Dream Unlimited Corp.

Q2 Report 2021

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Letter to Shareholders

We have made tremendous strides in expanding our business in 2021. Our assets under management have grown by $2.3 billion year-to-date, driven by the launch of our private asset management business, Dream Impact Trust's community-focused acquisitions, and Dream Industrial's expansion into Europe.

Dream Impact Trust was repositioned as the first public impact investing vehicle last fall and we have seen the unit price appreciate by 34% since the announcement. Impact Trust has a number of impact acquisitions under contract and recently closed on $30 million of impact debentures through a private placement. We continue to seek innovative financing opportunities that align with our Impact Management System that will allow us to accelerate Impact Trust's growth in recurring income.

Dream Industrial has grown significantly over the last 18 months, with the unit price increasing by over 30% and $1.2 billion in equity raised over the same period. Dream Industrial also has a robust development pipeline in excess of 3.5 million square feet, with nearly 0.8 million square feet in GLA to be completed by the end of 2022.

With the $480 million closing of the U.S. Industrial Fund at the end of July, we now have three private funds under management. These funds have added significant value to our asset management platform and will contribute to recurring income in the future.

We are generating further value by building out our exceptional development pipeline in Canada, including our first three commercial buildings and residential rental properties at Zibi, as well as ongoing rental projects in downtown Toronto's east end and western Canada. In aggregate, we now have 169 completed rental units generating recurring income with an additional 2,500 rental units to be completed over the next four years.

Construction continues to progress across our portfolio, including Zibi, Canary Commons, the first two blocks at West Don Lands, and Brightwater. Across the Dream platform, we have nearly 20,500 residential units and 4.8 million square feet in retail/commercial GLA in our pipeline.

As of August 9th, we hold a 32% interest in Dream Office REIT and 27% in Dream Impact Trust. The fair value of our investments in these publicly listed funds totals $510 million and exceeds 44% of our market capitalization. Our standalone book equity per share is $29.31 as of quarter end, up 5% from 12 months ago.

With the strength of our core business operations, our conservative leverage position and available liquidity in excess of $400 million, we are well positioned for both the near and long term success of Dream.

Thank you for your continued interest and support of our Company.

Sincerely,

"Michael Cooper"

Michael Cooper
President and Chief Responsible Officer
August 10, 2021

Management's Discussion and Analysis

The Management's Discussion and Analysis ("MD&A") is intended to assist readers in understanding Dream Unlimited Corp. (the "Company" or "Dream"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the audited consolidated financial statements ("consolidated financial statements") of Dream, including the notes thereto, as at and for the year ended December 31, 2020 and the condensed consolidated financial statements as at and for the three and six months ended June 30, 2021, which can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). The financial statements underlying this MD&A, including 2020 comparative information, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Certain disclosures included herein are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.

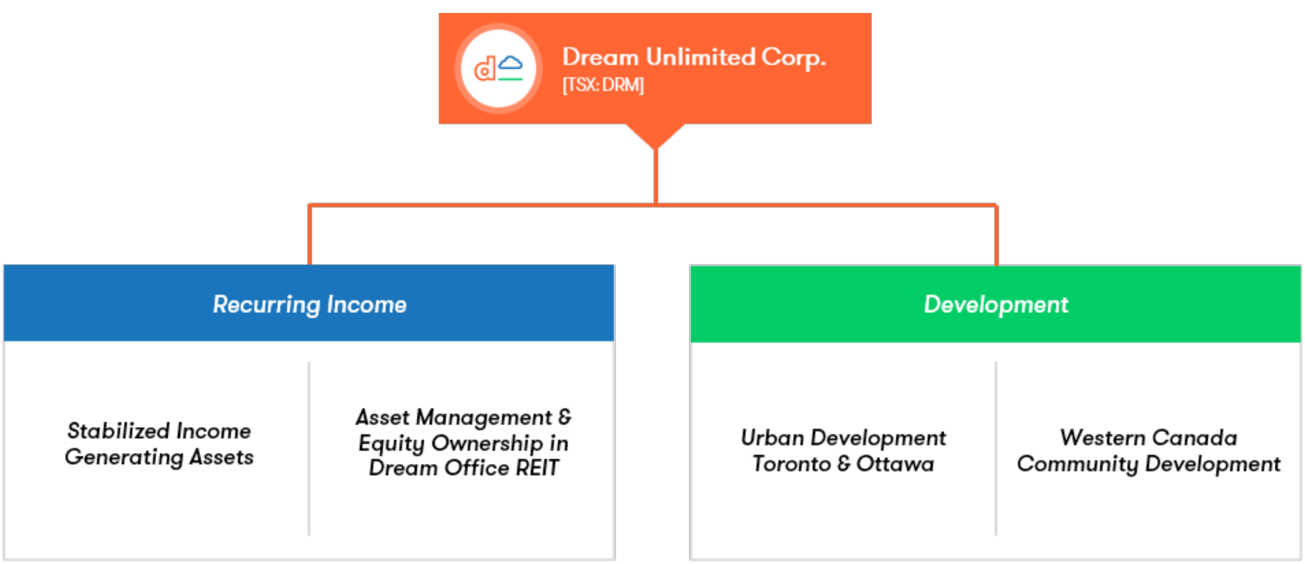
All dollar amounts in tables within this MD&A are in thousands of Canadian dollars, unless otherwise specified. Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. This MD&A is dated as of, and reflects all material events up to, August 10, 2021.

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

Business Overview

Dream is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of $12 billion of assets under management across three Toronto Stock Exchange ("TSX") listed trusts, our private asset management business and numerous partnerships. We also develop land and residential assets in Western Canada. Dream expects to generate more recurring income in the future as its development properties are completed and held for the long term. Dream has a proven track record for being innovative and for our ability to source, structure and execute on compelling investment opportunities. An illustrative chart showing the structure and diversity of our business is set out below and a comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of this MD&A.

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



Summary of Results – Second Quarter of 2021

While not evident in our financial results for the quarter, Dream has significantly expanded assets under management by $2.3 billion year-to-date through our private funds, Dream Industrial REIT's acquisitions in Europe and recent impact investments in Toronto. We have another $1.2 billion in assets under contract or in exclusivity for our various platforms that will further contribute to the value of our asset management business. In combination with recent zoning approvals obtained across our development pipeline, we are creating value for our shareholders over the long term that is not fully reflected in our earnings for the quarter.

Subsequent to quarter end, we closed on a private open-ended U.S. industrial fund seeded with 18 of Dream Industrial REIT's assets with Dream Industrial REIT and a group of institutional investors. A subsidiary of Dream will be the investment manager of the fund and will earn a market management fee. Dream Industrial REIT expects to sell its remaining U.S. assets to the fund in the coming months.

Since March 31, 2021, Dream Industrial REIT has closed on 41 high-quality income-producing logistics assets across Canada, the U.S. and Europe totalling $1.5 billion, including the $1.3 billion pan-European logistics portfolio which closed on June 24, 2021. These acquisitions have added over 10.4 million square feet ("sf") of high quality, well-located and functional logistics space to Dream Industrial REIT's portfolio. The pipeline for future acquisitions remains strong and Dream Industrial REIT is firm or under contract on approximately $118 million of assets in Canada and Germany.

On August 3, 2021, Dream Impact Trust closed on $30.0 million in impact convertible unsecured subordinated debentures with Fairfax Financial Holdings Limited and/or certain of its controlled affiliates. The debentures mature in 2026, bear interest at 5.5% and are convertible into trust units at a price of $7.755/Dream Impact Trust unit. Dream Impact Trust intends to use the proceeds to finance expenditures associated with eligible impact investments.

Recurring Income

In the three months ended June 30, 2021, revenue and net operating income derived from recurring income sources was $28.8 million and $12.5 million, respectively, up by $9.0 million and $8.3 million in the prior period. The improved results were driven by a full quarter of operations at Arapahoe Basin, our ski hill in Colorado, and higher asset management fees from Dream Industrial REIT's transactional activity in the quarter.

Arapahoe Basin's ski season ended on June 6, 2021 and our summer operations are now open, including our Aerial Adventure Park and Via Ferrata, North America's highest elevation iron rung course on the East Wall mountainside, that opened in June. Ski season passes for the upcoming season are 80% sold out, an unprecedented achievement in the hill's history.

In addition to Dream Industrial REIT's recent acquisition activity, Dream Industrial REIT has a robust development pipeline exceeding 3.5 million sf. Dream Industrial REIT has commenced three projects totaling 700,000 sf in Las Vegas, Nevada, Richmond Hill, Ontario and Montréal, Québec, which are expected to be completed in the next 12-18 months. Overall, Dream Industrial REIT expects to have up to 5% of its total assets under active development at any point in time.

With the exception of the Broadview Hotel and Gladstone House, our boutique hotels in Toronto, our results for the second quarter were minimally impacted by the ongoing COVID-19 pandemic. Inclusive of retail in Western Canada, Dream's average monthly rent collection in the three months ended June 30, 2021 exceeded 95%.

Across the Dream group platform, which includes assets held through the Company, Dream Impact Trust, Dream Impact Fund and Dream Office REIT, we have approximately 2,000 units and 6.8 million sf of gross leasable area in stabilized rental, retail and commercial properties, in addition to our recreational properties. As at August 9, 2021, the Company had a 27% interest in Dream Impact Trust and a 32% interest in Dream Office REIT.

Development

In the three months ended June 30, 2021, our development segment generated revenue and net margin of $50.8 million and $1.7 million, respectively, compared to revenue of $42.3 million and net margin of $3.4 million in the prior period. The comparative results included condominium occupancies at Riverside Square and BT Towns, while current period results include the sale of a multi-level auto-plex at Riverside Square.

We achieved 169 lot sales and 58 housing occupancies year-to-date, up from 70 lot sales and 44 housing occupancies in the comparative period. As of August 9, 2021, we have secured commitments for an additional 713 lots, 11 acres and 59 houses across our communities in Saskatchewan and Alberta that we expect to contribute to earnings in the second half of 2021, our most significant results since 2017.

We commenced construction on Brighton Village Centre Rental II in the second quarter, a 141-unit apartment/townhome development in our master-planned community of Holmwood in Saskatoon. We previously completed Brighton Village Centre Rental I in 2020 and the 121-unit building is 99% leased as of August 9, 2021.

Subsequent to June 30, 2021, Brightwater, our master-planned 72-acre waterfront community in Mississauga's Port Credit area, successfully launched The Mason, a 162-unit, nine-storey boutique condominium building expected to occupy in 2024. To date, 99% of the released units have sold or are in rescission. Once completed, Brightwater will have over 350,000 sf of retail and commercial space, approximately 3,000 residential units, 18 acres of new parks and green space, an elementary school and a YMCA and will be an environmentally friendly community with electric vehicle charging stations, bike lanes and bike parking.

Subsequent to June 30, 2021, Canada Mortgage and Housing Corporation ("CMHC") announced a $70.0 million investment to help construct a new residential rental building at Zibi Block 10. Through the Rental Construction Financing Initiative, Zibi Block 10 will receive a $60 million low cost loan for the construction of the 15-storey building that will create 162 rental units with first occupancies expected in late 2021. Additionally, Zibi received $10 million through the NHS Affordable Housing Innovation Fund, to help provide 200 affordable units access to the District Energy System, our net zero carbon heating-cooling system for the Zibi community.

Across the Dream group platform, we have approximately 4.8 million sf of GLA in retail or commercial properties and nearly 22,000 condominium or purpose-built rental units (at the project level) in our development pipeline. For further details on our development pipeline, refer to the "Summary of Dream's Assets & Holdings" section of this MD&A.

Share Capital & Return to Shareholders

In the six months ended June 30, 2021, 1.2 million Subordinate Voting Shares were purchased for cancellation by the Company at an average price of $21.41 under a normal course issuer bid ("NCIB") for total proceeds of $26.6 million (year ended December 31, 2020 - 7.7 million Subordinate Voting Shares at an average price of $22.07, inclusive of 5.0 million Subordinate Voting Shares purchased for cancellation under a substantial issuer bid). Subsequent to June 30, 2021, 0.4 million Subordinate Voting Shares were purchased for cancellation by the Company under the NCIB at an average price of $26.36.

Dividends of $3.1 million and $6.1 million were declared and paid on its Subordinate Voting Shares and Class B Shares in the three and six months ended June 30, 2021, respectively (three and six months ended June 30, 2020 - $2.8 million and $5.7 million).

As of June 30, 2021, the Company had $406.4 million in corporate-level cash and available credit under its various revolving facilities and a conservative leverage position with a debt to total assets ratio of 27.8%. Subsequent to quarter end, we amended our operating line and term facility, extending the maturity date to May 31, 2024 and generating an additional $12 million in liquidity.

22,527 residential units & 11.6 million sf

of commercial/retail GLA across the Dream Group portfolio

$7 billion

of fee earnings assets under management and

$12 billion

of total assets under management

16% CAGR

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

Our Operating Segments and Strategy

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

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

We have achieved our goals in the past as a result of our expertise and high-quality asset base, combined with a track record in our ability to source, structure and execute on compelling investment opportunities while maintaining conservative debt levels. Over the last few years, we have actively focused on differentiating our asset base by growing assets that contribute to recurring income and investing in development assets and real estate in Toronto, with the goal of improving the safety, value and earnings quality of our business. Inclusive of assets held by Dream Impact Fund, Dream Impact Trust and Dream Office REIT, our portfolio totals 22,527 residential units and 11.6 million sf of commercial/retail GLA as at June 30, 2021 (at 100% project level).

The Company's reporting segments consist of the following:

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

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

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

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

Selected Key Operating Metrics by Segment

(in thousands of dollars, except outstanding share amounts)	**Recurring income**[1]	**Development**	**Corporate and other**	**Total**
				For the three months ended June 30, 2021
Revenue	**$ 28,818**	**$ 50,842**	**$ —**	**$ 79,660**
% of total revenue	**36.2%**	**63.8%**	**—%**	**100.0%**
Net margin	**$ 10,860**	**$ 1,662**	**$ —**	**$ 12,522**
Net margin (%)[2]	**37.7%**	**3.3%**	**n/a**	**15.7%**
				For the six months ended June 30, 2021
Revenue	**$ 59,707**	**$ 70,027**	**$ —**	**$ 129,734**
% of total revenue	**46.0%**	**54.0%**	**—%**	**100.0%**
Net margin	**$ 23,376**	**$ 354**	**$ —**	**$ 23,730**
Net margin (%)[2]	**39.2%**	**0.5%**	**n/a**	**18.3%**
				As at June 30, 2021
Segment assets	**$ 1,195,002**	**$ 1,544,498**	**$ 129,405**	**$ 2,868,905**
Segment liabilities	**347,683**	**460,778**	**718,005**	**1,526,466**
Segment shareholders' equity	**847,319**	**1,083,720**	**(588,600)**	**1,342,439**
Total issued and outstanding shares				**43,895,182**

(in thousands of dollars, except outstanding share amounts)	Recurring income[1]	Development	Corporate and other	Total
				For the three months ended June 30, 2020
Revenue	$ 19,789	$ 42,255	$ —	$ 62,044
% of total revenue	31.9%	68.1%	— %	100.0%
Net margin	$ 2,809	$ 3,444	$ —	$ 6,253
Net margin (%)[2]	14.2%	8.2%	n/a	10.1%
				For the six months ended June 30, 2020
Revenue	$ 56,240	$ 182,259	$ —	$ 238,499
% of total revenue	23.6%	76.4%	— %	100.0%
Net margin	$ 17,305	$ 47,575	$ —	$ 64,880
Net margin (%)[2]	30.8%	26.1%	n/a	27.2%
				As at December 31, 2020
Segment assets	$ 1,118,871	$ 1,560,924	$ 164,578	$ 2,844,373
Segment liabilities	313,274	452,100	672,387	1,437,761
Segment shareholders' equity[3]	805,597	1,093,858	(507,809)	1,391,646
Total issued and outstanding shares				45,011,928

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

Timing of Income Recognition and Impact of Seasonality

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

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

Key Financial Information and Performance Indicators

Selected Financial Information

(in thousands of dollars, except per share and outstanding share amounts)	For the three months ended June 30, **2021**	2020	For the six months ended June 30, **2021**	2020
Revenue	**$ 79,660**	$ 62,044	**$ 129,734**	$ 238,499
Gross margin	**$ 20,478**	$ 14,305	**$ 38,787**	$ 82,627
Gross margin (%)[1]	**25.7%**	23.1%	**29.9%**	34.6%
Net margin	**$ 12,522**	$ 6,253	**$ 23,730**	$ 64,880
Net margin (%)[2]	**15.7%**	10.1%	**18.3%**	27.2%
Earnings (loss) before income taxes	**$ 1,189**	$ 2,662	**$ (3,663)**	$ 235,441
Earnings (loss) for the period	**$ (467)**	$ 10,776	**$ (4,228)**	$ 196,606
Basic earnings (loss) per share[3]	**$ (0.01)**	$ 0.23	**$ (0.11)**	$ 4.07
Diluted earnings (loss) per share[3]	**$ (0.01)**	$ 0.22	**$ (0.11)**	$ 4.01
Weighted average number of shares outstanding, basic	**43,808,491**	47,387,554	**44,065,776**	48,284,725
Total issued and outstanding shares	**43,895,182**	47,377,751	**43,895,182**	47,377,751
Total earnings (loss) for the period attributable to:				
Shareholders[4]	**$ (467)**	$ 10,810	**$ (4,859)**	$ 196,366

	June 30, 2021	December 31, 2020
Total assets	**$ 2,868,905**	$ 2,844,373
Total liabilities	**$ 1,526,466**	$ 1,437,761
Total equity	**$ 1,342,439**	$ 1,406,612
Total issued and outstanding shares	**43,895,182**	45,011,928

(1) Gross margin (%) (a non-IFRS measure) represents gross margin as a percentage of revenue. For additional details, refer to the "Non-IFRS Measures" section of this MD&A.
(2) Net margin (%) (a non-IFRS measure) represents net margin as a percentage of revenue. For additional details, refer to the "Non-IFRS Measures" section of this MD&A.
(3) See Note 23 of the Company's condensed consolidated financial statements for the three and six months ended June 30, 2021 for further details on the calculation of basic and diluted earnings (loss) per share.
(4) Total earnings (loss) attributable to shareholders excludes the portion allocated to non-controlling interests.

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

Overview of Results

Earnings before income taxes after adjusting for fair value losses taken on Dream Impact Trust units held by other unitholders for the three months ended June 30, 2021 was $22.7 million, a decrease of $5.4 million relative to the prior year. The change is primarily due to the sale of our indirect interest in a renewable power portfolio in the second quarter of 2020 which generated a pre-tax gain of $34.2 million, partially offset by fair value gains on our investment properties portfolio and improved earnings from our asset management platform due to higher transactional activity.

Earnings before income taxes after adjusting for fair value losses taken on Dream Impact Trust units held by other unitholders for the six months ended June 30, 2021 was $35.5 million, down from $86.6 million in the prior year. Prior year pre-tax earnings were primarily driven by the gain on sale of our renewable power portfolio and the sale of 480 acres in Glacier Ridge ($43.9 million). Excluding these transactions, earnings before income taxes after adjusting for fair value losses on Dream Impact Trust units for the six month period improved by $26.7 million, driven by our growing asset management base, fair value gains on investment properties and improved results from Arapahoe Basin.

Dream Impact Trust units held by other unitholders are treated as a liability on the condensed consolidated statements of financial position of Dream and are fair valued each period under IFRS, generating fair value gains/losses with the fluctuation of Dream Impact Trust's unit price. In the three months ended June 30, 2021, the fair value loss on the Dream Impact Trust units was $21.5 million (as a result of the unit price increasing to $6.65 at June 30, 2021 from $6.30 at March 31, 2021), compared to a fair value loss of $25.4 million in the comparative period (as a result of the unit price increasing to $4.75 at June 30, 2020 from $4.37 at March 31, 2020). In the six months ended June 30, 2021, the fair value loss on the Dream Impact Trust units was $39.2 million (as a result of the unit price increasing to $6.65 at June 30, 2021 from $6.03 at December 31, 2020), compared to a fair value gain of $148.8 million in the comparative period (as a result of the unit price decreasing to $4.75 at June 30, 2020 from $7.75 at December 31, 2019).

Summary of Dream's Assets and Holdings

The following table includes supplementary information on our portfolio as at June 30, 2021.

Project/Property	Entity	Dream ownership[1]	Status/Type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
RECURRING INCOME SEGMENT								
Downtown Toronto & GTA								
Commercial:								
Adelaide Place	Dream Office REIT	31.6%	Income property	—	—	658,000	91.0%	
Sussex Centre	Dream Office REIT/ MPCT	65.8%	Income property	—	—	655,000	85.7%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	Dream Office REIT	31.6%	Income property	—	—	442,000	66.6%	
State Street Financial Centre	Dream Office REIT	31.6%	Income property	—	—	414,000	100.0%	
Distillery District	Dream	50.0%	Income property	—	—	395,000	99.1%	
438 University Avenue	Dream Office REIT	31.6%	Income property	—	—	323,000	99.1%	
655 Bay Street	Dream Office REIT	31.6%	Income property	—	—	301,000	80.6%	
74 Victoria Street/137 Yonge Street	Dream Office REIT	31.6%	Income property	—	—	266,000	98.9%	
720 Bay Street	Dream Office REIT	31.6%	Income property	—	—	248,000	100.0%	
36 Toronto Street	Dream Office REIT	31.6%	Income property	—	—	214,000	84.3%	
330 Bay Street	Dream Office REIT	31.6%	Income property	—	—	165,000	67.2%	
20 Toronto Street/33 Victoria Street	Dream Office REIT	31.6%	Income property	—	—	158,000	95.8%	
250 Dundas Street West	Dream Office REIT	31.6%	Income property	—	—	121,000	99.1%	
Victory Building	Dream Office REIT	31.6%	Income property	—	—	101,000	64.8%	
49 Ontario	MPCT	100.0%	Redevelopment	TBD	TBD	88,000	91.5%	
425 Bloor Street East	Dream Office REIT	31.6%	Income property	—	—	83,000	97.5%	
212 King Street West	Dream Office REIT	31.6%	Income property	—	—	73,000	92.6%	
357 Bay Street	Dream Office REIT	31.6%	Income property	—	—	65,000	100.0%	
10 Lower Spadina	MPCT	100.0%	Income property	—	—	61,000	100.0%	
100 Steeles Avenue West	Dream/MPCT	50.0%	Redevelopment	TBD	TBD	59,000	97.1%	
360 Bay Street	Dream Office REIT	31.6%	Income property	—	—	58,000	86.8%	
6 Adelaide Street East	Dream Office REIT	31.6%	Income property	—	—	53,000	61.5%	
350 Bay Street	Dream Office REIT	31.6%	Income property	—	—	53,000	78.1%	
67 Richmond Street West	Dream Office REIT	31.6%	Income property	—	—	50,000	92.0%	
366 Bay Street	Dream Office REIT	31.6%	Redevelopment	—	—	36,000	34.0%	2023
Plaza Imperial	MPCT	40.0%	Income property	—	—	35,000	100.0%	
349 Carlaw	MPCT	100.0%	Income property	—	—	34,000	85.9%	
56 Temperance Street	Dream Office REIT	31.6%	Income property	—	—	32,000	80.2%	
Canary District - Stage 1 retail	Dream	50.0%	Income property	—	—	32,000	89.7%	
68-70 Claremont Street	MPCT	100.0%	Income property	—	—	30,000	39.7%	
76 Stafford Street	MPCT	100.0%	Income property	—	—	25,000	100.0%	
Plaza Bathurst	MPCT	40.0%	Income property	—	—	24,000	100.0%	
Queen & Mutual	MPCT	9.0%	Income property	—	—	24,000	69.0%	
220 King Street West	Dream Office REIT	15.8%	Income property	—	—	22,000	48.9%	
Other GTA retail	Dream	17.1-50.0%	Income property	—	—	282,000	85.6%	
Other:								
The Broadview Hotel	Dream	50.0%	Hospitality	58	—	—		
Gladstone House	Dream	50.0%	Hospitality	55	—	—		
Total Downtown Toronto & GTA				**113**	**—**	**5,680,000**	**88.1%**	
Zibi (Ottawa/Gatineau)								
Commercial:								
15 Rue Jos-Montferrand (Block 2/3)	Dream/MPCT	100.0%	Income property	—	—	53,000	81.2%	
Total Zibi (Ottawa/Gatineau)				**—**	**—**	**53,000**	**81.2%**	
U.S.								
Arapahoe Basin ski hill, Colorado	Dream	100.0%	Recreational	—	—			
Abbey at Vista Ridge, Texas	Dream	5.0%	Income property	300	297,000		94.7%	
Tallows Apartments, Texas	Dream	5.0%	Income property	252	218,000		96.0%	
Villas at Waterchase, Texas	Dream	5.0%	Income property	244	215,000		95.1%	
Tall Timbers Apartments, Texas	Dream	5.0%	Income property	216	201,000		88.0%	
Fieldcrest Apartments, Texas	Dream	5.0%	Income property	180	144,000		94.4%	
Ava North Apartments, Arizona	Dream	5.0%	Income property	73	54,000		93.2%	
Ava South Apartments, Arizona	Dream	5.0%	Income property	50	25,000		94.0%	
Ava Park Apartments, Arizona	Dream	5.0%	Income property	224	144,000		96.0%	
The Perry Apartments, Arizona	Dream	5.0%	Income property	148	119,000		95.3%	
Red Sage Apartments, Arizona	Dream	5.0%	Income property	156	105,000		93.6%	
Serena Park Apartments, Arizona	Dream	5.0%	Income property	141	102,000		91.5%	
12800 Foster Street, Overland Park, Kansas	Dream Office REIT	31.6%	Income property	—	—	185,000	100.0%	
Total U.S.				**1,984**	**1,624,000**	**185,000**	**94.5%**	

Project/Property	Plan	Entity	Dream ownership[1]	Status/Type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
Western Canada									
Residential and Mixed-Use:									
Kensington, Saskatoon		Dream	100.0%	Income property	48	75,000	—	93.8%	
Commercial:									
444 - 7th Building, Calgary		Dream Office REIT	31.6%	Income property	—	—	261,000	66.6%	
Saskatoon Square, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	228,000	68.6%	
Princeton Tower, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	136,000	48.1%	
606 - 4th Building & Barclay Parkade, Calgary		Dream Office REIT	31.6%	Income property	—	—	126,000	76.5%	
Kensington House, Calgary		Dream Office REIT	31.6%	Income property	—	—	78,000	91.2%	
Shops of South Kensington, Saskatoon		Dream	100.0%	Income property	—	—	72,000	96.4%	
234 - 1st Avenue South, Saskatoon		Dream Office REIT	31.6%	Income property	—	—	10,000	66.8%	
Other:									
Willows, Saskatoon		Dream	100.0%	Recreational	—	—			
Total Western Canada					**48**	**75,000**	**911,000**	**72.0%**	
Total Recurring Income Segment					**2,145**	**1,699,000**	**6,829,000**	**87.6%**	
DEVELOPMENT SEGMENT									
Downtown Toronto & GTA									
Residential and Mixed-Use:									
Canary Commons (Block 12)	Sell	Dream	50.0%	Under construction	401	372,000	14,000	100.0%	Q4 2021
Riverside Square - Phase 2	Sell	Dream	32.5%	Planning	227	195,000	43,000		2023
WDL Block 8	Hold	Impact Fund/MPCT	33.3%	Under construction	770	623,000	4,000		2023
Brightwater I and II	Sell	Dream/MPCT	31.0%	Under construction	311	216,000	110,000	33.0%	2023
Brightwater Towns	Sell	Dream/MPCT	31.0%	Planning	106	231,000	—		2023
Canary House (Block 10 - Condo)	Sell	Impact Fund	50.0%	Under construction	206	146,000	26,000		2024
Canary Block 10 - Rental	Hold	Impact Fund/MPCT	33.3%	Under construction	238	173,000	—		2024
The Mason, Brightwater	Sell	Dream/MPCT	31.0%	Planning	162	117,000	6,000		2024
Brightwater future blocks	Various	Dream/MPCT	31.0%	Planning	2,416	2,549,000	244,000		2025-2032
WDL Block 3/4/7	Hold	Dream/MPCT	33.3%	Under construction	855	811,000	37,000		2025
Canary Block 13	Hold	Dream	50.0%	Planning	682	565,000	13,000		TBD
WDL Block 20	Hold	Dream/MPCT	33.3%	Planning	654	571,000	260,000		TBD
Scarborough Junction	Sell	MPCT	45.0%	Planning	6,619	5,270,000	165,000		TBD
Frank Gehry	Sell	Dream/MPCT	33.3%	Planning	1,500	1,652,000	260,000		TBD
Lakeshore East	TBD	Dream/MPCT	50.0%	Planning	1,500	1,200,000	32,000		TBD
Distillery District - 31A Parliament	Hold	Dream	50.0%	Planning	515	389,000	342,000	30.7%	TBD
Seaton	Sell	MPCT	7.0%	Planning	TBD	TBD	TBD		TBD
Other	Sell	Various	Various	Various	1,310	1,292,000	58,000		TBD
Total Downtown Toronto & GTA					18,472	16,372,000	1,614,000	33.3%	
Zibi (Ottawa/Gatineau)									
Natural Sciences Building (Block 211)	Hold	Impact Fund/MPCT	100.0%	Under construction	—	—	186,000	86.0%	Q4 2021
Block 208	Hold	Dream/MPCT	100.0%	Under construction	—	—	33,000	79.8%	2022
Block 10	Hold	Dream/MPCT	100.0%	Under construction	162	135,000	1,000		2022
Block 206	Hold	Dream/MPCT	100.0%	Under construction	207	196,000	11,000		2023
Block 11	Hold	Dream/MPCT	100.0%	Planning	146	127,000	4,000		2023
Block 207	Hold	Dream/MPCT	100.0%	Under construction	—	—	76,000		2023
Future blocks	Various	Dream/MPCT	100.0%	Planning	1,255	1,292,000	1,891,000		TBD
Total Zibi (Ottawa/Gatineau)					1,770	1,750,000	2,202,000	85.1%	
U.S.									
Las Vegas industrial site	Hold	Dream	10.0%	Under construction	—	—	464,000		TBD
Virgin Hotels Las Vegas	Sell	MPCT	10.0%	Hospitality	1,502	—	—		2023
Total U.S.					1,502	—	464,000		
Western Canada									
Residential:									
Brighton Village Rentals I, Saskatoon	Hold	Dream	100.0%	In occupancy	121	81,000	—	92.0%	Q3 2021
Brighton Village Rentals II, Saskatoon	Hold	Dream	100.0%	Planning	132	112,000	13,000		2022-2023
Brighton Recreation, Saskatoon	Hold	Dream	100.0%	In occupancy	—	—	7,000	100.0%	Q3 2021
Commercial:									
1900 Sherwood Place, Regina	Hold	Dream Office REIT	31.6%	Redevelopment	—	—	210,000	92.5%	Q3 2021
Brighton Marketplace, Saskatoon	Hold	Dream	50.0%	Under construction	—	—	222,000	74.1%	2022
Harbour Landing, Regina	Hold	Dream	100.0%	Under construction	—	—	41,000	58.2%	2022
Montrose, Calgary	Hold	Dream	100.0%	Under construction	—	—	24,000	70.8%	2022
Hampton Heights, Saskatoon	Hold	Dream	100.0%	Under construction	—	—	22,000	91.0%	2022
Total Western Canada					253	193,000	539,000	82.6%	
Total Development Segment					**21,997**	**18,315,000**	**4,819,000**	**65.2%**	
Total Dream Platform					**24,142**	**20,014,000**	**11,648,000**	**84.6%**	

Western Canada Land Holdings

City	Acre equivalents
Calgary	1,886
Edmonton	841
Saskatoon	3,114
Regina	3,305
Total[3]	**9,146**

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	5,680,000	1,614,000	84.0%	18,585	16,372,000
Ottawa/Gatineau	53,000	2,202,000	85.1%	1,770	1,750,000
U.S.	185,000	464,000	94.5%	3,486	1,624,000
Western Canada	1,121,000	329,000	76.0%	301	268,000
Total	**7,039,000**	**4,609,000**	**84.7%**	**24,142**	**20,014,000**

(1) Dream, Dream Impact Fund ("Impact Fund") and Dream Impact Trust ("MPCT") holdings at fully consolidated ownership. Dream Office REIT at 31.6% ownership as of June 30, 2021.

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

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

Recurring Income

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

Asset Management and Equity Ownership

We provide asset management and development management services to Dream Industrial REIT and Dream Office REIT, respectively, and on behalf of various institutional partnerships/third-party real estate, including our private asset management business. Asset management fees and equity interests in Dream Impact Trust and Dream Impact Fund are eliminated on consolidation. As of June 30, 2021, we held an aggregate of 17.6 million units in Dream Office REIT, representing a 31.6% interest, which generate monthly cash distributions for Dream. It is important to note that fees earned on transactional activity in a period are not recurring in nature and accordingly will impact related margins. Fees related to development activities and partnerships included within this segment may fluctuate depending on the number of active projects and on Dream achieving certain milestones as the development manager. We expect that development and other management fees will continue to increase in future years as our existing developments progress through construction milestones.

Our asset management and management services team consists of real estate professionals with backgrounds in architecture, urban planning, engineering, development and redevelopment, construction, finance, accounting and law. The team brings experience from a range of major organizations in Canada; is actively involved with internal training opportunities; and has expertise in capital markets, structured finance, real estate investments and management across a broad spectrum of property types in diverse geographic markets. We carry out our own research and analysis, financial modelling, due diligence, and financial planning, and have completed approximately $37 billion of commercial real estate and real estate alternative transactions. We also act as lead or co-lead developer on behalf of Dream Office REIT, Dream Impact Trust, Dream Impact Fund and our third-party partnerships.

As at June 30, 2021, Dream managed assets with a total value of approximately $12 billion (December 31, 2020 – $10 billion), including fee earning assets under management of approximately $7 billion (December 31, 2020 - $5 billion).

Stabilized Income Generating Assets

Dream owns a number of income generating assets, which are key contributors to our sources of recurring income. These assets include Arapahoe Basin, our ski hill in Colorado, and income producing assets in Toronto and Western Canada, the largest being the Distillery District. As of June 30, 2021, we held over 8.5 million sf of GLA in retail, residential and mixed-use properties across the Dream platform and we expect assets in this segment to grow over time, as we intend to hold stabilized investment properties that are developed by Dream in the core markets in which we operate.

Selected Segment Key Operating Metrics

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands of dollars, unless otherwise noted)	**2021**	2020	**2021**	2020
Revenue	**$ 28,818**	$ 19,789	**$ 59,707**	$ 56,240
Net operating income[1]	**12,490**	4,213	**26,670**	20,308
Net margin	**10,860**	2,809	**23,376**	17,305
Net margin (%)[1]	**37.7%**	14.2%	**39.2%**	30.8%
Fair value changes in investment properties	**$ 1,877**	$ (4,925)	**$ 266**	$ (5,568)
Share of earnings from equity accounted investments	**16,526**	48,444	**27,136**	48,989

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

Results of Operations

In the three months ended June 30, 2021, revenue and net operating income derived from recurring income sources increased by $9.0 million and $8.3 million, respectively, from the comparative period, due to increased earnings from our asset management platform from transactional activity and improved results at Arapahoe Basin from a full quarter of operations with no public health restrictions. The ski hill closed on June 6, 2021, with our focus shifting to our summer facilities including the Aerial Adventure Park and Via Ferrata, a guided climbing experience, that opened this year.

In the six months ended June 30, 2021, revenue and net operating income derived from recurring income sources increased by $3.5 million and $6.4 million, respectively, due to improved results from Arapahoe Basin, partially offset by the impact of scheduled lending portfolio repayments and prior period asset dispositions. Share of earnings from equity accounted investments in the three and six months ended June 30, 2021 declined $31.9 million and $21.9 million, respectively, primarily driven by the sale of our indirect interest in a renewable power portfolio in the second quarter of 2020, partially offset by fair value gains on our equity accounted investment properties.

Asset management revenues in the three and six months ended June 30, 2021 increased by $5.8 million and $2.4 million, respectively, relative to the comparative period as a result of higher transactional activity and a growing asset management base as a result of acquisitions. In the three and six months ended June 30, 2021, total asset management and development management fees generated from contracts with Dream Industrial REIT, Dream Office REIT and our partnerships were $10.9 million and $16.6 million, respectively, up from $5.8 million and $11.6 million in the comparative periods.

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

Over the next five years, an additional 2.3 million sf of residential GFA and 0.7 million sf of commercial/retail GLA will be added to our recurring income segment (at the project level). Details of projects we expect to be completed during this time period include the following:

Project/Property	Entity	Dream ownership[1]	Total residential units[2]	Residential GFA[2] (at 100%)	Commercial and retail GLA[2] (at 100%)	Committed occupancy	Occupancy date
1900 Sherwood Place	Dream Office REIT	31.6%	—	—	210,000	92.5%	Q3 2021
Brighton Village Rental 1	Dream	100.0%	121	81,000	—	92.0%	Q3 2021
Brighton Village Rental 2	Dream	100.0%	132	112,000	13,000		2022-2023
Brightwater I and II	Dream/MPCT	31.0%	—	—	110,000	33.0%	2023
WDL Block 8	Impact Fund/MPCT	33.3%	770	623,000	4,000		2023
Canary Block 10 - Rental	Impact Fund/MPCT	33.3%	238	173,000	—		2024
WDL Block 3/4/7	Dream/MPCT	33.3%	855	811,000	37,000		2025
Zibi							
Natural Sciences Building (Block 211)	Impact Fund/MPCT	100.0%	—	—	186,000	86.0%	Q4 2021
Block 208	Dream/MPCT	100.0%	—	—	33,000	79.8%	2022
Block 10	Dream/MPCT	100.0%	162	135,000	1,000		2022
Block 206	Dream/MPCT	100.0%	207	196,000	11,000		2023
Block 207	Dream/MPCT	100.0%	—	—	76,000		2023
Block 11	Dream/MPCT	100.0%	146	127,000	4,000		2023
Total			**2,631**	**2,258,000**	**685,000**	**79.4%**	

(1) Dream, Impact Fund and MPCT holdings at fully consolidated ownership. Dream Office REIT at 31.6% ownership as of June 30, 2021.

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

Development

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

Urban Development - Toronto & Ottawa

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

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

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

As at June 30, 2021, our GTA and Ottawa pipeline across the Dream portfolio is comprised of over 20,200 residential units and approximately 3.8 million sf of commercial/retail GLA.

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

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

Western Canada Community Development

Dream's Western Canada community development is comprised of land, housing, multi-family and retail/commercial assets within our master-planned communities in Saskatchewan and Alberta. We currently own approximately 9,100 acres of land in Western Canada, of which nearly 8,600 acres are in nine large master-planned communities at various stages of approval. With our land bank, market share, liquidity position and extensive experience as a developer, we are able to closely monitor and have the flexibility to increase or decrease our inventory levels to adjust to market conditions in any year. As at June 30, 2021, our Western Canada pipeline across the Dream portfolio is comprised of 253 purpose-built rental units and 0.5 million sf of commercial/ retail GLA.

Building on our own land delays the recognition of revenue, as the land sale is not recognized until the property is occupied by a third-party purchaser or tenant. In comparison, when selling land to a third party, revenue is generally recognized on receipt of a 15% deposit from the land buyer and when there is substantial completion of the underground servicing work. Dependent on economic conditions in Western Canada, we may not make new investments in undeveloped land at the same rate as in past years unless management considers the lands to be strategic to existing land positions already owned by the Company.

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

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

Selected Segment Key Operating Metrics

(in thousands of dollars, except unit and acre amounts)	For the three months ended June 30, 2021	2020	For the six months ended June 30, 2021	2020
DIRECTLY OWNED				
Revenue	**$ 50,842**	$ 42,255	**$ 70,027**	$ 182,259
Gross margin	**7,988**	10,092	**12,117**	62,319
Net margin	**1,662**	3,444	**354**	47,575
Fair value change on investment properties	**1,988**	(605)	**8,334**	(1,154)
Condominium occupancy units (project level) - Toronto & Ottawa	**6**	126	**11**	395
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**5**	48	**8**	166
Lots sold - Western Canada	**91**	44	**169**	70
Acres sold - Western Canada	**5**	6	**5**	511
EQUITY ACCOUNTED INVESTMENTS				
Share of earnings from equity accounted investments	**$ (53)**	$ (8,491)	**$ 159**	$ (3,513)
Condominium occupancy units (project level) - Toronto & Ottawa	**—**	10	**—**	132
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**—**	5	**—**	66

Results of Operations

In the three months ended June 30, 2021, we generated revenue of $50.8 million and net margin of $1.7 million compared to revenue of $42.3 million and net margin of $3.4 million in the comparative period. The comparative results included condominium occupancies at Riverside Square, BT Towns and Kanaal at Zibi with limited activity this quarter with the exception of the sale of a multi-level auto-plex at Riverside Square.

In the six months ended June 30, 2021, revenue and net margins decreased by $112.2 million and $47.2 million, respectively, from the prior year due to the sale of our interest in 480 acres in Glacier Ridge in Calgary in the first quarter of 2020 and prior year condominium occupancies.

Fair value gains on investment properties in the three and six months ended June 30, 2021 of $2.0 million and $8.3 million, respectively, were primarily driven by our commercial buildings under construction at Zibi. Earnings from equity accounted investments were minimal in the three and six months ended June 30, 2021 as there was no inventory available for occupancy.

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

Active Projects

Zibi

In the three months ended June 30, 2021, vertical construction at Zibi continued on all active blocks. The project is a multi-phase development that includes over 4 million sf of density consisting of over 1,800 residential units (inclusive of purpose-built rental units), over 2 million sf of commercial space and 8 acres of riverfront parks and plazas. Zibi will be one of Canada's most sustainable communities and the country's first "One Planet Master-Planned Community". In partnership with Hydro Ottawa, we are developing the District Energy System, the first post-industrial waste heat recovery system in a master-planned community in North America, which will provide net-zero heating and cooling for all tenants, residents and visitors at Zibi.

Riverside Square

Riverside Square is a 5 acre, two-phase, mixed-use development located in Toronto’s downtown east end on the south side of Queen Street East and immediately east of the Don Valley Parkway. Dream has a 32.5% interest in the project alongside its partners. The first phase of the project consists of 688 residential condominium units, a state-of-the-art multi-level auto-plex and approximately 20,000 sf of retail GLA and is fully occupied. The second phase is planned to consist of approximately 36,000 sf of multi-tenant commercial space with a proposed grocery-anchored component together with 227 condominium units. Vertical construction on the second phase commenced in late 2020 with first occupancies expected in 2023.

Downtown Toronto's East End

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

Brightwater

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

Other Items

Interest Expense

In the three and six months ended June 30, 2021, interest expense was $5.5 million and $10.8 million, a decrease of $0.3 million and $1.2 million from the comparative periods primarily due to a decline in interest rates and lower corporate debt levels.

General and Administrative Expenses

In the three and six months ended June 30, 2021, general and administrative expenses were $4.6 million and $8.3 million, respectively, compared to $4.6 million and $9.5 million in the comparative period. General and administrative expenses for the six month period declined due to government assistance received through the Canadian Emergency Wage Subsidy in the current period, partially offset by an increase in Dream Impact Trust's deferred unit incentive plan liability, as a result of an increase in Dream Impact Trust's unit price from $6.03 as at December 31, 2020 to $6.65 as at June 30, 2021. Included in general and administrative expenses for the three and six months ended June 30, 2021 was government assistance received of $1.0 million and $1.7 million, respectively.

Income Tax Expense

The Company's effective income tax rate was 139.3% and (15.4%), respectively, for the three and six months ended June 30, 2021 (three and six months ended June 30, 2020 – (304.8%) and 16.5%, respectively). The effective income tax rate for the three and six months ended June 30, 2021 is different than the statutory combined federal and provincial tax rate of 26.3% mainly due to the non-taxable portion of capital gains, partially offset by a combination of non-deductible expenses and other items.

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

Liquidity and Capital Resources

Our capital consists of debt facilities and shareholders' equity. Our objectives in managing our capital are to ensure adequate operating funds are available to fund development costs, to cover leasing costs, overhead and capital expenditures for income generating assets, to provide for resources needed to fund capital calls for existing developments, to generate a target rate of return on investments and to cover dividend payments. There have been no material changes in future contractual obligations since June 30, 2021.

A summary of our working capital and financial assets and liabilities as at June 30, 2021 and December 31, 2020 is presented below. Project-specific inventory and debt balances are excluded from the table below as the sale of inventory funds the repayment of project-specific construction facilities and cash flow from investment properties is used to fund regular payments on mortgages and term debt.

	June 30, 2021				December 31, 2020			
	Less than 12 months	Greater than 12 months	Non-determinable	**Total**	Less than 12 months	Greater than 12 months	Non-determinable	Total
Cash and cash equivalents	$ 149,325	$ —	$ —	**$ 149,325**	$ 185,121	$ —	$ —	$ 185,121
Accounts receivable	178,570	17,499	—	**196,069**	180,039	20,851	—	200,890
Other financial assets[(1)]	34,228	85,756	—	**119,984**	24,302	112,947	—	137,249
Lending portfolio	2,653	11,942	—	**14,595**	9,497	13,751	—	23,248
Equity accounted investment in Dream Office REIT	—	—	483,881	**483,881**	—	—	476,686	476,686
Subtotal assets	364,776	115,197	483,881	**963,854**	398,959	147,549	476,686	1,023,194
Accounts payable and accrued liabilities	115,295	42,593	47,167	**205,055**	120,480	35,531	42,824	198,835
Income and other taxes payable	64,516	—	—	**64,516**	58,091	—	—	58,091
Provision for real estate development costs	30,794	—	—	**30,794**	31,040	—	—	31,040
Corporate debt facilities	—	202,636	—	**202,636**	—	202,452	—	202,452
Dream Impact Trust units	—	—	315,609	**315,609**	—	—	289,330	289,330
Dream Impact Fund units	—	—	19,246	**19,246**	—	—	—	—
Subtotal liabilities	210,605	245,229	382,022	**837,856**	209,611	237,983	332,154	779,748
Net excess (deficiency)	$ 154,171	$ (130,032)	$ 101,859	**$ 125,998**	$ 189,348	$ (90,434)	$ 144,532	$ 243,446

(1) Other financial assets as at June 30, 2021 excludes $38.2 million in project-specific investment holdings (December 31, 2020 – $40.0 million).

As at June 30, 2021, there were adequate resources to address the Company's short-term liquidity requirements. Certain financial instruments that are callable or due on demand are presented as due within 12 months, which is inconsistent with the repayment timing expected by management. Due to the nature of our development business, in addition to the above resources, the Company expects to fund a portion of our current liabilities through sales of housing, condominium and land inventories, which cannot be classified and accordingly are not presented above. Management continuously reviews the timing of expected debt repayments and actively pursues refinancing opportunities as they arise. As at June 30, 2021, we had $406.4 million in corporate-level cash and available under our revolving credit facilities.

Cash Requirements

The nature of the real estate business is such that we require capital to fund non-discretionary expenditures with respect to existing assets, as well as to fund growth through acquisitions and developments. As at June 30, 2021, on a consolidated basis, we had $149.3 million in cash and cash equivalents (December 31, 2020 – $185.1 million). Our intention is to meet short-term liquidity requirements through cash on hand, cash from operating activities, working capital reserves and operating debt facilities. As at June 30, 2021, our debt maturing in 2021 is project-specific and is expected to be funded through proceeds from condominium unit closings. In addition, we anticipate that cash from operations and recurring income will continue to provide the cash necessary to fund operating expenses and debt service requirements.

Debt

As at June 30, 2021, total debt was $797.3 million (December 31, 2020 – $755.9 million). A breakdown of project-specific and corporate debt facilities is detailed in the table below.

	Balance		Weighted average interest rate	
(in thousands of Canadian dollars)	**June 30, 2021**	December 31, 2020	**June 30, 2021**	December 31, 2020
Operating line - Dream Impact Fund	**$ 4,495**	$ —	**2.16%**	—%
Operating line - Western Canada	**—**	—	**2.94%**	2.98%
Construction loans	**239,130**	221,952	**2.81%**	3.17%
Mortgages and term debt	**351,062**	331,472	**3.50%**	3.57%
Total project-specific debt	**$ 594,687**	$ 553,424	**3.21%**	3.41%
Non-revolving term facility	**202,636**	202,452	**3.19%**	2.99%
Total corporate debt facilities	**$ 202,636**	$ 202,452	**3.19%**	2.99%
Total debt	**$ 797,323**	$ 755,876	**3.20%**	3.30%
Debt to total assets ratio(1)	**27.8%**	26.6%		

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

As at June 30, 2021, $325.4 million (December 31, 2020 – $285.9 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 3.28% (December 31, 2020 – 3.47%) and will mature between 2021 and 2031. A further $471.9 million (December 31, 2020 – $470.0 million) of real estate debt was subject to a weighted average variable interest rate of 3.16% (December 31, 2020 – 3.19%) and will mature between 2021 and 2023. Included within total debt is $177.7 million of variable debt that the Company has hedged through fixed interest rate swaps.

Convertible Debentures

Subsequent to June 30, 2021, the Company, via Dream Impact Trust, closed on an agreement pursuant to which Fairfax Financial Holdings Limited and/or certain of its controlled affiliates invested $30 million in the Company through a private placement of impact convertible unsecured subordinated debentures ("Impact Debentures"). The Impact Debentures bear interest at a rate of 5.50% per annum, payable semi-annually on July 31 and January 31 of each year, commencing on January 31, 2022. The Impact Debentures are convertible at the holder's option into units of Dream Impact Trust at a conversion price of $7.755/Dream Impact Trust unit, representing a conversion rate of 128.9491 Dream Impact Trust units per $1,000 principal amount of Impact Debentures. The Impact Debentures will mature in July 2026 and are not redeemable before the maturity date.

Contractual Obligations

Our liquidity is impacted by contractual debt commitments as follows:

	2021	2022	2023	2024	2025	2026 and thereafter	Total
Project-specific debt(1)	$ 100,661	$ 122,966	$ 154,988	$ 9,486	$ 60,709	$ 145,877	$ 594,687
Corporate debt facilities(1)	—	202,636	—	—	—	—	202,636
	$ 100,661	$ 325,602	$ 154,988	$ 9,486	$ 60,709	$ 145,877	$ 797,323

(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 June 30, 2021, there were 42,337,826 Subordinate Voting Shares and 1,557,356 Class B Shares outstanding (December 31, 2020 - 43,454,572 Subordinate Voting Shares and 1,557,356 Class B Shares).

Including the Subordinate Voting Shares of Dream and Class B Shares held or controlled directly or indirectly, the President and Chief Responsible Officer ("CRO") owned an approximate 46% economic interest and 87% voting interest in the Company as at June 30, 2021.

Share Repurchases

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

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

In the six months ended June 30, 2021, 1.2 million Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $21.41 (year ended December 31, 2020 – 2.7 million Subordinate Voting Shares at an average price of $19.45). In the prior year the Company completed a substantial issuer bid ("SIB") and purchased for cancellation 5.0 million Subordinate Voting Shares at a price of $23.50 per share for aggregate proceeds of $117.5 million.

Off-Balance Sheet Arrangements, Commitments and Contingencies

We conduct our real estate activities from time to time through joint arrangements with third-party partners. A discussion of our off-balance sheet arrangements, commitments and contingencies is included in Note 24 of the condensed consolidated financial statements for the three and six months ended June 30, 2021.

Transactions with Related Parties

The Company has agreements for services and transactions with related parties, which are outlined in Note 25 of our condensed consolidated financial statements for the three and six months ended June 30, 2021.

Critical Accounting Estimates

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

Internal Control over Financial Reporting

As at June 30, 2021, the President and Chief Responsible Officer and the Chief Financial Officer (the "Certifying Officers"), along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream is made known to the Certifying Officers in a timely manner and information required to be disclosed by Dream is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

There were no changes in the Company's internal control over financial reporting in the three and six months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Accounting Standards Adopted During the Period

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Company's annual consolidated financial statements for the year ended December 31, 2020.

Risk Factors

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

Forward-Looking Information

Certain information herein contains or incorporates statements that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding our objectives and strategies to achieve those objectives; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, expected net proceeds from sales or transactions, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general; as well as specific statements in respect of: the COVID-19 pandemic and resulting disruptions; anticipated levels of development, asset management and other management fees in future periods; the expansion and growth of our asset management business and private asset management division; expectations that recurring income will increase over time and the future composition of our recurring income portfolio; our development and redevelopment plans and proposals for current and future projects, including projected sizes, density, timelines, uses and tenants; the redevelopment potential of our assets and the assets held by Dream Office REIT and Dream Impact Trust; anticipated current and future unit sales and occupancies of our condominium and mixed-use projects, including anticipated timing of closings of condominium unit sales, and resulting revenue and debt repayments; the contribution of our development segment to our earnings and income in future periods and our expectation that recurring income will increase in the future as urban development properties are completed and held for the long term; the supplementary information in relation to the development and redevelopment projects in our portfolio, including the projects that we expect to be completed and added to our recurring income over the next five years, total residential/hotel units at completion, residential GFA, commercial and retail GLA, occupancy/stabilization dates and future GLA under development; expectations of future profit and earnings contributions from our Western Canada development division; our acquisition and development pipeline; the sustainability rating of Zibi upon completion and Zibi becoming the first One Planet community in Canada; the District Energy System providing net-zero heating and cooling for all tenants, residents and visitors at Zibi; Dream Industrial REIT's development pipeline, the percentage of Dream Industrial REIT's portfolio under active development in future periods; the anticipated sale of Dream Industrial REIT's remaining U.S. assets; our expected sources of funding of current liabilities, short-term liquidity requirements, operating expenses and debt service requirements; and our overall financial performance, profitability and liquidity for future periods and years.

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

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

All forward-looking information is as of August 10, 2021. Dream does not undertake to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dream.ca.

Additional Information - Consolidated Dream

Segmented Assets and Liabilities

June 30, 2021

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Assets							
Cash and cash equivalents	$ 23,054	$ 14,541	$ 111,730	**$ 149,325**	$ 70,102	$ 826	**$ 78,397**
Accounts receivable	26,403	160,083	9,583	**196,069**	951	(1,211)	**196,329**
Other financial assets[2]	38,822	119,410	—	**158,232**	63,900	(95,099)	**189,431**
Lending portfolio	14,595	—	—	**14,595**	14,595	—	**—**
Housing inventory	—	29,344	—	**29,344**	—	—	**29,344**
Condominium inventory	—	250,806	—	**250,806**	—	19,852	**230,954**
Land inventory	206	489,772	—	**489,978**	—	—	**489,978**
Investment properties	485,875	218,071	—	**703,946**	245,646	14,978	**443,322**
Recreational properties	60,149	—	—	**60,149**	—	—	**60,149**
Equity accounted investments	534,897	234,234	—	**769,131**	247,814	(79,793)	**601,110**
Capital and other operating assets	11,001	28,237	8,092	**47,330**	5,995	266	**41,069**
Intangible asset	—	—	—	**—**	—	(43,000)	**43,000**
Total assets	$ 1,195,002	$ 1,544,498	$ 129,405	**$ 2,868,905**	$ 649,003	$ (183,181)	**$ 2,403,083**
Liabilities							
Accounts payable and other liabilities	$ 41,453	$ 141,527	$ 22,075	**$ 205,055**	$ 19,234	$ 30,642	**$ 155,179**
Income and other taxes payable[3]	—	—	64,516	**64,516**	—	—	**64,516**
Provision for real estate development costs	—	30,794	—	**30,794**	—	—	**30,794**
Debt	306,230	288,457	202,636	**797,323**	104,562	—	**692,761**
Dream Impact Trust units[3]	—	—	315,609	**315,609**	—	315,609	**—**
Dream Impact Fund units	—	—	19,246	**19,246**	—	—	**19,246**
Deferred income taxes[3]	—	—	93,923	**93,923**	5,241	10,520	**78,162**
Total liabilities	$ 347,683	$ 460,778	$ 718,005	**$ 1,526,466**	$ 129,037	$ 356,771	**$ 1,040,658**
Non-controlling interest	$ —	$ —	$ —	**$ —**	$ —	$ (75,734)	**$ 75,734**
Shareholders' equity	847,319	1,083,720	(588,600)	**1,342,439**	519,966	(464,218)	**1,286,691**
Total equity	$ 847,319	$ 1,083,720	$ (588,600)	**$ 1,342,439**	$ 519,966	$ (539,952)	**$ 1,362,425**

[1] Refer to the "Non-IFRS Measures" section of this MD&A for the definition of Dream Impact Trust, consolidation and fair value adjustments and Dream standalone.
[2] Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $94.4 million, which is eliminated on a consolidated basis.
[3] Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

December 31, 2020

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

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

Segmented Statement of Earnings (Loss)

For the three months ended June 30, 2021

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 28,818	$ 50,842	$ —	**$ 79,660**	$ 4,818	$ (1,881)	**$ 76,723**
Direct operating costs	(16,328)	(42,854)	—	**(59,182)**	(2,008)	(449)	**(56,725)**
Gross margin	12,490	7,988	—	**20,478**	2,810	(2,330)	**19,998**
Selling, marketing, depreciation and other operating costs	(1,630)	(6,326)	—	**(7,956)**	—	(407)	**(7,549)**
Net margin	10,860	1,662	—	**12,522**	2,810	(2,737)	**12,449**
Fair value changes in investment properties	1,877	1,988	—	**3,865**	(228)	(65)	**4,158**
Investment and other income	376	1,074	286	**1,736**	210	39	**1,487**
Interest expense	(2,329)	(813)	(2,374)	**(5,516)**	(989)	—	**(4,527)**
Fair value changes in financial instruments	(1,069)	(726)	—	**(1,795)**	(1,804)	—	**9**
Share of earnings (loss) from equity accounted investments	16,526	(53)	—	**16,473**	154	(395)	**16,714**
Net segment earnings (loss)	26,241	3,132	(2,088)	**27,285**	153	(3,158)	**30,290**
General and administrative expenses[2]	—	—	(4,619)	**(4,619)**	(2,204)	1,447	**(3,862)**
Adjustments related to Dream Impact Trust units[2]	—	—	(21,477)	**(21,477)**	—	(21,477)	**—**
Income tax expense[2]	—	—	(1,656)	**(1,656)**	600	3,214	**(5,470)**
Net earnings (loss)[3]	$ 26,241	$ 3,132	$ (29,840)	**$ (467)**	$ (1,451)	$ (19,974)	**$ 20,958**

For the three months ended June 30, 2020

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Revenue	$ 19,789	$ 42,255	$ —	$ 62,044	$ 5,463	$ (859)	$ 57,440
Direct operating costs	(15,576)	(32,163)	—	(47,739)	(2,746)	(390)	(44,603)
Gross margin	4,213	10,092	—	14,305	2,717	(1,249)	12,837
Selling, marketing, depreciation and other operating costs	(1,404)	(6,648)	—	(8,052)	—	—	(8,052)
Net margin	2,809	3,444	—	6,253	2,717	(1,249)	4,785
Fair value changes in investment properties	(4,925)	(605)	—	(5,530)	132	(71)	(5,591)
Investment and other income	617	1,949	20	2,586	269	87	2,230
Interest expense	(2,062)	(1,025)	(2,684)	(5,771)	(828)	(21)	(4,922)
Fair value changes in financial instruments	(2,885)	(1,951)	—	(4,836)	(4,833)	—	(3)
Share of earnings (loss) from equity accounted investments	48,444	(8,491)	—	39,953	(259)	(8,022)	48,234
Net segment earnings (loss)	41,998	(6,679)	(2,664)	32,655	(2,802)	(9,276)	44,733
General and administrative expenses[2]	—	—	(4,626)	(4,626)	(2,190)	1,213	(3,649)
Adjustments related to Dream Impact Trust units[2]	—	—	(25,367)	(25,367)	—	(25,367)	—
Income tax expense[2]	—	—	8,114	8,114	1,358	6,006	750
Net earnings (loss)[3]	$ 41,998	$ (6,679)	$ (24,543)	$ 10,776	$ (3,634)	$ (27,424)	$ 41,834

For the six months ended June 30, 2021

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 59,707	$ 70,027	$ —	**$ 129,734**	$ 9,663	$ (3,818)	**$ 123,889**
Direct operating costs	(33,037)	(57,910)	—	**(90,947)**	(4,265)	(814)	**(85,868)**
Gross margin	26,670	12,117	—	**38,787**	5,398	(4,632)	**38,021**
Selling, marketing, depreciation and other operating costs	(3,294)	(11,763)	—	**(15,057)**	—	(458)	**(14,599)**
Net margin	23,376	354	—	**23,730**	5,398	(5,090)	**23,422**
Fair value changes in investment properties	266	8,334	—	**8,600**	(2,187)	(129)	**10,916**
Investment and other income	415	2,656	529	**3,600**	418	1	**3,181**
Interest expense	(4,576)	(1,401)	(4,785)	**(10,762)**	(1,847)	—	**(8,915)**
Fair value changes in financial instruments	(1,057)	(7,613)	—	**(8,670)**	(8,691)	—	**21**
Share of earnings from equity accounted investments	27,136	159	—	**27,295**	2,297	(2,918)	**27,916**
Net segment earnings (loss)	45,560	2,489	(4,256)	**43,793**	(4,612)	(8,136)	**56,541**
General and administrative expenses[2]	—	—	(8,301)	**(8,301)**	(6,197)	3,653	**(5,757)**
Adjustments related to Dream Impact Trust units[2]	—	—	(39,155)	**(39,155)**	—	(39,155)	**—**
Income tax recovery (expense)[2]	—	—	(565)	**(565)**	3,146	6,557	**(10,268)**
Net earnings[3]	$ 45,560	$ 2,489	$ (52,277)	**$ (4,228)**	$ (7,663)	$ (37,081)	**$ 40,516**

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

For the six months ended June 30, 2020

	Recurring income	Development	Corporate and other	Consolidated Dream	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	Dream standalone[1]
Revenue	$ 56,240	$ 182,259	$ —	$ 238,499	$ 11,351	$ (1,657)	$ 228,805
Direct operating costs	(35,932)	(119,940)	—	(155,872)	(4,896)	(821)	(150,155)
Gross margin	20,308	62,319	—	82,627	6,455	(2,478)	78,650
Selling, marketing, depreciation and other operating costs	(3,003)	(14,744)	—	(17,747)	—	(168)	(17,579)
Net margin	17,305	47,575	—	64,880	6,455	(2,646)	61,071
Fair value changes in investment properties	(5,568)	(1,154)	—	(6,722)	132	(220)	(6,634)
Investment and other income	619	3,741	611	4,971	1,074	85	3,812
Interest expense	(4,222)	(2,244)	(5,517)	(11,983)	(1,619)	(41)	(10,323)
Fair value changes in financial instruments	(2,977)	2,470	—	(507)	(412)	—	(95)
Share of earnings from equity accounted investments	48,989	(3,513)	—	45,476	(1,169)	(8,293)	54,938
Net segment earnings (loss)	54,146	46,875	(4,906)	96,115	4,461	(11,115)	102,769
General and administrative expenses[2]	—	—	(9,514)	(9,514)	(3,070)	2,351	(8,795)
Adjustments related to Dream Impact Trust units[2]	—	—	148,840	148,840	—	148,840	—
Income tax recovery (expense)[2]	—	—	(38,835)	(38,835)	127	(17,831)	(21,131)
Net earnings[3]	$ 54,146	$ 46,875	$ 95,585	$ 196,606	$ 1,518	$ 122,245	$ 72,843

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

Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	For the three months ended June 30, 2021	2020	For the six months ended June 30, 2021	2020
Operating activities				
Earnings (loss) for the period	**$ (467)**	$ 10,776	**$ (4,228)**	$ 196,606
Adjustments for non-cash items:				
Depreciation and amortization	**1,615**	2,684	**3,221**	4,464
Fair value changes in investment properties	**(3,865)**	5,530	**(8,600)**	6,722
Share of earnings from equity accounted investments	**(16,473)**	(39,953)	**(27,295)**	(45,476)
Deferred income tax expense (recovery)	**(495)**	(8,177)	**(10,878)**	24,508
Other adjustments	**3,380**	5,937	**10,999**	(9,894)
Changes in non-cash working capital	**(12,996)**	3,804	**19,818**	(155,786)
Acquisition of condominium inventory, net of acquired cash and working capital	**(2,547)**	(787)	**(5,131)**	(5,300)
Sale of housing inventory, net of development	**1,874**	3,973	**3,808**	4,873
Sale of condominium inventory, net of development	**8,994**	8,702	**2,831**	28,495
Advances on construction loans, net of repayments	**28,941**	(20,977)	**16,993**	(1,251)
Acquisition of land inventory	**1,538**	—	**(1,525)**	—
Fair value adjustment on Dream Impact Trust units	**16,721**	20,087	**29,621**	(159,430)
Development of land inventory, net of sales	**(9,120)**	1,919	**(6,034)**	(7,023)
Net cash flows provided by (used in) operating activities	**17,100**	(6,482)	**23,600**	(118,492)
Investing activities				
Acquisitions and additions to investment properties	**(19,320)**	(14,646)	**(75,521)**	(32,777)
Acquisitions and additions to recreational properties	**(1,714)**	(9,361)	**(2,660)**	(9,431)
Investments in equity accounted investments	**—**	—	**—**	(23,720)
Contributions to equity accounted investments	**(6,698)**	(5,093)	**(10,932)**	(13,340)
Distributions and disposals of equity accounted investments	**16,388**	12,476	**20,799**	18,750
Advances to equity accounted investments	**—**	(1,121)	**—**	(6,055)
Acquisitions of financial assets and other assets	**77**	(41,050)	**(2,187)**	(42,358)
Distributions and disposals of financial assets and other assets	**20**	(1,608)	**4,048**	—
Loans receivable advances, net of repayments	**(2,300)**	623	**10,300**	(7,360)
Lending portfolio repayments, net of lender fees	**150**	20,966	**8,220**	28,744
Net cash flows used in investing activities	**(13,397)**	(38,814)	**(47,933)**	(87,547)
Financing activities				
Borrowings from mortgages and term debt facilities	**1,035**	96,351	**31,577**	107,783
Repayments of mortgages and term debt facilities	**(1,072)**	(3,755)	**(12,535)**	(4,780)
Advances from operating lines, net of repayments	**2,129**	(66,000)	**4,495**	—
Repayments pursuant to non-revolving term facility	**—**	(10,000)	**—**	(10,000)
Dream Impact Trust units repurchased from other unitholders	**(2,081)**	(2,413)	**(3,881)**	(2,716)
Dream Impact Fund contributions from other unitholders	**—**	—	**19,246**	—
Dividends paid	**(3,074)**	(2,843)	**(6,147)**	(5,688)
Repayments of lease obligations	**(576)**	(926)	**(1,152)**	(1,853)
Buy-out of non-controlling interest	**(16,500)**	—	**(16,500)**	—
Shares repurchased	**—**	(271)	**(26,566)**	(125,684)
Net cash flows provided by (used in) financing activities	**(20,139)**	10,143	**(11,463)**	(42,938)
Change in cash and cash equivalents	**(16,436)**	(35,153)	**(35,796)**	(248,977)
Cash and cash equivalents, beginning of period	**165,761**	174,697	**185,121**	388,521
Cash and cash equivalents, end of period	**$ 149,325**	$ 139,544	**$ 149,325**	$ 139,544

Revenue by Geographic Region

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

		For the three months ended June 30,				For the six months ended June 30,			
			2021		2020		**2021**		2020
Western Canada									
Alberta	**$**	**3,660**	**4.6%**	$ 5,154	8.3%	**$**	**9,562**	**7.4%**	$ 92,220	38.7%
British Columbia		**—**	**—%**	286	0.5%		**—**	**—%**	703	0.3%
Saskatchewan		**19,607**	**24.6%**	16,195	26.1%		**31,515**	**24.3%**	23,992	10.1%
	$	**23,267**	**29.2%**	$ 21,635	34.9%	**$**	**41,077**	**31.7%**	$ 116,915	49.1%
Ontario		**37,476**	**47.0%**	30,808	49.7%		**47,377**	**36.5%**	86,716	36.4%
Quebec		**678**	**0.9%**	560	0.9%		**1,134**	**0.9%**	911	0.4%
Canada		**61,421**	**77.1%**	53,003	85.5%		**89,588**	**69.1%**	204,542	85.9%
United States		**7,406**	**9.3%**	3,024	4.9%		**23,778**	**18.3%**	17,807	7.4%
Non-segmented (asset management)		**10,833**	**13.6%**	6,017	9.6%		**16,368**	**12.6%**	16,150	6.7%
Total	**$**	**79,660**	**100.0%**	$ 62,044	100.0%	**$**	**129,734**	**100.0%**	$ 238,499	100.0%

Net Margin by Geographic Region

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

		For the three months ended June 30,				For the six months ended June 30,			
			2021		2020		**2021**		2020
Western Canada									
Alberta	**$**	**(1,453)**	**(11.6%)**	$ (706)	(11.3%)	**$**	**(2,236)**	**(9.4%)**	$ 42,503	65.5%
British Columbia		**—**	**—%**	286	4.6%		**—**	**—%**	703	1.1%
Saskatchewan		**1,969**	**15.7%**	3,200	51.2%		**2,609**	**11.0%**	3,370	5.2%
	$	**516**	**4.1%**	$ 2,780	44.5%	**$**	**373**	**1.6%**	$ 46,576	71.8%
Ontario		**6,298**	**50.3%**	5,255	84.0%		**8,896**	**37.5%**	10,932	16.8%
Quebec		**105**	**0.8%**	—	—%		**195**	**0.8%**	48	0.1%
Canada		**6,919**	**55.2%**	8,035	128.5%		**9,464**	**39.9%**	57,556	88.7%
United States		**842**	**6.7%**	(2,351)	(37.6%)		**8,676**	**36.6%**	2,513	3.9%
Non-segmented (asset management)		**4,761**	**38.1%**	569	9.1%		**5,590**	**23.5%**	4,811	7.4%
Total	**$**	**12,522**	**100.0%**	$ 6,253	100.0%	**$**	**23,730**	**100.0%**	$ 64,880	100.0%

Quarterly Business Trends

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

(in thousands of dollars, except per share amounts)		**Jun 30, 2021**	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Revenue	**$**	**79,660**	$ 50,074	$ 48,639	$ 60,485	$ 62,044	$ 176,455	$ 383,360	$ 64,069
Earnings (loss) for the period		**(467)**	(3,761)	(32,315)	(4,653)	10,776	185,830	349,191	27,167
Basic earnings (loss) per share[(1)]		**(0.01)**	(0.10)	(0.70)	(0.11)	0.23	3.78	6.65	0.51
Diluted earnings (loss) per share[(1)]		**(0.01)**	(0.10)	(0.70)	(0.11)	0.22	3.71	6.43	0.50

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

Non-IFRS Measures

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

"Assets under management ("AUM")" is the respective carrying value of gross assets managed by the Company on behalf of its clients, investors or partners under asset management agreements, development management agreements and/or management services agreements at 100% of the client's total assets. All other investments are reflected at the Company's proportionate share of the investment's total assets without duplication. Assets under management is a measure of success against the competition and consists of growth or decline due to asset appreciation, changes in fair market value, acquisitions and dispositions, operations gains and losses, and inflows and outflows of capital.

"Consolidation and fair value adjustments" represents certain IFRS adjustments required to reconcile Dream standalone and Dream Impact Trust results to the consolidated results as at and for the three and six months ended June 30, 2021 and 2020. Consolidation and fair value adjustments relate to business combination adjustments on acquisition of Dream Impact Trust on January 1, 2018 and related amortization, elimination of intercompany balances including the investment in Dream Impact Trust units, adjustments for co-owned projects, fair value adjustments to the Dream Impact Trust units held by other unitholders, and deferred income taxes.

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

		June 30, 2021		December 31, 2020
Debt	**$**	**797,323**	$	755,876
Total assets		**2,868,905**		2,844,373
Debt to total assets ratio		**27.8%**		26.6%

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

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

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

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

"Net operating income" represents revenue less direct operating costs. Net operating income less general, administrative and overhead expenses, and amortization, is equal to net margin as per Note 27 of the condensed consolidated financial statements. Net operating income for the recurring income segment for the three and six months ended June 30, 2021 and 2020 is calculated as follows:

	For the three months ended June 30,				For the six months ended June 30,			
		2021		2020		**2021**		2020
Revenue	**$**	**28,818**	$	19,789	**$**	**59,707**	$	56,240
Less: Direct operating costs		**(16,328)**		(15,576)		**(33,037)**		(35,932)
Less: Selling, marketing, depreciation and other indirect costs		**(1,630)**		(1,404)		**(3,294)**		(3,003)
Net margin	**$**	**10,860**	$	2,809	**$**	**23,376**	$	17,305
Add: Depreciation		**1,288**		1,197		**2,501**		2,385
Add: General and administrative expenses		**342**		207		**793**		618
Net operating income	**$**	**12,490**	$	4,213	**$**	**26,670**	$	20,308

Additional Information

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

Appendix - Supplemental Segmented Information

Recurring Income

For the three months ended June 30, 2021

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total recurring income - Dream consolidated**
Revenue	$ 12,953	$ 5,362	$ 7,406	$ 3,097	**$ 28,818**
Net margin	7,097	2,281	842	640	**10,860**

For the three months ended June 30, 2020

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income - Dream consolidated
Revenue	$ 7,119	$ 5,042	$ 3,024	$ 4,604	$ 19,789
Net margin	1,725	1,782	(2,166)	1,468	2,809

For the six months ended June 30, 2021

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total recurring income - Dream consolidated**
Revenue	$ 20,668	$ 9,094	$ 23,778	$ 6,167	**$ 59,707**
Net margin	10,311	3,301	8,676	1,088	**23,376**

For the six months ended June 30, 2020

	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income - Dream consolidated
Revenue	$ 18,290	$ 10,449	$ 17,807	$ 9,694	$ 56,240
Net margin	7,196	3,434	2,698	3,977	17,305

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

Development

For the three months ended June 30, 2021

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total development - Dream consolidated**
Revenue	$ 30,140	$ 20,862	$ (160)	**$ 50,842**
Net margin	2,169	60	(567)	**1,662**

For the three months ended June 30, 2020

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	Total development - Dream consolidated
Revenue	$ 23,637	$ 18,618	$ —	$ 42,255
Net margin	2,127	1,317	—	3,444

For the six months ended June 30, 2021

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	**Total development - Dream consolidated**
Revenue	$ 32,682	$ 37,667	$ (322)	**$ 70,027**
Net margin	1,320	(186)	(780)	**354**

For the six months ended June 30, 2020

	Urban development	Western Canada community development	Dream Impact Trust & consolidation and fair value adjustments[1]	Total development - Dream consolidated
Revenue	$ 70,816	$ 111,443	$ —	$ 182,259
Net margin	3,701	44,042	(168)	47,575

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

Condensed Consolidated Statements of Financial Position

(unaudited)

(in thousands of Canadian dollars)	Note		**June 30, 2021**		December 31, 2020
Assets					
Cash and cash equivalents	26	**$**	**149,325**	$	185,121
Accounts receivable			**196,069**		200,890
Other financial assets	5		**158,232**		177,229
Lending portfolio	6		**14,595**		23,248
Housing inventory			**29,344**		29,195
Condominium inventory	7		**250,806**		248,506
Land inventory	8		**489,978**		484,838
Investment properties	9		**703,946**		619,872
Recreational properties			**60,149**		60,560
Equity accounted investments	10		**769,131**		762,652
Capital and other operating assets	11		**47,330**		52,262
Total assets		**$**	**2,868,905**	$	2,844,373
Liabilities					
Accounts payable and other liabilities	12	**$**	**205,055**	$	198,835
Income and other taxes payable			**64,516**		58,091
Provision for real estate development costs			**30,794**		31,040
Debt	13		**797,323**		755,876
Dream Impact Trust units	14		**315,609**		289,330
Dream Impact Fund units	15		**19,246**		—
Deferred income taxes	16		**93,923**		104,589
Total liabilities			**1,526,466**		1,437,761
Shareholders' equity					
Share capital	17		**999,271**		1,024,275
Reorganization adjustment			**(944,577)**		(944,577)
Contributed surplus	22		**14,632**		14,954
Retained earnings			**1,265,289**		1,288,042
Accumulated other comprehensive income			**7,824**		8,952
Total shareholders' equity			**1,342,439**		1,391,646
Non-controlling interest	18		**—**		14,966
Total equity			**1,342,439**		1,406,612
Total liabilities and equity		**$**	**2,868,905**	$	2,844,373

See accompanying notes to the condensed consolidated financial statements.

Commitments and contingencies (Note 24)
Subsequent events (Note 29)

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

"Michael J. Cooper"
Michael J. Cooper
Director

"Joanne Ferstman"
Joanne Ferstman
Chair

Condensed Consolidated Statements of Earnings (Loss)

(unaudited)

(in thousands of Canadian dollars, except for per share amounts)	Note	For the three months ended June 30, **2021**	2020	For the six months ended June 30, **2021**	2020
Revenue	19	**$ 79,660**	$ 62,044	**$ 129,734**	$ 238,499
Direct operating costs		**(59,182)**	(47,739)	**(90,947)**	(155,872)
Gross margin		**20,478**	14,305	**38,787**	82,627
Selling, marketing, depreciation and other operating costs		**(7,956)**	(8,052)	**(15,057)**	(17,747)
Net margin		**12,522**	6,253	**23,730**	64,880
Other income (expenses):					
General and administrative expenses		**(4,619)**	(4,626)	**(8,301)**	(9,514)
Fair value changes in investment properties	9	**3,865**	(5,530)	**8,600**	(6,722)
Share of earnings from equity accounted investments	10	**16,473**	39,953	**27,295**	45,476
Investment and other income		**1,736**	2,586	**3,600**	4,971
Interest expense	20	**(5,516)**	(5,771)	**(10,762)**	(11,983)
Adjustments related to Dream Impact Trust units	14	**(21,477)**	(25,367)	**(39,155)**	148,840
Fair value changes in financial instruments		**(1,795)**	(4,836)	**(8,670)**	(507)
Earnings (loss) before income taxes		**1,189**	2,662	**(3,663)**	235,441
Income tax recovery (expense)	16	**(1,656)**	8,114	**(565)**	(38,835)
Earnings (loss) for the period		**$ (467)**	$ 10,776	**$ (4,228)**	$ 196,606
Total earnings (loss) for the period attributable to:					
Shareholders		**$ (467)**	$ 10,810	**$ (4,859)**	$ 196,366
Non-controlling interest	18	**—**	(34)	**631**	240
Earnings (loss) for the period		**$ (467)**	$ 10,776	**$ (4,228)**	$ 196,606
Basic earnings (loss) per share	23	**$ (0.01)**	$ 0.23	**$ (0.11)**	$ 4.07
Diluted earnings (loss) per share	23	**$ (0.01)**	$ 0.22	**$ (0.11)**	$ 4.01

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(unaudited)

(in thousands of Canadian dollars)	Note	For the three months ended June 30, **2021**	2020	For the six months ended June 30, **2021**	2020
Earnings (loss) for the period		**$ (467)**	$ 10,776	**$ (4,228)**	$ 196,606
Other comprehensive income (loss)					
Unrealized gain (loss) on interest rate hedge, net of tax		**431**	998	**847**	(2,641)
Unrealized gain (loss) from foreign currency translation (reclassified to earnings on partial or full disposal of foreign operation)		**(402)**	(1,176)	**(815)**	1,887
Share of other comprehensive income (loss) from equity accounted investments		**(571)**	(707)	**(1,160)**	1,540
Total other comprehensive income (loss)		**(542)**	(885)	**(1,128)**	786
Total comprehensive income (loss)		**$ (1,009)**	$ 9,891	**$ (5,356)**	$ 197,392
Total comprehensive income (loss) for the period attributable to:					
Shareholders		**$ (1,009)**	$ 9,925	**$ (5,987)**	$ 197,152
Non-controlling interest	18	**—**	(34)	**631**	240
Total comprehensive income (loss)		**$ (1,009)**	$ 9,891	**$ (5,356)**	$ 197,392

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020
(unaudited)

(in thousands of Canadian dollars)	Dream share capital (Note 17)	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interest	Total equity
Balance, January 1, 2021	**$ 1,024,275**	**$ 14,954**	**$ (944,577)**	**$ 1,288,042**	**$ 8,952**	**$ 1,391,646**	**$ 14,966**	**$ 1,406,612**
Earnings (loss) for the period	**—**	**—**	**—**	**(4,859)**	**—**	**(4,859)**	**631**	**(4,228)**
Other comprehensive loss for the period	**—**	**—**	**—**	**—**	**(1,128)**	**(1,128)**	**—**	**(1,128)**
Shares repurchased (Note 17)	**(26,566)**	**—**	**—**	**—**	**—**	**(26,566)**	**—**	**(26,566)**
Dividends paid (Note 17)	**—**	**—**	**—**	**(6,147)**	**—**	**(6,147)**	**—**	**(6,147)**
Share-based compensation (Note 22)	**1,562**	**(322)**	**—**	**(85)**	**—**	**1,155**	**—**	**1,155**
Change in interest in subsidiary (Note 18)	**—**	**—**	**—**	**(11,662)**	**—**	**(11,662)**	**(15,597)**	**(27,259)**
Balance, June 30, 2021	**$ 999,271**	**$ 14,632**	**$ (944,577)**	**$ 1,265,289**	**$ 7,824**	**$ 1,342,439**	**$ —**	**$ 1,342,439**

(in thousands of Canadian dollars)	Dream share capital	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interest	Total equity
Balance, January 1, 2020	$ 1,193,562	$ 11,410	$ (944,577)	$ 1,140,179	$ 10,386	$ 1,410,960	$ 21,649	$ 1,432,609
Earnings for the period	—	—	—	196,366	—	196,366	240	196,606
Other comprehensive income for the period	—	—	—	—	786	786	—	786
Shares repurchased	(125,684)	—	—	—	—	(125,684)	—	(125,684)
Dividends paid	—	—	—	(5,688)	—	(5,688)	—	(5,688)
Share-based compensation	1,076	1,852	—	(116)	—	2,812	—	2,812
Contributions from non-controlling interests	—	—	—	—	—	—	6,900	6,900
Balance, June 30, 2020	$ 1,068,954	$ 13,262	$ (944,577)	$ 1,330,741	$ 11,172	$ 1,479,552	$ 28,789	$ 1,508,341

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

(unaudited)

(in thousands of Canadian dollars)	Note	For the six months ended June 30, 2021	2020
Operating activities			
Earnings (loss) for the period		**$ (4,228)**	$ 196,606
Adjustments for non-cash items:			
Depreciation and amortization		**3,221**	4,464
Fair value changes in investment properties	9	**(8,600)**	6,722
Share of earnings from equity accounted investments	10	**(27,295)**	(45,476)
Deferred income tax expense (recovery)	16	**(10,878)**	24,508
Other adjustments	26	**10,999**	(9,894)
Changes in non-cash working capital	26	**19,818**	(155,786)
Acquisition of condominium inventory, net of acquired cash and working capital	7	**(5,131)**	(5,300)
Sale of housing inventory, net of development		**3,808**	4,873
Sale of condominium inventory, net of development	7	**2,831**	28,495
Advances on construction loans, net of repayments	13	**16,993**	(1,251)
Acquisition of land inventory	8	**(1,525)**	—
Fair value adjustment on Dream Impact Trust units	14	**29,621**	(159,430)
Development of land inventory, net of sales	8	**(6,034)**	(7,023)
Net cash flows provided by (used in) operating activities		**23,600**	(118,492)
Investing activities			
Acquisitions and additions to investment properties	9	**(75,521)**	(32,777)
Acquisitions and additions to recreational properties		**(2,660)**	(9,431)
Investments in equity accounted investments		**—**	(23,720)
Contributions to equity accounted investments		**(10,932)**	(13,340)
Distributions and disposals of equity accounted investments		**20,799**	18,750
Advances to equity accounted investments		**—**	(6,055)
Acquisitions of financial assets and other assets		**(2,187)**	(42,358)
Distributions and disposals of financial assets and other assets		**4,048**	—
Loans receivable advances, net of repayments		**10,300**	(7,360)
Lending portfolio repayments, net of lender fees	6	**8,220**	28,744
Net cash flows used in investing activities		**(47,933)**	(87,547)
Financing activities			
Borrowings from mortgages and term debt facilities	13	**31,577**	107,783
Repayments of mortgages and term debt facilities	13	**(12,535)**	(4,780)
Advances from operating lines, net of repayments	13	**4,495**	—
Repayments pursuant to non-revolving term facility		**—**	(10,000)
Dream Impact Trust units repurchased from other unitholders	14	**(3,881)**	(2,716)
Dream Impact Fund contributions from other unitholders	15	**19,246**	—
Dividends paid	17	**(6,147)**	(5,688)
Repayments of lease obligations	12	**(1,152)**	(1,853)
Buy-out of non-controlling interest	18	**(16,500)**	—
Shares repurchased	17	**(26,566)**	(125,684)
Net cash flows provided by (used in) financing activities		**(11,463)**	(42,938)
Change in cash and cash equivalents		**(35,796)**	(248,977)
Cash and cash equivalents, beginning of period		**185,121**	388,521
Cash and cash equivalents, end of period	26	**$ 149,325**	$ 139,544

See accompanying notes to the condensed consolidated financial statements.

1. Business and structure

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

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

2. Basis of preparation

The condensed consolidated financial statements are prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" ("IAS 34"), on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the year ended December 31, 2020. Accordingly, certain information and footnote disclosures normally provided in annual consolidated financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed.

The condensed consolidated financial statements should be read in conjunction with the most recently issued Annual Report of the Company, which includes information necessary to understand the Company's business and financial statement presentation.

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

The condensed consolidated financial statements for the three and six months ended June 30, 2021 were approved by the Board of Directors for issue on August 10, 2021, after which date they may be amended only with the Board of Directors' approval.

3. Summary of significant accounting policies

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Company's annual consolidated financial statements for the year ended December 31, 2020.

4. Critical accounting estimates, judgments and assumptions

The preparation of the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities and the recognition of revenues and expenses. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability and the recognition of revenues and expenses in the future. The critical accounting judgments, estimates and assumptions applied during the six months ended June 30, 2021 are consistent with those set out in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2020.

5. Other financial assets

Other financial assets consisted of the following:

		June 30, 2021		December 31, 2020
Investment holdings	**$**	**92,025**	$	92,940
Loans receivable		**52,696**		62,205
Participating mortgages		**13,511**		22,084
	$	**158,232**	$	177,229

Loans Receivable

Loans receivable are amounts owing to the Company pertaining to development partnerships in Toronto and Western Canada. In the six months ended June 30, 2021, $12,600 was received pertaining to a loan in Western Canada.

Participating Mortgages

Participating mortgages related to two long-term development loans secured by real property comprising two residential assets. Refer to Note 21 for the valuation methodology used to determine the fair value of the participating mortgages. In the six months ended June 30, 2021, the Company received proceeds of $2,315, representing a return of capital for one of the participating mortgages. The Company recorded a fair value loss of $6,258 related to the same investment as a result of changes in profit assumptions on the unsold inventory.

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

6. Lending portfolio

		June 30, 2021		December 31, 2020
Balance, beginning of period	$	**23,248**	$	64,705
Interest capitalized to lending portfolio balance		**212**		2,499
Provision for lending portfolio losses		**(1,078)**		(2,882)
Other		**433**		912
Principal repayments at maturity		**(8,220)**		(41,986)
Balance, end of period[1]	**$**	**14,595**	$	23,248

[1] Included is a loan of $4,430 that is classified as FVTPL (December 31, 2020 - $6,762).

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

		June 30, 2021		December 31, 2020
Weighted average effective interest rate (period-end)		**12.1%**		9.0%
Security allocation (1st mortgages/other)		**17.7%/82.3%**		40.5%/59.5%
Maturity dates		**2021 - 2025**		2021 - 2025
Balance of accrued interest	**$**	**81**	$	126
Loans with prepayment options		**6,506**		8,757

During the six months ended June 30, 2021, a loan investment classified as FVTPL, aggregating $4,430 (December 31, 2020 - $6,762), was measured at fair value using a discounted cash flow method. The fair value was determined by discounting the expected cash flows of the loan using an interest rate of 17.5% (December 31, 2020 - 17.5%), which took into consideration similar instruments with corresponding maturity dates plus a credit adjustment in accordance with the borrowers' creditworthiness, as well as the risk profile of the underlying securities. Generally, under this method, a decrease in the market rate will result in an increase to the fair value and an increase in the market rate will result in a decrease to the fair value. If the weighted average market rate was to increase by 25 basis points ("bps"), the fair value of the loan investments would decrease by $100. If the weighted average market rate was to decrease by 25 bps, the fair value would increase by $100.

During the three and six months ended June 30, 2021, the Company recognized a loan provision of $1,078 (year ended December 31, 2020 - $2,882).

7. Condominium inventory

The movement in condominium inventory is as follows:

		June 30, 2021		December 31, 2020
Balance, beginning of period	**$**	**248,506**	$	291,304
Acquisitions		**5,131**		5,300
Development		**24,974**		52,451
Condominium units occupied		**(27,805)**		(75,939)
Transfers to investment properties (Note 9)		**—**		(24,610)
Balance, end of period	**$**	**250,806**	$	248,506

8. Land inventory

The movement in land inventory is as follows:

		June 30, 2021		December 31, 2020
Balance, beginning of period	**$**	**484,838**	$	538,571
Acquisitions		**3,063**		—
Development		**22,103**		28,520
Lot and acre sales		**(16,069)**		(78,015)
Transfers to housing inventory		**(3,957)**		(3,436)
Transfers to investment properties (Note 9)		**—**		(802)
Balance, end of period	**$**	**489,978**	$	484,838

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

9. Investment properties

The movement in investment properties by segment is as follows:

		Recurring income		Development		**Total June 30, 2021**		Total December 31, 2020
Balance, beginning of period	$	426,632	$	193,240	**$**	**619,872**	$	518,424
Additions to and transfers to/from investment properties:								
Acquisitions		33,638		—		**33,638**		—
Land and building additions		3,114		38,769		**41,883**		72,174
Transfers from inventory (Note 7 and Note 8)		—		—		**—**		25,412
Transfers between segments		22,297		(22,297)		**—**		—
Gains (losses) included in earnings:								
Fair value changes in investment properties		266		8,334		**8,600**		4,678
Amortization and other		(308)		(28)		**(336)**		(1,300)
Change in straight-line rent		236		53		**289**		484
Balance, end of period	$	485,875	$	218,071	**$**	**703,946**	$	619,872

Included in the recurring income segment as at June 30, 2021 is a right-of-use asset for the 100 Steeles leasehold interest of $9,541 (December 31, 2020 - $10,101).

During the six months ended June 30, 2021, the Company acquired 100% interest in two investment properties, 76 Stafford and 68-70 Claremont, located in downtown Toronto, for a total purchase price of $33,638, including transaction costs. The investment properties were funded through a combination of mortgages payable of $27,500 and cash on hand. As at June 30, 2021, $3,750 of the mortgages payable is included in restricted cash, available for use on certain capital expenditures on one of these investment properties.

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 June 30, 2021, no investment properties were externally fair valued (December 31, 2020 - investment properties with a total fair value of $212,435 were externally appraised at a value of $236,141).

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.

One of our wholly owned office properties, whereby its highest and best use considered the asset's redevelopment potential due to its rezoning application submission, 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. Investment properties, other than the above noted, are measured at fair value using the discounted cash flow method.

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

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

Significant unobservable inputs were as follows for June 30, 2021 and December 31, 2020:

		June 30, 2021		December 31, 2020	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Discount rate	**5.25%-7.25%**	**6.1%**	5.25%-7.25%	6.1%
	Terminal capitalization rate	**4.50%-6.75%**	**5.4%**	4.50%-6.75%	5.5%
	Market rents (in dollars per square foot)[1]	**$17.40-$37.00**	**$23.03**	$17.40–$28.00	$21.36
Development	Discount rate	**5.50%-7.00%**	**6.0%**	5.75%-7.00%	6.4%
	Terminal capitalization rate	**5.00%-6.75%**	**5.5%**	5.00%-6.50%	5.7%
	Market rents (in dollars per square foot)[1]	**$16.00-$41.15**	**$25.55**	$16.00–$41.15	$25.62

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

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

Fair values of investment properties, which include commercial, retail and other properties held for the long term, are calculated using a discounted cash flow ("DCF") model, plus a terminal value based on the estimated cash flow in the final year. The DCF model incorporates, among other things, expected rental income from current leases, assumptions about rental income from future leases and implied vacancy rates, general inflation and projections of required cash outflows with respect to such leases. The significant unobservable inputs for the fair value of the Company's investment properties are provided above. As at June 30, 2021, the Company assessed all inputs to the DCF model by property, including cash flow assumptions, resulting in a fair value gain of $8,600 on its investment properties.

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	$ (11,803)	$ 9,937
Impact of changes to weighted average terminal capitalization rate	(15,027)	14,292

Investment properties, including equity accounted investments with a fair value of $489,883 as at June 30, 2021 (December 31, 2020 - $523,492), are pledged as security for mortgages and term debt and the Dream Impact Trust operating line. Investment properties, including equity accounted investments with a fair value of $314,612 as at June 30, 2021 (December 31, 2020 - $243,074), are pledged as security for construction loans.

10. Equity accounted investments

The Company has entered into certain arrangements in the form of jointly controlled entities for various mixed-use developments. These arrangements include restrictions on the ability to access assets without the consent of all partners and include distribution conditions outlined in partnership agreements. These arrangements are accounted for under the equity method. The equity method of accounting is also applicable to investments in common stock in which the Company is deemed to be able to exercise significant influence over the investee company. As at June 30, 2021, the carrying value of these arrangements was $769,131 (December 31, 2020 - $762,652).

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 June 30, 2021 and December 31, 2020.

						June 30, 2021
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%	$ 40,417	$ (26,259)	$ 14,158	$ (2,286)	**$ 11,872**
Canary District	33%-50%	136,078	(116,363)	19,715	—	**19,715**
Frank Gehry	33%	142,045	(73,795)	68,250	—	**68,250**
Brightwater[2]	31%	113,965	(61,570)	52,395	—	**52,395**
Lakeshore East[2]	50%	49,154	(15,024)	34,130	—	**34,130**
West Don Lands	33%	121,482	(96,410)	25,072	—	**25,072**
Other development investments	7%-78%	70,662	(47,862)	22,800	—	**22,800**
Total development investments		$ 673,803	$ (437,283)	$ 236,520	$ (2,286)	**$ 234,234**
Recurring income investments						
Dream Office REIT[3]	32%	$ 922,882	$ (409,634)	$ 513,248	$ (29,367)	**$ 483,881**
Other recurring income investments[4]	5%-50%	90,420	(39,451)	50,969	47	**51,016**
Total recurring income investments		$ 1,013,302	$ (449,085)	$ 564,217	$ (29,320)	**$ 534,897**
Total		**$ 1,687,105**	**$ (886,368)**	**$ 800,737**	**$ (31,606)**	**$ 769,131**

(1) The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at the end of the period.
(2) The Company's deemed cost of this investment includes fair value adjustments relating to the consolidation of Dream Impact Trust, and as a result, may not reflect the Company's proportionate share of project-level net assets.
(3) As at June 30, 2021, the fair value of the Company's interest in Dream Office REIT was $405,102.
(4) Other recurring income investment includes the Company's 5% interest in the U.S. Multifamily Portfolio (December 31, 2020 - 50%). In the three months ended June 30, 2021, the Company partially disposed of its interest in the U.S. Multifamily Portfolio and acquired a 5% interest in a portfolio of apartments located in Arizona.

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

						December 31, 2020
At Dream's share	Ownership interest	Assets	Liabilities	Net assets	Difference between net assets and deemed cost of investments(1)	Total
Development investments						
Brighton Marketplace	50%	$ 39,577	$ (26,337)	$ 13,240	$ (2,286)	$ 10,954
Canary District	33%-50%	104,044	(82,149)	21,895	—	21,895
Frank Gehry	33%	129,614	(60,852)	68,762	—	68,762
Brightwater(2)	31%	98,494	(45,451)	53,043	—	53,043
Lakeshore East(2)	50%	48,451	(15,092)	33,359	—	33,359
West Don Lands	33%	99,049	(76,524)	22,525	—	22,525
Other development investments	7%-78%	64,273	(43,272)	21,001	—	21,001
Total development investments		$ 583,502	$ (349,677)	$ 233,825	$ (2,286)	$ 231,539
Recurring income investments						
Dream Office REIT(3)	32%	$ 912,387	$ (406,232)	$ 506,155	$ (29,469)	$ 476,686
Other recurring income investments	9%-50%	182,227	(127,758)	54,469	(42)	54,427
Total recurring income investments		$ 1,094,614	$ (533,990)	$ 560,624	$ (29,511)	$ 531,113
Total		$ 1,678,116	$ (883,667)	$ 794,449	$ (31,797)	$ 762,652

(1) The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at the end of the period.
(2) The Company's deemed cost of this investment includes fair value adjustments relating to the consolidation of Dream Impact Trust and, as a result, may not reflect the Company's proportionate share of project-level net assets.
(3) As at December 31, 2020, the fair value of the Company's interest in Dream Office REIT was $349,348.

The following tables summarize the Company’s proportionate share of revenue, earnings (losses) and earnings (losses) before depreciation in equity accounted investments for the three and six months ended June 30, 2021 and 2020.

				For the three months ended June 30, 2021
At Dream's share	**Ownership interest**	**Revenue**	**Earnings (losses)**	**Earnings (losses) before depreciation**
Development investments	7%-78%	$ 1,019	$ (53)	$ (7)
Recurring income investments				
Dream Office REIT	32%	15,201	11,288	11,359
Other recurring income investments(1)	5%-78%	1,472	5,238	5,430
Total recurring income investments		$ 16,673	$ 16,526	$ 16,789
Total		**$ 17,692**	**$ 16,473**	**$ 16,782**

(1) Other recurring income investment includes the Company's 5% interest in the U.S. Multifamily Portfolio (December 31, 2020 - 50%). In the three months ended June 30, 2021, The Company partially disposed of its interest in the U.S. Multifamily Portfolio and acquired a 5% interest in a portfolio of apartments located in Arizona.

				For the three months ended June 30, 2020
At Dream's share	Ownership interest	Revenue	Earnings (losses)	Earnings (losses) before depreciation
Development investments	7%-78%	$ 2,416	$ (8,491)	$ (8,514)
Recurring income investments				
Dream Office REIT	28%	14,341	12,469	12,572
Firelight Infrastructure Partners LP	20%	7,364	36,154	37,600
Other recurring income investments	9%-50%	1,278	(179)	73
Total recurring income investments		$ 22,983	$ 48,444	$ 50,245
Total		$ 25,399	$ 39,953	$ 41,731

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

				For the six months ended June 30, 2021
At Dream's share	**Ownership interest**	**Revenue**	**Earnings (losses)**	**Earnings (losses) before depreciation**
Development investments	7%-50%	$ 1,862	$ 159	$ 255
Recurring income investments				
Dream Office REIT	32%	30,823	17,351	17,499
Other recurring income investments[1]	5%-78%	4,312	9,785	10,109
Total recurring income investments		$ 35,135	$ 27,136	$ 27,608
Total		**$ 36,997**	**$ 27,295**	**$ 27,863**

[1] Earnings in the six months ended June 30, 2021 relate primarily to a fair value adjustment on the U.S. Multifamily Portfolio.

				For the six months ended June 30, 2020
At Dream's share	Ownership interest	Revenue	Earnings (losses)	Earnings (losses) before depreciation
Development investments	7%-78%	$ 32,248	$ (3,513)	$ (3,528)
Recurring income investments				
Dream Office REIT	28%	29,164	19,598	19,816
Firelight Infrastructure Partners LP[1]	20%	13,493	35,566	40,067
Other recurring income investments[2]	9%-50%	4,415	(6,175)	(5,730)
Total recurring income investments		$ 47,072	$ 48,989	$ 54,153
Total		$ 79,320	$ 45,476	$ 50,625

[1] Earnings in the six months ended June 30, 2020 include $34,164 from the gain on sale of an underlying renewable power portfolio.
[2] Losses in the six months ended June 30, 2021 relate primarily to a foregone deposit.

11. Capital and other operating assets

Capital and other operating assets consisted of the following:

	June 30, 2021	December 31, 2020
Restricted cash	**$ 11,432**	$ 15,751
Goodwill	**13,576**	13,576
Prepaid expenses[1]	**8,738**	7,392
Capital assets	**8,156**	8,560
Right-of-use assets	**1,677**	2,042
Other	**3,751**	4,941
Total capital and other operating assets	**$ 47,330**	$ 52,262

	June 30, 2021	December 31, 2020
Capital assets	**$ 19,857**	$ 19,842
Accumulated depreciation	**(11,701)**	(11,282)
Total capital assets	**$ 8,156**	$ 8,560

[1] Included in prepaid expenses as at June 30, 2021 is $1,358 of capitalized sales commissions relating to housing and condominium sales to be recognized in future periods (December 31, 2020 - $1,671).

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

Right-of-Use Assets

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

	June 30, 2021
Balance as at January 1, 2021	$ 2,042
Depreciation	(365)
Balance as at June 30, 2021	**$ 1,677**

Refer to Note 9 for right-of-use assets relating to investment properties.

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

12. Accounts payable and other liabilities

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

		June 30, 2021		December 31, 2020
Accrued liabilities[(1)]	**$**	**93,374**	$	81,765
Customer deposits		**47,167**		42,824
Trade payables[(2)]		**45,380**		48,420
Lease obligation		**12,232**		12,747
Deferred revenue		**5,340**		10,343
Interest rate swaps		**1,562**		2,736
	$	**205,055**	$	198,835

[(1)] Included in accrued liabilities is a promissory note as consideration on the purchase of residual non-controlling interest for $10,759 which is non-interest bearing and matures in June 2023 (December 31, 2020 - $nil).
[(2)] Included in trade payables were bank overdraft balances of $1,535 as at June 30, 2021 (December 31, 2020 - $2,096).

Lease Obligation

		June 30, 2021
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$	1,550
One to five years		5,507
More than five years		9,774
Total undiscounted lease obligation as at June 30, 2021	$	16,831
Discounted using the lessee's incremental borrowing rate as at June 30, 2021		(4,599)
Total discounted lease obligation as at June 30, 2021	**$**	**12,232**
Current portion of lease obligation		1,283
Non-current portion of lease obligation		10,949
Total lease obligation	**$**	**12,232**

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

13. Debt

Debt consisted of the following:

	Weighted average effective interest rates					Debt amount
	June 30, 2021	December 31, 2020		**June 30, 2021**		December 31, 2020
Project-specific debt						
Operating line - Dream Impact Fund	**2.16%**	—%	**$**	**4,495**	$	—
Operating line - Western Canada	**2.94%**	2.98%		**—**		—
Construction loans	**2.81%**	3.17%		**239,130**		221,952
Mortgages and term debt	**3.50%**	3.57%		**351,062**		331,472
Total project-specific debt	**3.21%**	3.41%		**594,687**		553,424
Corporate debt facilities						
Non-revolving term facility	**3.19%**	2.99%		**202,636**		202,452
Total corporate debt facilities	**3.19%**	2.99%		**202,636**		202,452
Total debt	**3.20%**	3.30%	**$**	**797,323**	$	755,876

Operating Line - Western Canada

The Company's revolving term credit facility (the "operating line") is primarily used to finance land servicing activity in Saskatchewan and Alberta. The operating line is available up to a formula-based maximum not to exceed $290,000, with a syndicate of Canadian financial institutions.

As at June 30, 2021, funds available under this facility were $246,755, as determined by the formula-based maximum calculation, with $38,564 of letters of credit issued against the facility (December 31, 2020 - $252,830, with $35,827 of letters of credit issued against the facility).

Subsequent to June 30, 2021, the Company completed amendments to both the non-revolving term facility and operating line which revised the collateral base to be more beneficial to the Company, among certain other amendments. The amendments included the extension of the maturity date of both facilities to May 31, 2024 and upsized the non-revolving term facility by $12,000.

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

Operating Line - Dream Impact Trust

Dream Impact Trust has a demand revolving term credit facility available, up to a formula-based maximum not to exceed $50,000, with a Canadian financial institution. As at June 30, 2021, no funds were drawn on the revolving credit facility (December 31, 2020 – $nil) and funds available under this facility were $nil (December 31, 2020 – $nil). Subsequent to June 30, 2021, the available credit under the facility, as determined by the formula, increased to $50,000.

Interest Rate Swaps

The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Excluding the operating line - Western Canada and margin facility, variable rate debt represented 59% (December 31, 2020 - 62%) of the Company's total debt obligation as at June 30, 2021. In order to manage the interest rate risk on certain variable rate debt, the Company has entered into interest rate swaps as detailed below:

Maturity date	Debt facility		Notional amount hedged	Fixed interest rate	Financial instrument classification		Fair value of hedging instrument
January 14, 2023	Term debt	$	2,661	3.69%	FVTPL	$	(29)
February 28, 2022	Non-revolving term facility		175,000	4.51%	Cash flow hedge		(1,533)

14. Dream Impact Trust units

The Company accounts for the 73% interest in Dream Impact Trust held by other unitholders as a financial liability measured at FVTPL (December 31, 2020 - 74%). As at June 30, 2021, the trust units had a fair value of $315,609 based on the trading price on the TSX. The movement in Dream Impact Trust units is as follows:

	June 30, 2021			December 31, 2020		
	Units		**Total**	Units		Total
Balance, beginning of period	**47,981,722**	**$**	**289,330**	53,042,384	$	411,078
Units repurchased and cancelled by Dream Impact Trust	**(603,736)**		**(3,881)**	(5,185,995)		(24,610)
Deferred units exchanged for Dream Impact Trust units	**82,004**		**539**	125,333		878
Fair value adjustment	**—**		**29,621**	—		(98,016)
Balance, end of period	**47,459,990**	**$**	**315,609**	47,981,722	$	289,330

In the three and six months ended June 30, 2021, the Company, through Dream Impact Trust, declared distributions on the Trust units of $4,756 and $9,534 owing to other unitholders, respectively (year ended December 31, 2020 - distributions of $20,252).

In the three months ended June 30, 2021, the Company recognized an expense related to Dream Impact Trust units of $21,477 in the condensed consolidated statements of earnings (loss), comprising of a fair value loss of $16,721, due to an increase in Dream Impact Trust unit trading prices and distributions of other unitholders of $4,756 (three months ended June 30, 2020 - expense of $25,367 comprising of a fair value loss of $20,087 due to an increase in Dream Impact Trust unit trading prices and distributions to other unitholders of $5,280).

In the six months ended June 30, 2021, the Company recognized a loss related to Dream Impact Trust units of $39,155 in the condensed consolidated statements of earnings (loss), comprising a fair value loss of $29,621 due to an increase in Dream Impact Trust's trading price, in addition to distributions to other unitholders of $9,534 (six months ended June 30, 2020 - gain of $148,840 comprising a fair value gain of $159,430 due to decreases in Dream Impact Trust's trading price offset by distributions to other unitholders of $10,590).

15. Dream Impact Fund units

In the six months ended June 30, 2021, the Company launched Dream Impact Fund and received $19,246 in cash and a 40% interest in Dream Impact Fund in exchange for Dream's interest in certain development investments. The residual non-controlling interest is held by third-party investors and is reflected as a financial liability as the units are redeemable by unitholders after a three-year lockup period.

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 discounted for the lack of marketability. Fair value changes are recorded within adjustments related to Dream Impact Fund units in the condensed 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 condensed consolidated statements of earnings (loss).

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

16. Income taxes

In the three and six months ended June 30, 2021, the Company recognized an income tax expense of $1,656 and $565, respectively (three and six months ended June 30, 2020 – income tax recovery of $8,114 and income tax expense of $38,835, respectively), the major components of which include the following items:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	**2021**	2020
Current income taxes:				
Current income taxes with respect to profits during the period	**$ 1,553**	$ (807)	**$ 10,125**	$ 6,083
Current tax adjustments with respect to prior period	**—**	—	**(7)**	—
Other items affecting current income tax expense	**598**	870	**1,325**	8,244
Current income tax expense	**2,151**	63	**11,443**	14,327
Deferred income taxes:				
Origination and reversal of temporary differences	**(523)**	(8,325)	**(10,700)**	24,879
Impact of changes in income tax rates	**28**	148	**(178)**	(371)
Deferred income tax expense (recovery)	**(495)**	(8,177)	**(10,878)**	24,508
Income tax expense (recovery)	**$ 1,656**	$ (8,114)	**$ 565**	$ 38,835

Due to non-coterminous tax years of the Company's partnership and trust interests, income of approximately $1,165 for the six months ended June 30, 2021 (six months ended June 30, 2020 – $53,739) relating to such partnership and trust interests will be included in computing the Company's taxable income for its 2022 and 2021 taxation years.

The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.3% (June 30, 2020 - 26.4%) as presented in the table below. Cash paid for income taxes for the six months ended June 30, 2021 was $4,915 (six months ended June 30, 2020 – $106,493).

	For the six months ended June 30,	
	2021	2020
Earnings (loss) before tax at statutory rate of 26.3% (2020 - 26.4%)	**$ (963)**	$ 62,156
Effect on taxes of:		
Non-deductible expenses	**(12)**	472
Adjustment in expected future tax rates	**(178)**	(371)
Non-recognition of the benefit of current year's tax losses	**—**	1,702
Tax adjustments in respect of prior years	**(7)**	—
Non-taxable portion of capital gains	**659**	(32,979)
Other items	**1,066**	7,855
Income tax expense	**$ 565**	$ 38,835

The movement in the deferred income taxes in the six months ended June 30, 2021 and the year ended December 31, 2020, and the net components of the Company's net deferred income tax liabilities, are presented in the following table:

Asset (Liability)	Accounts receivable	Real estate and assets held for sale	Non-coterminous tax year	Financial instruments/ equity accounted investments	Loss carry-forwards	Total
Balance, January 1, 2020	$ (6,309)	$ (59,394)	$ (297)	$ (33,699)	$ 5,802	$ (93,897)
(Charged) credited to:						
Loss (earnings) for the year	(4,295)	11,406	(7,257)	(15,932)	4,855	(11,223)
Other comprehensive income	—	(55)	—	586	—	531
Balance, December 31, 2020	$ (10,604)	$ (48,043)	$ (7,554)	$ (49,045)	$ 10,657	$ (104,589)
(Charged) credited to:						
Loss (earnings) for the period	(749)	(3,764)	7,248	4,360	3,783	10,878
Other comprehensive loss	—	(83)	—	(129)	—	(212)
Balance, June 30, 2021	**$ (11,353)**	**$ (51,890)**	**$ (306)**	**$ (44,814)**	**$ 14,440**	**$ (93,923)**

As at June 30, 2021, the Company had tax losses of $13,896 (December 31, 2020 – $13,427) that expire between 2025 and 2040. Deferred income tax assets have not been recognized in respect of these losses, as it is not probable that the Company will be able to utilize all of the losses against taxable profits in the future.

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

17. 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.

			June 30, 2021			December 31, 2020
Issued and outstanding	**Number of shares**		**Amount**	Number of shares		Amount
Subordinate Voting Shares	**42,337,826**	**$**	**960,489**	43,454,572	$	985,493
Class B Shares	**1,557,356**		**38,782**	1,557,356		38,782
	43,895,182	**$**	**999,271**	45,011,928	$	1,024,275

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

			June 30, 2021			December 31, 2020
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of period	**43,454,572**	**$**	**985,493**	51,101,471	$	1,154,779
Class B Shares converted into Subordinate Voting Shares	**—**		**—**	33		1
Stock options and performance share units exercised, net of withholding taxes	**13,119**		**194**	74,649		1,146
Subordinate Voting Shares issued under the Restricted Share & Restricted Share Unit Plan	**111,111**		**1,368**	—		—
Subordinate Voting Shares repurchased	**(1,240,976)**		**(26,566)**	(7,721,581)		(170,433)
Issued and outstanding, end of period	**42,337,826**	**$**	**960,489**	43,454,572	$	985,493

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

			June 30, 2021			December 31, 2020
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of period	**1,557,356**	**$**	**38,782**	1,557,389	$	38,783
Class B Shares converted into Subordinate Voting Shares	**—**		**—**	(33)		(1)
Issued and outstanding, end of period	**1,557,356**	**$**	**38,782**	1,557,356	$	38,782

Share Repurchases

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

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

In the six months ended June 30, 2021, 1,240,976 Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $21.41 (year ended December 31, 2020 – 7,721,581 Subordinate Voting Shares at an average price of $22.07, inclusive of 5,000,000 Subordinate Voting Shares purchased for cancellation under a substantial issuer bid).

Subsequent to June 30, 2021, 397,367 Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $26.36.

Dividends

In the three and six months ended June 30, 2021, the Company declared dividends of $3,074 and $6,147 on its Subordinate Voting Shares and Class B Shares, respectively (three and six months ended June 30, 2020 - $2,843 and $5,688, respectively).

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

18. Non-controlling interest

As at June 30, 2021, the Company holds 100% interest in Zibi, a 34-acre mixed-use waterfront community situated along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario (December 31, 2020 - 88.9%). The increase in ownership in the six months ended June 30, 2021 is a result of acquiring the residual non-controlling interest previously held by a third-party developer settled with a cash payment and a promissory note (Note 12), which is non-interest bearing and matures in June 2023. The difference between the purchase consideration and non-controlling interest has been recorded directly to retained earnings as this was an equity transaction.

The movement in non-controlling interest is as follows:

		June 30, 2021		December 31, 2020
Balance, beginning of period	**$**	**14,966**	$	21,649
Earnings for the period		**631**		417
Change in interest in subsidiary		**(15,597)**		(7,100)
Balance, end of period	**$**	**—**	$	14,966

19. Revenue

Revenue consisted of the following:

	For the three months ended June 30,				For the six months ended June 30,		
		2021		2020		**2021**		2020
Revenue from contracts with customers	**$**	**72,722**	$	54,450	**$**	**116,420**	$	223,095
Revenue from other sources - lending portfolio		**424**		1,300		**868**		2,786
Revenue from other sources - rental income		**6,514**		6,294		**12,446**		12,618
Total revenue	**$**	**79,660**	$	62,044	**$**	**129,734**	$	238,499

Revenue from Contracts with Customers

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

For the three months ended June 30, 2021

		Land		Housing and condominium		Investment properties		Recreational properties		Asset management		**Total**
Revenue	$	11,190	$	42,907	$	2,670	$	8,851	$	12,953	**$**	**78,571**
Less: Intercompany revenue		—		(3,729)		—		—		(2,120)		**(5,849)**
Revenue from external customers	$	11,190	$	39,178	$	2,670	$	8,851	$	10,833	**$**	**72,722**
Timing of revenue recognition												
At a point in time	$	11,190	$	39,178	$	—	$	6,357	$	7,210	**$**	**63,935**
Over time		—		—		2,670		2,494		3,623		**8,787**
	$	11,190	$	39,178	$	2,670	$	8,851	$	10,833	**$**	**72,722**

For the three months ended June 30, 2020

		Land		Housing and condominium		Investment properties		Recreational properties		Asset management		Total
Revenue	$	11,521	$	33,096	$	2,875	$	3,763	$	7,119	$	58,374
Less: Intercompany revenue		—		(2,823)		—		—		(1,101)		(3,924)
Revenue from external customers	$	11,521	$	30,273	$	2,875	$	3,763	$	6,018	$	54,450
Timing of revenue recognition												
At a point in time	$	11,521	$	30,273	$	—	$	2,421	$	—	$	44,215
Over time		—		—		2,875		1,342		6,018		10,235
	$	11,521	$	30,273	$	2,875	$	3,763	$	6,018	$	54,450

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

	For the six months ended June 30, 2021					
	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	**Total**
Revenue	$ 20,058	$ 55,381	$ 5,540	$ 25,395	$ 20,668	**$ 127,042**
Less: Intercompany revenue	—	(6,322)	—	—	(4,300)	**(10,622)**
Revenue from external customers	$ 20,058	$ 49,059	$ 5,540	$ 25,395	$ 16,368	**$ 116,420**
Timing of revenue recognition						
At a point in time	$ 20,058	$ 49,059	$ —	$ 16,098	$ 8,803	**$ 94,018**
Over time	—	—	5,540	9,297	7,565	**22,402**
	$ 20,058	$ 49,059	$ 5,540	$ 25,395	$ 16,368	**$ 116,420**

	For the six months ended June 30, 2020					
	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	Total
Revenue	$ 101,247	$ 86,131	$ 6,115	$ 19,393	$ 18,290	$ 231,176
Less: Intercompany revenue	(1,318)	(4,623)	—	—	(2,140)	(8,081)
Revenue from external customers	$ 99,929	$ 81,508	$ 6,115	$ 19,393	$ 16,150	$ 223,095
Timing of revenue recognition						
At a point in time	$ 99,929	$ 81,508	$ —	$ 15,120	$ 2,707	$ 199,264
Over time	—	—	6,115	4,273	13,443	23,831
	$ 99,929	$ 81,508	$ 6,115	$ 19,393	$ 16,150	$ 223,095

20. Interest expense

Interest expense consisted of the following:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	**2021**	2020
Interest on project-specific debt	**$ 5,046**	$ 5,226	**$ 10,755**	$ 11,239
Interest on corporate debt facilities	**2,296**	2,492	**4,368**	5,126
Amortization of deferred financing costs and accretion of effective interest	**426**	329	**786**	816
Project-specific interest capitalized to real estate development projects	**(2,252)**	(2,276)	**(5,147)**	(5,198)
Total	**$ 5,516**	$ 5,771	**$ 10,762**	$ 11,983

21. Financial instruments fair value and risk management

Fair Value of Financial Instruments

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

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

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

	Fair value hierarchy	June 30, 2021 Carrying value	June 30, 2021 Fair value	December 31, 2020 Carrying value	December 31, 2020 Fair value
Recurring measurement					
Financial assets					
Participating mortgages	Level 3	**$ 13,511**	**$ 13,511**	$ 22,084	$ 22,084
Investment holdings	Level 3	**53,777**	**53,777**	52,961	52,961
Lending portfolio	Level 3	**4,430**	**4,430**	6,762	6,762
Financial liabilities					
Dream Impact Trust units	Level 1	**315,609**	**315,609**	289,330	289,330
Dream Impact Fund units	Level 3	**19,246**	**19,246**	—	—
Interest rate swaps	Level 3	**1,562**	**1,562**	2,736	2,736
Fair values disclosed					
Investment holdings	Level 2	**38,248**	**38,876**	39,979	40,517
Lending portfolio	Level 3	**10,165**	**10,165**	16,486	16,486
Operating line - Dream Impact Fund	Level 3	**4,495**	**4,495**	—	—
Construction loans	Level 3	**239,130**	**230,242**	221,952	221,046
Mortgages and term debt	Level 3	**351,062**	**355,736**	331,472	335,278
Non-revolving term facility	Level 3	**202,636**	**203,000**	202,452	203,000

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

The fair value of the Dream Impact Trust units is based on the listed market price on the TSX as at June 30, 2021 of $6.65 per share for the 47,459,990 outstanding trust units not held by the Company.

Level 3 Fair Value Measurements

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

Participating Mortgages

The fair value of participating mortgages is determined using a discounted cash flow analysis. The discounted cash flow model is calculated based on future interest and participating profit payments and the project managers' estimates of unit sales proceeds and/or net operating income of the underlying development. In determining the discount rate, the Company considered market conditions, time to completion of the development, the market capitalization rate, the percentage of space leased on units sold and other available information. The significant unobservable input as at June 30, 2021 is the discount rate of 7.0% - 8.0%.

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

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

Interest Rate Swaps

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

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.

Investment Holdings

The fair value of investment holdings is determined using a discounted cash flow method in which the income and expenses are projected over the anticipated term of the investment plus a terminal value discounted using an appropriate discount rate. The significant unobservable input as at June 30, 2021 is the discount rate of 10.0% and terminal capitalization rate of 7.0%.

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

Lending Portfolio

There are no quoted prices in an active market for the lending portfolio investments. The Company determines fair value based on its assessment of the current lending market for lending portfolio investments of the same or similar terms in consultation with the Canadian Mortgage Servicing Corporation ("CMSC"), the manager and servicer of the lending portfolio, and other available information. The fair value of the lending portfolio as at June 30, 2021 was determined by discounting the expected cash flows of each loan using an interest rate of 17.5%. The market interest rates were determined taking into consideration similar instruments with corresponding maturity dates, plus a credit adjustment in accordance with the borrower's creditworthiness as well as considering the risk characteristic of the underlying development. For certain loans, the fair value was determined based on the net realizable value of the underlying real estate property and related transaction costs based on internal valuations, which used the most appropriate valuation methodology determined for each underlying development on a highest and best use basis consistent with the income properties valuation methodology.

Corporate Debt Facilities

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

Project-Specific Debt and Lease Obligation

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

Valuation Process

The Company's finance department is responsible for performing the valuation of fair value measurements or reviewing the fair value measurements provided by third-party appraisers. On a quarterly basis, management will review the valuation policies, procedures and analysis of changes in fair value measurements. Refer to Note 6 for a continuity of the Company's lending portfolio balance.

	Investment holdings	Interest rate swaps	Participating mortgages
Balance, December 31, 2020	$ 92,940	$ (2,736)	$ 22,084
Issued or acquired during the period:			
Contributions (distributions)	2,172	—	(2,315)
Dispositions/extinguishment	(1,732)	—	—
Total gains or losses for the period included in net earnings:			
Change in fair value	—	21	(6,258)
Foreign currency gain (loss)	(1,355)	—	—
Included in other comprehensive income:			
Change in fair value	—	1,153	—
Balance, June 30, 2021	**$ 92,025**	**$ (1,562)**	**$ 13,511**

22. 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.

	June 30, 2021		December 31, 2020	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Options outstanding, beginning of period	**974,282**	**$ 17.00**	1,006,470	$ 16.62
Granted	—	—	42,145	24.94
Exercised	**(1,676)**	**14.36**	(54,583)	15.92
Forfeited	**(2,511)**	**14.36**	(19,750)	17.76
Options outstanding, end of period	**970,095**	**$ 17.01**	974,282	$ 17.00
Options exercisable, end of period	**867,828**	**$ 17.01**	821,747	$ 17.06

As at June 30, 2021, 970,095 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 three and six months ended June 30, 2021, the Company recognized an expense of $38 and $69, respectively (three and six months ended June 30, 2020 – a recovery of $17 and an expense of $65, respectively) relating to share-based compensation for stock options, recorded in general and administrative expenses.

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

Performance Share Unit Plan

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

	June 30, 2021			December 31, 2020		
	Units		**Weighted average fair value at grant date**	Units		Weighted average fair value at grant date
Units outstanding, beginning of period	**577,578**	**$**	**16.27**	492,198	$	14.16
Granted	**79,570**		**21.56**	123,658		24.94
Forfeited	**(17,601)**		**19.11**	(33,708)		18.30
PSUs added (deducted) by performance factor	**(2,121)**		**14.88**	16,559		13.20
Reinvested	**3,513**		**16.92**	7,429		16.30
Exercised	**(19,079)**		**14.88**	(28,558)		13.20
Units outstanding, end of period	**621,860**	**$**	**16.92**	577,578	$	16.27

In the three and six months ended June 30, 2021, compensation expense of $551 and $567, respectively (three and six months ended June 30, 2020 – $417 and $1,484, respectively) related to this plan was recognized in general and administrative expenses.

The fair value of PSUs granted in the six months ended June 30, 2021 was estimated on the historical grant date with the following assumptions:

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

Deferred Share Unit Plan

The Company has a deferred share unit ("DSU") incentive plan pursuant to which DSUs may be granted to eligible directors, senior management and certain service providers. As at June 30, 2021, there were 257,468 units outstanding (December 31, 2020 – 233,446 units outstanding). In the three and six months ended June 30, 2021, compensation expense of $447 and $564, respectively (three and six months ended June 30, 2020 – $448 and $565, respectively) related to this plan was recognized in general and administrative expenses.

	June 30, 2021	December 31, 2020
Units outstanding, beginning of period	**233,446**	187,740
Granted	**22,627**	43,077
Reinvested	**1,395**	2,629
Units outstanding, end of period	**257,468**	233,446

Restricted Share & Restricted Share Unit Plan

The Company's shareholders approved a Restricted Share & Restricted Share Unit Plan (the "RS & RSU Plan") in the six months ended June 30, 2021. Under the RS & RSU Plan, the Company may grant to participants an amount of cash (a "Restricted Share Award") to be used exclusively to subscribe for Subordinate Voting Shares ("Restricted Shares") in accordance with the terms of the RS & RSU Plan. Restricted Shares are issued at a subscription price that is calculated to be equal to the fair market value of a Restricted Share as of the applicable issuance date, being the fair market value of a Subordinate Voting Share taking into account the terms of vesting and forfeiture set out in the RS & RSU Plan and the applicable Restricted Share Award agreement. Restricted Shares issued under the RS & RSU Plan are held in escrow by a third-party escrow agent prior to vesting and are delivered to the participant on the tenth anniversary of the issuance date upon vesting, provided that certain forfeiture events have not occurred prior to such vesting date and subject to the terms of the RS & RSU Plan. Upon vesting, RS holders have the right to receive a cash payment equal to the five-day trailing weighted average share price of the Company's Subordinate Voting Shares.

In the six months ended June 30, 2021, $1,368 in Restricted Share Awards were granted to be used to subscribe for Subordinate Voting Shares and 111,111 Restricted Shares were issued to be held in escrow until February 2031. In the three and six months ended June 30, 2021, compensation expense of $11 and $46, respectively, related to this plan was recognized in general and administrative expenses.

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

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

		June 30, 2021		December 31, 2020
Balance, beginning of period	$	**14,954**	$	11,410
Granted and added by performance factor, net of forfeitures		**(1,193)**		3,767
Dividends reinvested		**1,156**		194
Exercised		**(285)**		(417)
Balance, end of period	$	**14,632**	$	14,954

23. Earnings (loss) per share

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

Diluted earnings (loss) per share is calculated by dividing the Company's earnings (loss) 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:

	For the three months ended June 30,				For the six months ended June 30,			
		2021		2020		2021		2020
Earnings (loss) attributable to the shareholders of the Company, basic and diluted	$	**(467)**	$	10,810	$	**(4,859)**	$	196,366
Weighted average number of shares outstanding:								
Dream Subordinate Voting Shares		**42,251,135**		45,830,197		**42,508,420**		46,727,359
Dream Class B Shares		**1,557,356**		1,557,357		**1,557,356**		1,557,366
Total weighted average number of shares		**43,808,491**		47,387,554		**44,065,776**		48,284,725
Effect of dilutive securities on weighted average number of shares outstanding at the end of the period:								
Share-based compensation(1)		**—**		896,040		**—**		740,536
Total weighted average number of shares outstanding after dilution		**43,808,491**		48,283,594		**44,065,776**		49,025,261
Basic earnings (loss) per share	$	**(0.01)**	$	0.23	$	**(0.11)**	$	4.07
Diluted earnings (loss) per share	$	**(0.01)**	$	0.22	$	**(0.11)**	$	4.01

(1) For the three and six months ended June 30, 2021, 1,817,345 and 1,795,002 stock options, DSUs, PSUs and Restricted Shares were considered anti-dilutive, respectively (three and six months ended June 30, 2020 – 114,646 and 121,670 stock options, DSUs and PSUs, respectively).

24. Commitments and contingencies

Letters of Credit and Surety Bonds

The Company is contingently liable for letters of credit and surety bonds that have been provided to support land developments, equity accounted investments and other activities in the amount of $71,291 (December 31, 2020 – $70,716). The Company is also contingently liable for bonds that have been provided to support certain urban development condominium partnerships that expire at the end of a specified warranty period.

The Company is committed to pay levies in the future of up to $8,970 (December 31, 2020 – $8,970) relating to signed municipal agreements on commencement of development of certain real estate assets. Additional development costs may also be required to satisfy the requirements of these municipal agreements.

The Company is committed to remaining deposit payments to acquire assets in the future of $nil (December 31, 2020 - $1,525) relating to land in Saskatoon, Saskatchewan.

Joint Operations, Co-ownerships, Joint Ventures and Associates

The Company may conduct its real estate activities from time to time through joint operations and joint ventures with third-party partners. The Company was contingently liable for the obligations of the other owners of the unincorporated joint operations and joint ventures in the amount of $295,165 as at June 30, 2021 (December 31, 2020 – $273,664). These guarantees include contingent liabilities for certain obligations of our joint venture partners, which are exclusive of our share of those guarantees that are included in our equity accounted investments on the condensed 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.

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

As at June 30, 2021, the Company, through a subsidiary of Dream Impact Trust, no longer holds an obligation as a guarantor on certain debt from sold income properties as the underlying debt was fully repaid by the purchaser (December 31, 2020 - $2,597).

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 condensed consolidated financial statements of the Company.

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

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

Dream Industrial REIT

In the three and six months ended June 30, 2021 and 2020, 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 June 30,		For the six months ended June 30,	
	2021	2020	**2021**	2020
Asset management fees charged by Dream[(1)]	**$ 9,340**	$ 1,766	**$ 12,898**	$ 6,189
Cost recoveries charged by Dream	**181**	252	**293**	793

[(1)] Included in asset management fees charged to Dream Industrial REIT for the three and six months ended June 30, 2021 and 2020 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Industrial REIT related to asset management agreements and cost sharing agreements of $7,838 (December 31, 2020 - $2,070).

Dream Office REIT

Amounts earned/recovered under the shared services agreement during the three and six months ended June 30, 2021 and 2020 are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	**2021**	2020
Cost recoveries charged by Dream to Dream Office REIT	**$ 299**	$ 405	**$ 566**	$ 988
Cost recoveries charged by Dream Office REIT to Dream	**2,343**	2,013	**4,366**	4,270
Fees charged by Dream to Dream Office REIT	**589**	589	**1,177**	1,177
Fees charged by Dream Office REIT to Dream	**63**	45	**131**	102

The amount owing from Dream Office REIT as of June 30, 2021 was $873 (December 31, 2020 – amount owing to Dream Office REIT was $42).

Distributions Earned from Investments

The Company earned distributions from Dream Office REIT (Note 10).

Other Transactions

In the year ended December 31, 2019, the Company, along with Dream Industrial REIT, entered into a partnership, Range Road, to develop an income property in Las Vegas, Nevada. The Company owns 10% and Dream Industrial REIT owns 80% with the remainder held by a third party. The investment is included in other development properties in equity accounted investments. As at June 30, 2021, the Company had funded $1,244 into Range Road (December 31, 2020 - $1,133).

In the year ended December 31, 2018, the Company, along with Dream Office REIT, entered into a strategic partnership, Alate Partners, focused on the property technology market. The Company and Dream Office REIT each hold a 25% interest in Alate Partners, included within other development interests in equity accounted investments. As at June 30, 2021, the Company had funded $8,046 into Alate Partners (December 31, 2020 - $6,790).

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

26. Supplementary cash flow information

Components of other adjustments include:

		June 30, 2021		June 30, 2020
Accrued interest on loans receivable and other expenses	$	1,086	$	(1,855)
Share-based compensation expense		1,046		1,852
Fair value changes in financial instruments		8,670		507
Non-cash contribution to equity accounted investment		—		(8,950)
Other		197		(1,448)
	$	10,999	$	(9,894)

Components of changes in non-cash working capital include:

		June 30, 2021		June 30, 2020
Accounts receivable	$	5,298	$	(41,483)
Accounts payable and other liabilities		5,716		(16,103)
Income and other taxes payable		6,425		(98,307)
Provision for real estate development costs		(246)		(1,034)
Deposits		1,154		(1,985)
Restricted cash		4,319		1,272
Inventory, prepaid expenses and other assets		(2,848)		1,854
	$	19,818	$	(155,786)

The breakdown of cash and cash equivalents is as follows:

		June 30, 2021		December 31, 2020
Cash	$	149,227	$	184,954
Money market funds, term deposits and GICs		98		167
	$	149,325	$	185,121

27. Segmented information

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

The Company's operating segments are as follows:

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

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

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

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

Segmented Statement of Earnings (Loss)

Segmented revenue and expenditures for the three and six months ended June 30, 2021 and 2020 are as follows:

For the three months ended June 30, 2021

	Recurring income	Development	Corporate and other	**Consolidated Dream**
Revenue	$ 28,818	$ 50,842	$ —	**$ 79,660**
Direct operating costs	(16,328)	(42,854)	—	**(59,182)**
Gross margin	12,490	7,988	—	**20,478**
Selling, marketing, depreciation and other operating costs	(1,630)	(6,326)	—	**(7,956)**
Net margin	10,860	1,662	—	**12,522**
Fair value changes in investment properties	1,877	1,988	—	**3,865**
Share of earnings from equity accounted investments	16,526	(53)	—	**16,473**
Investment and other income	376	1,074	286	**1,736**
Interest expense	(2,329)	(813)	(2,374)	**(5,516)**
Fair value changes in financial instruments	(1,069)	(726)	—	**(1,795)**
Net segment earnings (loss)	$ 26,241	$ 3,132	$ (2,088)	**$ 27,285**
General and administrative expenses[1]	—	—	(4,619)	**(4,619)**
Adjustments related to Dream Impact Trust units[1]	—	—	(21,477)	**(21,477)**
Income tax expense[1]	—	—	(1,656)	**(1,656)**
Net earnings (loss)	$ 26,241	$ 3,132	$ (29,840)	**$ (467)**

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

For the three months ended June 30, 2020

	Recurring income	Development	Corporate and other	Consolidated Dream
Revenue	$ 19,789	$ 42,255	$ —	$ 62,044
Direct operating costs	(15,576)	(32,163)	—	(47,739)
Gross margin	4,213	10,092	—	14,305
Selling, marketing, depreciation and other operating costs	(1,404)	(6,648)	—	(8,052)
Net margin	2,809	3,444	—	6,253
Fair value changes in investment properties	(4,925)	(605)	—	(5,530)
Share of earnings from equity accounted investments	48,444	(8,491)	—	39,953
Investment and other income	617	1,949	20	2,586
Interest expense	(2,062)	(1,025)	(2,684)	(5,771)
Fair value changes in financial instruments	(2,885)	(1,951)	—	(4,836)
Net segment earnings (loss)	$ 41,998	$ (6,679)	$ (2,664)	$ 32,655
General and administrative expenses[1]	—	—	(4,626)	(4,626)
Adjustments related to Dream Impact Trust units[1]	—	—	(25,367)	(25,367)
Income tax recovery[1]	—	—	8,114	8,114
Net earnings[2]	$ 41,998	$ (6,679)	$ (24,543)	$ 10,776

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

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

For the six months ended June 30, 2021

		Recurring income		Development		Corporate and other		**Consolidated Dream**
Revenue	$	59,707	$	70,027	$	—	$	**129,734**
Direct operating costs		(33,037)		(57,910)		—		**(90,947)**
Gross margin		26,670		12,117		—		**38,787**
Selling, marketing, depreciation and other operating costs		(3,294)		(11,763)		—		**(15,057)**
Net margin		23,376		354		—		**23,730**
Fair value changes in investment properties		266		8,334		—		**8,600**
Share of earnings from equity accounted investments		27,136		159		—		**27,295**
Investment and other income		415		2,656		529		**3,600**
Interest expense		(4,576)		(1,401)		(4,785)		**(10,762)**
Fair value changes in financial instruments		(1,057)		(7,613)		—		**(8,670)**
Net segment earnings (loss)	$	45,560	$	2,489	$	(4,256)	**$**	**43,793**
General and administrative expenses[1]		—		—		(8,301)		**(8,301)**
Adjustments related to Dream Impact Trust units[1]		—		—		(39,155)		**(39,155)**
Income tax expense[1]		—		—		(565)		**(565)**
Net earnings (loss)[2]	$	45,560	$	2,489	$	(52,277)	**$**	**(4,228)**

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

For the six months ended June 30, 2020

		Recurring income		Development		Corporate and other		Consolidated Dream
Revenue	$	56,240	$	182,259	$	—	$	238,499
Direct operating costs		(35,932)		(119,940)		—		(155,872)
Gross margin		20,308		62,319		—		82,627
Selling, marketing, depreciation and other operating costs		(3,003)		(14,744)		—		(17,747)
Net margin		17,305		47,575		—		64,880
Fair value changes in investment properties		(5,568)		(1,154)		—		(6,722)
Share of earnings from equity accounted investments		48,989		(3,513)		—		45,476
Investment and other income		619		3,741		611		4,971
Interest expense		(4,222)		(2,244)		(5,517)		(11,983)
Fair value changes in financial instruments		(2,977)		2,470		—		(507)
Net segment earnings (loss)	$	54,146	$	46,875	$	(4,906)	$	96,115
General and administrative expenses[1]		—		—		(9,514)		(9,514)
Adjustments related to Dream Impact Trust units[1]		—		—		148,840		148,840
Income tax recovery[1]		—		—		(38,835)		(38,835)
Net earnings[2]	$	54,146	$	46,875	$	95,585	$	196,606

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

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

Segmented Assets and Liabilities

Segmented assets and liabilities as at June 30, 2021 and December 31, 2020 were as follows:

				June 30, 2021
	Recurring income	Development	Corporate and other	**Consolidated Dream**
Assets				
Cash and cash equivalents	$ 23,054	$ 14,541	$ 111,730	**$ 149,325**
Accounts receivable	26,403	160,083	9,583	**196,069**
Other financial assets	38,822	119,410	—	**158,232**
Lending portfolio	14,595	—	—	**14,595**
Housing inventory	—	29,344	—	**29,344**
Condominium inventory	—	250,806	—	**250,806**
Land inventory	206	489,772	—	**489,978**
Investment properties	485,875	218,071	—	**703,946**
Recreational properties	60,149	—	—	**60,149**
Equity accounted investments	534,897	234,234	—	**769,131**
Capital and other operating assets	11,001	28,237	8,092	**47,330**
Total assets	$ 1,195,002	$ 1,544,498	$ 129,405	**$ 2,868,905**
Liabilities				
Accounts payable and other liabilities	$ 41,453	$ 141,527	$ 22,075	**$ 205,055**
Income and other taxes payable[(1)]	—	—	64,516	**64,516**
Provision for real estate development costs	—	30,794	—	**30,794**
Debt	306,230	288,457	202,636	**797,323**
Dream Impact Trust units[(1)]	—	—	315,609	**315,609**
Dream Impact Fund units	—	—	19,246	**19,246**
Deferred income taxes[(1)]	—	—	93,923	**93,923**
Total liabilities	$ 347,683	$ 460,778	$ 718,005	**$ 1,526,466**
Non-controlling interest	—	—	—	—
Shareholders' equity	847,319	1,083,720	(588,600)	**1,342,439**
Total equity	$ 847,319	$ 1,083,720	$ (588,600)	**$ 1,342,439**

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

Notes to the Condensed Consolidated Financial Statements

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

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

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

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

28. Classification of items in condensed consolidated statements of financial position

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

					June 30, 2021
	Less than 12 months	Greater than 12 months	Non-determinable		**Total**
Assets					
Cash and cash equivalents	$ 149,325	$ —	$ —	$	**149,325**
Accounts receivable	178,570	17,499	—		**196,069**
Other financial assets	36,669	121,563	—		**158,232**
Lending portfolio	2,653	11,942	—		**14,595**
Housing inventory	—	—	29,344		**29,344**
Condominium inventory	—	—	250,806		**250,806**
Land inventory	—	—	489,978		**489,978**
Investment properties	—	703,946	—		**703,946**
Recreational properties	—	60,149	—		**60,149**
Equity accounted investments	—	—	769,131		**769,131**
Capital and other operating assets	9,771	37,559	—		**47,330**
Total assets	$ 376,988	$ 952,658	$ 1,539,259	$	**2,868,905**
Liabilities					
Accounts payable and accrued liabilities	$ 115,295	$ 42,593	$ 47,167	$	**205,055**
Income and other taxes payable	64,516	—	—		**64,516**
Provision for real estate development costs	30,794	—	—		**30,794**
Debt[1]	323,131	474,192	—		**797,323**
Dream Impact Trust units[2]	—	—	315,609		**315,609**
Dream Impact Fund units[2]	—	—	19,246		**19,246**
Deferred income taxes	—	93,923	—		**93,923**
Total liabilities	$ 533,736	$ 610,708	$ 382,022	$	**1,526,466**

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

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

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

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

29. Subsequent events

Subsequent to June 30, 2021, the Company, Dream Industrial REIT and a group of institutional investors launched a private U.S. industrial fund. A subsidiary of the Company will act as the investment manager of the fund earning investment management fees in line with market rates.

Subsequent to June 30, 2021, the Company, via Dream Impact Trust, closed on an agreement to raise $30,000 through a private placement. The private placement is in the form of impact convertible unsecured subordinated debentures ("Impact Debentures"), bearing an interest rate of 5.50% per annum, payable semi-annually on July 31 and January 31 of each year, commencing on January 31, 2022. The Impact Debentures are convertible at the holder's option into units of Dream Impact Trust at a conversion price of $7.755/Dream Impact Trust unit, representing a conversion rate of 128.9491 Dream Impact Trust units per $1,000 principal amount of Impact Debentures. The Impact Debentures will mature in July 2026 and are not redeemable before the maturity date.

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STOCK EXCHANGE LISTING
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Listing Symbols:
Subordinate Voting Shares: DRM

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