Dream Unlimited Corp.

Annual Report 2020

Zibi,
Ottawa, ON / Gatineau, QC

dream

Dream (TSX:DRM) is an award-winning Canadian real estate company with approximately $10 billion of assets under management in North America and Europe.

Letter to Shareholders

Alpine Park, Calgary, AB

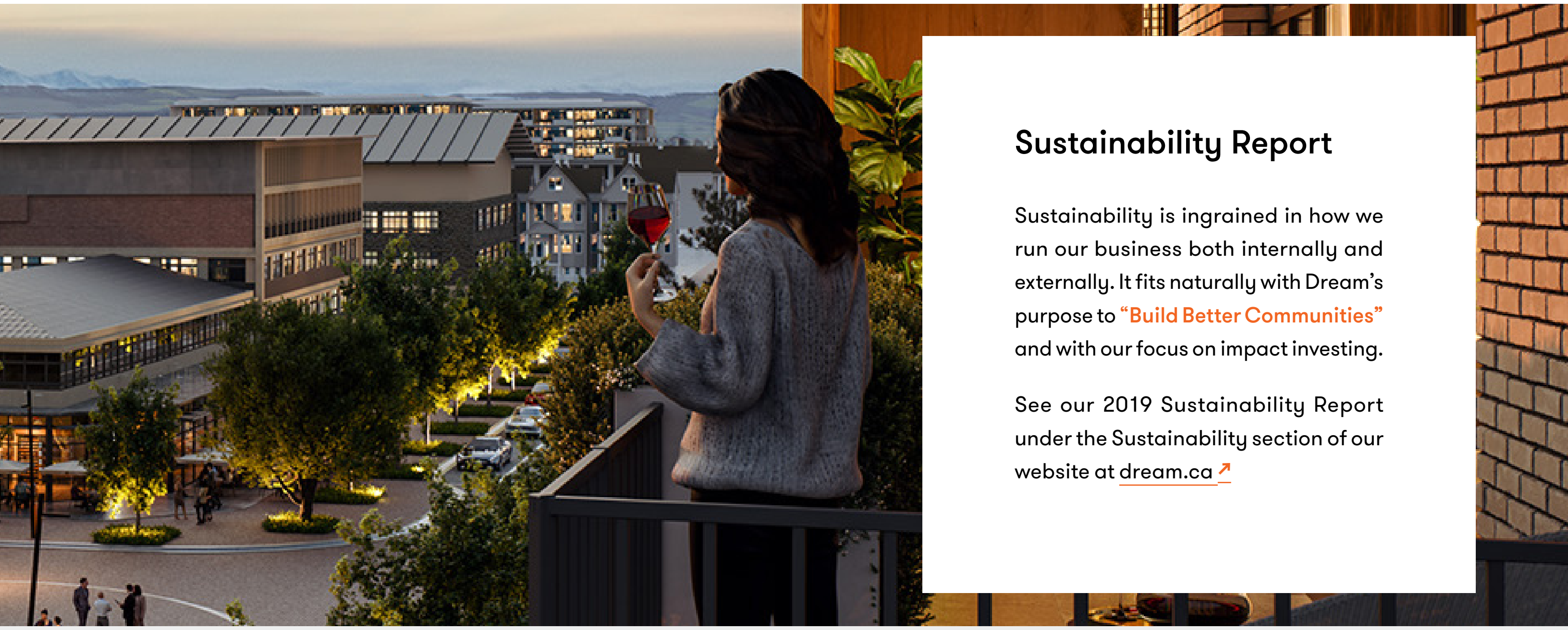
As we reflect on 2020, there is a sense of pride and accomplishment that resonates across the Dream platform. In the uncertainty and disruption we all experienced this past year, we focused on taking care of our people, tenants, communities and shareholders throughout this time. We made significant advancements from a strategic perspective across the Dream group of companies, and realized the benefits of having diverse business lines, as those directly impacted by COVID-19 measures were well supported by other areas of our business.

During the year, we continued to expand our asset management platform, creating Dream Equity Partners, our private equity arm, to pursue opportunities investing capital on behalf of institutional and retail clients. We have now entered into a partnership with a global investment manager with over $100 billion USD of assets under management to create a multi-family platform in the United States. In aggregate, Dream is launching the US multi-family platform with 2,000 units worth $300 million USD and will seek to grow the portfolio further in 2021.

As 2020 progressed it became clear to us that through real estate, we had an opportunity to contribute positively to certain challenges facing society. The concept of building better communities has historically been a focus across our business lines, which has driven strong financial returns for the Company. Accordingly, in 2020 we were proud to announce Dream Impact Trust, formerly Dream Hard Asset Alternatives Trust, would be the first public pure-play impact investment vehicle in Canada. The impact asset class focuses on generating market returns while achieving measurable and scalable impact in our communities. Our impact will be defined, measured, and verified under a transparent and systematic approach which will be disclosed in our inaugural impact report in 2021. In addition, under the Dream Equity Partners umbrella, we will be launching a private impact fund in the coming weeks. We believe Dream will have an increased opportunity set by providing an impact investment vehicle to both private and public investors, while creating positive and lasting change in the communities our assets intend to serve.

We were pleased to see Dream Industrial REIT continue to grow with the asset base increasing by over 25% through a European expansion strategy this past year. With over $620 million in acquisitions in 2020 and $355 million either completed, under contract or in exclusive negotiations, the REIT is well positioned entering into 2021.

As of December 31st, we held a 32% interest in Dream Office REIT, or $349 million at fair market value. As the REIT's development manager, in 2020 we successfully achieved rezoning for 250 Dundas St. West, which now allows for over 500 residential units at the site. Across the real estate sector, office REITs have been hit particularly hard as work from home orders have altered the way individuals have been able to use commercial space. However, the REIT's



Sustainability Report

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 focus on impact investing.

See our 2019 Sustainability Report under the Sustainability section of our website at dream.ca

portfolio is comprised of high-quality assets located in core markets, which we believe will remain attractive for many tenants as COVID-19 restrictions are eased.

In 2020, we executed on the sale of an 86% interest in Glacier Ridge in Calgary and the sale of our renewable power portfolio, which in aggregate provided an additional $115.5 million of liquidity and $78.7 million of pre-tax earnings for Dream. Aside from Glacier Ridge, our sales volumes were below historical trends in Western Canada. However, as we enter 2021, we have the highest level of presales for lots and houses than we have had in years. This past July, we broke ground on the first 36-acre phase of Alpine Park within our master-planned community Providence in Calgary. This was a significant milestone for our Company as our first lands in this area were initially acquired in 1997.

Our development assets in both Toronto and Ottawa experienced minimal delays despite the market disruption this past year. We successfully achieved rezoning for Blocks 3/4/7 and 20 at the West Don Lands development, which is a significant milestone for our Company, as it allows us to deliver nearly 2,300 units of which 30% will be affordable, under one of Canada's largest affordable housing programs. As of December 31st, across the Dream group platform, we have approximately 5.0 million sf of GLA in retail or commercial properties and over 19,500 condominium or purpose-built rental units (at the project level) in our development pipeline.

Given the gap between our view of net asset value and share price, we believe that continuing to buy back stock is an attractive use of capital and a driver of value creation. In 2020, we purchased 7.7 million Subordinate Voting Shares for cancellation for total proceeds of $170.4 million under our normal course issuer bid and through a substantial issuer bid in January.

With an emphasis on preserving liquidity and managing risk throughout the year, we ended 2020 with $426 million in liquidity and a conservative leverage ratio of 27%. Overall, we remain pleased with the safety of our Company and the return we are generating for shareholders. Our core operating business has strong fundamentals and we believe there is a significant amount of value yet to be realized from the best-in-class assets we own today.

I would like to thank you for your ongoing support and interest in Dream.

Sincerely,

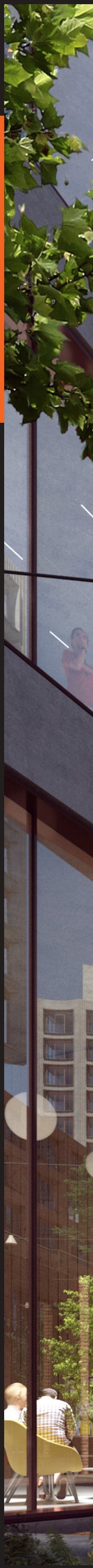
Michael J. Cooper
President & Chief Responsible Officer

February 23rd, 2021

Dream Unlimited Corp.

At a Glance*

Dream is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of $10 billion of assets under management across three Toronto Stock Exchange listed trusts and numerous partnerships. We also develop land and residential assets in Western Canada. Dream expects to generate more recurring income in the future as its urban development properties are completed and held for the long term. Dream has a proven track record for being innovative and for our ability to source, structure and execute on compelling investment opportunities.



$5 billion

of fee-earning assets under management

$10 billion

of assets under management

$35 billion

of commercial real estate and renewable power transaction have been completed by Dream

2.2 million

square feet of zoning approvals in 2020 across our development platform

~21,000

condominium and purpose-built rental units in the Dream group portfolio, inclusive of our development pipeline

11.8 million

square feet of commercial/retail gross leasable area (GLA) across the Dream group portfolio, inclusive of our development pipeline

*As at December 31, 2020.


West Don Lands,
Toronto, ON

Dream Unlimited Corp.

Financials

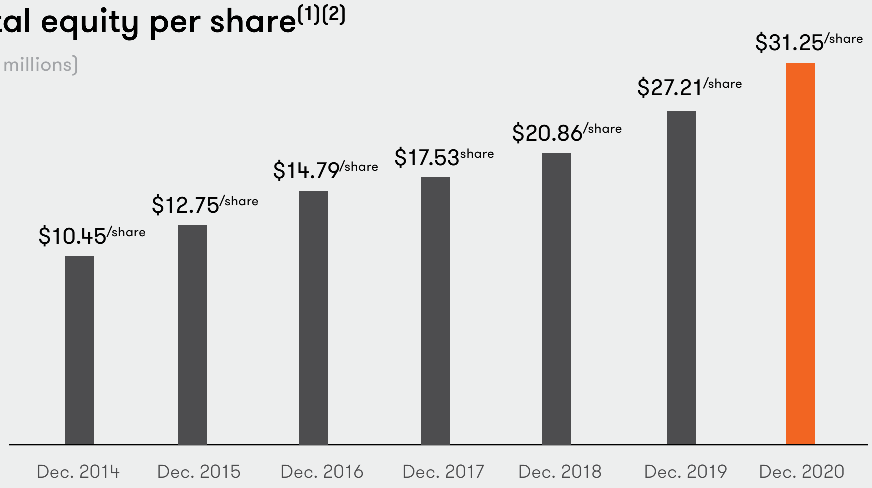
Brightwater,
Mississauga (Port Credit), ON

Financial Highlights

	2020	2019
Revenue	$ 347,623	$ 580,430
Earnings before income taxes	$ 197,620	$ 440,426
Earnings per period	$ 159,638	$ 331,745
Basic earnings per share[1]	$ 3.37	$ 6.25
Total equity (excluding non controlling interests)	**$ 1,391,646**	**$ 1,410,960**

Total equity per share[1][2]

($ in millions)



18%

CAGR in Total Equity to 2020

Note: We issued $55.0M of equity in 2014

(1) All periods prior to 2020 adjusted for the share consolidation.
(2) Total equity per share is calculated based on total shareholder's equity, including SDC's non-controlling interest for years prior to December 31, 2018.

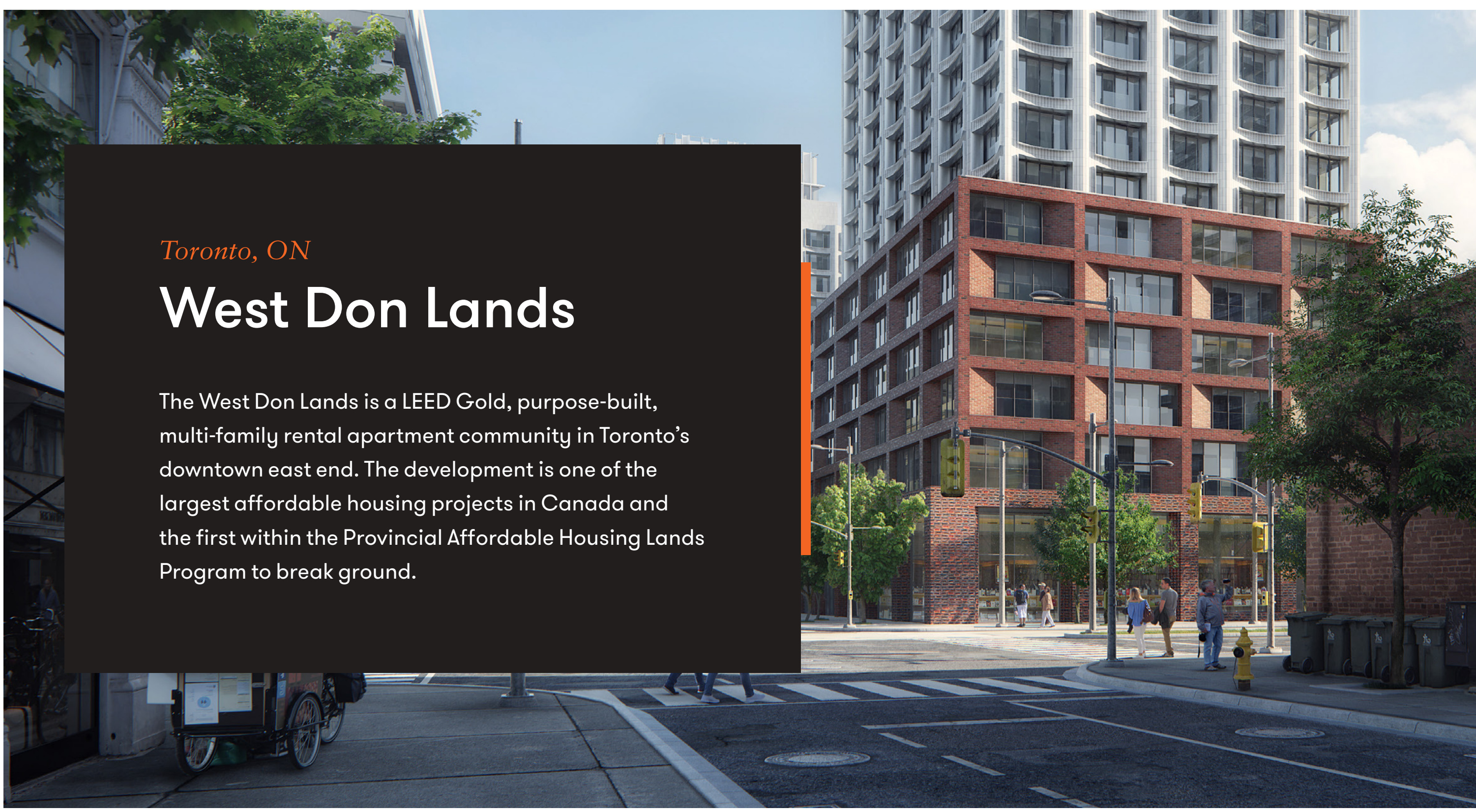
Dream Unlimited Corp.

Impact Investing

In 2020, Dream identified impact investing as an asset class that we believe will continue to grow at increasing rates and which Dream has over two decades of experience in and a strong track record. The impact asset class focuses on generating market returns while achieving measurable and scalable impact in our communities. Real estate provides an opportunity for Dream to achieve competitive returns while creating impact on housing, resource management and inclusiveness. Our impact will be defined, measured and verified.

IFC GIIN MEMBER

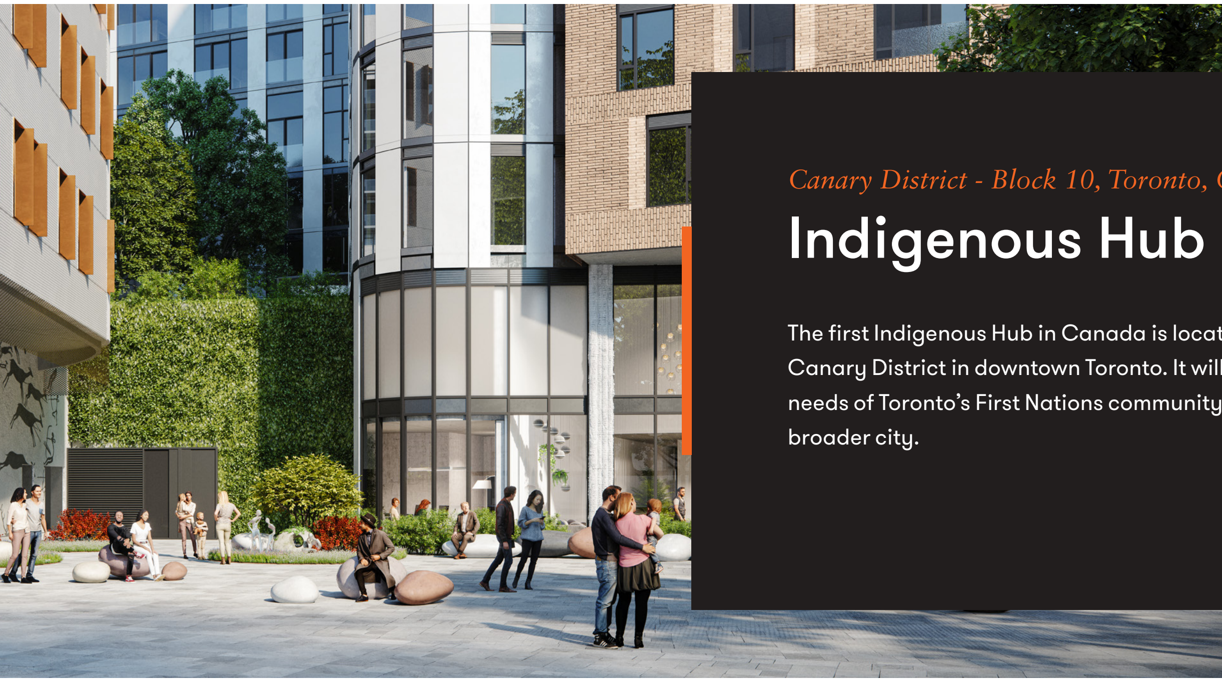
We are a signatory to the Operating Principles for Impact Management and have also joined the Global Impact Investing Network.



Toronto, ON

West Don Lands

The West Don Lands is a LEED Gold, purpose-built, multi-family rental apartment community in Toronto's downtown east end. The development is one of the largest affordable housing projects in Canada and the first within the Provincial Affordable Housing Lands Program to break ground.



Canary District - Block 10, Toronto, ON

Indigenous Hub

The first Indigenous Hub in Canada is located in the Canary District in downtown Toronto. It will serve the needs of Toronto's First Nations community and the broader city.

Ottawa, ON / Gatineau QC

Zibi

Zibi will be one of Canada's most sustainable communities and the country's first One Planet master-planned community. In partnership with Hydro Ottawa, we are developing the District Thermal Energy System, the first post-industrial waste heat recovery system in a master-planned community in North America, which will provide net-zero heating and cooling for all tenants, residents and visitors at Zibi.

Tax Contribution*

The Company is subject to a range of federal, provincial, municipal and other local taxes, fees, charges and levies. The following chart summarizes amounts paid by the Company in the normal course of operations. We highlight our contribution because we see this as an important measure of our specific financial contribution to the overall Canadian economy.

	2020	2019
Income Taxes**	$15,692,000	$107,798,000
Property Related Taxes Taxes paid on leased and owned property, school taxes, provincial/municipal land transfer tax or property registration taxes paid on the purchase of real property	$7,437,000	$8,524,000
Development & Other Charges Development charges/fees paid, building permits, levies and the cost of municipal services installed on lands related primarily to the Company's land and housing business in Western Canada	$65,423,000	$33,564,000
People Taxes Company's share of various payroll taxes including government pension, employment insurance, government health costs and workers' compensation	$2,734,000	$3,056,000
Total	**$91,286,000**	**$152,942,000**

* Represents Dream on a standalone basis

** The amount reported in 2020 includes payments of $1.0 million made by the Company in February 2021 for 2020 income taxes payable. (The amount reported in 2019 includes payments of $102.1 million made by the Company in February 2020 for 2019 income taxes payable).

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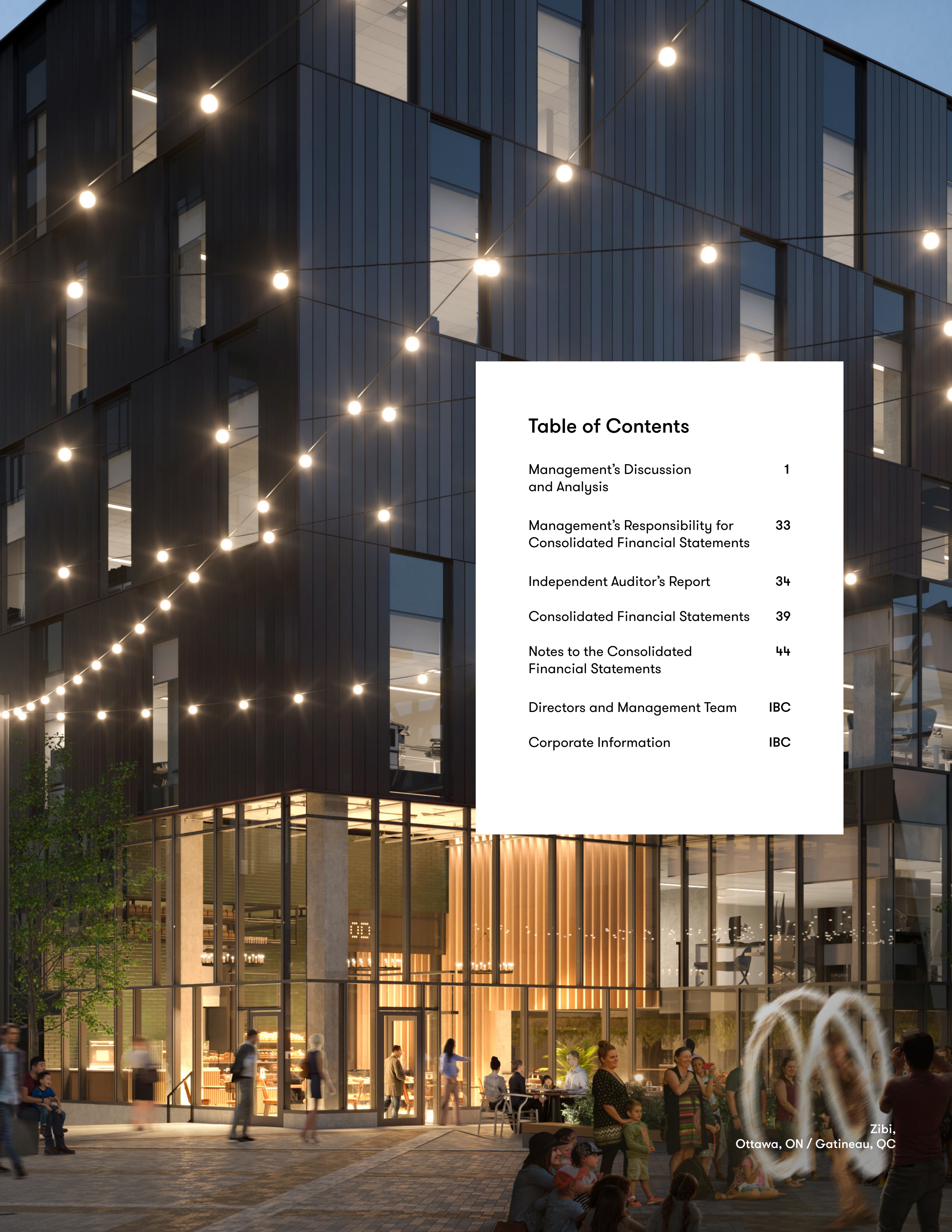


Zibi,
Ottawa, ON / Gatineau, QC

Management's Discussion and Analysis

The Management's Discussion and Analysis ("MD&A") is intended to assist readers in understanding Dream Unlimited Corp. (the "Company" or "Dream"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the audited consolidated financial statements ("consolidated financial statements") of Dream, including the notes thereto, as at and for the year ended December 31, 2020 and December 31, 2019, which can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). The financial statements underlying this MD&A, including 2019 comparative information, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Certain disclosures included herein are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

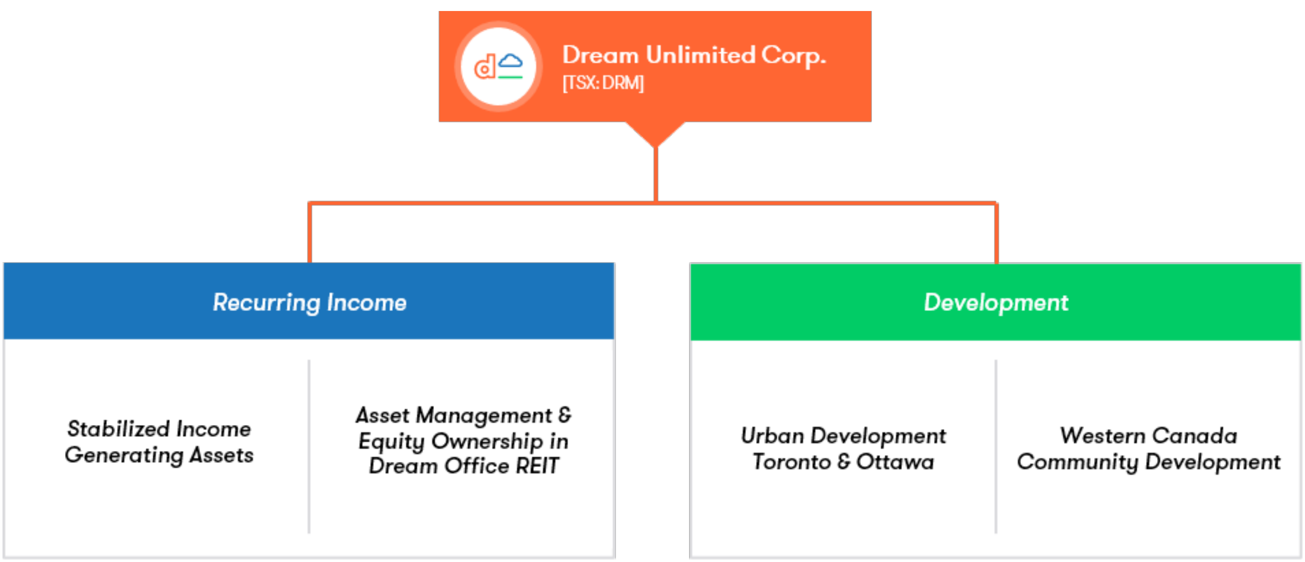
All dollar amounts in tables within this MD&A are in thousands of Canadian dollars, unless otherwise specified. Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. This MD&A is dated as of, and reflects all material events up to, February 23, 2021.

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

Business Overview

Dream is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of $10 billion of assets under management across three Toronto Stock Exchange ("TSX") listed trusts and numerous partnerships. We also develop land and residential assets in Western Canada. Dream expects to generate more recurring income in the future as its development properties are completed and held for the long term. Dream has a proven track record for being innovative and for our ability to source, structure and execute on compelling investment opportunities. An illustrative chart showing the structure and diversity of our business is set out below and a comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of this MD&A.

From the outset, we have successfully identified and executed on opportunities for the benefit of the business and shareholders, including the creation of Dream Asset Management Corporation ("DAM") in 1996 as a public company, its subsequent privatization in 2003 and reorganization in 2013, the creation of Dream Office REIT in 2003, the establishment of our asset management business, the creation of Dream Global REIT, Dream Industrial REIT and Dream Impact Trust ("Dream Impact"), formerly Dream Hard Asset Alternatives Trust, in 2011, 2012 and 2014, respectively, and the sale of the assets and subsidiaries of Dream Global REIT in 2019.



Summary of Results – Fourth Quarter and Year Ended 2020

Update on Dream Equity Partners

We created our private equity business in 2020 to pursue opportunities to invest capital on behalf of institutions and high net worth individuals through funds that we create and segregated accounts. We are of the view that Dream will have increased opportunities if it has access to manage both private and public capital. On February 2, 2021, Dream entered into a partnership with a global investment manager with over US$100 billion of assets under management to create a multi-family platform in the United States. Dream and PaulsCorp sold 90% of the 1,200 Dallas apartments that were acquired earlier in 2020 into the partnership and PaulsCorp and Dream will become the general partners, earning asset management fees, property management fees and a promote on assets under management. Immediately after entering into this arrangement, we agreed to acquire 792 apartment units in Phoenix, Arizona for US$120 million adding to our platform. In aggregate, Dream is launching the U.S. multi-family platform with 2,000 units worth approximately US$300 million and will seek to grow the portfolio further in 2021.

In 2020, Dream identified impact investing as an asset class that we believe will continue to grow at increasing rates and which Dream has over two decades of experience in and a strong track record. The impact investing asset class focuses on generating market returns while creating measurable positive, social and environmental impact in our communities. Real estate provides an opportunity for Dream to achieve competitive returns while creating impact on attainable/affordable housing, resource management and more inclusive communities. Our impact will be defined, measured and verified. We are a signatory to the Operating Principles for Impact Management and have also joined the Global Impact Investing Network. Our impact framework will be completed and made public in the second quarter of 2021.

Dream Impact Trust is Canada’s first public impact vehicle and was created from the former Dream Hard Asset Alternatives Trust in October. In addition, in the coming weeks Dream will launch a private Impact Fund which will have a similar impact strategy to invest in real estate properties and projects that we believe will have the ability to generate measurable social, environmental and financial returns. Dream will contribute its interest in the Indigenous Hub (Canary Block 10), Block 8 in the West Don Lands, the Federal Government building under construction at Zibi and our interest in Zibi Community Utility, the system created in partnership with Hydro Ottawa to provide net zero heating and cooling to the entire Zibi project. Dream is targeting a $250 million capital raise for our private open-ended impact fund. We expect that we will have a first closing on at least $125 million from some of Canada’s leading institutions and high net worth individuals and we intend to raise the balance subsequent to first close. Between the public Dream Impact Trust and the proceeds following the first closing of the new private Impact Fund, Dream will have over $700 million of assets under management committed to impact investing.

Dream will continue to focus on investing, managing and growing our apartment and impact platforms through 2021 and beyond, as well as seeking other opportunities to grow the private equity division.

Recurring Income

In the three months ended December 31, 2020, our recurring income segment generated revenue and net operating income of $19.8 million and $6.3 million, respectively, compared to $309.3 million and $289.3 million in the prior period. 2019 results included fees earned on the disposition of Dream Global REIT totalling $280.2 million. The remaining decrease was primarily driven by reduced income from Dream Impact Trust's portfolio due to prior year asset dispositions and scheduled loan repayments.

In the year ended December 31, 2020, our recurring income segment generated revenue and net operating income of $92.2 million and $27.2 million, respectively, down from $431.1 million and $348.1 million in the comparative period. Along with the aforementioned disposition of Dream Global REIT and Dream Impact Trust's dispositions, results were impacted by the ongoing capacity restrictions at Arapahoe Basin, our ski hill in Colorado, and the Broadview Hotel in Toronto due to the COVID-19 pandemic.

Included in revenue for the three months ended December 31, 2020 was $5.1 million relating to asset management and development contracts with Dream Industrial REIT, Dream Office REIT and our partnerships, which are expected to grow over time as we actively pursue new asset management opportunities. Dream Industrial REIT’s asset base continues to grow, with over $620 million in acquisitions in 2020 and $355 million currently under contract, in exclusive negotiations or closed in 2021. In the fourth quarter, Dream Industrial REIT was assigned an issuer rating of BBB with stable trend by DBRS Limited, providing Dream Industrial REIT with access to new sources of capital to continue executing on its growth strategy.

We made great progress on repositioning Dream Impact Trust as the first public impact investment vehicle in Canada and became a signatory to the Operating Principles for Impact Management in 2020. We will be establishing an impact framework to incorporate the Trust’s governance and monitoring processes for identifying and measuring impact which will provide a systematic ranking methodology to be applied to the Trust’s portfolio. We are creating pathways and KPIs for our three impact verticals, attainable and affordable housing, inclusive communities and resource efficiency. We expect to leverage our impact expertise across our private asset management business and other areas of our business.

With the exception of the Broadview Hotel, one of our boutique hotels in Toronto, results for the quarter were minimally impacted by the ongoing COVID-19 pandemic. Despite social distancing measures at Arapahoe Basin, strong ski pass sales have contributed to relatively consistent results in the fourth quarter and early 2021 results are well ahead of 2020. Inclusive of retail in Western Canada, Dream’s average monthly rent collection in the three months ended December 31, 2020 exceeded 89% and we have collected 89% of previously deferred rent due to the pandemic.

Across the Dream group platform, which includes assets held through the Company, Dream Impact Trust and Dream Office REIT, we have approximately 6.7 million square feet ("sf") of gross leasable area ("GLA") in stabilized rental, retail and commercial properties, in addition to our recreational properties. As at February 21, 2021, the Company had a 26% interest in Dream Impact Trust and 32% interest in Dream Office REIT.

Development

In the fourth quarter, our development segment generated revenue and net margin of $28.9 million and $0.6 million, respectively, compared to $74.1 million and ($11.7 million) in the prior year, inclusive of a $23.2 million land writedown in Regina. Results were driven by lower lot and acre sales in Western Canada relative to the prior year. Results for the fourth quarter of 2019 included occupancies at Riverside Square and BT Towns, with no activity in the current quarter.

Year-to-date, revenue and net margin for the development segment were up by $106.1 million and $67.9 million, respectively, over the prior year primarily due to Western Canada acre sales, including the sale of 480 acres in Glacier Ridge, and condominium occupancies at Riverside Square, BT Towns and Kanaal at Zibi.

We achieved 335 lot sales, 107 housing occupancies and 526 acre sales in 2020, inclusive of the 480-acre sale of Glacier Ridge in the first quarter. 2020 saw the groundbreaking on our first phase of Alpine Park, within the master-planned Providence community, located in southwest Calgary. The first phases of Alpine Park comprise 136 acres, representing nearly 800 lots and 485 multi-family units on completion. Inclusive of Alpine Park, as of February 21, 2021, we have secured commitments for 644 lots and 62 houses expected to close in 2021.

In the fourth quarter we completed Brighton Village Centre, our 121-unit purpose-built rental building in our master-planned community of Holmwood in Saskatoon. The building is 46% leased as of February 21, 2021 and we expect to commence construction on the second 117-unit rental building and 15 rental townhomes this spring.

Across our development platform, we achieved a significant number of zoning approvals totalling 2.2 million sf in gross floor area ("GFA"). We expect 2021 to further contribute to our exceptional pipeline as outlined below, in addition to the overall site zoning approved for the Zibi master planned community totalling 4 million sf of density.

2020 approvals:

Project	City	Entity	Dream ownership[(1)]	Total residential units[(2)]	Total GFA[(2)]
250 Dundas St. West	Toronto	Dream Office REIT	31.6%	522	500,000
WDL Block 3/4/7	Toronto	Dream/Dream Impact	33.3%	855	869,000
WDL Block 20	Toronto	Dream/Dream Impact	33.3%	661	848,000
Total 2020				**2,038**	**2,217,000**

2021 pipeline:

City	Entity	Dream ownership[(1)]	Total residential units[(2)]	Total GFA[(2)]	Gross acres
Downtown Toronto & GTA	Various	31.6% - 50.0%	7,432	6,444,000	n/a
Calgary	Dream	100.0%	TBD	TBD	163
Regina	Dream	100.0%	TBD	TBD	229
Saskatoon	Dream	100.0%	TBD	TBD	1,358
Total 2021			**7,432**	**6,444,000**	**1,750**

[(1)] Dream and Dream Impact Trust holdings at fully consolidated ownership. Dream Office REIT at 31.6% ownership as of December 31, 2020.

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

In the year ended December 31, 2020, we achieved 306 condominium unit occupancies (99 units at Dream's share) at Phase 1 of Riverside Square, our 5-acre, two phase mixed-use development located in the east end of downtown Toronto. The first phase of the project consists of 688 condominium units, a multi-level auto-plex and 20,000 sf of retail GLA and is expected to close in the first half of 2021. Vertical construction on Phase 2, comprising 227 condominium units and an additional 36,000 sf of commercial space, began in late 2020 with first occupancies expected in 2022.

In 2020, we also achieved 133 condominium unit occupancies (67 units at Dream's share) and final closing at Canary Block, our first condominium building on our Stage 2 Canary District lands in downtown Toronto's east end. Construction continues at Canary Commons, a 401-unit condominium building with expected occupancies in 2022, and Block 8, the first building in our purpose-built rental project in the West Don Lands neighbourhood. With the Municipal Zoning Order ("MZO") obtained in the fourth quarter of 2020, we expect to deliver 2,286 rental units, inclusive of 686 affordable units, and 300,000 sf of commercial space across all three blocks in this neighbourhood.

During the three months ended December 31, 2020, Dream closed on a $444 million loan (at the project level) on Block 3/4/7 in the West Don Lands with construction expected to commence in 2021. As a result of progress achieved to date on Block 3/4/7, a fair value gain was recognized in the fourth quarter of 2020. Dream and Dream Impact Trust have an aggregate 33% interest in this development. The West Don Lands is adjacent to the Distillery District, Canary District and future Lakeshore East development which in aggregate comprise over 7,200 condominium/rental units and 1.1 million sf of commercial/retail space developed by Dream and its various partners. The area includes amenities such as the 18-acre Corktown Common Park, the 82,000 sf Cooper-Koo YMCA and numerous retail amenities and restaurants.

Our Brightwater development reached another key milestone with the successful sales launch of its first two condominium buildings in late 2020. As at December 31, 2020, all 311 units brought to market have been pre-sold, with occupancies commencing in 2023. Brightwater is our large master-planned 72-acre waterfront community in Mississauga's Port Credit area which will include approximately 3,000 residential units, 400,000 sf of retail and commercial space, and 18 acres of parks and public spaces.

In the year ended December 31, 2020, construction continued to progress at Zibi, our 34-acre mixed-use development expected to comprise over 4.3 million sf of density upon completion. Key achievements in 2020 include 64 condominium unit occupancies at Kanaal, our first residential building in Ottawa, and securing $10.0 million of non-traditional financing to support the building of affordable housing units for various blocks.

Across the Dream group platform, we have approximately 5.0 million sf of GLA in retail or commercial properties and over 19,500 condominium or purpose-built rental units (at the project level) in our development pipeline.

Share Repurchase Activity, Return to Shareholders & Liquidity Update

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

In the year ended December 31, 2020, 7.7 million Subordinate Voting Shares were purchased for cancellation by the Company at an average price of $22.07 under a substantial issuer bid ("SIB") and a normal course issuer bid ("NCIB") for total proceeds of $170.4 million (year ended December 31, 2019 – 1.0 million Subordinate Voting Shares at an average price of $16.14).

Dividends of $2.7 million and $11.2 million were declared and paid on its Subordinate Voting Shares and Class B Shares in the three and twelve months ended December 31, 2020, respectively (three and twelve months ended December 31, 2019 - $2.6 million and $10.6 million). Subsequent to December 31, 2020, the Company's board of directors approved an increase to the annual dividend from $0.24 to $0.28 per Subordinate Voting Share and Class B Share, effective with the dividend payable to shareholders on March 31, 2021.

As of December 31, 2020, the Company had $426.1 million in corporate-level cash and available under its various revolving credit facilities and a conservative leverage position with a debt to total assets ratio of 26.6%.

20,957 residential units &

11.8 million sf

of commercial/retail GLA across the Dream Group portfolio

$5 billion

of fee-earning assets under management and

$10 billion

of total assets under management

18% CAGR

in book value per share since our first reporting period as a public company in 2013

Our Operating Segments and Strategy

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

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

We have achieved our goals in the past as a result of our expertise and high-quality asset base, combined with a track record in our ability to source, structure and execute on compelling investment opportunities while maintaining conservative debt levels. Over the last few years, we have actively focused on differentiating our asset base by growing assets that contribute to recurring income and investing in development assets and real estate in Toronto, with the goal of improving the safety, value and earnings quality of our business. Inclusive of assets held by Dream Impact Trust and Dream Office REIT, our portfolio totals almost 21,000 residential units and 11.8 million sf of commercial/retail GLA as at December 31, 2020 (at 100% project level).

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

The Company's reporting segments consist of the following:

- *Recurring income:* Comprised of our asset management and development management agreements with Dream Industrial REIT, Dream Office REIT and various development partners, a 32% equity interest in Dream Office REIT, Dream Impact Trust's lending portfolio, and our stabilized income producing assets in the Greater Toronto Area ("GTA"), Western Canada and Colorado.
- *Development*: Comprised of mixed-use developments in the GTA and Ottawa/Gatineau, land, housing, multi-family and retail/commercial development in Saskatchewan and Alberta, and Dream Impact Trust's investment in the Virgin Hotels Las Vegas.

Recurring income is important to our business as it provides stable cash flows in order to fund our ongoing interest, fixed operating costs and dividends. This provides enhanced stability and financial flexibility as we continue to execute on our development pipeline. Assets that contribute to recurring income include our asset and development management contracts, our 32% equity ownership in Dream Office REIT and our stabilized income generating assets, such as the Distillery District in Toronto and Arapahoe Basin, our ski hill in Colorado. Our future recurring income properties will include those that are currently being developed within our mixed-use developments in Toronto and Ottawa.

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

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

Selected Key Operating Metrics by Segment

(in thousands of dollars, except outstanding share amounts)	Recurring income[1]	Development	Corporate and other	Total
				For the three months ended December 31, 2020
Revenue	$ **19,758**	$ **28,881**	$ **—**	$ **48,639**
% of total revenue	**40.6%**	**59.4%**	**—%**	**100.0%**
Net margin	$ **4,597**	$ **648**	$ **—**	$ **5,245**
Net margin (%)[2]	**23.3%**	**2.2%**	**n/a**	**10.8%**
				For the year ended December 31, 2020
Revenue	$ **92,229**	$ **255,394**	$ **—**	$ **347,623**
% of total revenue	**26.5%**	**73.5%**	**—%**	**100.0%**
Net margin	$ **20,637**	$ **51,683**	$ **—**	$ **72,320**
Net margin (%)[2]	**22.4%**	**20.2%**	**n/a**	**20.8%**
				As at December 31, 2020
Segment assets	$ **1,118,871**	$ **1,560,924**	$ **164,578**	$ **2,844,373**
Segment liabilities	**313,274**	**452,100**	**672,387**	**1,437,761**
Segment shareholders' equity[3]	**805,597**	**1,093,858**	**(507,809)**	**1,391,646**
Total issued and outstanding shares				**45,011,928**

(in thousands of dollars, except outstanding share amounts)	Recurring income[1]	Development	Corporate and other	Total
				For the three months ended December 31, 2019
Revenue	$ 309,277	$ 74,083	$ —	$ 383,360
% of total revenue	80.7%	19.3%	—%	100.0%
Net margin	$ 287,452	$ (11,659)	$ —	$ 275,793
Net margin (%)[2]	92.9%	n/a	n/a	71.9%

(in thousands of dollars, except per share amounts)	Recurring income[1]	Development	Corporate and other	Total
				For the year ended December 31, 2019
Revenue	$ 431,142	$ 149,288	$ —	$ 580,430
% of total revenue	74.3%	25.7%	—%	100.0%
Net margin	$ 341,212	$ (16,216)	$ —	$ 324,996
Net margin (%)[2]	79.1%	n/a	n/a	56.0%
				As at December 31, 2019
Segment assets	$ 1,133,201	$ 1,546,373	$ 354,459	$ 3,034,033
Segment liabilities	255,863	444,407	901,154	1,601,424
Segment shareholders' equity[3]	877,338	1,080,317	(546,695)	1,410,960
Total issued and outstanding shares[4]				52,658,860

[1] Asset management revenue and net margin from Dream Impact Trust are eliminated upon consolidation within this segment.
[2] Net margin (%) is a non-IFRS measure. Refer to the "Non-IFRS Measures" section of this MD&A for further details.
[3] Shareholders' equity for the development segment excludes $15.0 million of non-controlling interest as at December 31, 2020 (December 31, 2019 - $21.6 million).
[4] Number of shares reflects the Share Consolidation as at December 31, 2019.

Timing of Income Recognition and Impact of Seasonality

The Company's housing and condominium operations recognize revenue at the time of occupancy and, as a result, revenue and direct costs vary depending on the number of units occupied in a particular reporting period. The Company's land operations recognize revenue generally when a 15% deposit has been received from the third-party purchaser, ultimate collection of the full purchase price is reasonably assured and certain other development milestones are substantially met. Revenue from land is deferred until occupancy by a third-party customer, when the land is sold as part of a home constructed by our housing division. Certain marketing expenses for condominiums and homes are incurred prior to the occupancy of these units and accordingly are not tied to the number of units occupied in a particular period as they are expensed as incurred. Commissions are capitalized as contract assets, and expensed when condominium and housing revenue is recognized.

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

Key Financial Information and Performance Indicators

Selected Financial Information

(in thousands of dollars, except per share and outstanding share amounts)	For the three months ended December 31,				For the year ended December 31,			
		2020		2019		**2020**		2019
Revenue	**$**	**48,639**	$	383,360	**$**	**347,623**	$	580,430
Gross margin	**$**	**11,967**	$	286,095	**$**	**105,154**	$	364,234
Gross margin (%)[1]		**24.6%**		74.6%		**30.2%**		62.8%
Net margin	**$**	**5,245**	$	275,793	**$**	**72,320**	$	324,996
Net margin (%)[2]		**10.8%**		71.9%		**20.8%**		56.0%
Earnings (loss) before income taxes	**$**	**(31,181)**	$	458,329	**$**	**197,620**	$	440,426
Earnings (loss) for the period	**$**	**(32,315)**	$	349,191	**$**	**159,638**	$	331,745
Basic earnings (loss) per share[3][5]	**$**	**(0.70)**	$	6.65	**$**	**3.37**	$	6.25
Diluted earnings (loss) per share[3][5]	**$**	**(0.70)**	$	6.43	**$**	**3.31**	$	6.09
Weighted average number of shares outstanding, basic[5]		**45,728,250**		52,675,624		**47,262,426**		53,143,526
Total earnings (loss) for the period attributable to:								
Shareholders[4]	**$**	**(32,164)**	$	350,106	**$**	**159,221**	$	332,246

		December 31, 2020		December 31, 2019
Total assets	**$**	**2,844,373**	$	3,034,033
Total liabilities	**$**	**1,437,761**	$	1,601,424
Total equity	**$**	**1,406,612**	$	1,432,609
Total issued and outstanding shares[5]		**45,011,928**		52,658,860

(1) Gross margin (%) (a non-IFRS measure) represents gross margin as a percentage of revenue. For additional details, refer to the "Non-IFRS Measures" section of this MD&A.
(2) Net margin (%) (a non-IFRS measure) represents net margin as a percentage of revenue. For additional details, refer to the "Non-IFRS Measures" section of this MD&A.
(3) See Note 33 of the Company's consolidated financial statements for the year ended December 31, 2020 for further details on the calculation of basic and diluted earnings (loss) per share.
(4) Total earnings attributable to shareholders excludes the portion allocated to non-controlling interests.
(5) Shares and per share amounts reflect the Share Consolidation for all periods presented.

The Company evaluates its development segment using net margin. The Company's recurring income segment is evaluated using net operating income. Stated as a percentage to evaluate operational efficiency, these metrics are used as fundamental business considerations for updating budgets, forecasts and strategic planning.

Overview of Results

Earnings before income taxes after adjusting for fair value gains/losses taken on Dream Impact Trust units held by other unitholders for the three months ended December 31, 2020 was $28.9 million, a decrease of $447.9 million relative to the prior year. The change is primarily due to prior period transactional activity, inclusive of the sale of Dream Global REIT that generated earnings before taxes of $415.6 million and lower fair value gains on investment properties, including those held through equity accounted investments.

Earnings before income taxes for the year ended December 31, 2020 was $119.9 million, down from $553.9 million in the prior year after adjusting for fair value gains/losses on Dream Impact Trust units. The decrease was primarily due to the aforementioned factors in addition to reduced earnings from the temporary closure of our ski hill in Colorado and businesses impacting our Toronto income properties as a result of the COVID-19 pandemic. This was partially offset by a gain on sale of the renewable power portfolio in the second quarter of 2020, the sale of 480 acres in Glacier Ridge in the first quarter of 2020 and lower interest expense as a result of reduced interest rates and lower debt levels.

Dream Impact Trust units held by other unitholders are treated as a liability on the consolidated statements of financial position of Dream and are fair valued each period under IFRS, generating fair value losses (gains) with the fluctuation of Dream Impact Trust's unit price. In the three months ended December 31, 2020, the fair value loss on the Dream Impact Trust units was $60.1 million (as a result of the unit price increasing to $6.03 at December 31, 2020 from $4.88 at September 30, 2020), compared to a loss of $18.6 million in the comparative period (as a result of the unit price increasing to $7.75 at December 31, 2019 from $7.50 at September 30, 2019). In the year ended December 31, 2020, the fair value gain on the Dream Impact Trust units was $77.8 million (as a result of the unit price decreasing to $6.03 at December 31, 2020 from $7.75 at December 31, 2019), compared to a loss of $113.5 million in the comparative period (as a result of the unit price increasing to $7.75 at December 31, 2019 from $6.24 at December 31, 2018).

Summary of Dream's Assets and Holdings

The following table includes supplementary information on our portfolio as at December 31, 2020.

Project/Property	Entity	Dream ownership[1]	Status	Total residential units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
RECURRING INCOME SEGMENT								
Downtown Toronto & GTA								
Commercial:								
Adelaide Place	Dream Office REIT	31.6%	Income property	—	—	658,000	96.6%	
50 & 90 Burnhamthorpe Road West (Sussex Centre)	Dream Office REIT/ Dream Impact	65.8%	Income property	—	—	655,000	86.4%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	Dream Office REIT	31.6%	Income property	—	—	442,000	58.5%	
State Street Financial Centre	Dream Office REIT	31.6%	Income property	—	—	414,000	100.0%	
Distillery District	Dream	50.0%	Income property	—	—	395,000	99.7%	
438 University Avenue	Dream Office REIT	31.6%	Income property	—	—	323,000	99.1%	
655 Bay Street	Dream Office REIT	31.6%	Income property	—	—	301,000	97.8%	
74 Victoria Street/137 Yonge Street	Dream Office REIT	31.6%	Income property	—	—	266,000	98.9%	
720 Bay Street	Dream Office REIT	31.6%	Income property	—	—	248,000	100.0%	
36 Toronto Street	Dream Office REIT	31.6%	Income property	—	—	214,000	98.2%	
330 Bay Street	Dream Office REIT	31.6%	Income property	—	—	165,000	84.0%	
20 Toronto Street/33 Victoria Street	Dream Office REIT	31.6%	Income property	—	—	158,000	96.5%	
250 Dundas Street West	Dream Office REIT	31.6%	Income property	—	—	121,000	98.5%	
Victory Building	Dream Office REIT	31.6%	Income property	—	—	101,000	72.4%	
49 Ontario	Dream Impact	100.0%	Redevelopment	TBD	TBD	88,000	91.5%	
425 Bloor Street East	Dream Office REIT	31.6%	Income property	—	—	83,000	97.5%	
212 King Street West	Dream Office REIT	31.6%	Income property	—	—	73,000	100.0%	
357 Bay Street	Dream Office REIT	31.6%	Income property	—	—	65,000	100.0%	
10 Lower Spadina	Dream Impact	100.0%	Income property	—	—	61,000	100.0%	
100 Steeles Avenue West	Dream/Dream Impact	50.0%	Redevelopment	TBD	TBD	59,000	96.4%	
360 Bay Street	Dream Office REIT	31.6%	Income property	—	—	58,000	86.8%	
67 Richmond Street West	Dream Office REIT	31.6%	Income property	—	—	50,000	94.4%	
6 Adelaide Street East	Dream Office REIT	31.6%	Income property	—	—	53,000	84.9%	
350 Bay Street	Dream Office REIT	31.6%	Income property	—	—	53,000	94.8%	
366 Bay Street	Dream Office REIT	31.6%	Income property	—	—	36,000	34.0%	
Plaza Imperial	Dream Impact	40.0%	Income property	—	—	35,000	86.2%	
349 Carlaw	Dream Impact	100.0%	Income property	—	—	34,000	91.6%	
56 Temperance Street	Dream Office REIT	31.6%	Income property	—	—	32,000	89.2%	
Canary District - Stage 1 retail	Dream	50.0%	Income property	—	—	32,000	86.3%	
Plaza Bathurst	Dream Impact	40.0%	Income property	—	—	24,000	100.0%	
Queen and Mutual	Dream Impact	9.0%	Income property	—	—	24,000	80.0%	
220 King Street West	Dream Office REIT	15.8%	Income property	—	—	22,000	83.4%	
Other GTA retail	Dream	17.1-50.0%	Income property	—	—	290,000	83.5%	
Other:								
The Broadview Hotel	Dream	50.0%	Income property	—	—	—		
The Gladstone Hotel	Dream	50.0%	Income property	—	—	—		
Total Downtown Toronto & GTA				**—**	**—**	**5,633,000**	**91.1%**	
U.S.								
Arapahoe Basin ski hill, Colorado	Dream	100.0%	Income property	—	—	n/a		
Abbey at Vista Ridge, Texas	Dream	50.0%	Income property	300	297,000		90.0%	
Tallows Apartments, Texas	Dream	50.0%	Income property	252	218,000		95.2%	
Villas at Waterchase, Texas	Dream	50.0%	Income property	244	215,000		94.7%	
Tall Timbers Apartments, Texas	Dream	50.0%	Income property	216	201,000		95.8%	
Fieldcrest Apartments, Texas	Dream	50.0%	Income property	180	144,000		93.3%	
12800 Foster Street, Overland Park, Kansas	Dream Office REIT	31.6%	Income property	—	—	185,000	100.0%	
Total U.S.				**1,192**	**1,075,000**	**185,000**	**94.5%**	

Project/Property	Type	Entity	Dream ownership[1]	Status	Total residential units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
Western Canada									
Residential and Mixed-Use:									
Kensington, Saskatoon		Dream	100.0%	Income property	48	75,000	—	100.0%	
Commercial:									
444 - 7th Building, Calgary		Dream Office REIT	31.6%	Income property	—	—	261,000	74.5%	
Saskatoon Square, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	228,000	64.2%	
Princeton Tower, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	136,000	48.1%	
606 - 4th Building & Barclay Parkade, Calgary		Dream Office REIT	31.6%	Income property	—	—	126,000	76.5%	
Kensington House, Calgary		Dream Office REIT	31.6%	Income property	—	—	78,000	95.7%	
Shops of South Kensington, Saskatoon		Dream	100.0%	Income property	—	—	72,000	96.4%	
234 - 1st Avenue South, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	10,000	66.8%	
Other:									
Willows, Saskatoon		Dream	100.0%	Income property	—	—	n/a		
Total Western Canada					**48**	**75,000**	**911,000**	**73.9%**	
Total Recurring Income Segment					**1,240**	**1,150,000**	**6,729,000**	**89.5%**	
DEVELOPMENT SEGMENT									
Downtown Toronto & GTA									
Residential and Mixed-Use:									
Riverside Square - Phase 2	Sell	Dream	32.5%	Planning	227	195,000	43,000		2022
Canary Commons (Block 12)	Sell	Dream	50.0%	Under construction	401	372,000	15,000	100.0%	2022
WDL Block 8	Hold	Dream/Dream Impact	33.3%	Under construction	770	623,000	4,000		2023
Brightwater I and II	Sell	Dream/Dream Impact	31.0%	Planning	311	216,000	110,000	33.0%	2023
Canary House (Block 10 - Condo)	Sell	Dream	50.0%	Planning	206	158,000	25,000		2024
Canary Block 10 - Rental	Hold	Dream/Dream Impact	33.3%	Planning	239	200,000	—		2024
Brightwater future blocks	Various	Dream/Dream Impact	31.0%	Planning	2,684	2,897,000	290,000		2024-2032
WDL Block 3/4/7	Hold	Dream/Dream Impact	33.3%	Planning	855	830,000	39,000		2025
Canary Block 13	Hold	Dream	50.0%	Planning	477	468,000	7,000		TBD
WDL Block 20	Hold	Dream/Dream Impact	33.3%	Planning	661	586,000	262,000		TBD
Scarborough Junction	Sell	Dream Impact	45.0%	Planning	6,619	5,270,000	165,000		TBD
Frank Gehry	Sell	Dream/Dream Impact	33.3%	Planning	1,500	1,652,000	260,000		TBD
Lakeshore East	TBD	Dream/Dream Impact	50.0%	Planning	1,100	989,000	32,000		TBD
Distillery District - 31A Parliament	Hold	Dream	50.0%	Planning	500	448,000	300,000	30.7%	TBD
Seaton	Sell	Dream Impact	7.0%	Planning	TBD	TBD	TBD		TBD
Other	Sell	Various	Various	Various	1,195	1,304,000	58,000		TBD
Total Downtown Toronto & GTA					17,745	16,208,000	1,610,000	33.7%	
Zibi (Ottawa/Gatineau)									
Block 211	Hold	Dream/Dream Impact	89.0%	Under construction	—	—	185,000	86.0%	2021
Block 2-3	Hold	Dream/Dream Impact	89.0%	Under construction	—	—	55,000	81.2%	2021
Block 208	Hold	Dream/Dream Impact	89.0%	Under construction	—	—	34,000	79.8%	2022
Block 10	Hold	Dream/Dream Impact	89.0%	Under construction	162	147,000	1,500		2022
Block 206	Hold	Dream/Dream Impact	89.0%	Planning	198	166,000	14,000		2023
Block 11	Hold	Dream/Dream Impact	89.0%	Planning	126	116,000	5,000		2023
Block 207	Hold	Dream/Dream Impact	89.0%	Planning	—	—	90,000		2023
Future blocks	Various	Dream/Dream Impact	89.0%	Planning	1,233	1,387,000	2,054,000		TBD
Total Zibi (Ottawa/Gatineau)					1,719	1,816,000	2,438,500	84.3%	
U.S.									
Las Vegas industrial site	Hold	Dream	10.0%	Planning	—	—	464,000		TBD
Virgin Hotels Las Vegas	Sell	Dream Impact	10.0%	Under construction	—	—	TBD		2023
Total U.S.					—	—	464,000		
Western Canada									
Residential:									
Brighton Village Rentals 1, Saskatoon	Hold	Dream	100.0%	In occupancy	121	81,000	—	12.4%	2021
Brighton Village Rentals 2, Saskatoon	Hold	Dream	100.0%	Planning	132	112,000	13,000		2022-2023
Brighton Recreation, Saskatoon	Hold	Dream	100.0%	Under construction	—	—	6,000	100.0%	2021
Commercial:									
1900 Sherwood Place, Regina	Hold	Dream Office REIT	31.6%	Redevelopment	—	—	210,000	100.0%	2021
Brighton Marketplace, Saskatoon	Hold	Dream	50.0%	Under construction	—	—	222,000	77.2%	2022
Harbour Landing, Regina	Hold	Dream	100.0%	Under construction	—	—	41,000	58.2%	2022
Montrose, Calgary	Hold	Dream	100.0%	Under construction	—	—	24,000	66.0%	2022
Hampton Heights, Saskatoon	Hold	Dream	100.0%	Under construction	—	—	22,000	91.0%	2022
Total Western Canada					253	193,000	538,000	75.4%	
Total Development Segment					**19,717**	**18,217,000**	**5,050,500**	**63.7%**	
Total Dream Platform					**20,957**	**19,367,000**	**11,779,500**	**85.8%**	

Western Canada Land Holdings

City	Acre equivalents
Calgary	1,892
Edmonton	858
Saskatoon	3,116
Regina	3,321
Total[3]	**9,187**

Summary by Geography

Location	Current GLA	Future GLA under development[2]	In-place and committed occupancy	Residential units at completion[2]	Residential GFA[2]
Downtown Toronto & GTA	5,633,000	1,610,000	87.1%	17,745	16,208,000
Ottawa/Gatineau	—	2,438,500	84.3%	1,719	1,816,000
U.S.	185,000	464,000	94.5%	1,192	1,075,000
Western Canada[3]	1,121,000	328,000	74.5%	301	268,000
Total	**6,939,000**	**4,840,500**	**85.8%**	**20,957**	**19,367,000**

(1) Dream and Dream Impact Trust holdings at fully consolidated ownership. Dream Office REIT at 31.6% ownership as of December 31, 2020.

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

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

Recurring Income

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

Asset Management and Equity Ownership

We provide asset management and development management services to Dream Industrial REIT and Dream Office REIT, respectively, and on behalf of various institutional partnerships/third-party real estate. Asset management fees earned from Dream Impact Trust and our 16.6 million units held in Dream Impact Trust are eliminated on consolidation. As of December 31, 2020, we held an aggregate of 17.6 million units in Dream Office REIT, representing a 31.6% interest, which generate monthly cash distributions for Dream. It is important to note that fees earned on transactional activity in a period are not recurring in nature and accordingly will impact related margins. Fees related to development activities and partnerships included within this segment may fluctuate depending on the number of active projects and on Dream achieving certain milestones as the development manager. We expect that development and other management fees will continue to increase in future years as our existing developments progress through construction milestones.

Our asset management and management services team consists of real estate professionals with backgrounds in architecture, urban planning, engineering, development and redevelopment, construction, finance, accounting and law. The team brings experience from a range of major organizations in Canada; is actively involved with internal training opportunities; and has expertise in capital markets, structured finance, real estate investments and management across a broad spectrum of property types in diverse geographic markets. We carry out our own research and analysis, financial modelling, due diligence, and financial planning, and have completed approximately $35 billion of commercial real estate and real estate alternatives transactions. We also act as lead or co-lead developer on behalf of Dream Office REIT, Dream Impact Trust and our third-party partnerships.

Effective December 31, 2020, the Company has updated its calculation methodology for assets under management and fee earning assets under management. Refer to the "Non-IFRS Measures" section of this MD&A for further details. Prior periods have been recast to reflect these updates. As at December 31, 2020, Dream managed assets with a total value of approximately $10 billion (December 31, 2019 – $10 billion), including fee earning assets under management of approximately $5 billion (December 31, 2019 - $6 billion).

Stabilized Income Generating Assets

Dream owns a number of income generating assets, which are key contributors to our sources of recurring income. These assets include Arapahoe Basin, our ski hill in Colorado, and income producing assets in Toronto and Western Canada, the largest being the Distillery District. As of December 31, 2020, we held over 7.9 million sf of GLA in retail, residential and mixed-use properties across the Dream platform and we expect assets in this segment to grow over time, as we intend to hold stabilized investment properties that are developed by Dream in the core markets in which we operate.

Lending Portfolio

Dream Impact 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, Dream Impact Trust also invests in higher-yielding development and construction loans and bridge loans, where we are comfortable with the underlying security, guarantees and covenants of the borrower.

Selected Segment Key Operating Metrics

	For the three months ended December 31,		For the year ended December 31,	
(in thousands of dollars, unless otherwise noted)	**2020**	2019	**2020**	2019
Revenue	**$ 19,758**	$ 309,277	**$ 92,229**	$ 431,142
Net operating income[1]	**6,267**	289,284	**27,222**	348,054
Net margin	**4,597**	287,452	**20,637**	341,212
Net margin (%)[1]	**23.3%**	92.9%	**22.4%**	79.1%
Fair value changes in investment properties	**$ 6,089**	$ 49,711	**$ 72**	$ 40,239
Share of earnings from equity accounted investments	**8,297**	29,522	**65,801**	63,025

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

Results of Operations

In the three months ended December 31, 2020, revenue and net operating income derived from recurring income sources decreased by $289.5 million and $283.0 million, respectively, from the comparative period, primarily due to the incentive fee earned on the Dream Global REIT disposition in 2019 and reduced contribution from Dream Impact Trust due to non-core asset dispositions and scheduled lending portfolio repayments. Similarly, in the twelve months ended December 31, 2020, revenue and net operating income from recurring income sources decreased by $338.9 million and $320.8 million, respectively, from the comparative period, due to the aforementioned factors in addition to reduced earnings from the 2019/2020 ski season at Arapahoe Basin due to social distancing measures taken. Results for the three and twelve months ended December 31, 2019 included fees earned from Dream Global REIT and related entities of $283.2 million and $297.5 million, respectively.

Arapahoe Basin abruptly closed on March 15, 2020 due to the COVID-19 pandemic. We re-opened for summer operations in June with our new Aerial Adventure Park open to the public and for the 2020/2021 ski season on November 9, 2020. Over the past two years, we have invested US$4.4 million in capital expenditures to support a new ski lift and expanded summer activities, including a climbing course, the Aerial Adventure Park and extended mountain biking trails. We remain committed to maintaining the appropriate social distancing measures while providing a safe and enjoyable customer experience.

Fair value gains on investment properties of $6.1 million and $0.1 million for the three and twelve months ended December 31, 2020, respectively were driven by a gain on a redevelopment property held by Dream Impact Trust, partially offset by losses on retail and commercial properties due to revised market growth assumptions.

Asset management revenues declined relative to the comparative period as a result of the sale of Dream Global REIT, partially offset by higher fees earned from Dream Industrial REIT. In the three and twelve months ended December 31, 2020, total asset management and development management fees generated from contracts with Dream Industrial REIT, Dream Office REIT and our partnerships were $5.1 million and $20.3 million, respectively. Net operating income from our asset management business declined in the three and twelve months ended December 31, 2020, relative to prior periods, due to the sale of Dream Global REIT in 2019 and increased platform costs as we invested in the expansion of our asset management business. This was partially offset by transactional activity at Dream Industrial REIT and higher development management fees earned in 2020.

Earnings from equity accounted investments in the three months ended December 31, 2020 declined by $21.2 million relative to the comparative period as a result of reduced earnings from our recurring income investments due to lower fair value adjustments to investment properties. Earnings from equity accounted investments in the year ended December 31, 2020 increased by $2.8 million from the prior year primarily due to the pre-tax gain of $34.2 million, net of transaction costs, recognized on the sale of Dream's indirect interest in a renewable power portfolio. This was partially offset by the aforementioned factors, a foregone deposit incurred in 2020 and prior year earnings from the renewable power portfolio.

Over the next five years, an additional 2.3 million sf of residential GFA and 0.8 million sf of commercial/retail GLA will be added to our recurring income segment (at the project level). Details of projects we expect to be completed during this time period include the following:

Project/Property	Entity	Dream ownership(1)	Total residential units(2)	Residential GFA(2) (at 100%)	Commercial and retail GLA(2) (at 100%)	Committed occupancy	Occupancy date
357 Bay Street	Dream Office REIT	31.6%	—	—	65,000	100.0%	2021
1900 Sherwood Place	Dream Office REIT	31.6%	—	—	210,000	100.0%	2021
Brighton Village Rental 1	Dream	100.0%	121	81,000	—	12.4%	2021
Brighton Village Rental 2	Dream	100.0%	132	112,000	13,000		2022-2023
Brightwater I and II	Dream/Dream Impact	31.0%	—	—	110,000	33.0%	2023
WDL Block 8	Dream/Dream Impact	33.3%	770	623,000	4,000		2023
Canary Block 10 - Rental	Dream/Dream Impact	33.3%	239	200,000	—		2024
WDL Block 3/4/7	Dream/Dream Impact	33.3%	855	830,000	39,000		2025
Zibi							
Block 2-3	Dream/Dream Impact	89.0%	—	—	55,000	81.2%	2021
Block 211	Dream/Dream Impact	89.0%	—	—	185,000	86.0%	2021
Block 208	Dream/Dream Impact	89.0%	—	—	34,000	79.8%	2022
Block 10	Dream/Dream Impact	89.0%	162	147,000	1,500		2022
Block 206	Dream/Dream Impact	89.0%	198	166,000	14,000		2023
Block 207	Dream/Dream Impact	89.0%	—	—	90,000		2023
Block 11	Dream/Dream Impact	89.0%	126	116,000	5,000		2023
Total			**2,603**	**2,275,000**	**825,500**	**74.6%**	

(1) Dream and Dream Impact Trust holdings at fully consolidated ownership. Dream Office REIT at 31.6% ownership as of December 31, 2020.

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

Development

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

Urban Development - Toronto & Ottawa

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

Over the last five years, we have significantly expanded our investment pipeline in this segment. A number of these investments were acquired on a 25%/75% basis with Dream Impact Trust including Brightwater, West Don Lands, the Frank Gehry development and the Lakeshore East development, in which Dream is the co-developer alongside its partners for each of these sites. Refer to the "Summary of Dream's Assets and Holdings" section of this MD&A for a comprehensive overview of our Development holdings.

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

As at December 31, 2020, our GTA and Ottawa pipeline across the Dream portfolio is comprised of over 19,500 residential units and approximately 4.0 million sf of commercial/retail GLA.

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

Project	Dream/Dream Impact Ownership Interest %	Project Inception
Distillery District	50%	2004
Riverside Square and other mixed-use developments	32.5%-50%	2007
Canary District - Blocks 12 and 13	50%	2011
Zibi	89%	2014
Lakeshore East	50%	2016
Brightwater	31%	2017
Frank Gehry	33%	2017
West Don Lands	33%	2018
100 Steeles Avenue West	50%	2018
Canary District - Block 10	33%-50%	2019

Western Canada Community Development

Dream's Western Canada community development is comprised of land, housing, multi-family and retail/commercial assets within our master-planned communities in Saskatchewan and Alberta. We currently own approximately 9,200 acres of land in Western Canada, of which nearly 8,600 acres are in nine large master-planned communities at various stages of approval. With our land bank, market share, liquidity position and extensive experience as a developer, we are able to closely monitor and have the flexibility to increase or decrease our inventory levels to adjust to market conditions in any year. As at December 31, 2020, our Western Canada pipeline across the Dream portfolio is comprised of 253 purpose-built rental units and 0.6 million sf of commercial/retail GLA.

Building on our own land delays the recognition of revenue, as the land sale is not recognized until the property is occupied by a third-party purchaser or tenant. In comparison, when selling land to a third party, revenue is generally recognized on receipt of a 15% deposit from the land buyer and when there is substantial completion of the underground servicing work. Due to the economic conditions in Western Canada, we may not make new investments in undeveloped land at the same rate as in past years unless management considers the lands to be strategic to existing land positions already owned by the Company. With continued challenging market conditions in Western Canada and the impact of COVID-19 on global oil demand, we are closely monitoring the fair values of our investment properties under development, customer demand, pricing trends and inventory supply across the division. Nevertheless, we expect that we will generate profits from building on our own land in the future upon market stabilization.

Land development is financed through our operating line, which is secured by our lands in Western Canada and associated trade receivables. Housing, retail, commercial and multi-family development is financed through project-specific construction financing.

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

Selected Segment Key Operating Metrics

	For the three months ended December 31,		For the year ended December 31,	
(in thousands of dollars, except unit and acre amounts)	**2020**	2019	**2020**	2019
DIRECTLY OWNED				
Revenue	**$ 28,881**	$ 74,083	**$ 255,394**	$ 149,288
Gross margin	**5,700**	(3,189)	**77,932**	16,180
Net margin	**648**	(11,659)	**51,683**	(16,216)
Fair value change on investment properties	**322**	(2,274)	**1,651**	722
Condominium occupancy units (project level) - Toronto & Ottawa	**2**	229	**421**	395
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**2**	77	**190**	136
Acres sold - Western Canada	**5**	11	**525**	16
EQUITY ACCOUNTED INVESTMENTS				
Share of earnings from equity accounted investments	**$ 20,499**	$ 11,643	**$ 16,893**	$ 30,326
Condominium occupancy units (project level) - Toronto & Ottawa	**—**	62	**133**	626
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**—**	28	**67**	111

Results of Operations

In the three months ended December 31, 2020, we generated revenue and net margin of $28.9 million and $0.6 million, respectively, compared to revenue of $74.1 million and negative net margin of $11.7 million in the comparative period. Results for the three and twelve months ended December 31, 2019 included a $23.2 million writedown of land held for development in Regina. Excluding the impact of the prior period writedown, reduced results were driven by fewer lot and acre sales in Western Canada and prior period occupancies at Riverside Square and BT Towns, with limited occupancies in the current quarter.

In the year ended December 31, 2020, revenue and net margin increased by $106.1 million and $67.9 million, respectively, from the prior year. These increases were primarily driven by acre sales in Western Canada, including the sale of a 73% interest in our 480-acre land in Glacier Ridge, as well as condominium unit occupancies at Riverside Square, BT Towns and Kanaal at Zibi. Prior period results include the aforementioned land writedown in Regina. The sale of our 73% interest in Glacier Ridge generated revenue and net margin of $82.6 million and $43.9 million in the first quarter of 2020, respectively. The Company sold an additional 13% interest in Glacier Ridge in the fourth quarter of 2020 for proceeds of $4.9 million.

Earnings from equity accounted investments for the three and twelve months ended December 31, 2020 were $20.5 million and $16.9 million, respectively, driven by fair value gains on an equity accounted investment property and a one-time gain triggered by a project-level debt extinguishment.

In the year ended December 31, 2020, land and condominium inventory decreased by $53.7 million and $42.8 million, respectively, as a result of the aforementioned land sales and occupancies, in addition to transfers of certain Zibi blocks to investment properties under development. This was partially offset by spend across our active developments. Over the same period, equity accounted investments increased by $54.1 million primarily as a result of increasing our interest in the Frank Gehry development to 33% as at December 31, 2020.

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

Active Projects

Zibi

In the three months ended December 31, 2020, vertical construction at Zibi continued on all active blocks. The project is a multi-phase development that includes over 4 million sf of density consisting of over 1,800 residential units (inclusive of purpose-built rental units), over 2 million sf of commercial space and 8 acres of riverfront parks and plazas. Zibi will be one of Canada's most sustainable communities and the country's first "One Planet Master-Planned Community". In partnership with Hydro Ottawa, we are developing the District Thermal Energy System, the first post-industrial waste heat recovery system in a master-planned community in North America, which will provide net-zero heating and cooling for all tenants, residents and visitors at Zibi.

Riverside Square

Riverside Square is a 5-acre, two-phase, mixed-use development located in Toronto's downtown east end on the south side of Queen Street East and immediately east of the Don Valley Parkway. Dream has a 32.5% interest in the project alongside its partners. The first phase of the project consists of 688 residential condominium units, a state-of-the-art multi-level auto-plex and approximately 20,000 sf of retail GLA and is fully occupied. The second phase is planned to consist of approximately 36,000 sf of multi-tenant commercial space with a proposed grocery-anchored component together with 227 condominium units. Vertical construction on the second phase commenced in late 2020 with first occupancies expected in 2022.

Downtown Toronto's East End

In the year ended December 31, 2020, Canary Block, our first condominium building on our Stage 2 Canary lands, completed unit occupancies. The Canary District is developed in a 50/50 partnership with Kilmer Van Nostrand Co. Ltd. and is located in downtown Toronto's east end. Construction is ongoing at Canary Commons (Block 12), a 401-unit condominium building, and Block 8, the first building in our purpose-built rental community in the West Don Lands neighbourhood. Block 8 will comprise 770 rental units, of which 30% are affordable, with first occupancies expected in 2023. Construction on West Don Lands Block 3/4/7 is expected to commence in mid-2021. This block will add an additional 855 rental units (30% affordable), with initial occupancies planned for 2025. This area is a significant development hub for Dream, as it includes the 35-acre Canary District, the adjacent West Don Lands and Distillery District development assets, in addition to the future Lakeshore East site.

Brightwater

Brightwater is a 72-acre waterfront property for development in Mississauga's Port Credit area, with plans to transform the site into a complete, vibrant and diverse waterfront community. The site is expected to be redeveloped into a large master-planned residential/mixed-use community. Highlights of the draft master plan proposal include nearly 3,000 residential units and 400,000 sf of retail and commercial space. The source remediation program is complete and vertical construction is expected to commence in 2021 on the project's first residential buildings, which are fully pre-sold as of December 31, 2020.

Other Items

Interest Expense

In the three and twelve months ended December 31, 2020, interest expense decreased by $5.6 million and $18.1 million, respectively, from the comparative periods primarily due to a decline in interest rates, the redemption of Dream's Series 1, preference shares, and lower corporate debt levels.

General and Administrative Expenses

In the three and twelve months ended December 31, 2020, general and administrative expenses were $3.8 million and $16.7 million, down from $6.6 million and $24.3 million, respectively, in the comparative periods largely due to government assistance received through the Canadian Emergency Wage Subsidy in the current year, as well as a reduction in Dream Impact Trust's deferred unit incentive plan liability, as a result of a decrease in Dream Impact Trust's unit price from $7.75 as at December 31, 2019 to $6.03 as at December 31, 2020. Included in general and administrative expenses for the three and twelve months ended December 31, 2020 was government assistance received of $1.5 million and $3.6 million, respectively.

Income Tax Expense

The Company's effective income tax (recovery) rate was (3.6%) and 19.2% for the three months and year ended December 31, 2020 (three months and year ended December 31, 2019 – 23.1% and (22.4%)). The effective income tax rate for the three months and year ended December 31, 2020 is different than the statutory combined federal and provincial tax rate of 26.1% mainly due to the non-taxable portion of capital gains, partially offset by a combination of non-deductible expenses and other items.

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

Liquidity and Capital Resources

Our capital consists of debt facilities and shareholders' equity. Our objectives in managing our capital are to ensure adequate operating funds are available to fund development costs, to cover leasing costs, overhead and capital expenditures for income generating assets, to provide for resources needed to fund capital calls for existing developments, to generate a target rate of return on investments and to cover dividend payments. There have been no material changes in future contractual obligations since December 31, 2020.

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

	December 31, 2020				December 31, 2019			
	Less than 12 months	Greater than 12 months	Non-determinable	**Total**	Less than 12 months	Greater than 12 months	Non-determinable	Total
Cash and cash equivalents	$ 185,121	$ —	$ —	**$ 185,121**	$ 388,521	$ —	$ —	$ 388,521
Accounts receivable	180,039	20,851	—	**200,890**	164,105	38,053	—	202,158
Other financial assets[1]	24,302	112,947	—	**137,249**	11,365	118,091	—	129,456
Lending portfolio	9,497	13,751	—	**23,248**	51,216	13,489	—	64,705
Equity accounted investment in Dream Office REIT	—	—	476,686	**476,686**	—	—	433,373	433,373
Subtotal assets	398,959	147,549	476,686	**1,023,194**	615,207	169,633	433,373	1,218,213
Accounts payable and accrued liabilities	120,480	35,531	42,824	**198,835**	132,748	23,289	50,243	206,280
Income and other taxes payable	58,091	—	—	**58,091**	154,361	—	—	154,361
Provision for real estate development costs	31,040	—	—	**31,040**	36,853	—	—	36,853
Corporate debt facilities	—	202,452	—	**202,452**	—	224,105	—	224,105
Dream Impact Trust units	—	—	289,330	**289,330**	—	—	411,078	411,078
Subtotal liabilities	209,611	237,983	332,154	**779,748**	323,962	247,394	461,321	1,032,677
Net excess (deficiency)	$ 189,348	$ (90,434)	$ 144,532	**$ 243,446**	$ 291,245	$ (77,761)	$ (27,948)	$ 185,536

(1) Other financial assets as at December 31, 2020 excludes $40.0 million in project-specific investment holdings (December 31, 2019 – $nil).

As at December 31, 2020, there were adequate resources to address the Company's short-term liquidity requirements. Certain financial instruments that are callable or due on demand are presented as due within 12 months, which is inconsistent with the repayment timing expected by management. Due to the nature of our development business, in addition to the above resources, the Company expects to fund a portion of our current liabilities through sales of housing, condominium and land inventories, which cannot be classified and accordingly are not presented above. Management continuously reviews the timing of expected debt repayments and actively pursues refinancing opportunities as they arise. As at December 31, 2020, we had $426.1 million in corporate-level cash and available under our revolving credit facilities.

Cash Requirements

The nature of the real estate business is such that we require capital to fund non-discretionary expenditures with respect to existing assets, as well as to fund growth through acquisitions and developments. As at December 31, 2020, on a consolidated basis, we had $185.1 million in cash and cash equivalents (December 31, 2019 – $388.5 million). Our intention is to meet short-term liquidity requirements through cash on hand, cash from operating activities, working capital reserves and operating debt facilities. As at December 31, 2020, our debt maturing in 2020 is project-specific and is expected to be funded through proceeds from condominium unit closings. In addition, we anticipate that cash from operations and recurring income will continue to provide the cash necessary to fund operating expenses and debt service requirements.

Debt

As at December 31, 2020, total debt was $755.9 million (December 31, 2019 – $699.0 million). A breakdown of project-specific and corporate debt facilities is detailed in the table below.

	Balance		Weighted average interest rate	
(in thousands of Canadian dollars)	**December 31, 2020**	December 31, 2019	**December 31, 2020**	December 31, 2019
Operating line - Western Canada	**$ —**	$ —	**2.98%**	4.64%
Construction loans	**221,952**	217,341	**3.17%**	4.79%
Mortgages and term debt	**331,472**	257,509	**3.57%**	4.23%
Total project-specific debt	**$ 553,424**	$ 474,850	**3.41%**	4.41%
Non-revolving term facility	**$ 202,452**	$ 224,105	**2.99%**	5.08%
Margin facility	**—**	—	**2.98%**	4.56%
Operating line - Dream Impact Trust	**—**	—	**2.45%**	3.95%
Total corporate debt facilities	**$ 202,452**	$ 224,105	**2.99%**	5.08%
Total debt	**$ 755,876**	$ 698,955	**3.30%**	4.63%
Debt to total assets ratio[1]	**26.6%**	23.0%		

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

As at December 31, 2020, $285.9 million (December 31, 2019 – $195.8 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 3.47% (December 31, 2019 – 4.08%) and will mature between 2021 and 2030. A further $470.0 million (December 31, 2019 – $503.2 million) of real estate debt was subject to a weighted average variable interest rate of 3.19% (December 31, 2019 – 4.91%) and will mature between 2021 and 2023. Included within total debt is $178.7 million of variable debt that the Company has hedged through fixed interest rate swaps.

Contractual Obligations

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

	2021	2022	2023	2024	2025	2026 and thereafter	Total
Project-specific debt[1]	$ 257,411	$ 107,402	$ 24,060	$ 9,487	$ 60,656	$ 94,408	$ 553,424
Corporate debt facilities[1]	—	202,452	—	—	—	—	202,452
Lease commitments	1,469	1,097	1,071	1,124	1,106	6,880	12,747
	$ 258,880	$ 310,951	$ 25,131	$ 10,611	$ 61,762	$ 101,288	$ 768,623

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

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

Shareholders' Equity

Dream is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Class B Shares. As at December 31, 2020, there were 43,454,572 Subordinate Voting Shares and 1,557,356 Class B Shares outstanding (December 31, 2019 - 51,101,471 Subordinate Voting Shares and 1,557,389 Class B Shares).

Including the Subordinate Voting Shares of Dream and Class B Shares held or controlled directly or indirectly, the President and Chief Responsible Officer ("CRO") owned an approximate 41% economic interest and 87% voting interest in the Company as at December 31, 2020.

Share Repurchases

The Company renewed its NCIB, which commenced on September 21, 2020, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,604,395 Subordinate Voting Shares through the facilities of the TSX at prevailing market prices and in accordance with the rules and policies of the TSX. The actual number of Subordinate Voting Shares that may be purchased, and the timing of any such purchases as determined by the Company, are subject to a maximum daily purchase limitation of 25,412 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

In connection with the renewal of the NCIB, the Company has established an automatic securities purchase plan (the "Plan") with its designated broker to facilitate the purchase of Subordinate Voting Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Subordinate Voting Shares due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Company's broker based on the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the Subordinate Voting Shares may also be purchased in accordance with management's discretion. The Plan was pre-cleared by the TSX and will terminate on September 20, 2021.

In the year ended December 31, 2020, the Company completed a SIB and purchased for cancellation 5.0 million Subordinate Voting Shares at a price of $23.50 per share for aggregate proceeds of $117.5 million. In addition, in the year ended December 31, 2020, 2.7 million Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $19.45, respectively (year ended December 31, 2019 – 1.0 million Subordinate Voting Shares at an average price of $16.14).

Subsequent to the year ended December 31, 2020, the Company repurchased for cancellation an additional 0.9 million Subordinate Voting Shares at a total purchase price of $18.6 million.

Off-Balance Sheet Arrangements, Commitments and Contingencies

We conduct our real estate activities from time to time through joint arrangements with third-party partners. A discussion of our off-balance sheet arrangements, commitments and contingencies is included in Note 35 of the consolidated financial statements for the year ended December 31, 2020.

Transactions with Related Parties

The Company has agreements for services and transactions with related parties, which are outlined in Note 36 of our consolidated financial statements for the year ended December 31, 2020.

Critical Accounting Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies, estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities included in the Company's consolidated financial statements. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions or conditions. A detailed summary of the most significant accounting judgments, estimates and assumptions made by management in the preparation and analysis of our financial results is included in Note 4 of our consolidated financial statements for the year ended December 31, 2020.

Internal Control over Financial Reporting

As at December 31, 2020 financial year-end, the President and Chief Responsible Officer and the Chief Financial Officer (the "Certifying Officers"), with the assistance of senior management, have evaluated the design and effectiveness of the Company's disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109"). Based on that evaluation, the Certifying Officers have concluded that, as at December 31, 2020, 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 Company and its consolidated subsidiary entities, within the required time periods.

The Company's internal control over financial reporting ("ICFR") (as defined by NI 52-109) 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 Company's ICFR. Based on that evaluation, the Certifying Officers have concluded that the Company's ICFR was effective as at December 31, 2020.

There were no changes in the Company's internal control over financial reporting in the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Accounting Standards Adopted During the Period

Refer to Note 3 of the consolidated financial statements for the year ended December 31, 2020 for information pertaining to accounting pronouncements that will be effective in future years. The Company has adopted the following new or revised standards including any consequential amendments thereto, for the period effective January 1, 2020. Changes in accounting policies adopted by the Company were made in accordance with the applicable transitional provisions as provided in those standards and amendments. As required by IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the nature and the effect of these changes are disclosed below and in Note 3 of the consolidated financial statements for the year ended December 31, 2020.

IFRS 3, "Business Combinations"
IFRS 3 sets out to emphasize that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amended definition of a business was effective on January 1, 2020 and applies to the Company's future business combinations.

Risk Factors

We are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Shareholders should consider those risks and uncertainties when assessing our outlook in terms of investment potential. For a discussion of the risks and uncertainties identified by the Company, please refer to our Annual Report for the year ended December 31, 2020 and our most recent Annual Information Form filed on SEDAR (www.sedar.com). For a discussion of the risks and uncertainties identified specific to Dream Impact Trust, published under the former name of Dream Hard Asset Alternatives Trust, please refer to the Dream Impact Trust Annual Report for the year ended December 31, 2020 and the most recent Annual Information Form filed by Dream Impact Trust on SEDAR.

Ownership of Real Estate

Development Risk

The development industry is cyclical in nature and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for homebuyers, government regulations, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends, housing demand and competition from other real estate companies.

An oversupply of alternatives to new homes and condominium units, such as resale properties, including properties held for sale by investors and speculators, foreclosed homes and rental properties, may reduce the Company's ability to sell new homes and condominium units and may depress prices and reduce margins from the sale of new homes and condominium units. Depending on market conditions, the Company may not be able, or may not wish, to develop its land holdings. Development of land holdings and properties that are to be constructed are subject to a variety of risks, not all of which are within the Company's control. Such risks include lack of funding, variability in development costs and unforeseeable delays.

Real estate assets, particularly raw land, are relatively illiquid in down markets. Such illiquidity tends to limit the Company's ability to vary its real estate portfolio promptly in response to changing economic or investment conditions. If there are significant adverse changes in economic or real estate market conditions, the Company may have to sell properties at a loss or hold undeveloped land or developed properties in inventory longer than planned. Inventory carrying costs can be significant and may result in losses in a poorly performing project or market.

Delays and Cost Over-Runs

Delays and cost over-runs may occur in completing the construction of development projects, prospective projects and future projects that may be undertaken. A number of factors that could cause such delays or cost over-runs include, but are not limited to, permitting delays, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing.

Supply of Materials and Services

The construction industry has from time to time experienced significant difficulties in the supply of materials and services, including with respect to shortages of skilled and experienced contractors and tradespeople, labour disputes, shortages of building materials, unforeseen environmental and engineering problems, and increases in the cost of certain materials. If any of these difficulties should occur, we may experience delays and increased costs in the construction of homes and condominiums.

Competition

The residential home and condominium building industry is highly competitive. Residential home and condominium builders compete for buyers, desirable properties, building materials, labour and capital. We compete with other local, regional and national homebuilders. Any improvement in the cost structure or service of these competitors will increase the competition we face. We also compete with sellers of existing homes, housing speculators and investors in rental housing. Competitive conditions in the homebuilding industry could result in: difficulty in acquiring desirable land at acceptable prices, increased selling incentives, lower sales volumes and prices, lower profit margins, impairments in the value of our inventory and other assets, increased construction costs and delays in construction.

Our ability to successfully expand asset management activities in the future is dependent on our reputation with clients. We believe that our track record, the expertise of our asset management team and the performance of the assets currently under management will enable us to continue to develop productive relationships with these companies and to grow the assets under management. However, if we are not successful in doing so, our business and results of operations may be adversely affected.

Joint Venture Risks

Real estate investments are often made as joint ventures or partnerships with third parties. These structures involve certain additional risks, including the possibility that the co-venturers/partners may, at any time, have economic or business interests inconsistent with ours, the risk that such co-venturers/ partners could experience financial difficulties that could result in additional financial demands on us to maintain and operate such properties or repay debt in respect of such properties, and the need to obtain the co-venturers’/partners’ consent with respect to certain major decisions in respect of such properties.

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 Company’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 Company 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 Company.

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.

Geographic Concentration
Our land development and housing operations are concentrated in Saskatchewan and Alberta. Some or both of these regions could be affected by severe weather; natural disasters; shortages in the availability or increased costs of obtaining land, equipment, labour or building supplies; changes to the population growth rates and therefore the demand for homes in these regions; and changes in the regulatory and fiscal environment. Due to the concentrated nature of our expected land development and housing operations, negative factors affecting one or a number of these geographic regions at the same time could result in a greater impact on our financial condition or results of operations than they might have on other companies that have a more diversified portfolio of operations.

Given the prominence of the oil and gas industry in Alberta and Saskatchewan, the economies of these provinces can be significantly impacted by the price of oil. Similarly, because of our substantial land and housing development operations in Alberta and Saskatchewan, any substantial decline in the price of oil could also adversely affect the Company's operating results. We continuously evaluate the economic health of the markets in which we operate through various means to ensure that we have identified and, where possible, mitigated risks to the Company, including the potential impacts of changes in the price of oil. Additionally, the land development process is longer term in nature, which, to some extent, mitigates the impacts of short-term fluctuations in the health of the economies in which we operate. As of December 31, 2020, the Company had not identified any material adverse effect on our business as a result of the current softening of oil prices.

Our Saskatchewan and Alberta operations have historically focused on the Company's land and housing businesses, as well as a golf course reported under our recreational properties. The Company has also recognized the potential of our substantial land holdings in these markets for retail and multi-family residential development opportunities, and we expect to continue to increase the activity for these types of developments in the future. Our retail developments utilize the Company’s existing land inventory to develop assets that will derive cash flows over a longer term.

In addition to our holdings in Saskatchewan and Alberta, a substantial portion of the projects in our Development segment are located in and around the GTA and we have invested significantly in this region through both our Development segment and our investment in Dream Office REIT and Dream Impact Trust, whose portfolios are concentrated in Toronto. Accordingly, any negative fluctuation in Toronto market fundamentals could result in a greater impact on our financial condition or results of operations than they might have on other companies that have a more diversified portfolio of operations.

Risks Related to Acquisitions
Our external growth prospects depend in large part on our ability to identify suitable investment opportunities, pursue such opportunities and consummate acquisitions, including direct or indirect acquisitions of real estate.

Risks Related to Master-Planned Communities
Before a master-planned community generates any revenues, material expenditures are incurred to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model homes and sales facilities. It generally takes several periods for a master-planned community development to achieve cumulative positive cash flow. If we are unable to develop and market our master-planned communities successfully and generate positive cash flows from these operations in a timely manner, this may have a material adverse effect on our business and results of operations.

Real Estate Ownership
An investment in real estate is relatively illiquid. Such illiquidity tends to limit our ability to vary our commercial property portfolio promptly in response to changing economic or investment conditions. In recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable, and during an economic recession we may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary to dispose of properties at lower prices in order to generate sufficient cash for operations.

Certain significant expenditures (e.g., property taxes, maintenance costs, mortgage payments, insurance costs and related charges) must be made regardless of whether or not a property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, properties must be maintained or, in some cases, improved to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which may not be able to be passed on to 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. Any failure by us to ensure appropriate maintenance and refurbishment work is undertaken 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 terminate existing leases. Any such event could have an adverse effect on our cash flows, financial condition and results of operations.

Rollover of Leases
Revenue properties generate income through rent received from tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than those of the existing lease. Our cash flows and financial position could be adversely affected if tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in our revenue properties could not be leased on economically favourable lease terms. In the event of default by a tenant, we may experience delays or limitations in enforcing our rights as lessor and incur substantial costs in protecting our investment. In addition, 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.

Market Conditions
Revenue properties are subject to economic and other factors affecting the real estate markets in the geographic areas where we own and manage properties. These factors include government policies, demographics and employment patterns, the affordability of rental properties, competitive leasing rates and long term interest and inflation rates. These factors may differ from those affecting the real estate markets in other regions. If real estate conditions in areas where these properties are located decline relative to real estate conditions in other regions, our cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

Residential Rental Business Risk
The Company 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 Company 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.

Regulatory Risks
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 that impact the profitability of a development project, or may restrict development activity altogether with respect to a particular project.

Environmental and Climate Change Risks
As an owner of real estate property, we are subject to various federal, provincial 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. We do not currently anticipate material expenditures in respect of any required remediation.

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.

Home Warranty and Construction Defect Claims
As a homebuilder, we are subject to construction defect and home warranty claims arising in the ordinary course of our business. These claims are common in the homebuilding industry and can be costly. Where we act as the general contractor, we will be responsible for the performance of the entire contract, including work assigned to subcontractors. Claims may be asserted against us for construction defects, personal injury or property damage caused by the subcontractors, and if successful these claims give rise to liability. Where we hire a general contractor, if there are unforeseen events such as the bankruptcy of, or an uninsured or under-insured loss claimed against our general contractor, we will sometimes become responsible for the losses or other obligations of the general contractor. The costs of insuring against construction defect and product liability claims are high, and the amount of coverage offered by insurance companies may be limited. There can be no assurance that this coverage will not be further restricted and become more costly. If we are not able to obtain adequate insurance against these claims in the future, our business and results of operations may be adversely affected.

Seasonality
The nature of our land development and housing business is inherently seasonal as it depends on sales of specific projects dictated by the marketplace and the availability of buyers as well as weather-related delays. We have historically experienced, and we expect that we will continue to experience, variability in our results on a quarterly basis. We generally have more homes under construction, close more home sales and have greater revenues and operating income from our housing business in the fourth quarter of our fiscal period. Therefore, although new home contracts are obtained throughout the period, a significant portion of our home closings occur in the second fiscal quarter. Our revenues from our land and housing development business therefore may fluctuate significantly on a quarterly basis, and we must maintain sufficient liquidity to meet short-term operating requirements.

Asset Management Risks
Our ability to successfully expand our asset management activities is dependent on a number of factors, including certain factors that are outside our control. In the event that the asset base of our funds were to decline, our management fees could decline as well. In addition, we could experience losses on our investments of our own capital in our funds as a result of poor performance by our funds. Terminations of an asset management agreement in accordance with its terms by any of our funds would also result in a decline in our management fees.

Our revenues from the asset management segment are dependent on agreements with a few key clients. Although we have long term, stable management contracts with clients that may only be terminated in limited circumstances, any such terminations could have a material adverse effect on our revenue from management fees.

Lending Portfolio and Investment Holdings

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 all or substantially all of the principal and interest 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 at some times than at other times. 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.

Credit Risk and Concentration 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 or counterparty, or related group of borrowers or counterparties, the Company currently holds various lending instruments and investments with the same counterparty or related counterparties within its lending portfolio and development and investment holdings portfolio. A change in the financial condition of a single borrower or counterparty or related group of borrowers or counterparties to which the Company has concentrated exposure could significantly and adversely affect the overall performance of the Company.

Financial and Liquidity Risk

Financing Risk
We will require access to capital to ensure properties are maintained, as well to fund our growth strategy and significant capital expenditures. 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 then current and expected future earnings and our cash flows. Upon the expiry of the terms of the financing of any particular property, refinancing may not be available or may not be available on reasonable terms.

Ability to Obtain Performance, Payment, Completion and Surety Bonds and Letters of Credit
We may often be required to provide performance, payment, completion and surety bonds or letters of credit to secure the completion of our construction contracts, development agreements and other arrangements. We have obtained facilities to provide the required volume of performance, payment, completion and surety bonds and letters of credit for our expected growth in the medium term; however, unexpected growth may require additional facilities. Our ability to obtain further performance, payment, completion and surety bonds and letters of credit primarily depends on our perceived creditworthiness, capitalization, working capital, past performance and claims record, management expertise and certain external factors, including the capacity of the performance bond markets. If our future claims record or our providers’ requirements or policies are different, if we cannot obtain the necessary consent from lenders to renew or amend our existing facilities, or if the market’s capacity to provide performance and completion bonds is not sufficient, we could be unable to obtain further performance, payment, completion and surety bonds or letters of credit when required, which could have a material adverse effect on our business, financial condition and results of operations.

Other Applicable Risk

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 disruptions, 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 Company's confidential information as well as that of the Company's employees, customers and third parties with whom the Company 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 cyberattacks. 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.

Tax Risk

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 Canadian tax laws taken by the Company in its tax filings, which could lead to reassessments. These reassessments could have a material impact on the Company in future periods.

Adverse Weather Conditions and Natural Disasters

Adverse weather conditions and natural disasters such as hurricanes, tornadoes, earthquakes, droughts, floods, fires, extreme cold, snow and other natural occurrences could have a significant effect on our ability to develop land. These adverse weather conditions and natural disasters could cause delays and increase costs in the construction of new homes and the development of new communities. If insurance is unavailable to us or is unavailable on acceptable terms, or if the insurance is not adequate to cover business interruption or losses resulting from adverse weather or natural disasters, our business and results of operations could be adversely affected. In addition, damage to new homes caused by adverse weather or a natural disaster could cause our insurance costs to increase.

Adverse weather conditions and natural disasters could also limit the ability to generate or sell power. In certain cases, some events may not excuse us from performing obligations pursuant to agreements with third parties, and we may be liable for damages or suffer further losses as a result. In addition, many of our power generation assets are located in remote areas, which makes access for repair of damage difficult.

Uninsured Losses

The Company carries comprehensive general liability, environmental, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (including, but not limited to, environmental contamination or catastrophic events such as war or acts of terrorism) which are either uninsurable, in whole or in part, or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and the Company would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Key Personnel

The Company's executive and other senior officers have a significant role in our success and oversee the execution of our strategy. Our ability to retain our management team or attract suitable replacements should any members of the management group leave is dependent on, among other things, the competitive nature of the employment market. The Company has experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on its ability to achieve its objectives. The loss of services from key members of the management team or a limitation in their availability could adversely impact our financial condition and cash flow. We rely on the services of key personnel on our executive team, including our President and CRO, Chief Financial Officer, Vice-Chair, Development, President of Asset Management, and the Company's directors. The loss of their services could have an adverse effect on the Company. We mitigate key personnel risk through succession planning, but do not maintain key personnel insurance.

Changes in Law

We are subject to laws and regulations governing the ownership and leasing of real property (including the expropriation thereof), employment standards, environmental matters, taxes and other matters. It is possible that future changes in such laws or regulations or changes in their application, enforcement or regulatory interpretation could result in changes in the legal requirements affecting commercial properties (including with retroactive effect). Any changes in the laws to which we are subject or in the political environment in the jurisdictions where the commercial properties in which we have an interest are operated could adversely affect us and the revenues we are able to generate from our investments.

Impact Investment Strategy Risk

In light of Dream Impact Trust's new impact investment strategy, Dream Impact Trust will be adopting new objectives and deploying its capital into new impact investment opportunities that are intended to align with Dream Impact Trust's three impact verticals. Dream Impact Trust's ability to achieve its investment objectives and to continue to pay distributions to us will be dependent on Dream Impact Trust's ability to successfully identify and realize on investment opportunities that align with their investment framework. There can be no assurance that they will achieve these objectives or that its impact investments or developments will generate positive returns in a timely manner. In addition, Dream Impact Trust will be creating their own impact investing framework, which it believes will be aligned with existing frameworks in this field. However, these may or may not be interpreted differently from other issuers or other participants in the impact investing space. While Dream Impact Trust intends to responsibly create positive social and environmental change in its communities, the success of its impact investment strategy and its ability to generate market returns will be based on various and unpredictable factors, including investor perceptions and reactions and future economic or investment conditions.

Adverse Global Market, Economic and Political Conditions, Health Crises
Adverse Canadian, U.S., European and global market, economic and political conditions, including dislocations and volatility in credit markets and general global economic uncertainty, could have a material adverse effect on our business, results of operations and financial condition with the potential to impact, among others: (i) the value of our properties; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance any outstanding debt when due; (iv) the occupancy rates in our properties; and (v) the ability of our tenants to enter into new leasing transactions or to satisfy rental payments under existing leases.

In late 2019, the novel coronavirus (COVID-19) was reported and subsequently spread around the world, with resulting business and social disruption. On March 11, 2020, the World Health Organization declared this outbreak a global pandemic. Public health crises, pandemics and epidemics, such as those caused by new strains of viruses such as H5N1 (avian flu), severe acute respiratory syndrome (SARS) and, most recently, COVID-19, could, particularly if prolonged, adversely impact our and our customers' businesses, and thereby our and our customers' ability to meet payment obligations, by disrupting supply chains and transactional activities, causing reduced traffic at our properties, leading to mobility restrictions and other quarantine measures, precipitating increased government regulation and negatively impacting local, national or global economies. Contagion in one of our properties or markets or the quarantine of one of our properties could negatively impact our reputation, the reputation of our customers and the attractiveness of that market. All of these factors may have a material adverse effect on our business, results of operations and our ability to pay cash dividends to shareholders.

The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects may be material. Efforts to slow the spread of COVID-19 could severely impact the operation of our businesses, properties and development projects. To date, a number of governments have declared states of emergency and have implemented restrictive measures such as travel bans, quarantine and self-isolation. The Company is unable to accurately predict the impact that COVID-19 will have on its results of operations, due to uncertainties including the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities to contain COVID-19 or to treat its impact. While governmental agencies and private sector participants will seek to mitigate the adverse effects of COVID-19, and the medical community is seeking to develop vaccines and other treatment options, the efficacy and timing of such measures remains uncertain. If the outbreak of COVID-19 and related developments lead to a prolonged or significant impact on global, national or local markets or economic growth, the Company's cash flows, financial condition or results of operations and our ability to pay cash dividends to shareholders may be materially and adversely affected.

Furthermore, the outbreak of COVID-19 may affect our and our customers' businesses by disrupting supply chains and transactional activities. Many of the Company's customers rely on third-party suppliers and manufacturers, many of which are located outside of Canada. This outbreak has resulted, or may result, in the extended shutdown of certain businesses, which may in turn result in disruptions, delays or reductions to our and our customers' supply chains. These may include disruptions from the temporary closure of third-party supplier and manufacturer facilities, interruptions in supply or restrictions on the export, import or shipment of products, including those sourced from China, Europe or the United States The outbreak of COVID-19 may also negatively impact consumer demand for our and our customers' products or services as well as consumer spending, which may negatively impact our business or the business of our customers. These factors may impact our customers' ability to meet their payment and other obligations due to the Company, which could have a material adverse effect on Dream.

Finally, the actual and threatened spread of COVID-19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of the Subordinate Voting Share price. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the actions required to contain or treat its impact, among others.

Forward-Looking Information

Certain information herein contains or incorporates statements that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding our objectives and strategies to achieve those objectives; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, expected net proceeds from sales or transactions, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general; as well as specific statements in respect of the COVID-19 pandemic and resulting disruptions; anticipated levels of development, asset management and other management fees in future periods; the expansion of our asset management business; expectations that recurring income generating assets will increase over time; our development plans and proposals for current and future projects, including projected sizes, density, timelines, uses and tenants; the redevelopment potential of our assets and the assets held by Dream Office REIT and Dream Impact Trust; anticipated current and future unit sales and occupancies of our condominium and mixed-use projects, including anticipated timing of closings of condominium unit sales, and resulting revenue and debt repayments; the contribution of our development segment to our earnings in future periods and the proportion of our income to be derived from this segment in future years; the total residential units at completion of our development projects, their anticipated occupancy/stabilization date and our future GLA under development; expectations that distributions from Dream Office REIT and Dream Impact Trust may increase over time; expectations of future profit contributions from Western Canada and our rate of investment in this division in the future; our acquisition and development pipeline; the sustainability rating of Zibi upon completion and Zibi becoming the first One Planet community in Canada; the District Thermal Energy System providing net-zero heating and cooling for all tenants, residents and visitors at Zibi; expectations that our private equity portfolio will grow in 2021; expectations regarding a $250 million capital raise for our private open-ended impact fund, including the expectation that

Dream will have over $700 million of assets under management committed to impact investing after the first close of the private impact fund; the expectation that the first occupancies of Phase 2 of Riverside Square will take place in 2022; the expectation that our income generating assets will grow over time; our expected sources of funding of current liabilities, short-term liquidity requirements, operating expenses and debt service requirements; and our overall financial performance, profitability and liquidity for future periods and years.

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

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

All forward-looking information is as of February 23, 2021. Dream does not undertake to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dream.ca.

Additional Information - Consolidated Dream

Segmented Assets and Liabilities

December 31, 2020

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

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

December 31, 2019

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

(1) Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Impact Trust, consolidation and fair value adjustments and Dream standalone.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $93.8 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.
(4) Debt associated with assets held for sale totalling $30.1 million is classified as current within debt as at December 31, 2019.

Segmented Statement of Earnings (Loss)

For the three months ended December 31, 2020

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 19,758	$ 28,881	$ —	**$ 48,639**	$ 4,634	$ (1,518)	**$ 45,523**
Direct operating costs	(13,491)	(23,181)	—	**(36,672)**	(2,036)	(337)	**(34,299)**
Gross margin	6,267	5,700	—	**11,967**	2,598	(1,855)	**11,224**
Selling, marketing, depreciation and other operating costs	(1,670)	(5,052)	—	**(6,722)**	—	(301)	**(6,421)**
Net margin	4,597	648	—	**5,245**	2,598	(2,156)	**4,803**
Fair value changes in investment properties	6,089	322	—	**6,411**	10,165	(72)	**(3,682)**
Investment and other income	51	1,004	346	**1,401**	186	(172)	**1,387**
Interest expense	(2,677)	(190)	(2,808)	**(5,675)**	(832)	87	**(4,930)**
Fair value changes in financial instruments	14	(3,411)	—	**(3,397)**	(3,411)	—	**14**
Share of earnings from equity accounted investments	8,297	20,499	—	**28,796**	13,541	813	**14,442**
Net segment earnings (loss)	16,371	18,872	(2,462)	**32,781**	22,247	(1,500)	**12,034**
General and administrative expenses[2]	—	—	(3,832)	**(3,832)**	(3,325)	1,619	**(2,126)**
Adjustments related to Dream Impact Trust units[3]	—	—	(60,130)	**(60,130)**	—	(60,130)	**—**
Income tax expense[2]	—	—	(1,134)	**(1,134)**	(4,054)	6,129	**(3,209)**
Net earnings (loss)[3]	$ 16,371	$ 18,872	$ (67,558)	**$ (32,315)**	$ 14,868	$ (53,882)	**$ 6,699**

For the three months ended December 31, 2019

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Revenue	$ 309,277	$ 74,083	$ —	$ 383,360	$ 9,383	$ (2,023)	$ 376,000
Direct operating costs	(19,993)	(77,272)	—	(97,265)	(4,064)	(321)	(92,880)
Gross margin	289,284	(3,189)	—	286,095	5,319	(2,344)	283,120
Selling, marketing, depreciation and other operating costs	(1,832)	(8,470)	—	(10,302)	—	—	(10,302)
Net margin	287,452	(11,659)	—	275,793	5,319	(2,344)	272,818
Fair value changes in investment properties	49,711	(2,274)	—	47,437	21,119	(60)	26,378
Investment and other income	131	521	175	827	830	(19)	16
Interest expense	(3,634)	(1,729)	(5,889)	(11,252)	(1,331)	24	(9,945)
Net gain on disposition of Dream Global REIT	135,474	—	—	135,474	—	—	135,474
Loss on disposition of assets held for sale	(8,515)	—	—	(8,515)	—	(8,515)	—
Fair value changes in financial instruments	3,468	(1,054)	125	2,539	(3,404)	—	5,943
Share of earnings from equity accounted investments	29,522	11,643	—	41,165	8,685	1,498	30,982
Net segment earnings (loss)	493,609	(4,552)	(5,589)	483,468	31,218	(9,416)	461,666
General and administrative expenses[2]	—	—	(6,573)	(6,573)	(3,550)	2,402	(5,425)
Adjustments related to Dream Impact Trust units[3]	—	—	(18,566)	(18,566)	—	(18,566)	—
Income tax expense[2]	—	—	(109,138)	(109,138)	(1,800)	(1,920)	(105,418)
Net earnings (loss)[3]	$ 493,609	$ (4,552)	$ (139,866)	$ 349,191	$ 25,868	$ (27,500)	$ 350,823

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

For the year ended December 31, 2020

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 92,229	$ 255,394	$ —	**$ 347,623**	$ 21,276	$ (4,566)	**$ 330,913**
Direct operating costs	(65,007)	(177,462)	—	**(242,469)**	(9,265)	(1,474)	**(231,730)**
Gross margin	27,222	77,932	—	**105,154**	12,011	(6,040)	**99,183**
Selling, marketing, depreciation and other operating costs	(6,585)	(26,249)	—	**(32,834)**	—	(469)	**(32,365)**
Net margin	20,637	51,683	—	**72,320**	12,011	(6,509)	**66,818**
Fair value changes in investment properties	72	1,651	—	**1,723**	10,322	(364)	**(8,235)**
Investment and other income	427	6,432	1,712	**8,571**	1,922	(132)	**6,781**
Interest expense	(9,706)	(3,189)	(10,946)	**(23,841)**	(3,284)	25	**(20,582)**
Fair value changes in financial instruments	(2,949)	(1,981)	—	**(4,930)**	(4,863)	—	**(67)**
Share of earnings (loss) from equity accounted investments	65,801	16,893	—	**82,694**	12,675	(8,101)	**78,120**
Net segment earnings (loss)	74,282	71,489	(9,234)	**136,537**	28,783	(15,081)	**122,835**
General and administrative expenses[2]	—	—	(16,681)	**(16,681)**	(8,579)	5,237	**(13,339)**
Adjustments related to Dream Impact Trust units[2]	—	—	77,764	**77,764**	—	77,764	**—**
Income tax expense[2]	—	—	(37,982)	**(37,982)**	(3,865)	(10,092)	**(24,025)**
Net earnings[3]	$ 74,282	$ 71,489	$ 13,867	**$ 159,638**	$ 16,339	$ 57,828	**$ 85,471**

For the year ended December 31, 2019

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Revenue	$ 431,142	$ 149,288	$ —	$ 580,430	$ 52,229	$ (8,358)	$ 536,559
Direct operating costs	(83,088)	(133,108)	—	(216,196)	(18,158)	(1,564)	(196,474)
Gross margin	348,054	16,180	—	364,234	34,071	(9,922)	340,085
Selling, marketing, depreciation and other operating costs	(6,842)	(32,396)	—	(39,238)	—	—	(39,238)
Net margin	341,212	(16,216)	—	324,996	34,071	(9,922)	300,847
Fair value changes in investment properties	40,239	722	—	40,961	15,064	(470)	26,367
Investment and other income	3,592	5,454	1,119	10,165	2,696	440	7,029
Interest expense	(17,672)	(6,776)	(17,455)	(41,903)	(8,470)	250	(33,683)
Fair value changes in financial instruments	28,400	(4,844)	201	23,757	(7,194)	—	30,951
Net gain on disposition of Dream Global REIT	135,474	—	—	135,474	—	—	135,474
Loss on disposition of assets held for sale	(8,515)	—	—	(8,515)	—	(8,515)	—
Share of earnings from equity accounted investments	63,025	30,326	—	93,351	22,922	1,884	68,545
Net segment earnings (loss)	585,755	8,666	(16,135)	578,286	59,089	(16,333)	535,530
General and administrative expenses[2]	—	—	(24,348)	(24,348)	(16,455)	9,007	(16,900)
Adjustments related to Dream Impact Trust units[2]	—	—	(113,512)	(113,512)	—	(113,512)	—
Income tax recovery (expense)[2]	—	—	(108,681)	(108,681)	(4,358)	11,815	(116,138)
Net earnings (loss)[3]	$ 585,755	$ 8,666	$ (262,676)	$ 331,745	$ 38,276	$ (109,023)	$ 402,492

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	For the three months ended December 31, 2020	2019	For the year ended December 31, 2020	2019
Operating activities				
Earnings (losses) for the period	$ **(32,315)**	$ 349,191	$ **159,638**	$ 331,745
Adjustments for non-cash items:				
Depreciation and amortization	**549**	1,974	**7,119**	9,456
Fair value changes in investment properties	**(6,411)**	(47,437)	**(1,723)**	(40,961)
Share of earnings from equity accounted investments	**(28,796)**	(41,165)	**(82,694)**	(93,351)
Deferred income tax expense (recovery)	**(5,774)**	7,053	**11,223**	(938)
Other adjustments	**4,941**	21,140	**(3,282)**	(2,648)
Loss on disposition of assets	**—**	8,515	**—**	8,515
Net gain on disposition of Dream Global REIT	**—**	(135,474)	**—**	(135,474)
Changes in non-cash working capital	**55,272**	63,168	**(109,504)**	85,866
Acquisition of condominium inventory, net of acquired cash and working capital	**—**	—	**(5,300)**	(18,033)
Sale of housing inventory, net of development	**1,549**	4,495	**12,848**	21,558
Sale of condominium inventory, net of development	**(6,871)**	20,000	**23,488**	(43,716)
Advances on construction loans, net of repayments	**(19,647)**	24,673	**4,603**	39,305
Acquisition of land inventory	**—**	—	**—**	(3,244)
Fair value adjustment on Dream Impact Trust units	**55,320**	13,260	**(98,016)**	90,931
Development of land inventory, net of sales	**1,610**	13,237	**(905)**	7,059
Net cash flows (used in) provided by operating activities	**19,427**	302,630	**(82,505)**	256,070
Investing activities				
Acquisitions and additions to investment properties and assets held for sale	**(21,853)**	(27,166)	**(72,349)**	(51,271)
Acquisitions and additions to recreational properties and renewable power assets, net	**(3,360)**	(2,947)	**(16,613)**	(5,642)
Investments in equity accounted investments	**—**	(52,752)	**(23,720)**	(64,054)
Contributions to equity accounted investments	**10,232**	(9,793)	**(33,966)**	(27,442)
Distributions and disposals of equity accounted investments	**12,001**	4,107	**106,023**	21,912
Disposal of investment properties	**—**	(2,641)	**—**	—
Acquisitions of financial assets and other assets	**(2,415)**	8,499	**(57,353)**	(18,507)
Distributions and disposals of financial assets and other assets	**8,070**	71,158	**61,470**	111,026
Proceeds on disposition of assets, net	**46,330**	101,236	**46,330**	116,559
Proceeds on disposition of asset management agreement and other transaction costs, net	**—**	133,127	**—**	133,127
Loans receivable advances, net of repayments	**(18,183)**	127	**(21,032)**	3,097
Lending portfolio repayments, net of advances and lender fees	**13,462**	71,822	**41,986**	82,755
Net cash flows provided by investing activities	**44,284**	294,777	**30,776**	301,560
Financing activities				
Borrowings from mortgages and term debt facilities	**10,797**	(27)	**131,431**	48,492
Repayments of mortgages and term debt facilities	**(40,874)**	(31,722)	**(58,004)**	(51,766)
Advances from operating lines, net of repayments	**—**	(96,500)	**—**	(49,000)
Repayments of margin loan facility, net of advances	**—**	(100,000)	**—**	(100,000)
Repayments pursuant to non-revolving term facility	**—**	—	**(22,000)**	—
Advances from equity accounted investments	**595**	3,599	**6,815**	31,615
Contributions from non-controlling interest, net of distributions	**—**	2,519	**—**	5,821
Dream Impact Trust units repurchased from other unitholders	**(1,094)**	—	**(24,610)**	(59,102)
Dividends paid	**(2,717)**	(2,635)	**(11,164)**	(10,615)
Repayments of lease obligations	**(926)**	(924)	**(3,706)**	(3,694)
Redemption of Preference shares, series 1	**—**	(28,675)	**—**	(28,675)
Shares repurchased	**(19,338)**	(2,527)	**(170,433)**	(16,478)
Net cash flows used in financing activities	**(53,557)**	(256,892)	**(151,671)**	(233,402)
Change in cash and cash equivalents	**10,154**	340,515	**(203,400)**	324,228
Cash and cash equivalents, beginning of year	**174,967**	48,006	**388,521**	64,293
Cash and cash equivalents, end of year	$ **185,121**	$ 388,521	$ **185,121**	$ 388,521

Revenue by Geographic Region

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

	For the three months ended December 31,				For the year ended December 31,			
	2020		2019		**2020**		2019	
Western Canada								
Alberta	**$ 7,954**	**16.4%**	$ 18,163	4.7%	**$ 116,168**	**33.4%**	$ 39,337	6.8%
British Columbia	**—**	**—%**	911	0.2%	**983**	**0.3%**	3,742	0.6%
Saskatchewan	**20,637**	**42.4%**	27,709	7.2%	**61,810**	**17.8%**	68,532	11.8%
	$ 28,591	**58.8%**	$ 46,783	12.1%	**$ 178,961**	**51.5%**	$ 111,611	19.2%
Ontario	**9,335**	**19.2%**	42,186	11.0%	**119,168**	**34.2%**	111,675	19.3%
Quebec	**—**	**—%**	—	—%	**946**	**0.3%**	—	—%
Eastern Canada	**—**	**—%**	347	0.1%	**—**	**—%**	4,456	0.8%
Canada	**37,926**	**78.0%**	89,316	23.2%	**299,075**	**86.0%**	227,742	39.3%
United Kingdom	**—**	**—%**	667	0.2%	**—**	**—%**	2,857	0.5%
United States	**5,762**	**11.8%**	7,442	1.9%	**24,217**	**7.0%**	39,332	6.8%
Non-segmented (asset management)	**4,951**	**10.2%**	285,935	74.7%	**24,331**	**7.0%**	310,499	53.4%
Total	**$ 48,639**	**100.0%**	$ 383,360	100.0%	**$ 347,623**	**100.0%**	$ 580,430	100.0%

Net Margin by Geographic Region

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

	For the three months ended December 31,				For the year ended December 31,			
	2020		2019		**2020**		2019	
Western Canada								
Alberta	**$ 1,572**	**30.0%**	$ 2,864	1.0%	**$ 46,999**	**65.0%**	$ 3,534	1.1%
British Columbia	**—**	**—%**	911	0.3%	**983**	**1.4%**	3,742	1.2%
Saskatchewan	**1,066**	**20.3%**	(17,747)	(6.4%)	**6,401**	**8.9%**	(19,480)	(6.0%)
	$ 2,638	**50.3%**	$ (13,972)	(5.1%)	**$ 54,383**	**75.3%**	$ (12,204)	(3.7%)
Ontario	**1,319**	**25.2%**	13,294	4.9%	**16,621**	**23.0%**	35,955	11.1%
Quebec	**106**	**2.0%**	—	—%	**154**	**0.2%**	—	—%
Eastern Canada	**—**	**—%**	283	0.1%	**—**	**—%**	3,133	0.9%
Canada	**4,063**	**77.5%**	(395)	(0.1%)	**71,158**	**98.5%**	26,884	8.3%
United Kingdom	**—**	**—%**	228	0.1%	**—**	**—%**	1,274	0.3%
United States	**(561)**	**(10.7%)**	(1,263)	(0.5%)	**(1,941)**	**(2.7%)**	6,083	1.9%
Non-segmented (asset management)	**1,743**	**33.2%**	277,223	100.5%	**3,103**	**4.2%**	290,755	89.5%
Total	**$ 5,245**	**100.0%**	$ 275,793	100.0%	**$ 72,320**	**100.0%**	$ 324,996	100.0%

Quarterly Business Trends

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

(in thousands of dollars, except per share amounts)	**Dec 31, 2020**	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Revenue	**$ 48,639**	$ 60,485	$ 62,044	$ 176,455	$ 383,360	$ 64,069	$ 76,044	$ 56,957
Earnings (loss) for the period[1]	**(32,315)**	(4,653)	10,776	185,830	349,191	27,167	(11,089)	(33,524)
Basic earnings (loss) per share[1]	**(0.70)**	(0.11)	0.23	3.78	6.65	0.51	(0.22)	(0.62)
Diluted earnings (loss) per share[1]	**(0.70)**	(0.11)	0.22	3.72	6.43	0.50	(0.22)	(0.62)

[1] Per share amounts reflect the Share Consolidation for all periods presented.

Selected Annual Information

	Year ended December 31,		
(in thousands of dollars, except per share amounts)	**2020**	2019	2018
Revenue	**$ 347,623**	$ 580,430	$ 339,873
Earnings before income taxes	**197,620**	440,426	213,492
Earnings for the year	**159,638**	331,745	192,053
Earnings for the year attributable to shareholders	**159,221**	332,246	190,948
Basic earnings per share[1]	**3.37**	6.25	3.52
Diluted earnings per share[1]	**3.31**	6.09	3.42
Total assets	**2,844,373**	3,034,033	2,751,566
Total liabilities	**1,437,761**	1,601,424	1,631,986
Total equity	**1,406,612**	1,432,609	1,119,580

[1] Per share amounts reflect the Share Consolidation for all periods presented.

Non-IFRS Measures

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

"Assets under management ("AUM")" is the respective carrying value of gross assets managed by the Company on behalf of its clients, investors or partners under asset management agreements, development management agreements and/or management services agreements at 100% of the client's total assets. All other investments are reflected at the Company's proportionate share of the investment's total assets without duplication. Assets under management is a measure of success against the competition and consists of growth or decline due to asset appreciation, changes in fair market value, acquisitions and dispositions, operations gains and losses, and inflows and outflows of capital. Effective December 31, 2020, the Company has updated its calculation methodology for assets under management and fee earnings assets under management. Management of the Company made this change as we believe gross balances are a truer indicator of AUM and the size of our portfolio.

"Consolidation and fair value adjustments" represents certain IFRS adjustments required to reconcile Dream standalone and Dream Impact Trust results to the consolidated results as at and for the year ended December 31, 2020 and 2019. Consolidation and fair value adjustments relate to business combination adjustments on acquisition of Dream Impact Trust on January 1, 2018 and related amortization, elimination of intercompany balances including the investment in Dream Impact Trust units, adjustments for co-owned projects, fair value adjustments to the Dream Impact Trust units held by other unitholders, and deferred income taxes.

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

		December 31, 2020		December 31, 2019
Debt	**$**	**755,876**	$	698,955
Total assets		**2,844,373**		3,034,033
Debt to total assets ratio		**26.6%**		23.0%

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

"Fee earning assets under management" represents assets under management that are managed under contractual arrangements that entitle the Company to earn asset management revenue calculated as the total of: (i) 100% of the purchase price of client properties, assets and/or indirect investments subject to asset management agreements; (ii) 100% of carrying value of gross assets of the underlying development project subject to development management agreements; and (iii) 100% of carrying value of specific Dream Office REIT redevelopment properties subject to a development management addendum under the shared services agreement with Dream Office REIT, without duplication.

"Gross margin %" is an important measure of operating earnings in each business segment of Dream and represents gross margin as a percentage of revenue. Gross margin represents revenue, less direct operating costs, excluding selling, marketing, depreciation and other operating costs.

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

"Net operating income" represents revenue less direct operating costs. Net operating income less general, administrative and overhead expenses, and amortization, is equal to net margin as per Note 38 of the consolidated financial statements. Net operating income for the recurring income segment for the year ended December 31, 2020 and 2019 is calculated as follows:

	For the three months ended December 31,				**For the year ended December 31,**			
		2020		2019		**2020**		2019
Revenue	**$**	**19,758**	$	309,277	**$**	**92,229**	$	431,142
Less: Direct operating costs		**(13,491)**		(19,993)		**(65,007)**		(83,088)
Less: Selling, marketing, depreciation and other indirect costs		**(1,670)**		(1,832)		**(6,585)**		(6,842)
Net margin	**$**	**4,597**	$	287,452	**$**	**20,637**	$	341,212
Add: Depreciation		**1,196**		1,467		**4,740**		4,895
Add: General and administrative expenses		**474**		365		**1,845**		1,947
Net operating income	**$**	**6,267**	$	289,284	**$**	**27,222**	$	348,054

Additional Information

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

Appendix - Supplemental Segmented Information

Recurring Income

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total recurring income - Dream consolidated**
					For the three months ended December 31, 2020
Revenue	$ 6,719	$ 4,161	$ 5,762	$ 3,116	**$ 19,758**
Net margin	3,630	785	(561)	743	**4,597**

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total recurring income - Dream consolidated**
					For the year ended December 31, 2020
Revenue	$ 29,874	$ 21,428	$ 24,217	$ 16,710	**$ 92,229**
Net margin	9,118	7,489	(1,941)	5,971	**20,637**

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income - Dream consolidated
					For the three months ended December 31, 2019
Revenue	$ 288,214	$ 6,261	$ 7,442	$ 7,360	$ 309,277
Net margin	283,590	2,150	(1,263)	2,975	287,452

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income - Dream consolidated
					For the year ended December 31, 2019
Revenue	$ 319,741	$ 28,198	$ 39,332	$ 43,871	$ 431,142
Net margin	300,585	10,395	6,083	24,149	341,212

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

Development

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total development - Dream consolidated**
				For the three months ended December 31, 2020
Revenue	$ 1,690	$ 27,191	$ —	**$ 28,881**
Net margin	(1,524)	2,473	(301)	**648**

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total development - Dream consolidated**
				For the year ended December 31, 2020
Revenue	$ 87,318	$ 168,076	$ —	**$ 255,394**
Net margin	2,631	49,521	(469)	**51,683**

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	Total development - Dream consolidated
				For the three months ended December 31, 2019
Revenue	$ 30,124	$ 43,959	$ —	$ 74,083
Net margin	3,663	(15,322)	—	(11,659)

	Urban development	Western Canada community development	Dream Impact Trust& consolidation and fair value adjustments[1]	Total development - Dream consolidated
				For the year ended December 31, 2019
Revenue	$ 53,553	$ 95,735	$ —	$ 149,288
Net margin	3,607	(19,823)	—	(16,216)

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

Management's responsibility for consolidated financial statements

The accompanying consolidated financial statements, the notes thereto and management's discussion and analysis contained in this Annual Report have been prepared by, and are the responsibility of, the management of Dream Unlimited Corp. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, using management's best estimates and judgments when appropriate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Board of Directors carries out these responsibilities primarily through an Audit Committee, which is composed entirely of independent directors. The Audit Committee meets with management as well as the external auditor to satisfy itself that management 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 Directors, 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 management present.

"Michael J. Cooper"
Michael J. Cooper
President and Chief Responsible Officer

"Deborah Starkman"
Deborah Starkman
Chief Financial Officer

Toronto, Ontario
February 23, 2021

Independent auditor's report

To the Shareholders of Dream Unlimited Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dream Unlimited Corp. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, 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 Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income 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 significant accounting policies and other explanatory information.

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 Company 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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to note 3 – Summary of significant accounting policies, note 4 – critical accounting estimates, judgments and assumptions and note 11 – investment properties to the consolidated financial statements* The Company measures its investment properties at fair value, and as at December 31, 2020, these assets were valued at $620 million. Fair values of investment properties are determined using valuations prepared by management. One property was valued using the direct comparison approach. The direct comparison approach considered recent activity for similar development/redevelopment sites. Fair values of the remaining investment properties were calculated using a discounted cash flow model plus a terminal value based on the estimated cash flows in the final year. Significant assumptions used in the discounted cash flow model include estimates regarding the market rents, discount rate and terminal capitalization rate. Critical judgments are made in respect of the fair values of investment properties by management. We considered this a key audit matter due to: i) significant audit effort required to assess the fair value of investment properties; ii) critical judgments made by management when determining the fair value including the development of the significant assumptions, and; iii) a high degree of complexity in assessing audit evidence to support the significant assumptions made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	Our approach to addressing the matter included the following procedures, among others: For a sample of investment properties, tested how management determined the fair value, which included the following: • Evaluated the appropriateness of the valuation methodology used (the direct comparison approach or discounted cash flow model). • Tested the underlying data used in the discounted cash flow model. • Evaluated the reasonableness of the estimated future cash flows used in the discounted cash flow model by comparing components of the year one cash flows, such as contractual rents, to the underlying accounting records. • Evaluated the reasonableness of the discount rate and terminal capitalization rate by comparing to external market and industry data. • Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us: – For the investment property valued using the direct comparison approach, in assessing the transactions used by management and by comparing to recent market transactions. – For the investment properties valued using the discounted cash flow model, in evaluating the reasonableness of the market rents, discount rate and terminal capitalization rate by comparing to externally available market data.

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.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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 Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 23, 2021

Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

(in thousands of Canadian dollars)	Note		**2020**		2019
Assets					
Cash and cash equivalents	37	**$**	**185,121**	$	388,521
Accounts receivable	5		**200,890**		202,158
Other financial assets	6		**177,229**		129,456
Lending portfolio	7		**23,248**		64,705
Housing inventory	8		**29,195**		38,607
Condominium inventory	9		**248,506**		291,304
Land inventory	10		**484,838**		538,571
Investment properties	11		**619,872**		518,424
Recreational properties	12		**60,560**		48,779
Equity accounted investments	14		**762,652**		708,840
Capital and other operating assets	15		**52,262**		55,579
Assets held for sale	16		**—**		49,089
Total assets		**$**	**2,844,373**	$	3,034,033
Liabilities					
Accounts payable and other liabilities	17	**$**	**198,835**	$	206,280
Income and other taxes payable			**58,091**		154,361
Provision for real estate development costs	18		**31,040**		36,853
Debt	19		**755,876**		698,955
Dream Impact Trust units[1]	20		**289,330**		411,078
Deferred income taxes	21		**104,589**		93,897
Total liabilities			**1,437,761**		1,601,424
Shareholders' equity					
Share capital	2, 22		**1,024,275**		1,193,562
Reorganization adjustment			**(944,577)**		(944,577)
Contributed surplus	32		**14,954**		11,410
Retained earnings			**1,288,042**		1,140,179
Accumulated other comprehensive income			**8,952**		10,386
Total shareholders' equity			**1,391,646**		1,410,960
Non-controlling interest	24		**14,966**		21,649
Total equity			**1,406,612**		1,432,609
Total liabilities and equity		**$**	**2,844,373**	$	3,034,033

[1] Effective October 26, 2020 Dream Hard Asset Alternatives Trust changed its name to Dream Impact Trust.

See accompanying notes to the consolidated financial statements.

Commitments and contingencies (Note 35)
Subsequent events (Note 41)

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

"Michael J. Cooper"	***"Joanne Ferstman"***
Michael J. Cooper	Joanne Ferstman
Director	*Chair*

Consolidated Statements of Earnings

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except for per share amounts)	Note		**2020**		2019
Revenue	25	**$**	**347,623**	$	580,430
Direct operating costs	26		**(242,469)**		(216,196)
Gross margin			**105,154**		364,234
Selling, marketing, depreciation and other operating costs	27		**(32,834)**		(39,238)
Net margin			**72,320**		324,996
Other income (expenses):					
General and administrative expenses	28		**(16,681)**		(24,348)
Fair value changes in investment properties	11, 16		**1,723**		40,961
Share of earnings from equity accounted investments	14		**82,694**		93,351
Investment and other income	29		**8,571**		10,165
Loss on disposition of assets held for sale	16		**—**		(8,515)
Interest expense	30		**(23,841)**		(41,903)
Net gain on disposition of Dream Global REIT	36		**—**		135,474
Adjustments related to Dream Impact Trust units	20		**77,764**		(113,512)
Fair value changes in financial instruments			**(4,930)**		23,757
Earnings before income taxes			**197,620**		440,426
Income tax expense	21		**(37,982)**		(108,681)
Earnings for the year		**$**	**159,638**	$	331,745
Total earnings (loss) for the year attributable to:					
Shareholders		**$**	**159,221**	$	332,246
Non-controlling interest	24		**417**		(501)
Earnings for the year		**$**	**159,638**	$	331,745
Basic earnings per share[1]	33	**$**	**3.37**	$	6.25
Diluted earnings per share[1]	33	**$**	**3.31**	$	6.09

[1] Basic and diluted earnings per share reflect the Share Consolidation as described in Note 2 for the years ended December 31, 2020 and 2019.

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars)	Note		**2020**		2019
Earnings for the year		**$**	**159,638**	$	331,745
Other comprehensive income (loss)					
Reversal of gains reclassified to net income on disposition of assets held for sale			**—**		(274)
Reversal of losses on interest rate hedge reclassified to net income, net of tax			**—**		1,906
Unrealized loss on interest rate hedge, net of tax			**(1,977)**		(1,425)
Unrealized loss from foreign currency translation (reclassified to earnings on partial or full disposal of foreign operation)			**(259)**		(577)
Share of other comprehensive income (loss) from equity accounted investments			**802**		(623)
Total other comprehensive loss			**(1,434)**		(993)
Total comprehensive income		**$**	**158,204**	$	330,752
Total comprehensive income (loss) for the year attributable to:					
Shareholders		**$**	**157,787**	$	331,253
Non-controlling interest	24		**417**		(501)
Total comprehensive income		**$**	**158,204**	$	330,752

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars)	Dream share capital (Note 22)	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interest	Total equity
Balance, January 1, 2020	**$ 1,193,562**	**$ 11,410**	**$ (944,577)**	**$ 1,140,179**	**$ 10,386**	**$ 1,410,960**	**$ 21,649**	**$ 1,432,609**
Earnings for the year	**—**	**—**	**—**	**159,221**	**—**	**159,221**	**417**	**159,638**
Other comprehensive loss for the year	**—**	**—**	**—**	**—**	**(1,434)**	**(1,434)**	**—**	**(1,434)**
Shares repurchased (Note 22)	**(170,433)**	**—**	**—**	**—**	**—**	**(170,433)**	**—**	**(170,433)**
Dividends paid (Note 22)	**—**	**—**	**—**	**(11,164)**	**—**	**(11,164)**	**—**	**(11,164)**
Share-based compensation (Note 32)	**1,146**	**3,544**	**—**	**(194)**	**—**	**4,496**	**—**	**4,496**
Change in interest in subsidiary (Note 24)	**—**	**—**	**—**	**—**	**—**	**—**	**(7,100)**	**(7,100)**
Balance, December 31, 2020	**$ 1,024,275**	**$ 14,954**	**$ (944,577)**	**$ 1,288,042**	**$ 8,952**	**$ 1,391,646**	**$ 14,966**	**$ 1,406,612**

(in thousands of Canadian dollars)	Dream share capital	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interest	Total equity
Balance, January 1, 2019	$ 1,209,819	$ 8,049	$ (944,577)	$ 818,581	$ 11,379	$ 1,103,251	$ 16,329	$ 1,119,580
Earnings for the year	—	—	—	332,246	—	332,246	(501)	331,745
Other comprehensive loss for the year	—	—	—	—	(993)	(993)	—	(993)
Shares repurchased under normal course issuer bid	(16,478)	—	—	—	—	(16,478)	—	(16,478)
Dividends paid	—	—	—	(10,615)	—	(10,615)	—	(10,615)
Share-based compensation	221	3,361	—	(33)	—	3,549	—	3,549
Distributions to non-controlling interests	—	—	—	—	—	—	(1,879)	(1,879)
Contributions from non-controlling interests	—	—	—	—	—	—	7,700	7,700
Balance, December 31, 2019	$ 1,193,562	$ 11,410	$ (944,577)	$ 1,140,179	$ 10,386	$ 1,410,960	$ 21,649	$ 1,432,609

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(in thousands of Canadian dollars)	Note	**2020**	2019
Operating activities			
Earnings for the year		**$ 159,638**	$ 331,745
Adjustments for non-cash items:			
Depreciation and amortization		**7,119**	9,456
Fair value changes in investment properties	11, 16	**(1,723)**	(40,961)
Share of earnings from equity accounted investments	14	**(82,694)**	(93,351)
Deferred income tax expense (recovery)	21	**11,223**	(938)
Other adjustments	37	**(3,282)**	(2,648)
Loss on disposition of assets		**—**	8,515
Net gain on disposition of Dream Global REIT		**—**	(135,474)
Changes in non-cash working capital	37	**(109,504)**	85,866
Acquisition of condominium inventory, net of acquired cash and working capital	9	**(5,300)**	(18,033)
Sale of housing inventory, net of development	8	**12,848**	21,558
Sale of condominium inventory, net of development	9	**23,488**	(43,716)
Advances on construction loans, net of repayments	19	**4,603**	39,305
Acquisition of land inventory	10	**—**	(3,244)
Fair value adjustment on Dream Impact Trust units	20	**(98,016)**	90,931
Development of land inventory, net of sales	10	**(905)**	7,059
Net cash flows provided by (used in) operating activities		**(82,505)**	256,070
Investing activities			
Acquisitions and additions to investment properties and assets held for sale	11, 16	**(72,349)**	(51,271)
Acquisitions and additions to recreational properties and renewable power assets, net	12	**(16,613)**	(5,642)
Investments in equity accounted investments		**(23,720)**	(64,054)
Contributions to equity accounted investments		**(33,966)**	(27,442)
Distributions and disposals of equity accounted investments		**106,023**	21,912
Acquisitions of financial assets and other assets		**(57,353)**	(18,507)
Distributions and disposals of financial assets and other assets		**61,470**	111,026
Proceeds on disposition of assets, net	16	**46,330**	116,559
Proceeds on disposition of asset management agreement and other transaction costs, net		**—**	133,127
Loans receivable advances, net of repayments		**(21,032)**	3,097
Lending portfolio repayments, net of advances and lender fees		**41,986**	82,755
Net cash flows provided by investing activities		**30,776**	301,560
Financing activities			
Borrowings from mortgages and term debt facilities	19	**131,431**	48,492
Repayments of mortgages and term debt facilities	19	**(58,004)**	(51,766)
Advances from operating lines, net of repayments	19	**—**	(49,000)
Repayment of margin facility, net of advances	19	**—**	(100,000)
Repayments pursuant to non-revolving term facility		**(22,000)**	—
Advances from equity accounted investments		**6,815**	31,615
Contributions from non-controlling interest, net of distributions	24	**—**	5,821
Dream Impact Trust units repurchased from other unitholders	20	**(24,610)**	(59,102)
Dividends paid	22	**(11,164)**	(10,615)
Repayments of lease obligations	17	**(3,706)**	(3,694)
Redemption of Preference shares, series 1		**—**	(28,675)
Shares repurchased	22	**(170,433)**	(16,478)
Net cash flows used in financing activities		**(151,671)**	(233,402)
Change in cash and cash equivalents		**(203,400)**	324,228
Cash and cash equivalents, beginning of year		**388,521**	64,293
Cash and cash equivalents, end of year	37	**$ 185,121**	$ 388,521

See accompanying notes to the consolidated financial statements.

1. Business and structure

Dream Unlimited Corp. ("Dream" or "the Company"), through its wholly owned subsidiary, Dream Asset Management Corporation (“DAM”), is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of assets under management across three Toronto Stock Exchange ("TSX") listed trusts and numerous partnerships. The Company also develops land and residential assets in Western Canada.

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

2. Basis of preparation

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

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

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

The consolidated financial statements for the year ended December 31, 2020 were approved by the Board of Directors for issue on February 23, 2021, after which date they may be amended only with the Board of Directors’ approval.

3. Summary of significant accounting policies

The significant accounting policies adopted by the Company in the preparation of its consolidated financial statements are set out below. The Company has consistently applied these accounting policies throughout all years presented in the consolidated financial statements, except for new standards adopted during the year ended December 31, 2020 and related accounting policies as described below.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, other financial assets and financial instruments classified as fair value through profit or loss, which are measured at fair value as determined at each reporting date.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions have been eliminated in the consolidated financial statements.

Subsidiaries are those entities the Company controls through the power to govern the financial and operating policies of the entity and by having exposure or rights to variable returns from its involvement with the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are subsequently deconsolidated on the date control ceases.

Dream Impact Trust, formerly Dream Hard Asset Alternatives Trust, is considered a subsidiary of the Company based on the Company's exposure to variable returns from ownership through Dream Impact Trust units held and real estate joint venture agreements.

Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred over and above the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of the non-controlling interest in the acquiree.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. Goodwill is monitored by the Company at an operating segment level. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount of the CGU, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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

Segmented Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the President and Chief Responsible Officer of the Company.

Joint Arrangements and Associates

Investments in Joint Arrangements

A joint arrangement is a contractual arrangement, pursuant to which the Company and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements are of two types: joint ventures and joint operations.

Investments in Joint Ventures

Joint ventures involve the establishment of a separate entity in which each co-venturer has an interest in the net assets of the arrangement and are accounted for using the equity method of accounting, whereby the Company recognizes its share of earnings or losses and of other comprehensive income ("OCI") of the equity accounted investment in its own earnings or OCI, as applicable. If the Company's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the equity accounted investment.

The Company's investments in joint ventures are as follows:

		Ownership interest	
Name of joint venture and location	Nature of business	**2020**	2019
Bear Valley Mountain Resort LLC, California	Ski facilities	**50%**	50%
Corktown Commercial Inc., Toronto	Investment properties	**50%**	50%
Distillery Restaurants LP, Toronto	Restaurant	**50%**	50%
Dream CMCC Funds I and II, Toronto	Mixed-use development	**9% - 40%**	9% - 40%
Dundee Kilmer Developments Limited, Toronto	Condominiums	**50%**	50%
Dundee Kilmer Developments LP, Toronto	Condominiums	**50%**	50%
Firelight Infrastructure Partners LP, Toronto	Renewable energy	**n/a**	20%
Firelight Infrastructure Partners Management LP, Toronto	Renewable energy	**n/a**	50%
S/D Commercial Corporation, Toronto	Investment properties	**50%**	50%
Westland Properties Ltd., Western Canada	Land	**78%**	78%
Dream VHP Limited Partnership, Toronto	Mixed-use development	**25%**	25%
Dream Wilson Brighton Development LP, Western Canada	Mixed-use development	**50%**	50%
GulfDream LP, Toronto	Mixed-use development	**50%**	50%
Port Credit West Village Partners LP, Toronto	Mixed-use development	**31%**	31%
GG Duncan LP, Toronto	Mixed-use development	**33%**	25%
Dream WDL LP, Toronto	Residential rental	**33%**	33%
Zibi Community Utility LP, Ottawa	Utilities	**40%**	40%
2632691 Ontario Inc. ("Alate Partners"), Toronto	Property technology	**25%**	25%
DK B10 LP, Toronto	Condominiums	**50%**	50%
DKT B10 LP, Toronto	Residential rental	**33%**	33%
Pauls/Dream Industrial Range Road LLC ("Range Road"), Nevada	Development property	**10%**	10%
Dream/Pauls Castle LLC, Texas	Income properties	**50%**	50%
Harlo Scarborough Junction LP, Toronto	Mixed-use development	**45%**	n/a

Investments in Joint Operations

Where the Company undertakes its activities as a joint operation through a direct interest in the joint operation's assets and a direct obligation for the joint operation's liabilities, rather than through the establishment of a separate entity, the Company's proportionate share of the joint operation's assets, liabilities, revenues, expenses and cash flow is recognized in the consolidated financial statements and classified according to its nature.

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

The following table summarizes joint operations in which the Company participates and for which it recognizes its proportionate interest in the underlying assets, liabilities, revenues, expenses and cash flows:

		Ownership interest	
Name of joint operation and location	Nature of business	**2020**	2019
Distillery District, Toronto	Historical heritage district	**50%**	50%
Millwoods Robertson, Edmonton	Land	**70%**	70%
Streetcar, Toronto	Condominiums	**25% - 50%**	25% - 50%
Thornhill Woods, Toronto	Land and housing	**30% - 32%**	30% - 32%

Investments in Associates

Investments in associates comprise those investments over which the Company has significant influence but not control. Generally, the Company is considered to exert significant influence when it holds more than a 20% interest in an entity. However, determining significant influence is a matter of judgment and specific circumstances and, from time to time, the Company may hold an interest of more than 20% in an entity without exerting significant influence.

Conversely, the Company may hold an interest of less than 20% and exert significant influence through representation on the Board of Directors, through direction of management or through contractual agreements. The Company accounts for its investments in associates using the equity method of accounting.

The Company's interest in Dream Office REIT as at December 31, 2020 was 32% (December 31, 2019 - 27%) and the Company is deemed to be able to exercise significant influence over the investee. The carrying amount and earnings from the Company's investment in Dream Office REIT has been recorded in equity accounted investments in the consolidated statements of financial position and share of earnings from equity accounted investments in the consolidated statement of earnings, respectively.

Impairment of Equity Accounted Investments

The Company assesses, at each reporting date, whether there is objective evidence that its interest in an equity accounted investment is impaired. If impaired, the carrying value of the Company's share of the underlying assets of the equity accounted investment is written down to its estimated recoverable amount, with any difference charged to earnings.

Business Combinations

The Company uses the acquisition method to account for business combinations. The consideration transferred for the acquisition is measured as the aggregate of the fair values of assets transferred, liabilities incurred or assumed, and any equity instruments of the Company issued in exchange for control of the acquiree. Acquisition costs are recorded as an expense in earnings as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations" ("IFRS 3"), are recognized at their fair values at the acquisition date.

At the time of an acquisition of a property, the Company evaluates whether the acquisition is a business combination or an asset acquisition. IFRS 3 is only applicable if it is considered that a business has been acquired. A business, according to IFRS 3, is defined as an integrated set of activities and assets conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. In determining whether an acquired property meets the definition of a business, the Company assesses whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This is relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. When an acquisition does not represent a business as defined under IFRS 3, the Company classifies these properties as an asset acquisition.

The interest of non-controlling shareholders in the acquiree, if any, is initially measured at the non-controlling shareholders' share of the net assets of the acquiree, or the fair value of the non-controlling interest, as applicable. To the extent the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets acquired, the excess is recorded as goodwill. If the consideration transferred is less than the fair value of net identifiable tangible and intangible assets, the excess is recognized in earnings.

Where a business combination is achieved in stages, previously held interests in the acquired entity are remeasured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in earnings. Amounts arising from interests in the acquiree prior to the date of acquisition of control that have previously been recognized in OCI are reclassified to earnings. Changes in the Company's ownership interest of a subsidiary that do not result in a loss of control are accounted for as equity transactions and are recorded as a component of equity.

Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Functional Currency of Subsidiaries and Equity Accounted Investments
The monetary assets and liabilities on the financial statements of consolidated subsidiaries and equity accounted investments that have a functional currency that is different from that of the Company are translated into Canadian dollars using the exchange rate at year-end for items included in the consolidated statements of earnings and OCI, and the rates in effect at the dates of the consolidated statements of financial position for assets and liabilities. All resulting changes are recognized in OCI as foreign currency translation adjustments.

If the Company's interest in the foreign operations of a subsidiary or an equity accounted investment is diluted, but the foreign operations remain a subsidiary or an equity accounted investment, a pro rata portion of the cumulative translation adjustment related to those foreign operations is reallocated between controlling and non-controlling interests, in the case of a subsidiary, or is recognized as a dilution gain or loss in the case of an equity accounted investment. When the Company disposes of its entire interest in the foreign operations, or when it loses control, joint control or significant influence, the cumulative translation adjustment included in accumulated other comprehensive income ("AOCI") related to the foreign operations is recognized in the consolidated statements of earnings on a pro rata basis.

Foreign Currency Transactions
Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency at each year-end date are recognized in the consolidated statements of earnings, except when deferred in OCI as qualifying cash flow hedges and qualifying net investment hedges.

Financial Instruments
The Company's financial instruments include cash and cash equivalents, accounts receivable, other financial assets, lending portfolio, financial instruments within accounts payable and other liabilities, customer deposits, debt, Dream Impact Trust units, and deposits and restricted cash that have been included in the consolidated financial statements within capital and other operating assets.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are no longer recognized when the rights to receive cash flows from the assets have expired or are assigned and the Company has transferred substantially all risks and rewards of ownership in respect of an asset to a third party. Financial assets are recognized at settlement date less any related transaction costs. Financial liabilities are no longer recognized when the related obligation expires, or is discharged or cancelled.

Classification of financial instruments in the Company's consolidated financial statements depends on the purpose for which the financial instruments were acquired or incurred. Management determines the classification of financial instruments at initial recognition.

Fair Value Through Profit or Loss ("FVTPL")
Financial instruments in this category are initially and subsequently recognized at fair value. Gains and losses arising from changes in fair value are presented within earnings in the consolidated statements of earnings in the period in which they arise, unless they are derivative instruments that have been designated as hedges.

Financial Liabilities at Amortized Cost
Financial liabilities classified at amortized cost are initially measured at the amount required to be paid, less, when material, a discount to reduce the liabilities to fair value. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method.

Financial Liabilities at Fair Value through Profit or Loss
Certain financial liabilities are designated as FVTPL as they are managed and evaluated on a fair value basis. These financial liabilities are initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are recorded within earnings in the consolidated statements of earnings in the period in which they arise, with the exception of changes in the liability's credit risk, which are recorded in OCI in the period in which they arise.

Hedging Instruments and Activities
At the inception of a hedging transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction is recognized in OCI. The gain or loss relating to the ineffective portion, if any, is recognized immediately in the consolidated statements of earnings.

The realized gain or loss recognized on settlement of a hedging instrument designated as a cash flow hedge will be reclassified to earnings over the same basis as the cash flows received from the hedged item. When a hedging instrument no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in OCI at that time are recognized in earnings immediately.

Impairment of Financial Assets
The Company applies an appropriate impairment model approach for financial assets depending on the category of financial assets or liabilities. The three impairment models applicable under IFRS 9 include the general approach, the simplified approach and the credit-adjusted approach. The Company uses the simplified approach, which recognizes expected credit losses ("ECLs") based on lifetime ECLs for accounts receivable and the general approach for loans receivable. The general approach uses the ECLs estimated at the 12-month ECL unless the credit risk has increased significantly relative to the credit risk at the date of initial recognition.

Investment Holdings and Participating Mortgages
Investment holdings and participating mortgages include limited partnership interests, a hospitality asset, a bond portfolio, a vendor take-back mortgage secured against land, and mortgage receivables secured against residential development properties and include participation rights in the profits of the underlying development. At initial recognition, the Company measures a financial asset at its fair value, plus any related transaction costs. Subsequent measurement depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. With the exception of the bond portfolio, investment holdings and participating mortgages are classified as FVTPL as their contractual cash flows do not represent solely payments of principal and interest. The bond portfolio is measured at amortized cost using the effective interest method and net of any impairment losses. Income earned and the changes in fair value are recorded in the consolidated statements of earnings as fair value changes in financial instruments.

Lending Portfolio
The lending portfolio is primarily comprised of fixed-interest-rate and interest-only mortgage and loan investments that the Company intends on holding until maturity. They are recognized initially at fair value, plus any directly attributable transaction costs. The Company 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 ECL model. Under the general approach ECL model, the Company estimates possible default scenarios for the next 12 months on its lending portfolio investments. The Company 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 earnings. 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 asset.

In circumstances when an entity acquires a loan investment that is credit impaired at the date of initial recognition the credit adjusted approach will be applied. The credit adjusted approach results in expected credit losses calculated considering an estimate of default over the life of the asset.

The Company recognizes interest, lender fees and other income from the lending portfolio in the consolidated statements of earnings using the effective interest rate method for the general or simplified approach ECL model. 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. Interest and other income and lender fees includes the Company'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. 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.

Real Estate Inventory
Housing and Condominiums
Housing and condominium inventory, which may, from time to time, include commercial property, is acquired or constructed for sale in the ordinary course of business and is held as inventory and measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, based on prevailing market prices at each reporting date and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

Land
Land inventory includes land held for development and land under development and is measured at the lower of cost and net realizable value.

Capitalized Costs
Capitalized costs include all expenditures incurred in connection with the acquisition of property, direct development and construction costs, certain borrowing costs and property taxes.

Provision for Real Estate Development Costs
The provision for real estate development costs reflects management's estimate of costs to complete for land, housing and condominium projects for which revenue has been recognized. These amounts have not been discounted, as the majority of the costs are expected to be expended within approximately one year.

Investment Properties

Investment properties include properties held to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost, which includes all expenditures incurred in connection with the acquisition of property, direct development and construction costs, borrowing costs and property taxes. Subsequent to initial recognition, investment properties are measured at their fair value at each reporting date. Gains or losses arising from changes in fair value are recorded in earnings in the period in which they arise.

Development Investment Properties

Once appropriate evidence of a change in use of land held or under development is established, the land is transferred from inventory to investment properties. At that time, the land is recognized at fair value in accordance with the Company's accounting policy for investment properties if fair value is reliably measurable, and any gain or loss is reflected in fair value changes in investment properties within the consolidated statements of earnings, in the period the transfer occurs. The gain or loss recorded represents the difference between the fair value of the transferred property and the accumulated costs of development.

The fair value of development investment properties is determined by management on a property-by-property basis using a discounted cash flow valuation methodology or the direct comparison approach. Within the discounted cash flows, the significant unobservable inputs include: terminal capitalization rates, discount rates and market rates. Other assumptions include forecasted net operating income based on the location, type and quality of the property, supported by the terms of actual or anticipated future leasing; estimated costs to complete based on internal budgets, terms of construction contracts and market conditions; expected completion dates; development and leasing risks specific to the property; and the status of approvals and/or permits. Within the direct comparison approach, the significant unobservable inputs include recent activity for similar development/ redevelopment sites.

Recreational Properties

Recreational properties are owner-occupied properties used in the production or supply of goods or services. Recreational properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Costs of recreational properties include all expenditures incurred in connection with the acquisition of the property, direct development and construction costs, borrowing costs and property taxes. The Company uses the straight-line method of depreciation for recreational properties, including major expansions and renovations. The estimated useful life of the properties is between two and forty years.

Real Estate Borrowing Costs

Real estate borrowing costs include interest and other costs incurred in connection with the borrowing of funds for operations. Borrowing costs directly attributable to the acquisition, development or construction of qualifying real estate assets that necessarily take a substantial period of time to prepare for their intended use or sale are capitalized as part of the cost of the respective real estate asset. For real estate construction and development projects, the Company considers a substantial period of time to be a period longer than one year to complete. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs that are directly attributable to investment properties under development or to the development of condominiums and commercial properties are capitalized. Borrowing costs related to land or housing developments are recognized in earnings as incurred. Where borrowing costs are specific to a qualifying asset, the amount is directly capitalized to that asset. Otherwise, borrowing costs are aggregated and pro-rated to qualifying assets using the Company's weighted average cost of borrowing. Borrowing costs are capitalized during periods of active development and construction, starting from the commencement of the development work until the date on which all of the activities necessary to prepare the real estate asset for its intended use or sale are complete. Thereafter, borrowing costs are charged to earnings.

Capital and Other Operating Assets

Capital assets are recorded at cost, net of accumulated depreciation and impairment, if any, and are depreciated on a straight-line basis. Annual depreciation rates estimated by management have a range of two to twenty years. The Company reviews the depreciation method, residual values and estimates of the useful life of its capital assets at least annually. On sale or retirement, a capital asset and its related accumulated depreciation are removed from the consolidated financial statements and any related gain or loss is reflected in earnings.

Other operating assets consist primarily of prepaid amounts, which are generally amortized to earnings over the expected service period; deposits made in connection with potential future acquisitions, which are subsequently allocated to specific inventory on completion of the acquisition; and restricted cash amounts, which comprise cash-securing letters of credit provided to various government agencies to support development activities, certain customer deposits and amounts held as security against accounts receivable.

Impairment of Non-Financial Assets

Non-financial assets are assessed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss, if any, is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount of an asset is the greater of an asset's fair value, less costs to sell, and its value in use. For the purposes of assessing impairment, assets are grouped at the CGU level. If their carrying value is assessed as not recoverable, an impairment loss is recognized.

An assessment is made, at each reporting date, as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount and, if appropriate, reverses all or part of the impairment. If the impairment is reversed, the carrying amount of the asset is increased to the newly estimated recoverable amount. This increased carrying amount may not exceed the carrying amount that would have resulted after taking into account depreciation if no impairment loss had been recognized in prior years. The amount of any impairment reversal is recorded immediately in earnings for the year.

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

Assets Held for Sale

Assets and liabilities (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Investment properties continue to be measured at fair value and the remainder of the disposal group is stated at the lower of the carrying amount and fair value less costs to sell.

Dream Impact Trust Units

The Company holds an effective 26% interest in Dream Impact Trust as at December 31, 2020 through ownership of 16,830,028 trust units (December 31, 2019 - 23% interest through ownership of 15,721,604 trust units). The remaining 47,981,722 trust units outstanding are held by other unitholders and have been recognized on the consolidated statements of financial position to reflect the residual 74% interest held by other parties as at December 31, 2020. The units are redeemable at the option of the holder and, therefore, are considered a puttable instrument in accordance with IAS 32, "Financial Instruments - Presentation" ("IAS 32"), and must be presented as a financial liability. The holder has the option to redeem units, generally at any time, at a redemption price per unit equal to the lesser of 90% of the 20-day weighted average closing price prior to the redemption date or 100% of the closing market price on the redemption date.

The Company manages the Dream Impact Trust units on a fair value basis. As a financial liability measured at fair value through profit or loss, the Company recorded the Dream Impact Trust units at fair value on acquisition of control. Subsequent to initial recognition, the liability is remeasured to fair value each period based on the Dream Impact Trust unit's closing trading price. Fair value changes are recorded within adjustments related to Dream Impact Trust units in the consolidated statements of earnings in the period in which they arise. Distributions on Dream Impact Trust units not held by the Company are recognized in the period in which they are approved and are recorded as an expense within adjustments related to Dream Impact Trust units in the consolidated statements of earnings. Refer to Note 20 for additional details.

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company capitalizes all commissions paid to an intermediary as a cost to obtain a contract when they are expected to be recovered. These costs are amortized consistently with the pattern of recognition for the related revenue. The following is a description of principal activities from which the Company generates its revenues, including the nature of revenues, timing of satisfaction of performance obligations and significant payment terms.

Product and services	Nature and timing of satisfaction of performance obligations
Land	Revenue relating to sales of land is recognized when control over the property has been transferred to the customer - typically when the customer can begin construction on the property. Until this criterion is met, any proceeds received are accounted for as customer deposits. Revenue is measured based on the transaction price agreed to under the contract and is typically recognized upon receipt of 15% of the transaction price.
Condominiums and housing projects	Revenue relating to sales of condominiums and housing projects is recognized when control of the property has been transferred to the customer - typically when the customer occupies the property. Until these criteria are met, any proceeds received are accounted for as customer deposits. Revenue is measured based on the transaction price agreed to under the contract.
Other revenue from investment properties (excluding base rent)	Other revenue from investment properties includes recoveries of operating expenses including percentage participation rents, lease cancellation fees, parking income and other incidental income. The Company recognizes revenue as the related services are performed. The unsatisfied performance obligation resulting from other investment property revenue has a variable consideration that is constrained by the underlying performance of the property.
Recreational properties	Amounts received for the sale of annual season passes to recreational properties are deferred and amortized on a straight-line basis over the term of the season. Other amounts received from the use of recreational properties are recognized as revenue when earned.
Real estate asset management and advisory services	Revenue from real estate asset management and advisory services is calculated based on a fee that is a formula specific to each advisory client and may include fee revenue calculated as a percentage of the capital managed, capital expenditures incurred, the purchase price of properties acquired and the value of financing transactions completed. These fees are recognized on an accrual basis over the period during which the related service is rendered. Asset management and advisory services fee arrangements may also provide the Company with an incentive fee when the investment performance of the underlying assets exceeds established benchmarks. Incentive fees and other revenues are recognized in earnings when it is highly probable there will not be a significant reversal of revenue.
Rental income	The Company uses the straight-line method of rental revenue recognition on investment properties whereby any contractual free-rent periods and rent increases over the term of a lease are recognized in earnings evenly over the lease term. Initial direct leasing costs incurred in negotiating and arranging tenant leases are added to the carrying amount of the investment properties and are amortized over the term of the lease. 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 investment properties and are amortized on a straight-line basis over the term of the lease as a reduction in revenue from investment properties
Lending portfolio interest and fees income	Mortgage interest and fees revenues are recognized in the consolidated statements of earnings using the effective interest method. Mortgage interest and fees revenues include the discount or premium incurred by the Company 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.

Direct Operating Costs
Inventory costs associated with land held for development or land under development, including the estimated costs to complete the development of the asset, are allocated to direct operating costs on a per lot basis, pro-rated based on the street frontage of each lot. Inventory costs associated with the development of condominiums are allocated to direct operating costs on a per unit basis, pro-rated based on the sales value of the unit relative to the sales value of all units in a condominium project. Direct operating costs associated with the construction of housing inventory and commercial property are specific to each project.

Direct operating costs related to specific investment or recreational properties include property management costs and operating expenses, as well as management and administrative expenses, and are recorded on an accrual basis.

Income Taxes
The Company 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 periods (carry forward period assumptions), it is reasonably possible that actual results could differ from the estimates used in the Company's historical analysis. If the Company'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.

Non-Controlling Interest
The non-controlling interest represents equity interests of subsidiaries owned by other shareholders. The share of net assets, net retained earnings and accumulated other comprehensive income of these subsidiaries attributable to a non-controlling interest is presented as a component of equity.

Earnings per Share
Basic earnings per share is computed by dividing Dream's earnings attributable to owners of the parent by the weighted average number of Subordinate Voting Shares and Dream Class B common shares ("Class B Shares") outstanding during the year. Diluted earnings per share, where applicable, is calculated by adjusting the weighted average number of shares outstanding for dilutive instruments by applying the treasury stock method.

Share-Based Compensation
Stock Option Plan
Management issues share-based compensation to certain employees in the form of stock options that vest evenly over a three to five-year period. The fair value of the options on the grant date is determined using an option pricing model. The estimated fair value of options on the grant date is recognized as compensation expense on a graded vesting basis over the period in which the employee services are rendered.

Performance Share Unit Plan
Management issues share-based compensation to certain employees in the form of performance share units ("PSUs") that are subject to either time vesting only, or time and performance vesting. PSUs subject to performance vesting provide the holder with a minimum of 0 and a maximum of 1.5 Subordinate Voting Shares based on the achievement of predetermined Company performance goals. In lieu of receiving Subordinate Voting Shares on vesting, PSU holders may request a cash payment equal to the five-day trailing weighted average share price of the Company's Subordinate Voting Shares on the vesting date or settlement date, when applicable; however, the form of payment on vesting is ultimately the decision of the Company. During the holding period, which is between the grant date and the vesting date, PSUs earn dividends declared by the Company in the form of additional fractional PSUs. The fair value of the PSUs on the grant date is determined using an option pricing model. The estimated fair value of the PSUs on the grant date is recognized as compensation expense on a straight-line basis over the period in which the employee services are rendered.

Deferred Share Incentive Plan
The Company has a deferred share incentive plan that provides for the grant of deferred share units ("DSUs") and income deferred share units to eligible directors, senior management and their service providers. Grants to directors, officers and employees are recognized as compensation expense and are included in general and administrative expenses in the period in which they are granted. During the holding period, which is between the grant date and the vesting date, DSUs earn dividends declared by the Company in the form of additional fractional DSUs. On settlement of DSUs and earned fractional DSUs, the amount recognized in contributed surplus for the grant is reclassified to share capital.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the associated conditions, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attached to the grant have or will be fulfilled. Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes the expenses or revenue for the related costs or income for which the grants are intended to compensate. For those government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs, the grant is recognized in profit or loss for the period in which it becomes receivable. The Company recognizes government assistance as a reduction in the related expenses, through the consolidated statement of earnings.

Adoption of Recent Accounting Pronouncements

The Company has adopted the following new or revised standards, including any consequential amendments thereto, for the year effective January 1, 2020. Changes in accounting policies adopted by the Company were made in accordance with the applicable transitional provisions as provided in those standards and amendments. As required by IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the nature and the effect of these changes are disclosed below.

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

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

Future Accounting Policy Changes

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

Amendments to IAS 1, Presentation of Financial Statements

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date. The amendments also clarify that the settlement of a liability refers to the transfer of the counterparty of cash, equity instruments, and/or other assets or services. Early application is permitted. The Company intends to adopt the amendments to IAS 1 on the required effective date of January 1, 2023. The Company is in the process of assessing the impact of this amendment.

4. Critical accounting estimates, judgments and assumptions

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies, estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities included in the Company’s consolidated financial statements. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions the Company has made in the preparation of its consolidated financial statements.

Joint Arrangements and Associates

The Company 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 Company’s investment is passive in nature. The assessment of whether the Company exerts control, joint control or significant influence over an investment will determine the accounting treatment for the investment. In making this assessment, the Company considers its ownership interest in the investment as well as its decision-making authority with regard to the operating, financing and investing activities of the investment as specified in the contractual terms of the arrangement. The Company also considers any agreements with the investee that expose the Company to variable returns from its involvement with the investee. Joint arrangements that involve the establishment of a separate entity in which each venture has an interest are set up as joint ventures, whereas investments in associates are those investments over which the Company has significant influence but no control.

Business Combinations and Goodwill

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 Company 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 Company 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 Company considers whether employees were assumed in the acquisition and whether an operating platform has been acquired.

Significant judgment is required in applying the acquisition method of accounting for business combinations and, specifically, in identifying and determining the fair value of assets and liabilities acquired, including intangible assets and residual goodwill, if any. The Company's goodwill balance is allocated to the particular CGU to which it relates (herein referred to as the "goodwill CGU"). The recoverable amount of the Company's goodwill CGU is determined based on the fair value less costs of disposal approach. Refer to Note 15 for further details.

Consolidation

In determining if an entity is a subsidiary of the Company, the Company makes significant judgments about whether it has power and control over such an entity. In addition to voting rights, the Company considers the contractual rights and obligations arising from other arrangements, and other relevant factors relating to an entity in determining if the Company has the power and ability to affect returns from an investee. The contractual rights and obligations considered by the Company 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 Company, the termination provisions of applicable agreements, the types and determination of fees paid to the Company and the significance, if any, of any investment made by the Company. The Company reviews its prior conclusions when facts and circumstances change.

Net Realizable Value

Land, housing and condominium inventory are stated at the lower of cost and net realizable value. In calculating net realizable value, management must estimate the selling price of these assets based on prevailing market prices at the dates of the consolidated statements of financial position, discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs. If estimates are significantly different from actual results, the carrying amounts of these assets may be overstated or understated on the consolidated statements of financial position and, accordingly, earnings in a particular period may be overstated or understated.

Provisions

Provisions are recorded by the Company when it has determined it has a present obligation, whether legal or constructive, and it is probable that an outflow of resources will be required to settle the obligation, provided a reliable estimate can be made of the amount of the obligation. Management must use judgment in assessing the magnitude and timing of the potential economic exposure and the likelihood of a future event occurring. Actual results may differ significantly from those estimates. The consolidated financial statements include a significant provision for costs to complete land, housing and condominium projects. The stage of completion of any development project, and the remaining costs to be incurred, are determined by management, considering relevant available information at each reporting date. In making such determination, management makes significant judgments about milestones, actual work performed and the estimates of costs to complete the work.

Fair Value of Investment Holdings and Participating Mortgages

Critical judgments are made in determining the fair value of investment holdings and participating mortgages. The fair values of these investments are reviewed regularly by the Company with reference to the applicable local market conditions and in discussion with the development's construction management company. The Company 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 Company's interest and participating income. Each investment is subject to an appraisal by an independent valuator at least once every three years, if not earlier. Judgment is applied in determining the extent and frequency of independent appraisals.

Fair Value of Investment Properties

Critical judgments are made in respect of the fair values of investment properties and the investment properties held in equity accounted investments. Significant assumptions relating to the estimates of fair values of investment properties include terminal capitalization rates, discount rates and market rents. Other assumptions include the receipt of contractual rents, renewal rates, maintenance requirements and current and recent investment property transaction prices, if any. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may change materially.

On a rotational basis, the Company engages independent, professionally qualified appraisers who are experienced, nationally recognized and qualified in the professional valuation of real estate in their respective geographic areas. Judgment is applied in determining the extent and frequency of independent appraisals. A select number of properties are valued by an independent appraiser on a rotational basis at least once every three years. For properties subject to an independent valuation report, management verifies all major inputs to the valuation and reviews the results with the independent appraisers.

Fair Value of Development Investment Properties

Fair value measurement of an investment property under development is applied only if the fair value is considered to be reliably measurable. Under specific circumstances, investment properties under development may be carried at cost until their fair value becomes reliably measurable. It may sometimes be difficult to determine reliably the fair value of investment properties under development. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers various factors, including significant assumptions related to terminal capitalization rates, discount rates and market rent and other assumptions relate to the terms of the construction contract, the stage of completion, the location, type and quality of the property, expected completion dates, the level of reliability of cash inflows after completion, the development risks specific to the property, past experience with similar constructions, status of approvals and/or permits, estimated costs to complete and market conditions.

Impairment of Non-Financial Assets

Recreational properties, capital assets and intangible assets with finite lives are tested for impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. Intangible assets with indefinite lives are tested at least annually. Management uses judgment in performing this impairment test. Imprecision in any of the assumptions and estimates used could affect the valuation of these assets and the assessment of performance.

IAS 36, "Impairment of Assets", requires management to use judgment in determining the recoverable amount of assets tested for impairment. Judgment is involved in estimating the fair value less the cost to sell or value-in-use of the 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.

Income Taxes

The determination of the Company’s income and other tax liabilities requires interpretation of complex laws and regulations, often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated statements of financial position. Deferred income tax assets are recognized to the extent the Company believes it is probable that the assets can be recovered. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that may differ significantly from estimates recorded in deferred tax balances.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Fair Value and Impairment of Financial Instruments

Certain financial instruments are recorded in the Company’s consolidated statements of financial position at values that are representative of or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations.

IFRS 9 requires management to use judgment in determining if the Company's financial assets are impaired. The Company's financial assets are subject to the ECL model whereby the Company 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.

The fair value of certain other financial instruments is determined using valuation techniques. By their nature, these valuation techniques require the use of assumptions. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the amount of earnings recorded in a particular period.

The Company classifies the fair value of its financial instruments according to the following hierarchy, which is based on the amount of observable inputs used to value the instrument:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair Value of Hedging Instruments and Effectiveness

Critical judgments are made in respect of assumptions used to estimate the fair value of hedging instruments and to assess the effectiveness of the hedging arrangement. The basis of valuation and assessment of effectiveness for the Company's derivatives is set out in Note 19; however, the fair values reported may differ from how they are ultimately recognized if there is volatility in interest rates between the valuation date and settlement date.

Transfer of Inventory to Development Investment Properties

Raw land is usually unentitled property without the regulatory approvals that allow the construction of residential, industrial, commercial and mixed-use developments. When development plans are formulated, the Company may decide that specific land holdings will be developed into investment properties. Once appropriate evidence of a change in use is established, the land is transferred to investment properties. This also applies to multi-family rental properties, which are transferred to investment properties from condominium inventory.

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

COVID-19

During the year ended December 31, 2020, the World Health Organization declared COVID-19 a global pandemic and the ensuing responses by governments, including the closure of non-essential businesses and social distancing requirements, have increased the level of uncertainty in the economy and caused significant disruptions to all businesses and daily life. The Company assessed the impact on its business, including the recoverability of its lending portfolio, recoverability of accounts receivable, net realizable value of inventories, including land in Western Canada, carrying values of recreational properties and equity accounted investments including Dream Office REIT, timing and amount of revenue recognized from investment properties, the fair value of certain loan investments classified as FVTPL, investment properties, participating mortgages and investment holdings.

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

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

5. Accounts receivable

The details of accounts receivable by segment are summarized in the following table:

		2020		2019
Development	**$**	**179,257**	$	188,555
Recurring income		**15,205**		11,093
Corporate and other		**6,428**		2,510
	$	**200,890**	$	202,158

Accounts receivable for contracted sales of land under development and housing and condominium sales are secured by the underlying real estate assets and have various terms of repayment. The carrying value of accounts receivable is reported net of a provision for impairment of $1,052 (December 31, 2019 - $645).

6. Other financial assets

Other financial assets consisted of the following:

		2020		2019
Investment holdings	**$**	**92,940**	$	50,206
Loans receivable		**62,205**		8,088
Participating mortgages		**22,084**		66,210
Other instruments		**—**		4,952
	$	**177,229**	$	129,456

Participating Mortgages

Participating mortgages related to two long-term development loans secured by real property comprising two residential assets. Refer to Note 31 for the valuation methodology used to determine the fair value of the participating mortgages. In the year ended December 31, 2020, the Company received proceeds of $43,150, representing a return of capital for one of the participating mortgages.

Investment Holdings

As at December 31, 2020, investment holdings include one hospitality asset (the Virgin Hotels Las Vegas), a real estate development investment and a portfolio of bonds.

In the year ended December 31, 2020, a portfolio of bonds totalling $41,568 was purchased. The bonds have been collateralized against certain project specific debt.

During the year ended December 31, 2020 the Company invested an additional $4,035 into the Virgin Hotels Las Vegas. As at December 31, 2020 the cash paid continues to approximate fair value, adjusted for foreign currency translation, supported by internal valuations.

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

Loans Receivable

Loans receivable are amounts owing to the Company pertaining to development partnerships in Toronto and Western Canada. In the year ended December 31, 2020, the Company provided a $50,400 vendor take-back mortgage ("VTB") relating to the sale of 480 acres at Glacier Ridge in Calgary to an equity accounted investment in which the Company retained a 14% interest. The VTB has an interest rate of 5% per annum and a maturity date of March 31, 2024.

7. Lending portfolio

		2020		2019
Balance, beginning of year	$	64,705	$	144,095
Add (deduct):				
Lending portfolio advances		—		119
Provision for lending portfolio losses		(2,882)		(2,350)
Interest capitalized to lending portfolio balance		2,499		5,029
Other		912		1,024
Principal repayments at maturity		(41,986)		(83,212)
Balance, end of year[1]	$	23,248	$	64,705

[1] Included is a loan of $6,762 that is classified as FVTPL (December 31, 2019 - $7,301).

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

		2020		2019
Weighted average effective interest rate (year-end)		9.0%		9.1%
Security allocation (1st mortgages/other)		40.5%/59.5%		47.7%/52.3%
Maturity dates		2021 - 2025		2020 - 2025
Balance of accrued interest	$	126	$	130
Loans with prepayment options		8,757		40,128

During the year ended December 31, 2020, a loan investment classified as FVTPL, aggregating $6,762 (December 31, 2019 - $7,301), 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, 2019 - 17.5%), which took into consideration similar instruments with corresponding maturity dates plus a credit adjustment in accordance with the borrowers' creditworthiness, as well as the risk profile of the underlying 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 was to increase by 25 basis points ("bps"), the fair value of the loan investments would decrease by $100. If the weighted average market rate was to decrease by 25 bps, the fair value would increase by $100.

During the year ended December 31, 2020, an increase in the existing provision for the lending portfolio resulted in a loss of $2,882 (year ended December 31, 2019 - $2,350). The full provision related to one loan, the value of which was determined based on the net realizable value of the underlying real estate properties, net of 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 ratio.

8. Housing inventory

The movement in housing inventory is as follows:

		2020		2019
Balance, beginning of year	$	38,607	$	56,605
Transfers from land inventory (Note 10)		3,436		3,560
Development		10,005		6,082
Housing units occupied		(22,853)		(27,640)
Balance, end of year	$	29,195	$	38,607

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

9. Condominium inventory

The movement in condominium inventory is as follows:

		2020		2019
Balance, beginning of year	$	**291,304**	$	239,621
Acquisitions		**5,300**		47,467
Development		**52,451**		85,168
Condominium units occupied		**(75,939)**		(41,452)
Transfers to investment properties (Note 11)		**(24,610)**		(39,500)
Balance, end of year	$	**248,506**	$	291,304

10. Land inventory

The movement in land inventory is as follows:

		2020		2019
Balance, beginning of year	$	**538,571**	$	575,896
Acquisitions		**—**		4,875
Development		**28,520**		32,878
Writedown of land held for development		**—**		(23,159)
Lot and acre sales[1]		**(78,015)**		(39,937)
Transfers to housing inventory (Note 8)		**(3,436)**		(3,560)
Transfers to investment properties (Note 11)		**(802)**		(8,422)
Balance, end of year	$	**484,838**	$	538,571

[1] Included in the lot and acre sales is $38,619 relating to our 480-acre Glacier Ridge site. The Company has retained a 14% interest in the underlying development, recorded within equity accounted investments.

In the year ended December 31, 2019, the Company recorded a write-down on land held for development located in Regina for $23,159 to net realizable value which reflects updated assumptions on absorptions and deferred development start dates on our new phases/communities.

11. Investment properties

The movement in investment properties by segment is as follows:

		Recurring income		Development		Total 2020		Total 2019
Balance, beginning of year	$	419,995	$	98,429	$	**518,424**	$	412,771
Additions to and transfers to/from investment properties:								
Acquisitions		—		—		**—**		8,339
Land and building additions		4,452		67,722		**72,174**		46,092
Transfers from inventory (Notes 9 and 10)		—		25,412		**25,412**		47,922
Transfers from assets held for sale (Note 16)		—		—		**—**		5,708
Dispositions		—		—		**—**		(44,340)
Gains (losses) included in earnings:								
Fair value changes in investment properties		3,027		1,651		**4,678**		43,389
Amortization and other		(1,260)		(40)		**(1,300)**		(1,761)
Change in straight-line rent		418		66		**484**		304
Balance, end of year	$	426,632	$	193,240	$	**619,872**	$	518,424

Included in the recurring income segment as at December 31, 2020 is a right-of-use asset for the 100 Steeles leasehold interest of $10,101 (December 31, 2019 - $10,493).

Fair Value of Investment Properties

Fair values of investment properties are determined using valuations prepared by management using inputs that are Level 3 on the fair value hierarchy. To supplement the assessment of fair value, management obtains valuations of selected investment properties on a rotational basis from qualified external valuation professionals and verifies the results of such valuations with the external appraisers. As at December 31, 2020, investment properties with a fair value of $212,435 were externally appraised at a value of $236,141 (December 31, 2019 - investment properties with a total fair value of $345,369 were externally appraised at a value of $366,569). The net fair value gain primarily related to a wholly owned office property in Dream Impact's portfolio, whereby its highest and best use considered the asset's redevelopment potential due to its rezoning application submission, was determined by using the direct comparison approach. The appraised value for this wholly owned property was higher than the fair value recorded in the consolidated statements of financial position as it was adjusted for density and price per square foot based on certain management assumptions compared to the appraiser assumptions, including zoning and timing. Generally, an increase in density and price per square foot would result in an increase in fair values. Investment properties, other than the above noted, are measured at fair value using the discounted cash flow method.

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

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

The following are the significant assumptions in the valuation of income properties, using the discounted cash flow method:

- Terminal capitalization rate – capitalization rates used to estimate the resale value of the property at the end of the holding period
- Discount rate – reflecting current market assessments of the uncertainty in the amount and timing of cash flows
- Market rents – year one rates in the discounted cash flow

Significant unobservable inputs were as follows for December 31, 2020 and December 31, 2019:

		2020		2019	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Discount rate	**5.25%-7.25%**	**6.1%**	5.25%-7.25%	6.3%
	Terminal capitalization rate	**4.50%-6.75%**	**5.5%**	4.50%-6.50%	5.6%
	Market rents (in dollars per square foot)[1]	**$17.40-$28.00**	**$21.36**	$17.78–$29.93	$22.46
Development	Discount rate	**5.75%-7.00%**	**6.4%**	6.00%-7.00%	6.6%
	Terminal capitalization rate	**5.00%-6.50%**	**5.7%**	5.25%-6.50%	5.9%
	Market rents (in dollars per square foot)[1]	**$16.00-$41.15**	**$25.62**	$18.74–$38.53	$26.75

[1] Market rents represent year one rates in the discounted cash flow method. Market rents represent base rents only and do not include the impact of lease incentives.

Fair values of investment properties, which include commercial, retail and other properties held for the long term, are calculated using a discounted cash flow ("DCF") model, plus a terminal value based on the estimated cash flow in the final year. The DCF model incorporates, among other things, expected rental income from current leases, assumptions about rental income from future leases and implied vacancy rates, general inflation and projections of required cash outflows with respect to such leases. The significant unobservable inputs for the fair value of the Company's investment properties are provided above. As at December 31, 2020, the Company assessed all inputs to the DCF model by property, including cash flow assumptions, resulting in a fair value gain of $4,678 on its investment properties in the year ended December 31, 2020.

Fair values of the Company's investment properties are most sensitive to changes in the discount and terminal capitalization rates. An increase in these rates will result in a decrease in the fair value of an investment property and vice versa.

		Increase (decrease) in value		
Input sensitivity		**+25 bps**		**-25 bps**
Impact of changes to weighted average discount rate	$	(7,252)	$	7,414
Impact of changes to weighted average terminal capitalization rate		(9,898)		10,854

Investment properties, including equity accounted investments with a fair value of $523,492 as at December 31, 2020 (December 31, 2019 - $420,457), are pledged as security for mortgages and term debt. Investment properties, including equity accounted investments with a fair value of $243,074 as at December 31, 2020 (December 31, 2019 - $143,496), are pledged as security for construction loans.

The Company's future minimum rental commitments, including joint operations, from non-cancellable tenant operating leases as at December 31, 2020 were as follows:

No longer than 1 year	$	17,428
Between 1 and 2 years		16,000
Between 2 and 3 years		14,617
Between 3 and 4 years		12,812
Between 4 and 5 years		12,217
Longer than 5 years		89,988
	$	163,062

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

12. Recreational properties

The movement in recreational properties is as follows:

		2020		2019
Balance, beginning of year	$	48,779	$	49,241
Acquisition		8,848		—
Additions		7,766		5,683
Depreciation		(4,828)		(4,981)
Other		(5)		(1,164)
Balance, end of year	$	60,560	$	48,779

Cost	$	97,200	$	80,591
Accumulated depreciation		(36,640)		(31,812)
Balance, end of year	$	60,560	$	48,779

		2020		2019
Operational recreational properties:				
Arapahoe Basin ski hill (Colorado)	$	33,043	$	31,923
The Broadview Hotel (Ontario)		13,374		13,952
Gladstone Hotel (Ontario)		11,529		—
Willows Golf Course (Saskatchewan)		2,614		2,904
	$	60,560	$	48,779

13. Renewable power assets

The movement in the December 31, 2019 renewable power assets is as follows:

		2020		2019
Balance, beginning of year	$	—	$	143,288
Impact of changes in accounting policies		—		12,036
Adjusted balance, beginning of year		—		155,324
Dispositions		—		(41)
Depreciation		—		(2,610)
Foreign currency loss		—		(1,054)
Transferred to assets held for sale (Note 16)		—		(151,619)
Balance, end of year	$	—	$	—

		2020		2019
Cost	$	—	$	171,632
Accumulated depreciation		—		(20,013)
Transferred to assets held for sale (Note 16)		—		(151,619)
Total renewable power assets	$	—	$	—

14. Equity accounted investments

The Company has entered into certain arrangements in the form of jointly controlled entities for various mixed-use developments, as well as renewable energy investments. These arrangements include restrictions on the ability to access assets without the consent of all partners and include distribution conditions outlined in partnership agreements. These arrangements are accounted for under the equity method. The equity method of accounting is also applicable to investments in common stock in which the Company is deemed to be able to exercise significant influence over the investee company. As at December 31, 2020, the carrying value of these arrangements was $762,652 (December 31, 2019 - $708,840).

In the year ended December 31, 2020, the Company indirectly disposed of its interest in a renewable power portfolio and exited the Firelight Infrastructure Partners LP partnership, generating cash proceeds of $70,202 and a pre-tax gain of $34,164 included in earnings from equity accounted investments.

The following tables summarize the Company's proportionate share of assets and liabilities in equity accounted investments (segregated between development and recurring income investments) as at December 31, 2020 and December 31, 2019.

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

				2020
Project level (100%)		**Assets**	**Liabilities**	**Net assets**
Development investments				
Brighton Marketplace	$	79,153	$ (52,674)	$ 26,479
Canary District		210,284	(164,689)	45,595
Frank Gehry		381,370	(175,054)	206,316
Brightwater		308,606	(150,679)	157,927
Lakeshore East		67,687	(30,183)	37,504
Other development investment		563,954	(252,180)	311,774
Total development investments	$	1,611,054	$ (825,459)	$ 785,595
Recurring income investments				
Dream Office REIT	$	2,888,880	$ (1,286,247)	$ 1,602,633
U.S. Multi-Family Portfolio		239,435	(206,380)	33,055
Other recurring income investments		228,381	(88,342)	140,039
Total recurring income investments	$	3,356,696	$ (1,580,969)	$ 1,775,727
Total	**$**	**4,967,750**	**$ (2,406,428)**	**$ 2,561,322**

						2020
At Dream's share	**Ownership interest**	**Assets**	**Liabilities**	**Net assets**	**Difference between net assets and deemed cost of investments[1]**	**Total**
Development investments						
Brighton Marketplace	50%	$ 39,577	$ (26,337)	$ 13,240	$ (2,286)	**$ 10,954**
Canary District	33%-50%	104,044	(82,149)	21,895	—	**21,895**
Frank Gehry	33%	129,614	(60,852)	68,762	—	**68,762**
Brightwater[2]	31%	98,494	(45,451)	53,043	—	**53,043**
Lakeshore East[2]	50%	48,451	(15,092)	33,359	—	**33,359**
Other development investments[3]	7%-78%	163,322	(119,796)	43,526	—	**43,526**
Total development investments		$ 583,502	$ (349,677)	$ 233,825	$ (2,286)	**$ 231,539**
Recurring income investments						
Dream Office REIT[4]	32%	$ 912,387	$ (406,232)	$ 506,155	$ (29,469)	**$ 476,686**
U.S. Multi-Family Portfolio	50%	119,717	(103,190)	16,527	—	**16,527**
Other recurring income investments	9%-50%	62,510	(24,568)	37,942	(42)	**37,900**
Total recurring income investments		$ 1,094,614	$ (533,990)	$ 560,624	$ (29,511)	**$ 531,113**
Total		**$ 1,678,116**	**$ (883,667)**	**$ 794,449**	**$ (31,797)**	**$ 762,652**

[1] The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at the end of the year.
[2] The Company's deemed cost of this investment includes fair value adjustments relating to the consolidation of Dream Impact Trust and as a result, may not reflect the Company's proportionate share of project-level net assets.
[3] During the year ended December 31, 2020, the Company recorded $17,215 in distributions related to the completion of the Axis Condominiums project, which had been received as cash advances in 2019.
[4] As at December 31, 2020, the fair value of the Company's interest in Dream Office REIT was $349,348.

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

			2019
Project level (100%)	Assets	Liabilities	Net assets
Development investments			
Brighton Marketplace	$ 69,614	$ (44,546)	$ 25,068
Canary District	213,966	(185,243)	28,723
Frank Gehry	362,725	(273,489)	89,236
Brightwater	269,183	(109,668)	159,515
Lakeshore East	66,723	(30,012)	36,711
Other development investments	464,570	(157,253)	307,317
Total development investments	$ 1,446,781	$ (800,211)	$ 646,570
Recurring income investments			
Dream Office REIT	$ 2,911,800	$ (1,270,492)	$ 1,641,308
Firelight Infrastructure Partners LP	947,023	(727,664)	219,359
Other recurring income investments	142,357	(83,737)	58,620
Total recurring income investments	$ 4,001,180	$ (2,081,893)	$ 1,919,287
Total	$ 5,447,961	$ (2,882,104)	$ 2,565,857

						2019
At Dream's share	Ownership interest	Assets	Liabilities	Net assets	Difference between net assets and deemed cost of investments[1]	Total
Development investments						
Brighton Marketplace	50%	$ 34,807	$ (22,273)	$ 12,534	$ (2,286)	$ 10,248
Canary District	30%-50%	106,239	(92,086)	14,153	—	14,153
Frank Gehry	25%	89,999	(68,372)	21,627	8,334	29,961
Brightwater[2]	31%	87,807	(34,150)	53,657	—	53,657
Lakeshore East[2]	50%	48,226	(15,267)	32,959	—	32,959
Other development investments	7%-78%	88,771	(41,193)	47,578	—	47,578
Total development investments		$ 455,849	$ (273,341)	$ 182,508	$ 6,048	$ 188,556
Recurring income investments						
Dream Office REIT[3]	27%	$ 792,253	$ (345,680)	$ 446,573	$ (13,200)	$ 433,373
Firelight Infrastructure Partners LP	20%	189,405	(145,533)	43,872	—	43,872
Other recurring income investments	9%-50%	68,153	(24,933)	43,220	(181)	43,039
Total recurring income investments		$ 1,049,811	$ (516,146)	$ 533,665	$ (13,381)	$ 520,284
Total		$ 1,505,660	$ (789,487)	$ 716,173	$ (7,333)	$ 708,840

(1) The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at the end of the year.
(2) The Company's deemed cost of this investment includes fair value adjustments relating to the consolidation of Dream Impact Trust and, as a result, may not reflect the Company's proportionate share of project-level net assets.
(3) As at December 31, 2019, the fair value of the Company's interest in Dream Office REIT was $520,635.

The following tables summarize the Company's proportionate share of revenue, earnings (losses) and earnings (losses) before depreciation in equity accounted investments for the years ended December 31, 2020 and 2019.

			2020
Project level (100%)	**Revenue**	**Earnings (losses)**	**Earnings (losses) before depreciation**
Development investments	$ 615,218	$ 124,834	$ 125,495
Recurring income investments			
Dream Office REIT	206,623	123,211	125,138
Firelight Infrastructure Partners LP	61,940	3,334	5,058
U.S. Multi-Family Portfolio	10,555	926	926
Other recurring income investments	18,319	6,798	8,336
Total recurring income investments	$ 297,437	$ 134,269	$ 139,458
Total	**$ 912,655**	**$ 259,103**	**$ 264,953**

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

							2020
At Dream's share	**Ownership interest**		**Revenue**		**Earnings (losses)**		**Earnings (losses) before depreciation**
Development investments	7%-50%	$	33,578	$	16,893	$	16,983
Recurring income investments							
Dream Office REIT	32%		60,737		36,219		36,785
Firelight Infrastructure Partners LP[1]	20%		13,493		35,566		40,067
U.S. Multi-Family Portfolio[2]	50%		2,520		(4,735)		(4,735)
Other recurring income investments	7%-78%		9,978		(1,249)		(483)
Total recurring income investments		$	86,728	$	65,801	$	71,634
Total		**$**	**120,306**	**$**	**82,694**	**$**	**88,617**

(1) Earnings in the year ended December 31, 2020 include $34,164 from the gain on sale of an underlying renewable power portfolio.
(2) Losses in the year ended December 31, 2020 relate primarily to a foregone deposit.

						2019
Project level (100%)		Revenue		Earnings (losses)		Earnings (losses) before depreciation
Development investments	$	581,344	$	127,436	$	127,473
Recurring income investments						
Dream Office REIT		229,018		168,821		170,712
Firelight Infrastructure Partners LP		136,154		27,393		73,299
Other recurring income investments		42,296		17,107		18,563
Total recurring income investments	$	407,468	$	213,321	$	262,574
Total	$	988,812	$	340,757	$	390,047

							2019
At Dream's share	Ownership interest		Revenue		Earnings (losses)		Earnings (losses) before depreciation
Development investments[1]	7%-50%	$	99,183	$	30,326	$	30,336
Recurring income investments							
Dream Office REIT	27%		60,800		44,819		45,321
Firelight Infrastructure Partners LP	20%		27,231		5,479		14,659
Other recurring income investments	17%-78%		19,388		12,727		13,095
Total recurring income investments		$	107,419	$	63,025	$	73,075
Total		$	206,602	$	93,351	$	103,411

(1) Earnings from development investments in the year ended December 31, 2019 relate primarily to the Company's share of earnings from Dream CMCC Capital Fund II and Axis Condominium due to occupancies in the year.

15. Capital and other operating assets

Capital and other operating assets consisted of the following:

		2020		2019
Restricted cash	**$**	**15,751**	$	13,876
Goodwill		**13,576**		13,576
Prepaid expenses[1]		**7,392**		11,884
Capital assets		**8,560**		9,716
Right-of-use assets		**2,042**		3,914
Other		**4,941**		2,613
Total capital and other operating assets	**$**	**52,262**	$	55,579

		2020		2019
Capital assets	**$**	**19,842**	$	19,607
Accumulated depreciation		**(11,282)**		(9,891)
Total capital assets	**$**	**8,560**	$	9,716

(1) Included in prepaid expenses as at December 31, 2020 is $1,671 of capitalized sales commissions relating to housing and condominium sales to be recognized in future periods (December 31, 2019 - $6,371).

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

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

Right-of-Use Assets

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

		2020
Balance, beginning of year	$	3,914
Additions		65
Depreciation		(900)
Derecognition[1]	$	(1,037)
Balance, end of year	**$**	**2,042**

[1] Derecognition of right-of-use assets primarily relates to the termination of an office building lease.

Refer to Note 11 for right-of-use assets relating to investment properties.

Goodwill

Goodwill arising from business combinations is allocated at the lowest level within the Company at which it is monitored by management to make business decisions and, therefore, has been allocated to the Zibi CGU within the Development segment.

The recoverable amount of the Zibi CGU has been estimated using fair value less costs of disposal. The CGU's inventory was fair valued using a third party appraisal, whereby the direct comparison approach was used to compare Zibi with similar sites classified as vacant for development that have been recently sold or offered for sale. The fair value measurement is categorized in Level 3 of the fair value hierarchy.

The Company performed its annual impairment test as at October 1, 2020 and did not identify an impairment for the Zibi CGU.

16. Assets held for sale

In the year ended December 31, 2020, management had committed to a plan of sale of certain properties, which were considered highly probable.

Assets held for sale		**2020**		2019
Balance, beginning of year	**$**	**49,089**	$	72,587
Transfers to investment properties (Note 11)		—		(5,708)
Transfer from renewable power assets (Note 13)		—		151,619
Transfer of other assets associated with renewable power		—		7,248
Change in other assets associated with renewable power		—		4,303
Assets sold during the year		**(46,330)**		(178,493)
Additions to assets held for sale		**175**		420
Amortization and change in straight-line rent and other		**21**		(459)
Fair value changes in investment properties classified as assets held for sale		**(2,955)**		(2,428)
Balance, end of year	**$**	**—**	$	49,089

Liabilities associated with assets held for sale		**2020**		2019
Balance, beginning of year	**$**	**—**	$	—
Transfer of liabilities associated with renewable power		—		89,263
Change in liabilities associated with renewable power		—		1,182
Liabilities sold during the year		—		(90,445)
Balance, end of year	**$**	**—**	$	—

In the year ended December 31, 2020, the Company disposed of its interest in two investment properties, for net consideration of $46,330. No gain on disposal was recognized in the consolidated statement of earnings for the year ended December 31, 2020 as the investment properties were carried at fair value.

In the year ended December 31, 2019, the Company disposed of its interest in two investment properties, for total consideration of $15,323. No gain on disposal was recognized in the consolidated statement of earnings for the year ended December 31, 2019 as the investment properties were carried at fair value.

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

In the year ended December 31, 2019, Dream Impact marketed its economic interest in the Canadian and U.K. renewable power portfolio. These included two solar and one wind property in Canada and one wind property in the U.K., which were reclassified into assets held for sale in 2019. At the time of transfer, the assets had a carrying value of $151,619. In the year ended December 31, 2019, both the Canadian and U.K. renewable power portfolio components were sold for gross cash proceeds of $63,730, before transaction costs, resulting in a net loss of $8,515 recognized in the consolidated statement of earnings for the year ended December 31, 2019.

17. Accounts payable and other liabilities

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

		2020		2019
Accrued liabilities	**$**	**81,765**	$	101,467
Customer deposits		**42,824**		50,243
Trade payables[1]		**48,420**		33,907
Lease obligation		**12,747**		14,450
Deferred revenue		**10,343**		6,213
Interest rate swaps		**2,736**		—
	$	**198,835**	$	206,280

[1] Included in trade payables were bank overdraft balances of $2,096 as at December 31, 2020 (December 31, 2019 - $2,170).

Lease Obligation

		2020
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$	1,721
One to two years		1,359
Two to three years		1,329
Three to four years		1,424
Four to five years		1,331
More than five years		10,224
Total undiscounted lease obligation as at December 31, 2020	$	17,388
Discounted using the lessee's incremental borrowing rate as at December 31, 2020		(4,641)
Total discounted lease obligation as at December 31, 2020	**$**	**12,747**
Current portion of lease obligation		1,468
Non-current portion of lease obligation		11,279
Total lease obligation	**$**	**12,747**

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

18. Provision for real estate development costs

The movement in the provision for real estate development costs is as follows:

		2020		2019
Balance, beginning of year	**$**	**36,853**	$	33,853
Additional provisions		**3,922**		16,223
Utilized during the year		**(9,735)**		(13,223)
Balance, end of year	**$**	**31,040**	$	36,853

The provision for real estate development costs includes accrued costs based on the estimated costs to complete land, housing and condominium development projects for which revenue has been recognized. These amounts have not been discounted, as the majority are expected to be substantially utilized within one year.

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

19. Debt

Project-Specific Debt

	Construction loans	Operating Line - Western Canada	Mortgages and term debt	**Total**
Balance, January 1, 2020	$ 217,341	$ —	$ 257,509	**$ 474,850**
Borrowings	80,682	79,000	131,431	**291,113**
Repayments	(76,079)	(79,000)	(58,004)	**(213,083)**
Interest and other	8	—	536	**544**
Balance, December 31, 2020	**$ 221,952**	**$ —**	**$ 331,472**	**$ 553,424**

	Construction loans	Operating Line - Western Canada	Mortgages and term debt	Total
Balance, January 1, 2019	$ 177,986	$ 48,943	$ 336,594	$ 563,523
Borrowings	103,352	154,000	55,305	312,657
Repayments	(64,047)	(203,000)	(51,766)	(318,813)
Assumed on disposition of assets held for sale	—	—	(80,264)	(80,264)
Interest and other	50	57	(2,360)	(2,253)
Balance, December 31, 2019	$ 217,341	$ —	$ 257,509	$ 474,850

Corporate Debt Facilities

	Non-revolving term facility	Margin facility	**Total**
Balance, January 1, 2020	$ 224,105	$ —	**$ 224,105**
Repayments	(22,000)	—	**(22,000)**
Interest and other	347	—	**347**
Balance, December 31, 2020	**$ 202,452**	**$ —**	**$ 202,452**

	Non-revolving term facility	Margin facility	Total
Balance, January 1, 2019	$ 224,083	$ 100,000	$ 324,083
Repayments	—	(100,000)	(100,000)
Interest and other	22	—	22
Balance, December 31, 2019	$ 224,105	$ —	$ 224,105

Further details on the weighted average interest rates and maturities are included in Note 31. In the year ended December 31, 2020, there were no events of default on any of the Company's obligations under its debt facilities.

Operating Line - Western Canada

The Company's revolving term credit facility (the "operating line") is primarily used to finance land servicing activity in Saskatchewan and Alberta. The operating line is available up to a formula-based maximum not to exceed $290,000, with a syndicate of Canadian financial institutions. The operating line bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% or at the bank's then prevailing bankers' acceptance rate plus 2.50%. The operating line is secured by a general security agreement and a first charge against various real estate assets in Western Canada.

As at December 31, 2020, funds available under this facility were $252,830, as determined by the formula-based maximum calculation, with $35,827 of letters of credit issued against the facility (December 31, 2019 - $259,004, with $46,162 of letters of credit issued against the facility).

In the year ended December 31, 2020, the Company amended the operating line, extending the maturity date to January 31, 2023, and revising certain covenants of DAM.

Construction Loans and Mortgages and Term Debt

Construction loans relate to housing and commercial projects under development, project-specific financing and land servicing and may be due on demand with recourse provisions and/or hold security against the underlying property. Mortgages and term debt are property-specific and may hold security against the underlying property with or without recourse provisions.

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

Non-Revolving Term Facility

In the year ended December 31, 2020, the Company executed on an amendment to its $225,000 non-revolving term facility with a syndicate of Canadian financial institutions, extending the maturity date to February 28, 2022 and revising certain covenants of DAM. The non-revolving term facility bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.50% or at the bank's then prevailing bankers' acceptance rate plus 2.75%. The facility is secured by a general security agreement and a first charge against various real estate assets and other financial assets of the Company.

Operating Line - Dream Impact Trust

Dream Impact Trust has a revolving term credit facility available, up to a formula-based maximum not to exceed $50,000, with a Canadian financial institution. As at December 31, 2020, no funds were drawn on the revolving credit facility (December 31, 2019 – $nil) and funds available under this facility was $nil (December 31, 2019 – $8,894), net of $nil (December 31, 2019 – $360) of letters of credit issued against the facility.

Margin Facility

The Company's margin facility is due on demand and bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% or the bank's then prevailing bankers' acceptance rate plus 2.50%. The facility is secured by a first charge against certain marketable securities. As at December 31, 2020, funds available under this facility were $110,000, as determined by the formula-based maximum calculation.

Interest Rate Swaps

The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Excluding the operating line - Western Canada and margin facility, variable rate debt represented 62% (December 31, 2019 - 72%) of the Company's total debt obligation as at December 31, 2020. In order to manage the interest rate risk on certain variable rate debt, the Company has entered into interest rate swaps as detailed below:

Maturity date	Debt facility		Notional amount hedged	Fixed interest rate	Financial instrument classification		Fair value of hedging instrument
January 14, 2023	Term debt	$	3,667	3.69%	FVTPL	$	(51)
February 28, 2022	Non-revolving term facility		175,000	4.51%	Cash flow hedge		(2,685)

In the year ended December 31, 2020, the Company entered into an interest rate swap to effectively exchange the variable interest rate on $175,000 of the non-revolving term facility for a fixed rate of 4.51% per annum through the use of forward-purchase contracts that mature on February 28, 2022. The Company has applied hedge accounting to this relationship, whereby the change in fair value of the effective portion of the hedging derivatives is recognized in accumulated other comprehensive income. Settlement of both the fixed and variable portions of the interest rate swap occurs on a monthly basis. The full amount of the hedge was determined to be effective as at December 31, 2020 as all critical terms matched during the year.

In the year ended December 31, 2019, the Company extinguished an interest rate swap on the non-revolving term facility, resulting in a break fee of $1,935 recognized within interest expense in the consolidated statement of earnings (Note 30).

20. Dream Impact Trust units

The Company accounts for the 74% interest in Dream Impact Trust held by other unitholders as a financial liability measured at FVTPL (December 31, 2019 - 77%). As at December 31, 2020, the Trust units had a fair value of $289,330 based on the trading price on the TSX. The movement in Dream Impact Trust units is as follows:

			2020			2019
	Units		**Total**	Units		Total
Balance, beginning of year	**53,042,384**	**$**	**411,078**	60,454,099	$	377,234
Units acquired by the Company in the year	**—**		**—**	(2,820,155)		(21,049)
Units issued to other unitholders through distribution reinvestment plan	**—**		**—**	142,818		940
Units repurchased and cancelled by Dream Impact Trust	**(5,185,995)**		**(24,610)**	(4,876,984)		(38,053)
Deferred units exchanged for Dream Impact Trust units	**125,333**		**878**	142,606		1,075
Fair value adjustment	**—**		**(98,016)**	—		90,931
Balance, end of year	**47,981,722**	**$**	**289,330**	53,042,384	$	411,078

In the year ended December 31, 2020, the Company, through Dream Impact Trust, declared cash distributions on the Trust units of $20,252 owing to other unitholders (year ended December 31, 2019 - distributions of $22,581, of which $21,641 was paid in cash).

In the year ended December 31, 2020, the Company recognized a gain related to Dream Impact Trust units of $77,764 in the consolidated statements of earnings, comprising a fair value gain of $98,016 due to a decrease in Dream Impact Trust's trading price, partially offset by distributions to other unitholders of $20,252 (year ended December 31, 2019 - expense of $113,512 comprising a fair value loss of $90,931 due to changes in Dream Impact Trust's trading price and distributions to other unitholders of $22,581).

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

21. Income taxes

In the year ended December 31, 2020, the Company recognized an income tax expense of $37,982 (year ended December 31, 2019 – $108,681), the major components of which include the following items:

		2020		2019
Current income taxes:				
Current income taxes with respect to profits during the year	$	**17,995**	$	107,201
Current tax adjustments with respect to prior years		**984**		(555)
Other items affecting current income tax expense		**7,780**		2,973
Current income tax expense		**26,759**		109,619
Deferred income taxes:				
Origination and reversal of temporary differences		**10,750**		898
Recovery arising from previously unrecognized temporary difference		**200**		(374)
Impact of changes in income tax rates		**273**		(1,462)
Deferred income tax expense		**11,223**		(938)
Income tax expense	$	**37,982**	$	108,681

Due to non-coterminous tax years of the Company's partnership and trust interests, income of approximately $28,674 for the year ended December 31, 2020 (year ended December 31, 2019 – $1,123) relating to such partnership and trust interests will be included in computing the Company's taxable income for its 2021 and 2020 taxation years.

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 26.1% (December 31, 2019 - 26.6%) as presented in the table below. Cash paid for income taxes for the year ended December 31, 2020 was $116,781 (year ended December 31, 2019 – $5,452).

		2020		2019
Earnings before tax at statutory rate of 26.1% (2019 - 26.6%)	$	**51,579**	$	117,153
Effect on taxes of:				
Non-deductible expenses		**873**		930
Adjustment in expected future tax rates		**273**		(1,462)
Tax adjustments in respect of prior years		**1,184**		(930)
Non-taxable portion of capital gains		**(24,172)**		(9,050)
Other items		**8,245**		2,040
Income tax expense	$	**37,982**	$	108,681

The movement in the deferred income taxes in the year ended December 31, 2020 and the year ended December 31, 2019, and the net components of the Company's net deferred income tax liabilities, are presented in the following table:

Asset (Liability)		Accounts receivable		Real estate and assets held for sale		Non-coterminous tax year		Financial instruments/ equity accounted investments		Loss carry-forwards		Total
Balance, January 1, 2019	$	(8,680)	$	(37,006)	$	(3,547)	$	(53,037)	$	8,131	$	(94,139)
(Charged) credited to:												
Loss (earnings) for the year		2,371		(22,403)		3,250		20,049		(2,329)		938
Gain on sale of assets held for sale		—		143		—		—		—		143
Other comprehensive income		—		(128)		—		(711)		—		(839)
Balance, December 31, 2019	$	(6,309)	$	(59,394)	$	(297)	$	(33,699)	$	5,802	$	(93,897)
(Charged) credited to:												
Loss (earnings) for the year		(4,295)		11,406		(7,257)		(15,932)		4,855		(11,223)
Other comprehensive loss		—		(55)		—		586		—		531
Balance, December 31, 2020	**$**	**(10,604)**	**$**	**(48,043)**	**$**	**(7,554)**	**$**	**(49,045)**	**$**	**10,657**	**$**	**(104,589)**

As at December 31, 2020, the Company had tax losses of $13,427 (December 31, 2019 – $16,040) that expire between 2025 and 2040. Deferred income tax assets have not been recognized in respect of these losses, as it is not probable that the Company will be able to utilize all of the losses against taxable profits in the future.

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

22. Share capital

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

			2020			2019
Issued and outstanding	**Number of shares[1]**		**Amount**	Number of shares[1]		Amount
Subordinate Voting Shares	**43,454,572**	**$**	**985,493**	51,101,471	$	1,154,779
Class B Shares	**1,557,356**		**38,782**	1,557,389		38,783
	45,011,928	**$**	**1,024,275**	52,658,860	$	1,193,562

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

			2020			2019
	Number of shares[1]		**Amount**	Number of shares[1]		Amount
Issued and outstanding, beginning of year	**51,101,471**	**$**	**1,154,779**	52,107,597	$	1,171,034
Class B Shares converted into Subordinate Voting Shares	**33**		**1**	126		2
Stock options and PSUs exercised, net of withholding taxes	**74,649**		**1,146**	14,250		221
Subordinate Voting Shares repurchased	**(7,721,581)**		**(170,433)**	(1,020,502)		(16,478)
Issued and outstanding, end of year	**43,454,572**	**$**	**985,493**	51,101,471	$	1,154,779

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

			2020			2019
	Number of shares[1]		**Amount**	Number of shares[1]		Amount
Issued and outstanding, beginning of year	**1,557,389**	**$**	**38,783**	1,557,515	$	38,785
Class B Shares converted into Subordinate Voting Shares	**(33)**		**(1)**	(126)		(2)
Issued and outstanding, end of year	**1,557,356**	**$**	**38,782**	1,557,389	$	38,783

(1) Number of shares reflects the Share Consolidation as described in Note 2 for the years ended December 31, 2020 and 2019.

Share Repurchases

In the year ended December 31, 2020, the Company completed a substantial issuer bid and purchased for cancellation 5,000,000 Subordinate Voting Shares at a price of $23.50 per share for aggregate proceeds of $117,500.

The Company renewed its normal course issuer bid ("NCIB"), which commenced on September 21, 2020, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,604,395 Subordinate Voting Shares through the facilities of the TSX at prevailing market prices and in accordance with the rules and policies of the TSX. The actual number of Subordinate Voting Shares that may be purchased, and the timing of any such purchases as determined by the Company, are subject to a maximum daily purchase limitation of 25,412 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

In connection with the renewal of the NCIB, the Company has established an automatic securities purchase plan (the “Plan”) with its designated broker to facilitate the purchase of Subordinate Voting Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Subordinate Voting Shares due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Company's broker based on the parameters prescribed by the TSX and the terms of the parties’ written agreement. Outside of such restricted or blackout periods, the Subordinate Voting Shares may also be purchased in accordance with management’s discretion. The Plan was pre-cleared by the TSX and will terminate on September 20, 2021.

In the year ended December 31, 2020, 2,721,581 Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $19.45 (year ended December 31, 2019 – 1,020,503 Subordinate Voting Shares at an average price of $16.14).

Subsequent to the year ended December 31, 2020, the Company purchased an additional 883,432 Subordinate Voting Shares for cancellation at a total purchase price of $18,581.

Dividends

In the year ended December 31, 2020, the Company announced an increase to the annual dividend from $0.12 to $0.24 per Subordinate Voting Share and Class B Share, effective with the dividend paid to shareholders on September 30, 2020. In the year ended December 31, 2020, the Company declared dividends of $11,164 on its Subordinate Voting Shares and Class B Shares (year ended December 31, 2019 - $10,615).

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

23. Accumulated other comprehensive income

The movement in AOCI is as follows:

		Interest rate hedges		Foreign currency translation		Equity accounted investments		Total
Balance, January 1, 2019	$	(329)	$	9,742	$	1,966	$	11,379
Other comprehensive income (loss) during the year		329		(699)		(623)		(993)
Balance, December 31, 2019		—		9,043		1,343		10,386
Other comprehensive income (loss) during the year		(1,977)		(259)		802		(1,434)
Balance, December 31, 2020	**$**	**(1,977)**	**$**	**8,784**	**$**	**2,145**	**$**	**8,952**

24. Non-controlling interest

Non-controlling interest represents a third-party interest in the Company's Zibi investment, a 34-acre mixed-use waterfront community situated along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario. As of December 31, 2020, the Company holds an 88.9% economic interest in the project (December 31, 2019 - 80.0%).

The movement in non-controlling interest is as follows:

		2020		2019
Balance, beginning of year	**$**	**21,649**	$	16,329
Earnings (loss) for the year		**417**		(501)
Change in interest in subsidiary		**(7,100)**		—
Distributions to non-controlling interests		**—**		(1,879)
Contributions from non-controlling interests		**—**		7,700
Balance, end of year	**$**	**14,966**	$	21,649

25. Revenue

Revenue consisted of the following:

		2020		2019
Revenue from contracts with customers	**$**	**317,872**	$	540,538
Revenue from other sources - lending portfolio		**4,103**		12,809
Revenue from other sources - rental income		**25,648**		27,083
Total revenue	**$**	**347,623**	$	580,430

Revenue from Contracts with Customers

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

												2020
		Land		Housing and condominium		Investment properties		Recreational properties		Asset management		**Total**
Revenue	$	140,214	$	125,045	$	11,556	$	28,549	$	29,874	**$**	**335,238**
Less: Intercompany revenue		(635)		(11,188)		—		—		(5,543)		**(17,366)**
Revenue from external customers	$	139,579	$	113,857	$	11,556	$	28,549	$	24,331	**$**	**317,872**
Timing of revenue recognition												
At a point in time	$	139,579	$	113,857	$	—	$	22,091	$	4,278	**$**	**279,805**
Over time		—		—		11,556		6,458		20,053		**38,067**
	$	139,579	$	113,857	$	11,556	$	28,549	$	24,331	**$**	**317,872**

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

	Renewable power	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	Total
							2019
Revenue	$ 15,853	$ 63,253	$ 96,799	$ 15,674	$ 50,355	$ 319,741	$ 561,675
Less: Intercompany revenue	—	—	(12,059)	—	—	(9,078)	(21,137)
Revenue from external customers	$ 15,853	$ 63,253	$ 84,740	$ 15,674	$ 50,355	$ 310,663	$ 540,538
Timing of revenue recognition							
At a point in time	$ —	$ 63,253	$ 84,740	$ —	$ 42,003	$ 8,487	$ 198,483
Over time	15,853	—	—	15,674	8,352	302,176	342,055
	$ 15,853	$ 63,253	$ 84,740	$ 15,674	$ 50,355	$ 310,663	$ 540,538

Unsatisfied Contracts

The following table summarizes unsatisfied performance obligations resulting from the sale of condominium units, excluding equity accounted investments. The timing of revenue recognition upon occupancy is subject to uncertainty due to a number of variables throughout the construction process. Any revenue attributable to unsatisfied performance obligations subject to a variable constraint have been excluded from the table below.

		Performance obligation expected to be fully satisfied by		
	Contract value at Dream's share	2021	2022	2023
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at December 31, 2020	**$ 84,020**	$ 22,898	$ 61,122	$ —

As permitted under IFRS 15, the transaction price allocated to unsatisfied contracts for sales contracts for periods of one year or less is not disclosed.

Revenue Recognized in Relation to Contract Liabilities

The following table summarizes revenue recognized in the current reporting year relating to the prior year's deferred revenue. There was no revenue recognized in the current reporting year that relates to performance obligations satisfied in a prior year.

	2020	2019
Revenue recognized that was included in deferred revenue at the beginning of the year	**$ 6,213**	$ 6,774

26. Direct operating costs

Direct operating costs consisted of the following:

	2020	2019
Direct costs of real estate inventory	**$ 176,807**	$ 132,189
Direct costs of operating investment and recreational properties	**44,434**	58,967
Direct costs of development and asset management	**21,228**	19,524
Direct costs of renewable power	**—**	5,516
	$ 242,469	$ 216,196

In the year ended December 31, 2020, the Company has qualified for certain government grants and has recognized a reduction in direct costs of operating investment and recreational properties of $2,276 (December 31, 2019 - $nil).

27. Selling, marketing, depreciation and other operating costs

Selling, marketing, depreciation and other operating costs consisted of the following:

	2020	2019
Salary and other compensation	**$ 13,075**	$ 16,720
General office and other	**13,024**	13,380
Selling and marketing costs	**6,735**	9,138
	$ 32,834	$ 39,238

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

28. General and administrative expenses

General and administrative expenses consisted of the following:

		2020		2019
Salary and other compensation	$	9,033	$	13,598
Corporate, service and professional fees		5,564		7,548
General office and other		2,084		3,202
	$	16,681	$	24,348

For the year ended December 31, 2020, the Company has qualified for certain government grants and has recognized a reduction in salary and other compensation costs of $3,613 (December 31, 2019 - $nil).

29. Investment and other income

Investment and other income consisted of the following:

		2020		2019
Interest and other income	$	8,571	$	7,556
Distributions from Dream Global REIT		—		2,609
	$	8,571	$	10,165

30. Interest expense

Interest expense consisted of the following:

		2020		2019
Interest on project-specific debt	$	22,933	$	30,102
Interest on corporate debt facilities		9,803		16,662
Dividends on Preference shares, series 1		—		1,948
Amortization of deferred financing costs and accretion of effective interest		1,400		2,082
Interest rate swap break fee (Note 19)		—		1,935
Project-specific interest capitalized to real estate development projects		(10,295)		(10,826)
Total	$	23,841	$	41,903

Interest expense was capitalized to real estate development projects for the year ended December 31, 2020 at a weighted average effective borrowing rate of 3.46% (year ended December 31, 2019 - 4.87%).

31. Financial instruments fair value and risk management

Fair Value of Financial Instruments

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

The Company recognizes transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers between hierarchy levels during the year.

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

		2020		2019	
	Fair value hierarchy	**Carrying value**	**Fair value**	Carrying value	Fair value
Recurring measurement					
Financial assets					
Participating mortgages	Level 3	**$ 22,084**	**$ 22,084**	$ 66,210	$ 66,210
Investment holdings	Level 3	**52,961**	**52,961**	50,206	50,206
Other instruments	Level 3	**—**	**—**	4,952	4,952
Lending portfolio	Level 3	**6,762**	**6,762**	7,301	7,301
Financial liabilities					
Dream Impact Trust units	Level 1	**289,330**	**289,330**	411,078	411,078
Interest rate swaps	Level 3	**2,736**	**2,736**	—	—
Fair values disclosed					
Investment holdings	Level 2	**39,979**	**40,517**	—	—
Lending portfolio	Level 3	**16,486**	**16,486**	57,404	57,195
Construction loans	Level 3	**221,952**	**221,046**	217,341	217,257
Mortgages and term debt	Level 3	**331,472**	**335,278**	257,509	257,126
Non-revolving term facility	Level 3	**202,452**	**203,000**	224,105	225,000

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

The fair value of the Dream Impact Trust units is based on the listed market price on the TSX as at December 31, 2020 of $6.03 per share for the 47,981,722 outstanding trust units not held by the Company.

Level 3 Fair Value Measurements

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

Participating Mortgages

The fair value of participating mortgages is determined using a discounted cash flow analysis. The discounted cash flow model is calculated based on future interest and participating profit payments and the project managers' estimates of unit sales proceeds and/or net operating income of the underlying development. In determining the discount rate, the Company considered market conditions, time to completion of the development, the market capitalization rate, the percentage of space leased on units sold and other available information. The significant unobservable input as at December 31, 2020 is the discount rate of 7.0% - 8.0%.

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

If the discount rates applied for participating mortgages were to increase/(decrease) by 1%, the fair value of the participating mortgages would increase/(decrease) by $100.

Interest Rate Swaps

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

Investment Holdings

The fair value of investment holdings is determined using a 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. The significant unobservable input as at December 31, 2020 is the discount rate of 10.0% and terminal capitalization rate of 7.0%.

Lending Portfolio

There are no quoted prices in an active market for the lending portfolio investments. The Company 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 Canadian Mortgage Servicing Corporation ("CMSC"), the manager and servicer of the lending portfolio, and other available information. The fair value of the lending portfolio as at December 31, 2020 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.

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

Corporate Debt Facilities
The fair value measurement of the non-revolving term facility approximates the carrying value excluding unamortized financing costs given its variable rate.

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

Valuation Process
The Company's finance department is responsible for performing the valuation of fair value measurements or reviewing the fair value measurements provided by third-party appraisers. On a quarterly basis, management will review the valuation policies, procedures and analysis of changes in fair value measurements. Refer to Note 7 for a continuity of the Company's lending portfolio balance.

	Investment holdings	Interest rate swaps	Participating mortgages
Balance, December 31, 2019	$ 50,206	$ 12	$ 66,211
Issued or acquired during the year:			
Acquired during the year	41,568	—	—
Contributions (distributions)	3,947	—	(43,150)
Dispositions/extinguishment	(189)	—	—
Total gains or losses for the year included in net earnings:			
Change in fair value	92	(67)	(977)
Amortization	(1,588)	—	—
Foreign currency gain (loss)	(1,096)	4	—
Included in other comprehensive income:			
Change in fair value	—	(2,685)	—
Balance, December 31, 2020	**$ 92,940**	**$ (2,736)**	**$ 22,084**

	Investment holdings	Investment in Dream Global REIT - DTUs	Redemption option on Preference shares, series 1	Interest rate swaps[(1)]	Participating mortgages	Retraction option on Preference shares, series 1
Balance, December 31, 2018	$ 73,085	$ 20,844	$ 28	$ (527)	$ 64,765	$ (232)
Issued or received during the year:						
DTUs	—	1,070	—	—	—	—
DTUs vested during the year	—	(1,144)	—	—	—	—
Contributions	12,076	—	—	—	974	—
Dispositions/extinguishment	(29,359)	(35,087)	(137)	2,263	—	143
Total gains or losses for the year included in net earnings:						
Change in fair value	(3,477)	14,317	109	$ (146)	472	89
Foreign currency loss	(2,119)	—	—	—	—	—
Included in other comprehensive income:						
Change in fair value	—	—	—	(1,578)	—	—
Balance, December 31, 2019	**$ 50,206**	**$ —**	**$ —**	**$ 12**	**$ 66,211**	**$ —**

(1) Included within other instruments in other financial assets.

Risk Management
The Company is exposed to financial risks due to the nature of its business and the financial assets and liabilities that it holds. The Company's overall risk management strategy seeks to minimize potential adverse effects on the Company's financial performance.

Market Risk
Market risk is the risk a material loss may arise from fluctuations in the fair value of a financial instrument. For purposes of this disclosure, the Company segregates market risk into two categories: fair value risk and interest rate risk.

Fair Value Risk
Fair value risk is the risk of a potential loss from adverse movements in the values of assets and liabilities, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices.

As a result of the economic impact of COVID-19, the Company has performed additional procedures to assess the fair value of its loan investments to ensure the Company applied sound judgment with respect to the various assumptions impacting the valuation. The procedures included scenario testing to evaluate downside risk, borrowers' creditworthiness and risk characteristics of its underlying developments, which impact the underlying valuation of the asset. The Company took into consideration the market conditions existing at the reporting date and will continue to monitor changes in the market and assumptions used to determine the fair value of the Company's assets. In the year ended December 31, 2020, the Company recognized an additional $2,882 provision on its lending portfolio as a result of the value of underlying real estate properties and estimated transaction costs.

The Company's liability associated with the Dream Impact Trust units is fair valued in reference to Dream Impact Trust's unit trading price as listed on the TSX. A 10% absolute change in the market price of the Dream Impact Trust units would increase (decrease) the carrying amount of the liability by $28,933, before associated taxes, with a corresponding decrease (increase) in earnings before income taxes.

Credit Risk
Credit risk is the risk one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from the possibility that builders or other third-party purchasers of the Company's real estate inventory, or other entities to which the Company may have advanced funds, may not fulfill their contractual obligations to repay amounts due to the Company. The Company mitigates its credit risk by requiring graduated deposits from buyers and withholding real estate titles until final payments are received. The Company also mitigates credit risk by dealing only with builders and other third-party buyers the Company considers to have secure financial standing and by diversifying the mix of builders and markets.

Credit risk also arises from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Company mitigates this credit risk by attracting tenants of sound financial standing and 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 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 Company. The Company mitigates risk by actively monitoring the mortgage and loan investments and initiating recovery procedures, in a timely manner, when required.

Credit risk related to investment properties and certain investment holdings arises from the possibility that tenants may not fulfill their lease or contractual obligations. The Company mitigates its credit risks from its tenants by attracting tenants of sound financial standing and by diversifying its tenant mix. COVID-19 and the measures to reduce its impact have created significant uncertainty in the general economy. A deterioration in the economy may impact the ability of tenants to meet their obligations under their leases or contracts due to the negative impact of the outbreak of COVID-19. The Company has assessed the effect of the current economic conditions on the credit risk of our tenants and counterparties, which included the review of the risk profiles of its tenant base. As at December 31, 2020, the Company determined there to be a minimal impact on the Company's financial results. For the three months ended December 31, 2020, the Company's average monthly rental collection exceeded 89%.

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

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

The maximum exposure to credit risk at December 31, 2020 was the fair value of the Company's accounts receivable from previously recognized land and condominium revenue, participating mortgages, loans receivable, the contractual value of its lending portfolio which, including interest receivable, and contingent liabilities for the obligation of other owners of the unincorporated joint operations and joint ventures was $577,744 (December 31, 2019 - $413,257). The Company has recourse under these investments in the event of default by the counterparty, in which case the Company would have a claim against the underlying collateral.

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

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Excluding the demand facility and margin facility, variable rate debt represented 62% (December 31, 2019 – 72%) of total debt obligations as at December 31, 2020. Interest rate risk is mitigated, in part, by borrowing long-term fixed rate mortgages with relatively consistent interest expense. The Company has entered into an interest rate swap to further mitigate interest rate risk. See Note 19 for further details.

The Company 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, 2020, there are no variable-rate loans within the lending portfolio. The Company invests in mortgages and loans secured by all types of residential and commercial real estate property that represent an acceptable underwriting risk.

Liquidity Risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with the maturity of financial liabilities. The Company manages its liquidity risk primarily through the management of its financial leverage. The Company uses various debt and equity ratios to monitor its capital adequacy and debt requirements, including interest coverage, minimum net worth, average term to debt maturity, and the ratio of variable rate debt to aggregate debt. These ratios assist the Company in assessing the debt level maintained by the Company in order to ensure adequate cash flows for real estate development. The Company manages maturities of outstanding debt by matching them to project closing dates and monitoring the repayment dates to ensure sufficient capital will be available to cover obligations. Management also actively monitors both project-specific and corporate-level debt covenant compliance in addition to the Company's availability under the operating lines and margin facility.

As at December 31, 2020, the Company had $426,136 in corporate-level cash and available under various revolving facilities. As at December 31, 2020, the Company has sufficient liquidity available to cover obligations as they become due.

A summary of the Company's weighted average effective interest rates as at December 31, 2020 is as follows:

	Weighted average effective interest rates			Debt amount	
	2020	2019	Maturity dates	**2020**	2019
Fixed rate					
Construction loans	**1.75%**	—%	2030	**$ 10,000**	$ —
Mortgages and term debt	**3.53%**	4.08%	2021-2027	**275,889**	195,771
Total fixed rate debt	**3.47%**	4.08%		**285,889**	195,771
Variable rate					
Construction loans	**3.24%**	4.79%	2021-2023	**211,952**	217,341
Mortgages and term debt	**3.75%**	4.70%	2021-2023	**55,583**	61,738
Operating line	**2.98%**	4.64%	2023	**—**	—
Non-revolving term facility	**2.99%**	5.08%	2022	**202,452**	224,105
Margin facility	**2.98%**	4.56%	2021	**—**	—
Total variable rate debt	**3.19%**	4.91%		**469,987**	503,184
Total debt	**3.30%**	4.63%		**$ 755,876**	$ 698,955

The following table summarizes the aggregate of the scheduled principal repayments and debt maturities as at December 31, 2020:

	Construction loans	Mortgages and term debt	Non-revolving term facility	Total
2021	$ 182,267	$ 75,170	$ —	$ 257,437
2022	23,436	84,150	203,000	310,586
2023	6,249	17,823	—	24,072
2024	—	9,507	—	9,507
2025 and thereafter	10,000	146,137	—	156,137
	221,952	332,787	203,000	757,739
Discount/unamortized premium/financing costs	—	(1,315)	(548)	(1,863)
	$ 221,952	$ 331,472	$ 202,452	$ 755,876

The contractual payments above include the principal repayments owing in future periods. The amounts presented above are shown consistent with their contractual repayments. Certain facilities may be due on demand.

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

32. Share-based compensation

Stock Option Plan

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

	2020			2019		
	Options		**Weighted average exercise price**	Options		Weighted average exercise price
Options outstanding, beginning of year	**1,006,470**	**$**	**16.62**	949,050	$	16.78
Granted	**42,145**		**24.94**	74,587		14.36
Exercised	**(54,583)**		**15.92**	(14,250)		15.52
Forfeited	**(19,750)**		**17.76**	(2,917)		15.52
Options outstanding, end of year	**974,282**	**$**	**17.00**	1,006,470	$	16.62
Options exercisable, end of year	**821,747**	**$**	**17.06**	697,072	$	17.28

As at December 31, 2020, 974,282 options were outstanding under the stock option plan collectively. The fair value of the stock options granted in the year ended December 31, 2020 was estimated on the historical grant date using the Black Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.2%
Estimated volatility[1]	21.5%
Expected life	6.5 years
Contractual life	10 years
Expected dividend yield	1.0%

[1] Estimated volatility is based on a blended rate of market comparables and the Company's historical volatility.

In the year ended December 31, 2020, the Company recognized an expense of $210 (year ended December 31, 2019 – $437) relating to share-based compensation for stock options, recorded in general and administrative expense.

Performance Share Unit Plan

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

	2020			2019		
	Units		**Weighted average fair value at grant date**	Units		Weighted average fair value at grant date
Units outstanding, beginning of year	**492,198**	**$**	**14.16**	317,118	$	14.06
Granted	**123,658**		**24.94**	169,465		14.36
Forfeited	**(33,708)**		**18.30**	—		—
PSUs added by performance factor	**16,559**		**13.20**	—		—
Reinvested	**7,429**		**16.30**	5,615		14.16
Exercised	**(28,558)**		**13.20**	—		—
Units outstanding, end of year	**577,578**	**$**	**16.27**	492,198	$	14.16

In the year ended December 31, 2020, compensation expense of $2,758 (year ended December 31, 2019 – $2,093) related to this plan was recognized in general and administrative expense.

The fair value of PSUs granted in the year ended December 31, 2020 was estimated on the historical grant date with the following assumptions:

Risk-free interest rate	1.3%
Expected life	3 years
Contractual life	10 years
Expected dividend yield	1.0%

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

Deferred Share Unit Plan

The Company has a deferred share unit incentive plan pursuant to which DSUs may be granted to eligible directors, senior management and certain service providers. As at December 31, 2020, there were 233,446 units outstanding (December 31, 2019 – 187,740 units outstanding). In the year ended December 31, 2020, compensation expense of $799 (year ended December 31, 2019 – $798) related to this plan was recognized in general and administrative expense.

	2020	2019
Units outstanding, beginning of year	**187,740**	136,849
Granted	**43,077**	49,013
Reinvested	**2,629**	1,878
Units outstanding, end of year	**233,446**	187,740

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

		2020		2019
Balance, beginning of year	**$**	**11,410**	$	8,049
Granted and added by performance factor, net of forfeitures		**3,767**		3,328
Dividends reinvested		**194**		33
Exercised		**(417)**		—
Balance, end of year	**$**	**14,954**	$	11,410

33. Earnings per share

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

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

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

		2020		2019
Earnings attributable to the shareholders of the Company	**$**	**159,221**	$	332,246
Diluted earnings per share adjustments for Preference shares, series 1		**—**		2,028
Earnings for diluted earnings per share	**$**	**159,221**	$	334,274
Weighted average number of shares outstanding[(1)]:				
Dream Subordinate Voting Shares		**45,705,065**		51,586,115
Dream Class B Shares		**1,557,361**		1,557,411
Total weighted average number of shares		**47,262,426**		53,143,526
Effect of dilutive securities on weighted average number of shares outstanding at the end of the year:				
Share-based compensation[(2)]		**783,557**		449,099
Preference shares, series 1		**—**		1,258,735
Total weighted average number of shares outstanding after dilution		**48,045,983**		54,851,360
Basic earnings per share[(1)]	**$**	**3.37**	$	6.25
Diluted earnings per share[(1)]	**$**	**3.31**	$	6.09

(1) Weighted average number of shares outstanding, basic earnings (loss) per share and diluted earnings (loss) per share reflect the Share Consolidation as described in Note 2. Accordingly, the comparative years have been restated.
(2) For the year ended December 31, 2020, 121,997 stock options (including PSUs) were considered anti-dilutive (year ended December 31, 2019 – 500,149 stock options (including PSUs)).

34. Capital management

The Company's capital consists of debt and shareholders' equity. The Company's objectives in managing capital are to:

i) Ensure adequate operating funds are available to fund the development of real estate inventory and other assets, including investments through joint ventures and joint operations;
ii) Ensure the Company is able to meet its lease and capital expenditure obligations relating to its investment and recreational properties;
iii) Ensure the Company has adequate resources available to benefit from acquisition opportunities, should they arise; and
iv) Generate a targeted rate of return on its investments.

The Company continuously monitors its debt structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying real estate industry.

35. Commitments and contingencies

Letters of Credit and Surety Bonds

The Company is contingently liable for letters of credit and surety bonds that have been provided to support land developments, equity accounted investments and other activities in the amount of $70,716 (December 31, 2019 – $82,627). The Company is also contingently liable for bonds that have been provided to support certain urban development condominium partnerships that expire at the end of a specified warranty period.

The Company is committed to pay levies in the future of up to $8,970 (December 31, 2019 – $1,170) relating to signed municipal agreements on commencement of development of certain real estate assets. Additional development costs may also be required to satisfy the requirements of these municipal agreements.

The Company is committed to remaining deposit payments to acquire assets in the future of $1,525 (December 31, 2019 - $nil) relating to land in Saskatoon, Saskatchewan.

Joint Operations, Co-ownerships, Joint Ventures and Associates

The Company may conduct its real estate activities from time to time through joint operations and joint ventures with third-party partners. The Company was contingently liable for the obligations of the other owners of the unincorporated joint operations and joint ventures in the amount of $356,195 as at December 31, 2020 (December 31, 2019 – $159,088). These guarantees include contingent liabilities for certain obligations of our joint venture partners, which are exclusive of our share of those guarantees that are included in our equity accounted investments on the statements of financial position. However, the Company would have available to it the other co-venturers' share of assets to satisfy any obligations that may arise. From time to time, the Company may be required to fund capital contributions to its various investments.

In the year ended December 31, 2020, the requirement of the Company, through a subsidiary of Dream Impact Trust, to provide a guarantee pursuant to a senior construction loan associated with a participating mortgage was extinguished with the repayment of the senior construction loan. Guarantees of the other underlying development project loan amounts of third parties were $nil (December 31, 2019 - $34,423). As at December 31, 2020, the Company is contingently liable under guarantees that are issued on certain debt assumed by purchasers of income properties up to an amount of $2,597 (December 31, 2019 - $2,729).

Legal Contingencies

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

36. Asset management and management services agreements and related party transactions

Dream Industrial REIT

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

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

In addition, the Company has entered into a shared services agreement with Dream Industrial REIT. Pursuant to the agreement, Dream Industrial REIT reimburses the Company for shared costs allocated in each calendar year on a cost recovery basis.

In the year ended December 31, 2020 and 2019, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

		2020		2019
Asset management fees charged by Dream[1]	$	**11,344**	$	8,232
Cost recoveries charged by Dream		**1,219**		716

[1] Included in asset management fees charged to Dream Industrial REIT for the year ended December 31, 2020 and 2019 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Industrial REIT related to asset management agreements and cost sharing agreements of $2,070 (December 31, 2019 - $935).

Dream Office REIT

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

Amounts earned/recovered under the shared services agreement during the year ended December 31, 2020 and 2019 are as follows:

		2020		2019
Cost recoveries charged by Dream to Dream Office REIT	**$**	**1,580**	$	1,897
Cost recoveries charged by Dream Office REIT to Dream		**8,595**		7,064
Fees charged by Dream to Dream Office REIT		**2,353**		1,473
Fees charged by Dream Office REIT to Dream		**225**		221

The amount owing to Dream Office REIT as of December 31, 2020 was $42 (December 31, 2019 – $263).

Dream Global REIT

In the year ended December 31, 2019, affiliates of real estate funds managed by The Blackstone Group Inc. ("Blackstone") acquired all of Dream Global REIT's subsidiaries and assets (the "Dream Global REIT transaction"). Simultaneously, DAM executed a separation agreement with Blackstone with respect to its asset management agreement. Upon transaction close, Dream received proceeds in respect of its asset management agreement and units owned directly in Dream Global REIT. Proceeds included $275,150 in satisfaction of the obligation to pay the incentive fee provided for in the asset management agreement, which was recognized within asset management revenue, $120,000 to purchase the asset management agreement, which was recognized within the net gain on disposition of Dream Global REIT, $86,125 in respect of units and deferred trust units owned and $26,433 for expenses to be incurred as part of the separation of Dream Global REIT from the Dream platform, some of which were incurred in 2019 and some of which will occur in future periods.

Concurrently with the execution of the separation agreement, DAM entered into a transition services agreement, pursuant to which DAM provided certain transition services until March 31, 2020.

The following table summarizes the components of the net gain on disposition of Dream Global REIT recognized in the year ended December 31, 2019:

Proceeds on sale of asset management agreement	$	120,000
Other reimbursements, net of transaction costs		13,127
Gain on disposition of co-owned commercial assets		2,347
	$	135,474

Distributions Earned from Investments

The Company earned distributions from Dream Office REIT (Note 14).

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

Other Transactions

In the year ended December 31, 2019, the Company, along with Dream Industrial REIT, entered into a partnership, Range Road, to develop an income property in Las Vegas, Nevada. The Company owns 10% and Dream Industrial REIT owns 80% with the remainder held by a third party. The investment is included in other development properties in equity accounted investments. As at December 31, 2020, the Company had funded $1,133 into Range Road (December 31, 2019 - $1,016).

In the year ended December 31, 2018, the Company, along with Dream Office REIT, entered into a strategic partnership, Alate Partners, focused on the property technology market. The Company and Dream Office REIT each hold a 25% interest in Alate Partners, included within other development interests in equity accounted investments. As at December 31, 2020, the Company had funded $6,790 into Alate Partners (December 31, 2019 - $4,616).

Compensation of Key Management

Compensation expense for the year for key management personnel, including the President and Chief Responsible Officer, Chief Financial Officer, Chief Investment Officer, Vice-Chair, Development, President of Asset Management, and the Company's directors, is shown in the table below.

		2020		2019
Compensation and benefits	**$**	**5,330**	$	12,260
Share-based compensation		**2,781**		2,321
Directors' fees		**882**		799
	$	**8,993**	$	15,380

37. Supplementary cash flow information

Components of other adjustments include:

		2020		2019
Dream Global REIT deferred trust units	**$**	**—**	$	(1,070)
Accrued interest on loans receivable and other expenses		**(1,775)**		(4,847)
Share-based compensation expense		**3,544**		3,361
Fair value changes in financial instruments		**4,930**		(23,757)
Non-cash acquisition of properties, net		**—**		(7,777)
Non-cash contribution to equity accounted investment		**(8,315)**		—
Write-down of land held for development		**—**		23,159
Other		**(1,666)**		8,283
	$	**(3,282)**	$	(2,648)

Components of changes in non-cash working capital include:

		2020		2019
Accounts receivable	**$**	**(6,276)**	$	(36,578)
Accounts payable and other liabilities		**(1,433)**		11,924
Income and other taxes payable		**(96,270)**		104,832
Provision for real estate development costs		**(5,813)**		3,000
Deposits		**(2,456)**		(508)
Restricted cash		**(1,875)**		9,008
Inventory, prepaid expenses and other assets		**4,619**		(5,812)
	$	**(109,504)**	$	85,866

The breakdown of cash and cash equivalents is as follows:

		2020		2019
Cash	**$**	**184,954**	$	388,337
Money market funds, term deposits and GICs		**167**		184
	$	**185,121**	$	388,521

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

38. Segmented information

During the year ended December 31, 2020, the Company has reviewed and reassessed its segment reporting taking into consideration how the Company presents information for financial reporting and management decision making. The Company has determined that a change in reportable operating segments was required and has retrospectively applied the below segment presentation for all years presented.

The Company's new operating segments are as follows:

- *Recurring income*: Comprised of our asset management and development management agreements with Dream Industrial REIT, Dream Office REIT and various development partners, a 32% equity interest in Dream Office REIT, Dream Impact Trust's lending portfolio, and our stabilized income producing assets in the Greater Toronto Area ("GTA"), Western Canada and Colorado.
- *Development*: Comprised of mixed-use developments in the GTA and Ottawa/Gatineau, land, housing and retail/commercial development in Saskatchewan and Alberta, and Dream Impact Trust's investment in the Virgin Hotels Las Vegas.

While not considered an individual reportable segment, Corporate and other includes: corporate-level cash and other working capital, consolidated tax balances and expense, our term facility and related interest expense, general and administrative expenses not allocated to a particular segment and the liability and fair value adjustments to Dream Impact Trust units held by other unitholders.

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

Segmented Statement of Earnings

Segmented revenue and expenditures for the year ended December 31, 2020 and 2019 are as follows:

				2020
	Recurring income	Development	Corporate and other	**Consolidated Dream**
Revenue	$ 92,229	$ 255,394	$ —	**$ 347,623**
Direct operating costs	(65,007)	(177,462)	—	**(242,469)**
Gross margin	27,222	77,932	—	**105,154**
Selling, marketing, depreciation and other operating costs	(6,585)	(26,249)	—	**(32,834)**
Net margin	20,637	51,683	—	**72,320**
Fair value changes in investment properties	72	1,651	—	**1,723**
Share of earnings from equity accounted investments	65,801	16,893	—	**82,694**
Investment and other income	427	6,432	1,712	**8,571**
Interest expense	(9,706)	(3,189)	(10,946)	**(23,841)**
Fair value changes in financial instruments	(2,949)	(1,981)	—	**(4,930)**
Net segment earnings (loss)	$ 74,282	$ 71,489	$ (9,234)	**$ 136,537**
General and administrative expenses[(1)]			(16,681)	**(16,681)**
Adjustments related to Dream Impact Trust units[(1)]			77,764	**77,764**
Income tax expense[(1)]			(37,982)	**(37,982)**
Net earnings[(2)]	$ 74,282	$ 71,489	$ 13,867	**$ 159,638**

(1) Certain line items are included in Corporate and other as balances are reviewed on a consolidated basis.
(2) Includes earnings attributable to non-controlling interest.

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

				2019
	Recurring income	Development	Corporate and other	Consolidated Dream
Revenue	$ 431,142	$ 149,288	$ —	$ 580,430
Direct operating costs	(83,088)	(133,108)	—	(216,196)
Gross margin	348,054	16,180	—	364,234
Selling, marketing, depreciation and other operating costs	(6,842)	(32,396)	—	(39,238)
Net margin	341,212	(16,216)	—	324,996
Fair value changes in investment properties	40,239	722	—	40,961
Share of earnings from equity accounted investments	63,025	30,326	—	93,351
Investment and other income	3,592	5,454	1,119	10,165
Loss on disposition of assets held for sale	(8,515)	—	—	(8,515)
Interest expense	(17,672)	(6,776)	(17,455)	(41,903)
Net gain on disposition of Dream Global REIT	135,474	—	—	135,474
Fair value changes in financial instruments	28,400	(4,844)	201	23,757
Net segment earnings (loss)	$ 585,755	$ 8,666	$ (16,135)	$ 578,286
General and administrative expenses[1]			(24,348)	(24,348)
Adjustments related to Dream Impact Trust units[1]			(113,512)	(113,512)
Income tax recovery[1]			(108,681)	(108,681)
Net earnings (loss)[2]	$ 585,755	$ 8,666	$ (262,676)	$ 331,745

[1] Certain line items are included in Corporate and other as balances are reviewed on a consolidated basis.
[2] Includes earnings attributable to non-controlling interest.

Segmented Assets and Liabilities

Segmented assets and liabilities as at December 31, 2020 and December 31, 2019 were as follows:

				2020
	Recurring income	Development	Corporate and other	**Consolidated Dream**
Assets				
Cash and cash equivalents	$ 13,136	$ 21,630	$ 150,355	**$ 185,121**
Accounts receivable	15,205	179,257	6,428	**200,890**
Other financial assets	41,240	135,989	—	**177,229**
Lending portfolio	23,248	—	—	**23,248**
Housing inventory	—	29,195	—	**29,195**
Condominium inventory	—	248,506	—	**248,506**
Land inventory	764	484,074	—	**484,838**
Investment properties	426,632	193,240	—	**619,872**
Recreational properties	60,560	—	—	**60,560**
Equity accounted investments	531,113	231,539	—	**762,652**
Capital and other operating assets	6,973	37,494	7,795	**52,262**
Total assets	$ 1,118,871	$ 1,560,924	$ 164,578	**$ 2,844,373**
Liabilities				
Accounts payable and other liabilities	$ 39,879	$ 141,031	$ 17,925	**$ 198,835**
Income and other taxes payable[1]	—	—	58,091	**58,091**
Provision for real estate development costs	—	31,040	—	**31,040**
Debt	273,395	280,029	202,452	**755,876**
Dream Impact Trust units[1]	—	—	289,330	**289,330**
Deferred income taxes[1]	—	—	104,589	**104,589**
Total liabilities	$ 313,274	$ 452,100	$ 672,387	**$ 1,437,761**
Non-controlling interest	—	14,966	—	**14,966**
Shareholders' equity	805,597	1,093,858	(507,809)	**1,391,646**
Total equity	$ 805,597	$ 1,108,824	$ (507,809)	**$ 1,406,612**

[1] Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

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

				2019
	Recurring income	Development	Corporate and other	Consolidated Dream
Assets				
Cash and cash equivalents	$ 11,518	$ 31,327	$ 345,676	$ 388,521
Accounts receivable	11,093	188,555	2,510	202,158
Other financial assets	—	129,456	—	129,456
Lending portfolio	64,705	—	—	64,705
Housing inventory	—	38,607	—	38,607
Condominium inventory	—	291,304	—	291,304
Land inventory	786	537,785	—	538,571
Investment properties	419,991	98,433	—	518,424
Recreational properties	48,779	—	—	48,779
Equity accounted investments	520,284	188,556	—	708,840
Capital and other operating assets	6,956	42,350	6,273	55,579
Assets held for sale	49,089	—	—	49,089
Total assets	$ 1,133,201	$ 1,546,373	$ 354,459	$ 3,034,033
Liabilities				
Accounts payable and other liabilities	$ 52,413	$ 136,154	$ 17,713	$ 206,280
Income and other taxes payable[1]	—	—	154,361	154,361
Provision for real estate development costs	—	36,853	—	36,853
Debt	203,450	271,400	224,105	698,955
Dream Impact Trust units[1]	—	—	411,078	411,078
Deferred income taxes[1]	—	—	93,897	93,897
Total liabilities	$ 255,863	$ 444,407	$ 901,154	$ 1,601,424
Non-controlling interest	—	21,649	—	21,649
Shareholders' equity	877,338	1,080,317	(546,695)	1,410,960
Total equity	$ 877,338	$ 1,101,966	$ (546,695)	$ 1,432,609

[1] Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

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

39. Classification of items in consolidated statements of financial position

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

	Less than 12 months	Greater than 12 months	Non-determinable	**2020** Total
Assets				
Cash and cash equivalents	$ 185,121	$ —	$ —	**$ 185,121**
Accounts receivable	180,039	20,851	—	**200,890**
Other financial assets	26,241	150,988	—	**177,229**
Lending portfolio	9,497	13,751	—	**23,248**
Housing inventory	—	—	29,195	**29,195**
Condominium inventory	—	—	248,506	**248,506**
Land inventory	—	—	484,838	**484,838**
Investment properties	—	619,872	—	**619,872**
Recreational properties	—	60,560	—	**60,560**
Equity accounted investments	—	—	762,652	**762,652**
Capital and other operating assets	2,293	49,969	—	**52,262**
Total assets	$ 403,191	$ 915,991	$ 1,525,191	**$ 2,844,373**
Liabilities				
Accounts payable and accrued liabilities	$ 120,480	$ 35,531	$ 42,824	**$ 198,835**
Income and other taxes payable	58,091	—	—	**58,091**
Provision for real estate development costs	31,040	—	—	**31,040**
Debt[1]	252,522	503,354	—	**755,876**
Dream Impact Trust units[2]	—	—	289,330	**289,330**
Deferred income taxes	—	104,589	—	**104,589**
Total liabilities	$ 462,133	$ 643,474	$ 332,154	**$ 1,437,761**

[1] The amounts presented are shown consistent with the contractual terms of repayment, which may be due on demand.
[2] Dream Impact Trust units may be redeemed at the option of the holder with no expiry date.

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

				December 31, 2019
	Less than 12 months	Greater than 12 months	Non-determinable	Total
Assets				
Cash and cash equivalents	$ 388,521	$ —	$ —	$ 388,521
Accounts receivable	164,105	38,053	—	202,158
Other financial assets	11,365	118,091	—	129,456
Lending portfolio	51,216	13,489	—	64,705
Housing inventory	—	—	38,607	38,607
Condominium inventory	—	—	291,304	291,304
Land inventory	—	—	538,571	538,571
Investment properties	—	518,424	—	518,424
Recreational properties	—	48,779	—	48,779
Equity accounted investments	—	—	708,840	708,840
Capital and other operating assets	13,081	42,498	—	55,579
Assets held for sale	49,089	—	—	49,089
Total assets	$ 677,377	$ 779,334	$ 1,577,322	$ 3,034,033
Liabilities				
Accounts payable and accrued liabilities	$ 132,748	$ 23,289	$ 50,243	$ 206,280
Income and other taxes payable	154,361	—	—	154,361
Provision for real estate development costs	36,853	—	—	36,853
Debt(1)	161,411	537,544	—	698,955
Dream Impact Trust units(2)	—	—	411,078	411,078
Deferred income taxes	—	93,897	—	93,897
Total liabilities	$ 485,373	$ 654,730	$ 461,321	$ 1,601,424

(1) The amounts presented are shown consistent with the contractual terms of repayment, which may be due on demand.
(2) Dream Impact Trust units may be redeemed at the option of the holder with no expiry date.

40. Comparative figures

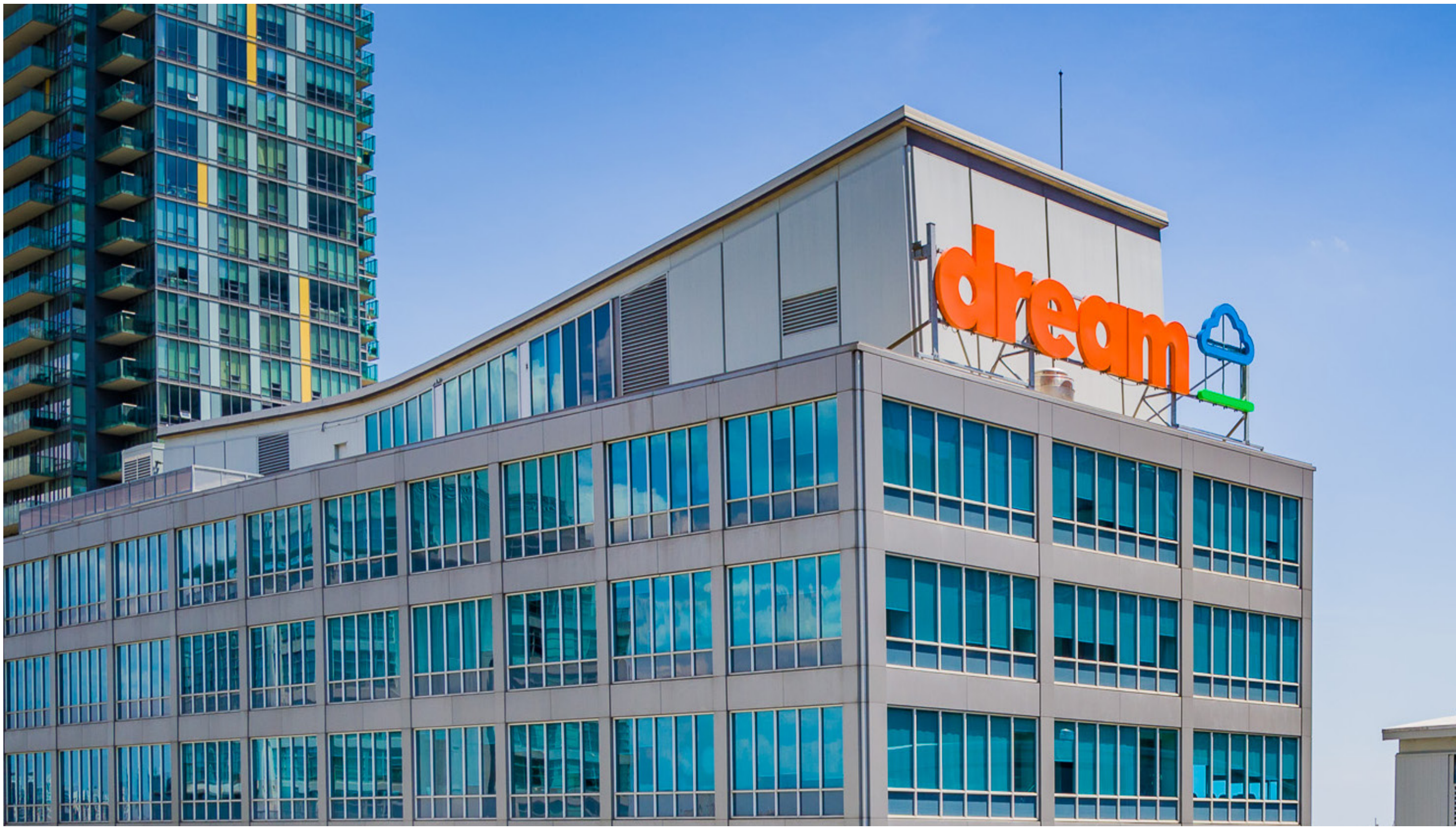
Certain comparative balances have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2020 consolidated financial statements. Refer to Note 38 for details of the Company's new reportable operating segments.

41. Subsequent events

Subsequent to December 31, 2020, the Company entered into an agreement to dispose of 45% of its interest in the U.S. Multi-family portfolio to a newly formed partnership with PaulsCorp and a global investment manager. The partnership entered into an agreement to acquire 792 apartment units in Phoenix, Arizona for US$120 million.

dream

building better communities



Directors

Michael J. Cooper[4]
Toronto, Ontario
President & Chief Responsible Officer
Dream Unlimited Corp.

James Eaton[Ind.]
Toronto, Ontario
Corporate Director

Joanne Ferstman[Ind.,1,3,4,5]
Toronto, Ontario
Corporate Director

Richard Gateman[Ind.,2,3]
Calgary, Alberta
Vice President, Major Projects
Business Development
TransCanada Pipelines Limited

P. Jane Gavan[4]
Toronto, Ontario
President, Asset Management
Dream Unlimited Corp.

Duncan Jackman[Ind.]
Toronto, Ontario
Chairman, President & CEO
E-L Financial Corporation Limited

Jennifer Lee Koss[Ind.,1,2]
Toronto, Ontario
Co-Founder & Builder of Business
BRIKA

Vincenza Sera[Ind.,1,2,3,4]
Toronto, Ontario
Corporate Director

Legend:

Ind. Independent

1. Member of the Audit Committee
2. Member of the Governance and Nominating Committee
3. Member of the Organization, Design and Culture Committee
4. Member of Leaders and Mentors Committee
5. Chair of the Board

Management Team

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President & Chief Responsible Officer

Deborah Starkman
Chief Financial Officer

P. Jane Gavan
President, Asset Management

Jason Lester
Vice Chair, Development

Jay Jiang
Executive Vice President, Corporate Development and Strategy

Gordon Wadley
Executive Vice President, Commercial Properties

Meaghan Peloso
Vice President and Chief Accounting Officer

Tsering Yangki
Vice President, Debt and Real Estate Finance

Rahul Idnani
President, Dream Equity Partners

Robert Hughes
General Counsel and Corporate Secretary


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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing Symbol: Subordinate Voting Shares:
DRM

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dream.ca

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