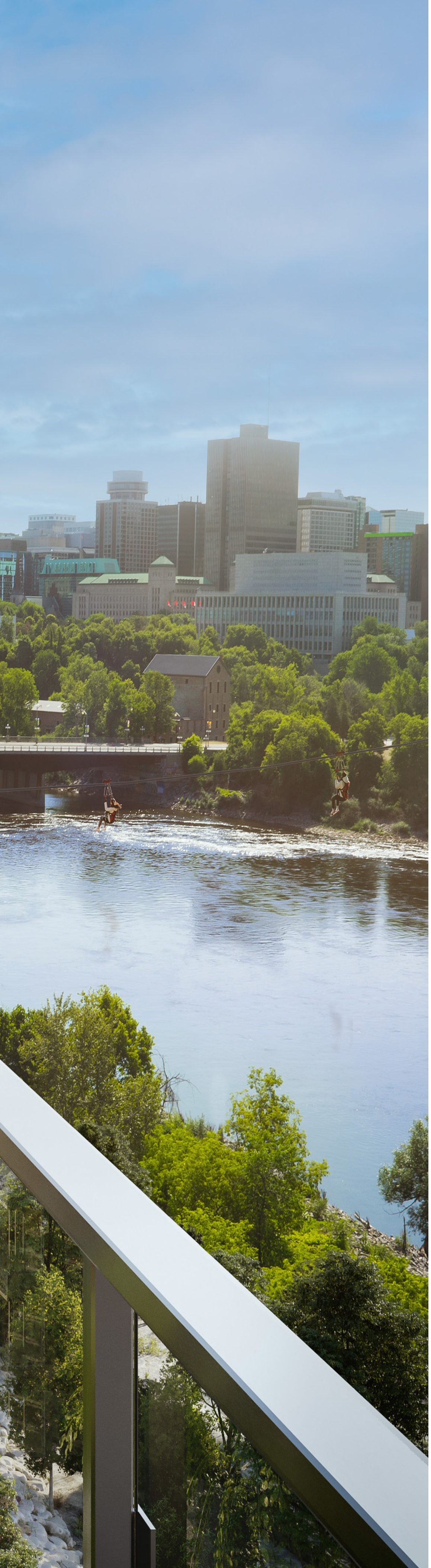
Dream Unlimited Corp.

Annual Report 2021

Zibi
Ottawa, ON / Gatineau, QC



Dream is an award-winning real estate company with $15 billion of assets under management in North America and Europe.

Letter to Shareholders

Almost two years ago suddenly the pandemic began and changed almost every aspect of all of our lives.

We began focusing on the well being of our employees, working with our customers and protecting our business to reduce damage from the complete stoppage of life outside of people's homes due to COVID. Our team managed exceptionally well, taking care of our tenants, customers, employees, suppliers, lenders and our communities.

We began considering how to adapt our business for the post-COVID world very early in the pandemic. Three themes that arose were diversifying by geography and increasing our focus on 'beds and sheds', growing our asset management business with a focus on private equity and figuring out the relationship between business and the social issues that had become front and centre.

Since the end of 2019, we have increased our exposure outside of Canada from a few percent to 29%. All of the growth outside of Canada is in the industrial and multi-family rental sectors.

We have funded the growth through our public Dream Industrial REIT's growth in Europe and the creation of our U.S. industrial fund and multi-family fund, both with private capital. As a result, our growth outside of Canada has been driven primarily through third party private and public capital.

We have created four private funds over the last year including the U.S. industrial fund which has about 20 institutional investors, our residential opportunistic fund which is a fund financed solely by a global asset manager with over $100 billion of assets, and our impact fund and our prop tech fund, both of which are financed by numerous institutional and family office investors. We expect that these four funds will be our main drivers of growth although we are also working on the creation of additional funds over the next two years.

Quayside,
Toronto, ON

The asset management industry is well served with some very large global asset managers and thousands of smaller firms. However, through COVID the growth in assets allocated to the alternative class has increased from what was already a growing area. Although investors are generally very pleased with the performance of the largest global asset managers, with additional assets allocated to this class, we believe there is room for new entrants. As a result, we will continue to work towards creating a significant business as an asset manager.

Asset management provides the opportunity for rapid growth in our earnings and value creation without commensurate capital. As most of our business is capital heavy, it is very desirable for safety and profit to grow the asset management business.

Throughout the pandemic, businesses have been expected to take on an ever increasing important role to contribute to making our society fairer and take a much more active role in addressing social issues in our community. We came to realize that real estate provides an opportunity to make a profound positive difference in addressing social issues. In fact, the real estate industry is in a position to take the lead in many of these areas.

We identified resource management including climate change, affordable housing and creating inclusive and more fair communities three areas that we can work with our real estate to reduce inequality and help make the planet healthier while also being able to maximize returns for our shareholders. Climate change, affordable housing and making communities fairer are three of the most important priorities of all levels of government and we realized that we can make a meaningful impact by achieving progress on each of these important societal issues.

We have pledged to be carbon neutral by 2035 which is 15 years ahead of our country's commitment. While it sounds like an ambitious goal, we believe that we will be able to publish a path forward during 2022. But we aren't just making promises. We are currently working on three developments that will be net zero and will provide 6,000 residences of which over 30% will be affordable.

Letter to Shareholders

These three communities are models for the future of urban development and are of scale. Zibi, LeBreton Flats and Quayside are over $5 billion in developments and will create best in class income properties that we believe will become even more valuable over time as net zero communities that achieve social goals will have lower cap rates than other real estate as investors will increasingly want to provide evidence to their stakeholders that they are using capital to make the world a better place.

We are also pleased to have pioneered decarbonization financing with the Canadian Infrastructure Bank where we have agreed to reduce our carbon emissions from older buildings with advantaged financing. Again, we believe that modernizing our heating and cooling systems including providing fresher and cleaner air, increasing connectivity and upgrading common areas will make us more desirable to tenants. Further the savings in energy will help pay for the costs of the upgrades. Once again, we believe this loan is another example of how we can manage our business to maximize both social and financial outcomes.

To provide structure around our focus on maximizing both social and financial performance, we have become signatories of the Operating Principles of Impact Management and created a framework that evidences our goals, creates pathways to achieve them, scores the impact and then we report on our progress and have our results audited. Our approach to impact is one of the leading frameworks and provides legitimacy to our process.

Our impact fund and public trust are dedicated to impact investing. We are having great progress achieving both our social and financial goals. We are also pleased that our focus on impact aligns us with financial institutions, all levels of governments and the largest investing institutions in the world. We are seeing an increasing opportunity set as a result of our commitment to achieve both financial and social goals. We are encouraged with our progress so far and have been constantly increasing our expectations for this business as time passes.

We have been very pleased at how we have been able to maximize social and financial goals in many areas of our business. So far, our current projects will provide affordable housing for 1,571 housing units which will result in a 43% savings compared to market rents and a total annual savings of $23 million per year in total for our residents. With our net zero communities and our decarbonization projects we will be able to achieve our goals while we enhance our financial returns.

For inclusion, we have made great progress on our procurement policy, mentoring and training. However, we came to the realization that there are very important needs to make our communities more inclusive that do not provide financial returns at all. We do not believe that we can ask our investors to contribute to these projects. As a result, we have created the Dream Community Foundation to fill these gaps. The foundation will work with existing non-profit organizations and will invest in programs and services that create a sense of belongings for residents and the community in general. The foundation will focus on affordable living, health and wellness, education and skills and culture and belonging. We believe that the foundation, together with our impact work, will create communities that have meaningful positive impact on people and help them lead their best lives.

We believe that the combination of our new initiatives with our existing business will provide the most sustainable platform for Dream to create the most value over the long term.

In 2021, we expanded our GTA multi-family rental portfolio by acquiring 1,140 units (at 100%) in the second half of the year, with another 57 units expected to close in March. With the expected completion of Block 8 at the West Don Lands in 2023, we are creating over 330 units of affordable housing in the GTA in the near term, excluding any potential acquisitions. Based on our current development and acquisition pipeline, we expect to end 2025 with over 10,500 residential units in North America across the Dream platform.

Our western Canada development business performed very well in 2021 including our first lot sales in Alpine Park (our first neighbourhood in our Providence lands). We have also added the development of apartments in our communities in western Canada and have also introduced our first rental townhouse project in Brighton which will occupy in Q1. Our retail assets are all progressing well

and while retail will not be as big a factor as apartments in the future, retail will continue being an important part of creating communities. With significant pre-sales for 2022, we believe that our results in western Canada will improve from the better than expected results in 2021.

We continue to execute on our exceptional development pipeline in the GTA and Ottawa, including Zibi, West Don Lands, the Indigenous Hub in the Canary District and Brightwater, with first occupancies at Canary Commons in late December. In the past month, Dream was announced as the developer of two high-profile projects – the LeBreton Library Parcel in Ottawa, and Quayside at downtown Toronto's waterfront. In aggregate, these developments will add nearly 5,000 units to our pipeline, including over 1,000 affordable units. We believe that our impact mandate is a key driver of our success that can lead to continued partnerships with all levels of government on future projects.

As of February 18th, we hold a 35% interest in Dream Office REIT and 29% in Dream Impact Trust, inclusive of senior management holdings. The combined fair value of our units totals $561 million and represents over 32% of our market capitalization. We ended the year with over $275 million in available liquidity and a conservative debt to assets ratio of 37%.

Since the end of 2018, despite the pandemic, our shares provided total annualized return to shareholders of 43%. Notwithstanding the increased stock price, we believe that the changes we have made to the business by growing our asset management business, diversifying and creating and measuring social benefits in addition to financial returns have prepared us very well for the future. We are pleased with our progress making impact investments and our early results, but we are aware that we are just beginning to learn how to execute on impact and we expect to continually be improving as we develop our skills in this important area. We expect to continue to build long term value for our shareholders across all of our business lines in 2022 and beyond. We would like to thank all of you for your continued support of our business.

Sincerely,

Michael J. Cooper
President & Chief Responsible Officer

February 22, 2022

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 $15 billion of assets under management across three Toronto Stock Exchange listed trusts, our private asset management business and numerous partners.

$9 billion

of fee-earning assets under management

$15 billion

of assets under management

$38 billion

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

11.2 million

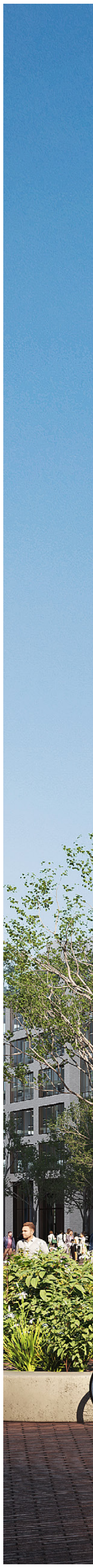
square feet of commercial/retail gross leasable area (GLA) across the Dream group portfolio, inclusive of our development pipeline

26,018

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

43%

total annualized return to shareholders since December 31, 2018



* All figures as at December 31, 2021.

West Don Lands,
Toronto, ON

Financials

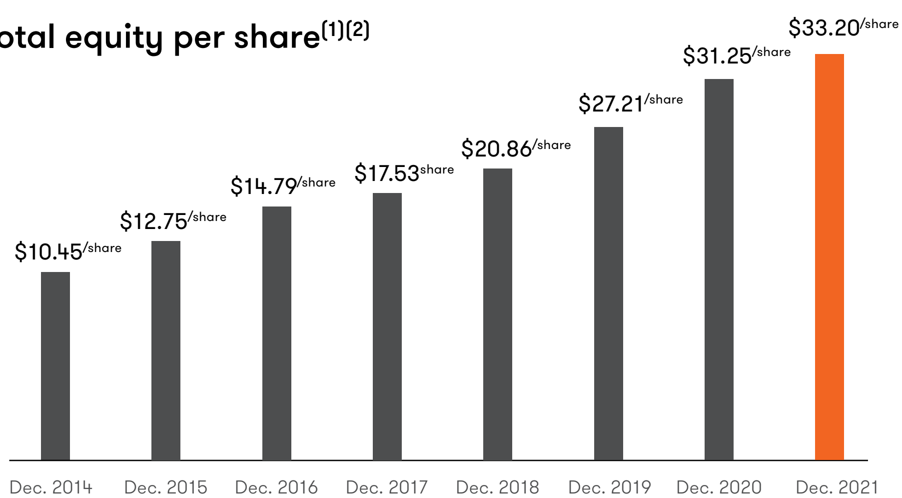
Alpine Park,
Calgary, AB

Financial Highlights

(in thousands of dollars)

	2021	2020
Revenue	$325,922	$347,623
Earnings before income taxes	$125,875	$197,620
Earnings for the year	$110,661	$159,638
Basic earnings per share	$2.52	$3.37
Total equity (excluding non-controlling interests)	**$1,422,213**	**$1,391,646**

Total equity per share[1][2]



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.

ESG Highlights

Sustainability Report

See our 2020-2021 Sustainability Report under the Sustainability section of our website at: www.sustainability.dream.ca↗

Environmental

Net Zero by 2035

We have made a public commitment to achieving net zero greenhouse gas emissions by 2035, 15 years in advance of the Paris Agreement

Carbon Neutral

Operational post year end, our permanent Zibi Community Utility plant enables zero-carbon heating and cooling at our Zibi development

13,937

metric tons of soil remediated at Zibi

Increased Data Collection

and disclosures of energy, GHG emissions and water data

Increased Biodiversity

of plants and animals as well as reintroduced native vegetation at Zibi

63%

waste diversion at Arapahoe Basin in 2021, an increase of 15% over 2019

Social

$761,065

donated to charities and NGOs in 2020

$265,629

paid for employee tuition and professional fees in 2020[1]

49%

of employees are women[1]

96%

employee response rate for employee engagement satisfaction survey

Protected employees

by ensuring rigorous health and safety measures were taken during the COVID-19 pandemic

40%

of managers are women[1]

231

affordable units under construction at West Don Lands Block 8, with first occupancies expected in 2023

43%

of executives are women[1]

Governance

1st Impact Report

Published our first Impact Report ↗ that presents our approach to impact investing through the creation of the Dream Impact Management System and reports on our impact performance aligned with the leading impact framework, the Operating Principles for Impact Management

Developed ESG Framework

Dream's new ESG Framework sets out the most material sustainability topics and how we are responding based on the type of asset class and specific objectives

75%

of DRM Directors are independent[2]

50%

of DRM Directors are women[2]

GIIN

Dream became a member of the Global Impact Investing Network (GIIN)

Signatory

Dream became a signatory to the International Finance Corporation's Operating Principles for Impact Management

(1) Based on employees of Dream Asset Management Corporation in 2020. Does not include employees at Dream recreational properties, employees on unpaid leaves of absence (e.g., permanent disability, long-term disability, parental leave) or interns.
(2) As of December, 2021.

ESG Commitments

Dream's overarching commitment to Building Better Communities requires us to address climate change. Beyond the ESG metrics, targets and impact verticals built into each of our projects, we are committed to an overall net zero approach to reducing carbon emissions in line with international standards and commitments. We look forward to sharing our net zero strategy in 2022, which will include best-in-class methodologies, science-based interim targets, road-maps and reporting requirements.

In 2021, Dream became a signatory to three voluntary international initiatives to demonstrate our commitment to climate action and responsible investing:

PRI Principles for Responsible Investment

United Nations Principles for Responsible Investment ↗

The United Nations Principles for Responsible Investment (UN PRI) is the world's leading responsible investor collaboration. It supports its signatories to incorporate environmental, social and governance (ESG) factors into their investment and ownership decisions. Signatories commit to follow UN PRI's six principles and report annually on their progress through the UN PRI Reporting Framework. Dream became a signatory to the UN PRI in 2021 and will report on our responsible investment activities starting in 2023.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Taskforce on Climate-related Financial Disclosures↗

In 2017, the Financial Stability Board established the Taskforce on Climate-related Financial Disclosures (TCFD) to provide guidance and recommendations on climate-related risk and opportunity disclosures. The TCFD recommendations are structured around four core reporting areas: governance, strategy, risk management and metrics and targets. More than 2,300 organizations support the TCFD. Dream became an official supporter in 2021.

NET ZERO ASSET MANAGERS INITIATIVE

NZAM↗

The Net Zero Asset Managers (NZAM) Initiative is an alliance of global asset managers committing to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with the global efforts to limit warming to 1.5 degrees Celsius. The initiative covers 220 signatories and U.S.$57.4 trillion in assets under management of which Dream was one of the first Canadian companies to join.

Communicating our Plan to Reach Net Zero by 2035

Dream has committed to net zero GHG emissions by 2035 – fifteen years ahead of the Paris Agreement's 2050 goal. With the Zibi development and Arapahoe Basin leading the way, we will be taking a similar approach with each of our properties, guided by our overall net zero strategy. Over the next year we will communicate a thoughtful and specific strategy on how we will achieve this overarching goal with a detailed plan, including interim targets, for how we will reduce our Scope 1, Scope 2 and select Scope 3 emissions.

Arapahoe Basin,
Dillon, CO

Tax Information*

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.

	2021	2020
Income Taxes**	$15,342,000	$15,692,000
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	$18,668,000	$7,437,000
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	$88,869,000	$65,423,000
People Taxes Company's share of various payroll taxes including government pension, employment insurance, government health costs and workers' compensation	$2,450,000	$2,734,000
Total	**$125,329,000**	**$91,286,000**

* Represents Dream on a standalone basis
** The amount reported in 2021 includes payments of $1,516,100 made by the Company in February 2022 for 2021 income taxes payable (The amount reported in 2020 includes payments of $951,000 made by the Company in February 2021 for 2020 income taxes payable).

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Canary District,
Toronto, ON

Management's Discussion and Analysis

The Management's Discussion and Analysis ("MD&A") is intended to assist readers in understanding Dream Unlimited Corp. (the "Company" or "Dream"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the audited consolidated financial statements ("consolidated financial statements") of Dream, including the notes thereto, as at and for the year ended December 31, 2020 and the consolidated financial statements as at and for the year ended December 31, 2021, which can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). The financial statements underlying this MD&A, including 2020 comparative information, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Certain disclosures included herein are non-GAAP financial measures, non-GAAP ratios, supplementary and other financial measures. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

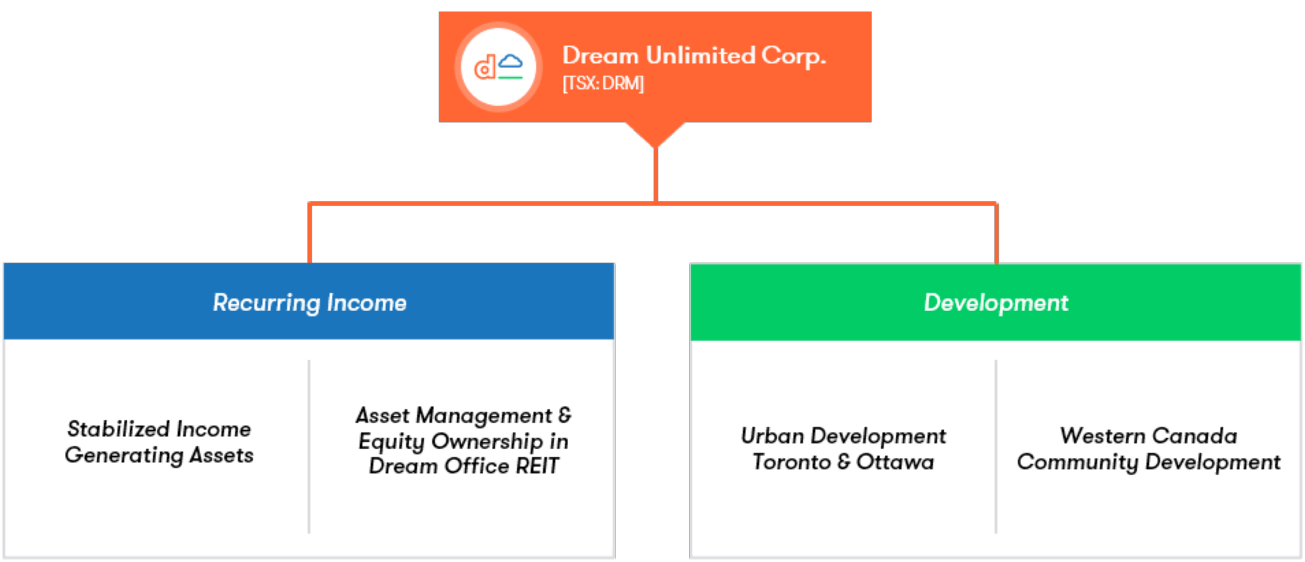
All dollar amounts in tables within this MD&A are in thousands of Canadian dollars, unless otherwise specified. Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. All references to "Dream group of companies" include Dream, Dream Office REIT, Dream Impact Trust and Dream Industrial REIT. This MD&A is dated as of, and reflects all material events up to, February 22, 2022.

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 $15 billion of assets under management* across three Toronto Stock Exchange ("TSX") listed trusts, our private asset management business and numerous partnerships. We also develop land and residential assets in Western Canada. Dream expects to generate more recurring income in the future as its development properties are completed and held for the long term. Dream has a proven track record for being innovative and for our ability to source, structure and execute on compelling investment opportunities. An illustrative chart showing the structure and diversity of our business is set out below and a comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of this MD&A.

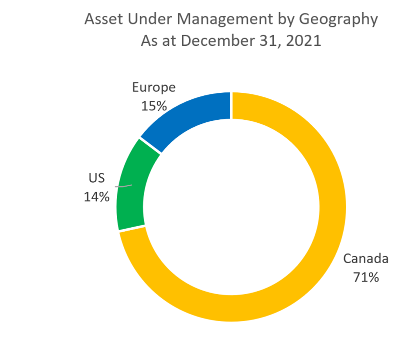
From the outset, we have successfully identified and executed on opportunities for the benefit of the business and shareholders, including the creation of Dream Asset Management Corporation ("DAM") in 1996 as a public company, its subsequent privatization in 2003 and reorganization in 2013, the creation of Dream Office REIT in 2003, the establishment of our asset management business, the creation of Dream Global REIT, Dream Industrial REIT, Dream Impact Trust ("Dream Impact") and our private asset management business, in 2011, 2012, 2014 and 2021, respectively, and the sale of the assets and subsidiaries of Dream Global REIT in 2019.

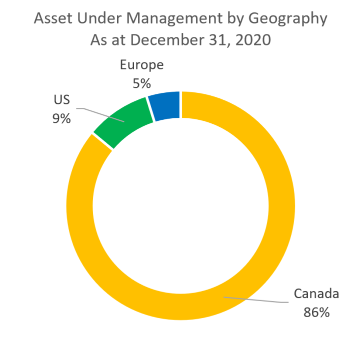


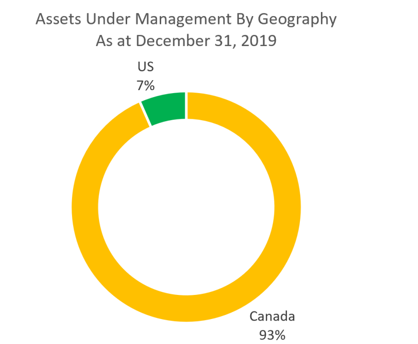
* Represents a specified financial measure. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

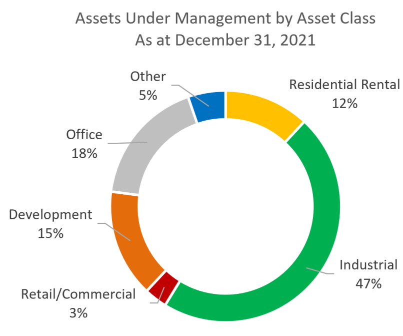
Summary of Results – Fourth Quarter of 2021

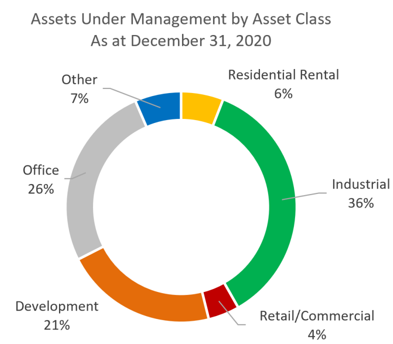
As of December 31, 2021, assets under management[*] were $15 billion, up $5 billion since 2020, with fee earning assets under management[*] of $9 billion as of year end, up from $5 billion at the end of 2020. We have significantly expanded our assets under management in the past two years, increasing our geographic diversification outside of Canada from 7% in 2019 to 29% in 2021 while expanding our investments in the industrial and residential rental asset classes from 31% to 59% over the same period. A breakdown of assets under management by asset class and geography as of December 31, 2021, 2020 and 2019 is included below:

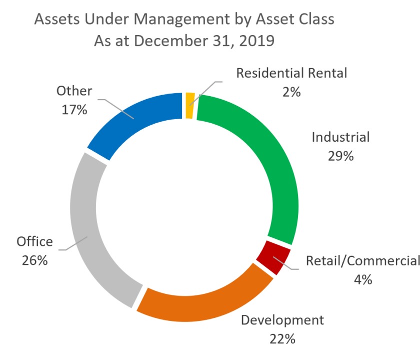












Recurring Income

In the fourth quarter, revenue and net operating income[*] derived from recurring income sources increased to $35.9 million and $10.0 million, respectively, due to higher earnings from our asset management platform, Toronto investment properties and our recreational properties portfolio. Included in results for the quarter is $2.4 million in net operating income[*] from seven multi-family rental properties in the GTA acquired in 2021.

In the year ended December 31, 2021, our recurring income segment generated revenue and net operating income[*] of $116.8 million and $40.4 million, respectively, up by $24.5 million and $13.2 million over the prior year, primarily due to increased earnings from our asset management platform and Toronto investment properties, in addition to increased visitors and a full year of operations at Arapahoe Basin.

Included in revenue for the year ended December 31, 2021 was $22.7 million in fees earned from Dream Industrial REIT, up from $11.3 million in the prior year, largely driven by $2.4 billion in acquisitions in 2021, which generated acquisition fees and higher base fees for the Company. Dream Industrial REIT has an additional $400 million in acquisitions closed, under contract or in exclusive negotiations in 2022. In 2021, Dream Industrial REIT raised over $2.2 billion in capital through equity issues and unsecured debentures. We have also raised nearly $1.4 billion in capital to date for our private asset management business, inclusive of Dream Impact Fund, a U.S. apartment portfolio with a buy/fix/sell strategy, and our U.S. industrial fund. Our asset management team remains focused on sourcing, managing and growing both our public and private platform through 2022 and our target is to raise an additional $1 billion in private equity this year.

In the year ended December 31, 2021, Arapahoe Basin generated Adjusted EBITDA[*] of $10.7 million, up from $2.3 million in the prior year, largely due to reduced social distancing measures and our investment in summer activities including the Aerial Adventure Park, the Via Ferrata climbing course, various hiking and biking trails, disc golf, events and specialty dining. Similarly, in the year ended December 31, 2021, Arapahoe Basin generated net earnings of $6.5 million, an increase of $8.3 million over 2020.

Results for 2021 include $62.1 million in equity earnings on our 33% interest in Dream Office REIT, up from $36.2 million over the comparative period. Improved results were driven by fair value gains at Dream Office REIT and through the REIT's 10.5% interest in Dream Industrial REIT, in addition to increased operating income at Dream Industrial REIT from recent acquisitions. As at February 18, 2022, the Company had a 29% interest in Dream Impact Trust and a 35% interest in Dream Office REIT, inclusive of interests held by Dream's Chief Responsible Officer.

[*]Represents a specified financial measure. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

Across the Dream group platform, which includes assets held through the Company, Dream Impact Trust, Dream Impact Fund and Dream Office REIT, we have nearly 5,300 units and 11.5 million sf of gross leasable area ("GLA") in stabilized rental, retail and commercial properties, in addition to our recreational properties. Over the next four years, we expect to add an additional 2,500 units and 2.4 million sf of rental, retail and commercial GLA to our recurring income portfolio, including West Don Lands Blocks 8 and 3/4/7, Canary Block 10, and several buildings at Zibi.

Development

In the three months ended December 31, 2021, we generated revenue and net margin of $114.2 million and $26.7 million, respectively, compared to revenue of $28.9 million and net margin of $0.6 million in the comparative period. The improved results were driven by higher lot sales in Western Canada, including our first sales at Alpine Park in Calgary, our most valuable land holding in Western Canada.

Year-to-date, revenue and net margin for the development segment was $209.2 million and $27.1 million, respectively, down by $46.2 million and $24.6 million from 2020, which included the sale of 480 acres at Glacier Ridge and condominium occupancies at Riverside Square, BT Towns and Kanaal at Zibi.

We achieved 959 lot sales and 119 housing occupancies in 2021, up from 335 lot sales and 107 housing occupancies in 2020. As of February 18, 2022, we have secured commitments for 794 lots, 19 acres and 69 houses across our communities in Saskatchewan and Alberta that we expect to contribute to earnings in 2022.

Across the Dream group platform, we have approximately 4.0 million sf of GLA in retail or commercial properties and over 20,000 condominium or purpose-built rental units (at the project level) in our development pipeline. For further details on our development pipeline, refer to the "Summary of Dream's Assets & Holdings" section of this MD&A.

Impact Investing

Dream has developed a well-defined impact strategy that can be applied not only to Dream Impact Trust and Dream Impact Fund, but across our various business lines and our REITs. Dream released its inaugural impact report and disclosure statement as a signatory to the Operating Principles for Impact Management in May 2021. On December 1, 2021, we have made a public commitment to achieving net zero greenhouse gas emissions by 2035, 15 years in advance of the Paris Agreement, with Arapahoe Basin targeting net zero by 2025. Both Dream Impact Trust and Dream Office REIT received five-star GRESB ratings this year, and 87% of Dream Office REIT's portfolio is WELL Health-Safety certified. We also announced our Social Procurement Program on November 8, 2021, with quantifiable supply chain targets to be met by 2025.

To support our net zero targets, Dream has pursued creative financing arrangements across our platform, including a $136.6 million commitment from the Canada Infrastructure Bank to retrofit 19 buildings in Ontario and Saskatchewan, two green bond closings by Dream Industrial REIT raising $650 million to finance eligible green projects, $189 million in green loans relating to Canary Block 10 (Dream's interest in the Indigenous Hub in Toronto), a $30 million convertible debenture offering by Dream Impact Trust used to finance impact investments, and $23 million in financing for Zibi Community Utility secured through the Federation of Canadian Municipalities Green Municipal Fund.

On December 1, 2021, Canada Housing Mortgage Corporate ("CMHC") announced the MLI Select program, which is designed to preserve and create affordable, climate-compatible multi-unit residential housing. Through collaborative engagement, Dream supported CMHC as they designed this innovative insured financing product.

On January 22, 2022, the National Capital Commissions ("NCC") announced in partnership with CMHC that Dream was selected to develop the first phase of the Building LeBreton project in Ottawa, Ontario. Dream LeBreton will be Canada's largest residential zero-carbon project with 601 residential rental units, 40% of which will be affordable and 31% will be accessible. The site is adjacent to a light-rail station, various pedestrian pathways and our 34-acre Zibi development.

On February 15, 2022, Waterfront Toronto announced that Dream and Great Gulf Group were selected to develop the Quayside site in downtown Toronto. Quayside is a 3.4 million sf all-electric, zero carbon community which will include over 800 affordable housing units, a two acre forested green space, and a significant urban farm atop one of Canada's largest residential mass timber buildings.

To further our commitment to impact in our communities, we recently announced the Dream Community Foundation that will offer and support the creation of affordable housing and invest in programs and services aimed at supporting our most vulnerable residents. The foundation will initially be funded by the Cooper family, through a pledge of $25 million over 5 years, with third party donations and/or government subsidies to be assessed in the future. The foundation aims to provide programming and donations to build community amongst tenants and local neighbourhoods while allowing our public vehicles to earn market returns on their impact investments.

Share Capital & Return to Shareholders

In the year ended December 31, 2021, 2.4 million Subordinate Voting Shares were purchased for cancellation by the Company at an average price of $25.29 under a normal course issuer bid ("NCIB") for total proceeds of $61.4 million (year ended December 31, 2020 - 7.7 million Subordinate Voting Shares at an average price of $22.07, inclusive of 5.0 million Subordinate Voting Shares purchased for cancellation under a substantial issuer bid). Subsequent to December 31, 2021, 0.3 million Subordinate Voting Shares were purchased for cancellation by the Company under the NCIB at an average price of $39.31.

Dividends of $4.3 million and $13.5 million were declared and paid on its Subordinate Voting Shares and Class B Shares in the three and twelve months ended December 31, 2021, respectively (three and twelve months ended December 31, 2020 - $2.7 million and $11.2 million, respectively).

On November 9, 2021, the Company's board of directors approved an increase to the annual dividend to $0.40 per Subordinate Voting Share and Class B Share, effective with the dividend payable to shareholders on December 31, 2021.

As of December 31, 2021, the Company had $275.6 million in corporate-level cash and available credit under its various revolving facilities and a conservative leverage position with a debt to total assets ratio of 37.1%, up from 35.6% as at September 30, 2021 due to recent acquisitions of stabilized income generating assets in Toronto and in line with expectations.

26,018
residential units
&
11.3 million sf

of commercial/retail GLA across the Dream group portfolio

$9 billion

of fee earning assets under management and

$15 billion

of total assets under management

43%

total annualized return to shareholders since the end of 2018

Our Operating Segments and Strategy

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

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

We have achieved our goals in the past as a result of our expertise and high-quality asset base, combined with a track record in our ability to source, structure and execute on compelling investment opportunities while maintaining conservative debt levels. Over the last few years, we have actively focused on differentiating our asset base by growing assets that contribute to recurring income and investing in development assets and real estate in Toronto, with the goal of improving the safety, value and earnings quality of our business. Inclusive of assets held by Dream Impact Fund, Dream Impact Trust and Dream Office REIT, our portfolio totals 26,018 residential units and 11.3 million sf of commercial/retail GLA as at December 31, 2021 (at 100% project level).

The Company's reporting segments consist of the following:

- *Recurring income:* Comprised of our asset management and development management agreements with Dream Industrial REIT, Dream Office REIT and various development partners, fees earned through our private asset management business, a 33% equity interest in Dream Office REIT, Dream Impact Trust's lending portfolio and our stabilized income producing assets in the Greater Toronto Area ("GTA"), Ottawa/Gatineau, 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 33% equity ownership in Dream Office REIT, management fees from our private asset management business and our stabilized income generating assets, such as the Distillery District in Toronto and Arapahoe Basin, our ski hill in Colorado and multi-family purpose built rentals. Our future recurring income properties will include those that are currently being developed within our mixed-use developments in Toronto and Ottawa in addition to future potential acquisitions.

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 and Dream Impact Fund 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, 2021
Revenue	**$ 35,883**	**$ 114,239**	**$ —**	**$ 150,122**
% of total revenue	**23.9%**	**76.1%**	**—%**	**100.0%**
Net margin	**$ 7,996**	**$ 26,689**	**$ —**	**$ 34,685**
Net margin (%)[2]	**22.3%**	**23.4%**	**n/a**	**23.1%**
				For the year ended December 31, 2021
Revenue	**$ 116,766**	**$ 209,156**	**$ —**	**$ 325,922**
% of total revenue	**35.8%**	**64.2%**	**—%**	**100.0%**
Net margin	**$ 33,502**	**$ 27,064**	**$ —**	**$ 60,566**
Net margin (%)[2]	**28.7%**	**12.9%**	**n/a**	**18.6%**
				As at December 31, 2021
Segment assets	**$ 1,885,019**	**$ 1,575,453**	**$ 28,202**	**$ 3,488,674**
Segment liabilities	**739,363**	**558,870**	**768,228**	**2,066,461**
Segment shareholders' equity	**1,145,656**	**1,016,583**	**(740,026)**	**1,422,213**
Total issued and outstanding shares				**42,836,031**

(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

[1] Asset management revenue and net margin from Dream Impact Trust and Dream Impact Fund are eliminated upon consolidation within this segment.
[2] Net margin (%) is a supplementary financial measure. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.
[3] Shareholders' equity excludes Zibi non-controlling interest of $15.0 million as at December 31, 2020.

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,			
		2021		2020		**2021**		2020
Revenue	**$**	**150,122**	$	48,639	**$**	**325,922**	$	347,623
Gross margin	**$**	**42,832**	$	11,967	**$**	**91,140**	$	105,154
Gross margin (%)[(1)]		**28.5%**		24.6%		**28.0%**		30.2%
Net margin	**$**	**34,685**	$	5,245	**$**	**60,566**	$	72,320
Net margin (%)[(1)]		**23.1%**		10.8%		**18.6%**		20.8%
Earnings (loss) before income taxes	**$**	**95,349**	$	(31,181)	**$**	**125,875**	$	197,620
Earnings (loss) for the period	**$**	**80,317**	$	(32,315)	**$**	**110,661**	$	159,638
Basic earnings (loss) per share[(2)]	**$**	**1.87**	$	(0.70)	**$**	**2.52**	$	3.37
Diluted earnings (loss) per share[(2)]	**$**	**1.81**	$	(0.70)	**$**	**2.46**	$	3.31
Weighted average number of shares outstanding, basic		**43,007,226**		45,728,250		**43,685,083**		47,262,426
Total earnings (loss) for the period attributable to:								
Shareholders[(3)]	**$**	**80,317**	$	(32,164)	**$**	**110,030**	$	159,221

		December 31, 2021		December 31, 2020
Total assets	**$**	**3,488,674**	$	2,844,373
Total liabilities	**$**	**2,066,461**	$	1,437,761
Total equity	**$**	**1,422,213**	$	1,406,612
Total issued and outstanding shares		**42,836,031**		45,011,928

(1) Gross margin (%) and net margin (%) represent gross and net margins as a percentage of revenue and are supplementary financial measures. For additional details, refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A.
(2) See Note 31 of the Company's consolidated financial statements for the year ended December 31, 2021 for further details on the calculation of basic and diluted earnings (loss) per share.
(3) Total earnings (loss) attributable to shareholders excludes the portion allocated to non-controlling interests.

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

Overview of Results

Earnings before income taxes after adjusting for fair value adjustments taken on Dream Impact Trust units held by other unitholders* for the three months ended December 31, 2021 was $99.1 million, an increase of $70.2 million relative to the prior year. The change is primarily due to higher lot sales in Western Canada, fair value gains on the Company's investment properties portfolio and increased fees earned from our growing asset management platform. Higher earnings were also driven by the growth of our GTA multi-family rental portfolio, with 1,140 units (at 100%) acquired in the second half of 2021.

Earnings before income taxes after adjusting for fair value adjustments taken on Dream Impact Trust units held by other unitholders* for the twelve months ended December 31, 2021 was $150.9 million, up from $119.9 million in the prior year. Current year pre-tax earnings were primarily driven by the gains across our multi-family rental portfolio, higher earnings from the Company's equity accounted investments, including Dream Office REIT, increased earnings from our asset management platform and improved results from Arapahoe Basin. The comparative year results include the gain on sale of our renewable power portfolio, the sale of 480 acres at Glacier Ridge and occupancies at our Canary Block, Riverside Square, BT Towns and Zibi developments, with limited comparable activity in 2021.

Earnings before income taxes for the three and twelve months ended December 31, 2021 was $95.3 million and $125.9 million, respectively, due to the aforementioned operational results in addition to the fair value changes in Dream Impact Trust units held by other unitholders.

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 gains/losses with the fluctuation of Dream Impact Trust's unit price and distributions to unitholders. In the three months ended December 31, 2021, the fair value loss on the Dream Impact Trust units was $3.8 million (as a result of $4.7 million in distributions to unitholders partially offset by the unit price decreasing to $6.15 at December 31, 2021 from $6.17 at September 30, 2021), compared to a fair value loss of $60.1 million in the comparative period (as a result of $4.8 million in distributions to unitholders and the unit price increasing to $6.03 at December 31, 2020 from $4.88 at September 30, 2020). In the year ended December 31, 2021, the fair value loss on the Dream Impact Trust units was $25.0 million (as a result of $19.0 million distributions to unitholders and the unit price increasing to $6.15 at December 31, 2021 from $6.03 at December 31, 2020), compared to a fair value gain of $77.8 million in the comparative period (as a result of unit price decreasing to $6.03 at December 31, 2020 from $7.75 at December 31, 2019 partially offset by $20.3 million distributions to unitholders).

* Represents a specified financial measure. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

Summary of Dream's Assets and Holdings

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

Project/Property	Entity[4]	Dream ownership[1]	Status/Type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
RECURRING INCOME SEGMENT								
Downtown Toronto & GTA								
Commercial:								
Adelaide Place	D.UN	33.1%	Income property	—	—	658,000	83.3%	
Sussex Centre	D.UN/MPCT	66.6%	Income property	—	—	655,000	79.1%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	D.UN	33.1%	Income property	—	—	442,000	71.8%	
State Street Financial Centre	D.UN	33.1%	Income property	—	—	414,000	100.0%	
Distillery District	DRM	50.0%	Income property	—	—	395,000	98.6%	
438 University Avenue	D.UN	33.1%	Income property	—	—	323,000	99.1%	
655 Bay Street	D.UN	33.1%	Income property	—	—	301,000	91.9%	
74 Victoria Street/137 Yonge Street	D.UN	33.1%	Income property	—	—	266,000	98.9%	
720 Bay Street	D.UN	33.1%	Income property	—	—	248,000	100.0%	
36 Toronto Street	D.UN	33.1%	Income property	—	—	214,000	84.3%	
330 Bay Street	D.UN	33.1%	Income property	—	—	165,000	66.2%	
20 Toronto Street/33 Victoria Street	D.UN	33.1%	Income property	—	—	158,000	96.6%	
250 Dundas Street West	D.UN	33.1%	Income property	—	—	121,000	99.1%	
Victory Building	D.UN	33.1%	Income property	—	—	102,000	58.7%	
49 Ontario	MPCT	100.0%	Redevelopment	TBD	TBD	88,000	91.5%	
425 Bloor Street East	D.UN	33.1%	Income property	—	—	83,000	100.0%	
212 King Street West	D.UN	33.1%	Income property	—	—	73,000	85.3%	
357 Bay Street	D.UN	33.1%	Income property	—	—	65,000	100.0%	
10 Lower Spadina	MPCT	100.0%	Income property	—	—	61,000	100.0%	
100 Steeles Avenue West	DRM/MPCT	50.0%	Redevelopment	TBD	TBD	59,000	97.1%	
360 Bay Street	D.UN	33.1%	Income property	—	—	58,000	62.4%	
6 Adelaide Street East	D.UN	33.1%	Income property	—	—	53,000	56.7%	
350 Bay Street	D.UN	33.1%	Income property	—	—	53,000	67.5%	
67 Richmond Street West	D.UN	33.1%	Income property	—	—	50,000	92.0%	
Plaza Imperial	MPCT	40.0%	Income property	—	—	35,000	100.0%	
349 Carlaw	MPCT	100.0%	Income property	—	—	34,000	83.5%	
56 Temperance Street	D.UN	33.1%	Income property	—	—	32,000	80.2%	
Canary District - Stage 1 retail	DRM	50.0%	Income property	—	—	32,000	77.0%	
68-70 Claremont Street	MPCT	100.0%	Income property	—	—	30,000	39.7%	
76 Stafford Street	MPCT	100.0%	Income property	—	—	25,000	99.0%	
Plaza Bathurst	MPCT	40.0%	Income property	—	—	24,000	100.0%	
220 King Street West	D.UN	16.6%	Income property	—	—	22,000	66.2%	
Other GTA retail	DRM	30.0-50.0%	Income property	—	—	257,000	83.2%	
Residential Rentals:								
Weston Common	DRM/DIF/MPCT	100.0%	Income property	841	692,000	52,000	94.4%	
262 Jarvis	DRM/DIF/MPCT	100.0%	Income property	71	35,000	—	62.0%	
Robinwood Portfolio	DRM/DIF/MPCT	100.0%	Income property	228	123,000	—	80.6%	
Other:								
Broadview Hotel	DRM	50.0%	Hospitality	58	—	—		
Gladstone House	DRM	50.0%	Hospitality	55	—	—		
Newmarket Hotel	DRM	50.0%	Hospitality	55	—	—		2023
Total Downtown Toronto & GTA				**1,308**	**850,000**	**5,648,000**	**91.0%**	
Zibi (Ottawa/Gatineau)								
Commercial:								
Natural Sciences Building (Block 211)	DIF/MPCT	70.0%	Income property	—	—	186,000	86.0%	
15 Rue Jos-Montferrand (Block 2/3)	DRM/MPCT	100.0%	Income property	—	—	53,000	81.2%	
Total Zibi (Ottawa/Gatineau)				**—**	**—**	**239,000**	**81.2%**	

Project/Property	Entity[4]	Dream ownership[1]	Status/Type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
U.S.								
Arapahoe Basin ski hill, Colorado	DRM	100.0%	Recreational	—	—			
Abbey at Vista Ridge, Texas	DRM	5.0%	Income property	300	297,000		95.0%	
Tallows Apartments, Texas	DRM	5.0%	Income property	252	218,000		95.2%	
Villas at Waterchase, Texas	DRM	5.0%	Income property	244	215,000		93.4%	
Tall Timbers Apartments, Texas	DRM	5.0%	Income property	216	201,000		93.5%	
Fieldcrest Apartments, Texas	DRM	5.0%	Income property	180	144,000		94.4%	
Ava Park Apartments, Arizona	DRM	5.0%	Income property	224	144,000		92.4%	
The Perry Apartments, Arizona	DRM	5.0%	Income property	148	119,000		98.6%	
Red Sage Apartments, Arizona	DRM	5.0%	Income property	156	105,000		93.6%	
Serena Park Apartments, Arizona	DRM	5.0%	Income property	141	102,000		96.5%	
Ava North Apartments, Arizona	DRM	5.0%	Income property	73	54,000		97.3%	
Ava South Apartments, Arizona	DRM	5.0%	Income property	50	25,000		98.0%	
Woodmeadow Apartments, Texas	DRM	5.0%	Income property	241	128,000		87.1%	
Factory Design Apartments, Texas	DRM	5.0%	Income property	309	255,000		94.5%	
The Lucas Apartments, Texas	DRM	5.0%	Income property	387	320,000		92.2%	
Independece Apartments, Texas	DRM	5.0%	Income property	208	157,000		96.6%	
Townbluff Apartments, Texas	DRM	5.0%	Income property	160	130,000		96.3%	
The Mansions at Riverside, Oklahoma	DRM	50.0%	Income property	352	342,000		98.6%	
Creekwood Place, Texas	DRM	50.0%	Income property	200	214,000		97.0%	
Rochelle Plaza, Texas	DRM	50.0%	Income property	120	106,000		99.2%	
12800 Foster Street, Overland Park, Kansas	D.UN	50.0%	Income property	—	—	185,000	100.0%	
Total U.S.				**3,961**	**3,276,000**	**185,000**	**95.3%**	
Western Canada								
Residential Rentals:								
Brighton Village Rentals I, Saskatoon	DRM	100.0%	Income property	121	81,000	—	100.0%	
Childers Rentals Kensington, Saskatoon	DRM	100.0%	Income property	48	75,000	—	100.0%	
Commercial:								
444 - 7th Building, Calgary	D.UN	33.1%	Income property	—	—	261,000	77.9%	
Saskatoon Square, Saskatoon	D.UN	33.1%	Income property	—	—	228,000	68.6%	
1900 Sherwood Place, Regina	D.UN	33.1%	Income property	—	—	206,000	93.4%	
Princeton Tower, Saskatoon	D.UN	33.1%	Income property	—	—	136,000	47.6%	
606 - 4th Building & Barclay Parkade, Calgary	D.UN	33.1%	Income property	—	—	126,000	88.8%	
Kensington House, Calgary	D.UN	33.1%	Income property	—	—	78,000	91.2%	
Shops of South Kensington, Saskatoon	DRM	100.0%	Income property	—	—	72,000	97.9%	
234 - 1st Avenue South, Saskatoon	D.UN	33.1%	Income property	—	—	10,000	83.3%	
Brighton Recreation, Saskatoon	DRM	100.0%	Income property	—	—	7,000	100.0%	
Other:								
Willows, Saskatoon	DRM	100.0%	Recreational	—	—			
Total Western Canada				**169**	**156,000**	**1,124,000**	**81.4%**	
Total Recurring Income Segment				**5,438**	**4,282,000**	**7,196,000**	**91.0%**	

Project/Property	Type	Entity[(4)]	Dream ownership[(1)]	Status/Type	Total residential/ hotel units at completion[(2)]	Residential GFA[(2)] (at 100%)	Total commercial and retail GLA[(2)]	In-place/ committed occupancy	Occupancy/ stabilization date
DEVELOPMENT SEGMENT									
Downtown Toronto & GTA									
Residential and Mixed-Use:									
Canary Commons (Block 12)	Sell	DRM	50.0%	In occupancy	401	372,000	14,000	100.0%	2022
34 Madison	Hold	DIF/MPCT	80.0%	Construction	—	—	8,000	100.0%	2022
Riverside Square - Phase 2	Sell	DRM	32.5%	Construction	227	195,000	43,000		2023
WDL Block 8	Hold	DIF/MPCT	33.3%	Construction	770	624,000	4,000		2023
Brightwater I and II	Sell	DRM/MPCT	31.0%	Construction	311	244,000	98,000	36.7%	2023
Brightwater Towns	Sell	DRM/MPCT	31.0%	Planning	106	237,000	—		2023
Canary House (Block 10 - Condo)	Sell	DIF	50.0%	Construction	206	153,000	26,000		2024
Canary Block 10 - Rental	Hold	DIF/MPCT	33.3%	Construction	238	182,000	—		2024
The Mason, Brightwater	Sell	DRM/MPCT	31.0%	Planning	162	134,000	5,000		2024
Ivy	Various	DRM/MPCT	100.0%	Construction	268	193,000	—		2024
Brightwater future blocks	Various	DRM/MPCT	31.0%	Planning	2,416	2,825,000	257,000		2025-2032
WDL Block 3/4/7	Hold	DRM/MPCT	33.3%	Construction	855	811,000	32,000		2025
Queen & Mutual	Sell	MPCT	9.0%	Planning	369	243,000	7,000		2025
Canary Block 13	Hold	DRM	50.0%	Planning	682	565,000	13,000		TBD
WDL Block 20	Hold	DRM/MPCT	33.3%	Planning	654	571,000	260,000		TBD
Scarborough Junction	Sell	MPCT	45.0%	Planning	6,619	5,270,000	165,000		TBD
Frank Gehry	Sell	DRM/MPCT	33.3%	Planning	1,500	1,652,000	260,000		TBD
Lakeshore East	TBD	DRM/MPCT	50.0%	Planning	1,500	1,200,000	100,000		TBD
Distillery District - 31A Parliament	Hold	DRM	50.0%	Planning	515	389,000	342,000	30.7%	TBD
Seaton	Sell	MPCT	7.0%	Planning	TBD	TBD	TBD		TBD
Other	Sell	Various	Various	Various	1,045	1,099,000	58,000		TBD
Commercial:									
366 Bay Street		D.UN	33.1%	Redevelopment	—	—	36,000	17.0%	2023
Total Downtown Toronto & GTA					**18,844**	**16,959,000**	**1,728,000**	**34.0%**	
Zibi (Ottawa/Gatineau)									
Block 208	Hold	DRM/MPCT	100.0%	Construction	—	—	33,000	80.0%	2022
Aalto Suites (Block 10)	Hold	DRM/MPCT	100.0%	Construction	162	135,000	1,000	10.0%	2022
Block 206	Hold	DRM/MPCT	100.0%	Construction	207	196,000	11,000		2023
Block 11	Hold	DRM/MPCT	100.0%	Construction	148	127,000	4,000		2023
Block 207	Hold	DRM/MPCT	100.0%	Construction	—	—	76,000		2023
Future blocks	Various	DRM/MPCT	100.0%	Planning	1,255	1,292,000	1,891,000		TBD
Total Zibi (Ottawa/Gatineau)					**1,772**	**1,750,000**	**2,016,000**	**13.2%**	
U.S.									
Virgin Hotels Las Vegas	Sell	MPCT	10.0%	Hospitality	1,502	—	—		2023
Total U.S.					**1,502**	**—**	**—**		
Western Canada									
Residential:									
Brighton Village Rentals II, Saskatoon	Hold	DRM	100.0%	Planning	132	112,000	13,000		2022-2023
Commercial:									
Brighton Marketplace, Saskatoon	Hold	DRM	50.0%	Construction	—	—	222,000	93.5%	2022
Harbour Landing, Regina	Hold	DRM	100.0%	Construction	—	—	41,000	67.7%	2022
Montrose, Calgary	Hold	DRM	100.0%	Construction	—	—	24,000	86.0%	2022
Hampton Heights, Saskatoon	Hold	DRM	100.0%	Construction	—	—	22,000	91.0%	2022
Total Western Canada					**132**	**112,000**	**322,000**	**89.3%**	
Total Development Segment					**22,250**	**18,821,000**	**4,066,000**	**47.9%**	
Total Dream Platform					**27,688**	**23,103,000**	**11,262,000**	**87.7%**	

Western Canada Land Holdings

City	Acre equivalents
Calgary	1,852
Edmonton	811
Saskatoon	3,064
Regina	3,269
Total	**8,996**

Summary by Geography

Location	Current GLA	Future GLA under development[2]	In-place and committed occupancy	Residential/ hotel units at completion[2]	Residential GFA[2]
Downtown Toronto & GTA	5,648,000	1,728,000	87.0%	20,152	17,809,000
Ottawa/Gatineau	239,000	2,016,000	57.5%	1,772	1,750,000
U.S.	185,000	—	95.3%	5,463	3,276,000
Western Canada	1,124,000	322,000	82.9%	301	268,000
Total	**7,196,000**	**4,066,000**	**87.7%**	**27,688**	**23,103,000**

(1) Dream, Dream Impact Fund ("Impact Fund") and Dream Impact Trust ("MPCT") holdings at fully consolidated ownership. Dream Office REIT at 33.1% ownership as of December 31, 2021.

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

(3) Dream standalone ownership excludes the interest held by Dream Impact Trust and 60% non-controlling interest of Dream Impact Fund.

(4) DRM refers to Dream Standalone. DIF refers to Dream Impact Fund. MPCT refers to Dream Impact Trust. D.UN refers to Dream Office REIT.

Recurring Income

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

Asset Management and Equity Ownership

We provide asset management and development management services to Dream Industrial REIT and Dream Office REIT, respectively, and on behalf of various institutional partnerships/third-party real estate, including our private asset management business. Asset management fees and equity interests in Dream Impact Trust and Dream Impact Fund are eliminated on consolidation. As of December 31, 2021, we held an aggregate of 17.6 million units in Dream Office REIT, representing a 33.1% 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 $38 billion of commercial real estate and real estate alternative transactions. We also act as lead or co-lead developer on behalf of Dream Office REIT, Dream Impact Trust, Dream Impact Fund and our third-party partnerships.

Dream's assets under management* as of December 31, 2021 was $15 billion (December 31, 2020 – $10 billion), including fee earning assets under management* of approximately $9 billion (December 31, 2020 - $5 billion).

Stabilized Income Generating Assets

Dream owns a number of income generating assets, which are key contributors to our sources of recurring income. These assets include Arapahoe Basin and income producing assets in Toronto and Western Canada, including the Distillery District and stabilized residential rentals. As of December 31, 2021, we held over 11.5 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 in addition to sourced transactions in those markets.

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)	**2021**	2020	**2021**	2020
Revenue	**$ 35,883**	$ 19,758	**$ 116,766**	$ 92,229
Net operating income*	**9,962**	6,267	**40,415**	27,222
Net margin	**7,996**	4,597	**33,502**	20,637
Net margin (%)*	**22.3%**	23.3%	**28.7%**	22.4%
Fair value changes in investment properties	**$ 45,730**	$ 6,089	**$ 31,180**	$ 72
Share of earnings from equity accounted investments	**24,332**	8,297	**82,912**	65,801

*Represents a specified financial measure. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

Results of Operations

In the three months ended December 31, 2021, revenue and net operating income derived from recurring income sources increased by $16.1 million and $3.7 million, respectively, from the comparative period, due to higher earnings from our asset management platform and increased earnings across our Toronto investment properties and recreational properties portfolio. Earnings in the current period include results from the Gladstone House, which opened to the public on September 23, 2021, and seven multi-family rental properties, including the Robinwood portfolio acquired in the fourth quarter of 2021.

In the year ended December 31, 2021, revenue and net operating income derived from recurring income sources increased by $24.5 million and $13.2 million, respectively, due to the aforementioned increased earnings from our asset management platform, improved results from our Toronto investment properties and Arapahoe Basin due to increased visitors and a full year of operations. The increase in current year earnings was partially offset by the impact of prior period asset dispositions.

Fair value gains on investment properties in the three and twelve months ended December 31, 2021 were $45.7 million and $31.2 million, respectively, primarily driven by an increase in the appraised value of the Distillery District and gains related to 49 Ontario Street, located in downtown Toronto, which is currently undergoing rezoning. Results for the three months ended December 31, 2021 include a $12.0 million fair value gain on the Company's multi-family rental properties located in Toronto.

Earnings from equity accounted investments in the three months ended December 31, 2021 increased by $16.0 million, primarily driven by higher earnings from Dream Office REIT and higher earnings from our investment in Alate, our property technology joint venture, from gains on its interest in Lane Technologies. Earnings from equity accounted investments in the twelve months ended December 31, 2021 increased by $17.1 million, due to the aforementioned reasons. Prior year results included the sale of our indirect interest in a renewable power portfolio.

Asset management revenues in the three and twelve months ended December 31, 2021 increased by $7.2 million and $13.2 million, respectively, relative to the comparative period as a result of higher acquisition activity and a growing asset management base as a result of acquisitions. In the three and twelve months ended December 31, 2021, total asset management and development management fees generated from contracts with Dream Industrial REIT, Dream Office REIT, our private asset management business and our partnerships were $11.4 million and $34.0 million, respectively, up from $5.1 million and $20.3 million in the comparative periods.

In the first quarter of 2021, we contributed four high-quality, active development assets with defined impact pathways to form Dream Impact Fund's seed portfolio. This includes the Company's interest in the Indigenous Hub (Canary Block 10), Block 8 in the West Don Lands, the Natural Sciences 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.

Over the next four years, an additional 2.2 million sf of residential GFA and 0.2 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]	Dream standalone ownership %[3]	Total residential units[2]	Residential GFA[2] (at 100%)	Commercial and retail GLA[2] (at 100%)	Committed occupancy	Occupancy date
Brighton Village Rentals	DRM	100.0%	100.0%	132	112,000	13,000		2022-2023
WDL Block 8	DIF/MPCT	33.3%	3.3%	770	624,000	4,000		2023
Canary Block 10 - Rental	DIF/MPCT	33.3%	3.3%	238	182,000	—		2024
Canary Block 10 - Retail	Impact Fund/MPCT	33.3%	3.3%	—	—	26,000		2024
WDL Block 3/4/7	DRM/MPCT	33.3%	8.3%	855	811,000	32,000		2025
Zibi								
Block 208	DRM/MPCT	100.0%	50.0%	—	—	33,000	80.0%	2022
Aalto Suites (Block 10)	DRM/MPCT	100.0%	50.0%	162	135,000	1,000		2022
Block 206	DRM/MPCT	100.0%	50.0%	207	196,000	11,000		2023
Block 207	DRM/MPCT	100.0%	50.0%	—	—	76,000		2023
Block 11	DRM/MPCT	100.0%	50.0%	148	127,000	4,000		2023
Total				**2,512**	**2,187,000**	**200,000**	**57.3%**	

(1) Dream, Impact Fund and MPCT holdings at fully consolidated ownership. Dream Office REIT at 33.1% ownership as of December 31, 2021.

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

(3) Dream standalone ownership excludes the interest held by Dream Impact Trust and 60% non-controlling interest of Dream Impact Fund.

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, 2021, our GTA and Ottawa pipeline across the Dream portfolio is comprised of over 20,600 residential units and approximately 3.7 million sf of commercial/retail GLA.

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

Project	Dream/Impact Fund/MPCT ownership interest %	Dream standalone ownership interest %[1]	Project inception
Distillery District	50%	50%	2004
Riverside Square and other mixed-use developments	32.5%-50%	32.5%-50%	2007
Canary District - Blocks 12 and 13	50%	50%	2011
Lakeshore East	50%	12.5%	2016
Brightwater	31%	7.75%	2017
Frank Gehry	33%	8.33%	2017
West Don Lands	33%	3.33%-8.33%	2018
100 Steeles Avenue West	50%	12.5%	2018
Canary District - Block 10	33%-50%	8.33%-50%	2019

[1] Dream standalone ownership excludes the interest held by Dream Impact Trust and 60% non-controlling interest of Dream Impact Fund.

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 9,000 acres of land in Western Canada, of which 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, 2021, our Western Canada pipeline across the Dream portfolio is comprised of 132 purpose-built rental units and 0.3 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. Dependent on 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 land to be strategic to existing land positions already owned by the Company.

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

Selected Segment Key Operating Metrics

(in thousands of dollars, except unit, lot, average selling price per lot and acre amounts)	For the three months ended December 31, 2021	2020	For the year ended December 31, 2021	2020
DIRECTLY OWNED				
Revenue	**$ 114,239**	$ 28,881	**$ 209,156**	$ 255,394
Gross margin	**32,870**	5,700	**50,725**	77,932
Gross margin %[1]	**28.8%**	19.7%	**24.3%**	30.5%
Net margin	**26,689**	648	**27,064**	51,683
Net margin %[1]	**23.4%**	2.2%	**12.9%**	20.2%
Fair value change on investment properties	**(616)**	322	**9,976**	1,651
Condominium occupancy units (project level) - Toronto & Ottawa	**3**	2	**14**	421
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**2**	2	**10**	190
Lots sold - Western Canada	**690**	164	**959**	335
Average settling price per lot - Western Canada	**141,000**	103,000	**134,000**	114,000
Acres sold - Western Canada	**5**	5	**10**	525
EQUITY ACCOUNTED INVESTMENTS				
Share of earnings from equity accounted investments	**$ 2,875**	$ 20,499	**$ 7,809**	$ 16,893
Condominium occupancy units (project level) - Toronto & Ottawa	**15**	—	**15**	133
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**8**	—	**8**	67

[1] Gross margin (%) and net margin (%) are supplementary financial measures. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

Results of Operations

In the three months ended December 31, 2021, we generated revenue of $114.2 million and $26.7 million net margin compared to revenue of $28.9 million and net margin of $0.6 million in the comparative period. Our improved results were driven by higher lot sales in Western Canada, including our first sales at Alpine Park in Calgary.

In the year ended December 31, 2021, revenue and net margins decreased by $46.2 million and $24.6 million, respectively, from the prior year due to the sale of our interest in 480 acres in Glacier Ridge in Calgary in the first quarter of 2020 and prior year condominium occupancies at Riverside Square, BT Towns and Kanaal with no significant occupancies in 2021. This was partially offset by the aforementioned increase in lot sales.

Fair value changes on investment properties in the three and twelve months ended December 31, 2021 was $0.6 million fair value loss and $10.0 million fair value gain, respectively, were primarily driven by our commercial buildings under construction at Zibi. Earnings from equity accounted investments in the three and twelve months ended December 31, 2021 of $2.9 million and $7.8 million, respectively, primarily related to fair value gains on commercial property in Western Canada and a gain on the sale of St. Clair Crossing in the third quarter. Fourth quarter earnings also include initial condominium occupancies at Canary Commons and fair value gains on commercial property in Toronto.

Our development team remains focused on building out our exceptional development pipeline, including Phase 2 of Riverside Square, Brightwater and West Don Lands Block 8 and Canary Block 10, which are expected to occupy between 2022 and 2024; 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, 2021, vertical construction at Zibi continued on all active blocks. The project is a multi-phase development that includes over 4 million sf of density consisting of approximately 1,900 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 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. Subsequent to December 31, 2021, the District Energy System commenced operations.

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, with first occupancies expected in 2023.

Downtown Toronto's East End

The Canary District is developed in a 50/50 partnership with Kilmer Van Nostrand Co. Ltd. and is located in downtown Toronto’s east end. Construction is ongoing at Canary Commons (Block 12), a 401-unit condominium building, and Block 8, the first building in our purpose-built rental community in the West Don Lands neighbourhood. Block 8 will comprise 770 rental units, of which 30% are affordable, with first occupancies expected in 2023. Construction on West Don Lands Block 3/4/7 commenced this year, adding an additional 855 rental units (30% affordable), with initial occupancies planned for 2025. Construction has also commenced on Block 10, which comprises 206 condominium units, 238 purpose-built rentals, 26,000 sf of heritage retail and an

Indigenous Hub. 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 in Mississauga's Port Credit area, with plans to transform the site into a complete, vibrant and diverse waterfront community. The site is expected to be redeveloped into a large master-planned residential/mixed-use community. Highlights of the draft master plan proposal include nearly 3,000 residential units and 350,000 sf of retail and commercial space. The source remediation program is complete and vertical construction has commenced on the project's first condominium buildings which are fully pre-sold.

Other Items

Interest Expense

In the three and twelve months ended December 31, 2021, interest expense was $9.7 million and $26.7 million, up from $5.7 million and $23.8 million, respectively, in the comparative periods. The increase in debt is primarily due to new borrowings related to the acquisition of multi-family rental properties in Toronto and Dream Impact Trust's convertible debentures issued in 2021.

General and Administrative Expenses

In the three and twelve months ended December 31, 2021, general and administrative expenses were $1.5 million and $15.4 million, respectively, compared to $3.8 million and $16.7 million in the comparative period. General and administrative expenses for the three- and twelve-month period decreased due to a reduction in compensation, partially offset by higher government assistance received through the Canadian Emergency Wage Subsidy in the prior year, with no amount received in the second half of 2021.

Income Tax Expense

The Company's effective income tax rate was 15.8% and 12.1%, respectively, for the year ended December 31, 2021 (year ended December 31, 2020 – (3.6%) and 19.2%, respectively). The effective income tax rate for the year ended December 31, 2021 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, 2021.

A summary of our working capital and financial assets and liabilities as at December 31, 2021 and December 31, 2020 is presented below. Project-specific inventory and debt balances are excluded from the table below as the sale of inventory funds the repayment of project-specific construction facilities and cash flow from investment properties is used to fund regular payments on mortgages and term debt. Please refer to Note 37 of the consolidated financial statements for the Company's full classification of items in the consolidated statements of financial position.

	December 31, 2021				December 31, 2020			
	Less than 12 months	Greater than 12 months	Non-determinable	Total	Less than 12 months	Greater than 12 months	Non-determinable	Total
Cash and cash equivalents	$ 52,564	$ —	$ —	**$ 52,564**	$ 185,121	$ —	$ —	$ 185,121
Accounts receivable	221,900	12,641	—	**234,541**	180,039	20,851	—	200,890
Other financial assets[1]	23,581	96,913	—	**120,494**	24,302	112,947	—	137,249
Lending portfolio	5,947	6,787	—	**12,734**	9,497	13,751	—	23,248
Equity accounted investment in Dream Office REIT	—	—	520,166	**520,166**	—	—	476,686	476,686
Subtotal assets	303,992	116,341	520,166	**940,499**	398,959	147,549	476,686	1,023,194
Accounts payable and accrued liabilities	147,798	26,627	45,201	**219,626**	120,480	35,531	42,824	198,835
Income and other taxes payable	59,721	—	—	**59,721**	58,091	—	—	58,091
Provision for real estate development costs	52,198	—	—	**52,198**	31,040	—	—	31,040
Corporate debt facilities	—	243,388	—	**243,388**	—	202,452	—	202,452
Dream Impact Trust units	—	—	288,092	**288,092**	—	—	289,330	289,330
Dream Impact Fund units	—	—	49,430	**49,430**	—	—	—	—
Subtotal liabilities	259,717	270,015	382,723	**912,455**	209,611	237,983	332,154	779,748
Net excess (deficiency)	$ 44,275	$ (153,674)	$ 137,443	**$ 28,044**	$ 189,348	$ (90,434)	$ 144,532	$ 243,446

[1] Other financial assets as at December 31, 2021 excludes $38.1 million in project-specific investment holdings (December 31, 2020 – $40.0 million).

As at December 31, 2021, there were adequate resources to address the Company's short-term liquidity requirements. Certain financial instruments that are callable or due on demand are presented as due within 12 months, which is inconsistent with the repayment timing expected by management. Due to the nature of our development business, in addition to the above resources, the Company expects to fund a portion of our current liabilities through sales of housing, condominium and land inventories, which cannot be classified and accordingly are not presented above. Management continuously reviews the timing of expected debt repayments and actively pursues refinancing opportunities as they arise. As at December 31, 2021, we had $275.6 million in available liquidity*, down from $426.1 million as at December 31, 2020.

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, 2021, on a consolidated basis, we had $52.6 million in cash and cash equivalents (December 31, 2020 – $185.1 million). Our intention is to meet short-term liquidity requirements through cash on hand, cash from operating activities, working capital reserves and operating debt facilities. As at December 31, 2021, our debt maturing in 2021 is project-specific and is expected to be funded through proceeds from condominium unit closings. In addition, we anticipate that cash from operations and recurring income will continue to provide the cash necessary to fund operating expenses and debt service requirements.

Debt

As at December 31, 2021, debt was $1,293.7 million (December 31, 2020 – $755.9 million). A breakdown of project-specific and corporate debt facilities is detailed in the table below.

	Balance		Weighted average interest rate	
(in thousands of Canadian dollars)	**December 31, 2021**	December 31, 2020	**December 31, 2021**	December 31, 2020
Operating line - Dream Impact Fund	**$ 19,263**	$ —	**2.70%**	—%
Operating line - Western Canada	**75,779**	—	**3.02%**	2.98%
Construction loans	**315,629**	221,952	**2.95%**	3.17%
Mortgages and term debt	**639,636**	331,472	**3.02%**	3.57%
Total project-specific debt	**$ 1,050,307**	$ 553,424	**2.99%**	3.41%
Non-revolving term facility	**214,148**	202,452	**3.88%**	2.99%
Convertible debenture (host instrument) - Dream Impact Trust	**28,883**	—	**6.20%**	—%
Convertible debenture (conversion feature) - Dream Impact Trust	**357**	—	**n/a**	n/a
Total corporate debt facilities	**$ 243,388**	$ 202,452	**4.16%**	2.99%
Debt	**$ 1,293,695**	$ 755,876	**3.21%**	3.30%
Debt to total assets ratio*	**37.1%**	26.6%		

* Available liquidity and debt to total assets ratio are specific financial measures. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

As at December 31, 2021, $469.3 million (December 31, 2020 – $285.9 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 3.05% (December 31, 2020 – 3.47%) and will mature between 2022 and 2031. A further $824.4 million (December 31, 2020 – $470.0 million) of real estate debt was subject to a weighted average variable interest rate of 3.30% (December 31, 2020 – 3.19%) and will mature between 2022 and 2024. Included within total debt is $176.9 million of variable debt that the Company has hedged through fixed interest rate swaps.

Convertible Debentures

During the year ended December 31, 2021, Dream Impact Trust closed on a private placement offering of $30.0 million, before transaction costs. The private placement is in the form of impact convertible unsecured subordinated debentures (the "Debentures"), bearing a coupon interest rate of 5.50% per annum and an effective interest rate of 6.2% per annum, payable semi-annually on July 31 and January 31 of each year, commencing on January 31, 2022. The Debentures are convertible at the holder's option into units of Dream Impact Trust at a conversion price of $7.755/unit, representing a conversion rate of 128.9491 units per $0.001 million principal amount of Debentures. The Debentures mature in July 2026 and are redeemable at the holders' option before the maturity date.

Contractual Obligations

Our liquidity is impacted by contractual debt commitments as follows:

	2022	2023	2024	2025	2026 and thereafter	Total
Project-specific debt[1]	$ 470,003	$ 237,076	$ 98,553	$ 73,197	$ 171,478	$ 1,050,307
Corporate debt facilities[1]	—	—	214,148	—	29,240	243,388
Lease commitments	1,097	1,071	1,059	1,070	7,305	11,602
	$ 471,100	$ 238,147	$ 313,760	$ 74,267	$ 208,023	$ 1,305,297

[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, 2021, there were 41,278,675 Subordinate Voting Shares and 1,557,356 Class B Shares outstanding (December 31, 2020 - 43,454,572 Subordinate Voting Shares and 1,557,356 Class B Shares).

Including the Subordinate Voting Shares of Dream and Class B Shares held or controlled directly or indirectly, the President and Chief Responsible Officer ("CRO") owned an approximate 47% economic interest and 88% voting interest in the Company as at December 31, 2021.

Share Repurchases

The Company renewed its NCIB, which commenced on September 21, 2021, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,336,326 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 19,623 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, 2022.

In the year ended December 31, 2021, 2.4 million Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $25.29 (year ended December 31, 2020 – 2.7 million Subordinate Voting Shares at an average price of $19.45). In the prior year, the Company completed a substantial issuer bid ("SIB") and purchased for cancellation 5.0 million Subordinate Voting Shares at a price of $23.50 per share for aggregate proceeds of $117.5 million.

Off-Balance Sheet Arrangements, Commitments and Contingencies

We conduct our real estate activities from time to time through joint arrangements with third-party partners. A discussion of our off-balance sheet arrangements, commitments and contingencies is included in Note 33 of the consolidated financial statements for the year ended December 31, 2021.

Transactions with Related Parties

The Company has agreements for services and transactions with related parties, which are outlined in Note 34 of our consolidated financial statements for the year ended December 31, 2021.

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, 2021.

Internal Control over Financial Reporting

As at December 31, 2021, 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, 2021, 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, 2021.

There were no changes in the Company’s internal control over financial reporting in the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

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, 2021 and our most recent Annual Information Form filed on SEDAR (www.sedar.com). For a discussion of the risks and uncertainties identified specific to Dream Impact Trust, please refer to the Dream Impact Trust Annual Report for the year ended December 31, 2021 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, 2021, the Company had not identified any material adverse effect on our business as a result 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 years 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
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 year. 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 the amounts owed to us in respect of such loans could materially adversely affect us.

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

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

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 Risks

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, 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
Dream Impact Trust has adopted new objectives and is 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 is implementing its 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, the rise of COVID-19 variants of concern and actions that may be taken by governmental authorities to contain COVID-19 or to treat its impact. 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 further 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: anticipated levels of development, asset management and other management fees in future periods; the expansion and growth of our asset management business and private asset management division; expectations regarding raising private equity funds in 2022; expectations that recurring income will increase over time and the future composition of our recurring income portfolio; our development and redevelopment plans and proposals for current and future projects, including projected sizes, density, timelines, uses and tenants; the redevelopment potential of our assets and the assets held by Dream Office REIT and Dream Impact Trust; anticipated current and future unit sales and occupancies of our condominium and mixed-use projects, including anticipated timing of closings of condominium unit sales, and resulting revenue; the contribution of our development segment to our earnings and income in future periods and our expectation that recurring income will increase in the future as urban development properties are completed and held for the long term; the supplementary information in relation to the development and redevelopment projects in our portfolio, including the projects that we expect to be completed and added to our recurring income over the next four years, total residential/hotel units at completion, residential GFA, commercial and retail GLA, occupancy/stabilization dates and future GLA under development; expectations of future profit and earnings contributions from our Western Canada and urban development divisions; expected new investments in undeveloped land in Western Canada; our acquisition and development pipeline; our achievement of supply chain targets by 2025 in line with our social procurement program; expectations regarding our sustainability targets, including the sustainability rating of Zibi upon completion, Zibi becoming the first One Planet community in Canada, and Dream LeBreton becoming Canada's largest residential zero-carbon project; the District Energy System providing net-zero heating and cooling for all tenants, residents and visitors at Zibi; expectations regarding the Dream Community Foundation's activities and funding; expectations regarding Dream Industrial REIT's future acquisitions; expectations regarding the sale of assets; our expected sources of funding of current liabilities, including the sale of assets, and of short term liquidity requirements, operating expenses and debt service requirements; expectations regarding the reduction of greenhouse gas emissions, including in respect of our commitment to achieve net zero greenhouse gas emissions by 2025; 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", "forecast", "project", "continue", "target", "outlook" 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 there will be no material change to environmental regulations that may adversely impact our business; that we will meet our future objectives, priorities and growth targets; that we receive the licences, permits or approvals necessary in connection with our projects; our expectations regarding the impact of the COVID-19 pandemic and government measurements to contain it, including the impact of COVID-19 on our operations, liquidity, financial condition or results; our expectation regarding ongoing remote working; 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 develop as expected; and the nature of development lands held and the development potential of such lands, including 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 referenced under "Risk Factors" in this MD&A and described from time to time in the documents filed by the Company with the securities regulators.

All forward-looking information is as of February 22, 2022. 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, 2021
	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Assets							
Cash and cash equivalents	$ 25,441	$ 17,777	$ 9,346	**$ 52,564**	$ 8,431	$ 452	**$ 43,681**
Accounts receivable	26,081	200,225	8,235	**234,541**	1,834	(1,672)	**234,379**
Other financial assets[2]	38,750	119,107	767	**158,624**	60,912	(96,226)	**193,938**
Lending portfolio	12,734	—	—	**12,734**	12,734	—	**—**
Housing inventory	—	36,320	—	**36,320**	—	—	**36,320**
Condominium inventory	—	288,215	—	**288,215**	—	38,208	**250,007**
Land inventory	286	469,322	—	**469,608**	—	—	**469,608**
Investment properties	1,110,858	146,100	—	**1,256,958**	277,240	14,495	**965,223**
Recreational properties	65,077	—	—	**65,077**	—	—	**65,077**
Equity accounted investments	592,800	266,225	—	**859,025**	333,604	(147,813)	**673,234**
Capital and other operating assets	12,992	32,162	9,854	**55,008**	6,947	2,818	**45,243**
Intangible asset	—	—	—	**—**	—	(43,000)	**43,000**
Total assets	$ 1,885,019	$ 1,575,453	$ 28,202	**$ 3,488,674**	$ 701,702	$ (232,738)	**$ 3,019,710**
Liabilities							
Accounts payable and other liabilities	$ 48,143	$ 147,585	$ 23,898	**$ 219,626**	$ 24,435	$ 34,420	**$ 160,771**
Income and other taxes payable[3]	—	—	59,721	**59,721**	—	—	**59,721**
Provision for real estate development costs	—	52,198	—	**52,198**	—	—	**52,198**
Debt	691,220	359,087	243,388	**1,293,695**	133,150	6,685	**1,153,860**
Dream Impact Trust units[3]	—	—	288,092	**288,092**	—	288,092	**—**
Dream Impact Fund units[3]	—	—	49,430	**49,430**	—	—	**49,430**
Deferred income taxes[3]	—	—	103,699	**103,699**	7,186	8,062	**88,451**
Total liabilities	$ 739,363	$ 558,870	$ 768,228	**$ 2,066,461**	$ 164,771	$ 337,259	**$ 1,564,431**
Non-controlling interest	$ —	$ —	$ —	**$ —**	$ —	$ (134,003)	**$ 134,003**
Shareholders' equity	1,145,656	1,016,583	(740,026)	**1,422,213**	536,931	(435,994)	**1,321,276**
Total equity	$ 1,145,656	$ 1,016,583	$ (740,026)	**$ 1,422,213**	$ 536,931	$ (569,997)	**$ 1,455,279**

(1) Refer to the "Non-GAAP Measures and Other Disclosures" 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 $95.6 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

							December 31, 2020
	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Assets							
Cash and cash equivalents	$ 13,136	$ 21,630	$ 150,355	$ 185,121	$ 110,671	$ 3,840	$ 70,610
Accounts receivable	15,205	179,257	6,428	200,890	1,306	(1,345)	200,929
Other financial assets[2]	41,240	135,989	—	177,229	73,662	(94,306)	197,873
Lending portfolio	23,248	—	—	23,248	23,248	—	—
Housing inventory	—	29,195	—	29,195	—	—	29,195
Condominium inventory	—	248,506	—	248,506	—	17,190	231,316
Land inventory	764	484,074	—	484,838	—	—	484,838
Investment properties	426,632	193,240	—	619,872	213,352	15,496	391,024
Recreational properties	60,560	—	—	60,560	—	—	60,560
Equity accounted investments	531,113	231,539	—	762,652	224,390	(59,738)	598,000
Capital and other operating assets	6,973	37,494	7,795	52,262	1,885	417	49,960
Intangible asset	—	—	—	—	—	(43,000)	43,000
Total assets	$ 1,118,871	$ 1,560,924	$ 164,578	$ 2,844,373	$ 648,514	$ (161,446)	$ 2,357,305
Liabilities							
Accounts payable and other liabilities	$ 39,879	$ 141,031	$ 17,925	$ 198,835	$ 12,055	$ 30,905	$ 155,875
Income and other taxes payable[3]	—	—	58,091	58,091	7	—	58,084
Provision for real estate development costs	—	31,040	—	31,040	—	—	31,040
Debt	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-GAAP Measures and Other Disclosures" section of this MD&A for the definition of Dream Impact Trust, consolidation and fair value adjustments and Dream standalone.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $93.8 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

Segmented Statement of Earnings

For the three months ended December 31, 2021

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 35,883	$ 114,239	$ —	**$ 150,122**	$ 4,842	$ (2,473)	**$ 147,753**
Direct operating costs	(25,921)	(81,369)	—	**(107,290)**	(2,204)	(343)	**(104,743)**
Gross margin	9,962	32,870	—	**42,832**	2,638	(2,816)	**43,010**
Selling, marketing, depreciation and other operating costs	(1,966)	(6,181)	—	**(8,147)**	—	(1)	**(8,146)**
Net margin	7,996	26,689	—	**34,685**	2,638	(2,817)	**34,864**
Fair value changes in investment properties	45,730	(616)	—	**45,114**	26,964	(64)	**18,214**
Investment and other income	2,719	1,569	558	**4,846**	309	—	**4,537**
Interest expense	(5,071)	(684)	(3,931)	**(9,686)**	(1,516)	—	**(8,170)**
Fair value changes in financial instruments	(378)	(265)	210	**(433)**	(442)	—	**9**
Share of earnings (loss) from equity accounted investments	24,332	2,875	—	**27,207**	2,816	(242)	**24,633**
Net segment earnings (loss)	75,328	29,568	(3,163)	**101,733**	30,769	(3,123)	**74,087**
General and administrative expenses[2]	—	—	(1,548)	**(1,548)**	(2,799)	2,554	**(1,303)**
Adjustments related to Dream Impact Trust units[2]	—	—	(3,782)	**(3,782)**	—	(3,782)	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	(1,054)	**(1,054)**	—	—	**(1,054)**
Income tax expense[2]	—	—	(15,032)	**(15,032)**	(1,011)	(1,588)	**(12,433)**
Net earnings (loss)[3]	$ 75,328	$ 29,568	$ (24,579)	**$ 80,317**	$ 26,959	$ (5,939)	**$ 59,297**

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 (loss) 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[2]	—	—	(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

(1) Refer to the "Non-GAAP Measures and Other Disclosures" 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, 2021	
	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 116,766	$ 209,156	$ —	**$ 325,922**	$ 19,562	$ (8,778)	**$ 315,138**
Direct operating costs	(76,351)	(158,431)	—	**(234,782)**	(8,564)	(1,561)	**(224,657)**
Gross margin	40,415	50,725	—	**91,140**	10,998	(10,339)	**90,481**
Selling, marketing, depreciation and other operating costs	(6,913)	(23,661)	—	**(30,574)**	—	(461)	**(30,113)**
Net margin	33,502	27,064	—	**60,566**	10,998	(10,800)	**60,368**
Fair value changes in investment properties	31,180	9,976	—	**41,156**	23,974	(258)	**17,440**
Investment and other income	3,070	5,387	1,509	**9,966**	1,031	1	**8,934**
Interest expense	(12,114)	(3,154)	(11,407)	**(26,675)**	(4,680)	—	**(21,995)**
Fair value changes in financial instruments	(1,427)	(6,472)	524	**(7,375)**	(7,413)	—	**38**
Share of earnings from equity accounted investments	82,912	7,809	—	**90,721**	8,032	(4,345)	**87,034**
Net segment earnings (loss)	137,123	40,610	(9,374)	**168,359**	31,942	(15,402)	**151,819**
General and administrative expenses[2]	—	—	(15,428)	**(15,428)**	(11,693)	8,049	**(11,784)**
Adjustments related to Dream Impact Trust units[2]	—	—	(25,019)	**(25,019)**	—	(25,019)	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	(2,037)	**(2,037)**	—	—	**(2,037)**
Income tax recovery (expense)[2]	—	—	(15,214)	**(15,214)**	1,201	9,015	**(25,430)**
Net earnings[3]	$ 137,123	$ 40,610	$ (67,072)	**$ 110,661**	$ 21,450	$ (23,357)	**$ 112,568**

						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 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 recovery (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

(1) Refer to the "Non-GAAP Measures and Other Disclosures" 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, 2021	2020	For the year ended December 31, 2021	2020
Operating activities				
Earnings (loss) for the period	$ **80,317**	$ (32,315)	$ **110,661**	$ 159,638
Adjustments for non-cash items:				
Depreciation and amortization	**1,661**	549	**6,434**	7,119
Fair value changes in investment properties	**(45,114)**	(6,411)	**(41,156)**	(1,723)
Share of earnings from equity accounted investments	**(27,207)**	(28,796)	**(90,721)**	(82,694)
Deferred income tax expense (recovery)	**8,387**	(5,774)	**(1,545)**	11,223
Other adjustments	**(17)**	4,941	**10,307**	(3,282)
Changes in non-cash working capital	**(35,171)**	55,272	**3,508**	(109,504)
Acquisition of condominium inventory, net of acquired cash and working capital	**(1,493)**	—	**(7,376)**	(5,300)
Sale of housing inventory, net of development	**4,164**	1,549	**7,720**	12,848
Development of condominium inventory, net of sales	**(27,514)**	(6,871)	**(32,333)**	23,488
Advances on construction loans, net of repayments	**54,020**	(19,647)	**93,535**	4,603
Acquisition of land inventory	**—**	—	**(1,525)**	—
Fair value adjustment on Dream Impact Trust units	**(912)**	55,320	**6,066**	(98,016)
Development of land inventory, net of sales	**22,123**	1,610	**3,448**	(905)
Net cash flows provided by (used in) operating activities	**33,244**	19,427	**67,023**	(82,505)
Investing activities				
Acquisitions and additions to investment properties	**(121,058)**	(21,853)	**(477,905)**	(72,349)
Acquisitions and additions to recreational properties	**(4,590)**	(3,360)	**(8,852)**	(16,613)
Investments in equity accounted investments	**—**	—	**—**	(23,720)
Contributions to equity accounted investments	**(41,848)**	10,232	**(55,563)**	(33,966)
Distributions and disposals of equity accounted investments	**8,649**	12,001	**36,506**	106,023
Acquisitions of financial assets and other assets	**(468)**	(2,415)	**(5,590)**	(57,353)
Distributions and disposals of financial assets and other assets	**5,442**	8,070	**12,007**	61,470
Proceeds on disposition of assets, net	**—**	46,330	**—**	46,330
Loans receivable repayments, net of advances	**459**	(18,183)	**11,824**	(21,032)
Lending portfolio repayments, net of lender fees and new advances	**1,109**	13,462	**10,402**	41,986
Net cash flows provided by (used in) investing activities	**(152,305)**	44,284	**(477,171)**	30,776
Financing activities				
Borrowings from mortgages and term debt facilities	**67,363**	10,797	**220,159**	131,431
Repayments of mortgages and term debt facilities	**(12,160)**	(40,874)	**(25,771)**	(58,004)
Advances from operating lines, net of repayments	**29,726**	—	**96,195**	—
Advances (repayments) pursuant to non-revolving term facility	**—**	—	**12,000**	(22,000)
Issuance of convertible debentures, net of deferred financing costs	**(541)**	—	**29,119**	—
Advances from equity accounted investments	**—**	595	**—**	6,815
Dream Impact Trust units repurchased from other unitholders	**(1,987)**	(1,094)	**(7,843)**	(24,610)
Dream Impact Fund contributions from other unitholders	**6,431**	—	**47,393**	—
Dividends paid	**(4,282)**	(2,717)	**(13,475)**	(11,164)
Repayments of lease obligations	**(576)**	(926)	**(2,304)**	(3,706)
Buy-out of non-controlling interest	**—**	—	**(16,500)**	—
Shares repurchased	**(21,798)**	(19,338)	**(61,382)**	(170,433)
Net cash flows provided by (used in) financing activities	**62,176**	(53,557)	**277,591**	(151,671)
Change in cash and cash equivalents	**(56,885)**	10,154	**(132,557)**	(203,400)
Cash and cash equivalents, beginning of year	**109,449**	174,967	**185,121**	388,521
Cash and cash equivalents, end of year	$ **52,564**	$ 185,121	$ **52,564**	$ 185,121

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,			
	2021		2020		**2021**		2020	
Western Canada								
Alberta	**$ 51,532**	**34.3%**	$ 7,954	16.4%	**$ 74,541**	**22.9%**	$ 116,168	33.4%
British Columbia	**—**	**—%**	—	—%	**—**	**—%**	983	0.3%
Saskatchewan	**61,723**	**41.1%**	20,637	42.4%	**104,689**	**32.1%**	61,810	17.8%
	$ 113,255	**75.4%**	$ 28,591	58.8%	**$ 179,230**	**55.0%**	$ 178,961	51.5%
Ontario	**14,510**	**9.7%**	9,335	19.2%	**73,065**	**22.4%**	119,168	34.3%
Quebec	**3,697**	**2.5%**	—	—%	**6,867**	**2.1%**	946	0.3%
Canada	**131,462**	**87.6%**	37,926	78.0%	**259,162**	**79.5%**	299,075	86.0%
United States	**7,133**	**4.8%**	5,762	11.8%	**33,380**	**10.2%**	24,217	7.0%
Non-segmented (asset management)	**11,527**	**7.6%**	4,951	10.2%	**33,380**	**10.3%**	24,331	7.0%
Total	**$ 150,122**	**100.0%**	$ 48,639	100.0%	**$ 325,922**	**100.0%**	$ 347,623	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,			
	2021		2020		**2021**		2020	
Western Canada								
Alberta	**$ 11,029**	**31.8%**	$ 1,572	30.0%	**$ 12,589**	**20.8%**	$ 46,999	65.0%
British Columbia	**—**	**—%**	—	—%	**—**	**—%**	983	1.4%
Saskatchewan	**16,295**	**47.0%**	1,066	20.3%	**19,158**	**31.6%**	6,401	8.9%
	$ 27,324	**78.8%**	$ 2,638	50.3%	**$ 31,747**	**52.4%**	$ 54,383	75.3%
Ontario	**8,007**	**23.1%**	1,319	25.2%	**18,599**	**30.7%**	16,621	23.0%
Quebec	**(29)**	**(0.1%)**	106	2.0%	**166**	**0.3%**	154	0.2%
Canada	**35,302**	**101.8%**	4,063	77.5%	**50,512**	**83.4%**	71,158	98.5%
United States	**(1,693)**	**(4.9%)**	(561)	(10.7%)	**3,640**	**6.0%**	(1,941)	(2.7%)
Non-segmented (asset management)	**1,076**	**3.1%**	1,743	33.2%	**6,414**	**10.6%**	3,103	4.3%
Total	**$ 34,685**	**100.0%**	$ 5,245	100.0%	**$ 60,566**	**100.0%**	$ 72,320	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, 2021**	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Revenue	**$ 150,122**	$ 46,066	$ 79,660	$ 50,074	$ 48,639	$ 60,485	$ 62,044	$ 176,455
Earnings (loss) for the period	**80,317**	34,572	(467)	(3,761)	(32,315)	(4,653)	10,776	185,830
Basic earnings (loss) per share	**1.87**	0.79	(0.01)	(0.10)	(0.70)	(0.11)	0.23	3.78
Diluted earnings (loss) per share	**1.81**	0.77	(0.01)	(0.10)	(0.70)	(0.11)	0.22	3.71

Selected Annual Information

	Year ended December 31,		
(in thousands of dollars, except per share amounts)	**2021**	2020	2019
Revenue	**$ 325,922**	$ 347,623	$ 580,430
Earnings before income taxes	**125,875**	197,620	440,426
Earnings for the year	**110,661**	159,638	331,745
Earnings for the year attributable to shareholders	**110,030**	159,221	332,246
Basic earnings per share[(1)]	**2.52**	3.37	6.25
Diluted earnings per share[(1)]	**2.46**	3.31	6.09
Total assets	**3,488,674**	2,844,373	3,034,033
Total liabilities	**2,066,461**	1,437,761	1,601,424
Total equity	**1,422,213**	1,406,612	1,432,609

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

Non-GAAP Measures and Other Disclosures

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. Throughout this MD&A, there are references to certain non-GAAP measures and other specified financial measures, including those described below, which management believes are relevant in assessing the economics of the business of Dream. These performance and other measures are not financial measures under IFRS and may not be comparable to similar measures disclosed by other issuers. However, we believe that they are informative and provide further insight as supplementary measures of financial performance, financial position or cash flow, or our objectives and policies, as applicable.

Non-GAAP Financial Measures

"Adjusted EBITDA" represents net income for the period adjusted for interest expense on debt; amortization and depreciation; share of earnings from equity accounted investments; and net current and deferred income tax expense (recovery). This non-GAAP measure is an important measure used by the Company in evaluating the performance of divisions within our recurring income segment.

For the three months ended December 31, 2021

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Net earnings	$ 28,217	$ 19,779	$ 1,159	$ 26,173	$ 75,328
Less: Interest expense	(87)	(4,055)	(24)	(905)	(5,071)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(521)	(1,131)	—	(1,652)
Less: Share of earnings from equity accounted investments	23,472	(337)	(16)	1,213	24,332
Adjusted EBITDA	**$ 4,832**	**$ 24,692**	**$ 2,330**	**$ 25,865**	**$ 57,719**

For the three months ended December 31, 2020

	Asset management	Stabilized properties and renewables	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Net earnings	$ 12,055	$ (5,210)	$ (609)	$ 10,135	$ 16,371
Less: Interest expense	—	(1,930)	(54)	(693)	(2,677)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(268)	(1,001)	—	(1,269)
Less: Share of earnings from equity accounted investments	8,522	(153)	(17)	(55)	8,297
Adjusted EBITDA	$ 3,533	$ (2,859)	$ 463	$ 10,883	$ 12,020

For the year ended December 31, 2021

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Net earnings	$ 92,946	$ 17,054	$ 6,452	$ 20,671	$ 137,123
Less: Interest expense	(135)	(8,345)	(120)	(3,514)	(12,114)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(1,068)	(4,111)	—	(5,179)
Less: Share of earnings from equity accounted investments	75,791	5,994	(46)	1,173	82,912
Adjusted EBITDA	**$ 17,290**	**$ 20,473**	**$ 10,729**	**$ 23,012**	**$ 71,504**

	For the year ended December 31, 2020				
	Asset management	Stabilized properties and renewables	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Net earnings	$ 40,529	$ 25,325	$ (1,853)	$ 10,281	$ 74,282
Less: Interest expense	(126)	(6,294)	(191)	(3,095)	(9,706)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(1,134)	(3,916)	—	(5,050)
Less: Share of earnings from equity accounted investments	31,944	34,048	(48)	(143)	65,801
Adjusted EBITDA	$ 8,711	$ (1,295)	$ 2,302	$ 13,519	$ 23,237

(1) For the Company's definition of the following non-GAAP measures: Dream Impact Trust and consolidation and fair value adjustments, refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A.

"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 years ended December 31, 2021 and 2020. Consolidation and fair value adjustments relate to business combination adjustments on acquisition of Dream Impact Trust on January 1, 2018 and related amortization, elimination of intercompany balances including the investment in Dream Impact Trust units, adjustments for co-owned projects, fair value adjustments to the Dream Impact Trust units held by other unitholders, and deferred income taxes.

"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. This non-GAAP measure is an important measure used by the Company to evaluate earnings against historical periods, including results prior to the acquisition of control of Dream Impact Trust.

"Earnings before income taxes after adjusting for fair value on Dream Impact Trust units held by other unitholders" represents the Company's pre-tax earnings excluding the impact from the volatility of Dream Impact Trust's share price.

	For the three months ended December 31,		**For the year ended December 31,**	
	2021	2020	**2021**	2020
Earnings before income taxes	**$ 95,349**	$ (31,181)	**$ 125,875**	$ 197,620
Less: Adjustments related to Dream Impact Trust units	**(3,782)**	(60,130)	**(25,019)**	77,764
Earnings before income taxes after adjusting for fair value on Dream Impact Trust units held by other unitholders	**$ 99,131**	$ 28,949	**$ 150,894**	$ 119,856

"Net operating income" represents revenue less direct operating costs and is equal to gross margin as per Note 36 of the consolidated financial statements. Net operating income excludes general, administrative and overhead expenses, and amortization, which are included in net margin per Note 36 of the consolidated financial statements. This non-GAAP measure is an important measure used to assess the profitability of the Company's recurring income segment. Net operating income for the recurring income segment for the year ended December 31, 2021 and 2020 is calculated as follows:

	For the three months ended December 31,		**For the year ended December 31,**	
	2021	2020	**2021**	2020
Revenue	**$ 35,883**	$ 19,758	**$ 116,766**	$ 92,229
Less: Direct operating costs	**(25,921)**	(13,491)	**(76,351)**	(65,007)
Less: Selling, marketing, depreciation and other indirect costs	**(1,966)**	(1,670)	**(6,913)**	(6,585)
Net margin	**$ 7,996**	$ 4,597	**$ 33,502**	$ 20,637
Add: Depreciation	**1,380**	1,159	**4,907**	3,544
Add: General and administrative expenses	**586**	511	**2,006**	3,041
Net operating income	**$ 9,962**	$ 6,267	**$ 40,415**	$ 27,222

Supplementary and Other Financial Measures

"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.

"Available liquidity" represents Dream's standalone corporate cash and debt facilities to cover the Company's capital requirements including acquisitions. This financial measure is used by the Company to forecast and plan to hold adequate amounts of available liquidity to allow for the Company to settle obligations as they come due.

		December 31, 2021		December 31, 2020
Dream standalone corporate level cash	**$**	**2,135**	$	42,010
Operating line availability		**163,498**		252,830
Margin loan availability		**110,000**		110,000
Housing facilities availability		**—**		21,296
Available liquidity	**$**	**275,633**	$	426,136

"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.

"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 the carrying value of gross assets of the underlying development project subject to development management agreements; and (iii) 100% of the 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.

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

For the three months ended December 31, 2021

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments(1)	**Total recurring income - Dream consolidated**
Revenue	$ 13,944	$ 12,620	$ 7,434	$ 1,885	**$ 35,883**
Net margin	4,789	5,261	(1,392)	(662)	**7,996**

For the three months ended December 31, 2020

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments(1)	Total recurring income - Dream consolidated
Revenue	$ 6,719	$ 4,161	$ 5,762	$ 3,116	$ 19,758
Net margin	3,630	785	(561)	743	4,597

For the year ended December 31, 2021

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments(1)	**Total recurring income - Dream consolidated**
Revenue	$ 43,121	$ 29,481	$ 33,380	$ 10,784	**$ 116,766**
Net margin	17,594	11,609	3,640	659	**33,502**

For the year ended December 31, 2020

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

(1) Dream Impact Trust, and consolidation and fair value adjustments are supplementary financial measures. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

Development

For the three months ended December 31, 2021

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments(1)	**Total development - Dream consolidated**
Revenue	$ 2,064	$ 111,691	$ 484	**$ 114,239**
Net margin	(1,267)	27,473	483	**26,689**

For the three months ended December 31, 2020

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments(1)	Total development - Dream consolidated
Revenue	$ 1,690	$ 27,191	$ —	$ 28,881
Net margin	(1,524)	2,473	(301)	648

For the year ended December 31, 2021

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments(1)	**Total development - Dream consolidated**
Revenue	$ 38,296	$ 170,860	$ —	**$ 209,156**
Net margin	(1,544)	29,069	(461)	**27,064**

For the year ended December 31, 2020

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments(1)	Total development - Dream consolidated
Revenue	$ 87,318	$ 168,076	$ —	$ 255,394
Net margin	2,631	49,521	(469)	51,683

(1) Dream Impact Trust, and consolidation and fair value adjustments are supplemental financial measures. Refer to the "Non-GAAP Measures and Other Disclosures" 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 22, 2022

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, 2021 and 2020, 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, 2021 and 2020;
- 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, 2021. 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, 2021, these assets were valued at $1,257 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 discount rate, future cash flows and terminal capitalization rate. The determination of future cash flows incorporates various assumptions including those regarding contractual rents and market rents. 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	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: o For the investment property valued using the direct comparison approach, in assessing the transactions used by management and by comparing to recent market transactions.

Key audit matter	How our audit addressed the key audit matter
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.	o 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.

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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 22, 2022

Consolidated Statements of Financial Position

As at December 31, 2021 and 2020

(in thousands of Canadian dollars)	Note		2021		2020
Assets					
Cash and cash equivalents	35	**$**	**52,564**	$	185,121
Accounts receivable	5		**234,541**		200,890
Other financial assets	6		**158,624**		177,229
Lending portfolio	7		**12,734**		23,248
Housing inventory	8		**36,320**		29,195
Condominium inventory	9		**288,215**		248,506
Land inventory	10		**469,608**		484,838
Investment properties	11		**1,256,958**		619,872
Recreational properties	12		**65,077**		60,560
Equity accounted investments	13		**859,025**		762,652
Capital and other operating assets	14		**55,008**		52,262
Total assets		**$**	**3,488,674**	$	2,844,373
Liabilities					
Accounts payable and other liabilities	15	**$**	**219,626**	$	198,835
Income and other taxes payable			**59,721**		58,091
Provision for real estate development costs	16		**52,198**		31,040
Debt	17		**1,293,695**		755,876
Dream Impact Trust units	18		**288,092**		289,330
Dream Impact Fund units	19		**49,430**		—
Deferred income taxes	20		**103,699**		104,589
Total liabilities			**2,066,461**		1,437,761
Shareholders' equity					
Share capital	21		**972,917**		1,024,275
Reorganization adjustment			**(944,577)**		(944,577)
Contributed surplus	30		**15,701**		14,954
Retained earnings			**1,366,433**		1,288,042
Accumulated other comprehensive income			**11,739**		8,952
Total shareholders' equity			**1,422,213**		1,391,646
Non-controlling interest	23		**—**		14,966
Total equity			**1,422,213**		1,406,612
Total liabilities and equity		**$**	**3,488,674**	$	2,844,373

See accompanying notes to the consolidated financial statements.

Commitments and contingencies (Note 33)

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

"Michael J. Cooper"
Michael J. Cooper
Director

"Joanne Ferstman"
Joanne Ferstman
Chair

Consolidated Statements of Earnings

For the years ended December 31, 2021 and 2020

(in thousands of Canadian dollars, except for per share amounts)	Note		**2021**		2020
Revenue	24	**$**	**325,922**	$	347,623
Direct operating costs	25		**(234,782)**		(242,469)
Gross margin			**91,140**		105,154
Selling, marketing, depreciation and other operating costs	26		**(30,574)**		(32,834)
Net margin			**60,566**		72,320
Other income (expenses):					
General and administrative expenses	27		**(15,428)**		(16,681)
Fair value changes in investment properties	11		**41,156**		1,723
Share of earnings from equity accounted investments	13		**90,721**		82,694
Investment and other income			**9,966**		8,571
Interest expense	28		**(26,675)**		(23,841)
Adjustments related to Dream Impact Trust units	18		**(25,019)**		77,764
Adjustments related to Dream Impact Fund units	19		**(2,037)**		—
Fair value changes in financial instruments			**(7,375)**		(4,930)
Earnings before income taxes			**125,875**		197,620
Income tax expense	20		**(15,214)**		(37,982)
Earnings for the year		**$**	**110,661**	$	159,638
Total earnings for the year attributable to:					
Shareholders		**$**	**110,030**	$	159,221
Non-controlling interest	23		**631**		417
Earnings for the year		**$**	**110,661**	$	159,638
Basic earnings per share	31	**$**	**2.52**	$	3.37
Diluted earnings per share	31	**$**	**2.46**	$	3.31

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(in thousands of Canadian dollars)	Note		**2021**		2020
Earnings for the year		**$**	**110,661**	$	159,638
Other comprehensive income					
Unrealized gain (loss) on interest rate hedge, net of tax	22		**2,693**		(1,977)
Unrealized gain (loss) from foreign currency translation (reclassified to earnings on partial or full disposal of foreign operation)	22		**946**		(259)
Share of other comprehensive income from equity accounted investments	22		**(852)**		802
Total other comprehensive income (loss)			**2,787**		(1,434)
Total comprehensive income		**$**	**113,448**	$	158,204
Total comprehensive income for the year attributable to:					
Shareholders		**$**	**112,817**	$	157,787
Non-controlling interest	23		**631**		417
Total comprehensive income		**$**	**113,448**	$	158,204

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(in thousands of Canadian dollars)	**Dream share capital (Note 21)**	**Contributed surplus**	**Reorganization adjustment**	**Retained earnings**	**Accumulated other comprehensive income (Note 22)**	**Total shareholders' equity**	**Non-controlling interest**	**Total equity**
Balance, January 1, 2021	**$ 1,024,275**	**$ 14,954**	**$ (944,577)**	**$ 1,288,042**	**$ 8,952**	**$ 1,391,646**	**$ 14,966**	**$ 1,406,612**
Earnings for the year	**—**	**—**	**—**	**110,030**	**—**	**110,030**	**631**	**110,661**
Other comprehensive income for the year	**—**	**—**	**—**	**—**	**2,787**	**2,787**	**—**	**2,787**
Shares repurchased (Note 21)	**(55,053)**	**—**	**—**	**(6,329)**	**—**	**(61,382)**	**—**	**(61,382)**
Dividends paid (Note 21)	**—**	**—**	**—**	**(13,475)**	**—**	**(13,475)**	**—**	**(13,475)**
Share-based compensation (Note 30)	**3,695**	**747**	**—**	**(173)**	**—**	**4,269**	**—**	**4,269**
Change in interest in subsidiary (Note 23)	**—**	**—**	**—**	**(11,662)**	**—**	**(11,662)**	**(15,597)**	**(27,259)**
Balance, December 31, 2021	**$ 972,917**	**$ 15,701**	**$ (944,577)**	**$ 1,366,433**	**$ 11,739**	**$ 1,422,213**	**$ —**	**$ 1,422,213**

(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, 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	(170,433)	—	—	—	—	(170,433)	—	(170,433)
Dividends paid	—	—	—	(11,164)	—	(11,164)	—	(11,164)
Share-based compensation	1,146	3,544	—	(194)	—	4,496	—	4,496
Contributions from non-controlling interests	—	—	—	—	—	—	(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

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(in thousands of Canadian dollars)	Note	**2021**	2020
Operating activities			
Earnings for the year		$ **110,661**	$ 159,638
Adjustments for non-cash items:			
Depreciation and amortization		**6,434**	7,119
Fair value changes in investment properties	11	**(41,156)**	(1,723)
Share of earnings from equity accounted investments	13	**(90,721)**	(82,694)
Deferred income tax (recovery) expense	20	**(1,545)**	11,223
Other adjustments	35	**10,307**	(3,282)
Changes in non-cash working capital	35	**3,508**	(109,504)
Acquisition of condominium inventory, net of acquired cash and working capital	9	**(7,376)**	(5,300)
Sale of housing inventory, net of development	8	**7,720**	12,848
Development of condominium inventory, net of sales	9	**(32,333)**	23,488
Advances on construction loans, net of repayments	17	**93,535**	4,603
Acquisition of land inventory		**(1,525)**	—
Fair value adjustment on Dream Impact Trust units	18	**6,066**	(98,016)
Development of land inventory, net of sales	10	**3,448**	(905)
Net cash flows provided by (used in) operating activities		**67,023**	(82,505)
Investing activities			
Acquisitions and additions to investment properties	11	**(477,905)**	(72,349)
Acquisitions and additions to recreational properties	12	**(8,852)**	(16,613)
Investments in equity accounted investments		**—**	(23,720)
Contributions to equity accounted investments		**(55,563)**	(33,966)
Distributions and disposals of equity accounted investments		**36,506**	106,023
Acquisitions of financial assets and other assets		**(5,590)**	(57,353)
Distributions and disposals of financial assets and other assets		**12,007**	61,470
Proceeds on disposition of assets, net		**—**	46,330
Loans receivable repayments, net of advances		**11,824**	(21,032)
Lending portfolio repayments, net of lender fees and new advances	7	**10,402**	41,986
Net cash flows provided by (used in) investing activities		**(477,171)**	30,776
Financing activities			
Borrowings from mortgages and term debt facilities	17	**220,159**	131,431
Repayments of mortgages and term debt facilities	17	**(25,771)**	(58,004)
Advances from operating lines, net of repayments	17	**96,195**	—
Advances (repayments) pursuant to non-revolving term facility	17	**12,000**	(22,000)
Advances from equity accounted investments		**—**	6,815
Issuance of convertible debentures, net of deferred financing costs	17	**29,119**	—
Dream Impact Trust units repurchased from other unitholders	18	**(7,843)**	(24,610)
Dream Impact Fund contributions from other unitholders	19	**47,393**	—
Dividends paid	21	**(13,475)**	(11,164)
Repayments of lease obligations	15	**(2,304)**	(3,706)
Buy-out of non-controlling interest	23	**(16,500)**	—
Shares repurchased	21	**(61,382)**	(170,433)
Net cash flows provided by (used in) financing activities		**277,591**	(151,671)
Change in cash and cash equivalents		**(132,557)**	(203,400)
Cash and cash equivalents, beginning of year		**185,121**	388,521
Cash and cash equivalents, end of year	35	$ **52,564**	$ 185,121

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, our private asset management business 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, 2021 were approved by the Board of Directors for issue on February 22, 2022, 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, 2021 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 and Dream Impact Fund are considered subsidiaries of the Company based on the Company's exposure to variable returns from ownership through Dream Impact Trust and Dream Impact Fund units held and real estate joint venture and management 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	**2021**	2020
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%
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%**	33%
Dream WDL LP, Toronto	Residential rental	**33%**	33%
Zibi Community Utility LP, Ottawa	Utilities	**40%**	40%
Alate I Holdings LP, 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	**n/a**	10%
Dream/Pauls Castle LLC, Texas & Arizona	Residential rental	**5%[(1)]**	50%
Harlo Scarborough Junction LP, Toronto	Mixed-use development	**45%**	45%
DRR Keystone LLC, Oklahoma & Texas	Residential rental	**50%**	n/a
34 Madison LP, Toronto	Investment property	**80%**	n/a

(1) The Company's ownership interest in Dream/Pauls Castle, LLC is 50% with an effective economic interest of 5%.

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.

		Ownership interest	
Name of joint operation and location	Nature of business	**2021**	2020
Distillery District, Toronto	Historical heritage district	**50%**	50%
Millwoods Robertson, Edmonton	Land	**70%**	70%
Streetcar, Toronto	Condominiums and hotels	**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, 2021 was 33% (December 31, 2020 - 32%) 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, Dream Impact Fund 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 fair value through profit and loss ("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, commercial and recreational 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, restricted cash available for use on certain capital expenditures, 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.

Dream Impact Fund Units

The Company holds an effective 40% interest in Dream Impact Fund as at December 31, 2021 through the ownership of 3,210,723 units. The residual non-controlling interest is held by third-party investors and is reflected as a financial liability as the units are redeemable by unitholders after a three-year lockup period 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 Company manages the Dream Impact Fund units on a fair value basis. As a financial liability measured at fair value through profit or loss, the Company recorded the Dream Impact Fund 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 Fund unit's closing net asset value. Fair value changes are recorded within adjustments related to Dream Impact Fund units in the consolidated statements of earnings in the period in which they arise. Distributions on Dream Impact Fund 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 Fund units in the consolidated statements of earnings. Refer to Note 19 for additional details.

Dream Impact Trust Units

The Company holds an effective 28% interest in Dream Impact Trust as at December 31, 2021 through the ownership of 18,227,472 trust units (December 31, 2020 - 26% interest through ownership of 16,830,028 trust units). The remaining 46,844,290 trust units outstanding are held by other unitholders and have been recognized on the consolidated statements of financial position to reflect the residual 72% interest held by other parties as at December 31, 2021. The units are redeemable at the option of the holder and, therefore, are considered a puttable instrument in accordance with 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 18 for additional details.

Convertible Debentures - Dream Impact Trust

The convertible debentures are financial instruments that can be converted to units of Dream Impact Trust at the option of the holder. As Dream Impact Trust's units are puttable instruments in accordance with IAS 32, the convertible debentures are recognized as financial liabilities with embedded derivatives. The convertible debentures are financial liabilities that consist of the host instrument and the conversion feature.

At initial recognition, the host instrument is measured at fair value net of related transaction costs. At each subsequent reporting period, the host instrument is measured at amortized cost using the effective interest rate method. The conversion feature, classified as a financial derivative, is initially and subsequently measured at FVTPL. Interest expense, accretion expense and any fair value adjustments required on the conversion feature are recognized in the consolidated statement of earnings.

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, carried interest 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.

Restricted Share Unit Plan

The Company's shareholders approved a Restricted Share & Restricted Share Unit Plan (the "RS & RSU Plan") in the year ended December 31, 2021. Under the RS & RSU Plan, the Company may grant to participants an amount of cash (a "Restricted Share Award") to be used exclusively to subscribe for Subordinate Voting Shares ("Restricted Shares") in accordance with the terms of the RS & RSU Plan. Restricted Shares are issued at a subscription price that is calculated to be equal to the fair market value of a Restricted Share as of the applicable issuance date, being the fair market value of a Subordinate Voting Share taking into account the terms of vesting and forfeiture set out in the RS & RSU Plan and the applicable Restricted Share Award agreement. Restricted Shares issued under the RS & RSU Plan are held in escrow by a third-party escrow agent prior to vesting and are delivered to the participant on the tenth anniversary of the issuance date upon vesting, provided that certain forfeiture events have not occurred prior to such vesting date and subject to the terms of the RS & RSU Plan. Upon vesting, RS holders have the right to receive a cash payment equal to the five-day trailing weighted average share price of the Company's Subordinate Voting Shares; however, the form of payment on vesting is ultimately the decision of the Company.

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.

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.

Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments clarify the meaning of costs to fulfil a contract and that before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on the assets dedicated to that contract. The Company intends to adopt the amendments to IAS 37 on the required effective date of January 1, 2022. 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 14 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.

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.

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.

COVID-19

Due to the COVID-19 pandemic and the resulting increased level of uncertainty in the economy, the Company assessed the impact on its business, including the recoverability of its lending portfolio, recoverability of accounts receivable, timing and amount of revenue recognized from income properties, and the fair value of certain loan investments classified as FVTPL, investment properties, development and investment holdings.

The Company performed additional risk-based procedures to assess the fair value of its development and investment holdings and investment properties to ensure the Company applied sound judgment with respect to the various assumptions impacting the valuation. 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 judgments primarily relate to the timing and amount of future cash flows. In determining whether the Company's financial assets require a provision for impairment, the Company reviewed its ECL model, including the following factors: the borrowers' credit risk, term to maturity, status of the underlying project and risk.

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

5. Accounts receivable

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

		2021		2020
Development	$	**200,225**	$	179,257
Recurring income		**26,081**		15,205
Corporate and other		**8,235**		6,428
	$	**234,541**	$	200,890

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 $1,220 (December 31, 2020 - $1,052).

6. Other financial assets

Other financial assets consisted of the following:

		2021		2020
Investment holdings	$	**95,298**	$	92,940
Loans receivable		**56,136**		62,205
Participating mortgages		**6,436**		22,084
Interest rate swaps		**754**		—
	$	**158,624**	$	177,229

Investment Holdings

As at December 31, 2021, investment holdings include one hospitality asset (the Virgin Hotels Las Vegas), a real estate development investment and a portfolio of bonds.

During the year ended December 31, 2021, the Company invested an additional $2,578 into the Virgin Hotels Las Vegas. As at December 31, 2021 the cash paid for the Virgin Hotels Las Vegas continues to approximate fair value, adjusted for foreign currency translation, supported by internal valuations.

During the year ended December 31, 2020, a portfolio of bonds was purchased. The bonds have been collateralized against certain project specific debt.

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. The VTB has an interest rate of 5% per annum and a maturity date of March 31, 2024. During the year ended December 31, 2021, $12,600 was received pertaining to a loan in Western Canada.

Participating Mortgages

Participating mortgages related to two long-term development loans secured by real property comprising two residential assets. Refer to Note 29 for the valuation methodology used to determine the fair value of the participating mortgages. In the year ended December 31, 2021, the Company received proceeds of $9,390, representing a return on investment on the participating mortgages (December 31, 2020 - $43,150). The Company recorded a fair value loss of $6,258 related to one of the participating mortgages as a result of changes in profit assumptions on the unsold inventory.

7. Lending portfolio

		2021		2020
Balance, beginning of year	$	**23,248**	$	64,705
Interest capitalized to lending portfolio balance		**408**		2,499
Provision for lending portfolio losses		**(1,465)**		(2,882)
Other		**945**		912
Principal repayments at maturity		**(10,402)**		(41,986)
Balance, end of year[1]	$	**12,734**	$	23,248

[1] Included is a loan of $4,626 that is classified as FVTPL (December 31, 2020 - $6,762).

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

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

		2021		2020
Weighted average effective interest rate (year-end)		**14.6%**		9.0%
Security allocation (1st mortgages/other)		**0.0%/100.0%**		40.5%/59.5%
Maturity dates		**2022 - 2026**		2021 - 2025
Balance of accrued interest	**$**	**88**	$	126
Loans with prepayment options		**7,093**		8,757

During the year ended December 31, 2021, the Company recognized a loan provision for $1,465 (year ended December 31, 2020 - $2,882). 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 sales prices for the properties. As at December 31, 2021, the remaining balance of the loan had been repaid.

During the year ended December 31, 2021, a loan investment classified as FVTPL, aggregating $4,626 (December 31, 2020 - $6,762), 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, 2020 - 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.

8. Housing inventory

The movement in housing inventory is as follows:

		2021		2020
Balance, beginning of year	**$**	**29,195**	$	38,607
Transfers from land inventory (Note 10)		**14,845**		3,436
Development		**20,922**		10,005
Housing units occupied		**(28,642)**		(22,853)
Balance, end of year	**$**	**36,320**	$	29,195

9. Condominium inventory

The movement in condominium inventory is as follows:

		2021		2020
Balance, beginning of year	**$**	**248,506**	$	291,304
Acquisitions		**7,376**		5,300
Development		**64,815**		52,451
Condominium units occupied		**(32,482)**		(75,939)
Transfers to investment properties (Note 11)		**—**		(24,610)
Balance, end of year	**$**	**288,215**	$	248,506

10. Land inventory

The movement in land inventory is as follows:

		2021		2020
Balance, beginning of year	**$**	**484,838**	$	538,571
Acquisitions		**3,063**		—
Development		**92,254**		28,520
Lot and acre sales[1]		**(95,702)**		(78,015)
Transfers to housing inventory (Note 8)		**(14,845)**		(3,436)
Transfers to investment properties (Note 11)		**—**		(802)
Balance, end of year	**$**	**469,608**	$	484,838

[1] Included in the lot and acre sales for the year ended December 31, 2020 is $38,619 relating the sale of 480 acres at Glacier Ridge.

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

11. Investment properties

The movement in investment properties by segment is as follows:

	Recurring income	Development	Total 2021	Total 2020
Balance, beginning of year	$ 426,632	$ 193,240	**$ 619,872**	$ 518,424
Additions to and transfers to/from investment properties:				
Acquisitions	498,910	—	**498,910**	—
Land and building additions	21,902	74,762	**96,664**	72,174
Transfers from inventory (Note 9 and Note 10)	—	—	**—**	25,412
Transfers between segments	132,414	(132,414)	**—**	—
Gains (losses) included in earnings:				
Fair value changes in investment properties	30,677	10,479	**41,156**	4,678
Amortization and other	(150)	(57)	**(207)**	(1,300)
Change in straight-line rent	473	90	**563**	484
Balance, end of year	$ 1,110,858	$ 146,100	**$ 1,256,958**	$ 619,872

Included in the recurring income segment as at December 31, 2021 is a right-of-use asset for the 100 Steeles leasehold interest of $9,811 (December 31, 2020 - $10,101).

During the year ended December 31, 2021, the Company acquired thirteen investment properties located in Toronto for a total purchase price of $498,910, including transaction costs. The investment properties were funded through a combination of mortgages and term debt of $325,695, of which $117,669 was assumed debt, and cash on hand. As at December 31, 2021, $3,750 of the mortgages payable is included in restricted cash, available for use on certain capital expenditures on one of these investment properties.

In the year ended December 31, 2020, the Company disposed of its interest in two investment properties, which the Company recognized fair value losses of $2,955. No gain was recognized on disposal in the consolidated statement of earnings for the year ended December 31, 2020, as the investment properties were carried at fair value.

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, 2021, five investment properties with a fair value of $386,249 were externally fair valued at a value of $414,757 (December 31, 2020 - investment properties with a total fair value of $212,435 were externally appraised at a value of $236,141).

During the year ended December 31, 2021, the Company recorded a fair value gain of $41,156 (December 31, 2020 - $4,678) in the consolidated statements of earnings. Included in the fair value gain was $25,242 (December 31, 2020 - $10,322) related to one asset valued based on highest and best use, which is considered to be the asset's redevelopment potential due to its rezoning application submission. The asset was valued using the direct comparison approach, with density and price per square foot as significant assumptions. 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 the price per square foot based on certain management assumptions that differed from the appraiser assumptions, such as 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 and those acquired during the year, are measured at fair value using the discounted cash flow method.

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 investment 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

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

Significant unobservable inputs were as follows for December 31, 2021 and December 31, 2020:

		2021		2020	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Discount rate	**4.75%-7.25%**	**5.5%**	5.25%-7.25%	6.1%
	Terminal capitalization rate	**3.50%-6.75%**	**4.6%**	4.50%-6.75%	5.5%
	Market rents (in dollars per square foot)[1]	**$16.00-$42.24**	**26.67**	$17.40–$28.00	$21.36
Development	Discount rate	**5.50%-7.00%**	**6.0%**	5.75%-7.00%	6.4%
	Terminal capitalization rate	**4.50%-6.75%**	**5.2%**	5.00%-6.50%	5.7%
	Market rents (in dollars per square foot)[1]	**$18.92-$41.15**	**$29.06**	$16.00–$41.15	$25.62

[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.

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	$	(21,812)	$	22,455
Impact of changes to weighted average terminal capitalization rate		(35,378)		40,002

Investment properties with a fair value of $945,624 as at December 31, 2021 (December 31, 2020 - $415,771), are pledged as security for mortgages and term debt and the Dream Impact Trust operating line. Investment properties with a fair value of $299,242 as at December 31, 2021 (December 31, 2020 - $176,607), 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, 2021 were as follows:

No longer than 1 year	$	29,109
Between 1 and 2 years		23,200
Between 2 and 3 years		21,255
Between 3 and 4 years		20,218
Between 4 and 5 years		19,547
Longer than 5 years		176,835
	$	290,164

12. Recreational properties

The movement in recreational properties is as follows:

		2021		2020
Balance, beginning of year	**$**	**60,560**	$	48,779
Acquisition		**2,286**		8,848
Additions		**6,566**		7,766
Depreciation		**(5,035)**		(4,828)
Other		**700**		(5)
Balance, end of year	**$**	**65,077**	$	60,560
Cost	**$**	**106,752**	$	97,200
Accumulated depreciation		**(41,675)**		(36,640)
Balance, end of year	**$**	**65,077**	$	60,560

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

	2021	2020
Operational recreational properties:		
Arapahoe Basin ski hill (Colorado)	**$ 33,963**	$ 33,043
Broadview Hotel (Ontario)	**12,794**	13,374
Gladstone House (Ontario)	**13,653**	11,529
Newmarket Hotel (Ontario)	**2,286**	—
Willows Golf Course (Saskatchewan)	**2,381**	2,614
	$ 65,077	$ 60,560

13. Equity accounted investments

The Company has entered into certain arrangements in the form of jointly controlled entities for various mixed-use developments. 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, 2021, the carrying value of these arrangements was $859,025 (December 31, 2020 - $762,652).

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, 2021 and December 31, 2020.

			2021
Project level (100%)	**Assets**	**Liabilities**	**Net assets**
Development investments			
Brighton Marketplace	$ 84,348	$ (52,442)	$ 31,906
Canary District	344,417	(278,299)	66,118
Frank Gehry	418,283	(241,786)	176,497
Brightwater	414,602	(254,738)	159,864
Lakeshore East	75,437	(35,290)	40,147
West Don Lands	451,163	(332,523)	118,640
Other development investment	270,033	(180,997)	89,036
Total development investments	$ 2,058,283	$ (1,376,075)	$ 682,208
Recurring income investments			
Dream Office REIT	3,065,560	(1,389,456)	$ 1,676,104
Other recurring income investments	899,740	(309,057)	590,683
Total recurring income investments	$ 3,965,300	$ (1,698,513)	$ 2,266,787
Total	**$ 6,023,583**	**$ (3,074,588)**	**$ 2,948,995**

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

At Dream's share	Ownership interest		Assets		Liabilities		Net assets		Difference between net assets and deemed cost of investments[1]		2021 Total
Development investments											
Brighton Marketplace	50%	$	42,174	$	(26,221)	$	15,953	$	(2,286)	$	**13,667**
Canary District	33%-50%		164,335		(135,846)		28,489		—		**28,489**
Frank Gehry	33%		147,811		(80,548)		67,263		—		**67,263**
Brightwater[2]	31%		130,711		(78,838)		51,873		—		**51,873**
Lakeshore East[2]	50%		51,899		(17,645)		34,254		—		**34,254**
West Don Lands	33%		150,527		(112,572)		37,955		—		**37,955**
Other development investments	7%-78%		117,987		(85,263)		32,724		—		**32,724**
Total development investments		$	805,444	$	(536,933)	$	268,511	$	(2,286)	$	**266,225**
Recurring income investments											
Dream Office REIT[3]	33%	$	1,015,387	$	(460,221)	$	555,166	$	(35,000)	$	**520,166**
Other recurring income investments[4]	5%-50%		111,984		(39,265)		72,719		(85)		**72,634**
Total recurring income investments		$	1,127,371	$	(499,486)	$	627,885	$	(35,085)	$	**592,800**
Total		**$**	**1,932,815**	**$**	**(1,036,419)**	**$**	**896,396**	**$**	**(37,371)**	**$**	**859,025**

[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 period.
[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 assets.
[3] As at December 31, 2021, the fair value of the Company's unit holdings in Dream Office REIT was $434,567.
[4] Other recurring income investment includes the Company's 5% interest in the U.S. Multi-Family Portfolio (December 31, 2020 - 50%). In the year ended December 31, 2021, the Company partially disposed of its interest in the U.S. Multi-Family Portfolio and acquired a 5% interest in a portfolio of apartments located in Arizona.

Project level (100%)		Assets		Liabilities		2020 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
West Don Lands		303,737		(233,845)		69,892
Other development investment		260,217		(18,335)		241,882
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
Other recurring income investments		467,816		(294,722)		173,094
Total recurring income investments	$	3,356,696	$	(1,580,969)	$	1,775,727
Total	**$**	**4,967,750**	**$**	**(2,406,428)**	**$**	**2,561,322**

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

						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
West Don Lands	33%	99,049	(76,524)	22,525	—	22,525
Other development investments	7%-78%	64,273	(43,272)	21,001	—	21,001
Total development investments		$ 583,502	$ (349,677)	$ 233,825	$ (2,286)	$ 231,539
Recurring income investments						
Dream Office REIT[3]	32%	$ 912,387	$ (406,232)	$ 506,155	$ (29,469)	$ 476,686
Other recurring income investments	9%-50%	182,227	(127,758)	54,469	(42)	54,427
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 period.
[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 assets.
[3] As at December 31, 2020, the fair value of the Company's unit holdings in Dream Office REIT was $349,348.

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, 2021 and 2020.

			2021
Project level (100%)	**Revenue**	**Earnings**	**Earnings before depreciation**
Development investments	$ 15,040	$ 14,447	$ 15,921
Recurring income investments			
Dream Office REIT	195,932	191,764	192,661
Other recurring income investments	50,300	56,688	58,080
Total recurring income investments	$ 246,232	$ 248,452	$ 250,741
Total	**$ 261,272**	**$ 262,899**	**$ 266,662**

				2021
At Dream's share	**Ownership interest**	**Revenue**	**Earnings**	**Earnings before depreciation**
Development investments	7%-78%	$ 8,098	$ 7,809	$ 7,962
Recurring income investments				
Dream Office REIT	33%	63,389	62,101	62,331
Other recurring income investments[1]	5%-50%	11,937	20,811	21,509
Total recurring income investments		$ 75,326	$ 82,912	$ 83,840
Total		**$ 83,424**	**$ 90,721**	**$ 91,802**

[1] Earnings in the year ended December 31, 2021 relate primarily to a fair value adjustments on the U.S. Multi-Family Portfolio and a property technology joint venture.

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

				2020
Project level (100%)		Revenue	Earnings	Earnings 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
Other recurring income investments		28,874	7,724	9,262
Total recurring income investments	$	297,437	$ 134,269	$ 139,458
Total	$	912,655	$ 259,103	$ 264,953

				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
Other recurring income investments[2]	7%-78%	12,498	(5,984)	(5,218)
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.

14. Capital and other operating assets

Capital and other operating assets consisted of the following:

		2021		2020
Restricted cash	**$**	**10,633**	$	15,751
Goodwill		**13,576**		13,576
Prepaid expenses[1]		**10,969**		7,392
Capital assets		**8,109**		8,560
Right-of-use assets		**1,409**		2,042
Other		**10,312**		4,941
Total capital and other operating assets	**$**	**55,008**	$	52,262

		2021		2020
Capital assets	**$**	**20,157**	$	19,842
Accumulated depreciation		**(12,048)**		(11,282)
Total capital assets	**$**	**8,109**	$	8,560

[1] Included in prepaid expenses as at December 31, 2021 is $1,905 of capitalized sales commissions relating to housing and condominium sales to be recognized in future periods (December 31, 2020 - $1,671).

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 for specific expenditures or as security.

Right-of-Use Assets

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

		2021		2020
Balance, beginning of year	$	2,042	$	3,914
Additions		—		65
Depreciation		(633)		(900)
Derecognition[1]	$	—		(1,037)
Balance, end of year	**$**	**1,409**	$	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.

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

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, 2021 and did not identify an impairment for the Zibi CGU.

15. Accounts payable and other liabilities

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

		2021		2020
Accrued liabilities[(1)]	**$**	**111,564**	$	81,765
Customer deposits		**45,201**		42,824
Trade payables[(2)]		**42,037**		48,420
Lease obligation		**11,602**		12,747
Deferred revenue		**9,222**		10,343
Interest rate swaps		**—**		2,736
	$	**219,626**	$	198,835

(1) Included in accrued liabilities is a $10,522 promissory note as consideration for the purchase of residual non-controlling interest which is non-interest bearing and matures in June 2023 (December 31, 2020 - $nil).
(2) Included in trade payables were bank overdraft balances of $1,534 as at December 31, 2021 (December 31, 2020 - $2,096).

Lease Obligation

		2021		2020
Maturity analysis - contractual undiscounted cash flows				
Less than one year	$	1,360	$	1,721
One to two years		1,329		1,359
Two to three years		1,424		1,329
Three to four years		1,401		1,424
Four to five years		1,028		1,331
More than five years		9,611		10,224
Total undiscounted lease obligation as at December 31	$	16,153	$	17,388
Discounted using the lessee's incremental borrowing rate as at December 31		(4,551)		(4,641)
Total discounted lease obligation as at December 31	**$**	**11,602**	**$**	**12,747**
Current portion of lease obligation		1,097		1,468
Non-current portion of lease obligation		10,505		11,279
Total lease obligation	**$**	**11,602**	**$**	**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.

16. Provision for real estate development costs

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

		2021		2020
Balance, beginning of year	**$**	**31,040**	$	36,853
Additional provisions		**37,036**		3,922
Utilized during the year		**(15,878)**		(9,735)
Balance, end of year	**$**	**52,198**	$	31,040

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)

17. Debt

Project-Specific Debt

	Construction loans	Operating line - Western Canada	Mortgages and term debt	Operating line - Dream Impact Fund	**Total**
Balance, January 1, 2021	$ 221,952	$ —	$ 331,472	$ —	**$ 553,424**
Borrowings	177,490	77,000	337,828	19,195	**611,513**
Repayments	(83,955)	—	(28,255)	—	**(112,210)**
Interest and other	142	(1,221)	(1,409)	68	**(2,420)**
Balance, December 31, 2021	**$ 315,629**	**$ 75,779**	**$ 639,636**	**$ 19,263**	**$ 1,050,307**

	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

Corporate Debt Facilities

	Non-revolving term facility	Convertible debenture (host instrument) - Dream Impact Trust	Convertible debenture (conversion feature) - Dream Impact Trust	**Total**
Balance, January 1, 2021	$ 202,452	$ —	$ —	**$ 202,452**
Borrowings	12,000	29,119	881	**42,000**
Interest and other	(304)	(236)	(524)	**(1,064)**
Balance, December 31, 2021	**$ 214,148**	**$ 28,883**	**$ 357**	**$ 243,388**

	Non-revolving term 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

Further details on the weighted average interest rates and maturities are included in Note 29. In the year ended December 31, 2021, there were no events of default on any of the Company's obligations under its debt facilities. Subsequent to December 31, 2021, the Company obtained a waiver on its covenants on a mortgage on an investment property held in Toronto. The mortgage has been presented as a current obligation as at December 31, 2021.

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, 2021, funds available under this facility were $290,000, as determined by the formula-based maximum calculation, with $49,502 of letters of credit issued against the facility (December 31, 2020 - $252,830, with $35,827 of letters of credit issued against the facility).

In the year ended December 31, 2021, the Company completed amendments to the operating line that revised the collateral base to be more beneficial to the Company, among certain other amendments. The amendments included the extension of the maturity date of the facility to May 31, 2024.

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, 2021, the Company executed on an amendment to its $215,000 non-revolving term facility with a syndicate of Canadian financial institutions, extending the maturity date to May 31, 2024, increasing it from its previously reduced $203,000 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 demand 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, 2021, no funds were drawn on the revolving credit facility (December 31, 2020 – $nil) and funds available under this facility were $50,000 (December 31, 2020 – $nil). Subsequent to December 31, 2021, Dream Impact Trust drew $15,000 on the facility.

Operating Line - Dream Impact Fund

Dream Impact Fund has a $50,000 capital call facility with a Canadian financial institution secured by the limited partners' unfunded capital commitment. Dream Impact Fund has an option to increase the capital call facility by an additional $50,000 by securing more capital commitments from the limited partners. As at December 31, 2021, $19,263 was drawn on the facility, with $3,624 of letters of credit issued against the facility (December 31, 2020 – $nil).

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, 2021, funds available under this facility were $110,000, as determined by the formula-based maximum calculation. No amounts were drawn in the year ended December 31, 2021 (December 31, 2020 - $nil).

Convertible Debentures - Dream Impact Trust

During the year ended December 31, 2021, Dream Impact Trust closed on a private placement offering of $30,000, excluding transaction costs of $340. The private placement is in the form of impact convertible unsecured subordinated debentures ("Debentures"), bearing a coupon interest rate of 5.50% per annum and an effective interest rate of 6.2% per annum, payable semi-annually on July 31 and January 31 of each year, commencing on January 31, 2022. The Debentures are convertible at the holder's option into units of Dream Impact Trust at a conversion price of $7.755 per unit, representing a conversion rate of 128.9491 units per $1 principal amount of Debentures. The Debentures mature in July 2026 and are redeemable at the holders' option before the maturity date.

The fair value of the host instrument was calculated using an estimated interest rate for an unsecured debenture with a similar term to maturity and without a conversion feature. The conversion feature is recognized as a financial liability and is fair valued each reporting period.

Interest Rate Swaps

The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Variable rate debt represented 64% (December 31, 2020 - 62%) of the Company's total debt obligation as at December 31, 2021. 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	$	1,877	3.69%	FVTPL	$	(13)
February 28, 2022	Non-revolving term facility		175,000	4.51%	Cash flow hedge		(367)
May 31, 2024	Non-revolving term facility		100,000	3.93%	Cash flow hedge		1,134

In the year ended December 31, 2021, the Company entered into an interest rate swap to effectively exchange the variable interest rate on $100,000 of the non-revolving term facility for a fixed rate of 3.93% per annum through the use of forward-purchase contracts that commences on February 28, 2022 and matures on May 31, 2024. The Company applied hedge accounting to this relationship, whereby the change in fair value of the effective portion of the hedging derivatives was recognized in accumulated other comprehensive income. Settlement of both the fixed and variable portions of the interest rate swap occurred on a monthly basis. The full amount of the hedge was determined to be effective as at December 31, 2021 as all critical terms matched during the year.

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 applied hedge accounting to this relationship, whereby the change in fair value of the effective portion of the hedging derivatives was recognized in accumulated other comprehensive income. Settlement of both the fixed and variable portions of the interest rate swap occurred on a monthly basis. The full amount of the hedge was determined to be effective as at December 31, 2021 as all critical terms matched during the year.

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

18. Dream Impact Trust units

The Company accounts for the 72% interest in Dream Impact Trust held by other unitholders as a financial liability measured at FVTPL (December 31, 2020 - 74%). As at December 31, 2021, the trust units had a fair value of $288,092 based on the trading price on the TSX. The movement in Dream Impact Trust units is as follows:

		2021		2020
	Units	**Total**	Units	Total
Balance, beginning of year	**47,981,722**	**$ 289,330**	53,042,384	$ 411,078
Units repurchased and cancelled by Dream Impact Trust	**(1,219,436)**	**(7,843)**	(5,185,995)	(24,610)
Deferred units exchanged for Dream Impact Trust units	**82,004**	**539**	125,333	878
Fair value adjustment	**—**	**6,066**	—	(98,016)
Balance, end of year	**46,844,290**	**$ 288,092**	47,981,722	$ 289,330

In the year ended December 31, 2021, the Company recognized a loss related to Dream Impact Trust units of $25,019 in the consolidated statements of earnings, comprising a fair value loss of $6,066 due to an increase in Dream Impact Trust's trading price and distributions to other unitholders of $18,953 (year ended December 31, 2020 - gain of $77,764 comprising a fair value gain of $98,016 due to a decrease in Dream Impact Trust unit trading prices and distributions to other unitholders of $20,252).

19. Dream Impact Fund units

In the year ended December 31, 2021, the Company launched Dream Impact Fund and received $19,246 in cash and a 40% interest in Dream Impact Fund in exchange for Dream's interest in certain development investments. The residual non-controlling interest is held by third-party investors and is reflected as a financial liability as the units are redeemable by unitholders after a three-year lockup period. In the year ended December 31, 2021, third-party investors contributed $47,393 to Dream Impact Fund.

The Company manages the Dream Impact Fund units on a fair value basis. As a financial liability measured at fair value through profit or loss, the Company recorded the Dream Impact Fund 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 Fund unit's closing net asset value. Fair value changes are recorded within adjustments related to Dream Impact Fund units in the consolidated statements of earnings in the period in which they arise. Distributions on Dream Impact Fund 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 Fund units in the consolidated statements of earnings.

The movement in Dream Impact Fund units is as follows:

		December 31, 2021
	Units	Total
Balance, beginning of year	—	$ —
Units issued to other unitholders	4,746,403	47,393
Fair value adjustment	—	2,037
Balance, end of year	4,746,403	$ 49,430

In the year ended December 31, 2021, the Company recognized a loss related to Dream Impact Fund units of $2,037 in the consolidated statements of earnings due to an increase in net asset value attributable to Dream Impact Fund's non-controlling interest.

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

20. Income taxes

In the year ended December 31, 2021, the Company recognized an income tax expense of $15,214 (year ended December 31, 2020 – income tax expense of $37,982), the major components of which include the following items:

		2021		2020
Current income taxes:				
Current income taxes with respect to profits during the year	**$**	**15,024**	$	17,995
Current tax adjustments with respect to prior years		**(1,080)**		984
Other items affecting current income tax expense		**2,815**		7,780
Current income tax expense		**16,759**		26,759
Deferred income taxes:				
Origination and reversal of temporary differences		**(370)**		10,750
(Recovery) expense arising from previously unrecognized temporary difference		**(603)**		200
Impact of changes in income tax rates		**(572)**		273
Deferred income tax (recovery) expense		**(1,545)**		11,223
Income tax expense	**$**	**15,214**	$	37,982

Due to non-coterminous tax years of the Company's partnership and trust interests, income of approximately $4,304 for the year ended December 31, 2021 (year ended December 31, 2020 – $28,674) relating to such partnership and trust interests will be included in computing the Company's taxable income for its 2022 and 2021 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, 2020 - 26.1%) as presented in the table below. Cash paid for income taxes for the year ended December 31, 2021 was $14,778 (year ended December 31, 2020 – $116,781).

		2021		2020
Earnings before tax at statutory rate of 26.1% (2020 - 26.1%)	**$**	**32,853**	$	51,579
Effect on taxes of:				
Non-deductible expenses		**604**		873
Adjustment in expected future tax rates		**(572)**		273
Tax adjustments in respect of prior years		**(1,683)**		1,184
Non-taxable portion of capital gains		**(18,728)**		(24,172)
Other items		**2,740**		8,245
Income tax expense	**$**	**15,214**	$	37,982

The movement in the deferred income taxes in the year ended December 31, 2021 and the year ended December 31, 2020, 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, 2020	$	(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 income		—		(55)		—		586		—		531
Balance, December 31, 2020	$	(10,604)	$	(48,043)	$	(7,554)	$	(49,045)	$	10,657	$	(104,589)
(Charged) credited to:												
Loss (earnings) for the year		(1,302)		(11,621)		6,430		1,897		6,141		1,545
Other comprehensive loss		—		(23)		—		(632)		—		(655)
Balance, December 31, 2021	**$**	**(11,906)**	**$**	**(59,687)**	**$**	**(1,124)**	**$**	**(47,780)**	**$**	**16,798**	**$**	**(103,699)**

As at December 31, 2021, the Company had tax losses of $14,396 (December 31, 2020 – $13,427) that expire between 2025 and 2041. 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)

21. 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.

			2021			2020
Issued and outstanding	**Number of shares**		**Amount**	Number of shares		Amount
Subordinate Voting Shares	**41,278,675**	**$**	**934,135**	43,454,572	$	985,493
Class B Shares	**1,557,356**		**38,782**	1,557,356		38,782
	42,836,031	**$**	**972,917**	45,011,928	$	1,024,275

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

			2021			2020
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of year	**43,454,572**	**$**	**985,493**	51,101,471	$	1,154,779
Class B Shares converted into Subordinate Voting Shares	**—**		**—**	33		1
Stock options and performance share units exercised, net of withholding taxes	**140,547**		**2,327**	74,649		1,146
Subordinate Voting Shares issued under the Restricted Share & Restricted Share Unit Plan	**111,111**		**1,368**	—		—
Subordinate Voting Shares repurchased	**(2,427,555)**		**(55,053)**	(7,721,581)		(170,433)
Issued and outstanding, end of year	**41,278,675**	**$**	**934,135**	43,454,572	$	985,493

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

			2021			2020
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of year	**1,557,356**	**$**	**38,782**	1,557,389	$	38,783
Class B Shares converted into Subordinate Voting Shares	**—**		**—**	(33)		(1)
Issued and outstanding, end of year	**1,557,356**	**$**	**38,782**	1,557,356	$	38,782

Share Repurchases

The Company renewed its normal course issuer bid ("NCIB"), which commenced on September 21, 2021, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,336,326 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 19,623 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, 2022.

In the year ended December 31, 2021, 2,427,555 Subordinate Voting Shares were purchased for cancellation at a price above the carrying value per Subordinate Voting Share by the Company under its NCIB at an average price of $25.29 (year ended December 31, 2020 – 7,721,581 Subordinate Voting Shares at an average price of $22.07, inclusive of 5,000,000 Subordinate Voting Shares purchased for cancellation under a substantial issuer bid). The purchase price in excess of the carrying amount of $6,329 is recorded in retained earnings for the year ended December 31, 2021 (year ended December 31, 2020 - $nil).

Subsequent to the year ended December 31, 2021, the Company purchased an additional 346,546 Subordinate Voting Shares for cancellation at a total purchase price of $13,622 under its NCIB at an average price of $39.31.

Dividends

In the year ended December 31, 2021, the Company announced an increase to the annual dividend to $0.40 per Subordinate Voting Share and Class B Share, effective with the dividend paid to shareholders on September 30, 2021. In the year ended December 31, 2021, the Company declared dividends of $13,475 on its Subordinate Voting Shares and Class B Shares (year ended December 31, 2020 - $11,164).

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

22. Accumulated other comprehensive income

The movement in AOCI is as follows:

	Interest rate hedges	Foreign currency translation	Equity accounted investments	Total
Balance, January 1, 2020	$ —	$ 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
Other comprehensive income (loss) during the year	2,693	946	(852)	2,787
Balance, December 31, 2021	**$ 716**	**$ 9,730**	**$ 1,293**	**$ 11,739**

23. Non-controlling interest

As at December 31, 2021, the Company holds a 100% interest in Zibi, a 34 acre mixed-use waterfront community situated along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario (December 31, 2020 - 88.9%). The increase in ownership in the year ended December 31, 2021 is a result of acquiring the residual non-controlling interest previously held by a third-party developer settled with a cash payment and a promissory note (Note 15), which is non-interest bearing and matures in June 2023. The difference between the purchase consideration and non-controlling interest has been recorded directly to retained earnings as this was an equity transaction.

The movement in non-controlling interest is as follows:

	2021	2020
Balance, beginning of year	**$ 14,966**	$ 21,649
Earnings for the year	**631**	417
Change in interest in subsidiary	**(15,597)**	(7,100)
Balance, end of year	**$ —**	$ 14,966

24. Revenue

Revenue consisted of the following:

	2021	2020
Revenue from contracts with customers	**$ 291,972**	$ 317,872
Revenue from other sources - lending portfolio	**1,748**	4,103
Revenue from other sources - rental income	**32,202**	25,648
Total revenue	**$ 325,922**	$ 347,623

Revenue from Contracts with Customers

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

						2021
	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	**Total**
Revenue	$ 134,408	$ 83,659	$ 12,401	$ 40,236	$ 43,121	**$ 313,825**
Less: Intercompany revenue	—	(12,112)	—	—	(9,741)	**(21,853)**
Revenue from external customers	$ 134,408	$ 71,547	$ 12,401	$ 40,236	$ 33,380	**$ 291,972**
Timing of revenue recognition						
At a point in time	$ 134,408	$ 71,547	$ —	$ 28,039	$ 12,315	**$ 246,309**
Over time	—	—	12,401	12,197	21,065	**45,663**
	$ 134,408	$ 71,547	$ 12,401	$ 40,236	$ 33,380	**$ 291,972**

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

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

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 has been excluded from the table below.

			Performance obligation expected to be fully satisfied by				
		Contract value at Dream's share		2022		2023		2024
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at December 31, 2021	**$**	**64,697**	$	—	$	35,618	$	29,079

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.

		2021		2020
Revenue recognized that was included in deferred revenue at the beginning of the year	**$**	**7,688**	$	6,213

25. Direct operating costs

Direct operating costs consisted of the following:

		2021		2020
Direct costs of real estate inventory	**$**	**156,830**	$	176,807
Direct costs of operating investment and recreational properties		**51,589**		44,434
Direct costs of development and asset management		**26,363**		21,228
	$	**234,782**	$	242,469

In the year ended December 31, 2021, the Company has qualified for certain government grants and has recognized a reduction in direct costs of operating investment and recreational properties of $3,418 (December 31, 2020 - $2,276).

26. Selling, marketing, depreciation and other operating costs

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

		2021		2020
Salary and other compensation	**$**	**13,865**	$	13,075
General office and other		**11,151**		13,024
Selling and marketing costs		**5,558**		6,735
	$	**30,574**	$	32,834

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

27. General and administrative expenses

General and administrative expenses consisted of the following:

		2021		2020
Salary and other compensation	$	**8,063**	$	9,033
Corporate, service and professional fees		**5,652**		5,564
General office and other		**1,713**		2,084
	$	**15,428**	$	16,681

For the year ended December 31, 2021, the Company has qualified for certain government grants and has recognized a reduction in salary and other compensation costs of $2,655 (December 31, 2020 - $3,613).

28. Interest expense

Interest expense consisted of the following:

		2021		2020
Interest on project-specific debt	$	**25,208**	$	22,933
Interest on corporate debt facilities		**9,418**		9,803
Amortization of deferred financing costs and accretion of effective interest		**1,958**		1,400
Project-specific interest capitalized to real estate development projects		**(9,909)**		(10,295)
Total	$	**26,675**	$	23,841

Interest expense was capitalized to real estate development projects for the year ended December 31, 2021 at a weighted average effective borrowing rate of 3.29% (year ended December 31, 2020 - 3.46%).

29. 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)

	Fair value hierarchy	2021 Carrying value	2021 Fair value	2020 Carrying value	2020 Fair value
Recurring measurement					
Financial assets					
Participating mortgages	Level 3	**$ 6,436**	**$ 6,436**	$ 22,084	$ 22,084
Interest rate swaps	Level 3	**754**	**754**	—	—
Investment holdings	Level 3	**58,059**	**58,059**	52,961	52,961
Lending portfolio	Level 3	**4,626**	**4,626**	6,762	6,762
Financial liabilities					
Dream Impact Trust units	Level 1	**288,092**	**288,092**	289,330	289,330
Dream Impact Fund units	Level 3	**49,430**	**49,430**	—	—
Lease obligation	Level 3	**11,602**	**11,602**	12,747	12,747
Interest rate swaps	Level 3	**—**	**—**	2,736	2,736
Convertible debenture (conversion feature) - Dream Impact Trust	Level 3	**357**	**357**	—	—
Fair values disclosed					
Investment holdings	Level 2	**37,239**	**37,274**	39,979	40,517
Lending portfolio	Level 3	**8,108**	**8,108**	16,486	16,486
Operating line - Dream Impact Fund	Level 3	**19,263**	**19,195**	—	—
Construction loans	Level 3	**315,629**	**301,832**	221,952	221,046
Mortgages and term debt	Level 3	**639,636**	**634,437**	331,472	335,278
Operating line - Western Canada	Level 3	**75,779**	**77,000**	—	—
Non-revolving term facility	Level 3	**214,148**	**215,000**	202,452	203,000
Convertible debenture (host instrument) - Dream Impact Trust	Level 3	**28,883**	**24,758**	—	—

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, 2021 of $6.15 per share for the 46,844,290 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, 2021 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 25 bps, the fair value of the participating mortgages would (decrease)/increase 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.

Dream Impact Fund Units

The fair value of the Dream Impact Fund units liability is remeasured to fair value each period based on the Dream Impact Fund unit's closing net asset value.

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

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, 2021 is the discount rate of 10.0% and terminal capitalization rate of 7.0%.

Lending Portfolio

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.

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 the 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, 2021 was determined by discounting the expected cash flows of each loan using an 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.

Non-Revolving Term Facility

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, Convertible Debentures and Lease Obligation

The fair value of the operating line - Western Canada, construction loans, mortgages and term debt and convertible debentures (host instrument) 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.

Convertible Debentures (Conversion Feature) - Dream Impact Trust

The significant unobservable inputs used in the fair value measurement of the conversion feature on the convertible debentures is the volatility. The Company calculated the expected volatility of the conversion feature using historical pricing of Dream Impact Trust and other similar companies in the industry. The volatility used as at December 31, 2021 was 16.9%. If the volatility used in the fair value calculation were to increase by 5%, the value of the conversion feature would increase by $488. If the volatility were to decrease by 5%, the value of the conversion feature would decrease by $287.

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 and Note 19 for a continuities of the Company's lending portfolio balance and Dream Impact Fund units, respectively.

	Investment holdings	Convertible debentures (conversion feature)	Interest rate swaps	Participating mortgages
Balance, December 31, 2020	$ 92,940	$ —	$ (2,736)	$ 22,084
Issued or acquired during the year:				
Contributions (distributions)	14,760	—	—	(9,390)
Dispositions/extinguishment	(2,741)	—	—	—
Issuance	—	881	—	—
Total gains or losses for the year included in net earnings:				
Change in fair value	214	(524)	38	(6,258)
Included in other comprehensive income:				
Change in fair value	—	—	3,452	—
Balance, December 31, 2021	**$ 105,173**	**$ 357**	**$ 754**	**$ 6,436**

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

	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**

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.

The Company's liability associated with the Dream Impact Trust units are 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 would increase (decrease) the carrying amount of the Dream Impact Trust liability by $28,809 before associated taxes with a corresponding decrease (increase) in earnings before income taxes.

The Company's liability associated with Dream Impact Fund units are fair valued in reference to Dream Impact Fund's net asset value. A 10% absolute change in net asset value would increase (decrease) the carrying amount of the Dream Impact Fund liability by $4,943 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.

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. 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 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.

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

The maximum exposure to credit risk at December 31, 2021 was $915,004 (December 31, 2020 - $577,744). This is 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. 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.

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. Variable rate debt represented 64% (December 31, 2020 – 62%) of total debt obligations as at December 31, 2021. Interest rate risk is mitigated, in part, by borrowing long-term fixed rate mortgages with relatively consistent interest expense. The Company has entered into interest rate swaps to further mitigate interest rate risk. See Note 17 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, 2021, 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, 2021, the Company had $275,633 in corporate-level cash and available under various revolving facilities. As at December 31, 2021, 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, 2021 is as follows:

	Weighted average effective interest rates			Debt amount	
	2021	2020	**Maturity dates**	**2021**	2020
Fixed rate					
Construction loans	**1.37%**	1.75%	2030-2031	**$ 47,042**	$ 10,000
Mortgages and term debt	**3.01%**	3.53%	2022-2031	**392,989**	275,889
Convertible debenture (host instrument) - Dream Impact Trust	**6.20%**	—%	2026	**28,883**	—
Convertible debenture (conversion feature) - Dream Impact Trust	**n/a**	n/a	2026	**357**	—
Total fixed rate debt	**3.05%**	3.47%		**469,271**	285,889
Variable rate					
Construction loans	**3.22%**	3.24%	2022-2024	**268,587**	211,952
Mortgages and term debt	**3.03%**	3.75%	2022-2024	**246,647**	55,583
Operating line - Dream Impact Fund	**2.70%**	—%	2023	**19,263**	—
Operating line - Western Canada	**3.02%**	2.98%	2024	**75,779**	—
Non-revolving term facility	**3.88%**	2.99%	2024	**214,148**	202,452
Margin facility	**3.01%**	2.98%	2022	**—**	—
Total variable rate debt	**3.30%**	3.19%		**824,424**	469,987
Total debt	**3.21%**	3.30%		**$ 1,293,695**	$ 755,876

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

The following table summarizes the aggregate of the scheduled principal repayments and debt maturities as at December 31, 2021:

	Construction loans	Operating line - Western Canada	Mortgages and term debt	Operating line - Dream Impact Fund	Non-revolving term facility	Convertible debenture - Dream Impact Trust	Total
2022	$ 116,854	$ —	$ 353,542	$ —	$ —	$ —	$ 470,396
2023	141,560	—	76,321	19,263	—	—	237,144
2024	10,270	77,000	12,505	—	215,000	—	314,775
2025	—	—	73,197	—	—	—	73,197
2026 and thereafter	46,945	—	126,389	—	—	30,000	203,334
	315,629	77,000	641,954	19,263	215,000	30,000	1,298,846
Discount/ unamortized premium/financing costs	—	(1,221)	(2,318)	—	(852)	(760)	(5,151)
	$ 315,629	$ 75,779	$ 639,636	$ 19,263	$ 214,148	$ 29,240	$ 1,293,695

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.

30. 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.

	2021		2020	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Options outstanding, beginning of year	**974,282**	**$ 17.00**	1,006,470	$ 16.62
Granted	—	—	42,145	24.94
Exercised	**(98,426)**	**17.54**	(54,583)	15.92
Forfeited	**(10,011)**	**14.34**	(19,750)	17.76
Options outstanding, end of year	**865,845**	**$ 16.96**	974,282	$ 17.00
Options exercisable, end of year	**771,078**	**$ 16.94**	821,747	$ 17.06

As at December 31, 2021, 865,845 options were outstanding under the stock option plan collectively. The fair value of the stock option grants is estimated on the historical grant date using the Black Scholes option pricing model. No stock options were granted in the year ended December 31, 2021.

In the year ended December 31, 2021, the Company recognized an expense of $117 (year ended December 31, 2020 – an expense of $210) relating to share-based compensation for stock options, recorded in general and administrative expenses.

Performance Share Unit Plan

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

	2021		2020	
	Units	**Weighted average fair value at grant date**	Units	Weighted average fair value at grant date
Units outstanding, beginning of year	**577,578**	**$ 16.27**	492,198	$ 14.16
Granted	**79,570**	**21.56**	123,658	24.94
Forfeited	**(40,691)**	**18.59**	(33,708)	18.30
PSUs added (deducted) by performance factor	**(2,121)**	**14.88**	16,559	13.20
Reinvested	**6,753**	**16.92**	7,429	16.30
Exercised	**(49,757)**	**14.33**	(28,558)	13.20
Units outstanding, end of year	**571,332**	**$ 17.02**	577,578	$ 16.27

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

In the year ended December 31, 2021, compensation expense of $1,370 (year ended December 31, 2020 – $2,758) related to this plan was recognized in general and administrative expenses.

The fair value of PSUs granted in the year ended December 31, 2021 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

Deferred Share Unit Plan

The Company has a deferred share unit ("DSU") incentive plan pursuant to which DSUs may be granted to eligible directors, senior management and certain service providers. As at December 31, 2021, there were 266,143 units outstanding (December 31, 2020 – 233,446 units outstanding). In the year ended December 31, 2021, compensation expense of $799 (year ended December 31, 2020 – $799) related to this plan was recognized in general and administrative expenses.

	2021	2020
Units outstanding, beginning of year	**233,446**	187,740
Granted	**29,950**	43,077
Reinvested	**2,747**	2,629
Units outstanding, end of year	**266,143**	233,446

Restricted Share & Restricted Share Unit Plan

The Company's shareholders approved a Restricted Share & Restricted Share Unit Plan (the “RS & RSU Plan”) in the year ended December 31, 2021. Under the RS & RSU Plan, the Company may grant to participants an amount of cash (a “Restricted Share Award”) to be used exclusively to subscribe for Subordinate Voting Shares (“Restricted Shares”) in accordance with the terms of the RS & RSU Plan.

In the year ended December 31, 2021, $1,368 in Restricted Share Awards was granted to be used to subscribe for Subordinate Voting Shares and 111,111 Restricted Shares were issued to be held in escrow until February 2031. In the year ended December 31, 2021, compensation expense of $380 related to this plan was recognized in general and administrative expenses.

The net changes in contributed surplus relating to share-based compensation were as follows:

		2021		2020
Balance, beginning of year	**$**	**14,954**	$	11,410
Granted and added by performance factor, net of forfeitures		**1,289**		3,767
Dividends reinvested		**173**		194
Exercised		**(715)**		(417)
Balance, end of year	**$**	**15,701**	$	14,954

31. 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.

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

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

		2021		2020
Earnings attributable to the shareholders of the Company, basic and diluted	$	110,030	$	159,221
Weighted average number of shares outstanding:				
Dream Subordinate Voting Shares		42,127,727		45,705,065
Dream Class B Shares		1,557,356		1,557,361
Total weighted average number of shares		43,685,083		47,262,426
Effect of dilutive securities on weighted average number of shares outstanding at the end of the year:				
Share-based compensation[1]		1,068,077		783,557
Total weighted average number of shares outstanding after dilution		44,753,160		48,045,983
Basic earnings per share	$	2.52	$	3.37
Diluted earnings per share	$	2.46	$	3.31

[1] For the year ended December 31, 2021, 144,868 stock options and PSUs were considered anti-dilutive (year ended December 31, 2020 – 121,997 stock options and PSUs).

32. 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.

33. Commitments and contingencies

Capital Commitments

As part of various agreements to purchase equipment at Arapahoe Basin, we have remaining commitments totalling $6,511 (US $5,136) as of December 31, 2021 (December 31, 2020 - nil), which will become payable in the future upon the satisfaction of certain conditions pursuant to such agreements.

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 $87,650 (December 31, 2020 – $70,716). 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 $6,330 (December 31, 2020 – $8,970) 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 $nil (December 31, 2020 - $1,525) 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 $714,144 as at December 31, 2021 (December 31, 2020 – $273,664). 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 consolidated 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.

As at December 31, 2021, the Company, through a subsidiary of Dream Impact Trust, no longer holds an obligation as a guarantor on certain debt from sold income properties as the underlying debt was fully repaid by the purchaser (December 31, 2020 - $2,597).

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

Legal and Other 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.

In 2021, Bill C-30 was enacted which may result in potential clawbacks of funds received by the Company under the Canadian Emergency Wage Subsidy program. The Company is evaluating the impact of this Bill and the magnitude of the clawback, if any, is unknown.

34. 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 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.

Subsequent to the year ended December 31, 2021, the Company and Dream Industrial REIT amended the asset management agreement effective January 1, 2022 to clarify certain definitions and simplify the administration of the agreement. The principal amendments to the agreement include: (i) change in fiscal year to match the Company's year end; (ii) funds from operations per unit replacing adjusted funds from operations per unit in calculations; (iii) incorporation of development activities; and (iv) separate contracts for North America and Europe.

In the year ended December 31, 2021 and 2020, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

		2021		2020
Asset management fees charged by Dream[1]	$	**22,720**	$	11,344
Cost recoveries charged by Dream		**739**		1,219

[1] Included in asset management fees charged to Dream Industrial REIT for the year ended December 31, 2021 and 2020 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 $6,902 (December 31, 2020 - $2,070).

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.

The Company, via Dream Impact Trust, and Dream Office REIT entered into a property management agreement pursuant to which Dream Office REIT will perform property management services including tenant administration, accounting, etc., for a fee of 3.5% of gross revenues. Additionally, Dream Office REIT will perform services with respect to the leasing and construction management of the office properties for a fee equal to expenses incurred or a percentage of the expenses incurred for each property. The property management agreement can be terminated upon an unremedied default by the property manager, Dream Office REIT, or if there is a change in the ownership of the property.

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

Amounts earned/recovered under the shared services and property management agreements during the year ended December 31, 2021 and 2020 are as follows:

		2021		2020
Cost recoveries charged by Dream to Dream Office REIT	$	**1,405**	$	1,580
Cost recoveries charged by Dream Office REIT to Dream		**8,787**		8,595
Cost recoveries charged by Dream Office REIT to Dream Impact Trust		**552**		332
Fees charged by Dream to Dream Office REIT		**2,353**		2,353
Fees charged by Dream Office REIT to Dream		**302**		225
Fees charged by Dream Office REIT to Dream Impact Trust		**2,103**		2,045

The amount owing to Dream Office REIT as of December 31, 2021 was $416 (December 31, 2020 – amount owing to Dream Office REIT was $246).

Dream U.S. Industrial Fund

In the year ended December 31, 2021, Dream Industrial REIT seeded a private open-ended U.S. Industrial Fund by selling 18 assets (29 buildings) from its U.S. portfolio. Dream entered into a fund management agreement with Dream U.S. Industrial Fund, effective July 2021, pursuant to which the Company provides fund management services. The fund management agreement is renewable annually and the Company is automatically reappointed at the expiration of each one-year term. The Company received revenue in respect of these services, including fund management fees. Fund management fees are calculated as 0.50% per annum with increases as capital contributions are made by a limited partner after 90 days up to a maximum of 1.20% per annum and are subject to foreign exchange rates.

		For the year ended December 31, 2021
Fees earned under the Fund Management Agreement	$	**321**

Distributions Earned from Investments

The Company earned distributions from Dream Office REIT (Note 13).

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 was included in other development properties in equity accounted investments. During the year ended December 31, 2021, the Company sold the property to Dream U.S. Industrial Fund for proceeds of $3,076 (US $2,515).

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, 2021, the Company had funded $8,676 into Alate Partners (December 31, 2020 - $6,790).

Compensation of Key Management

Compensation expense for the year for key management personnel and the Company's directors, is shown in the table below.

		2021		2020
Compensation and benefits	$	**5,548**	$	5,330
Share-based compensation		**1,508**		2,781
Directors' fees		**1,111**		882
	$	**8,167**	$	8,993

35. Supplementary cash flow information

Components of other adjustments include:

		2021		2020
Accrued interest on loans receivable and other expenses	$	**(604)**	$	(1,775)
Share-based compensation expense		**747**		3,544
Fair value changes in financial instruments		**7,375**		4,930
Non-cash contribution to equity accounted investment		**—**		(8,315)
Other		**2,789**		(1,666)
	$	**10,307**	$	(3,282)

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

Components of changes in non-cash working capital include:

		2021		2020
Accounts receivable	$	**(34,755)**	$	(6,276)
Accounts payable and other liabilities		**20,756**		(1,433)
Income and other taxes payable		**1,630**		(96,270)
Provision for real estate development costs		**21,158**		(5,813)
Deposits		**(6,637)**		(2,456)
Restricted cash		**5,118**		(1,875)
Inventory, prepaid expenses and other assets		**(3,762)**		4,619
	$	**3,508**	$	(109,504)

The breakdown of cash and cash equivalents is as follows:

		2021		2020
Cash	$	**52,466**	$	184,954
Money market funds, term deposits and GICs		**98**		167
	$	**52,564**	$	185,121

36. Segmented information

The Company's segment reporting considers how the Company presents information for financial reporting and management decision-making.

The Company's 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, fees earned through our private asset management business, a 33% 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, retail/commercial, and multi-family rental 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 and Dream Impact Fund 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.

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

Segmented Statement of Earnings

Segmented revenue and expenditures for the year ended December 31, 2021 and 2020 are as follows:

2021	Recurring income	Development	Corporate and other	**Consolidated Dream**
Revenue	$ 116,766	$ 209,156	$ —	**$ 325,922**
Direct operating costs	(76,351)	(158,431)	—	**(234,782)**
Gross margin	40,415	50,725	—	**91,140**
Selling, marketing, depreciation and other operating costs	(6,913)	(23,661)	—	**(30,574)**
Net margin	33,502	27,064	—	**60,566**
Fair value changes in investment properties	31,180	9,976	—	**41,156**
Share of earnings from equity accounted investments	82,912	7,809	—	**90,721**
Investment and other income	3,070	5,387	1,509	**9,966**
Interest expense	(12,114)	(3,154)	(11,407)	**(26,675)**
Fair value changes in financial instruments	(1,427)	(6,472)	524	**(7,375)**
Net segment earnings (loss)	$ 137,123	$ 40,610	$ (9,374)	**$ 168,359**
General and administrative expenses[1]	—	—	(15,428)	**(15,428)**
Adjustments related to Dream Impact Trust units[1]	—	—	(25,019)	**(25,019)**
Adjustments related to Dream Impact Fund units[1]	—	—	(2,037)	**(2,037)**
Income tax expense[1]	—	—	(15,214)	**(15,214)**
Net earnings (loss)[2]	$ 137,123	$ 40,610	$ (67,072)	**$ 110,661**

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 recovery[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)

Segmented Assets and Liabilities

Segmented assets and liabilities as at December 31, 2021 and December 31, 2020 were as follows:

2021	Recurring income	Development	Corporate and other	**Consolidated Dream**
Assets				
Cash and cash equivalents	$ 25,441	$ 17,777	$ 9,346	**$ 52,564**
Accounts receivable	26,081	200,225	8,235	**234,541**
Other financial assets	38,750	119,107	767	**158,624**
Lending portfolio	12,734	—	—	**12,734**
Housing inventory	—	36,320	—	**36,320**
Condominium inventory	—	288,215	—	**288,215**
Land inventory	286	469,322	—	**469,608**
Investment properties	1,110,858	146,100	—	**1,256,958**
Recreational properties	65,077	—	—	**65,077**
Equity accounted investments	592,800	266,225	—	**859,025**
Capital and other operating assets	12,992	32,162	9,854	**55,008**
Total assets	$ 1,885,019	$ 1,575,453	$ 28,202	**$ 3,488,674**
Liabilities				
Accounts payable and other liabilities	$ 48,143	$ 147,585	$ 23,898	**$ 219,626**
Income and other taxes payable[(1)]	—	—	59,721	**59,721**
Provision for real estate development costs	—	52,198	—	**52,198**
Debt	691,220	359,087	243,388	**1,293,695**
Dream Impact Trust units[(1)]	—	—	288,092	**288,092**
Dream Impact Fund units[(1)]	—	—	49,430	**49,430**
Deferred income taxes[(1)]	—	—	103,699	**103,699**
Total liabilities	$ 739,363	$ 558,870	$ 768,228	**$ 2,066,461**
Shareholders' equity	1,145,656	1,016,583	(740,026)	**1,422,213**
Total equity	$ 1,145,656	$ 1,016,583	$ (740,026)	**$ 1,422,213**

[(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)

								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)

37. 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.

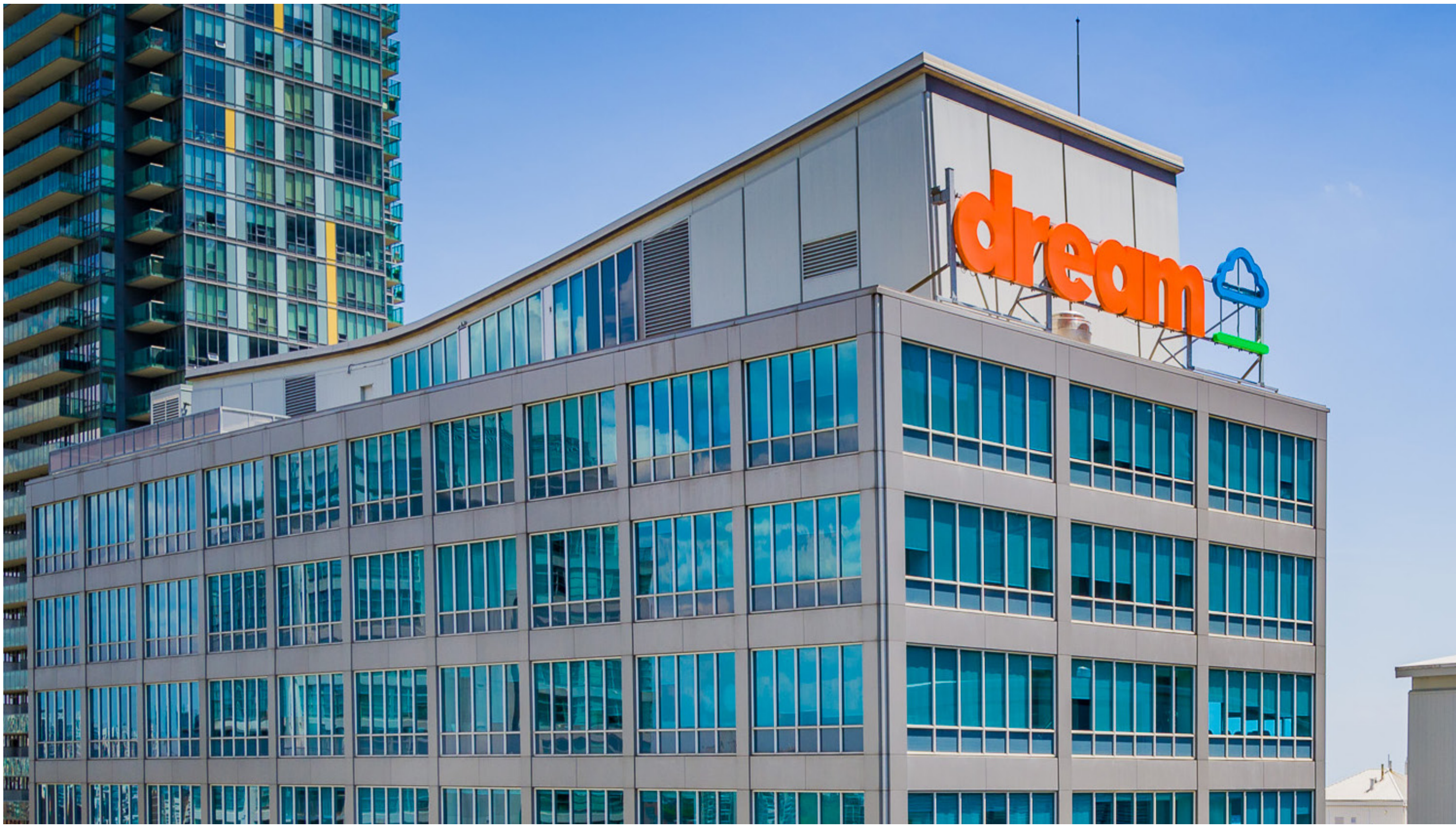
				2021
	Less than 12 months	Greater than 12 months	Non-determinable	**Total**
Assets				
Cash and cash equivalents	$ 52,564	$ —	$ —	**$ 52,564**
Accounts receivable	221,900	12,641	—	**234,541**
Other financial assets	26,235	132,389	—	**158,624**
Lending portfolio	5,947	6,787	—	**12,734**
Housing inventory	—	—	36,320	**36,320**
Condominium inventory	—	—	288,215	**288,215**
Land inventory	—	—	469,608	**469,608**
Investment properties	—	1,256,958	—	**1,256,958**
Recreational properties	—	65,077	—	**65,077**
Equity accounted investments	—	—	859,025	**859,025**
Capital and other operating assets	12,310	42,698	—	**55,008**
Total assets	$ 318,956	$ 1,516,550	$ 1,653,168	**$ 3,488,674**
Liabilities				
Accounts payable and accrued liabilities	$ 147,798	$ 26,627	$ 45,201	**$ 219,626**
Income and other taxes payable	59,721	—	—	**59,721**
Provision for real estate development costs	52,198	—	—	**52,198**
Debt[1]	456,900	836,795	—	**1,293,695**
Dream Impact Trust units[2]	—	—	288,092	**288,092**
Dream Impact Fund units[2]	—	—	49,430	**49,430**
Deferred income taxes	—	103,699	—	**103,699**
Total liabilities	$ 716,617	$ 967,121	$ 382,723	**$ 2,066,461**

(1) The amounts presented are shown consistent with the contractual terms of repayment, which may be due on demand.
(2) Dream Impact Trust units and Dream Impact Fund 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)

				2020
	Less than 12 months	Greater than 12 months	Non-determinable	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.



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Corporate Director

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Duncan Jackman[Ind.]
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Jennifer Lee Koss[Ind.,1,2]
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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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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

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STOCK EXCHANGE LISTING

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

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