Dream Unlimited Corp.

Annual Report 2023

Dream is an award-winning real estate company with $24 billion of assets under management in North America and Europe.

Quayside
Toronto, ON

Dream Unlimited Corp.

Letter to Shareholders

The last few years has been transformative for Dream, as we focused on growing our asset management business, owning and operating income properties, specifically purpose-built rentals, and continued development of our core lands in western Canada. While interest rates have increased significantly over the past two years, impacting the cap rates and fair value of our income properties, particularly our office properties, we believe that Dream is well positioned for continued success over the near and long term.

Our income property portfolio includes our portfolio of nearly 2,700 multi-family rental units in the GTA, the National Capital region and western Canada, our retail properties including the Distillery District and our two boutique hotels in Toronto. This year, we completed over 950 purpose-built rentals in our development pipeline, the most in our history, including Maple House at Canary Landing, Aalto II at Zibi and 36 units at Brighton in Saskatoon. In the next two years, we expect to add another 1,572 rental units to our portfolio, the majority of which is already under construction. In 2024 we expect to start construction on additional units at Brighton, our first apartment building at Alpine Park in Calgary, LeBreton Flats Library Parcel in Ottawa and two additional buildings at Zibi. We continue to focus on building purpose-built rentals that can turn land we already own into sources of recurring income with strong returns, while addressing the critical need for housing across the country.

In 2023, we increased our asset management revenue by nearly 50% largely driven by growth in our industrial assets under management, including those built out through our extensive development pipeline. Our assets under management now total over $24 billion, an increase of close to 40% from 2022, primarily from the acquisition of Summit REIT that closed in early 2023. Our assets under management in the industrial and residential rental asset classes has increased to 73%, up from 63% over the same period.

Our Western Canada business is doing very well, supported by a strong economy, high per capita income and low housing costs. As of today, we have our highest ever level of pre-sales in western Canada, with $186 million in sales secured for 2024 and 2025, the majority of which will be recognized this year. We have also entered into joint ventures to sell two parcels of land in Edmonton to a group of homebuilders that allows them to secure a pipeline of future lots. Dream will retain a 20% interest in each venture and they are expected to generate $18 million in net margin in the first quarter of 2024. Over the next few years, our western Canada development business is expected to generate strong results and free cash flow for the Company.

Our team is executing on our exceptional development pipeline in the GTA, National Capital region and western Canada, including Zibi, LeBreton, Canary Landing and Brightwater, with nearly 26,000 units and 3.9 million sf in commercial/retail GLA in our world-class development pipeline.

We have maintained strong liquidity levels and expect to increase this by approximately $150 million when the sale of Arapahoe Basin closes later this year. We ended the year with over $325 million in available liquidity while returning over $32 million to our shareholders in 2023 through share buybacks and dividends. We have also increased our annual dividend to $0.60/share effective with our March 28, 2024 payment. As of February 20th, we hold a 32% interest in Dream Office REIT, 36% in Dream Impact Trust and 12% in Dream Residential REIT, inclusive of senior management holdings. The combined fair value of our units totals $145 million and represents 16% of our market capitalization.

Thank you for your continued interest in our business.

Sincerely,

Michael J. Cooper
President & Chief Responsible Officer

February 21, 2024

Alpine Park
Calgary, AB

Dream Unlimited Corp.

At a Glance*

Dream is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of over $24 billion of assets under management across four Toronto Stock Exchange listed trusts, our private asset management business and numerous partners.

$17 billion[(1)]

of fee-earning assets under management

$24 billion[(1)]

of assets under management

34,795

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

82 million

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

472

additional purpose-built rental units scheduled to start construction in Western Canada over the next two years

$5.2 billion

of properties in the U.S. and Europe

Aalto II - Zibi
Gatineau, QC

* All figures as at December 31, 2023 unless otherwise stated.
(1) Represents a specified financial measure. Refer to the "Non-GAAP Measures and Other Disclosures" section of this Annual Report for further details.

Development Pipeline

Toronto Highlights[1]

Driving future growth through our development pipeline

We believe the Company's development projects consist of high-quality assets located in core geographic markets that would not otherwise be accessible in a public vehicle. These assets are expected to provide attractive profits upon their respective completion dates and are expected to contribute to increased value for shareholders over the longer term.

Dream's Toronto development portfolio is primarily located in highly sought after areas of the GTA including the downtown east end. Dream is one of the largest developers in the area which provides us with local knowledge and expertise.

Scheduled for completion over the next several years, the projects shown on this page will add over 22,000 much needed residential units to the GTA housing supply.

19 million

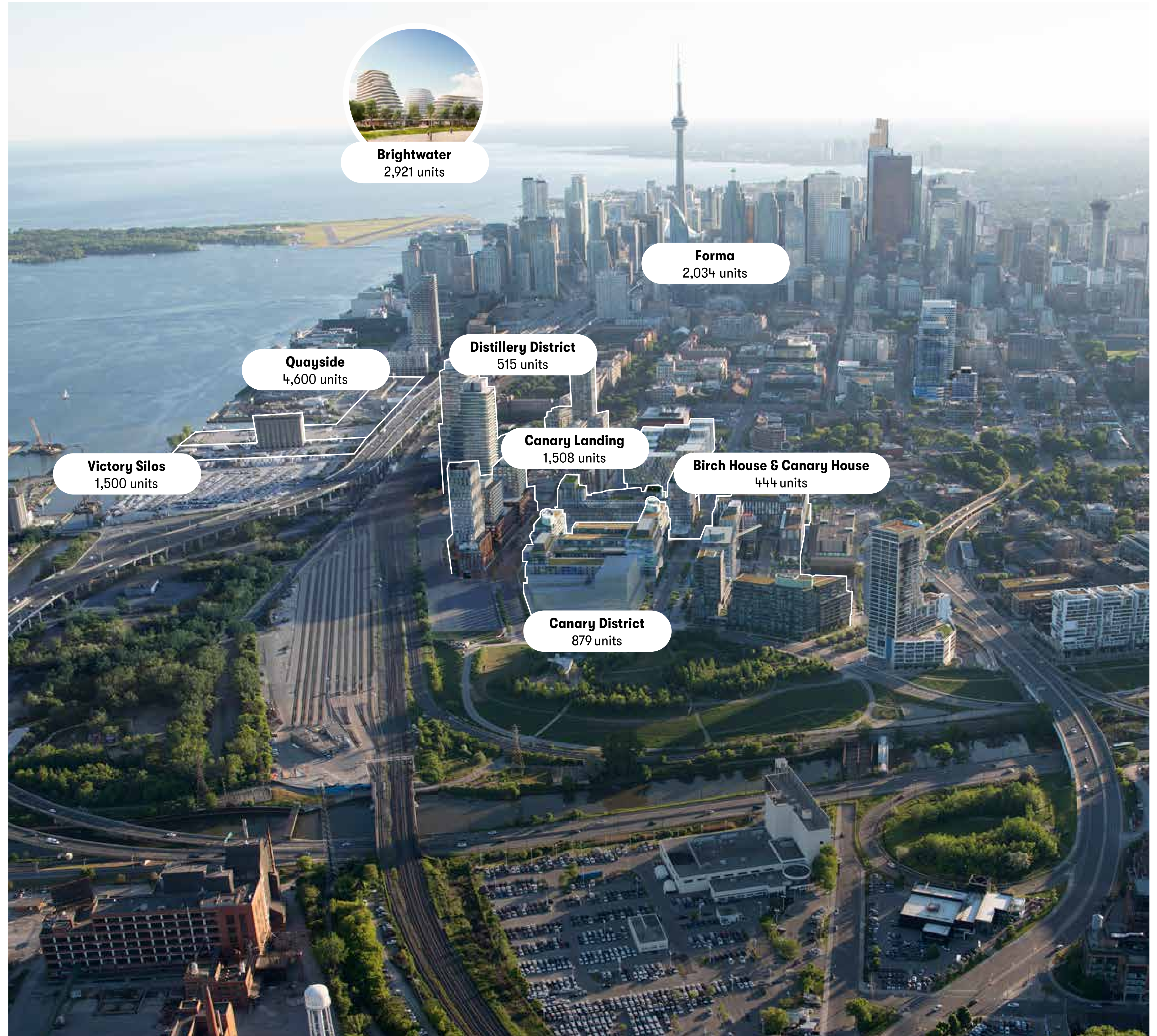
sf of residential gross floor area (GFA) in development across Dream's portfolio in Toronto

22,770

residential units (as shown on this map)

1.9 million

sf of retail and commercial gross leasable area (GLA) in development across Dream's portfolio in Toronto



(1) All figures at 100% unless otherwise stated.

Development Pipeline - Highlights[1]

2023

Maple House

770 units | 11.8% ownership

Maple House, formerly West Don Lands Block 8, at Canary Landing, consists of 770 units and commenced occupancy during the third quarter of 2023.

Aalto II

148 units | 36.4% ownership

Aalto II is the second multi-family rental building at Zibi located in Gatineau, Quebec.

2024

Birch House & Canary House

444 units | 11.8% & 19.1% ownership

Canary Landing Block 10 includes Birch House, a 238-unit multi-family rental building, Canary house, a 206-unit condo building, and the first purpose-built Indigenous Hub in any major North American city.

Common at Zibi

207 units | 67.3% ownership

Common at Zibi, formerly Block 206, features 48 co-living units, each accommodating up to 5 residents, 140 traditional suites, and 19 affordable homes, making it an inclusive and diverse environment for all residents.

Brightwater Towns & Brightwater II

311 units | 15.8% ownership

Brightwater Towns and Brightwater II are part of the 72-acre Brightwater redevelopment project in Mississauga's Port Credit area.

2025

Cherry House

855 units | 11.8% ownership

Cherry House, formerly West Don Lands Blocks 3/4/7, at Canary Landing is currently under construction with 855 units expected upon completion in 2025, one third of which are designated as affordable.

The Mason (Brightwater)

158 units | 15.8% ownership

The Mason is a 9-storey condominium building within steps to the waterfront and public transportation.

2027

Dream LeBreton

608 units | 57.6% ownership

Dream LeBreton will have a total of 608 new housing units, of which approximately 40% will be affordable, and of which 31% will be accessible. The affordable units are designated for five target populations Indigenous Peoples; veterans; women and children; immigrants and newcomers; and adults with cognitive disabilities.

(1) Dream holdings at fully consolidated ownership. Dream Impact Fund at 38.2% ownership, Dream Impact Trust at 34.5% ownership, Dream Office at 30.3% ownership and Dream Residential REIT at 11.9% ownership, respectively, as of December 31, 2023.

ESG Highlights

Environmental

Submitted

to Net Zero Asset Managers - 69% of the Dream group of companies' total assets under management committed to be managed in line with net zero by 2035 (as of December 31, 2022, including development pipeline)

$3.1 million

deployed on decarbonization projects using the Canada Infrastructure Bank Facility to date[1]

100% renewable

electricity sourcing achieved by Arapahoe Basin

Social

Certified

Great Place to Work.™ This certification is based on direct feedback from employees, provided as part of an extensive and anonymous survey in 2021, 2022 and 2023 about their workplace experience

Social Procurement Strategy

made progress in 2023 by establishing a baseline of existing vendors, updating procurement standards, and implementing a monitoring and reporting system

Selected

as a four-time honouree of the Globe and Mail's Report on Business "Women Lead Here" program that benchmarks gender parity (2020, 2021, 2022 and 2023)

Governance

[2]

Ranked 1st out of 10

GRESB Public Disclosure Report peer group

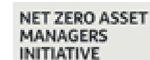
75%

of the Trustees are independent[3]

50%

of Trustees are women[3]

Dream Unlimited has committed to supporting the following international initiatives to demonstrate our commitment to climate action and responsible investing:



(1) Based on gross costs to date as at Dec 31, 2023. Reflective of the Residence at Weston LP credit facility at 100%.
(2) All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.
(3) As at December 31, 2023.

Arapahoe Basin Ski Resort
Dillon, CO

Dream Unlimited Corp.

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.

	2023	2022
Income Taxes**	$16,647,000	$7,453,000
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	$11,607,000	$14,239,000
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	$52,733,000	$93,570,000
People Taxes Company's share of various payroll taxes including government pension, employment insurance, government health costs and workers' compensation	$3,758,000	$3,847,000
Total	**$84,745,000**	**$119,109,000**

* Represents Dream on a standalone basis.
** The amount reported in 2023 includes payments of $13,704,500 made by the Company in February 2024 for 2023 income taxes payable. (The amount reported in 2022 includes payments of $232,500 made by the Company in February 2023 for 2022 income taxes payable).

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Canary Landing & 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 years ended December 31, 2023 and December 31, 2022, which can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval+ ("SEDAR+") (www.sedarplus.com). Such financial statements underlying this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain disclosures included herein are specified financial measures, including non-GAAP financial measures and 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. For simplicity, throughout this discussion, we may make reference to the following:

- "Subordinate Voting Shares", meaning subordinate voting shares in the capital of Dream;
- "Class B Shares", meaning Class B common shares in the capital of Dream;
- "Dream Impact Fund units" means units of Dream Impact Fund LP;
- "Dream Impact Trust units", means units of Dream Impact Trust; and
- "Dream Office REIT units" means REIT units, Series A of Dream Office REIT.

Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. All references to the "Dream group of companies" represent Dream and the four publicly traded trusts that Dream provides asset management or development management services to and includes Dream, Dream Office Real Estate Investment Trust ("Dream Office REIT"), Dream Impact Trust, Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT"), and Dream Residential Real Estate Investment Trust ("Dream Residential REIT") collectively "the Dream Entities". This MD&A is dated as of, and reflects all material events up to, February 21, 2024.

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 $24 billion of assets under management* as at December 31, 2023 across four Toronto Stock Exchange ("TSX") listed trusts, our private asset management business and numerous partnerships. We also develop land, residential, and income generating 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. A comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of this MD&A.

As at February 21, 2024, the Company had a 12% interest in Dream Residential REIT, a 35% interest in Dream Impact Trust and a 30% interest in Dream Office REIT.

Summary of Results – Fourth Quarter and Year Ended 2023

Overview of Results

Loss before income taxes for the three months ended December 31, 2023 was $77.6 million, up from loss before taxes of $57.5 million in the comparative period. The increase in losses is attributable to accounting losses taken on Dream Office REIT units as a result of the sustained lower unit price, fair value losses on our investment property portfolio and the timing of lot sales activity in Western Canada, partially offset by growth of our asset management platform and fair value gains on Dream Impact Trust units held by other unitholders.

Loss before income taxes for the year ended December 31, 2023 was $119.8 million, down from earnings before taxes of $197.3 million in the comparative period due to accounting losses taken on Dream Office REIT, including the loss on sale of units in the second quarter, an $86.4 million net gain on land settlement in 2022, fair value losses on investment properties, higher interest expense on our variable rate debt and fewer lot and acres sales in Western Canada. The decrease was partially offset by growth of our asset management platform and fair value gains on Dream Impact Trust units held by other unitholders.

Adjusted Dream standalone funds from operations* ("FFO") for the three months ended December 31, 2023 was $0.48 per share on a pre-tax basis, down from $0.72 per share in the comparative period, primarily due to fewer lot and acre sales from Western Canada partially offset by growth of our asset management platform. Adjusted Dream standalone FFO for the year ended December 31, 2023 was $1.29 per share on a pre-tax basis, down from $2.36 per share in the comparative period, which included occupancies at Canary Commons.

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

Subsequent to December 31, 2023, the Company announced an agreement to sell Arapahoe Basin to Alterra Mountain Company. Arapahoe Basin was purchased in 1997 and we have invested significantly in the ski hill, including the installation of snowmakers, its first six-person chair lift, six restaurants and an aerial adventure park. The sale is expected to increase the Company's liquidity by $150 million and focus the Company's business on its core asset base.

On June 16, 2023, Dream Impact Trust completed a unit consolidation of all issued and outstanding units of Dream Impact Trust on the basis of one (1) post-consolidation unit for every four (4) pre-consolidation units. All Dream Impact Trust unit amounts disclosed herein reflect the post-unit consolidation units for all periods presented, unless otherwise specified.

In the three months ended December 31, 2023, the fair value gain on the Dream Impact Trust units was $16.3 million (as a result of the Dream Impact Trust unit price decreasing to $6.15 at December 31, 2023 from $7.73 at September 30, 2023, partially offset by $1.8 million in distributions to Dream Impact Trust unitholders), compared to a fair value loss of $1.9 million in the comparative period (as a result of the Dream Impact Trust unit price decreasing to $16.12 at December 31, 2022 from $16.36 at September 30, 2022, partially offset by $4.4 million in distributions to Dream Impact Trust unitholders).

In the year ended December 31, 2023, the fair value gain on the Dream Impact Trust units was $107.4 million (as a result of the Dream Impact Trust unit price decreasing to $6.15 at December 31, 2023 from $16.12 at December 31, 2022, partially offset by $8.0 million in distributions to Dream Impact Trust unitholders), compared to a fair value gain of $80.4 million in the comparative period (as a result of the Dream Impact Trust unit price decreasing to $16.12 at December 31, 2022 from $24.60 at December 31, 2021, partially offset by $18.7 million in distributions to Dream Impact Trust unitholders).

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;
- Grow our assets under management* through both our public and private platforms;
- 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 LP ("Dream Impact Fund"), Dream Impact Trust, Dream Office REIT and Dream Residential REIT, our portfolio totals 34,795 residential units and 11.0 million square feet ("sf") of commercial/retail gross leasable area ("GLA") as at December 31, 2023 (at 100% project level).

Recurring income is important to our business as it provides stable cash flows in order to fund our ongoing interest expense, fixed operating costs and dividends. This provides enhanced stability and financial flexibility as we continue to execute on our development pipeline. Assets held at December 31, 2023 that contribute to recurring income include our asset and development management contracts, our 30% equity ownership in Dream Office REIT, our 12% equity ownership in Dream Residential REIT, management fees from our private asset management business and our stabilized income generating assets, such as the Distillery District in Toronto, Arapahoe Basin, our ski hill in Colorado, and our multi-family purpose-built rentals including those shared with Dream Impact Trust. Our future recurring income properties will include those that are currently being developed within our mixed-use developments in Toronto, Ottawa, and Western Canada in addition to future potential acquisitions.

Our development assets, comprised of residential, commercial and retail buildings, and raw land, are located across the Greater Toronto Area ("GTA"), Ottawa/Gatineau 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.

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 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. Revenue from land is deferred until occupancy by a third-party customer,

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

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, supply chain constraints and market conditions. Traditionally, our highest sales volume for our land and housing divisions has been in the second half of the year.

Our recurring segment, which includes our purpose-built multi-family rentals, retail and office properties and hotels, is relatively flat throughout the year with the exception of our recreational property, Arapahoe Basin, which primarily has the highest visitor volume during the winter ski season.

As a result, the Company's results can vary significantly from quarter to quarter.

Key Financial Information and Performance Indicators

Selected Financial Information

	For the three months ended December 31,				For the year ended December 31,			
(in thousands of dollars, except per share and outstanding share amounts)		**2023**		2022		**2023**		2022
Revenue	**$**	**107,858**	$	167,692	**$**	**386,947**	$	343,768
Net margin	**$**	**26,380**	$	43,729	**$**	**85,870**	$	79,135
Net margin (%)*		**24.5%**		26.1%		**22.2%**		23.0%
Earnings (loss) before income taxes	**$**	**(77,557)**	$	(57,525)	**$**	**(119,790)**	$	197,291
Adjusted earnings (loss) before income taxes*	**$**	**(4,622)**	$	(27,798)	**$**	**61,625**	$	105,313
Earnings (loss) for the period	**$**	**(81,352)**	$	(51,211)	**$**	**(117,079)**	$	164,445
Basic earnings (loss) per share[(1)]	**$**	**(1.91)**	$	(1.20)	**$**	**(2.74)**	$	3.86
Diluted earnings (loss) per share[(1)]	**$**	**(1.91)**	$	(1.20)	**$**	**(2.74)**	$	3.74
Dream standalone funds from operations per share*	**$**	**0.48**	$	0.72	**$**	**1.29**	$	4.39
Dream consolidated funds from operations per share*	**$**	**0.43**	$	0.68	**$**	**0.91**	$	3.99
Weighted average number of shares outstanding, basic		**42,437,858**		42,587,702		**42,667,235**		42,601,025
Weighted average number of shares outstanding, diluted		**42,437,858**		42,587,702		**42,667,235**		43,974,731

	December 31, 2023		December 31, 2022	
Total assets	**$**	**3,875,522**	$	3,956,494
Total liabilities	**$**	**2,471,463**	$	2,402,802
Total equity	**$**	**1,404,059**	$	1,553,692
Total issued and outstanding shares		**42,240,010**		42,587,702

(1) See Note 30 of the Company's consolidated financial statements for the year ended December 31, 2023 for further details on the calculation of basic and diluted earnings per share.

Funds from Operations*

Dream standalone funds from operations ("FFO")*, Dream consolidated funds from operations ("Dream consolidated FFO")*, Adjusted Dream standalone funds from operations ("Adjusted Dream standalone FFO")* and Adjusted Dream consolidated funds from operations ("Adjusted Dream consolidated FFO")* are non-GAAP financial measures that we consider key measures of our financial performance on a pre-tax basis. Dream standalone FFO, Dream consolidated FFO, Adjusted Dream standalone FFO and Adjusted Dream consolidated FFO are further defined in the "Non-GAAP Measures and Other Disclosures" section of the MD&A and Dream consolidated FFO, Adjusted Dream standalone FFO and Adjusted Dream consolidated FFO are reconciled as applicable to earnings (loss) for the period, their most directly comparable financial measure. We use Dream standalone FFO, Dream consolidated FFO, Adjusted Dream standalone FFO and Adjusted Dream consolidated FFO to assess operating results and the performance of our businesses on a divisional basis.

Dream standalone FFO per share*, Dream consolidated FFO per share*, Adjusted Dream standalone FFO*, and Adjusted Dream consolidated FFO per share* are non-GAAP ratios. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

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

The following table defines and illustrates how Dream standalone FFO is calculated by division:

FFO by division:	For the three months ended December 31,		For the year ended December 31,	
(in thousands of dollars, except per share and outstanding share amounts)	**2023**	2022	**2023**	2022
Asset management[1]	**$ 15,459**	$ 8,201	**$ 39,047**	$ 21,081
Dream group unit holdings[2]	**6,248**	8,405	**26,145**	36,805
Stabilized assets - GTA/Ottawa	**3,243**	3,357	**3,165**	3,657
Stabilized assets - Western Canada	**160**	(53)	**3,414**	2,858
Arapahoe Basin	**(2,258)**	(294)	**7,284**	13,495
Development - GTA/Ottawa	**5,835**	(4,670)	**2,264**	118,834
Development - Western Canada	**4,117**	36,186	**15,836**	30,897
Corporate & other	**(12,432)**	(20,301)	**(42,239)**	(40,803)
Dream standalone FFO	**$ 20,372**	$ 30,831	**$ 54,916**	$ 186,824
Dream Impact Trust & consolidation adjustments[3]	**(2,026)**	(2,078)	**(15,889)**	(16,988)
Dream consolidated FFO	**$ 18,346**	$ 28,753	**$ 39,027**	$ 169,836
Less: Net gain on land settlement	**—**	—	**—**	(86,420)
Adjusted Dream standalone FFO	**$ 20,372**	$ 30,831	**$ 54,916**	$ 100,404
Adjusted Dream consolidated FFO	**$ 18,346**	$ 28,753	**$ 39,027**	$ 83,416
Shares outstanding, weighted average	**42,437,858**	42,587,702	**42,667,235**	42,601,025
Dream standalone FFO per share	**$ 0.48**	$ 0.72	**$ 1.29**	$ 4.39
Dream consolidated FFO per share	**$ 0.43**	$ 0.68	**$ 0.91**	$ 3.99
Adjusted Dream standalone FFO per share	**$ 0.48**	$ 0.72	**$ 1.29**	$ 2.36
Adjusted Dream consolidated FFO per share	**$ 0.43**	$ 0.68	**$ 0.91**	$ 1.96

(1) Asset management includes our asset and development management contracts with the Dream group of companies and management fees from our private asset management business, along with associated costs. Included in asset management for the three months and year ended December 31, 2023 are asset management fees from Dream Impact Trust received in the form of units of $472 and $3,454, respectively (three months and year ended December 31, 2022 - $1,423 and $6,308, respectively). These fees are received in the form of units effective April 1, 2019. Had the asset management fees been paid in cash, rather than in units, the fees earned for the three months and year ended December 31, 2023 were $3,618 and $13,980, respectively (three months and year ended December 31, 2022 - $3,224 and $12,633, respectively). In addition, included in the year ended December 31, 2022 are advisory fees from Dream Residential REIT received in the form of units of $2,834.

(2) Dream group unit holdings includes our proportionate share of funds from operations from our 30.3% effective interest in Dream Office REIT and 11.9% effective interest in Dream Residential REIT, along with distributions from our 34.5% interest in Dream Impact Trust. Included in Dream group unit holdings for the three months and year ended December 31, 2023 are distributions from Dream Impact Trust received in the form of units of $947 and $4,386, respectively (three months and year ended December 31, 2022 - $1,982 and $2,325).

(3) Included within consolidation adjustments in the three months and year ended December 31, 2023 is $116 and $495 in losses, respectively, attributable to non-controlling interest (three months and year ended December 31, 2022 - $631 and $345 of income, respectively).

The following table reconciles Dream consolidated FFO and Adjusted Dream Consolidated FFO to net income (loss):

	For the three months ended December 31,		For the year ended December 31,	
(in thousands of dollars)	**2023**	2022	**2023**	2022
Dream consolidated net income (loss)	**$ (81,352)**	$ (51,211)	**$ (117,079)**	$ 164,445
Add/(deduct) financial statement components not included in FFO:				
Fair value changes in investment properties	**29,450**	(15,582)	**57,279**	(31,219)
Fair value changes in financial instruments	**1,138**	59,777	**691**	54,821
Share of (earnings) loss from Dream Office REIT and Dream Residential REIT	**74,824**	29,428	**183,098**	(11,507)
Fair value changes in equity accounted investments	**(6,090)**	521	**(8,261)**	(295)
Adjustments related to Dream Impact Trust units	**(16,312)**	1,879	**(107,427)**	(80,411)
Adjustments related to Impact Fund units	**5,925**	1,485	**3,561**	4,524
Depreciation and amortization	**2,034**	2,378	**8,117**	7,525
Income tax expense (recovery)	**3,795**	(6,314)	**(2,711)**	32,846
Share of Dream Office REIT FFO	**4,424**	5,946	**19,568**	27,886
Share of Dream Residential REIT FFO	**510**	446	**2,191**	1,221
Dream consolidated FFO	**$ 18,346**	$ 28,753	**$ 39,027**	$ 169,836
Less: Net gain on land settlement	**—**	—	**—**	(86,420)
Adjusted Dream consolidated FFO	**$ 18,346**	$ 28,753	**$ 39,027**	$ 83,416

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

An overview of the composition of each operating division and a description of the changes in Dream standalone FFO for the three months and year ended December 31, 2023 is included below:

Asset Management
Asset management includes our asset and development management contracts with the Dream group of companies and management fees from our private asset management business, along with associated costs.

Dream standalone FFO for the division for the three months ended December 31, 2023 increased by $7.3 million from the comparative period primarily from growth in fee-earning assets under management, including our acquisition of Summit Industrial REIT in February 2023 and the timing of development fees recognized based on certain milestones. On a year-to-date basis, Dream standalone FFO increased by $18.0 million from the aforementioned Dream Summit Industrial LP closing, partially offset by a one-time fee earned in 2022 relating to the Dream Residential REIT's initial public offering and higher platform costs to support our growing asset management base.

Dream Group Unit Holdings
Dream group unit holdings includes our proportionate share of funds from operations from our 30.3% effective interest in Dream Office REIT and 11.9% effective interest in Dream Residential REIT, along with distributions from our 34.5% interest in Dream Impact Trust.

Dream standalone FFO for the division in the three months and year ended December 31, 2023 decreased by $2.2 million and $10.7 million, respectively, from 2022 due to a reduction in ownership interest in Dream Office REIT in the second quarter of 2023, lower funds from operations generated by Dream Office REIT primarily driven by higher interest expense and lower net rental income and a reduction in Dream Impact Trust's distribution policy. This was partially offset by the launch of Dream Residential REIT in May 2022 and increased unit holdings in Dream Impact Trust from the settlement of asset management fees and monthly distributions in the form of units.

Stabilized Assets - GTA/Ottawa
Stabilized assets - GTA/Ottawa is comprised of our retail, commercial, hotel and multi-family properties in the GTA and National Capital Region, including the Distillery District and completed buildings at Zibi at our proportionate ownership.

Dream standalone FFO for the division in the three months and year ended December 31, 2023 decreased by $0.1 million and $0.5 million, respectively, from the comparative period. The decrease is primarily driven by increases in project level variable debt, including projects within our equity accounted investment portfolio, partially offset by higher net operating income from improved occupancy rates at Aalto Suites, which achieved over 90% occupancy in 2023 and the launch of Aalto II which began occupancy in the fourth quarter of 2023.

Stabilized Assets - Western Canada
Stabilized assets - Western Canada is comprised of our retail, commercial, recreational and multi-family properties in Alberta and Saskatchewan.

Dream standalone FFO for the division in the three months and year ended December 31, 2023 increased by $0.2 million and $0.6 million, respectively, primarily by higher occupancy across the portfolio, including our 157 rental units in our Brighton community in Saskatoon which commenced occupancy in 2023.

Arapahoe Basin
Arapahoe Basin is our 1,428 acre ski hill located in Dillon, Colorado and features seven distinct mountain areas, with 73% of our terrain rated black or double-black diamond. The hill also features several dining options and a growing number of summer activities.

Dream standalone FFO generated by Arapahoe Basin in the three months and year ended December 31, 2023 decreased by $2.0 million and $6.2 million, respectively, from 2022 primarily due to higher compensation costs and operational costs associated with lower than historical snowfall levels.

Development - GTA/Ottawa
Development - GTA/Ottawa is comprised of our development projects in various planning and construction phases across Toronto and the National Capital Region, including condominium, purpose-built rental and mixed-use developments.

Dream standalone FFO for the division in the three months ended December 31, 2023 increased by $10.5 million primarily driven by condominium occupancies at Riverside Square Phase 2. Dream standalone FFO for the division in the year ended December 31, 2023 decreased by $116.6 million primarily driven by a one-time gain on land settlement of an expropriated property and timing of condominium occupancies in the period. Prior year results included 376 condominium unit occupancies at Canary Commons (188 units at Dream's share).

Development - Western Canada
Development - Western Canada is comprised of our land, housing, multi-family and retail/commercial assets within our master-planned communities in Saskatchewan and Alberta.

Dream standalone FFO for the division in the three months and year ended December 31, 2023 decreased by $32.1 million and $15.1 million, respectively, from 2022 due to 304 fewer lots and 32 less acres sold in 2023. This year we recognized the majority of lot sales in the third quarter, while we recognized most of our 2022 lot sales in the fourth quarter.

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

Corporate & Other
Corporate & other is not considered a separate division and includes general and administrative expenses and interest on our term facility.

Dream standalone FFO in the three months ended December 31, 2023 increased by $7.9 million from prior period. General and administrative expenses includes certain outstanding legal claims and one time compliance costs which were $7.0 million lower than 2022.

Dream standalone FFO in the year ended December 31, 2023 decreased by $1.4 million from 2022, as the aforementioned changes were offset by higher interest on our corporate term facility as well as an increase in non-cash share based compensation costs partially offset by lower one time compliance costs.

Recurring Income

The recurring income segment is comprised of our asset management, stabilized assets and Arapahoe Basin divisions, as described in the "Funds From Operations" section of this MD&A. In addition, this segment includes results from Dream Impact Trust's recurring income business, net of consolidation and fair value adjustments.

Asset management fees, development management services and equity interests in Dream Impact Trust and Dream Impact Fund are eliminated on consolidation. 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.

Dream's assets under management* as of December 31, 2023 was $24 billion (December 31, 2022 – $18 billion), including fee earning assets under management* of approximately $17 billion (December 31, 2022 - $11 billion).

As of December 31, 2023, we held approximately 14.5 million sf of GLA in office and 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)	**2023**	2022	**2023**	2022
Revenue	**$ 57,982**	$ 42,705	**$ 213,343**	$ 167,985
Net operating income*	**25,628**	14,343	**84,802**	63,574
Net margin	**23,299**	11,119	**75,732**	55,116
Net margin (%)*	**40.2%**	26.0%	**35.5%**	32.8%
Fair value changes in investment properties	**$ (27,218)**	$ 16,286	**$ (52,619)**	$ 32,078
Share of earnings (loss) from equity accounted investments	**(64,290)**	(26,176)	**(170,627)**	12,688

Results of Operations
Revenue and net operating income for the three months ended December 31, 2023 were $58.0 million and $25.6 million, respectively, up from $42.7 million and $14.3 million, respectively, in 2022. The increase is primarily attributable to higher fees earned in our asset management business as the fee-earning asset base has grown to $17 billion in 2023 from $11 billion in the comparative year and increases in development fees as a result of completed developments at Zibi. This was partially offset by lower net operating income from Arapahoe Basin due to reduced skier visits in the early season.

Similarly, revenue and net operating income for the year ended December 31, 2023 were $45.4 million and $21.2 million higher, respectively, than the comparative year due to an increase in fees earned by our asset management business, improved occupancy rates at Aalto Suites, which achieved over 90% occupancy in 2023 and the launch of Aalto II which began occupancy in the fourth quarter of 2023.

In the three and twelve months ended December 31, 2023, the Company recognized fair value losses on investment properties of $27.2 million and $52.6 million, respectively, driven by an expansion of cap rates across our portfolio of 6 to 50 basis points over the twelve month period.

Share of earnings (loss) from equity accounted investments for the three months and year ended December 31, 2023 decreased by $38.1 million and $183.3 million, respectively, from the comparative period. The decrease is primarily driven by losses taken on Dream Office units as a result of the sustained decline in market prices. Adjusting for losses from Dream Office units, share of earnings (loss) from equity accounted investments for the three months and year ended December 31, 2023 was $8.6 million and $10.8 million, respectively, up from $3.6 million and $7.1 million in 2022. The increase is attributable to occupancies and fair value gains at Maple House at Canary Landing, which commenced occupancy in September 2023.

Over the next four years, an additional 2,305 apartment units comprising 2.0 million sf of residential gross floor area ("GFA") are expected to be added to our recurring income portfolio (at project level) primarily relating to Canary Landing, Zibi, LeBreton Flats and Western Canada. We continue to focus on increasing our recurring income through growing our asset management business and completing purpose-built rentals within our development pipeline.

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

Development

The development segment is comprised of our development divisions in the GTA, the National Capital Region, Saskatchewan and Alberta. In addition, this segment includes results of Dream Impact Trust's development business, net of consolidation and fair value adjustments.

A large proportion of assets carried within this segment are being developed for sale and are held at cost. These are expected to contribute meaningfully to the Company's earnings in future periods as properties and land are developed and sold. In addition, through our equity ownership in Dream Impact Trust, we have indirect investments in high-quality assets located in the GTA with significant redevelopment potential.

The developments that we hold today do not require a significant amount of equity and are financed primarily through project-specific debt including land loans, construction financing and our Western Canada operating line, providing us with additional financial flexibility. In cases where we are developing investment properties to hold, fair value gains are recognized as key milestones are achieved through the development period over the time frame to stabilization and/or completion.

As at December 31, 2023, our GTA and National Capital Region pipeline across the Dream portfolio is comprised of over 25,500 residential units and approximately 3.9 million sf of commercial/retail GLA.

We currently own approximately 8,900 acres of land in Western Canada, of which 8,300 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, 2023, our Western Canada pipeline across the Dream portfolio is comprised of 397 purpose-built rental units in addition to $146 million in sales commitments secured for 2024 and 2025.

Selected Segment Key Operating Metrics

	For the three months ended December 31,		For the year ended December 31,	
(in thousands of dollars, except lot, acre, house and average selling price per lot, house and acre amounts)	**2023**	2022	**2023**	2022
DIRECTLY OWNED				
Revenue	**$ 49,876**	$ 124,987	**$ 173,604**	$ 175,783
Gross margin	**10,916**	38,711	**40,393**	50,033
Gross margin (%)*	**21.9%**	31.0%	**23.3%**	28.5%
Net margin	**$ 3,081**	$ 32,610	**$ 10,138**	$ 24,019
Net margin (%)*	**6.2%**	26.1%	**5.8%**	13.7%
Condominium occupancy units (project level) - Toronto & Ottawa	**64**	2	**199**	4
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**21**	2	**65**	4
Lots sold - Western Canada	**102**	690	**554**	858
Average selling price per lot - Western Canada	**$ 142,000**	$ 144,000	**$ 153,000**	$ 141,000
Acres sold - Western Canada	**5**	25	**7**	39
Average selling price per acre - Western Canada	**$ 1,065,000**	$ 649,000	**$ 982,000**	$ 600,000
Housing units sold	**26**	20	**101**	74
Average selling price per housing unit	**$ 577,000**	$ 445,000	**$ 502,000**	$ 436,000
EQUITY ACCOUNTED INVESTMENTS				
Share of earnings (loss) from equity accounted investments	**$ (2,505)**	$ 5,980	**$ 5,321**	$ 43,405
Condominium occupancy units (project level) - Toronto	**39**	—	**85**	376
Condominium occupancy units (Dream's share) - Toronto	**3**	—	**11**	188

Results of Operations

In the three months ended December 31, 2023, our development business generated $49.9 million in revenue and net margin of $3.1 million, a decrease of $75.1 million and $29.5 million, respectively, from the comparative period. Results were driven by the timing of lot sales in Western Canada, partially offset by increases in housing and condominium occupancies, including Riverside Square Phase 2.

Included in results for the fourth quarter is $4.0 million relating to the sale of our remaining interest in a non-core condominium building in Saskatoon that was completed in 2017.

In the year ended December 31, 2023, our development business generated $173.6 million in revenue and $10.1 million in net margin, a decrease of $2.2 million and $13.9 million, respectively from the comparative period as the aforementioned condominium occupancies were offset by fewer lot and acre sales.

Results from equity accounted investments in the three months ended December 31, 2023 was a loss of $2.5 million compared to earnings of $6.0 million in the comparative period, due to fair value gains on an investment property under development recognized in the prior period.

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

Earnings from equity accounted investments in the year ended December 31, 2023 were $5.3 million compared to $43.4 million in the comparative period. The comparative period included 376 condominium unit occupancies at Canary Commons (188 units at Dream's share). Current year results include 85 initial occupancies (11 at Dream's share) at Brightwater I in Port Credit.

Our development team remains focused on building out our exceptional development pipeline, including The Mason at Brightwater, Cherry House, Canary House and Birch House at Canary Landing as well as a number of rental developments in Western Canada, which are expected to occupy between 2024 and 2025; 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

Alpine Park

Alpine Park is a 646 acre next-generation greenfield development located along the recently completed Southwest Ring Road in Calgary between downtown and the mountains. With over two decades of ongoing anticipation, Alpine Park broke ground in 2020. The master-planned community is expected to take 15 years for full build out. The community will be home to about 10,000 residents with a variety of home styles. A Village Centre is also planned for Alpine Park which will include a grocery anchor and other curated retailers. Alpine Park will include multi-family residences and apartments, urban plaza spaces and parkland. Occupancies commenced for Alpine Park phase 1 in 2023 and construction continues on Alpine Park phases 2 and 3.

Brightwater

Brightwater, a 72 acre waterfront development in Mississauga's Port Credit area, is expected to transform the site to a complete, vibrant and diverse community, which will include an elementary school, YMCA and 18 acres of parks and outdoor space. The development won the Building Industry and Land Development Association Pinnacle Award in 2020 for Best New Community Planned/Under Development. Occupancy of the first condominium building at Brightwater commenced in the third quarter of 2023 and is expected to be fully occupied by mid-2024.

Canary Landing

Maple House at Canary Landing, the first building in our purpose-built rental community in the West Don Lands neighbourhood commenced occupancy in the third quarter of 2023. Maple House is comprised of 770 rental units, of which 30% are affordable. Construction on Cherry House (West Don Lands Block 3/4/7) is progressing and will comprise of an additional 855 rental units (30% affordable), with initial occupancies planned for 2025. Construction has also commenced on Canary House and Birch House (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 and Quayside developments.

Forma

Designed by visionary architect and Toronto native, Frank Gehry, Forma will consist of two towers and comprise over 2,000 units in Toronto's downtown core. Upon completion, the two towers will stand at 73 and 84 storeys tall and will include seven levels of office space, three levels of retail including a mezzanine, and two levels for the Ontario College of Art and Design University. Construction commenced in the fourth quarter of 2022. We have presold 87% of units in the East Tower.

Quayside

On March 1, 2023, Dream Impact Fund, Dream Impact Trust and Great Gulf Group acquired phase one of the Quayside development site in downtown Toronto. Dream's consolidated interest in the development is 50%, split 37.5%/12.5% between Dream Impact Fund and Dream Impact Trust and Dream holds an indirect interest in the development through our 38% ownership interest in Dream Impact Fund. Waterfront Toronto has approved a project agreement for the development of a 12 acre site at the east end of downtown Toronto's waterfront to build Canada's largest all-electric, net-zero greenhouse gas emissions master-planned community. The community will comprise of approximately 4,600 units, including over 800 affordable housing units and 3.5 acres of public space with a car-free green oasis from Parliament Street to Bonnycastle Street that will connect projects further west towards Jarvis Street.

Zibi

The Zibi 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. We believe that 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 developed the District Energy System, the first post-industrial waste heat recovery system in a master-planned community in North America, which provides net-zero heating and cooling for all tenants, residents and visitors at Zibi. In the year ended December 31, 2023, vertical construction at Zibi continued on all active blocks.

Other Items

Interest Expense

In the three and twelve months ended December 31, 2023, interest expense was $14.9 million and $68.3 million, respectively, compared to $16.2 million and $51.8 million, respectively, in the prior periods.

The decrease in the three months ended December 31, 2023 is primarily due to the repayment of the Western Canada operating line. The increase in interest expense in the year ended December 31, 2023 is primarily due to higher interest rates on project-level variable rate debt and the issuance of the second tranche of Dream Impact Trust's convertible debentures in 2022.

General and Administrative Expenses

In the three and twelve months ended December 31, 2023, general and administrative expenses were $10.2 million and $31.2 million, respectively, compared to $17.7 million and $33.6 million, respectively, in the comparative period. The decrease in general and administrative expenses is primarily due to lower one-time legal costs, partially offset by increased non-cash share-based compensation expense.

Income Tax Expense

The Company's effective income tax rate was 4.9% and 2.3% for the three and twelve months ended December 31, 2023, respectively (three and twelve months ended December 31, 2022 – 11.0% and 16.6%). The effective income tax rate for the year ended December 31, 2023 is different than the statutory combined federal and provincial tax rate of 25.9% 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, 2023.

A summary of our working capital, recurring assets and liabilities, and financial assets and liabilities as at December 31, 2023 and December 31, 2022 is presented below. Project-specific inventory and debt balances in our development segment are excluded from the table below as the proceeds from the sale of inventory fund the repayment of project-specific construction facilities. Please refer to Note 36 of the consolidated financial statements for the Company's full classification of items in the consolidated statements of financial position.

	December 31, 2023				December 31, 2022			
(in thousands of Canadian dollars)	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	$ 60,203	$ —	$ —	**$ 60,203**	$ 47,633	$ —	$ —	$ 47,633
Accounts receivable	188,761	85,280	—	**274,041**	207,363	60,674	—	268,037
Other financial assets[1]	46,886	13,280	—	**60,166**	36,134	45,864	—	81,998
Investment properties within recurring income	—	1,522,148	—	**1,522,148**	—	1,410,271	—	1,410,271
Recreational properties	—	82,898	—	**82,898**	—	80,300	—	80,300
Investment in Dream Office REIT[2]	—	—	379,368	**379,368**	—	—	578,230	578,230
Investment in Dream Residential REIT[2]	—	—	41,371	**41,371**	—	—	45,835	45,835
Subtotal assets	295,850	1,703,606	420,739	**2,420,195**	291,130	1,597,109	624,065	2,512,304
Accounts payable and accrued liabilities	150,123	12,360	70,893	**233,376**	205,929	15,613	46,330	267,872
Income and other taxes payable	79,964	—	—	**79,964**	57,363	—	—	57,363
Provision for real estate development costs	61,069	—	—	**61,069**	74,162	—	—	74,162
Project-specific debt within recurring income	138,758	956,292	—	**1,095,050**	153,144	753,591	—	906,735
Corporate debt facilities	—	291,306	—	**291,306**	41,421	290,410	—	331,831
Dream Impact Trust units	—	—	70,779	**70,779**	—	—	188,385	188,385
Dream Impact Fund units	—	—	113,405	**113,405**	—	—	69,919	69,919
Subtotal liabilities	429,914	1,259,958	255,077	**1,944,949**	532,019	1,059,614	304,634	1,896,267
Net excess (deficiency)	$ (134,064)	$ 443,648	$ 165,662	**$ 475,246**	$ (240,889)	$ 537,495	$ 319,431	$ 616,037

(1) Other financial assets as at December 31, 2023 excludes $39.7 million in project-specific investment holdings (December 31, 2022 – $34.1 million).
(2) The Company's holdings of Dream Office REIT and Dream Residential REIT have been measured at book equity per share as of December 31, 2023 and December 31, 2022. Dream Office REIT and Dream Residential REIT are included in our equity accounted investments. See Note 12 of the Company's consolidated financial statements for the years ended December 31, 2023 and 2022 for further details.

As at December 31, 2023, 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.

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

The Company uses a combination of existing cash, cash generated from operations and unit distributions, corporate debt facilities and project-specific debt to finance its activities. As at December 31, 2023, the Company had $325.1 million in available liquidity*, up from $302.6 million as at December 31, 2022. Available liquidity is comprised of $22.4 million in cash at a standalone corporate level and within wholly-owned projects and $300.2 million available under our revolving credit facilities (December 31, 2022 - $22.0 million and $278.2 million, respectively).

The Company has $224.8 million of debt maturing in 2024, comprising of $104.9 million we expect to be able to refinance or extend, $110.7 million in construction facilities we expect to repay with proceeds from sales, and $9.2 million we expect to repay through operating cash flows. Generally, we expect to increase our available liquidity over the next several years to fund our fixed operating costs and our dividends, to participate in discretionary investments as they arise, and to withstand sudden adverse changes in economic conditions.

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, 2023, on a consolidated basis, we had $60.2 million in cash and cash equivalents (December 31, 2022 – $47.6 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. We anticipate that cash from operations and recurring income will continue to provide the cash necessary to fund operating expenses and debt service requirements for our stabilized income assets.

Consolidated Statements of Cash Flows

The Company's consolidated statement of cash flows is as follows:

	For the three months ended December 31,		For the year ended December 31,	
(in thousands of Canadian dollars)	**2023**	2022	**2023**	2022
Net cash flows provided by (used in) operating activities	**$ 18,054**	$ (39,166)	**$ (82,003)**	$ (79,026)
Net cash flows provided by (used in) investing activities	**(43,392)**	35,795	**(66,821)**	(137,046)
Net cash flows provided by (used in) financing activities	**21,227**	(6,543)	**161,394**	211,141
Change in cash and cash equivalents	**(4,111)**	(9,914)	**12,570**	(4,931)
Cash and cash equivalents, beginning of period	**64,314**	57,547	**47,633**	52,564
Cash and cash equivalents, end of period	**$ 60,203**	$ 47,633	**$ 60,203**	$ 47,633

Operating Activities

Cash flows from operating activities in the three months ended December 31, 2023 totaled $18.1 million compared to cash flows used in operating activities totaled $39.2 million in the prior year. Cash flows used in operating activities in the twelve months ended December 31, 2023 totaled $82.0 million compared to $79.0 million in the prior year. Changes in cash from operating activities are primarily driven by timing of cash collections of our working capital, acquisition activity of land and development spend on condominium, housing and land inventory.

Investing Activities

Cash flows used in investing activities in the three months ended December 31, 2023 totaled $43.4 million, an increase in cash used of $79.2 million. Cash flows used in investing activities in the year ended December 31, 2023 totaled $66.8 million, a decrease in cash used of $70.2 million.

For the three months ended December 31, 2023 cash flows used in investing activities is primarily attributable to development spend on investment properties at Zibi and our multi-family rental buildings in Toronto.

Cash outflows in the year ended December 31, 2023 relate to additions to our investment properties under development, the acquisition of an additional 12.5% interest in the Distillery District, the acquisition of a 50% interest in Quayside and the aforementioned development spend on investment properties, partially offset by proceeds from the sale of 7,032,649 Dream Office REIT units.

Financing Activities

Cash flows from financing activities in the three months and year ended December 31, 2023 increased by $27.8 million and decreased by $49.7 million, respectively, compared to the prior year.

The cash flows from financing in the three months ended December 31, 2023 included increased borrowings on our construction loans and mortgages, partially offset by our share repurchases and dividend payment.

The change in cash inflow from financing activities is primarily due to drawings on our project-level debt facilities in connection with the acquisition of our multi-family properties in 2022, partially offset by an increase in drawings on our construction loans used to develop our investment properties and condominium and housing inventory in the current year.

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

Debt

As at December 31, 2023, debt was $1,810.5 million (December 31, 2022 – $1,612.6 million). A breakdown of project-specific and corporate debt facilities is detailed in the table below.

	Weighted average effective interest rates		Debt amount	
(in thousands of Canadian dollars)	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Project-specific debt				
Operating line - Dream Impact Fund	**7.20%**	6.47%	**$ 10,500**	$ 9,400
Operating line - Western Canada	**n/a**	7.22%	**—**	73,796
Construction loans	**6.18%**	5.78%	**449,540**	328,139
Mortgages and term debt	**4.23%**	4.03%	**1,059,203**	869,405
Total project-specific debt	**4.89%**	4.65%	**1,519,243**	1,280,740
Corporate debt facilities				
Non-revolving term facility	**5.51%**	5.59%	**223,769**	223,128
Operating line - Dream Impact Trust	**n/a**	6.97%	**—**	41,421
Convertible debentures (host instruments) - Dream Impact Trust	**6.10%**	6.12%	**67,530**	66,833
Convertible debentures (conversion features) - Dream Impact Trust	**n/a**	n/a	**7**	449
Total corporate debt facilities	**5.65%**	5.77%	**291,306**	331,831
Total debt	**5.02%**	4.89%	**$ 1,810,549**	$ 1,612,571

As at December 31, 2023, $1,370.6 million (December 31, 2022 – $935.3 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 4.15% (December 31, 2022 – 3.61%) and will mature between 2024 and 2052. A further $440.0 million (December 31, 2022 – $677.3 million) of real estate debt was subject to a weighted average variable interest rate of7.71% (December 31, 2022 – 6.61%) and will mature between 2024 and 2026. Included within total debt is $465.2 million (December 31, 2022 – $340.6 million) of variable debt that the Company has hedged through fixed interest rate swaps. All of the Company's interest rate swaps are being used to mitigate risk of rising interest rates and have been accounted for using hedge accounting.

Contractual Obligations

Our liquidity is impacted by contractual debt commitments as follows:

	2024	2025	2026	2027	2028 and thereafter	**Total**
Project-specific debt[1]	$ 224,763	$ 350,339	$ 168,428	$ 292,815	$ 482,899	**$ 1,519,244**
Corporate debt facilities[1]	—	—	223,769	29,372	38,164	**291,305**
Leases	1,462	1,078	918	891	5,739	**10,088**
	$ 226,225	$ 351,417	$ 393,115	$ 323,078	$ 526,802	**$ 1,820,637**

[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, 2023, there were 40,682,688 Subordinate Voting Shares and 1,557,322 Class B Shares outstanding (December 31, 2022 - 41,030,346 Subordinate Voting Shares and 1,557,356 Class B Shares).

As at February 21, 2024, there were 40,518,488 Subordinate Voting Shares, 1,557,322 Class B Shares, 810,845 stock options, 849,317 performance share units, 432,811 restricted share units and 343,891 deferred share units outstanding.

Including the Subordinate Voting Shares of Dream and Class B Shares held or controlled directly or indirectly, the Company's President and Chief Responsible Officer ("CRO") owned an approximate 50% economic interest and 88% voting interest in the Company as at December 31, 2023.

Share Repurchases

The Company renewed its Normal Course Issuer Bid ("NCIB"), which commenced on September 21, 2023, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,223,383 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 8,986 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, 2024.

In the year ended December 31, 2023, 0.6 million Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $19.28 (year ended December 31, 2022 – 0.4 million Subordinate Voting Shares at an average price of $39.53).

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 32 of the consolidated financial statements for the year ended December 31, 2023, which is incorporated by reference into this MD&A.

Transactions with Related Parties

The Company has agreements for services and transactions with related parties, which are discussed and outlined in Note 33 of our financial statements for the year ended December 31, 2023, which is incorporated by reference into this MD&A.

Dream Industrial REIT

In the years ended December 31, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

	For the three months ended December 31,		For the year ended December 31,	
	2023	2022	**2023**	2022
Asset management fees charged by Dream[1]	**$ 6,076**	$ 5,281	**$ 25,930**	$ 21,146
Cost recoveries charged by Dream	**412**	243	**1,767**	1,428

[1] Included in asset management fees charged to Dream Industrial REIT for the years ended December 31, 2023 and 2022 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 $6,505 (December 31, 2022 - $5,593).

Dream Office REIT

Amounts earned/recovered under the shared services and property management agreements with Dream Office REIT during the years ended December 31, 2023 and 2022 are as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2023	2022	**2023**	2022
Cost recoveries charged by Dream to Dream Office REIT	**$ 539**	$ 417	**$ 1,867**	$ 1,626
Cost recoveries charged by Dream Office REIT to Dream	**3,265**	2,998	**12,055**	11,407
Cost recoveries charged by Dream Office REIT to Dream Impact Trust	**633**	683	**2,551**	2,585
Fees charged by Dream to Dream Office REIT	**359**	595	**1,795**	2,367
Fees charged by Dream Office REIT to Dream	**135**	133	**426**	409
Fees charged by Dream Office REIT to Dream Impact Trust	**231**	278	**939**	1,032

The amount owing to Dream Office REIT as of December 31, 2023 was $416 (December 31, 2022 – owing to Dream Office REIT $566).

Dream Residential REIT

In the years ended December 31, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Residential REIT:

	For the three months ended December 31,		For the year ended December 31,	
	2023	2022	**2023**	2022
Asset management fees charged by Dream[1]	**$ 288**	$ 295	**$ 1,071**	$ 642
Advisory fees charged by Dream	**—**	—	**—**	2,834
Cost recoveries charged by Dream	**48**	170	**281**	278

[1] Included in asset management fees charged to Dream Residential REIT for the years ended December 31, 2023 and 2022 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Residential REIT related to asset management agreements and cost sharing agreements of $332 (December 31, 2022 - $423).

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, 2023, which is incorporated by reference into this MD&A.

Changes in Accounting Policies and Disclosures and Future Accounting Policy Changes

A detailed summary of the most significant accounting policies and disclosures made by management in the preparation and analysis of our financial results is included in Note 3 of our consolidated financial statements for the year ended December 31, 2023, which is incorporated by reference into this MD&A.

Internal Control over Financial Reporting

As at December 31, 2023, 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, 2023, 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, 2023.

There were no changes in the Company’s internal control over financial reporting in the year ended December 31, 2023 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.

In addition to the risks and uncertainties described below, please also refer to our Annual Report for the year ended December 31, 2023 and our most recent Annual Information Form filed on SEDAR+ (www.sedarplus.com) under the Company's profile for a discussion on risks and uncertainties applicable to the Company. For a discussion of the risks and uncertainties identified specific to Dream Impact Trust, please refer to the Annual Report for the year ended December 31, 2023 and the most recent Annual Information Form filed by Dream Impact Trust on SEDAR+ under Dream Impact Trust's profile.

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, construction delays, potential delays in occupancy and/or rent commencement and other 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.

The Company's and the other Dream Entities' assets may include interests in real estate under construction or held for development. We may commit to making further investments in respect of our interest in these types of properties, including through the provision of construction and completion guarantees by the co-owners to project lenders or otherwise. Our involvement in such development activity is subject to related risks that include: (i) construction or other unforeseen delays including municipal approvals; (ii) the potential insolvency of a developer; (iii) the developer's failure to use advanced funds in payment of construction costs; (iv) construction or unanticipated delays; (v) incurring construction costs before ensuring rental revenues will be earned from a project; (vi) cost overruns on a project; and (vii) the failure of purchasers to close on purchase transactions or the failure of tenants to occupy and pay rent in accordance with lease arrangements. Such risks are minimized, but not avoided, by generally not commencing construction until satisfactory levels of preleasing or sales, as applicable, are achieved. Dream also seeks to undertake such projects with other established developers. In addition, Dream uses a staggered approach in its development program to avoid unnecessary concentration of development projects in a single period of time so as to manage our development risk exposure and properly allocate our capital and personnel resources.

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.

Permitting

Our development of real estate projects is subject to various regulations requiring us to obtain building permits and other authorizations. We may be unable to obtain or face significant delays in obtaining such permits or authorizations, which could result in increased development costs or the cancellation of parts or entire projects.

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 and rental building industry is highly competitive. Residential home and condominium and rental builders compete for buyers, desirable properties, building materials, labour and capital. We compete with other local, regional and national builders. 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 residential home and condominium and rental building industries 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. Under most of our joint venture arrangements the Company has the discretion to elect to continue or discontinue funding of such joint venture activities at various points in time; however, under certain of the Company's joint venture arrangements, a decision to discontinue funding may result in penalties against non-funding investors, such as dilution or above market interest rates. Should the Company determine to discontinue the funding of any such joint venture, the value of the Company's investment may be adversely affected.

Our co-venturers/partners may, at any time, have economic or business interests inconsistent with ours and we may be required to take actions that are in the interest of the partners collectively, but not in the 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. In addition, we face the risk that any interests that we directly or indirectly hold in any joint venture may be diluted in the event that additional capital is required from the partners of the joint venture and we are, or the entity holding such interests is, unable to participate in such capital raise. We cannot guarantee that we nor any entity in which we hold an interest will be able to access sufficient capital to perform any obligations in connection with any joint venture commitments.

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.

Expropriation Risk

We are subject to laws and regulations governing the ownership and leasing of real property and are subject to the possibility that our assets may be expropriated. Should any assets that we hold for development or other assets be expropriated, there is a risk that we may not realize the profit that we expected upon planning the development, sale or lease of such asset. Expropriation of our assets may also affect the value of any assets that we have in physical proximity to the expropriated asset, including as a result of disruption of our community planning initiatives. These factors may have adverse effects on our business and may negatively impact our expected development project and other returns.

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, 2023, 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. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as our ability to realize our anticipated growth opportunities and synergies from our newly acquired investments. Integrating acquired investments and businesses also involves a number of risks that could materially and adversely affect our business, including: (i) failure of the acquired investment or businesses to achieve expected results; (ii) risks relating to the integration of the acquired investment or businesses and the retention and integration of key personnel relating to the acquired investment or businesses; and (iii) the risk that major tenants or clients of the acquired investment or businesses may not be retained.

Notwithstanding pre-acquisition due diligence, it is not possible to fully understand a property before it is owned and operated for an extended period of time and there may be undisclosed or unknown liabilities concerning the acquired properties. The Company may not be indemnified for some or all of these liabilities. To mitigate this risk, we conduct an appropriate level of due diligence and investigation in connection with acquisition of properties and seek, through contractual arrangements, to ensure that risks lie with the appropriate party. For example, we could directly or indirectly acquire a property that contains undisclosed environmental contamination. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. Thus, we could have overlooked or misjudged legal and/or economic liabilities. These circumstances could lead to additional costs and could have a material adverse effect on our proceeds from sales and development or rental income of the relevant properties, for which we may not be entitled to any recourse against the vendor, and any contractual, legal, insurance or other remedies may be insufficient. In addition, after the acquisition of a property by us, the market in which the acquired property is located may experience unexpected changes that materially adversely affect the property’s value. For these reasons, among others, our property acquisitions may cause us to experience significant losses. The occupancy of rental properties that we acquire may decline during our ownership, and rents that are in effect at the time a rental property is acquired may decline thereafter. For these reasons, among others, our property acquisitions may cause us to experience significant losses. If we are unable to manage our growth and integrate our acquisitions effectively, our investments, operating results and financial condition could be materially adversely affected.

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.

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

The revenue properties in the various Dream Entities' investment portfolios 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. The Dream Entities' income and cash flows 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 any particular property could not be leased on economically favourable lease terms. In the event of default by a tenant, they may experience delays or limitations in enforcing their rights as lessor and incur substantial costs in protecting their investments. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to the other Dream Entities that may adversely affect the asset management revenue or distributions we receive from the other Dream Entities.

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. In addition, multi-family rental properties are subject to rent control legislation in Ontario. The legislation in various degrees imposes restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or requires the landlord to give tenants sufficient notice prior to an increase in rent, or restricts the frequency of rent increases permitted during the year. The lack of availability of affordable housing and related housing policy and regulations is continuing to increase in prominence as a topic of concern at the various levels of government. The Company may be exposed to the risk of the implementation of, or amendments to, existing legislative rent controls in the markets in which it operates, which may have an adverse impact on our operations and we may incur costs that will not be fully recoverable from rents charged to tenants. Multi-family rental business risk may result in a significant loss of earnings to the Company; however, to mitigate these risks, the Company portfolio includes well located and professionally managed properties.

Sales Risks
Home and condominium buyers typically finance their home or condominium acquisitions through lenders providing mortgage financing. Increases in mortgage rates or decreases in the availability of mortgage financing could depress the market for new condominiums because of the increased monthly mortgage costs to potential buyers. In addition, increases in mortgage rates and other economic factors may negatively impact the capacity of prospective buyers to close on the acquisition of our units, resulting in buyers defaulting on their purchase agreements and providing us with a gain limited to the purchase agreement deposit. In such cases, we face the risk that we may need to sell the units at lower prices than expected, and that the deposit that we withheld from any defaulting buyers will not cover the loss in sales price of such units. Even if potential customers do not need financing, changes in mortgage interest rates and mortgage availability could make it harder for them to sell their existing homes to potential buyers who need financing, which would result in reduced demand for new homes. As a result, rising mortgage rates and reduced mortgage availability could adversely affect the Company's ability to sell new condominiums and the price at which it can sell them.

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.

In addition, certain private funds that operate in the United States in which we hold interests are registered with the Securities and Exchange Commission ("SEC"), and are therefore subject to the regulations of the SEC. Any failure of such private funds to adhere to or abide by such applicable securities regulations may result in fines or other enforcement action by the SEC, which could result in significant financial and reputational costs for such funds and adversely affect the value of our investment in such funds.

Environmental and Climate Change Risks
As an owner of real property, we are subject to various federal, provincial or state, and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous substances. The presence of such substances, if any, could adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental audit to be conducted. Although such an audit provides us and our lenders with some assurance, we may become subject to liability 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 have formal policies and procedures to review and monitor environmental exposure. In 2021, we became an official supporter of the Task Force on Climate-related Financial Disclosures ("TCFD"), and will develop a plan to systematically assess climate change-related risk around the four TCFD core reporting areas, being governance, strategy, risk management, and metrics and targets.

Climate change continues to attract the focus of governments, investors, and the general public as an important threat, given that the emission of greenhouse gases and other activities continue to negatively impact the planet. We face the risk that our properties or tenants 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 or our tenants 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 or tenants 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 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. Termination 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 ability to successfully expand asset management activities 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.

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 termination could have a material adverse effect on our revenue from management fees.

Loans Receivable 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 loans receivable 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 participation 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

Interest Rate Risk

When negotiating or amending and extending financing agreements and instruments, we depend on our ability to agree on terms, including in respect of interest payments and amortization. In addition, we have entered into, and we may continue to enter into, financing agreements with variable interest rates. There is a risk that interest rates will continue to increase. To the extent the Company utilizes variable rate debt, this will result in fluctuations in our cost of borrowing and further increases in interest rates could result in a significant increase in the amount paid by us to service debt that could materially adversely affect our cash flows.

We have entered into certain interest rate hedging arrangements to mitigate the impact of rising interest rates on our business, including project-level debt in our equity accounted investments, which under IFRS, is not explicitly consolidated on our balance sheet. Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties default on their obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on the Company's cost of borrowing on variable rate loans. Our obligations under hedging arrangements may be secured by all or a portion of our assets or cash, the value of which generally must cover the fair value of the transactions outstanding under the facility by some multiple. If we are unable to provide adequate security to support hedging arrangements, the Company will remain exposed to interest rate fluctuations. We may from time to time implement other hedging programs in order to offset the risk of revenue losses and to provide more certainty on our cash flows, should current variable interest rates increase. However, to the extent that we fail to adequately manage these risks, our financial results and our ability to make interest payments under future financings may be adversely affected. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by financial institutions, could have a material adverse effect on our ability to sell any of our investments.

Financing Risk

Ownership of certain of our assets and the industries in which we operate are capital intensive. We will require access to capital to ensure properties are maintained, as well as to fund our growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. Our access to third-party financing will be subject to a number of factors, including general market conditions, the market's perception of our growth potential, our current and expected future earnings and our cash flows and dividends and cash interest payments, and the market price of our shares. Upon the expiry of the term of the financing of any particular property, refinancing may not be available or may not be available on reasonable terms. Our failure to access required capital and access such capital on favourable terms could materially adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the shares and our ability to implement our growth strategy.

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

Liquidity Risk

Our ability to meet our financial obligations as they become due represents our exposure to liquidity risk. Our principal liquidity needs 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. As at December 31, 2023, there were adequate resources to address the Company's short-term liquidity requirements.

Our ability to meet our future obligations may be impacted by the liquidity risk associated with receiving repayments of our loans, distributions from equity accounted investments, amounts receivable and other deposits, and cash equivalents on time and in full and the realization of fair value on any disposition of our non-core properties and investments. If we are unable to meet our obligations as they come due or otherwise renegotiate such obligations, our ability to continue as a going concern may be adversely affected.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. In recent years, the level of transaction activity and general liquidity in the Company's primary markets has decreased considerably. Such illiquidity may limit our ability to vary our portfolio promptly in response to changing economic or investment conditions and may impact our ability to successfully execute on our business strategies. If we were required to liquidate our real property investments, the proceeds to us might be significantly less than the aggregate carrying value of our properties.

Management manages liquidity risk by monitoring actual and projected cash flows and liquidity requirements of the Company. Management seeks to ensure that it has sufficient cash to meet operational needs by maintaining sufficient cash, ensuring availability under its credit facilities and its ability to lease out vacant properties. The Company mitigates liquidity risk by staggering the maturity date of its borrowing, maintaining borrowing relationships with different lenders and maintaining sufficient availability on its credit facilities. The failure of the Company to adequately manage its liquidity risk could have an adverse effect on our financial condition and results of operation and decrease the amount of cash available for distribution to shareholders and cause the price of our Subordinate Voting Shares to decrease.

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.

Financial Covenants

Our credit facilities and other financial instruments contain customary covenants and conditions, including, among others, compliance with various financial ratios and restrictions upon the incurrence of additional indebtedness and liens on our properties. These covenants may limit our flexibility in conducting our operations. Furthermore, the terms of some of this indebtedness may adversely affect our ability to consummate transactions that result in a change of control. Existing mortgages may also contain customary negative covenants such as those that limit our or our affiliates' ability, without the prior consent of the lender, to further mortgage the applicable property. If we or our affiliates were to breach covenants in these debt agreements, the lender could declare a default and require us to repay the debt immediately. If we fail to make such repayment in a timely manner, the lender may be entitled to take possession of any property securing the loan. If the lenders declared a default under our credit facilities, all amounts outstanding thereunder would become due and payable and our ability to borrow in future periods could be restricted. In addition, any such default on indebtedness in

excess of a stipulated amount, unless waived, could constitute a default under other facilities or financial instruments, giving rise to the acceleration of such indebtedness.

Other Applicable Risks

Economic Environment

Uncertainty over whether the economy will be adversely affected by inflation or stagflation, and the systemic impact of volatile energy costs and geopolitical issues, may contribute to increased market volatility. Such economic uncertainties and market challenges, which may result from a continued or exacerbated general economic slowdown, and their effects could materially and adversely affect the Company's ability to generate revenues, thereby reducing its earnings. A difficult operating environment could also have a material adverse effect on the ability of the Company to maintain occupancy rates at its properties, which could harm the Company's financial condition. Under such economic conditions, the Company's tenants may be unable to meet their rental payments and other obligations due to the Company, which could have a material adverse effect on the Company's financial position.

Increased inflation could have a more pronounced negative impact on any variable rate debt the Company is subject to or incurs in the future and on its results of operations. Similarly, during periods of high inflation, annual rent increases may be less than the rate of inflation on a continual basis. Substantial inflationary pressures and increased costs may have an adverse impact on the Company's tenants if increases in their operating expenses exceed increases in revenue. This may adversely affect the tenants' ability to pay rent, which could negatively affect the Company's financial condition.

The Company is also subject to the risk that if the real estate market ceases to attract the same level of capital investment in the future that it attracts at the time of its real estate purchases, or the number of investors seeking to acquire properties decreases, the value of the Company's investments may not appreciate or may depreciate. Accordingly, the Company's operations and financial condition could be materially and adversely affected to the extent that an economic slowdown or downturn occurs, is prolonged or becomes more severe.

Public Health Risk

Public health crises, pandemics and epidemics, such as those caused by new strains of viruses such as the novel coronavirus ("COVID-19"), could 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. Public health crises, pandemics and epidemics may also increase the volatility in financial markets and impact debt and equity markets, which could affect our ability to access capital. All of these factors may have a material adverse effect on our business, results of operations and our ability to make cash distributions to unitholders.

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 cyber attacks. However, we may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could have severe financial and other business implications.

Tax Risk

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

The determination of our 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 that we believe 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.

Certain proposed amendments to the Tax Act would have the effect of denying the deductibility of net interest expense and financing expenses in certain circumstances, including the computation of taxable income by a corporation, partnership or a trust. If these proposed amendments are enacted as proposed, the amount of interest and finance expenses deductible by the Company and subsidiaries owned by the Company may be reduced and/or the

Company and subsidiaries owned by the Company may be required to include in its income its share of denied net interest and financing expenses of its subsidiary partnerships.

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 deployed its capital into impact investment opportunities that are aligned with Dream Impact Trust’s three impact verticals. Dream Impact Trust's ability to achieve its impact investment objectives will be dependent on its ability to successfully identify and realize investment opportunities that align with its investment framework. There can be no assurance that Dream Impact Trust will achieve these objectives or that its impact investments or developments will generate positive returns in a timely manner. In addition, Dream Impact Trust has implemented its own impact investing framework, which it believes is 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

Adverse Canadian, U.S., European and global market, economic and political conditions, including dislocations and volatility in credit markets and general global economic uncertainty, unexpected geopolitical events, including disputes between nations, war, terrorism or other acts of violence, and international sanctions, 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.

Continued concerns about the uncertainty over whether the economy will be adversely affected by geopolitical events may contribute to increased market volatility and weakened business and consumer confidence. The occurrence of war or hostilities between countries, including the conflict between Russia and Ukraine, or threat of terrorist activities and the responses to and results of these activities, could adversely impact the Company, its facilities, the financial markets and general economic conditions. In response to the conflict between Russia and Ukraine, countries in which we operate have implemented economic sanctions against Russia and may impose further sanctions or other restrictive actions against governmental or other entities in Russia or elsewhere. Any of the above factors, including sanctions and other governmental actions, could affect the financial condition of our tenants and

may have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Subordinate Voting Shares to decline.

Competition for Investment Opportunities

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

Ability to Source Suitable Investments

Our strategy involves investing in,and sourcing for our asset management clients, suitable investment opportunities, pursuing such opportunities, consummating investments and, in the case of real estate property, and renewable power projects effectively operating and leasing such properties and assets. There can be no assurance as to the pace of growth through investments and/or acquisitions or that we or the other Dream Entities will be able to acquire assets on an accretive basis, which could adversely impact our financial performance. There can be no assurance that we will be able to find attractive opportunities toward which to deploy capital or the proceeds of dispositions, or that we will be able to replace the revenue from disposed investments with revenue from newly acquired investments on satisfactory terms.

Acquisitions are subject to commercial risks and satisfaction of closing conditions. Such acquisitions may not be completed or, if completed, may not be on terms that are as favourable as initially negotiated. In the event that we do not complete an announced acquisition, it may have an adverse effect on our operating results.

Market Price of Shares

The trading price of our Subordinate Voting Shares in the open market is subject to volatility and cannot be predicted. Our shareholders may not be able to resell their Subordinate Voting Shares at or above the price at which they purchased their Subordinate Voting Shares due to such trading price fluctuations. The trading price could fluctuate significantly in response to factors both related and unrelated to our operating performance and/or future prospects, including, but not limited to: (i) variations in our quarterly or annual operating results and financial condition; (ii) changes in government laws, rules or regulations affecting our businesses; (iii) material announcements by our competitors; (iv) market conditions and events specific to the industries in which we operate; (v) changes in general economic conditions; (vi) differences between our actual financial and operating results and those expected by investors and analysts; (vii) changes in analysts' recommendations or earnings projections; (viii) changes in the extent of analysts' interest in covering the Company; (ix) the depth and liquidity of the market for our shares; (x) dilution from the issuance of additional equity; (xi) investor perception of our businesses and industries; (xii) investment restrictions; (xiii) our dividend policy; (xiv) the departure of key executives; (xv) sales of Subordinate Voting Shares by senior management or significant shareholders; and (xvi) the materialization of other risks described in this section.

Dividends

The payment of dividends is dependent on cash flows of the business and subject to change. Whether Dream will pay dividends on its shares, and the timing and amount of those dividends, will be subject to approval and declaration by the Board, and will depend on a variety of factors, including the projected earnings and cash flow, cash requirements and financial condition of Dream and other factors deemed relevant by the Board. Although we intend to make and pay dividends in accordance with our policies, there can be no assurance that Dream will be in position to pay dividends in the future.

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 and fluctuation of development, asset management and other management fees, and fees related to development activities and partnerships, in future periods; our development and redevelopment plans and proposals for current and future projects, including the quality of our assets, projected sizes, density, timelines, uses and tenants; the redevelopment potential of our assets and the assets held by 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; our expectation that recurring income will increase in the future, including as development properties are completed and held for the long term, and the future composition of our recurring income portfolio; our intention of investing to grow our platform; expected benefits from recurring income and developments, including stability and financial flexibility; 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 segment over the next three years, total units at completion, square footage, residential GFA, rental, commercial and retail GLA, occupancy/stabilization dates, sustainability features, and future GLA under development and other project features; our expectation that we will add 2,305 apartment units comprising 2.0 million square feet of residential GFA to our recurring income portfolio over the next four years; expectations regarding our development plans (including occupancy status) for Alpine Park, Zibi, Riverside Square, Canary Landing, Canary District, LeBreton, Brightwater, Maple House, Quayside and Forma projects, as well as other projects; Quayside becoming Canada's largest all-electric, zero-carbon master-planned community; the approval of our master-planned communities; our acquisition and development pipeline, including in respect of the Dream group of companies; our ability to monitor

and adjust our inventory levels and development projects based on market conditions; our capital management objectives; our ability to mitigate certain risks; Dream's intention to hold stabilized income properties in core markets and expectations that such assets will grow over time; Dream's ability to source, structure and execute investment opportunities; the goal of improving Dream's business' safety, value and earnings quality; expectations regarding our sustainability and impact targets, including in respect of characteristics of our projects and affordable units; Zibi's sustainability and it becoming the first One Planet Master-Planned community in Canada; expectations regarding the sale of assets, including assets being developed for sale; our expected sources of funding of current liabilities, including the sale of assets including Arapahoe Basin, and of short-term liquidity requirements, including through cash on hand, cash from operating activities, working capital reserves and operating debt facilities; Dream's ability to maintain a conservative debt level; expected sources of funding for maturing debt; our anticipation that cash from operations and recurring income will provide cash needed to fund 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. There can be no assurance that actual results will be consistent with these forward-looking statements. 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 will receive the licenses, permits or approvals necessary in connection with our projects; our expectations regarding the impact of the COVID-19 pandemic and government measures 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 will 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, general economic and business conditions remaining in line with expectations, including low unemployment, interest rates and inflation remaining in line with management expectations, 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 GTA and Western Canada land, commercial 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; inflation or stagflation; 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; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, terrorism or other acts of violence, international sanctions and the disruption of movement of goods and services across jurisdictions; risks related to a potential economic slowdown in certain of the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates; employment levels; regulatory risks, mortgage and interest 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 21, 2024. 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, 2023
	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1] and Dream standalone adjustments[1]	**Dream standalone[1]**
Assets							
Cash and cash equivalents	$ 33,506	$ 20,214	$ 6,483	**$ 60,203**	$ 6,176	$ 4,043	**$ 49,984**
Accounts receivable	46,168	221,227	6,646	**274,041**	3,710	(33,606)	**303,937**
Other financial assets[2]	60,033	37,550	2,239	**99,822**	18,250	43,791	**37,781**
Housing inventory	—	52,747	—	**52,747**	—	—	**52,747**
Condominium inventory	—	383,829	—	**383,829**	—	33,439	**350,390**
Land inventory	221	458,330	—	**458,551**	—	—	**458,551**
Investment properties	1,522,148	197,024	—	**1,719,172**	278,980	726,840	**713,352**
Recreational properties	82,898	—	—	**82,898**	—	—	**82,898**
Equity accounted investments	395,295	275,735	—	**671,030**	387,027	177,364	**106,639**
Capital and other operating assets	9,608	51,663	11,958	**73,229**	3,717	9,748	**59,764**
Intangible asset	—	—	—	**—**	—	(43,000)	**43,000**
Dream Group Holdings[3]	—	—	—	**—**	—	(368,577)	**368,577**
Total assets	$ 2,149,877	$ 1,698,319	$ 27,326	**$ 3,875,522**	$ 697,860	$ 550,042	**$ 2,627,620**
Liabilities							
Accounts payable and other liabilities	$ 63,144	$ 159,071	$ 11,161	**$ 233,376**	$ 8,713	$ 16,701	**$ 207,962**
Income and other taxes payable[4]	—	—	79,964	**79,964**	—	—	**79,964**
Provision for real estate development costs	17	61,052	—	**61,069**	—	(946)	**62,015**
Debt	1,097,068	422,175	291,306	**1,810,549**	270,114	564,385	**976,050**
Dream Impact Trust units[4]	—	—	70,779	**70,779**	—	70,779	**—**
Dream Impact Fund units[4]	—	—	113,405	**113,405**	—	113,405	**—**
Deferred income taxes[4]	—	—	102,321	**102,321**	(9,624)	30,961	**80,984**
Total liabilities	$ 1,160,229	$ 642,298	$ 668,936	**$ 2,471,463**	$ 269,203	$ 795,285	**$ 1,406,975**
Total equity	$ 989,648	$ 1,056,021	$ (641,610)	**$ 1,404,059**	$ 428,657	$ (245,243)	**$ 1,220,645**

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

(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $104.8 million, which is eliminated on a consolidated basis.

(3) Dream Group Holdings contains investments in Dream Impact Trust, Dream Office REIT and Dream Residential REIT. The earnings (loss) is presented under share of earnings (loss) from equity accounted investments on the consolidated statement of earnings.

(4) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

December 31, 2022

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1] and Dream standalone adjustments[1]	Dream standalone[1]
Assets							
Cash and cash equivalents	$ 27,739	$ 15,270	$ 4,624	$ 47,633	$ 2,244	$ 15,087	$ 30,302
Accounts receivable	26,436	233,564	8,037	268,037	3,353	(32,708)	297,392
Other financial assets[2]	52,229	59,055	4,854	116,138	21,230	37,516	57,392
Housing inventory	—	48,146	—	48,146	—	—	48,146
Condominium inventory	—	346,979	—	346,979	—	13,197	333,782
Land inventory	206	469,942	—	470,148	—	—	470,148
Investment properties	1,410,271	148,240	—	1,558,511	304,830	597,292	656,389
Recreational properties	80,300	—	—	80,300	—	—	80,300
Equity accounted investments	644,700	317,037	—	961,737	386,111	489,105	86,521
Capital and other operating assets	16,259	31,390	11,216	58,865	6,401	(3,719)	56,183
Intangible asset	—	—	—	—	—	(43,000)	43,000
Dream Group Holdings	—	—	—	—	—	(673,459)	673,459
Total assets	$ 2,258,140	$ 1,669,623	$ 28,731	$ 3,956,494	$ 724,169	$ 399,311	$ 2,833,014
Liabilities							
Accounts payable and other liabilities	$ 64,506	$ 175,463	$ 27,903	$ 267,872	$ 18,980	$ (58,074)	$ 306,966
Income and other taxes payable[3]	—	—	57,363	57,363	—	—	57,363
Provision for real estate development costs	262	73,900	—	74,162	—	(731)	74,893
Debt	916,137	364,603	331,831	1,612,571	220,889	526,499	865,183
Dream Impact Trust units[3]	—	—	188,385	188,385	—	188,385	—
Dream Impact Fund units[3]	—	—	69,919	69,919	—	69,919	—
Deferred income taxes[3]	—	—	132,530	132,530	5,568	10,587	116,375
Total liabilities	$ 980,905	$ 613,966	$ 807,931	$ 2,402,802	$ 245,437	$ 736,585	$ 1,420,780
Total equity	$ 1,277,235	$ 1,055,657	$ (779,200)	$ 1,553,692	$ 478,732	$ (337,274)	$ 1,412,234

(1) Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for the definition of Dream Impact Trust and consolidation and fair value adjustments, Dream standalone adjustments and Dream standalone, which are non-GAAP financial measures.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $98.0 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.
(4) Dream Group Holdings contains investments in Dream Impact Trust, Dream Office REIT and Dream Residential REIT. The earnings (loss) is presented under share of earnings (loss) from equity accounted investments on the consolidated statement of earnings.

Segmented Statement of Earnings

For the three months ended December 31, 2023

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1] and Dream standalone adjustments[1]	**Dream standalone[1]**
Revenue	$ 57,982	$ 49,876	$ —	**$ 107,858**	$ 5,026	$ 4,359	**$ 98,473**
Direct operating costs	(32,354)	(38,960)	—	**(71,314)**	(2,635)	(2,615)	**(66,064)**
Gross margin	25,628	10,916	—	**36,544**	2,391	1,744	**32,409**
Selling, marketing, depreciation and other operating costs	(2,329)	(7,835)	—	**(10,164)**	—	259	**(10,423)**
Net margin	23,299	3,081	—	**26,380**	2,391	2,003	**21,986**
Fair value changes in investment properties	(27,218)	(2,232)	—	**(29,450)**	(11,015)	(14,556)	**(3,879)**
Investment and other income	393	8,361	(527)	**8,227**	134	(141)	**8,234**
Interest expense	(9,934)	(607)	(4,379)	**(14,920)**	(4,150)	(2,686)	**(8,084)**
Fair value changes in financial instruments	—	(1,133)	(5)	**(1,138)**	(1,138)	—	**—**
Share of earnings from equity accounted investments	(64,290)	(2,505)	—	**(66,795)**	(10,432)	25,008	**(81,371)**
Net segment earnings (loss)	(77,750)	4,965	(4,911)	**(77,696)**	(24,210)	9,628	**(63,114)**
General and administrative expenses[2]	—	—	(10,248)	**(10,248)**	(1,249)	973	**(9,972)**
Adjustments related to Dream Impact Trust units[2]	—	—	16,312	**16,312**	—	16,312	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	(5,925)	**(5,925)**	—	(5,925)	**—**
Income tax (expense) recovery[2]	—	—	(3,795)	**(3,795)**	5,753	(12,295)	**2,747**
Net earnings (loss)	$ (77,750)	$ 4,965	$ (8,567)	**$ (81,352)**	$ (19,706)	$ 8,693	**$ (70,339)**

For the three months ended December 31, 2022

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1] and Dream standalone adjustments[1]	Dream standalone[1]
Revenue	$ 42,705	$ 124,987	$ —	$ 167,692	$ 4,689	$ 5,269	$ 157,734
Direct operating costs	(28,362)	(86,276)	—	(114,638)	(2,290)	(2,822)	(109,526)
Gross margin	14,343	38,711	—	53,054	2,399	2,447	48,208
Selling, marketing, depreciation and other operating costs	(3,224)	(6,101)	—	(9,325)	—	(1,713)	(7,612)
Net margin	11,119	32,610	—	43,729	2,399	734	40,596
Fair value changes in investment properties	16,286	(704)	—	15,582	11,545	2,864	1,173
Investment and other income	(1,066)	2,084	(554)	464	40	(5,169)	5,593
Interest expense	(9,385)	(1,766)	(5,096)	(16,247)	(3,092)	(4,278)	(8,879)
Fair value changes in financial instruments	—	(59,673)	(104)	(59,777)	(60,455)	678	—
Share of earnings (loss) from equity accounted investments	(26,176)	5,980	—	(20,196)	5,938	7,226	(33,360)
Net segment earnings (loss)	(9,222)	(21,469)	(5,754)	(36,445)	(43,625)	2,055	5,123
General and administrative expenses[2]	—	—	(17,716)	(17,716)	(2,946)	1,817	(16,585)
Adjustments related to Dream Impact Trust units[2]	—	—	(1,879)	(1,879)	—	(1,879)	—
Adjustments related to Dream Impact Fund units[2]	—	—	(1,485)	(1,485)	—	(1,485)	—
Income tax (expense) recovery[2]	—	—	6,314	6,314	1,708	6,615	(2,009)
Net earnings (loss)	$ (9,222)	$ (21,469)	$ (20,520)	$ (51,211)	$ (44,863)	$ 7,123	$ (13,471)

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

(2) Certain line items are included in Corporate and other as balances are reviewed on a consolidated basis.

For the year ended December 31, 2023	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1] and Dream standalone adjustments[1]	**Dream standalone[1]**
Revenue	$ 213,343	$ 173,604	$ —	**$ 386,947**	$ 19,484	$ 15,346	**$ 352,117**
Direct operating costs	(128,541)	(133,211)	—	**(261,752)**	(9,707)	(10,773)	**(241,272)**
Gross margin	84,802	40,393	—	**125,195**	9,777	4,573	**110,845**
Selling, marketing, depreciation and other operating costs	(9,070)	(30,255)	—	**(39,325)**	—	(1,289)	**(38,036)**
Net margin	75,732	10,138	—	**85,870**	9,777	3,284	**72,809**
Fair value changes in investment properties	(52,619)	(4,660)	—	**(57,279)**	(31,388)	(20,308)	**(5,583)**
Investment and other income	(57)	12,675	588	**13,206**	729	(1,173)	**13,650**
Interest expense	(40,036)	(10,280)	(17,985)	**(68,301)**	(16,324)	(15,199)	**(36,778)**
Fair value changes in financial instruments	—	(1,133)	442	**(691)**	(691)	—	**—**
Share of earnings (loss) from equity accounted investments	(170,627)	5,321	—	**(165,306)**	(13,997)	34,176	**(185,485)**
Net segment earnings (loss)	(187,607)	12,061	(16,955)	**(192,501)**	(51,894)	780	**(141,387)**
General and administrative expenses[2]	—	—	(31,155)	**(31,155)**	(6,785)	5,559	**(29,929)**
Adjustments related to Dream Impact Trust units[2]	—	—	107,427	**107,427**	—	107,427	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	(3,561)	**(3,561)**	—	(3,561)	**—**
Income tax (expense) recovery[2]	—	—	2,711	**2,711**	14,535	(20,612)	**8,788**
Net earnings (loss)	$ (187,607)	$ 12,061	$ 58,467	**$ (117,079)**	$ (44,144)	$ 89,593	**$ (162,528)**

For the year ended December 31, 2022	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1] and Dream standalone adjustments[1]	Dream standalone[1]
Revenue	$ 167,985	$ 175,783	$ —	$ 343,768	$ 18,427	$ (104,815)	$ 430,156
Direct operating costs	(104,411)	(125,750)	—	(230,161)	(9,142)	70,187	(291,206)
Gross margin	63,574	50,033	—	113,607	9,285	(34,628)	138,950
Selling, marketing, depreciation and other operating costs	(8,458)	(26,014)	—	(34,472)	—	(2,098)	(32,374)
Net margin	55,116	24,019	—	79,135	9,285	(36,726)	106,576
Fair value changes in investment properties	32,078	(859)	—	31,219	11,247	14,143	5,829
Investment and other income	(791)	9,325	190	8,724	215	(8,806)	17,315
Interest expense	(27,845)	(7,915)	(16,043)	(51,803)	(9,286)	(11,219)	(31,298)
Fair value changes in financial instruments	4	(55,238)	413	(54,821)	(55,503)	678	4
Share of earnings (loss) from equity accounted investments	12,688	43,405	—	56,093	8,658	45,524	1,911
Net segment earnings (loss)	71,250	12,737	(15,440)	68,547	(35,384)	3,594	100,337
General and administrative expenses[2]	—	—	(33,563)	(33,563)	(10,613)	7,170	(30,120)
Net gain on land settlement	—	—	86,420	86,420	—	—	86,420
Adjustments related to Dream Impact Trust units[2]	—	—	80,411	80,411	—	80,411	—
Adjustments related to Dream Impact Fund units[2]	—	—	(4,524)	(4,524)	—	(4,524)	—
Income tax (expense) recovery[2]	—	—	(32,846)	(32,846)	2,443	(2,300)	(32,989)
Net earnings (loss)	$ 71,250	$ 12,737	$ 80,458	$ 164,445	$ (43,554)	$ 84,351	$ 123,648

[1] Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for the definition of Dream Impact Trust and consolidation and fair value adjustments, Dream standalone adjustments and Dream standalone, which are non-GAAP financial measures.
[2] Certain line items are included in Corporate and other as balances are reviewed on a consolidated basis.

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, 2023**	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue	**$ 107,858**	$ 132,512	$ 74,381	$ 72,196	$ 167,692	$ 55,057	$ 67,805	$ 53,214
Earnings (loss) for the period	**(81,352)**	3,925	(74,253)	34,601	(51,211)	96,742	76,741	42,173
Basic earnings (loss) per share	**(1.91)**	0.09	(1.73)	0.81	(1.20)	2.27	1.80	0.99
Diluted earnings (loss) per share	**(1.91)**	0.09	(1.73)	0.78	(1.20)	2.20	1.74	0.96
Dividends declared	**5,285**	5,336	5,350	5,349	25,553	4,259	4,259	4,257

Selected Annual Information

		Year ended December 31,	
(in thousands of dollars, except per share amounts)	**2023**	2022	2021
Revenue	**$ 386,947**	$ 343,768	$ 325,922
Earnings before income taxes	**(119,790)**	197,291	125,875
Earnings for the year	**(117,079)**	164,445	110,661
Earnings for the year attributable to shareholders	**(117,079)**	164,445	110,030
Basic earnings per share	**(2.74)**	3.86	2.52
Diluted earnings per share	**(2.74)**	3.74	2.46
Dividends declared	**21,320**	38,328	13,475
Total assets	**3,875,522**	3,956,494	3,488,674
Total liabilities	**2,471,463**	2,402,802	2,066,461
Total equity	**1,404,059**	1,553,692	1,422,213

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 Ratios and Financial Measures

"Adjusted earnings before income taxes" represents pre-tax earnings excluding earnings (loss) from equity accounted investments attributable to Dream Office REIT per Note 12 and net gain on land settlement per Note 26 of the consolidated financial statements. The most directly comparable measure to adjusted earnings before income taxes is earnings (loss) before income taxes. This non-GAAP financial measure is an important measure used to assess the Company's pre-tax earnings excluding certain non-cash amounts and a one time gain on land settlement. Adjusted earnings before income taxes for the three and nine months ended December 31, 2023 and 2022 is reconciled to earnings (loss) before income taxes calculated as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2023	2022	**2023**	2022
Earnings (loss) before income taxes	**$ (77,557)**	$ (57,525)	**$ (119,790)**	$ 197,291
Less: Share of earnings (loss) from Dream Office REIT	**(72,935)**	(29,727)	**(181,415)**	5,558
Less: Net gain on land settlement	**—**	—	**—**	86,420
Adjusted earnings before income taxes	**$ (4,622)**	$ (27,798)	**$ 61,625**	$ 105,313

"Dream Impact Trust & Consolidation and fair value adjustments" represent certain IFRS adjustments required to reconcile Dream standalone and Dream Impact Trust results to the consolidated results as at December 31, 2023 and December 31, 2022 and for the years ended December 31, 2023 and December 31, 2022. Management believes Dream Impact Trust & Consolidation and fair value adjustments provides investors useful information in order to reconcile it to the Dream Impact Trust financial statements.

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 and adjustments to reflect Dream's direct ownership of our partnerships. Refer to the "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" sections of this Annual MD&A for a reconciliation of Dream standalone to the results to the consolidated financial statements. The most direct comparable financial measure to Dream standalone is consolidated Dream. 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.

"Dream standalone adjustments" represents certain adjustments required to reflect the Company's direct interest in net assets and earnings of our partnerships. Management believes Dream standalone adjustments provides investors useful information in order to view Dream's statement of financial position and statement of earnings in a presentation that reflects the Company's interest in net assets and earnings from our direct interest in those partnerships. The adjustments included in the calculation of Dream standalone adjustments have been listed below.

1. Proportionately consolidates all material equity accounted investments held directly by Dream with the exception of our ownership in Dream Impact Trust, Dream Office REIT and Dream Residential REIT;
2. Adjusts for the full consolidation of our interest in Dream Impact Fund to equity accounting investments; and
3. Adjusts for the defeased portion of Distillery District mortgage debt and eliminates the associated bond portfolio.

"Dream standalone FFO", "Dream consolidated FFO", "Adjusted Dream standalone FFO" *and* ***"Adjusted Dream consolidated FFO"*** are non-GAAP financial measures that we consider key measures of our financial performance on a pre-tax basis. Dream standalone FFO is calculated as the sum of FFO for all of our divisions, excluding Dream Impact Trust and consolidation adjustments, and Dream consolidated FFO is calculated as Dream standalone FFO (a non-GAAP financial measure) plus Dream Impact Trust and consolidation adjustments. Adjusted Dream standalone FFO is calculated as Dream standalone FFO excluding one-time transactions that are not recurring in nature and Adjusted Dream consolidated FFO is calculated as Dream consolidated FFO excluding one-time transactions that are not recurring in nature. We use Dream standalone FFO, Dream consolidated FFO, Adjusted Dream standalone FFO and Adjusted Dream consolidated FFO to assess operating results and the performance of our businesses on a divisional basis. Dream standalone FFO is a component of Dream standalone FFO per share, a non-GAAP ratio, and Dream consolidated FFO is a component of Dream consolidated FFO per share, a non-GAAP ratio.

We use FFO to assess our performance as an asset manager and separately as an investor in our divisions on a pre-tax basis. FFO includes the fees that we earn from managing capital as well as our share of revenues earned and costs incurred within our operations, which include interest expense and other costs. Specifically, FFO includes the impact of contracts that we enter into to generate revenue, including asset management agreements, contracts that our operating businesses enter into such as leases, operational results at our recreational properties and sales of inventory. FFO also includes the impact of changes in borrowings or the cost of borrowings as well as other costs incurred to operate our business.

We exclude depreciation and amortization from FFO as we believe that the value of most of our assets typically increases over time, provided we make the necessary maintenance expenditures, the timing and magnitude of which may differ from the amount of depreciation recorded in any given period. In addition, the depreciated cost base of our assets is reflected in the ultimate realized disposition gain or loss on disposal. As noted above, unrealized fair value changes are excluded from FFO until the period in which the asset is sold. We also exclude income tax expense from FFO as management reviews divisional performance on a pre-tax basis given the diversified nature of our business.

FFO is a commonly used measure of performance of real estate operations; however, it does not represent net income or cash flows generated from operating activities, as defined by IFRS, and it is not necessarily indicative of cash available for the Company's needs. Our definition of FFO differs from the definition used by other organizations, as well as the definition of FFO used by the Real Property Association of Canada ("REALPAC"). We do not use FFO as a measure of cash generated from our operations.

Dream standalone FFO, Dream consolidated FFO, Adjusted Dream Standalone FFO and Adjusted Dream consolidated FFO are not financial measures under IFRS and may not be comparable to similar measures disclosed by other issuers. Refer to the "Funds From Operations" section of this MD&A for a reconciliation of these non-GAAP measures to net income, in each case the most directly comparable financial measure and for further details on the components of Dream standalone FFO, Dream consolidated FFO and Adjusted Dream consolidated FFO.

"*Dream standalone FFO per share*", ***"Dream consolidated FFO per share", "Adjusted Dream standalone FFO per share"*** *and* **"Adjusted Dream consolidated FFO per share"** are non-GAAP ratios. Dream standalone FFO per share is calculated as Dream standalone FFO divided by the weighted average number of Dream shares outstanding. Dream consolidated FFO per share is calculated as Dream consolidated FFO divided by the weighted average number of Dream shares outstanding. Adjusted Dream standalone FFO per share is calculated as Adjusted Dream standalone FFO divided by the weighted average number of Dream shares outstanding. Adjusted Dream consolidated FFO per share is calculated as Adjusted Dream consolidated FFO divided by the weighted average number of Dream shares outstanding. We use these ratios to assess operating results and the pre-tax performance of our businesses on a per share basis.

Dream standalone FFO per share, Dream consolidated FFO per share, Adjusted Dream standalone FFO per share and Adjusted Dream consolidated FFO per share are not financial measures under IFRS and may not be comparable to similar measures disclosed by other issuers. Dream standalone FFO per share, Dream consolidated FFO per share, Adjusted Dream standalone FFO per share and Adjusted Dream consolidated FFO per share for the years ended December 31, 2023 and 2022 are shown in the table included under the "Funds From Operations" section of this MD&A.

"Net operating income" represents revenue, less (i) direct operating costs and (ii) selling, marketing, depreciation and other indirect costs, but including: (iii) depreciation; and (iv) general and administrative expenses. The most directly comparable financial measure to net operating revenue is net margin. This non-GAAP measure is an important measure used by management to assess the profitability of the Company's recurring income segment. Net operating income for the recurring income segment for the years ended December 31, 2023 and 2022 is calculated and reconciled to net margin as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2023	2022	**2023**	2022
Net margin	**$ 23,299**	$ 11,119	**$ 75,732**	$ 55,116
Add: Depreciation	**1,361**	1,349	**5,895**	5,020
Add: General and administrative expenses	**968**	1,875	**3,175**	3,438
Net operating income	**$ 25,628**	$ 14,343	**$ 84,802**	$ 63,574

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 and wholly-owned project-level cash and revolving debt facilities, including the operating line – Western Canada and margin loan, to cover the Company's capital requirements including acquisitions and working capital. 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.

"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.sedarplus.com. The Subordinate Voting Shares trade on the TSX under the symbol **"DRM"**.

Summary of Dream Group of Companies' Assets and Holdings

Project/property	Entity[3]	Dream effective 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	30.3%	Income property	—	—	662,000	83.0%	
Sussex Centre	D.UN/MPCT	32.4%	Income property	—	—	655,000	73.1%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	D.UN	30.3%	Income property	—	—	442,000	72.9%	
State Street Financial Centre	D.UN	30.3%	Income property	—	—	414,000	99.9%	
Distillery District	DRM	62.5%	Income property	—	—	395,000	88.9%	
438 University Avenue	D.UN	30.3%	Income property	—	—	323,000	97.6%	
655 Bay Street	D.UN	30.3%	Income property	—	—	309,000	99.7%	
74 Victoria Street/137 Yonge Street	D.UN	30.3%	Income property	—	—	266,000	98.9%	
36 Toronto Street	D.UN	30.3%	Income property	—	—	214,000	83.3%	
330 Bay Street	D.UN	30.3%	Income property	—	—	165,000	79.8%	
20 Toronto Street/33 Victoria Street	D.UN	30.3%	Income property	—	—	159,000	90.2%	
250 Dundas Street West	D.UN	30.3%	Income property	—	—	121,000	79.1%	
Victory Building	D.UN	30.3%	Income property	—	—	102,000	62.6%	
49 Ontario	MPCT	34.5%	Redevelopment	TBD	TBD	88,000	87.7%	
425 Bloor Street East	D.UN	30.3%	Income property	—	—	83,000	96.2%	
212 King Street West	D.UN	30.3%	Income property	—	—	73,000	91.5%	
357 Bay Street	D.UN	30.3%	Income property	—	—	65,000	100.0%	
10 Lower Spadina	MPCT	34.5%	Income property	—	—	61,000	100.0%	
100 Steeles Avenue West	DRM/MPCT	25.4%	Redevelopment	TBD	TBD	59,000	97.1%	
360 Bay Street	D.UN	30.3%	Income property	—	—	58,000	52.8%	
6 Adelaide Street East	D.UN	30.3%	Income property	—	—	55,000	79.4%	
350 Bay Street	D.UN	30.3%	Income property	—	—	53,000	59.8%	
Plaza Imperial	MPCT	13.8%	Income property	—	—	35,000	89.0%	
349 Carlaw	MPCT	34.5%	Income property	—	—	34,000	64.4%	
56 Temperance Street	D.UN	30.3%	Income property	—	—	33,000	91.0%	
Canary District	DRM	50.0%	Income property	—	—	32,000	90.0%	
68-70 Claremont Street	MPCT	34.5%	Income property	—	—	30,000	100.0%	
76 Stafford Street	MPCT	34.5%	Income property	—	—	25,000	100.0%	
Plaza Bathurst	MPCT	13.8%	Income property	—	—	24,000	100.0%	
220 King Street West	D.UN	15.2%	Income property	—	—	22,000	100.0%	
Berkeley Properties	MPCT	100.0%	Income property	—	—	14,000	77.4%	
Other GTA retail	DRM	30.0%-50.0%	Income property	—	—	142,755	31.4%	
Residential Rentals:								
Weston Common	DRM/DIF/MPCT	57.6%	Income property	841	692,000	52,000	96.4%	
Maple House at Canary Landing (WDL Block 8)	DIF/MPCT	11.8%	In occupancy	770	624,000	4,000	27.8%	
70 Park	DIF/MPCT	36.4%	Income property	210	257,000	—	95.7%	
Robinwood Portfolio	DRM/DIF/MPCT	57.6%	Income property	285	156,000	—	95.5%	
262 Jarvis	DRM/DIF/MPCT	57.6%	Income property	71	35,000	—	91.5%	
111 Cosburn	DIF/MPCT	36.4%	Income property	23	14,000	—	100.0%	
786 Southwood	DIF/MPCT	36.4%	Income property	24	37,000	—	100.0%	
Other:								
Broadview Hotel	DRM	50.0%	Hospitality	58	—	—		
Gladstone House	DRM	50.0%	Hospitality	55	—	—		
Postmark Hotel	DRM	50.0%	Hospitality	55	—	—		Q1 2024
Total Downtown Toronto & GTA				**2,392**	**1,815,000**	**5,269,755**	**81.4%**	
Zibi (Ottawa/Gatineau)								
Commercial:								
Natural Sciences Building (Zibi Block 211)	DRM/DIF/MPCT	39.4%	Income property	—	—	186,000	93.4%	
15 Rue Jos-Montferrand (Zibi Block 2/3)	DRM/MPCT	67.3%	Income property	—	—	53,000	81.2%	
310 Miwate Private (Zibi Block 208)	DRM/MPCT	67.3%	Income property	—	—	33,000	100.0%	
Residential Rentals:								
Aalto Suites (Zibi Block 10)	DIF/MPCT	36.4%	Income property	162	135,000	1,000	90.1%	
Aalto II (Zibi Block 11)	DIF/MPCT	36.4%	In occupancy	148	127,000	4,000	33.1%	
Other:								
Zibi Community Utility	DIF/MPCT	14.5%	Energy utility					
Total Zibi (Ottawa/Gatineau)				**310**	**262,000**	**277,000**	**69.1%**	

Project/property	Entity[3]	Dream effective 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.								
Commercial:								
12800 Foster Street, Overland Park, Kansas	D.UN	30.3%	Income property	—	—	185,000	100.0%	
Residential Rentals:								
Private Fund - Texas	DRM	5.0%	Income property	2,497	2,065,000		88.8%	
Private Fund - Arizona	DRM	5.0%	Income property	347	223,000		93.2%	
DRR - Greater Oklahoma City, Oklahoma	DRR	11.9%	Income property	1,299	1,074,000		93.8%	
DRR - Greater Dallas-Fort Worth, Texas	DRR	11.9%	Income property	1,049	1,005,000		92.4%	
DRR - Greater Cincinnati, Ohio	DRR	11.9%	Income property	952	866,000		95.1%	
Other:								
Arapahoe Basin ski hill, Colorado	DRM	100.0%	Recreational	—	—			
Total U.S.				**6,144**	**5,233,000**	**185,000**	**92.0%**	
Western Canada								
Commercial:								
444 - 7th Building, Calgary	D.UN	30.3%	Income property	—	—	261,000	78.9%	
Vendasta Square, Saskatoon	D.UN	30.3%	Income property	—	—	229,000	55.5%	
Brighton Marketplace, Saskatoon	DRM	50.0%	Income property	—	—	222,000	98.6%	
Co-operators Place, 1900 Sherwood Place, Regina	D.UN	30.3%	Income property	—	—	206,000	83.0%	
606 - 4th Building & Barclay Parkade, Calgary	D.UN	30.3%	Income property	—	—	126,000	83.3%	
Kensington House, Calgary	D.UN	30.3%	Income property	—	—	77,000	87.0%	
Shops of South Kensington, Saskatoon	DRM	100.0%	Income property	—	—	72,000	100.0%	
Harbour Landing Commercial Campus, Regina	DRM	100.0%	Income property	—	—	41,000	90.8%	
Montrose Plaza High River, Calgary	DRM	100.0%	Income property	—	—	24,000	93.2%	
Hampton Heights, Saskatoon	DRM	100.0%	Income property	—	—	22,000	91.0%	
234 - 1st Avenue South, Saskatoon	D.UN	30.3%	Income property	—	—	10,000	53.0%	
Brighton Recreation, Saskatoon	DRM	100.0%	Income property	—	—	7,000	100.0%	
Residential Rentals:								
Brighton Village Rentals I, Saskatoon	DRM	100.0%	Income property	136	117,000	—	100.0%	
Block 135 Single Family Rentals, Saskatoon	DRM	100.0%	Income property	21	25,000	—	100.0%	
Other:								
Willows, Saskatoon	DRM	100.0%	Recreational	—	—			
Total Western Canada				**157**	**142,000**	**1,297,000**	**81.7%**	
Total Recurring Income Segment				**9,003**	**7,452,000**	**7,028,755**	**84.9%**	

Project/property	Type	Entity[3]	Dream effective 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:									
Brightwater I and II	Sell	DRM/MPCT	15.8%	In occupancy	237	244,000	98,000	40.2%	Q1 2024
Ivy	Various	DRM/MPCT	67.3%	Construction	268	193,000	—		Q1 2024
Brightwater Towns	Sell	DRM/MPCT	15.8%	Construction	106	237,000	—		Q2 2024
Canary House at Canary Landing (Block 10 - Condominium)	Sell	DIF	19.1%	Construction	206	153,000	26,000		Q3 2024
Birch House at Canary Landing (Block 10 - Rental)	Hold	DIF/MPCT	11.8%	Construction	238	182,000	—		Q4 2024
The Mason, Brightwater	Sell	DRM/MPCT	15.8%	Construction	158	128,000	5,000		2025
Cherry House at Canary Landing (WDL Block 3/4/7)	Hold	DIF/MPCT	11.8%	Construction	855	811,000	32,000		2025
Queen & Mutual	Sell	MPCT	3.1%	Construction	369	243,000	7,000		2025
Main Street Townhomes	Sell	DRM	50.0%	Planning	68	85,000	—		2025
Bridge House, Brightwater	Sell	DRM/MPCT	15.8%	Planning	484	392,000	—		2027
Forma - East Tower	Sell	DRM/MPCT	17.0%	Construction	864	590,000	1,000		2028
Brightwater future blocks	Various	DRM/MPCT	15.8%	Planning	1,936	2,441,000	257,000		2025-2032
Forma - West Tower	Sell	DRM/MPCT	17.0%	Planning	1,170	885,000	223,000		2032
Quayside	Various	DIF/MPCT	18.6%	Planning	4,600	3,220,000	240,000		2031-2035
Canary Block 13	Hold	DRM	50.0%	Planning	879	618,000	9,000		TBD
Scarborough Junction	Sell	MPCT	15.5%	Planning	6,619	5,270,000	165,000		TBD
Victory Silos	TBD	DRM/MPCT	25.4%	Planning	1,500	1,200,000	100,000		TBD
WDL Block 20	Hold	DRM/MPCT	22.4%	Planning	653	571,000	255,000		TBD
Distillery District - 31A Parliament	Hold	DRM	62.5%	Planning	515	389,000	342,000		TBD
Seaton	Sell	MPCT	2.4%	Planning	TBD	TBD	TBD		TBD
BlackTusk Partnership	Various	DIF/MPCT	1.8%-28.7%	Various	TBD	TBD	8,000		TBD
Other	Sell	Various	Various	Various	1,045	1,099,000	58,000		TBD
Commercial:									
67 Richmond Street West		D.UN	30.3%	Redevelopment	—	—	51,000	23.7%	Q2 2024
366 Bay Street		D.UN	30.3%	Redevelopment	—	—	40,000	100.0%	Q4 2024
Total Downtown Toronto & GTA					**22,770**	**18,951,000**	**1,917,000**	**61.4%**	

Project/property	Type	Entity[3]	Dream effective 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
Ottawa/Gatineau									
Common at Zibi (Zibi Block 206)	Hold	DRM/MPCT	67.3%	Construction	207	196,000	11,000		Q1 2024
Zibi Block 207	Hold	DRM/MPCT	67.3%	Construction	—	—	76,000		Q1 2024
Dream LeBreton	Hold	DRM/DIF/MPCT	57.6%	Planning	608	410,000	26,000		2027
Zibi future blocks	Various	DRM/MPCT	67.3%	Planning	1,978	1,292,000	1,891,000		TBD
Total Ottawa/Gatineau					**2,793**	**1,898,000**	**2,004,000**		
Western Canada									
Residential:									
Brighton Village Rentals II, Saskatoon	Hold	DRM	100.0%	Construction	120	108,000	9,000		Q3 2024
Block 124 Townhome Rentals, Saskatoon	Hold	DRM	100.0%	Construction	95	115,000	—		2025
Block 166 Detached Home Rentals, Saskatoon	Hold	DRM	100.0%	Planning	42	46,000	—		2025
Block JK Townhome Rentals, Saskatoon	Hold	DRM	100.0%	Planning	15	22,000	—		2025
Brighton Village Rentals III, Saskatoon	Hold	DRM	100.0%	Planning	125	82,000	—		2026
Total Western Canada					**397**	**373,000**	**9,000**	**100.0%**	
Total Development Segment					**25,960**	**21,222,000**	**3,930,000**	**66.9%**	
Total Dream Platform					**34,963**	**28,674,000**	**10,958,755**	**84.7%**	

Western Canada Land Holdings

City	Acre equivalents
Calgary	1,760
Edmonton	854
Saskatoon	2,969
Regina	3,272
Total	**8,855**

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	5,269,755	1,917,000	81.0%	25,162	20,766,000
Ottawa/Gatineau	277,000	2,004,000	69.1%	3,103	2,160,000
U.S.	185,000	—	92.0%	6,144	5,233,000
Western Canada	1,297,000	9,000	82.0%	554	515,000
Total	**7,028,755**	**3,930,000**	**84.7%**	**34,963**	**28,674,000**

[1] Dream holdings at fully consolidated ownership. Dream Impact Fund at 38.2% ownership, Dream Impact Trust at 34.5% ownership, Dream Office at 30.3% ownership and Dream Residential REIT at 11.9% ownership, respectively, as of December 31, 2023.

[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] DRM refers to Dream Standalone. DIF refers to Dream Impact Fund. MPCT refers to Dream Impact Trust. D.UN refers to Dream Office REIT. DRR refers to Dream Residential REIT.

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 21, 2024

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, 2023 and 2022, 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, 2023 and 2022;
- the consolidated statements of earnings (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information 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
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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, 2023. 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 material accounting policy information, note 4 – Critical accounting estimates, judgments and assumptions and note 10 – Investment properties to the consolidated financial statements.* The Company measures its investment properties at fair value, and as at December 31, 2023, these assets were valued at $1,719.2 million. Fair values of investment properties are determined using valuations prepared by management. One investment 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 method or the direct capitalization method. Significant assumptions used in the discounted cash flow method included the discount rates, terminal capitalization rates and market rents. Significant assumptions used in the direct capitalization method include the capitalization rates. Critical judgments were made in respect of determining 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 values of investment properties; ii) critical judgments made by management when determining the fair values including the development of the significant assumptions; and iii) a high degree of complexity in assessing audit	Our approach to addressing the matter included the following procedures, among others: • For a sample of investment properties, tested how management determined the fair values, which included the following: – Evaluated the appropriateness of the valuation methodology used (the direct comparison approach, the discounted cash flow method or the direct capitalization method). – Tested the underlying data used in the discounted cash flow method and the direct capitalization method by comparing components of the cash flows, such as contractual rents, to the underlying accounting records. – Evaluated the reasonableness of the discount rates and terminal capitalization rates for the discounted cash flow method, and capitalization rates for the direct capitalization method 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. o For the investment properties valued using the discounted cash flow method,

Key audit matter	How our audit addressed the key audit matter
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.	in evaluating the reasonableness of the market rents, discount rates and terminal capitalization rates by comparing to externally available market data. o For the investment properties valued using the direct capitalization method, in evaluating the reasonableness of the capitalization rates by comparing to externally available market data. • Assessed the sufficiency of the disclosures in the consolidated financial statements.
Impairment of investment in Dream Office Real Estate Investment Trust *Refer to note 3 – Summary of material accounting policy information, note 4 – Critical accounting estimates, judgments and assumptions and note 12 – Equity accounted investments to the consolidated financial statements.* The Company's 30% interest in Dream Office Real Estate Investment Trust (Dream Office REIT) has a carrying value of $221.1 million as at December 31, 2023. The Company is deemed to exercise significant influence over the investee and, therefore, the investment has been recorded as equity accounted investment. 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. In the year ended December 31, 2023, the Company identified objective evidence of impairment due to the sustained lower unit price of Dream Office REIT. The impairment loss of $72.9 million was calculated as the difference between its value-in-use and the carrying value. The value-in-use was determined through preparation of a	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the interest in Dream Office REIT, which included the following: – Evaluated the appropriateness of the discounted cash flow model used. – Tested the underlying data used in the discounted cash flow model. – Tested the reasonableness of Dream Office REIT's AFFO by considering the current and past performance of Dream Office REIT and relevant external market data. – Professionals with specialized skill and knowledge in the field of real estate valuations further assisted in evaluating the reasonableness of the portfolio capitalization rate and the discount rate by comparing to externally available market data. • Assessed the sufficiency of the disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
discounted cash flow model, which included a scenario weighted approach. The significant assumptions used in the discounted cash flow model are the portfolio capitalization rate, discount rate and Dream Office REIT's adjusted funds from operations (AFFO). Critical judgments were made in respect of determining the recoverable amount by management. We considered this a key audit matter due to i) significant audit effort required to assess the recoverable amount; ii) critical judgments made by management when determining the recoverable amount including the development of the significant assumptions; and iii) a high degree of complexity in assessing audit evidence to support the significant assumptions made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is

necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 21, 2024

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(in thousands of Canadian dollars)	Note		**2023**		2022
Assets					
Cash and cash equivalents	34	**$**	**60,203**	$	47,633
Accounts receivable	5		**274,041**		268,037
Other financial assets	6		**99,822**		116,138
Housing inventory	7		**52,747**		48,146
Condominium inventory	8		**383,829**		346,979
Land inventory	9		**458,551**		470,148
Investment properties	10		**1,719,172**		1,558,511
Recreational properties	11		**82,898**		80,300
Equity accounted investments	12		**671,030**		961,737
Capital and other operating assets	13		**73,229**		58,865
Total assets		**$**	**3,875,522**	$	3,956,494
Liabilities					
Accounts payable and other liabilities	14	**$**	**233,376**	$	267,872
Income and other taxes payable	19		**79,964**		57,363
Provision for real estate development costs	15		**61,069**		74,162
Debt	16		**1,810,549**		1,612,571
Dream Impact Trust units	17		**70,779**		188,385
Dream Impact Fund units	18		**113,405**		69,919
Deferred income taxes	19		**102,321**		132,530
Total liabilities			**2,471,463**		2,402,802
Shareholders' equity					
Share capital	20		**962,027**		968,076
Reorganization adjustment			**(944,577)**		(944,577)
Contributed surplus	29		**20,984**		18,082
Retained earnings			**1,346,678**		1,485,636
Accumulated other comprehensive income	21		**18,947**		26,475
Total equity			**1,404,059**		1,553,692
Total liabilities and equity		**$**	**3,875,522**	$	3,956,494

See accompanying notes to the consolidated financial statements.

Commitments and contingencies (Note 32)
Subsequent events (Note 37)

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 (Loss)

For the years ended December 31, 2023 and 2022

(in thousands of Canadian dollars, except for per share amounts)	Note		**2023**		2022
Revenue	22	**$**	**386,947**	$	343,768
Direct operating costs	23		**(261,752)**		(230,161)
Gross margin			**125,195**		113,607
Selling, marketing, depreciation and other operating costs	24		**(39,325)**		(34,472)
Net margin			**85,870**		79,135
Other income (expenses):					
General and administrative expenses	25		**(31,155)**		(33,563)
Fair value changes in investment properties	10		**(57,279)**		31,219
Share of earnings (loss) from equity accounted investments	12		**(165,306)**		56,093
Investment and other income			**13,206**		8,724
Net gain on land settlement	26		**—**		86,420
Interest expense	27		**(68,301)**		(51,803)
Adjustments related to Dream Impact Trust units	17		**107,427**		80,411
Adjustments related to Dream Impact Fund units	18		**(3,561)**		(4,524)
Fair value changes in financial instruments	6		**(691)**		(54,821)
Earnings (loss) before income taxes			**(119,790)**		197,291
Income tax recovery (expense)	19		**2,711**		(32,846)
Earnings (loss) for the year		**$**	**(117,079)**	$	164,445
Basic earnings (loss) per share	30	**$**	**(2.74)**	$	3.86
Diluted earnings (loss) per share	30	**$**	**(2.74)**	$	3.74

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2023 and 2022

(in thousands of Canadian dollars)	Note		**2023**		2022
Earnings (loss) for the year		**$**	**(117,079)**	$	164,445
Other comprehensive income (loss)					
Items that will be reclassified subsequently to net income:					
Unrealized gain (loss) on interest rate hedge, net of tax	21		**(4,140)**		8,260
Unrealized gain (loss) from foreign currency translation (reclassified to earnings on partial or full disposal of foreign operation)	21		**(623)**		2,522
Share of other comprehensive income (loss) from equity accounted investments	21		**(2,765)**		3,954
Total other comprehensive income (loss)			**(7,528)**		14,736
Total comprehensive income (loss)		**$**	**(124,607)**	$	179,181

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(in thousands of Canadian dollars)	Dream share capital (Note 20)	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income (Note 21)	Total equity
Balance, January 1, 2023	**$ 968,076**	**$ 18,082**	**$ (944,577)**	**$ 1,485,636**	**$ 26,475**	**$ 1,553,692**
Loss for the year	**—**	**—**	**—**	**(117,079)**	**—**	**(117,079)**
Other comprehensive loss for the year	**—**	**—**	**—**	**—**	**(7,528)**	**(7,528)**
Shares repurchased (Note 20)	**(10,827)**	**—**	**—**	**—**	**—**	**(10,827)**
Dividends paid (Note 20)	**—**	**—**	**—**	**(21,320)**	**—**	**(21,320)**
Share-based compensation (Note 29)	**4,778**	**2,902**	**—**	**(559)**	**—**	**7,121**
Balance, December 31, 2023	**$ 962,027**	**$ 20,984**	**$ (944,577)**	**$ 1,346,678**	**$ 18,947**	**$ 1,404,059**

(in thousands of Canadian dollars)	Dream share capital	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, January 1, 2022	$ 972,917	$ 15,701	$ (944,577)	$ 1,366,433	$ 11,739	$ 1,422,213
Earnings for the year	—	—	—	164,445	—	164,445
Other comprehensive income for the year	—	—	—	—	14,736	14,736
Shares repurchased	(8,521)	—	—	(6,364)	—	(14,885)
Dividends paid	—	—	—	(38,328)	—	(38,328)
Share-based compensation	3,680	2,381	—	(550)	—	5,511
Balance, December 31, 2022	$ 968,076	$ 18,082	$ (944,577)	$ 1,485,636	$ 26,475	$ 1,553,692

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(in thousands of Canadian dollars)	Note		**2023**		2022
Operating activities					
Earnings (loss) for the year		**$**	**(117,079)**	$	164,445
Adjustments for non-cash items:					
Depreciation and amortization			**8,117**		7,525
Fair value changes in investment properties	10		**57,279**		(31,219)
Share of (earnings) loss from equity accounted investments	12		**165,306**		(56,093)
Deferred income tax (recovery) expense	19		**(28,528)**		26,157
Fair value adjustment on Dream Impact Trust units	17		**(115,402)**		(99,103)
Fair value adjustment on Dream Impact Fund units	18		**3,561**		4,524
Other adjustments	34		**6,601**		58,938
Changes in non-cash working capital	34		**(16,716)**		(139)
Net gain on land settlement	26		**—**		(86,420)
Acquisition of condominium inventory	8		**(4,241)**		(11,694)
Cost of sales of housing inventory, net of development	7		**11,279**		(115)
Development of condominium inventory, net of cost of sales	8		**(36,939)**		(46,438)
Acquisition of land inventory	9		**(4,485)**		(386)
Development of land inventory, net of cost of sales	9		**(10,756)**		(9,008)
Net cash flows used in operating activities			**(82,003)**		(79,026)
Investing activities					
Acquisitions and additions to investment properties	10		**(168,515)**		(172,980)
Additions to recreational properties	11		**(11,387)**		(17,725)
Investments in equity accounted investments			**(510)**		(18,643)
Contributions to equity accounted investments			**(43,651)**		(53,875)
Distributions and disposals of equity accounted investments			**135,547**		28,591
Acquisitions and additions of financial assets and other assets			**(8,373)**		(8,576)
Distributions and disposals of financial assets and other assets			**1,133**		6,205
Proceeds on land settlement	26		**—**		86,420
Proceeds on disposition of investment properties	10		**9,500**		—
Loans receivable repayments and lender fees, net of advances			**19,435**		13,537
Net cash flows used in investing activities			**(66,821)**		(137,046)
Financing activities					
Borrowings from mortgages and term debt facilities	16		**207,188**		274,972
Repayments of mortgages and term debt facilities	16		**(97,454)**		(142,436)
Repayments of operating lines and revolving credit facilities, net of advances	16		**(115,100)**		29,405
Advances pursuant to non-revolving term facility	16		**—**		10,000
Advances on construction loans	16		**240,382**		126,200
Repayments of construction loans	16		**(118,794)**		(113,527)
Advances from equity accounted investments			**40,600**		27,500
Issuance of convertible debentures, net of deferred financing costs	16		**—**		37,950
Dream Impact Trust units repurchased from other unitholders	17		**(2,590)**		(1,161)
Dream Impact Fund contributions from other unitholders	18		**39,925**		15,965
Dividends paid	20		**(21,320)**		(38,328)
Repayments of lease obligations			**(616)**		(514)
Shares repurchased	20		**(10,827)**		(14,885)
Net cash flows provided by financing activities			**161,394**		211,141
Change in cash and cash equivalents			**12,570**		(4,931)
Cash and cash equivalents, beginning of year			**47,633**		52,564
Cash and cash equivalents, end of year	34	**$**	**60,203**	$	47,633

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 office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established asset management business, inclusive of assets under management across four Toronto Stock Exchange ("TSX") listed trusts, our private asset management business and numerous partnerships. The Company also develops land, residential and income generating 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. The ultimate controlling party of Dream is Michael Cooper, President and Chief Responsible Officer of Dream.

2. Basis of preparation

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

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

The consolidated financial statements for the year ended December 31, 2023 were approved by the Board of Directors for issue on February 21, 2024, after which date they may be amended only with the Board of Directors' approval.

3. Summary of material accounting policy information

The material 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.

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, real estate joint ventures, and management agreements.

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	**2023**	2022
Corktown Commercial Inc., Toronto	Investment properties	**50%**	50%
Distillery Restaurants LP, Toronto	Restaurant	**62.5%**	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%
DK B10 LP, Toronto	Condominiums	**50%**	50%
DKT B10 LP, Toronto	Residential rental	**33%**	33%
Dream/Pauls Castle LLC, Texas & Arizona	Residential rental	**5%[(1)]**	5%[(1)]
Harlo Scarborough Junction LP, Toronto	Mixed-use development	**45%[(2)]**	45%[(2)]
34 Madison LP, Toronto	Investment property	**80%**	80%
473 Warden LP, Toronto	Mixed-use development	**40%**	40%
Dream YD LP "Yorkdowns", Markham	Mixed-use development	**5%**	5%
Quayside Impact LP, Toronto	Mixed-use development	**50%**	n/a

(1) The Company's ownership interest in Dream/Pauls Castle LLC is 50% with an effective economic interest of 5%.
(2) The Company's ownership interest in Harlo Scarborough Junction LP is 45% with an effective economic interest of approximately 23%.

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	**2023**	2022
Distillery District, Toronto	Historical heritage district	**62.5%**	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%
100 Steeles Avenue West, Toronto	Mixed-use development	**50%**	50%

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 Real Estate Investment Trust ("Dream Office REIT") as at December 31, 2023 was 30% (December 31, 2022 - 36%) 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, 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, "Financial Instruments" ("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 ("ECL") based on lifetime ECL for accounts receivable and the general approach for loans receivable. The general approach uses the ECL 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 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.

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 ("DCF") valuation methodology or the direct comparison approach. Within the discounted cash flows, the significant unobservable inputs include: terminal capitalization rates, discount rates and market rents. 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 transaction activity for similar development/redevelopment sites.

Stabilized Investment Properties
Stabilized 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. The fair value of stabilized investment properties is determined by management on a property-by-property basis using a DCF valuation methodology or the direct capitalization approach. Within the discounted cash flows, the significant unobservable inputs include: terminal capitalization rates, discount rates and market rents. 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. Within the direct capitalization method, the significant unobservable input for the fair value calculation is the capitalization rate.

Recreational Properties
Recreational properties are 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.

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 cash generating unit ("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 38% interest in Dream Impact Fund as at December 31, 2023 through the ownership of 5,764,847 units (December 31, 2022 - 41% interest through ownership of 4,179,423 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 18 for additional details.

Dream Impact Trust Units

On June 16, 2023, Dream Impact Trust completed a unit consolidation of all issued and outstanding units of Dream Impact Trust on the basis of one (1) post-consolidation unit for every four (4) pre-consolidation units. All unit amounts disclosed herein reflect the post-unit consolidation shares for all periods presented, unless otherwise specified.

The Company holds an effective 35% interest in Dream Impact Trust as at December 31, 2023 through the ownership of 6,063,115 trust units (December 31, 2022 - 30% interest through ownership of 5,074,241 trust units). The remaining 11,508,852 trust units outstanding are held by other unitholders and have been recognized on the consolidated statements of financial position to reflect the residual 65% interest held by other parties as at December 31, 2023. 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 17 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 instruments and the conversion features. At initial recognition, each host instrument is measured at fair value net of related transaction costs. At each subsequent reporting period, the host instruments are measured at amortized cost using the effective interest rate method. Each 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 features 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 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.
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.
Loans receivable 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.

Earnings per Share

Basic earnings per share is computed by dividing Dream's earnings 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 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 has a Restricted Share & Restricted Share Unit Plan (the "RS & RSU Plan") that provides for the grant of 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.

Changes in Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"), to require companies to disclose their material accounting policy information rather than their significant accounting policies. The standard is effective for annual reporting periods beginning on or after January 1, 2023. The Company has reflected these changes in these financial statements. The impact of this amendment is not material to the Company's financial statements.

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 13 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 valuation of market comparables and management assumptions related to project level returns in order to determine the Company's interest and participating income.

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 related 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 and equity accounted investments 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 28; 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 the settlement date.

5. Accounts receivable

As of December 31, 2023, included in accounts receivable is $180,642 for contracted sales of land under development and housing and condominium sales are secured by the underlying real estate assets (December 31, 2022 - $176,534). The carrying value of accounts receivable is reported net of a provision for impairment of $1,663 (December 31, 2022 - $1,018).

6. Other financial assets

Other financial assets consisted of the following:

		2023		2022
Investment holdings[1]	$	**46,753**	$	40,950
Loans receivable[2]		**43,047**		59,619
Participating mortgages		**4,060**		5,193
Interest rate swaps		**5,962**		10,376
	$	**99,822**	$	116,138

[1] Included are portfolio bonds of $39,656 that are recorded at amortized cost (December 31, 2022 - $34,140).
[2] Included is a loan of $2,536 that is classified as FVTPL (December 31, 2022 - $5,066).

Investment Holdings
As of December 31, 2023, investment holdings include a real estate development investment and a portfolio of bonds.

During the year ended December 31, 2022, the Company recorded a fair value loss of $54,795 on the Virgin Hotels Las Vegas, which approximates its carrying value. The loss was driven by a variety of factors, which include operational performance, near-term financing and capital needs, uncertainty regarding stabilization, market comparators and a proposed capital reorganization by the hotel investor group.

Loans Receivable
Loans receivable are amounts owing to the Company pertaining to development partnerships in Toronto and Western Canada.

7. Housing inventory

The movement in housing inventory is as follows:

		2023		2022
Balance, beginning of year	$	**48,146**	$	36,320
Transfers from land inventory (Note 9)		**15,880**		11,711
Development		**21,175**		20,819
Housing units occupied		**(32,454)**		(20,704)
Balance, end of year	**$**	**52,747**	$	48,146

8. Condominium inventory

The movement in condominium inventory is as follows:

		2023		2022
Balance, beginning of year	$	**346,979**	$	288,215
Acquisitions		**13,222**		11,694
Development		**75,824**		51,988
Condominium units occupied		**(38,885)**		(4,918)
Transfers to investment properties (Note 10)		**(13,311)**		—
Balance, end of year	**$**	**383,829**	$	346,979

9. Land inventory

The movement in land inventory is as follows:

		2023		2022
Balance, beginning of year	**$**	**470,148**	$	469,608
Acquisitions		**4,485**		3,243
Development		**69,902**		107,383
Lot and acre sales		**(59,146)**		(98,375)
Transfers to housing inventory (Note 7)		**(15,880)**		(11,711)
Transfers to investment properties (Note 10)		**(10,958)**		—
Balance, end of year	**$**	**458,551**	$	470,148

10. Investment properties

The movement in investment properties by segment is as follows:

		Recurring income		Development		**Total 2023**		Total 2022
Balance, beginning of year	$	1,410,271	$	148,240	**$**	**1,558,511**	$	1,256,958
Additions/dispositions and transfers to/from investment properties:								
Properties acquired		42,121		—		**42,121**		163,926
Land and building additions		53,919		105,442		**159,361**		107,442
Transfers from inventory (Note 8 and 9)		5,282		18,987		**24,269**		—
Dispositions		(9,500)		—		**(9,500)**		—
Transfers between segments		71,159		(71,159)		**—**		—
Gains (losses) included in earnings:								
Fair value changes in investment properties		(52,619)		(4,660)		**(57,279)**		31,219
Amortization of tenant incentive and other		(2,115)		(66)		**(2,181)**		(1,542)
Change in straight-line rent		3,630		240		**3,870**		508
Balance, end of year	$	1,522,148	$	197,024	**$**	**1,719,172**	$	1,558,511

During the year ended December 31, 2023, the Company acquired a multi-family residential rental, located in Woodstock, Ontario, and acquired an additional share in the Distillery District, located in Toronto, Ontario, for a total purchase price of of $42,121, which was paid for by the assumption of debt of $32,967 and receipt of a promissory note with a fair value of $8,022.

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, 2023, eight investment properties with a fair value of $367,085 were externally appraised (December 31, 2022 - 21 investment properties with a total fair value of $733,055).

During the year ended December 31, 2023, the Company recorded a fair value loss of $57,279 (year ended December 31, 2022 - gain of $31,219) in the consolidated statements of earnings (loss). Fair values of investment properties were calculated using a discounted cash flow method or the direct capitalization method. Included in the fair value loss was one asset valued based on highest and best use, which is considered to be the asset's redevelopment potential. The asset was valued using the direct comparison approach, with density and price per square foot as significant assumptions. Generally, an increase in density and price per square foot would result in an increase in fair values.

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

Significant unobservable inputs were as follows for December 31, 2023 and December 31, 2022:

		2023		2022	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Discount rate	**5.50%-8.00%**	**6.3%**	5.50%-7.75%	6.1%
	Terminal capitalization rate	**4.88%-7.50%**	**5.8%**	4.50%-7.25%	5.4%
	Market rents (in dollars per square foot)[1]	**$16.00-$41.47**	**$27.27**	$16.00-$41.15	$27.35
Development	Discount rate	**5.50%**	**5.5%**	7.50%	7.5%
	Terminal capitalization rate	**4.00%**	**4.0%**	6.75%-7.00%	6.9%
	Market rents (in dollars per square foot)[1][2]	**$49.50**	**$49.50**	$18.59-$26.23	$21.40

[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.
[2] Market rents as at December 31, 2023 include one multi-family rental property under development, which will transition to the direct capitalization method of valuation upon stabilization.

Fair values of investment properties, which include commercial, retail and other properties held for the long term, are calculated using the direct capitalization method or 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	$ (8,264)	$ 11,264
Impact of changes to weighted average terminal capitalization rate	(15,533)	20,216

The following are the significant assumptions in the valuation of investment properties using the direct capitalization method:

- Capitalization rate – capitalization rates used to estimate the fair value of the investment properties

Significant unobservable inputs were as follows for December 31, 2023 and December 31, 2022:

		2023		2022	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Capitalization rate	**3.50%-5.25%**	**3.8%**	3.00%-3.50%	3.3%

Fair values of the Company's investment properties are most sensitive to changes in the capitalization rate. An increase in this rate 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 capitalization rate	$ (50,712)	$ 52,825

Investment properties with a fair value of $1,347,284 as at December 31, 2023 (December 31, 2022 - $1,275,670) are pledged as security for mortgages and term debt and the Dream Impact Trust operating line. Investment properties with a fair value of $350,837 as at December 31, 2023 (December 31, 2022 - $270,826) 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, 2023 were as follows:

No longer than 1 year	$ 45,368
Between 1 and 2 years	26,331
Between 2 and 3 years	25,446
Between 3 and 4 years	24,296
Between 4 and 5 years	23,674
Longer than 5 years	208,585
	$ 353,700

11. Recreational properties

The movement in recreational properties is as follows:

		2023		2022
Balance, beginning of year	**$**	**80,300**	$	65,077
Additions		**11,387**		17,725
Depreciation		**(5,724)**		(5,105)
Other		**(3,065)**		2,603
Balance, end of year	**$**	**82,898**	$	80,300
Cost	**$**	**135,402**	$	127,080
Accumulated depreciation		**(52,504)**		(46,780)
Balance, end of year	**$**	**82,898**	$	80,300

		2023		2022
Operational recreational properties:				
Arapahoe Basin ski hill (Colorado)	**$**	**44,477**	$	46,664
Broadview Hotel (Ontario)		**11,624**		12,211
Gladstone House (Ontario)		**13,551**		13,732
Willows Golf Course (Saskatchewan)		**2,206**		2,200
Recreational properties under development:				
Postmark Hotel (Ontario)		**11,040**		5,493
	$	**82,898**	$	80,300

12. Equity accounted investments

The Company has entered into certain arrangements in the form of jointly controlled entities for various businesses. 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 which the Company is deemed to be able to exercise significant influence over the investee company. As at December 31, 2023, the carrying value of these arrangements was $671,030 (December 31, 2022 - $961,737).

In determining if an entity is a subsidiary of the Company, the Company makes significant judgments about whether it has power, and therefore 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, among other factors. 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 disposed of 7,032,649 Dream Office REIT units in the year ended December 31, 2023, resulting in a decrease in ownership from 2022. The Company reassessed its voting rights resulting from decreasing ownership in Dream Office REIT and determined that it does not have de facto control of Dream Office REIT as at December 31, 2023. The Company continues to monitor its ownership on an ongoing basis to determine when consolidation of Dream Office REIT is appropriate.

In the year ended December 31, 2023, the Company recorded an impairment loss of $72,935 on its investment in Dream Office REIT as a result of the impairment test trigger resulting from the sustained lower unit price. The impairment loss was calculated as the difference between its value-in-use and the carrying value. The value-in-use for the investment was determined through preparation of a discounted cash flow model which included a scenario weighted approach. The discounted cash flow model incorporates significant key assumptions in the scenarios including a portfolio capitalization rate, discount rate and Dream Office REIT's adjusted funds from operations ("AFFO").

The Company projects Dream Office REIT's AFFO over ten years and applies a perpetual long-term growth rate thereafter. The discount rate assumption of 8.2% represents the Company's assessment of the uncertainty in the amount and timing of cash flows. The portfolio capitalization rate of 6.5% is the Company's estimate based on historical spreads over the cost of debt. Significant judgement and estimation is required in preparing these calculations, therefore, it is reasonably possible that changes to key assumptions may impact the value-in-use calculation. An increase of 50 basis points ("bps") in both the discount rate and the portfolio capitalization rate combined with a 10% reduction in AFFO would result in a lower estimated value-in-use of $34,172. A decrease of 50 bps in both the discount rate and the portfolio capitalization rate combined with a 10% increase in AFFO would result in a higher estimated value-in-use of $39,993. Generally, the discount rate and portfolio capitalization rate would be expected to move in the same direction in response to

changes in economic circumstances, whereas AFFO is typically independent of the discount rate and portfolio capitalization rate. However, the sensitivity noted above includes the maximum impact if the assumptions were to change concurrently.

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, 2023 and December 31, 2022.

			2023
Project level (100%)	**Assets**	**Liabilities**	**Net assets**
Development investments			
Canary District	$ 287,410	$ (207,032)	$ 80,378
Forma	575,311	(381,100)	194,211
Brightwater	694,526	(536,417)	158,109
Victory Silos	180,308	(150,342)	29,966
Canary Landing (formerly West Don Lands)	326,379	(245,012)	81,367
Quayside	264,766	(182,003)	82,763
Other development investments	473,445	(373,200)	100,245
Total development investments	$ 2,802,145	$ (2,075,106)	$ 727,039
Recurring income investments			
Dream Office REIT	$ 2,668,318	$ (1,413,169)	$ 1,255,149
Dream Residential REIT	544,813	(256,444)	288,369
Brighton Marketplace	90,221	(51,386)	38,835
Maple House at Canary Landing	510,006	(360,114)	149,892
Other recurring income investments	571,938	(128,274)	443,664
Total recurring income investments	$ 4,385,296	$ (2,209,387)	$ 2,175,909
Total	**$ 7,187,441**	**$ (4,284,493)**	**$ 2,902,948**

						2023
At Dream's share	**Ownership interest**	**Assets**	**Liabilities**	**Net assets**	**Difference between net assets and deemed cost of investments[1]**	**Total**
Development investments						
Canary District	33%-50%	$ 127,684	$ (93,690)	$ 33,994	$ —	**$ 33,994**
Forma	33%	202,530	(126,946)	75,584	—	**75,584**
Brightwater	31%	219,563	(164,672)	54,891	—	**54,891**
Victory Silos	50%	104,239	(75,169)	29,070	—	**29,070**
Canary Landing (formerly West Don Lands)	33%	109,107	(82,104)	27,003	—	**27,003**
Quayside	50%	132,448	(91,074)	41,374	—	**41,374**
Other development investments	7%-78%	89,992	(76,173)	13,819	—	**13,819**
Total development investments		$ 985,563	$ (709,828)	$ 275,735	$ —	**$ 275,735**
Recurring income investments						
Dream Office REIT[2]	30%	$ 807,917	$ (428,549)	$ 379,368	$ (158,222)	**$ 221,146**
Dream Residential REIT[2]	12%	64,382	(23,011)	41,371	—	**41,371**
Brighton Marketplace	50%	45,111	(25,693)	19,418	(2,286)	**17,132**
Maple House at Canary Landing	33%	151,253	(120,068)	31,185	—	**31,185**
Other recurring income investments	5%-50%	128,670	(43,754)	84,916	(455)	**84,461**
Total recurring income investments		$ 1,197,333	$ (641,075)	$ 556,258	$ (160,963)	**$ 395,295**
Total		**$ 2,182,896**	**$ (1,350,903)**	**$ 831,993**	**$ (160,963)**	**$ 671,030**

(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, including the impact of the $72,935 impairment recorded in the year ended December 31, 2023 (2022 - nil).

(2) As at December 31, 2023, the fair value of the Company's unit holdings in Dream Office REIT and Dream Residential REIT were $120,324 and $20,833, respectively.

						2022
Project level (100%)		Assets		Liabilities		Net assets
Development investments						
Brighton Marketplace	$	89,322	$	(53,339)	$	35,983
Canary District		327,521		(165,411)		162,110
Forma		500,143		(297,024)		203,119
Brightwater		525,972		(377,179)		148,793
Victory Silos		74,686		(35,150)		39,536
Canary Landing (formerly West Don Lands)		585,154		(451,250)		133,904
Other development investments		488,037		(257,962)		230,075
Total development investments	$	2,590,835	$	(1,637,315)	$	953,520
Recurring income investments						
Dream Office REIT	$	3,331,390	$	(1,581,848)	$	1,749,542
Dream Residential REIT		585,431		(196,997)		388,434
Other recurring income investments		872,664		(398,823)		473,841
Total recurring income investments	$	4,789,485	$	(2,177,668)	$	2,611,817
Total	$	7,380,320	$	(3,814,983)	$	3,565,337

											2022
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%	$	44,661	$	(26,670)	$	17,991	$	(2,286)	$	15,705
Canary District	33%-50%		147,446		(78,020)		69,426		—		69,426
Forma	33%		184,844		(106,653)		78,191		—		78,191
Brightwater	31%		168,827		(117,626)		51,201		—		51,201
Victory Silos	50%		51,951		(17,576)		34,375		—		34,375
Canary Landing (formerly West Don Lands)	33%		196,552		(151,528)		45,024		—		45,024
Other development investments	7%-78%		87,252		(64,137)		23,115		—		23,115
Total development investments		$	881,533	$	(562,210)	$	319,323	$	(2,286)	$	317,037
Recurring income investments											
Dream Office REIT[2]	36%	$	1,102,176	$	(523,946)	$	578,230	$	(49,817)	$	528,413
Dream Residential REIT[2]	12%		69,081		(23,246)		45,835		—		45,835
Other recurring income investments	5%-50%		114,899		(44,395)		70,504		(52)		70,452
Total recurring income investments		$	1,286,156	$	(591,587)	$	694,569	$	(49,869)	$	644,700
Total		$	2,167,689	$	(1,153,797)	$	1,013,892	$	(52,155)	$	961,737

(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) As at December 31, 2022, the fair value of the Company's unit holdings in Dream Office REIT and Dream Residential REIT were $276,000 and $21,492, respectively.

The following tables summarize the Company's proportionate share of revenue, earnings (loss) and earnings (loss) before depreciation in equity accounted investments for the years ended December 31, 2023 and 2022.

						2023
Project level (100%)		**Revenue**		**Earnings (loss)**		**Earnings (loss) before depreciation**
Development investments	$	64,386	$	13,525	$	14,277
Recurring income investments						
Dream Office REIT		190,448		(77,196)		(77,034)
Dream Residential REIT		62,904		(19,639)		(19,639)
Brighton Marketplace		6,886		3,727		4,138
Maple House at Canary Landing		823		27,566		27,566
Other recurring income investments		17,331		2,723		3,973
Total recurring income investments	$	278,392	$	(62,819)	$	(60,996)
Total	**$**	**342,778**	**$**	**(49,294)**	**$**	**(46,719)**

								2023
At Dream's share	**Ownership interest**		**Revenue**		**Earnings (loss)**		**Earnings (loss) before depreciation**
Development investments[1]	7%-78%	$	23,102	$	5,321	$	5,383
Recurring income investments							
Dream Office REIT[2]	30%		63,139		(181,415)		(181,361)
Dream Residential REIT	12%		7,443		(1,683)		(1,683)
Brighton Marketplace	50%		1,627		1,027		1,232
Maple House at Canary Landing	33%		275		9,189		9,189
Other recurring income investments	5%-50%		8,944		2,255		2,521
Total recurring income investments		$	81,428	$	(170,627)	$	(170,102)
Total		**$**	**104,530**	**$**	**(165,306)**	**$**	**(164,719)**

[1] Earnings in the year ended December 31, 2023 relate primarily to fair value gains in Canary District and Canary Landing.
[2] Loss in the year ended December 31, 2023 relates to a loss of $88,204 on the disposition of 7,032,649 Dream Office REIT units for gross proceeds of $109,006, as well as an impairment loss of $72,935.

						2022
Project level (100%)		Revenue		Earnings		Earnings before depreciation
Development investments	$	240,645	$	96,194	$	97,586
Recurring income investments						
Dream Office REIT		209,835		16,996		17,641
Dream Residential REIT		16,892		49,908		50,416
Other recurring income investments		9,797		19,247		22,763
Total recurring income investments	$	236,524	$	86,151	$	90,820
Total	$	477,169	$	182,345	$	188,406

							2022
At Dream's share	Ownership interest		Revenue		Earnings		Earnings before depreciation
Development investments[1]	7%-78%	$	121,274	$	43,405	$	43,635
Recurring income investments							
Dream Office REIT	36%		67,887		5,558		5,707
Dream Residential REIT	12%		1,993		5,949		5,949
Other recurring income investments	5%-50%		4,820		1,181		2,453
Total recurring income investments		$	74,700	$	12,688	$	14,109
Total		$	195,974	$	56,093	$	57,744

[1] Earnings in the year ended December 31, 2022 relate primarily to 181 condominium occupancies, at the Company's proportionate share, at Canary Commons.

13. Capital and other operating assets

Capital and other operating assets consisted of the following:

		2023		2022
Restricted cash	**$**	**18,346**	$	6,442
Goodwill		**13,576**		13,576
Prepaid expenses[1]		**20,295**		17,043
Capital assets		**10,622**		11,900
Right-of-use assets		**829**		1,931
Other		**9,561**		7,973
Total capital and other operating assets	**$**	**73,229**	$	58,865

		2023		2022
Capital assets	**$**	**26,603**	$	25,880
Accumulated depreciation		**(15,981)**		(13,980)
Total capital assets	**$**	**10,622**	$	11,900

[1] Included in prepaid expenses as at December 31, 2023 is $4,282 of capitalized sales commissions relating to housing and condominium sales to be recognized in future periods (December 31, 2022 - $4,839).

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

Right-of-Use Assets

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

		2023		2022
Balance, beginning of year	**$**	**1,931**	$	1,409
Additions		**144**		1,010
Depreciation		**(392)**		(488)
Disposition		**(854)**		—
Balance, end of year	**$**	**829**	$	1,931

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.

14. Accounts payable and other liabilities

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

		2023		2022
Accrued liabilities	**$**	**70,461**	$	101,993
Customer deposits		**70,893**		46,330
Trade payables[(1)]		**73,310**		98,037
Lease obligation		**10,088**		11,836
Deferred revenue		**8,040**		9,676
Interest rate swaps		**584**		—
	$	**233,376**	$	267,872

[(1)] Included in trade payables were bank overdraft balances of $1,779 as at December 31, 2023 (December 31, 2022 - $3,062).

Lease Obligation

		2023		2022
Maturity analysis - contractual undiscounted cash flows				
Less than one year	**$**	**1,526**	$	1,481
One to two years		**1,386**		1,245
Two to three years		**1,285**		1,456
Three to four years		**1,062**		1,355
Four to five years		**930**		976
More than five years		**7,427**		9,532
Total undiscounted lease obligation as at end of year	**$**	**13,616**	$	16,045
Discounted using the lessee's incremental borrowing rate as at end of year		**(3,528)**		(4,209)
Total discounted lease obligation as at end of year	**$**	**10,088**	$	11,836
Current portion of lease obligation		**1,462**		1,404
Non-current portion of lease obligation		**8,626**		10,432
Total lease obligation	**$**	**10,088**	$	11,836

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

15. Provision for real estate development costs

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

		2023		2022
Balance, beginning of year	**$**	**74,162**	$	52,198
Additional provisions		**22,798**		49,468
Utilized during the year		**(35,891)**		(27,504)
Balance, end of year	**$**	**61,069**	$	74,162

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 utilized within one year.

16. Debt

Project-Specific Debt

	Construction loans	Operating line - Western Canada	Mortgages and term debt	Operating line - Dream Impact Fund	**Total**
Balance, January 1, 2023	$ 328,139	$ 73,796	$ 869,405	$ 9,400	**$ 1,280,740**
Borrowings	240,382	67,000	247,788	40,800	**595,970**
Repayments	(118,794)	(141,500)	(97,454)	(39,700)	**(397,448)**
Debt assumed on acquisition	—	—	41,948	—	**41,948**
Interest and other	(187)	704	(2,484)	—	**(1,967)**
Balance, December 31, 2023	**$ 449,540**	**$ —**	**$ 1,059,203**	**$ 10,500**	**$ 1,519,243**

	Construction loans	Operating line - Western Canada	Mortgages and term debt	Operating line - Dream Impact Fund	Total
Balance, January 1, 2022	$ 315,629	$ 75,779	$ 639,636	$ 19,263	$ 1,050,307
Borrowings	126,200	227,500	371,057	4,900	729,657
Repayments	(113,527)	(230,000)	(142,436)	(14,695)	(500,658)
Interest and other	(163)	517	1,148	(68)	1,434
Balance, December 31, 2022	$ 328,139	$ 73,796	$ 869,405	$ 9,400	$ 1,280,740

Corporate Debt Facilities

	Non-revolving term facility	Operating line - Dream Impact Trust	Convertible debenture (host instrument) - Dream Impact Trust	Convertible debenture (conversion feature) - Dream Impact Trust	**Total**
Balance, January 1, 2023	$ 223,128	$ 41,421	$ 66,833	$ 449	**$ 331,831**
Borrowings	—	5,500	—	—	**5,500**
Repayments	—	(47,200)	—	—	**(47,200)**
Interest and other	641	279	697	(442)	**1,175**
Balance, December 31, 2023	**$ 223,769**	**$ —**	**$ 67,530**	**$ 7**	**$ 291,306**

	Non-revolving term facility	Operating line - Dream Impact Trust	Convertible debenture (host instrument) - Dream Impact Trust	Convertible debenture (conversion feature) - Dream Impact Trust	Total
Balance, January 1, 2022	$ 214,148	$ —	$ 28,883	$ 357	$ 243,388
Borrowings	10,000	56,200	39,495	505	106,200
Repayments	—	(14,500)	—	—	(14,500)
Interest and other	(1,020)	(279)	(1,545)	(413)	(3,257)
Balance, December 31, 2022	$ 223,128	$ 41,421	$ 66,833	$ 449	$ 331,831

Further details on the weighted average interest rates and maturities are included in Note 28. In the year ended December 31, 2023, there were no events of default on any of the Company's obligations under its debt facilities.

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.

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 $320,000, 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. In the year ended December 31, 2022, the Company completed amendments to the operating line including the extension of the maturity date to November 30, 2025.

As at December 31, 2023, funds available under this facility were $320,000, as determined by the formula-based maximum calculation, with $46,493 of letters of credit issued against the facility (December 31, 2022 - $320,000, with $54,864 of letters of credit issued against the facility).

Non-Revolving Term Facility

In the year ended December 31, 2022, the Company executed on an amendment to its non-revolving term facility with a syndicate of Canadian financial institutions, extending the maturity date to November 30, 2025, increasing it from $215,000 to $225,000 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

During the year ended December 31, 2023, the Company amended its credit facility, reducing the borrowing capacity from $50,000 to $25,000 and extending the maturity date to April 30, 2025. Dream Impact Trust has a demand revolving term credit facility available, up to a formula-based maximum not to exceed $25,000, with a Canadian financial institution. The facility bears interest at the bankers' acceptance rate plus 2.25%, or at the bank's prime rate plus 1.25%, payable monthly, and is secured by a general security agreement over certain of Dream Impact Trust's income properties.

As at December 31, 2023, $nil was drawn on the facility (December 31, 2022 - $41,700) and funds available under this facility were $16,700 (December 31, 2022 – $8,000), net of $300 of letters of credit issued against the facility (December 31, 2022 – $300).

Convertible Debentures - Dream Impact Trust

During the year ended December 31, 2022, the Company closed on a public offering of $40,000 aggregate principal amount of impact convertible unsecured subordinated debentures ("2022 Debentures"), excluding transaction costs of $2,048. The 2022 Debentures bear a coupon interest rate of 5.75% per annum and an effective interest rate of 6.0% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2022 and maturing on December 31, 2027. The 2022 Debentures are convertible at the holder's option into units of Dream Impact Trust at a conversion price of $32.00 per unit, representing a conversion rate of 31.2500 units of $1 principal amount, convertible at the holder's option at any time before the maturity date.

During the year ended December 31, 2021, the Company closed on a public offering of $30,000 aggregate principal amount of impact convertible unsecured subordinated debentures ("2021 Debentures"), excluding transaction costs of $340. The 2021 Debentures bear 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 and maturing on July 31, 2026. The 2021 Debentures are convertible at the holder's option into units of Dream Impact Trust at a conversion price of $31.02 per unit, representing a conversion rate of 32.2373 units of $1 principal amount, convertible at the holder's option at any time before the maturity.

The fair value of the host instruments at inception were calculated using an estimated interest rate for an unsecured debenture with a similar term to maturity and without a conversion feature. The conversion features are recognized as a financial liability and are fair valued for each reporting period.

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, 2023, funds available under this facility were $29,177, as determined by the formula-based maximum calculation. No amounts were drawn in the year ended December 31, 2023 (December 31, 2022 - $nil).

Interest Rate Swaps

The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Variable rate debt represented 26% (December 31, 2022 - 42%) of the Company's total debt obligation as at December 31, 2023. In order to manage the interest rate risk on certain variable rate debt, the Company has entered into interest rate swaps as detailed below.

					2023	2022
Maturity date(s)	Debt facility	Notional amount hedged	Average fixed interest rate	Financial instrument classification	**Fair value of hedging instrument**	Fair value of hedging instrument
May 31, 2024	Non-revolving term facility	$ 100,000	3.93%	Cash flow hedge	**$ 1,698**	$ 4,771
October 31, 2025	Non-revolving term facility	100,000	6.78%	Cash flow hedge	**351**	83
November 30, 2025	Non-revolving term facility	20,000	6.42%	Cash flow hedge	**190**	n/a
April 3, 2028	Mortgage	80,000	6.37%	Cash flow hedge	**190**	n/a
March 18, 2029	Mortgage	75,500	3.43%	Cash flow hedge	**3,406**	5,099
July 16, 2027 and July 27, 2027	Mortgage	65,130	5.15%	Cash flow hedge	**(584)**	423
April 14, 2026	Mortgage	24,600	6.55%	Cash flow hedge	**127**	n/a

The Company applied hedge accounting to these relationships, whereby the change in fair value of the effective portion of the hedging derivatives was recognized in accumulated other comprehensive income. Settlements of both the fixed and variable portions of the interest rate swaps occur on a monthly basis. The full amounts of the hedges were determined to be effective as at December 31, 2023 as all critical terms matched during the year.

17. Dream Impact Trust units

The Company accounts for the 65% interest in Dream Impact Trust held by other unitholders as a financial liability measured at FVTPL (December 31, 2022 - 70%). As at December 31, 2023, the trust units had a fair value of $70,779 based on the trading price on the TSX. The movement in Dream Impact Trust units is as follows:

		2023		2022
	Units	**Total**	Units	Total
Balance, beginning of year	**11,686,387**	**$ 188,385**	11,711,073	$ 288,092
Units acquired by the Company in the year	**(102,850)**	**(1,403)**	—	—
Units issued to other unitholders through distribution reinvestment plan	**21,987**	**190**	2,928	50
Units repurchased and cancelled by Dream Impact Trust	**(111,937)**	**(1,187)**	(48,275)	(1,161)
Deferred units exchanged for Dream Impact Trust units	**15,265**	**196**	20,661	507
Fair value adjustment	**—**	**(115,402)**	—	(99,103)
Balance, end of year	**11,508,852**	**$ 70,779**	11,686,387	$ 188,385

In the year ended December 31, 2023, the Company recognized a gain related to Dream Impact Trust units of $107,427 in the consolidated statements of earnings (loss), comprising a fair value gain of $115,402 due to a decrease in Dream Impact Trust's trading price offset by cash distributions to other unitholders of $7,975 (year ended December 31, 2022 - gain of $80,411 comprising a fair value gain of $99,103 due to a decrease in Dream Impact Trust's trading price offset by distributions to other unitholders of $18,692).

18. Dream Impact Fund units

The Company accounts for the 62% interest (December 31, 2022 - 59%) in Dream Impact Fund held by other unitholders as a financial liability and is remeasured to fair value each period based on the Dream Impact Fund unit's closing net asset value. The movement in Dream Impact Fund units is as follows:

		2023		2022
	Units	**Total**	Units	Total
Balance, beginning of year	**6,213,941**	**$ 69,919**	4,746,403	$ 49,430
Units issued to other unitholders	**3,530,475**	**39,925**	1,467,538	15,965
Fair value adjustment	**—**	**3,561**	—	4,524
Balance, end of year	**9,744,416**	**$ 113,405**	6,213,941	$ 69,919

In the year ended December 31, 2023, third-party investors contributed $39,925 to Dream Impact Fund (year ended December 31, 2022 - $15,965).

In the year ended December 31, 2023, the Company recognized a loss of $3,561 related to Dream Impact Fund units (year ended December 31, 2022 - $4,524) in the consolidated statements of earnings (loss) due to a change in net asset value attributable to Dream Impact Fund's non-controlling interest.

19. Income taxes

In the year ended December 31, 2023, the Company recognized an income tax recovery of $2,711 (year ended December 31, 2022 – income tax expense of $32,846), the major components of which include the following items:

		2023		2022
Current income taxes:				
Current income taxes with respect to profits during the year	**$**	**19,594**	$	4,050
Current tax adjustments with respect to prior year		**260**		(1,001)
Other items affecting current income tax expense		**5,963**		3,640
Current income tax expense		**25,817**		6,689
Deferred income taxes:				
Origination and reversal of temporary differences		**(28,735)**		26,935
Expense (recovery) arising from previously unrecognized temporary difference		**1,126**		(1,029)
Impact of changes in income tax rates		**(919)**		251
Deferred income tax expense (recovery)		**(28,528)**		26,157
Income tax expense (recovery)	**$**	**(2,711)**	$	32,846

Due to non-coterminous tax years of the Company's partnership and trust interests, income of approximately $60,496 for the year ended December 31, 2023 (year ended December 31, 2022 – $97,940) relating to such partnership and trust interests will be included in computing the Company's taxable income for its 2024 and 2023 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 25.9% (December 31, 2022 - 26.1%) as presented in the table below. Cash paid, net of refunds, for income taxes for the year ended December 31, 2023 was $3,175 (year ended December 31, 2022 – $8,819).

		2023		2022
Earnings (loss) before tax at statutory rate of 25.9% (2022 - 26.1%)	**$**	**(31,026)**	$	51,493
Effect on taxes of:				
Non-deductible expenses		**3,350**		1,874
Adjustment in expected future tax rates		**(919)**		251
Tax adjustments in respect of prior years		**1,625**		(1,961)
Non-taxable portion of capital gains		**14,959**		(36,501)
Non-recognition of the benefit of current year's tax losses		**4,547**		14,615
Other items		**4,753**		3,075
Income tax expense (recovery)	**$**	**(2,711)**	$	32,846

The movement in the deferred income taxes in the year ended December 31, 2023 and the year ended December 31, 2022, 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, 2022	$	(11,906)	$	(59,687)	$	(1,124)	$	(47,780)	$	16,798	$	(103,699)
(Charged) credited to:												
Loss (earnings) for the year		(1,978)		(7,322)		(24,449)		(3,048)		10,640		(26,157)
Other comprehensive income		—		68		—		(2,742)		—		(2,674)
Balance, December 31, 2022	$	(13,884)	$	(66,941)	$	(25,573)	$	(53,570)	$	27,438	$	(132,530)
(Charged) credited to:												
Loss for the year		1,710		3,333		9,926		7,463		6,096		28,528
Other comprehensive income		—		(90)		—		1,771		—		1,681
Balance, December 31, 2023	**$**	**(12,174)**	**$**	**(63,698)**	**$**	**(15,647)**	**$**	**(44,336)**	**$**	**33,534**	**$**	**(102,321)**

As at December 31, 2023, the Company had tax losses of $13,586 (December 31, 2022 – $13,440) that expire between 2025 and 2042 and tax losses of $15,339 (December 31, 2022 - $nil) that do not expire. 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.

20. 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.

			2023			2022
Issued and outstanding	**Number of shares**		**Amount**	Number of shares		Amount
Subordinate Voting Shares	**40,682,688**	**$**	**923,245**	41,030,346	$	929,294
Class B Shares	**1,557,322**		**38,782**	1,557,356		38,782
	42,240,010	**$**	**962,027**	42,587,702	$	968,076

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

			2023			2022
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of year	**41,030,346**	**$**	**929,294**	41,278,675	$	934,135
Class B Shares converted into Subordinate Voting Shares	**34**		**—**	—		—
Performance share units exercised, net of withholding taxes	**9,896**		**247**	10,599		152
Subordinate Voting Shares issued under the Restricted Share & Restricted Share Unit Plan	**204,082**		**4,531**	117,618		3,528
Subordinate Voting Shares repurchased	**(561,670)**		**(10,827)**	(376,546)		(8,521)
Issued and outstanding, end of year	**40,682,688**	**$**	**923,245**	41,030,346	$	929,294

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

			2023			2022
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of year	**1,557,356**	**$**	**38,782**	1,557,356	$	38,782
Class B Shares converted into Subordinate Voting Shares	**(34)**		**—**	—		—
Issued and outstanding, end of year	**1,557,322**	**$**	**38,782**	1,557,356	$	38,782

Share Repurchases

The Company renewed its normal course issuer bid ("NCIB"), which commenced on September 21, 2023, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,223,383 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 8,986 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, 2024.

In the year ended December 31, 2023, 561,670 Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $19.28 (year ended December 31, 2022 – 376,546 Subordinate Voting Shares at an average price of $39.53). In the year ended December 31, 2022 the purchase price was in excess of the carrying amount and $6,364 was recorded in retained earnings.

Dividends

In the year ended December 31, 2023, the Company declared dividends of $21,320 on its Subordinate Voting Shares and Class B Shares (year ended December 31, 2022 - $38,328).

Subsequent to the year ended December 31, 2023, the Company's Board of Directors approved an increase to the annual dividend per Subordinate Voting Share and Class B Share from $0.50 per share to $0.60 per share, effective with the dividend payable to shareholders on March 29, 2024.

21. Accumulated other comprehensive income

The movement in AOCI is as follows:

	Interest rate hedges	Foreign currency translation	Equity accounted investments	Total
Balance, January 1, 2022	$ 716	$ 9,730	$ 1,293	$ 11,739
Other comprehensive income during the year	8,260	2,522	3,954	14,736
Balance, December 31, 2022	8,976	12,252	5,247	26,475
Other comprehensive loss during the year	(4,140)	(623)	(2,765)	(7,528)
Balance, December 31, 2023	**$ 4,836**	**$ 11,629**	**$ 2,482**	**$ 18,947**

22. Revenue

Revenue consisted of the following:

	2023	2022
Revenue from contracts with customers	**$ 316,036**	$ 282,937
Revenue from other sources - loans receivable	**1,749**	1,309
Revenue from other sources - rental income	**69,162**	59,522
Total revenue	**$ 386,947**	$ 343,768

Revenue from Contracts with Customers

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

2023	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	**Total**
Revenue	$ 92,205	$ 90,692	$ 17,873	$ 60,919	$ 71,124	**$ 332,813**
Less: Intercompany revenue	—	(12,056)	—	—	(4,721)	**(16,777)**
Revenue from external customers	$ 92,205	$ 78,636	$ 17,873	$ 60,919	$ 66,403	**$ 316,036**
Timing of revenue recognition						
At a point in time	$ 92,205	$ 78,636	$ —	$ 50,112	$ 4,374	**$ 225,327**
Over time	—	—	17,873	10,807	62,029	**90,709**
	$ 92,205	$ 78,636	$ 17,873	$ 60,919	$ 66,403	**$ 316,036**

2022	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	Total
Revenue	$ 143,783	$ 36,786	$ 12,057	$ 57,154	$ 47,712	$ 297,492
Less: Intercompany revenue	—	(7,612)	—	—	(6,943)	(14,555)
Revenue from external customers	$ 143,783	$ 29,174	$ 12,057	$ 57,154	$ 40,769	$ 282,937
Timing of revenue recognition						
At a point in time	$ 143,783	$ 29,174	$ —	$ 47,135	$ 6,999	$ 227,091
Over time	—	—	12,057	10,019	33,770	55,846
	$ 143,783	$ 29,174	$ 12,057	$ 57,154	$ 40,769	$ 282,937

23. Direct operating costs

Direct operating costs consisted of the following:

		2023		2022
Direct costs of real estate inventory	$	**130,485**	$	123,997
Direct costs of operating investment and recreational properties		**96,066**		76,748
Direct costs of development and asset management		**35,201**		29,416
	$	**261,752**	$	230,161

The Company had no government grants in the year ended December 31, 2023. In the year ended December 31, 2022, the Company qualified for certain government grants and recognized a reduction in direct costs of operating investment and recreational properties of $936.

24. Selling, marketing, depreciation and other operating costs

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

		2023		2022
Salary and other compensation	$	**16,223**	$	16,029
General office and other		**17,604**		15,026
Selling and marketing costs		**5,498**		3,417
	$	**39,325**	$	34,472

25. General and administrative expenses

General and administrative expenses consisted of the following:

		2023		2022
Salary and other compensation	$	**14,043**	$	11,074
Corporate, service and professional fees		**8,221**		8,250
General office and other[1]		**8,891**		14,239
	$	**31,155**	$	33,563

[1] Included in general office and other for the year ended December 31, 2023 is $5,475 related to the settlement of certain outstanding legal claims and one-time compliance costs (year ended December 31, 2022 - $12,431).

The Company had no government grants in the year ended December 31, 2023. For the year ended December 31, 2022, the Company qualified for certain government grants and recognized a reduction in salary and other compensation costs of $598.

26. Net gain on land settlement

In the year ended December 31, 2022, the Company agreed to a final settlement for an additional $88,500 in compensation, which was recorded in the consolidated statement of earnings net of transaction costs of $2,080 in regards to a stabilized recurring income property that was expropriated from the Company pursuant to the *Expropriations Act* (Ontario) in the year ended December 31, 2018.

27. Interest expense

Interest expense consisted of the following:

		2023		2022
Interest on project-specific debt	$	**68,613**	$	48,592
Interest on corporate debt facilities		**17,476**		11,336
Amortization of deferred financing costs and accretion of effective interest		**2,517**		2,312
Project-specific interest capitalized to real estate development projects		**(20,305)**		(10,437)
Total	$	**68,301**	$	51,803

Interest expense was capitalized to real estate development projects for the year ended December 31, 2023 at a weighted average effective borrowing rate of 7.22% (year ended December 31, 2022 - 6.91%).

28. 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.

		2023		2022	
	Fair value hierarchy	**Carrying value**	**Fair value**	Carrying value	Fair value
Recurring measurement					
Financial assets					
Participating mortgages	Level 3	**$ 4,060**	**$ 4,060**	$ 5,193	$ 5,193
Interest rate swaps	Level 2	**5,962**	**5,962**	10,376	10,376
Investment holdings	Level 3	**46,753**	**46,753**	40,950	40,950
Loans receivable	Level 3	**4,611**	**4,611**	49,611	49,611
Financial liabilities					
Dream Impact Trust units	Level 1	**70,779**	**70,779**	188,385	188,385
Dream Impact Fund units	Level 3	**113,405**	**113,405**	69,919	69,919
Interest rate swaps	Level 2	**584**	**584**	—	—
Convertible debentures (conversion features) - Dream Impact Trust	Level 3	**7**	**7**	449	449
Fair values disclosed					
Lease obligation	Level 3	**10,088**	**10,088**	11,836	11,836
Loans receivable	Level 3	**38,436**	**36,075**	10,008	7,999
Operating line - Dream Impact Fund	Level 3	**10,500**	**10,500**	9,400	9,400
Construction loans	Level 3	**449,540**	**427,597**	328,139	324,629
Mortgages and term debt	Level 3	**1,059,203**	**1,003,596**	869,405	817,323
Operating line - Western Canada	Level 3	**—**	**—**	73,796	74,500
Operating line - Dream Impact Trust	Level 3	**—**	**—**	41,421	41,700
Non-revolving term facility	Level 3	**223,769**	**225,000**	223,128	225,000
Convertible debentures (host instruments) - Dream Impact Trust	Level 3	**67,530**	**65,675**	66,833	67,695

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, 2023 of $6.15 per unit for the 11,508,852 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:

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.

Loans Receivable

The fair value of loans receivable as at December 31, 2023 was determined by discounting the expected cash flows of each loan using a market interest rate. 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.

Project-Specific Debt, Non-Revolving Term Facilities and Revolving Term Facilities, Convertible Debentures and Lease Obligation

The fair value of the operating line - Western Canada, construction loans, mortgages and term debt, non-revolving term facilities and revolving term facilities and convertible debentures (host instruments) 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 Features) - Dream Impact Trust

The significant unobservable inputs used in the fair value measurement of the conversion features on the convertible debentures is the volatility. The Company calculated the expected volatility of the conversion features using historical pricing of Dream Impact Trust and other similar companies in the industry. The volatility used as at December 31, 2023 was 34.1%. If the volatility used in the fair value calculation were to increase or decrease by 5%, the value of the conversion features would have a nominal impact.

Valuation Process

The Company's finance department is responsible for either determining the fair value measurements directly 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 18 for a continuity of the Company's Dream Impact Fund units.

	Loans receivable	Investment holdings	Convertible debentures (conversion features)	Interest rate swaps	Participating mortgages
Balance, December 31, 2022	$ 59,619	$ 40,950	$ (449)	$ 10,376	$ 5,193
Issued or acquired during the year:					
Contributions/borrowings/advances	56	10,554	—	—	—
Distributions	—	(4,751)	—	—	—
Repayments	(19,435)	—	—	—	—
Interest capitalized, amortization and other	2,807	—	—	—	—
Total gains or losses for the year included in net earnings:					
Change in fair value	—	—	442	—	(1,133)
Included in other comprehensive income:					
Change in fair value	—	—	—	(4,998)	—
Balance, December 31, 2023	**$ 43,047**	**$ 46,753**	**$ (7)**	**$ 5,378**	**$ 4,060**

	Loans receivable	Investment holdings	Convertible debentures (conversion features)	Interest rate swaps	Participating mortgages
Balance, December 31, 2021	$ 68,870	$ 95,298	$ (357)	$ 754	$ 6,436
Issued or acquired during the year:					
Contributions/borrowings/advances	1,892	3,554	(505)	—	—
Dispositions/extinguishment	—	(3,099)	—	—	(1,243)
Repayments	(15,429)	—	—	—	—
Interest capitalized, amortization and other	4,286	—	—	—	—
Total gains or losses for the year included in net earnings:					
Change in fair value	—	(54,803)	413	—	—
Included in other comprehensive income:					
Change in fair value	—	—	—	9,622	—
Balance, December 31, 2022	$ 59,619	$ 40,950	$ (449)	$ 10,376	$ 5,193

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 is fair valued in reference to Dream Impact Trust's unit trading price as listed on the TSX. A 10% absolute change in the market price would increase (decrease) the carrying amount of the Dream Impact Trust liability by $7,078 before associated taxes with a corresponding decrease (increase) in earnings before income taxes.

The Company's liability associated with Dream Impact Fund units is 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 $11,341 before associated taxes with a corresponding decrease (increase) in earnings before income taxes.

Credit Risk

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

Credit risk related to the loans receivable 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 loans receivable discussed below.

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

The maximum exposure to credit risk at December 31, 2023 was $570,663 (December 31, 2022 - $578,016). This is the fair value of the Company's accounts receivable from previously recognized land and condominium revenue, participating mortgages, loans receivable, which includes 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 26% (December 31, 2022 – 42%) of total debt obligations as at December 31, 2023. Interest rate risk is mitigated, in part, by borrowing long-term fixed rate mortgages with relatively consistent interest expense. In addition, there is interest rate risk associated with the Company's fixed rate debt due to the expected requirement to refinance such debts in the year of maturity. The Company is exposed to the variability in market interest rates and credit spreads on maturing debt to be renewed. The Company has entered into interest rate swaps to further mitigate interest rate risk. See Note 16 for further details.

The Company has exposure to the variability in market interest rates on its loans receivable investments with variable rate loans and fixed rate loans maturing within the next 12 months. As at December 31, 2023, there are no variable rate loans within loans receivable. The Company invests in mortgages and loans secured by all types of residential and commercial real estate property that represent an acceptable underwriting risk.

It is currently expected that the administrator of the Canadian Dollar Offered Rate ("CDOR") will cease publication of CDOR by June 28, 2024, and the Canadian financial benchmark will be replaced by the Canadian Overnight Repo Rate Average ("CORRA"). The fallback provisions of the Company's debt have been appropriately updated to transition from CDOR to CORRA for Canadian drawdowns when CDOR is discontinued.

The Company's interest expense associated with variable rate interest debt would increase (decrease) depending on the loan's agreements and the Bank of Canada's overnight rate. An increase in interest rates would correspond with an increase in interest expense. The following table is a sensitivity if interest rates were to increase 1% or decrease 1%.

	Year ended December 31, 2023	
	Increase 1%	**Decrease 1%**
Interest expense	**$ 3,902**	**$ (3,902)**

Foreign Exchange Risk
Foreign exchange currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Company will fluctuate and could adversely impact our aggregate foreign currency exposure. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Company's functional currency in determining fair value. The Company holds assets and liabilities, including cash and investments that are denominated in currencies other than the Canadian dollar, the functional currency. The Company is therefore exposed to currency risk as the value of the securities denominated in other currencies fluctuates due to changes in exchange rates. As at December 31, 2023, the Company has exposure to the United States dollar through Arapahoe Basin ski hill, its investments in Dream Residential REIT and Dream U.S. Industrial Fund, both the U.S. dollar and euro through its asset management agreement with Dream Industrial REIT and the U.S. dollar through its fund management agreement with Dream U.S. Industrial Fund.

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, 2023, the Company had $325,119 in corporate-level cash and available under various revolving facilities. As at December 31, 2023, 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, 2023 is as follows:

	Weighted average effective interest rates			Debt amount	
	2023	2022	**Maturity dates**	**2023**	2022
Fixed rate					
Construction loans	**2.81%**	1.69%	2025-2047	**$ 145,588**	$ 83,040
Mortgages and term debt	**3.80%**	3.05%	2024-2052	**937,443**	584,952
Convertible debenture (host instrument) - Dream Impact Trust	**6.10%**	6.12%	2026-2027	**67,530**	66,833
Convertible debenture (conversion feature) - Dream Impact Trust	**n/a**	n/a	2026-2027	**7**	448
Non-revolving term facility - hedged portion	**5.45%**	5.36%	2025	**220,000**	200,000
Total fixed rate debt	**4.15%**	3.61%		**1,370,568**	935,273
Variable rate					
Construction loans	**7.79%**	7.32%	2024-2026	**303,952**	245,099
Mortgages and term debt	**7.53%**	6.04%	2024-2025	**121,760**	284,454
Operating line - Dream Impact Fund	**7.20%**	6.47%	2025	**10,500**	9,400
Operating line - Western Canada	**n/a**	7.22%	2025	**—**	73,796
Operating line - Dream Impact Trust	**n/a**	6.97%	2025	**—**	41,421
Non-revolving term facility - unhedged portion	**8.20%**	7.66%	2025	**3,769**	23,128
Total variable rate debt	**7.71%**	6.61%		**439,981**	677,298
Total debt	**5.02%**	4.89%		**$ 1,810,549**	$ 1,612,571

The following table summarizes the aggregate of the scheduled principal repayments and debt maturities as at December 31, 2023:

	Construction loans	Mortgages and term debt	Operating line - Dream Impact Fund	Non-revolving term facility	Convertible debentures - Dream Impact Trust	Total
2024	$ 155,489	$ 76,452	$ —	$ —	$ —	$ 231,941
2025	93,180	246,659	10,500	225,000	—	575,339
2026	80,652	87,777	—	—	—	168,429
2027	—	292,815	—	—	29,809	322,624
2028	—	136,462	—	—	38,165	174,627
2029 and thereafter	120,988	225,448	—	—	—	346,436
	450,309	1,065,613	10,500	225,000	67,974	1,819,396
Discount/Unamortized premium/financing costs	(769)	(6,410)	—	(1,231)	(437)	(8,847)
	$ 449,540	$ 1,059,203	$ 10,500	$ 223,769	$ 67,537	**$ 1,810,549**

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.

29. 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.

	2023		2022	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Options outstanding, beginning of year	**865,845**	**$ 16.96**	865,845	$ 16.96
Expired	**(55,000)**	**27.76**	—	—
Options outstanding, end of year	**810,845**	**$ 16.23**	865,845	$ 16.96
Options exercisable, end of year	**790,836**	**$ 16.17**	814,247	$ 16.90

As at December 31, 2023, 810,845 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.

In the year ended December 31, 2023, the Company recognized an expense of $36 (year ended December 31, 2022 – $78) relating to share-based compensation for stock options, recorded in general and administrative expenses.

Performance Share Unit Plan

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

	2023		2022	
	Units	**Weighted average fair value at grant date**	Units	Weighted average fair value at grant date
Units outstanding, beginning of year	**705,856**	**$ 20.10**	571,332	$ 17.02
Granted	**149,804**	**28.66**	116,818	41.03
Forfeited	**(14,920)**	**38.10**	(1,225)	41.03
PSUs added by performance factor	**7,501**	**24.94**	15,763	14.36
Reinvested	**19,751**	**22.19**	22,523	21.09
Exercised	**(18,675)**	**24.94**	(19,355)	14.36
Units outstanding, end of year	**849,317**	**$ 22.11**	705,856	$ 20.10

In the year ended December 31, 2023, compensation expense of $3,612 (year ended December 31, 2022 – $3,320) related to this plan was recognized in general and administrative expenses.

The fair value of PSUs granted in the year ended December 31, 2023 was estimated on the historical grant date with the following assumptions:

Risk-free interest rate	4.0%
Expected life	3 years
Contractual life	10 years

Deferred Share Unit Plan

The Company has a DSU incentive plan pursuant to which DSUs may be granted to eligible directors, senior management and certain service providers. As at December 31, 2023, there were 343,891 units outstanding (December 31, 2022 – 298,896 units outstanding). In the year ended December 31, 2023, compensation expense of $802 (year ended December 31, 2022 – $799) related to this plan was recognized in general and administrative expenses.

	2023	2022
Units outstanding, beginning of year	**298,896**	266,143
Granted	**37,479**	23,464
Reinvested	**7,516**	9,289
Units outstanding, end of year	**343,891**	298,896

Restricted Share & Restricted Share Unit Plan

The Company has an RS & RSU Plan that grants 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, 2023, $4,531 in Restricted Share Awards was granted to be used to subscribe for Subordinate Voting Shares and 204,082 Restricted Shares were issued to be held in escrow until February 2033 (year ended December 31, 2022 - $3,528 in Restricted Share Awards and 117,618 Restricted Shares were held in escrow until February 2032). In the year ended December 31, 2023, compensation expense of $2,891 (year ended December 31, 2022 – $1,436) 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:

		2023		2022
Balance, beginning of year	**$**	**18,082**	$	15,701
Granted and added by performance factor, net of forfeitures		**2,809**		2,102
Dividends reinvested		**559**		557
Exercised		**(466)**		(278)
Balance, end of year	**$**	**20,984**	$	18,082

30. Earnings (loss) per share

Basic earnings (loss) 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 (loss) 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 (loss) per share calculation is determined by assuming that the total proceeds received for the conversion of such units is used to repurchase Subordinate Voting Shares at the average selling price of such publicly traded units over the term of the calculation.

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

		2023		2022
Earnings (loss) attributable to the shareholders of the Company, basic and diluted	$	**(117,079)**	$	164,445
Weighted average number of shares outstanding:				
Dream Subordinate Voting Shares		**41,109,891**		41,043,669
Dream Class B Shares		**1,557,344**		1,557,356
Total weighted average number of shares		**42,667,235**		42,601,025
Effect of dilutive securities on weighted average number of shares outstanding at the end of the year:				
Share-based compensation[1]		**—**		1,373,706
Total weighted average number of shares outstanding after dilution		**42,667,235**		43,974,731
Basic earnings (loss) per share	$	**(2.74)**	$	3.86
Diluted earnings (loss) per share		**(2.74)**		3.74

[1] For the year ended December 31, 2023, 2,462,319 stock options, DSUs, RSUs and PSUs were considered anti-dilutive (year ended December 31, 2022 – 119,401 PSUs).

31. 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.

32. Commitments and contingencies

Capital Commitments

The Company is obligated, under certain contract terms, to construct and develop investment properties, condominium and housing inventory. The Company has entered into contracts with various suppliers and is committed to future payments of approximately $170,000 (December 31, 2022 - $265,000).

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 $109,024 (December 31, 2022 – $100,686). 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 $11,499 (December 31, 2022 – $21,056) 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.

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 $343,560 as at December 31, 2023 (December 31, 2022 – $336,670). 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.

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.

33. 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, which was amended effective January 1, 2022, 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, development 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 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.

In the years ended December 31, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

		2023		2022
Asset management fees charged by Dream[1]	**$**	**25,930**	$	21,146
Cost recoveries charged by Dream		**1,767**		1,428

[1] Included in asset management fees charged to Dream Industrial REIT for the year ended December 31, 2023 and 2022 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 $6,505 (December 31, 2022 - $5,593).

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.

Amounts earned/recovered under the shared services and property management agreements during the years ended December 31, 2023 and 2022 are as follows:

		2023		2022
Cost recoveries charged by Dream to Dream Office REIT	**$**	**1,867**	$	1,626
Cost recoveries charged by Dream Office REIT to Dream		**12,055**		11,407
Cost recoveries charged by Dream Office REIT to Dream Impact Trust		**2,551**		2,585
Fees charged by Dream to Dream Office REIT		**1,795**		2,367
Fees charged by Dream Office REIT to Dream		**426**		409
Fees charged by Dream Office REIT to Dream Impact Trust		**939**		1,032

The amount owing to Dream Office REIT as of December 31, 2023 was $416 (December 31, 2022 – $566).

Dream Residential REIT

The Company, through a subsidiary, and a third-party service provider ("Asset Managers") entered into an asset management agreement with Dream Residential REIT effective May 6, 2022, pursuant to which the Asset Managers provide a range of management and advisory services. The Asset Managers earn fees on a 50/50 basis 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 Residential REIT's 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 Residential 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 Asset Managers are 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 Asset Managers in accordance with the provisions of the agreement. In such circumstances or if Dream Residential REIT is acquired, the incentive fee is calculated as if all of Dream Residential REIT's properties were sold on the applicable date.

In addition, the Company has entered into a shared services agreement with Dream Residential REIT. Pursuant to the agreement, Dream Residential REIT reimburses the Company for shared costs allocated in each calendar year on a cost recovery basis. Fees paid by Dream Residential REIT to the Company are paid in U.S. dollars.

In the years ended December 31, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Residential REIT:

		2023		2022
Asset management fees charged by Dream[1]	**$**	**1,071**	$	642
Advisory fees charged by Dream		**—**		2,834
Cost recoveries charged by Dream		**281**		278

[1] Included in asset management fees charged to Dream Residential REIT for the years ended December 31, 2023 and 2022 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Residential REIT related to asset management agreements and cost sharing agreements of $332 (December 31, 2022 - $423).

Industrial Joint Ventures

In the year ended December 31, 2023, Dream Industrial REIT and a global sovereign wealth fund created a joint venture ("Dream Summit Industrial LP") which acquired Summit Industrial Income REIT. The Company, through a subsidiary, entered into asset management and development management agreements with Dream Summit Industrial LP effective February 2023 pursuant to which the Company provides asset management and development management services.

In the year ended December 31, 2022, the Company along with Dream Industrial REIT formed a develop-to-hold joint venture with a global sovereign wealth fund (the "GTA Land Joint Venture"). A subsidiary of the Company entered into an asset management agreement with the GTA Land Joint Venture, effective April 28, 2022, pursuant to which the Company provides asset management services. The asset 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 asset management fees, acquisition fees, development fees and promote fees.

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. Fees paid by Dream U.S. Industrial Fund to the Company are paid in U.S. dollars.

Amounts earned under the various agreements with the Company's industrial-focused joint ventures during the years ended December 31, 2023 and 2022 are as follows:

		2023		2022
Fees earned under the fund/asset management agreements	**$**	**19,096**	$	4,719
Fees earned under the development management agreements		**2,913**		—

Included in accounts receivable are balances due from the Industrial joint ventures related to various agreements of $6,353 (December 31, 2022 - $1,169).

Distributions Earned from Investments

The Company earned distributions from Dream Residential REIT and Dream Office REIT (Note 12).

Other Transactions

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 initially held a 25% interest in Alate Partners, included within other development

interests in equity accounted investments. As at December 31, 2023, the Company had funded $9,794 into Alate Partners (December 31, 2022 - $9,261). In the year ended December 31, 2022, the Company restructured its investment in Alate Partners to allow for third-party capital in a new fund, Alate I L.P.

Compensation of Key Management

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

		2023		2022
Compensation and benefits	**$**	**8,845**	$	5,423
Share-based compensation		**4,339**		3,317
Directors' fees		**802**		981
	$	**13,986**	$	9,721

34. Supplementary cash flow information

Components of other adjustments include:

		2023		2022
Accrued interest on loans receivable and other expenses	**$**	**469**	$	(2,623)
Share-based compensation expense		**2,902**		5,511
Fair value changes in financial instruments		**(691)**		54,820
Non-cash contribution to equity accounted investment		**—**		(2,834)
Other		**3,921**		4,064
	$	**6,601**	$	58,938

Components of changes in non-cash working capital include:

		2023		2022
Accounts receivable	**$**	**(6,093)**	$	(34,116)
Accounts payable and other liabilities		**(2,730)**		20,625
Income and other taxes payable		**22,601**		(2,358)
Provision for real estate development costs		**(13,093)**		21,964
Deposits		**(1,654)**		285
Restricted cash		**(11,904)**		1,334
Prepaid expenses and other assets		**(3,843)**		(7,873)
	$	**(16,716)**	$	(139)

The breakdown of cash and cash equivalents is as follows:

		2023		2022
Cash	**$**	**60,087**	$	47,535
Money market funds, term deposits and GICs		**116**		98
	$	**60,203**	$	47,633

35. 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 Residential REIT and various development partners, fees earned through our private asset management business, a 30% equity interest in Dream Office REIT, a 12% equity interest in Dream Residential REIT, Dream Impact Trust's loans receivable, and our stabilized income producing assets in the Greater Toronto Area ("GTA"), National Capital Region, Western Canada and Colorado.
- *Development*: Comprised of mixed-use developments in the GTA and National Capital Region, land, housing, retail/commercial, hospitality asset and multi-family rental developments in Saskatchewan and Alberta.

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.

Segmented Statement of Earnings

Segmented revenue and expenditures for the years ended December 31, 2023 and 2022 are as follows:

				2023
	Recurring income	Development	Corporate and other	**Consolidated Dream**
Revenue	$ 213,343	$ 173,604	$ —	**$ 386,947**
Direct operating costs	(128,541)	(133,211)	—	**(261,752)**
Gross margin	84,802	40,393	—	**125,195**
Selling, marketing, depreciation and other operating costs	(9,070)	(30,255)	—	**(39,325)**
Net margin	75,732	10,138	—	**85,870**
Fair value changes in investment properties	(52,619)	(4,660)	—	**(57,279)**
Share of earnings (loss) from equity accounted investments	(170,627)	5,321	—	**(165,306)**
Investment and other income	(57)	12,675	588	**13,206**
Interest expense	(40,036)	(10,280)	(17,985)	**(68,301)**
Fair value changes in financial instruments	—	(1,133)	442	**(691)**
Net segment earnings (loss)	$ (187,607)	$ 12,061	$ (16,955)	**$ (192,501)**
General and administrative expenses[1]	—	—	(31,155)	**(31,155)**
Adjustments related to Dream Impact Trust units[1]	—	—	107,427	**107,427**
Adjustments related to Dream Impact Fund units[1]	—	—	(3,561)	**(3,561)**
Income tax recovery[1]	—	—	2,711	**2,711**
Net earnings (loss)	$ (187,607)	$ 12,061	$ 58,467	**$ (117,079)**

				2022
	Recurring income	Development	Corporate and other	Consolidated Dream
Revenue	$ 167,985	$ 175,783	$ —	$ 343,768
Direct operating costs	(104,411)	(125,750)	—	(230,161)
Gross margin	63,574	50,033	—	113,607
Selling, marketing, depreciation and other operating costs	(8,458)	(26,014)	—	(34,472)
Net margin	55,116	24,019	—	79,135
Fair value changes in investment properties	32,078	(859)	—	31,219
Share of earnings from equity accounted investments	12,688	43,405	—	56,093
Investment and other income	(791)	9,325	190	8,724
Interest expense	(27,845)	(7,915)	(16,043)	(51,803)
Fair value changes in financial instruments	4	(55,238)	413	(54,821)
Net segment earnings (loss)	$ 71,250	$ 12,737	$ (15,440)	$ 68,547
General and administrative expenses[1]	—	—	(33,563)	(33,563)
Net gain on land settlement	—	—	86,420	86,420
Adjustments related to Dream Impact Trust units[1]	—	—	80,411	80,411
Adjustments related to Dream Impact Fund units[1]	—	—	(4,524)	(4,524)
Income tax expense[1]	—	—	(32,846)	(32,846)
Net earnings	$ 71,250	$ 12,737	$ 80,458	$ 164,445

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

Segmented Assets and Liabilities

Segmented assets and liabilities as at December 31, 2023 and December 31, 2022 were as follows:

2023	Recurring income	Development	Corporate and other	**Consolidated Dream**
Assets				
Cash and cash equivalents	$ 33,506	$ 20,214	$ 6,483	**$ 60,203**
Accounts receivable	46,168	221,227	6,646	**274,041**
Other financial assets	60,033	37,550	2,239	**99,822**
Housing inventory	—	52,747	—	**52,747**
Condominium inventory	—	383,829	—	**383,829**
Land inventory	221	458,330	—	**458,551**
Investment properties	1,522,148	197,024	—	**1,719,172**
Recreational properties	82,898	—	—	**82,898**
Equity accounted investments	395,295	275,735	—	**671,030**
Capital and other operating assets	9,608	51,663	11,958	**73,229**
Total assets	$ 2,149,877	$ 1,698,319	$ 27,326	**$ 3,875,522**
Liabilities				
Accounts payable and other liabilities	$ 63,144	$ 159,071	$ 11,161	**$ 233,376**
Income and other taxes payable[1]	—	—	79,964	**79,964**
Provision for real estate development costs	17	61,052	—	**61,069**
Debt	1,097,068	422,175	291,306	**1,810,549**
Dream Impact Trust units[1]	—	—	70,779	**70,779**
Dream Impact Fund units[1]	—	—	113,405	**113,405**
Deferred income taxes[1]	—	—	102,321	**102,321**
Total liabilities	$ 1,160,229	$ 642,298	$ 668,936	**$ 2,471,463**
Total equity	$ 989,648	$ 1,056,021	$ (641,610)	**$ 1,404,059**

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

				2022
	Recurring income	Development	Corporate and other	Consolidated Dream
Assets				
Cash and cash equivalents	$ 27,739	$ 15,270	$ 4,624	$ 47,633
Accounts receivable	26,436	233,564	8,037	268,037
Other financial assets	52,229	59,055	4,854	116,138
Housing inventory	—	48,146	—	48,146
Condominium inventory	—	346,979	—	346,979
Land inventory	206	469,942	—	470,148
Investment properties	1,410,271	148,240	—	1,558,511
Recreational properties	80,300	—	—	80,300
Equity accounted investments	644,700	317,037	—	961,737
Capital and other operating assets	16,259	31,390	11,216	58,865
Total assets	$ 2,258,140	$ 1,669,623	$ 28,731	$ 3,956,494
Liabilities				
Accounts payable and other liabilities	$ 64,506	$ 175,463	$ 27,903	$ 267,872
Income and other taxes payable[1]	—	—	57,363	57,363
Provision for real estate development costs	262	73,900	—	74,162
Debt	916,137	364,603	331,831	1,612,571
Dream Impact Trust units[1]	—	—	188,385	188,385
Dream Impact Fund units[1]	—	—	69,919	69,919
Deferred income taxes[1]	—	—	132,530	132,530
Total liabilities	$ 980,905	$ 613,966	$ 807,931	$ 2,402,802
Total equity	$ 1,277,235	$ 1,055,657	$ (779,200)	$ 1,553,692

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

36. Classification of items in consolidated statements of financial position

A summary of the classification of assets and liabilities to be recovered or settled within or over twelve months is presented below.

2023	Less than 12 months	Greater than 12 months	Non-determinable	Total
Assets				
Cash and cash equivalents	$ 60,203	$ —	$ —	**$ 60,203**
Accounts receivable	188,761	85,280	—	**274,041**
Other financial assets	49,914	49,908	—	**99,822**
Housing inventory	—	—	52,747	**52,747**
Condominium inventory	—	—	383,829	**383,829**
Land inventory	—	—	458,551	**458,551**
Investment properties	—	1,719,172	—	**1,719,172**
Recreational properties	—	82,898	—	**82,898**
Equity accounted investments	—	—	671,030	**671,030**
Capital and other operating assets	23,224	50,005	—	**73,229**
Total assets	$ 322,102	$ 1,987,263	$ 1,566,157	**$ 3,875,522**
Liabilities				
Accounts payable and accrued liabilities	$ 150,123	$ 12,360	$ 70,893	**$ 233,376**
Income and other taxes payable	79,964	—	—	**79,964**
Provision for real estate development costs	61,069	—	—	**61,069**
Debt[1]	224,763	1,585,786	—	**1,810,549**
Dream Impact Trust units[2]	—	—	70,779	**70,779**
Dream Impact Fund units[2]	—	—	113,405	**113,405**
Deferred income taxes	—	102,321	—	**102,321**
Total liabilities	$ 515,919	$ 1,700,467	$ 255,077	**$ 2,471,463**

(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.

				2022
	Less than 12 months	Greater than 12 months	Non-determinable	Total
Assets				
Cash and cash equivalents	$ 47,633	$ —	$ —	$ 47,633
Accounts receivable	207,363	60,674	—	268,037
Other financial assets	39,473	76,665	—	116,138
Housing inventory	—	—	48,146	48,146
Condominium inventory	—	—	346,979	346,979
Land inventory	—	—	470,148	470,148
Investment properties	—	1,558,511	—	1,558,511
Recreational properties	—	80,300	—	80,300
Equity accounted investments	—	—	961,737	961,737
Capital and other operating assets	22,937	35,928	—	58,865
Total assets	$ 317,406	$ 1,812,078	$ 1,827,010	$ 3,956,494
Liabilities				
Accounts payable and accrued liabilities	$ 205,929	$ 15,613	$ 46,330	$ 267,872
Income and other taxes payable	57,363	—	—	57,363
Provision for real estate development costs	74,162	—	—	74,162
Debt[1]	416,152	1,196,419	—	1,612,571
Dream Impact Trust units[2]	—	—	188,385	188,385
Dream Impact Fund units[2]	—	—	69,919	69,919
Deferred income taxes	—	132,530	—	132,530
Total liabilities	$ 753,606	$ 1,344,562	$ 304,634	$ 2,402,802

(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.

37. Subsequent events

Subsequent to December 31, 2023, the Company entered into an agreement to sell 85 acres of land near Edmonton, Alberta for $24,299, with the Company retaining a 20% interest in the investee and being named development manager. The Company received cash proceeds of $12,150 on January 4, 2024 with the remaining proceeds as a vendor take-back mortgage at a 5% interest rate to be received in 2025.

Subsequent to December 31, 2023, the Company entered into an agreement to sell Arapahoe Basin, our ski area in Colorado, to Alterra Mountain Company. The transaction is expected to close in 2024 and is subject to customary closing conditions, including regulatory approvals.

Directors

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Dream Unlimited Corp.

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Corporate Director

Joanne Ferstman[Ind.,1,3,4,5]
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Richard Gateman[Ind.,2,3]
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Duncan Jackman[Ind.]
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Vincenza Sera[Ind.,1,2,3,4]
Toronto, Ontario
Corporate Director

Legend:

Ind. Independent

1. Member of the Audit Committee
2. Member of the Governance, Environmental 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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STOCK EXCHANGE LISTING

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

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