 10,304	\$ 813

⁽¹⁾ Formerly known as Port Credit Development.

⁽²⁾ Other equity accounted investments includes IVY Condominiums, Plaza Bathurst, Plaza Imperial, Seaton development and Queen and Mutual.

13. AMOUNTS RECEIVABLE

As at	December 31, 2019	December 31, 2018
Trade receivables	\$ 3,224	\$ 3,032
Less: Provision for impairment of trade receivables	—	(139)
Other amounts receivable	5,895	570
Total	\$ 9,119	\$ 3,463

The movement in the provision for impairment of trade receivables was as follows:

For the year ended	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 139	\$ 437
Provision for impairment of trade receivables	(139)	(280)
Receivables written off during the period as uncollectible	—	(18)
Balance, end of year	\$ —	\$ 139

The carrying value of amounts receivable approximates fair value as the Trust expects to realize these amounts within the next 12 months. As at December 31, 2019, trade receivables of \$75 (December 31, 2018 – \$44) were past due but not considered impaired as the Trust has ongoing relationships with these counterparties and the aging of these trade receivables is not indicative of expected default.

The Trust leases office and retail properties to tenants under operating leases. Minimum rental commitments including non-cancellable tenant operating leases over the remaining terms are as follows:

As at December 31, 2019

No more than 1 year	\$ 8,622
1 year	8,297
2 years	7,535
3 years	7,113
4 years	5,641
5+ years	18,355
Total	\$ 55,563

14. DEBT

As at	December 31, 2019	December 31, 2018
Mortgages payable	\$ 89,269	\$ 122,684
Term loans	—	75,970
Total debt before undernoted	\$ 89,269	\$ 198,654
Unamortized balance of deferred financing costs	(281)	(3,162)
Total	\$ 88,988	\$ 195,492
Less: current portion	878	32,646
Total non-current long-term debt	\$ 88,110	\$ 162,846

	Outstanding balance
2020	\$ 878
2021	10,975
2022	77,416
Balance as at December 31, 2019	\$ 89,269

DEBT CONTINUITY

	Term loans - discontinued operations	Mortgages payable	Total debt
Balance as at January 1, 2018	\$ 76,720	\$ 123,057	\$ 199,777
Regular repayments	(3,599)	(1,065)	(4,664)
Deferred financing cost amortization	157	222	379
Balance as at December 31, 2018	\$ 73,278	\$ 122,214	\$ 195,492
Assumed debt on disposition	(71,326)	(5,410)	(76,736)
Regular repayments	(2,083)	(1,013)	(3,096)
Lump sum repayments	—	(27,008)	(27,008)
Deferred financing cost amortization	131	205	336
Balance as at December 31, 2019	\$ —	\$ 88,988	\$ 88,988

MORTGAGES PAYABLE

Mortgages payable are secured by charges on specific income properties, bear interest at a weighted average face rate of 3.6% (December 31, 2018 – 3.5%) and mature between 2021 and 2022. During the year ended December 31, 2019, lump sum principal repayments of \$27,008 (December 31, 2018 – \$nil) related to a non-core income property which was settled by the Trust. During the year ended December 31, 2019, regular mortgage principal repayments were \$1,013 and regular term loan repayments were \$2,083 (December 31, 2018 – \$4,664).

During the year ended December 31, 2019, a mortgage payable on an income property co-owned with Dream Office REIT was amended, resulting in no principal repayments being required until the maturity date in 2022.

TERM LOANS AND RESTRICTED CASH

As at December 31, 2019, the term loan and restricted cash balance were both \$nil (December 31, 2018 - \$75,970 and \$3,555, respectively). Both of these balances related to the renewable power portfolio - discontinued operations which was disposed during the year ended December 31, 2019 (refer to Note 6 "Discontinued Operations").

REVOLVING CREDIT FACILITY

A demand revolving credit facility (the "facility") is available to the Trust up to a formula-based maximum not to exceed \$50,000. The available credit under the facility, as determined by the formula, was \$9,254, as at December 31, 2019 (December 31, 2018 - \$39,395). The facility is in the form of rolling one-month Bankers' Acceptance ("BA") rates and bears interest at the BA rate plus 2.0%, or at the bank's prime rate plus 1.0% (3.95% as at December 31, 2019, and December 31, 2018), payable monthly. The facility is secured by a general security agreement over all assets of Dream Alternatives Lending Services LP and Dream Alternatives Master LP, which are subsidiaries of the Trust. As at December 31, 2019, funds available under the facility were \$8,894 (December 31, 2018 – \$38,000), net of \$360 (December 31, 2018 – \$1,395) of letters of credit issued against the facility. As at December 31, 2019, no funds were drawn on the revolving credit facility (December 31, 2018 – \$nil). During the year ended December 31, 2019, the facility was renewed with certain financial covenant requirements amended and the maturity date extended to July 31, 2021.

FINANCIAL COVENANTS

The revolving credit facility, the financial guarantees, and certain mortgages on income properties contain financial covenants that require the Trust to meet certain financial ratios and financial condition tests. A failure to meet these tests could result in default and, if not cured or waived, could result in an acceleration of the repayment in the underlying financing. As at December 31, 2019, the Trust was in compliance with these financial covenants.

15. DEFERRED UNIT INCENTIVE PLAN ("DUIP")

The DUIP provides for the grant of deferred Trust Units ("DTUs") to Trustees, officers and employees as well as affiliates and their service providers, including the Asset Manager. DTUs are granted at the discretion of the Trustees and receive distributions in the form of income deferred Trust Units as they are declared and paid by the Trust. Once granted, each DTU and the related distribution of income deferred Trust Units from such DTUs vest evenly over a three-year or five-year period on the anniversary date of the grant. Subject to an election option available for certain participants to postpone the receipt of Units, such Units will be issued immediately on vesting. As at December 31, 2019, up to a maximum of 3,000,000 DTUs were issuable under the DUIP. Distributions on the unvested DTUs are paid in the form of Units converted at the market price on the date of distribution.

	Total
Balance as at January 1, 2018	\$ 1,524
Compensation expense	758
Trust units issued	(309)
Re-measurements of carrying value of deferred trust units	193
Balance as at December 31, 2018	2,166
Compensation expense	784
Trust units issued	(1,075)
Re-measurements of carrying value of deferred trust units	1,086
Balance as at December 31, 2019	\$ 2,961

The following is a summary of the Trust's DUIP activity:

For the year ended	December 31, 2019	December 31, 2018
Units outstanding, beginning of the year	457,488	347,308
Granted	150,331	141,709
Distributions paid in units	26,401	24,906
Vested and paid out	(142,606)	(47,890)
Cancelled	(14,009)	(8,545)
Units outstanding, end of the year	477,605	457,488

During the year ended December 31, 2019, \$784 (December 31, 2018 – \$758) of compensation expense, related to the DTU's and a fair value loss of \$1,086 (December 31, 2018 – \$193), representing the re-measurement of the DUIP liability during the period were recognized in general and administrative expenses. As at December 31, 2019, 146,463 (December 31, 2018 – 120,316) DTUs that vested remained unexercised.

16. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	December 31, 2019	December 31, 2018
Accrued liabilities and other payables	\$ 27,644	\$ 15,820
Other liabilities	500	3,613
Distributions payable	2,292	2,420
Accrued interest	232	188
Rent received in advance	1,458	1,681
Total	\$ 32,126	\$ 23,722

17. UNITHOLDERS' EQUITY

DREAM ALTERNATIVES UNITS

Dream Alternatives is authorized to issue an unlimited number of units and an unlimited number of Special Trust Units ("STUs"). Each unit represents an undivided beneficial interest in the Trust. Each unit is transferable and entitles the holder thereof to:

- an equal participation in distributions of the Trust;
- rights of redemption; and
- one vote at meetings of unitholders.

The STUs may only be issued to holders of exchangeable securities and entitle the holder to exchange the exchangeable securities for units. The STUs have a nominal redemption value, entitle the holder to vote at the Trust level and do not receive distributions. At December 31, 2019, there were no STUs issued and outstanding.

DISTRIBUTIONS

Pursuant to its Declaration of Trust, Dream Alternatives expects to maintain monthly distribution payments to unitholders payable on or about the 15th day of the following month. The amount of the annualized distribution to be paid is determined by the Trustees, at their sole discretion, based on what they consider appropriate given the circumstances of the Trust. The Trustees may declare distributions out of the income, net realized capital gains and capital of the Trust to the extent such amounts have not already been paid, allocated or distributed. The following table provides details of the distribution payments:

For the year ended	December 31, 2019	December 31, 2018
Paid in cash	\$ 26,730	\$ 20,127
Paid by way of reinvestment in units	1,779	9,167
Payable at beginning of period	(2,420)	(2,414)
Payable at end of period	2,292	2,420
Total	\$ 28,381	\$ 29,300

On December 19, 2019, the Trust announced a cash distribution of \$0.033 per unit for the month of December 2019. The monthly distribution for December 2019 was paid on January 15, 2020. On January 22, 2020, the Trust announced a cash distribution of \$0.033 per unit for the month of January 2020, which was paid on February 14, 2020 to unitholders of record as at January 31, 2020.

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

The Distribution Reinvestment and Unit Purchase Plan ("DRIP") allowed holders of units, other than unitholders who are resident of or present in the United States, to elect to have all cash distributions from Dream Alternatives reinvested in additional units. Unitholders who participated in the DRIP received an additional distribution of units equal to 4% of each cash distribution that was reinvested.

On February 20, 2019, the Trust announced the suspension of its DRIP until further notice effective for the February 2019 distribution. During the year ended December 31, 2019, 271,551 units were issued under the DRIP (year ended December 31, 2018 - 1,400,255).

UNIT BUYBACK PROGRAM

The following table summarizes the Trust's unitholders' equity activity under its Substantial Issuer Bid ("SIB") and Normal Course Issuer Bid ("NCIB") program for the years ended as indicated:

For the year ended	December 31, 2019	December 31, 2018
Units repurchased (number of units)	4,876,984	1,273,109
Total cash consideration	\$ 38,053	\$ 8,350

During the year ended December 31, 2019, 4,876,984 units (year ended December 31, 2018 - 1,273,109 units) were purchased at a cost of \$38,053 (year ended December 31, 2018 - \$8,350), including 4,000,000 units repurchased for \$32,000, and 876,984 units repurchased for \$6,053 related to the SIB and NCIB, respectively.

The Trust received acceptance of its Notice of Intention to renew its prior NCIB from the TSX on January 11, 2019. The bid commenced on January 15, 2019 and will remain in effect until the earlier of January 14, 2020 or the date on which the Trust has purchased the maximum number of units permitted under the bid. Under the bid the Trust has the ability to purchase for cancellation up to a maximum of 6,066,081 units (representing 10% of the Trust's public float of 60,660,817 units at the time of entering the bid through the facilities of the TSX). Daily purchases were limited to 8,281 units which equals 25% of the average daily trading volume during the last six calendar months (being 33,126 units per day), other than purchases pursuant to applicable block purchase exceptions.

Subsequent to December 31, 2019, the Trust received acceptance of its Notice of Intention to renew its prior NCIB from the TSX on January 16, 2020. The bid commenced on January 20, 2020 and will remain in effect until the earlier of January 19, 2021 or the date on which the Trust has purchased the maximum number of units permitted under the bid. Under the bid the Trust has the ability to purchase for cancellation up to a maximum of 5,256,231 units (representing 10% of the Trust's public float of 52,562,317 units at the time of entering the bid through the facilities of the TSX). Daily purchases were limited to 8,281 units which equals 25% of the average daily trading volume during the last six calendar months (being 33,126 units per day), other than purchases pursuant to applicable block purchase exceptions. As at December 31, 2019, the number of issued and outstanding units is 68,763,987.

During the year ended December 31, 2019, the Trust entered into an automatic securities repurchase plan (the "Plan") in order to facilitate purchases of its units under the NCIB. The Plan allows for purchases by Dream Alternatives of units at any time including, without limitation, times when the Trust would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust based upon the parameters prescribed by the

TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the units may also be purchased in accordance with management's discretion. The Plan terminated on January 14, 2020. Subsequent to December 31, 2019, the Trust renewed the Plan which will expire on January 19, 2021.

18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Unamortized realized fair value gain (loss) from derivative financial liability hedge, net of tax	Fair value adjustments to and realized fair value losses from available-for-sale investments, net of tax	Unrealized foreign currency translation gain (loss)	Total
Balance as at January 1, 2018	\$ (1,810)	\$ 295	\$ (2,735)	(4,250)
Other comprehensive income during the year	—	—	467	467
Realized fair value income on financial liabilities hedge	99	—	—	99
Reclassification on adoption of IFRS 9 ⁽¹⁾	—	(295)	—	(295)
Balance as at December 31, 2018	\$ (1,711)	\$ —	\$ (2,268)	(3,979)
Foreign currency exchange loss during the year	—	—	(345)	(345)
Realized fair value income on financial liabilities hedge	53	—	—	53
Reversal of losses reclassified to net income on disposition of renewable power portfolio	1,658	—	2,613	4,271
Balance as at December 31, 2019	\$ —	\$ —	\$ —	—

⁽¹⁾ As at December 31, 2018, upon the adoption of IFRS 9, the Trust reclassified \$295, net of tax, of unrealized fair value adjustments from AFS investments previously reflected in OCI, as an opening retained earnings adjustment.

During the year ended December 31, 2019, the Trust disposed of its renewable power portfolio (refer to Note 6 "Discontinued Operations"), resulting in the realization of the foreign currency translation reserve and the loss from the derivative financial liability hedge into the consolidated statements of net income (loss).

In the year ended December 31, 2019, the realized fair value loss from the derivative financial liability hedges are net of income taxes of \$623 (December 31, 2018- \$36).

19. INCOME PROPERTIES REVENUE

For the year ended	December 31, 2019	December 31, 2018
Rental revenue	\$ 13,163	\$ 13,742
CAM and parking services revenue	10,405	10,329
Total	\$ 23,568	\$ 24,071

20. INCOME PROPERTIES OPERATING EXPENSES

For the year ended	December 31, 2019	December 31, 2018
Income properties operating costs	\$ 8,252	\$ 8,116
Realty tax expense	4,181	3,924
Salary and other compensation	517	495
Total	\$ 12,950	\$ 12,535

21. INTEREST EXPENSE

For the year ended	December 31, 2019	December 31, 2018
Interest expense incurred, at contractual rate of debt and other bank charges	\$ 4,806	\$ 5,070
Amortization of deferred financing costs	205	222
Total	\$ 5,011	\$ 5,292

22. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended	December 31, 2019	December 31, 2018
Salary and other compensation	\$ 3,041	\$ 1,983
Trust, service and professional fees	3,033	2,164
General office and other	464	472
Asset management and other third-party service fees	8,396	10,417
Total	\$ 14,934	\$ 15,036

23. INCOME TAXES

During the year ended December 31, 2019, the Trust recognized an income tax expense of \$4,358 (income tax expense for the year ended December 31, 2018 – \$684).

For the year ended	December 31, 2019	December 31, 2018
Current income tax recovery:		
Current income taxes with respect to profits in the year	\$ —	\$ 18
Current income tax recovery:	\$ —	\$ 18
Deferred income tax recovery (expense):		
(Origination) and reversal of temporary differences	(7,006)	480
Deferred tax adjustments in respect of prior years	(70)	(145)
Impact of changes in income tax rates	(11)	(9)
Deferred income tax recovery (expense)	\$ (7,087)	\$ 326
Total income tax recovery (expense) from continuing operations	\$ (7,087)	\$ 344
Total income tax recovery (expense) from discontinued operations	\$ 2,729	\$ (1,028)
Income tax expense	\$ (4,358)	\$ (684)

The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.7% for the year ended December 31, 2019 (December 31, 2018 – 26.8%) as illustrated in the table below:

For the year ended	December 31, 2019	December 31, 2018
Earnings before income tax expense for the year	\$ 35,064	\$ 10,521
Combined federal and provincial tax rate	26.7%	26.8%
Income tax expense before the undernoted	\$ (9,362)	\$ (2,822)
Effect on taxes of:		
Adjustment in expected future tax rates	(11)	(9)
Non-deductible expenses	(367)	(123)
Difference between Canadian rates and rates in foreign jurisdiction	(14)	15
Tax adjustments in respect of prior years	(70)	(145)
Rate differences	2,193	539
Change in unrecognized deferred tax asset	544	2,892
Other items	—	(3)
Total income tax recovery (expense)	\$ (7,087)	\$ 344

The movement in the deferred income tax assets and liabilities during the year ended December 31, 2019 and the net components of the Trust's net deferred income tax asset (liability) are illustrated in the following table:

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other	Hedge	Loss carry- forward	Total
Balance as at January 1, 2018	\$ (3,310)	\$ (2,893)	\$ 986	\$ (3,462)	\$ 209	\$ 659	\$ 8,863	\$ 1,052
(Charged) credited to:								
(Loss) Earnings for the year	(251)	(894)	(235)	2,996	(1,198)	—	(1,111)	(693)
Other comprehensive income	—	—	—	—	—	(36)	—	(36)
Balance as at December 31, 2018	\$ (3,561)	\$ (3,787)	\$ 751	\$ (466)	\$ (989)	\$ 623	\$ 7,752	\$ 323
(Charged) credited to:								
(Loss) earnings for the year	(7,387)	3,644	(509)	3,248	(1,073)	—	(2,281)	(4,358)
Charge to gain on sale	—	143	—	—	—	—	—	143
Other comprehensive income	—	—	—	—	—	(623)	—	(623)
Balance as at December 31, 2019	\$ (10,948)	\$ —	\$ 242	\$ 2,782	\$ (2,062)	\$ —	\$ 5,471	\$ (4,515)

24. SEGMENTED INFORMATION

As at December 31, 2019, the Trust has identified its reportable operating segments as development and investment holdings, lending portfolio and income properties based on how the chief operating decision-maker views the financial results of the business. As at December 31, 2019, the Trust's renewable power segment was classified as discontinued operations. For further details refer to Note 6, "Discontinued Operations".

For the years ended December 31, 2019 and December 31, 2018, a majority of income tax (expense) recoveries and general and administrative expenses were not allocated to the segment expenses as these costs are not specifically managed on a segmented basis.

SEGMENTED RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2019

	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total
INCOME					
Fair value adjustments and operating cash distributions in development and investment holdings	\$ (4,844)	\$ —	\$ —	\$ —	\$ (4,844)
Lending portfolio interest income and lender fees	—	12,809	—	—	12,809
Income properties revenue	—	—	23,568	—	23,568
Share of income from equity accounted investments	22,921	—	—	—	22,921
TOTAL INCOME	18,077	12,809	23,568	—	54,454
EXPENSES					
Income properties, operating	—	—	(12,950)	—	(12,950)
Interest expense	—	—	(4,463)	(548)	(5,011)
Provision for lending portfolio losses	—	(2,350)	—	—	(2,350)
General and administrative	—	—	—	(14,934)	(14,934)
TOTAL EXPENSES	—	(2,350)	(17,413)	(15,482)	(35,245)
Fair value adjustments to income properties	—	—	15,064	—	15,064
OPERATING INCOME (LOSS)	18,077	10,459	21,219	(15,482)	34,273
Interest and other income	1,350	—	173	789	2,312
Transaction costs	—	(14)	(295)	(1,212)	(1,521)
EARNINGS (LOSS) BEFORE INCOME TAX RECOVERY (EXPENSE)	19,427	10,445	21,097	(15,905)	35,064
INCOME TAX EXPENSE					
Deferred income tax expense	—	—	—	(7,087)	(7,087)
TOTAL INCOME TAX EXPENSE	\$ —	\$ —	\$ —	(7,087)	\$ (7,087)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS	19,427	10,445	21,097	(22,992)	27,977
TOTAL COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 19,427	\$ 10,445	\$ 21,097	\$ (22,992)	\$ 27,977

⁽¹⁾ Includes other Trust amounts not specifically related to the segments.

SEGMENTED RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2018

	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total
INCOME					
Fair value adjustments and operating cash distributions in development and investment holdings	\$ (1,260)	\$ —	\$ —	\$ —	\$ (1,260)
Lending portfolio interest income and lender fees	—	15,651	—	—	15,651
Income properties revenue	—	—	24,071	—	24,071
Share of income from equity accounted investments	813	—	—	—	813
TOTAL INCOME (LOSS)	(447)	15,651	24,071	—	39,275
EXPENSES					
Income properties, operating	—	—	(12,535)	—	(12,535)
Interest expense	—	—	(4,523)	(769)	(5,292)
General and administrative	—	—	—	(15,036)	(15,036)
TOTAL EXPENSES	—	—	(17,058)	(15,805)	(32,863)
Fair value adjustments to income properties	—	—	(2,195)	—	(2,195)
OPERATING INCOME (LOSS)	(447)	15,651	4,818	(15,805)	4,217
Interest and other income	1,350	—	1,114	849	3,313
Transaction costs	—	(101)	(274)	—	(375)
Fair value adjustments to marketable securities	—	—	3,657	(291)	3,366
EARNINGS (LOSS) BEFORE INCOME TAX RECOVERY (EXPENSE)	903	15,550	9,315	(15,247)	10,521
INCOME TAX RECOVERY					
Current income tax recovery	—	—	—	18	18
Deferred income tax recovery	—	—	—	326	326
TOTAL INCOME TAX RECOVERY	\$ —	\$ —	\$ —	\$ 344	\$ 344
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 903	\$ 15,550	\$ 9,315	\$ (14,903)	\$ 10,865

⁽¹⁾ Includes other Trust amounts not specifically related to the segments.

SEGMENTED ASSETS AND LIABILITIES – AS AT DECEMBER 31, 2019

As at December 31, 2019	Development and investment holdings	Lending portfolio	Income properties	Other ⁽¹⁾	Total
ASSETS					
Total non-current assets	\$ 301,660	\$ 13,489	\$ 201,779	\$ 879	\$ 517,807
Total current assets	7,929	51,216	6,456	112,733	178,334
TOTAL ASSETS	\$ 309,589	\$ 64,705	\$ 208,235	\$ 113,612	\$ 696,141
LIABILITIES					
Total non-current liabilities	\$ —	\$ —	\$ 88,110	\$ 7,476	\$ 95,586
Total current liabilities	17,142	—	8,950	6,912	33,004
TOTAL LIABILITIES	\$ 17,142	\$ —	\$ 97,060	\$ 14,388	\$ 128,590

⁽¹⁾ Includes the Trust and other segment level cash and net working capital balances.

SEGMENTED ASSETS AND LIABILITIES – AS AT DECEMBER 31, 2018

As at December 31, 2018	Development and investment holdings	Lending portfolio	Income properties	Renewable power - discontinued operations	Other ⁽¹⁾	Total
ASSETS						
Total non-current assets	\$ 254,794	\$ 47,127	\$ 225,076	\$ 132,251	\$ 757	\$ 660,005
Total current assets	642	96,968	9,081	10,179	36,432	153,302
TOTAL ASSETS	\$ 255,436	\$ 144,095	\$ 234,157	\$ 142,430	\$ 37,189	\$ 813,307
LIABILITIES						
Total non-current liabilities	\$ —	\$ —	\$ 93,236	\$ 69,610	\$ 2,166	\$ 165,012
Total current liabilities	632	1,875	38,959	6,967	7,935	56,368
TOTAL LIABILITIES	\$ 632	\$ 1,875	\$ 132,195	\$ 76,577	\$ 10,101	\$ 221,380

⁽¹⁾ Includes the Trust and other segment level cash and net working capital balances.

25. RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, the Trust and its subsidiaries enter into transactions with related parties that are contracted under commercial terms. On January 1, 2018, Dream acquired control of the Trust, based on Dream's increased exposure to variable returns resulting from increased ownership through units held in the Trust and from new real estate joint venture agreements. DAM, which is a wholly owned subsidiary of Dream Unlimited Corp. (TSX: DRM), is the Trust's Asset Manager and is a related party and provides management personnel services to the Trust under the terms of the management agreement.

ASSET MANAGEMENT AGREEMENT

On July 8, 2014, the Trust entered into a management agreement (the "Management Agreement") with DAM, pursuant to which DAM provides a broad range of asset management services to the Trust for the following fees:

- Base annual management fee calculated and payable on a monthly basis, equal to 1.00% of the gross value of the initial assets at the Trust's Listing, plus the gross cost of any asset acquired on the date of such acquisition, plus the gross amount invested in any assets following acquisition, less the gross amount previously included in the calculation of this amount in respect of any asset disposed of or repaid;
- Acquisition/origination fee equal to:
 - (a) 0.40% of the principal amount of any loan originated by the Trust or a subsidiary having an expected term of less than five years;
 - (b) 1.00% of the principal amount of any loan originated by the Trust or a subsidiary having an expected term of five years or more; and
 - (c) 1.00% of the gross cost of any asset acquired or originated by the Trust or a subsidiary represented by all other investments, assets or projects; and
- Disposition fee equal to 0.25% of the gross sale proceeds of any asset (including all indebtedness) sold by the Trust or any subsidiary represented by loans, investments, assets or projects disposed of during the fiscal year, including any part of the initial assets, except for the disposition of individual loans having a term to maturity of 12 months or less and excluding the regular and scheduled repayment of loans.

In addition, the Trust will reimburse DAM for reasonable out-of-pocket costs and expenses incurred in connection with the performance of the management services described in the Management Agreement and the costs and expenses incurred in providing such other services that the Trust and DAM agree to in writing that are to be provided from time to time by DAM.

Pursuant to the Management Agreement, the Trust incurred the following amounts:

	2019	2018
Fees paid/payable by the Trust under the Management Agreement:		
Base annual management fee	\$ 8,225	\$ 9,841
Acquisition/origination fee and disposition fees	821	1,555
Expense recoveries relating to financing arrangements and other	1,799	2,186
Total	\$ 10,845	\$ 13,582

Effective April 1, 2019, the Trust agreed to settle the asset management fees payable pursuant to the Management Agreement in units of the Trust, until December 31, 2020. During the year ended December 31, 2019, the Trust settled the management fee payable through a combination of cash settlements of \$3,805 and the issuance of 633,992 units. Subsequent to December 31, 2019, the Trust settled its management fee to DAM with the issuance of 358,870 units.

PROPERTY MANAGEMENT AGREEMENT

The Trust's co-owned office property is managed by Dream Office Management Corporation ("DOMC"). Effective February 1, 2018, the Trust's wholly owned office properties, previously managed by DAM, are now managed by DOMC. DOMC is owned by Dream Office REIT. As a result of Dream acquiring control of the Trust, as at January 1, 2018, Dream Office REIT is a related party to the Trust. Pursuant to the property management agreements, DOMC will perform property management services including tenant administration, accounting, etc., for a fee of 3.5% of income property revenues. Additionally, DOMC will perform services with respect to the leasing and construction management of the office properties for a fee equal to expenses or a percentage of the expenses incurred for each property. The property management agreement can be terminated upon an unremedied default by the property manager, DOMC, or if there is a change in the ownership of the property. During the year ended December 31, 2019, as a result of the Trust's disposition of the industrial properties, the property management agreement with Dream Industrial Management Corporation ("DIMC"), whereby DIMC managed the Trust's co-owned industrial portfolio, was terminated.

SERVICE AGREEMENT

The Trust entered into a services agreement ("Service Agreement") with DOMC, on July 8, 2014. The Service Agreement is for a one-year term and will be automatically renewed for further one-year terms unless and until the Service Agreement is terminated in accordance with its terms or by mutual agreement of the parties. The Service Agreement was renewed on July 8, 2015. Pursuant to the Service Agreement, DOMC provides administrative and support services including the use of office space, office equipment, communication services and computer systems, and the provision of personnel in connection with accounts payable, human resources, taxation and other services. DOMC receives a monthly fee sufficient to reimburse it for all the expenses incurred in providing these services.

FRAMEWORK AGREEMENT

Effective January 1, 2018, the Trust entered into a Framework Agreement with DAM with respect to their management of development investments. Pursuant to the Framework Agreement DAM will manage certain development investments that are co-owned by the Trust and DAM. The Framework Agreement can be terminated by either party upon 60 days prior written notice. On a project by project basis, the development fee that the Trust will pay to DAM in respect of projects exclusive to the Trust and DAM will be equal to 3.75% of total net revenues of the development investment projects. For projects involving third parties, the development fee will be negotiated on a case by case basis with the parties involved. For rental properties, the development fee is expected to be based on the fair value of the project at substantial completion rather than net revenues. The commencement of such fees will vary depending on certain milestones being met, such as construction or sales commencement. During the year ended December 31, 2019, \$34 of development fees were paid to DAM in accordance with the Framework Agreement (year ended December 31, 2018 - \$nil).

AMOUNTS DUE TO RELATED PARTIES

Amounts payable and accrued liabilities due to DAM at December 31, 2019 were \$2,650 (December 31, 2018 - \$1,535). Included in the balance due to DAM at December 31, 2019, was \$nil (December 31, 2018 - \$1,650) relating to a letter of credit to a third-party in relation to a co-owned development project.

As at December 31, 2017, the Trust had entered into various project level development management agreements with DAM, and its third-party co-developers where applicable, in which the Trust has equity ownership interests. Pursuant to these agreements, DAM provides development management services. The corresponding development management fees are shared among the partners within each development project. Under these agreements, during the year ended December 31, 2019, fees of \$2,869 were incurred at the project level, at the Trust's share (December 31, 2018 - \$2,740). As at December 31, 2019, at the Trust's share, \$3,065 was owed to DAM from the projects in respect of these fees (December 31, 2018 - \$1,387).

During the year ended December 31, 2019, fees incurred pursuant to the property management agreements were \$4,137 (December 31, 2018 - \$3,181). Amounts payable and accrued liabilities as at December 31, 2019 included \$73 (December 31, 2018 - \$330), related to these agreements.

For the year ended December 31, 2019, fees incurred pursuant to the Service Agreement were \$366 (December 31, 2018 - \$330). Amounts payable and accrued liabilities as at December 31, 2019 included \$29 (December 31, 2018 - \$34) related to the Service Agreement.

Effective July 7, 2015 and September 5, 2015, a subsidiary of the Trust entered into a leasing agreement with Dream Industrial Management LP ("DIMLP"), a wholly owned subsidiary of Dream Industrial REIT, to lease rooftop space. During the year ended December 31, 2019 the fees incurred with respect to this leasing agreement were \$89 (December 31, 2018 - \$109). As at December 31, 2019, as a result of the Trust's disposition of the renewable power portfolio, the leasing agreement between DIMLP and the Trust, was terminated.

KEY MANAGEMENT COMPENSATION

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly. The Trust's key management personnel is the Board of Trustees.

Compensation expense for key management personnel is shown in the table below:

For the year ended	December 31, 2019	December 31, 2018
Compensation	\$ 124	\$ 110
Unit-based awards ⁽¹⁾	568	548
Total	\$ 692	\$ 658

⁽¹⁾ Deferred trust units granted to officers and trustees vest over a five-year period with one-fifth of the deferred trust units vesting each year. Amounts are determined based on the grant date fair value of deferred trust units multiplied by the number of deferred trust units granted in the period.

26. SUPPLEMENTARY CASH FLOW INFORMATION

Amortization and depreciation includes:

	2019	2018
Lease incentives	\$ 1,626	\$ 1,260
Lender fees	(383)	(655)
Lending portfolio discount	(752)	(501)
Deferred financing costs	205	222
Total	\$ 696	\$ 326

Other adjustments include:

	2019	2018
Straight-line rent adjustment	\$ (226)	\$ (27)
Deferred interest income	(1,875)	(607)
Share of income from equity accounted investments	(22,921)	(813)
Fair value adjustments to development and investment holdings	5,122	1,977
Fair value adjustments to income properties	(15,064)	2,195
Fair value adjustments to marketable securities	—	(3,366)
Interest capitalized to lending portfolio balance	(5,029)	(6,113)
Deferred unit compensation expense	1,870	951
Deferred income tax expense (recovery)	7,087	(335)
Total	\$ (31,036)	\$ (6,138)

Non-cash working capital includes cash generated from (utilized in):

	2019	2018
Lending portfolio interest income accrual	\$ 111	\$ 776
Other non-current assets	3,280	(1,468)
Amounts receivable	(5,711)	6
Prepaid expenses and other current assets	142	(102)
Amounts payable and accrued liabilities	9,771	1,784
Income tax payable/receivable	1,649	451
Advances received from equity accounted investments	17,215	—
Total	\$ 26,457	\$ 1,447

During the year ended December 31, 2019, cash interest paid was \$7,719 (year ended December 31, 2018 – \$7,776) and cash taxes paid was \$nil (year ended December 31, 2018 – \$nil). In addition, for the year ended December 31, 2019, the Trust received cash dividends of \$nil (year ended December 31, 2018 – \$1,169). For the same period, investments in building improvements included non-cash transactions of \$1,295 (December 31, 2018 – settlement of \$743) and investments in lease incentives and initial direct leasing costs included settlement of payables of \$1,132 (December 31, 2018 – non-cash transactions of \$3,674). Additions to renewable power assets include non cash transactions of \$nil (December 31, 2018 – settlement of payables of \$15).

27. COMMITMENTS AND CONTINGENCIES

Dream Alternatives and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of the Asset Manager, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of Dream Alternatives.

COMMERCIAL MORTGAGE SERVICING AGREEMENT

On July 8, 2014, Dream Alternatives Lending Services LP ("Lending Services LP"), a subsidiary of the Trust, entered into a commercial mortgage servicing agreement ("Mortgage Servicing Agreement") with Canadian Mortgage Servicing Corporation ("CMSC") to manage and service the loan portfolio and select other debt investments for the following fees:

- A monthly fee of 1.25 basis points ("bps") (15 bps annually), calculated on the principal amount of each mortgage in the loan portfolio outstanding at the beginning of each month; and
- Origination fees paid by a borrower of up to 1% of the principal amount of each new mortgage investment originated by CMSC and up to 50% of the origination fee paid by a borrower in excess of 1%.

In addition, Lending Services LP reimburses CMSC for all reasonable third party disbursements and expenses made or incurred in connection with the performance of the services described in the Mortgage Servicing Agreement. The agreement can be terminated upon 90 days' written notice.

OTHER COMMITMENTS

During the year ended December 31, 2019, the Trust, through a subsidiary, continued to provide a guarantee for up to \$45,000 (December 31, 2018 - \$45,000) pursuant to the requirements of a senior construction loan associated with the Empire Lakeshore residential project. The guarantee will be in place for the term of the construction loan and will proportionately scale down as the construction loan is repaid as unit closings begin to occur. Guarantees of the other underlying development project loan amounts of third parties are \$34,423 (December 31, 2018 - \$7,500). As at December 31, 2019, the Trust is contingently liable under guarantees that are issued on certain debt assumed by purchasers of income properties up to an amount of \$2,729 (December 31, 2018 - \$44,157).

The Trust is contingently liable for letters of credit in the amount of \$360 (December 31, 2018 - \$1,395) that have been provided to support third-party performance.

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

The Trust has entered into lease agreements that may require tenant improvement costs of approximately \$121 (December 31, 2018 - \$142).

28. CAPITAL MANAGEMENT

The Trust's capital consists of debt, including mortgage payables, revolving credit facility and unitholders' equity. The Trust's objectives in managing capital are to ensure that adequate funds are available to maintain consistent and sustainable unitholders distributions, to fund leasing costs and capital expenditure requirements, and to provide the resources needed to acquire and develop development properties, originate new real estate lending, and acquire new properties.

Various debt, equity and earnings distribution ratios are used to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the interest coverage ratio and net debt-to-gross book value. Other significant indicators include the weighted average interest rate, average term to maturity of debt and variable debt as a proportion of total debt. These indicators assist the Trust in assessing that the debt level maintained is sufficient to provide adequate cash flows for unitholders distributions and capital expenditures, and for evaluating the need to raise funds for further expansion. Certain mortgage payables and the revolving credit facility have debt covenant requirements that are monitored by the Trust to ensure there are no defaults. These covenants include loan-to-value ratios, interest coverage ratios and debt service coverage ratios. These covenants are measured at the subsidiary limited partnership level. During the year ended December 31, 2019, the Trust did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

The Trust's equity consists of Units in which the carrying value is impacted by earnings, unitholders distributions and Unit repurchases pursuant to its normal course issuer bid. The Trust endeavors to make annual distributions to Unitholders. Any amounts retained in excess of the distributions are used to fund leasing costs, capital expenditures, other investments as the Trust sees fit, and working capital requirements. The Asset Manager monitors distributions through various ratios to ensure adequate resources are available. These ratios include the proportion of distributions paid in cash, DRIP participation ratio, and total distributions as a percent of funds available for distribution.

29. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

IFRS 7, "Presentation of Financial Statements" ("IFRS 7"), places emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Trust manages those risks, including market, credit and liquidity risks.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the Trust's fixed-rate debt due to the expected requirement to refinance such debts in the year of maturity. The Trust is exposed to the variability in market interest rates on maturing debt payable to be renewed. As at December 31, 2019, there was no variable debt payable (December 31, 2018 – 44.4%) within the Trust's total debt outstanding. In order to manage exposure to interest rate risk, the Trust endeavours to maintain an appropriate mix of fixed and variable-rate debt, manage maturities of fixed-rate debt, match the nature of the debt with the cash flow characteristics of the underlying asset and undertake hedging strategies when appropriate. As at December 31, 2019, there was no fixed-rate or variable-rate debt maturing within the next 12 months.

The Trust has exposure to the variability in market interest rates on its lending portfolio investments with variable-rate loans and fixed-rate loans maturing within the next 12 months. As at December 31, 2019, there are no variable-rate loans within the lending portfolio. The Trust invests in mortgages and loans secured by all types of residential and commercial real estate property that represent an acceptable underwriting risk. As a result, the Trust's lending portfolio investments is not exposed to significant market interest risk.

Foreign exchange risk is the risk that an investment's value will fluctuate due to changes in currency exchange rates. The Trust's functional and presentation currency is the Canadian dollar. The Trust's exposure to foreign exchange risk at December 31, 2019 includes the U.S. Dollar from its investment in the Hard Rock /Virgin Hotels Las Vegas. The effect of changes in foreign exchange rates is recognized in the consolidated statements of net income (loss). The Trust's investment in the Hard Rock/Virgin Hotels Las Vegas is an investment holding asset and is classified as FVTPL at each reporting period. The Trust is required to assess the fair value of this investment, which includes foreign currency transactions.

Credit risk related to income properties and certain investment holdings arises from the possibility that tenants in income properties may not fulfill their lease or contractual obligations. The Trust mitigates its credit risks by attracting tenants of sound financial standing and by diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis.

Credit risk related to the lending portfolio and development and investment holdings arises from the possibility that a borrower may not be able to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Trust. Credit risk related to financial guarantees provided by the Trust arises from the possibility that counterparties default on their financial obligations. The Trust mitigates these risks by actively monitoring the mortgage, loan investment and financial guarantees, and initiating recovery procedures, in a timely manner, when required.

The maximum exposure to credit risk at December 31, 2019 was the fair value of the Trust's development holdings and the contractual value of its lending portfolio which, including interest receivable, was \$179,652. The Trust has recourse under these investments in the event of default by the borrower, in which case, the Trust would have a claim against the underlying collateral. Cash and deposits carry minimal credit risk as all funds are maintained with highly reputable lenders.

The Trust also holds various instruments with the same counterparty or related counterparties within its lending and development and investment holdings portfolios. As at December 31, 2019, the Trust had approximately \$86,489 of development and investment holdings assets and loan balances with, or guaranteed by, the same borrowers or related group of borrowers. Security over certain underlying assets has been posted and the underlying investments are actively monitored.

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they become due. Accordingly, there is a liquidity risk that we would be unable to dispose of our illiquid assets in a timely way in response to changing economic or investment conditions. The Trust manages lending portfolio advances, maturities of debt, and monitors the repayment dates to ensure sufficient capital will be available to cover obligations as they become due.

30. FAIR VALUE MEASUREMENTS

Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Trust maximizes the use of observable inputs. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Trust's policy is to recognize transfers between fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2019 no transfers were made between levels 1, 2 and 3. The following tables summarize fair value measurements recognized or disclosed in the consolidated financial statements by class of asset or liability and categorized by level according to the significance of the inputs used in making the fair value measurements.

As at December 31, 2019	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Recurring measurements				
Development and investment holdings	\$ 114,947	\$ —	\$ —	\$ 114,947
Income properties	200,869	—	—	200,869
Lending portfolio - FVTPL	7,301	—	—	7,301

As at December 31, 2018	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Recurring measurements				
Development and investment holdings	\$ 118,609	\$ —	\$ —	\$ 118,609
Income properties	224,310	—	—	224,310
Lending portfolio - FVTPL	16,574	—	—	16,574

Financial instruments carried at amortized cost are noted below:

As at December 31, 2019	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Fair values disclosed				
Lending portfolio - amortized cost	\$ 57,404	\$ —	\$ —	\$ 57,195
Debt	88,988	—	—	89,608

As at December 31, 2018	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Fair values disclosed				
Lending portfolio - amortized cost	\$ 127,521	\$ —	\$ —	\$ 126,825
Debt	195,492	—	—	200,500

At December 31, 2019, amounts receivable, cash, deposits, amounts payable and accrued liabilities, and distributions payable were carried at amortized cost, which approximates fair value due to their short-term nature.

INCOME PROPERTIES

The Trust's accounting policy as indicated in Note 9 is to estimate the fair value of each income property using the most appropriate valuation methodology determined for each property on a highest and best use basis, which may include the overall capitalization method, the discounted cash flow method or, in certain circumstances, land values. Certain income properties are measured at fair value using the income approach, which is derived from two methods: the overall capitalization rate method and the discounted cash flow method, which results in these measurements being classified as Level 3 in the fair value hierarchy. Valuations of these income properties are most sensitive to changes in discount rates and capitalization rates. In applying the overall capitalization rate method, the stabilized net operating income ("stabilized NOI") of each property is divided by an appropriate cap rate. Certain income properties whereby its highest and best use was considered development potential are measured using the direct comparison approach. The direct comparison approach considers recent activity for similar land parcels in similar markets adjusted for various factors, as applicable, including location, intended use, zoning, servicing and configuration. The direct comparison method results in these measurements being classified as Level 3 in the fair value hierarchy.

The key assumptions in the valuation of income properties are as follows:

- Adjustments - made to compensate for differences between comparable sales and the subject property.

- Cap rate – based on actual location, size and quality of the properties and taking into account any available market data at the valuation date.
- Cash flows – based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties
- Discount rate – reflecting current market assessments of the uncertainty in the amount and timing of cash flows.
- Market comparisons – are considered similar to the subject property
- Stabilized NOI – revenues, less property operating expenses adjusted for items such as market rental rates, average lease-up costs, long-term vacancy rates, non-recoverable capital expenditures, straight-line rents and other non-recurring items.
- Terminal rate – taking into account assumptions regarding vacancy rates and market rents.

Income properties are valued on a highest and best use basis. For all of the Trust's income properties, the current use is considered the highest and best use, excluding one income property whose value is measured on its redevelopment potential.

INCOME PROPERTIES VALUATION PROCESS

The Trust is responsible for determining the fair value measurements included in the consolidated financial statements. DAM, in its capacity as Asset Manager for the Trust, provides the Trust with a valuation of each income property every quarter, as calculated by the respective property managers. The valuations team is headed by an experienced valuator. From time to time, DAM engages independent, professionally qualified valuers who hold a recognized relevant professional qualification and have recent experience in the locations and categories of the income properties to complete valuations of selected properties. DAM's objective is to have each property valued by an independent valuator at least once every three years. For properties subject to an independent valuation report, the valuations team verifies all major inputs to the valuations and reviews the results with the independent valuers. Discussion of valuation processes, key inputs and results are held between the Trust and the valuations team at least once every quarter, in line with the Trust's quarterly reporting rules. Changes in Level 3 fair values are analyzed at each reporting date during the quarterly valuation discussions between the Trust and the valuations team.

DEVELOPMENT AND INVESTMENT HOLDINGS

The fair values of development and investment holdings are determined using a number of approaches that typically include a discounted cash flow analysis, direct capitalization approach and direct comparison approach. For the year ended December 31, 2019, the primary methods of valuation used by the Trust are the discounted cash flow approach or the direct capitalization approach. The discounted cash flow model is calculated based on future interest and participating profit payments as determined by the Asset Manager and project managers' estimates of unit sales proceeds and/or net operating income of the development properties. With the direct capitalization rate method, the fair value is determined by applying a capitalization rate to stabilized NOI. In determining the discount rate and cap rate, the Trust considered market conditions, time to completion of the development, the market cap rate, the percentage of space leased on units sold, and other available information.

LENDING PORTFOLIO

There are no quoted prices in an active market for the lending portfolio investments. The Trust determines fair value based on its assessment of the current lending market for lending portfolio investments of the same or similar terms in consultation with CMSC, the manager and servicer of the lending portfolio, and other available information. The fair value of the lending portfolio as at December 31, 2019, was determined by discounting the expected cash flows of each loan using an assessment of the market interest rate ranging from 5.0% to 17.5%. The market interest rates were determined taking into consideration similar instruments with corresponding maturity dates, plus a credit adjustment in accordance with the borrower's creditworthiness as well as considering the risk characteristic of the underlying development. For certain loans the fair value was determined based on the net realizable value of the underlying real estate property and related transaction costs based on internal valuations which used the most appropriate valuation methodology determined for each underlying development on a highest and best use basis consistent with the income properties valuation methodology.

DEBT

The fair value of debt as at December 31, 2019, was determined by discounting the expected cash flows of each debt instrument using an assessment of the market interest rate ranging from 3.2% to 3.3%. The market interest rates were determined using the Government of Canada benchmark bond yield for instruments with corresponding maturity dates, plus a credit spread in accordance with the Trust's assessment of credit risk. In determining the adjustment for credit risk, the Trust considered market conditions, the value of the properties that the mortgages are secured by and other indicators of the Trust's creditworthiness.

31. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Trust announced its intention to commence an additional SIB pursuant to which the Trust will offer to purchase from unitholders of the Trust up to 4,000,000 units at a price of \$8.25 per unit for an aggregate purchase price of \$33,000. This offer commenced on February 7, 2020 and will expire on March 16, 2020.



Trustees

Amar Bhalla^{Ind., 1,2,3,4}
Toronto, Ontario
President
Capit Investment Corp.

David Kaufman^{Ind., 1,2,3}
Toronto, Ontario
President & Chief Executive Officer
Westcourt Capital Corporation

Karine MacIndoe^{Ind., 1,2,3}
Toronto, Ontario
Corporate Director

Michael Tsourounis^{Ind.}
Toronto, Ontario
Managing Director,
Real Estate Investment Management
Timbercreek Asset Management

Legend:
Ind. Independent

1. Member of the Audit Committee of the Trust Board
2. Member of the Governance, Compensation and Environmental Committee of the Trust Board
3. Member of the Audit Committee of the GP Board
4. Chair of the Trust and GP Board

Directors

Pauline Alimchandani
Toronto, Ontario
EVP & Chief Financial Officer
Dream Unlimited Corp.

Amar Bhalla^{Ind., 1,2,3,4}
Toronto, Ontario
President
Capit Investment Corp.

Michael J. Cooper
Toronto, Ontario
President and Chief Responsible Officer
Dream Unlimited Corp.

Joanne Ferstman^{Ind., 3}
Toronto, Ontario
Corporate Director

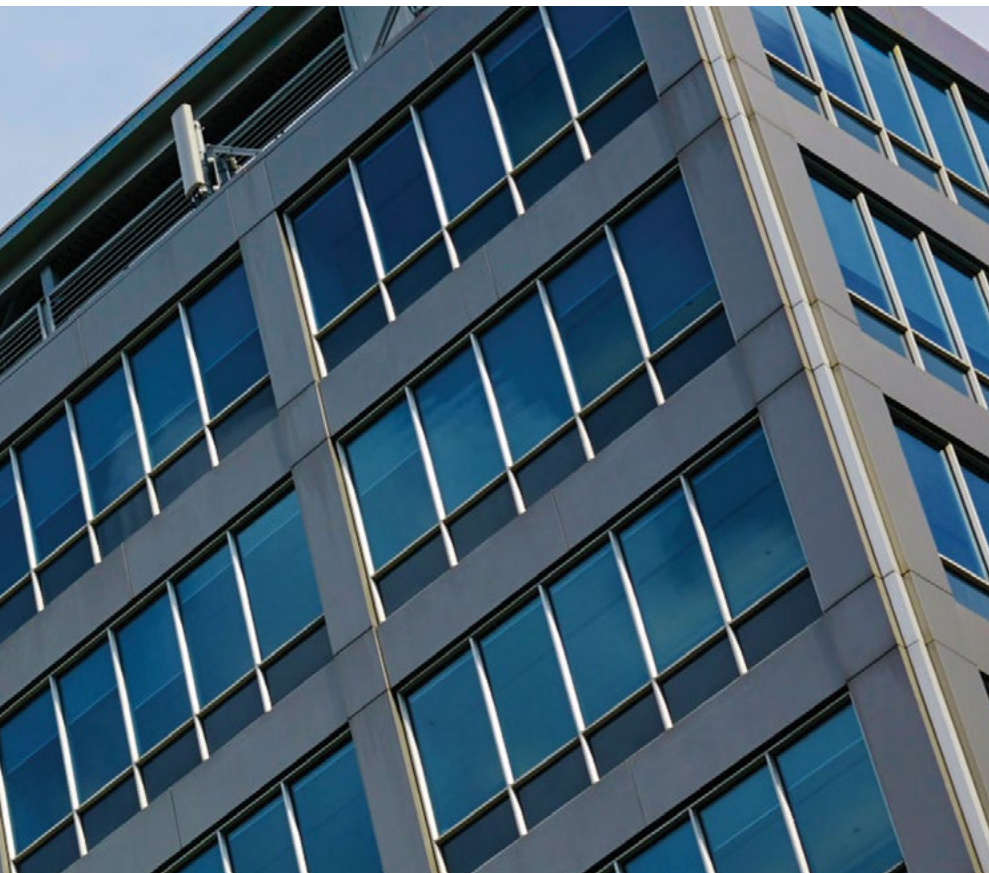
David Kaufman^{Ind., 1,2,3}
Toronto, Ontario
President & Chief Executive Officer
Westcourt Capital Corporation

Karine MacIndoe^{Ind., 1,2,3}
Toronto, Ontario
Corporate Director

Management Team

Michael J. Cooper
Portfolio Manager

Pauline Alimchandani
EVP & Chief Financial Officer



Corporate Information

HEAD OFFICE

Dream Hard Asset Alternatives Trust
State Street Financial Centre
30 Adelaide Street East, Suite 301
Toronto, Ontario M5C 3H1
Phone: (416) 365-3535
Fax: (416) 365-6565

INVESTOR RELATIONS

Phone: (416) 365-6339
Toll free: 1 877 365-3535
Email: alternativesinfo@dream.ca
Website: www.dreamalternatives.ca

TRANSFER AGENT

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

Computershare Trust Company of Canada

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

AUDITORS

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

CORPORATE COUNSEL

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place, Suite 6200
Toronto, Ontario M5X 1B8

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing Symbol: DRA.UN

For more information, please visit
dreamalternatives.ca



Corporate Office

State Street Financial Centre
30 Adelaide Street East, Suite 301
Toronto, Ontario M5C 3H1
Phone: 416.365.3535
Fax: 416.365.6565
Website: www.dreamalternatives.ca
Email: alternativesinfo@dream.ca