Dream Unlimited Corp.

Annual Report 2022

Forma
Toronto, ON

Dream is an award-winning real estate company with $23 billion of assets under management in North America and Europe.

Dream Unlimited Corp.

Letter to Shareholders

Although there have been many challenges in 2022, with rising inflation, interest rates and war, our business lines have performed relatively well, and we continue to grow our asset management business, complete high-quality development assets and add to our development pipeline. Our recurring income has grown year-over-year — both from our asset management business and our income property portfolio and we believe our business is well positioned for today's macro environment.

In the last 12 months, we have acquired Summit REIT in a $5.9 billion all cash transaction, created a $1.5 billion joint venture with a sovereign wealth fund to develop industrial properties in Ontario, completed the IPO of Dream Residential REIT and raised $110 million on the second closing for Dream Impact Fund. We believe the asset management business provides the opportunity for rapid growth in our earnings and creates significant value for our shareholders. Including the closing of the Summit transaction last week, we have over $23 billion in assets under management an increase of over $8 billion since the end of 2021. Our assets under management in the industrial and residential rental asset classes has increased to 72%, up from 59% over the same period.

Our income property portfolio includes our portfolio of nearly 1,600 multi-family rental units in the GTA, the National Capital region and Western Canada, our retail properties including the Distillery District, our two boutique hotels in Toronto, and Arapahoe Basin, our ski hill in Colorado. Arapahoe Basin had its strongest performance ever in 2022 and we have seen an excellent start to 2023. By the end of the year, we expect to add another 1,145 rental units to our portfolio, further contributing to our recurring income.

In 2022, we launched sales for the first tower at Forma, a Frank Gehry-designed 73-storey building in Toronto's downtown core. In the first six months of sales, the project achieved over $800 million of sales, which is a remarkable accomplishment in this climate.

Our impact fund and public trust are dedicated to impact investing. We continue to have the opportunity to bid on exceptional developments as a result of our commitment to both financial and social goals, which contributed to Dream winning the Quayside and LeBreton Flats Library Parcel developments this year. Our principals have created the privately funded Dream Community Foundation, which offers extensive programming at our Weston Common community in Toronto where 25% of the units are affordable. Our team is executing on our exceptional development pipeline in the GTA and Ottawa, including Zibi, West Don Lands, the Indigenous Hub in the Canary District and Brightwater, with nearly 25,900 units and 4.4 million sf in commercial/retail GLA in our world-class development pipeline. We believe that our impact mandate is a key driver of our success that can lead to successful partnerships with all levels of government on future projects.

Our Western Canada land and housing business had strong performance in 2022 as we continued to recognize lot sales in our most valuable land holding in the region, Alpine Park in southwest Calgary. As of February 21, 2023, we have secured commitments for 420 lots and 23 acres (including 11 raw acres) across our Western Canada communities that we expect to contribute to earnings in 2023.

As of February 17th, we hold a 38% interest in Dream Office REIT, 32% in Dream Impact Trust and 12% in Dream Residential REIT, inclusive of senior management holdings. The combined fair value of our units totals $420 million and represents over 34% of our market capitalization. We ended the year with over $286 million in available liquidity while returning over $53 million to our shareholders in 2022 through share buybacks and dividends. We have also increased our annual dividend to $0.50/share effective with our March 31, 2023 payment.

We would like to thank all of you for your continued support of our business.

Sincerely,

Michael J. Cooper
President & Chief Responsible Officer

February 21, 2023


Quayside,
Toronto, ON

At a Glance*

Dream is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of over $23 billion of assets under management across four Toronto Stock Exchange listed trusts, our private asset management business and numerous partners.

$17 billion(1)

of fee-earning assets under management as at February 21, 2023

$23 billion(1)

of assets under management as at February 21, 2023

$45 billion

of commercial real estate and renewable power transaction have been completed by Dream as at Feb 21, 2023

89.3 million

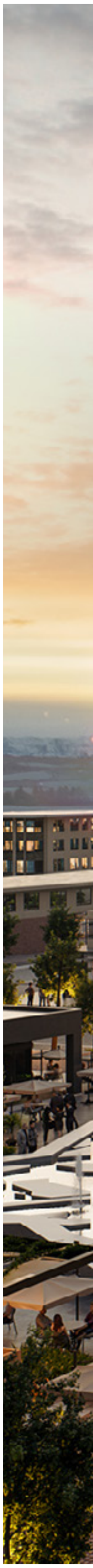
square feet of commercial/retail gross leasable area (GLA) across the Dream group portfolio, inclusive of our development pipeline as at Feb 21, 2023

33,893

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

$3.9 billion

of industrial properties in the U.S. and Europe



* All figures as at December 31, 2022 unless otherwise stated.
(1) Represents a specified financial measure. Refer to the “Non-GAAP Measures and Other Disclosures” section of this Annual Report for further details.


Alpine Park
Calgary, AB

Dream Unlimited Corp.

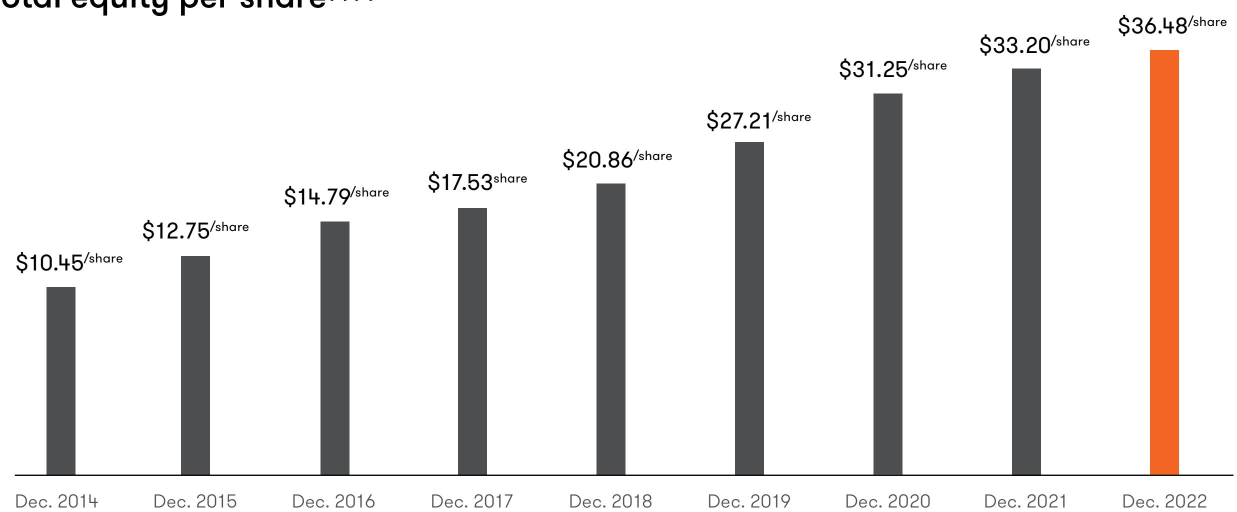
Financials

West Don Lands
Toronto, ON

Financial Highlights

(in thousands of dollars)	2022	2021
Revenue	$343,768	$325,922
Earnings before income taxes	$197,291	$125,875
Earnings for the year	$164,445	$110,661
Basic earnings per share	$3.86	$2.52
Total equity (excluding non-controlling interests)	**$1,553,692**	**$1,422,213**

Total equity per share(1)(2)



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

ESG Highlights

Zibi
Ottawa, ON / Gatineau, QC

Net Zero 2035 Action Plan

As part of the Dream group of companies, Dream Unlimited issued its Net Zero by 2035 Action Plan, which was one of the first of its kind in the Canadian real estate market and outlines our interim targets, the steps we intend to take to get to net zero, and how we will measure and verify our progress. The comprehensive plan details our commitment, investment and emissions boundaries, actionable delivery strategy, and oversight and transparency plans.

The plan serves as an update to the science-based commitments made in 2021, including the commitment to achieving net zero by 2035 and the commitment made by Dream Unlimited to join the Net Zero Asset Managers initiative, which represents asset managers around the world aligned with net zero targets of 2050 or sooner. In developing our Net Zero Action Plan, we considered peer commitments and investor expectations, current and proposed government regulations, existing technologies, and leading science-based standards and frameworks as well as our ESG strategy and current reporting obligations.

Dream Unlimited is committed to net zero Scope 1 and 2 and select Scope 3 greenhouse gas (GHG) emissions (operational and development) by 2035. The commitment is focused on material emissions sources within our operational control and prioritizes emission reduction activities where we can have the greatest impact.

Dream Unlimited continues to report on its progress towards meeting its targets and milestones in its annual Corporate Sustainability Report and through its commitment to the Net Zero Asset Managers initiative. Across the Dream group of companies, 61% of total assets under management is committed to be managed in line with net zero for Scope 1 and 2 emissions by 2035.

Sustainability Report

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

Environmental

Submitted

to Net Zero Asset Managers - 61% of the Dream group of companies' total assets under management committed to be managed in line with net zero by 2035

Communicated

strategy on how it will achieve net zero by 2035 for its Scope 1, Scope 2, and select Scope 3 emissions

Social

Named

Best Workplaces™ for Giving Back by Great Places to Work® for the second consecutive year

Honoured

as one of Canada's Best Employers for Recent Graduates by the Career Directory

Selected

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

50%

of employees are women[1]

On Track

to reach social procurement targets

Governance

GRESB[2]

Ranked 1st out of 6

GRESB Public Disclosure Report peer group

75%

of Trustees are independent[3]

50%

of Trustees are women[3]

(1) Includes only employees employed by Dream Asset Management Corporation as at December 31, 2022. Does not include employees at Dream recreational properties, employees on unpaid leaves of absence (e.g., permanent disability, long-term disability, parental leave), interns, and employees of Pauls Corp.
(2) All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.
(3) As at December 31, 2022.

ESG Commitments

Our overarching commitment to Building Better Communities requires us to address climate change. In addition to the ESG metrics and targets and impact verticals built into each of our projects, we are committed to an overall thoughtful and specific approach to reducing carbon emissions in line with international standards and commitments.

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

United Nations Principles for Responsible Investment

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

Taskforce on Climate-related Financial Disclosures

In 2017, the Financial Stability Board established the Taskforce on Climate-related Financial Disclosures (TCFD) to provide guidance and recommendations on climate-related risk and opportunity disclosures. Dream Unlimited is an official supporter of the TCFD. The TCFD recommendations are structured around four core reporting areas: governance, strategy, risk management and metrics and targets. In 2022, Dream Unlimited completed scenario analysis, which is a corporate strategy and risk/opportunity identification exercise to evaluate how we prepare for the implications of climate change and climate-related financial disclosures.

NZAM

The Net Zero Asset Managers (NZAM) initiative is an alliance of global asset managers committing to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with the global efforts to limit warming to 1.5 degrees Celsius. The initiative covers 301 signatories and U.S.$59 trillion in assets under management. Dream Unlimited was one of the first Canadian companies to join the Net Zero Asset Managers initiative in October 2021 and made its initial target disclosure in 2022.

GRESB (1)

GRESB↗

Dream Unlimited was evaluated by Global Real Estate Sustainability Benchmark (GRESB) Public Disclosure, which evaluates the level of ESG disclosure by listed property companies and REITs. Dream Unlimited ranked 1st of 6 in its GRESB Public Disclosure Report peer group. The Disclosure measures material sustainability disclosures by listed property companies and REITs.

(1) All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.

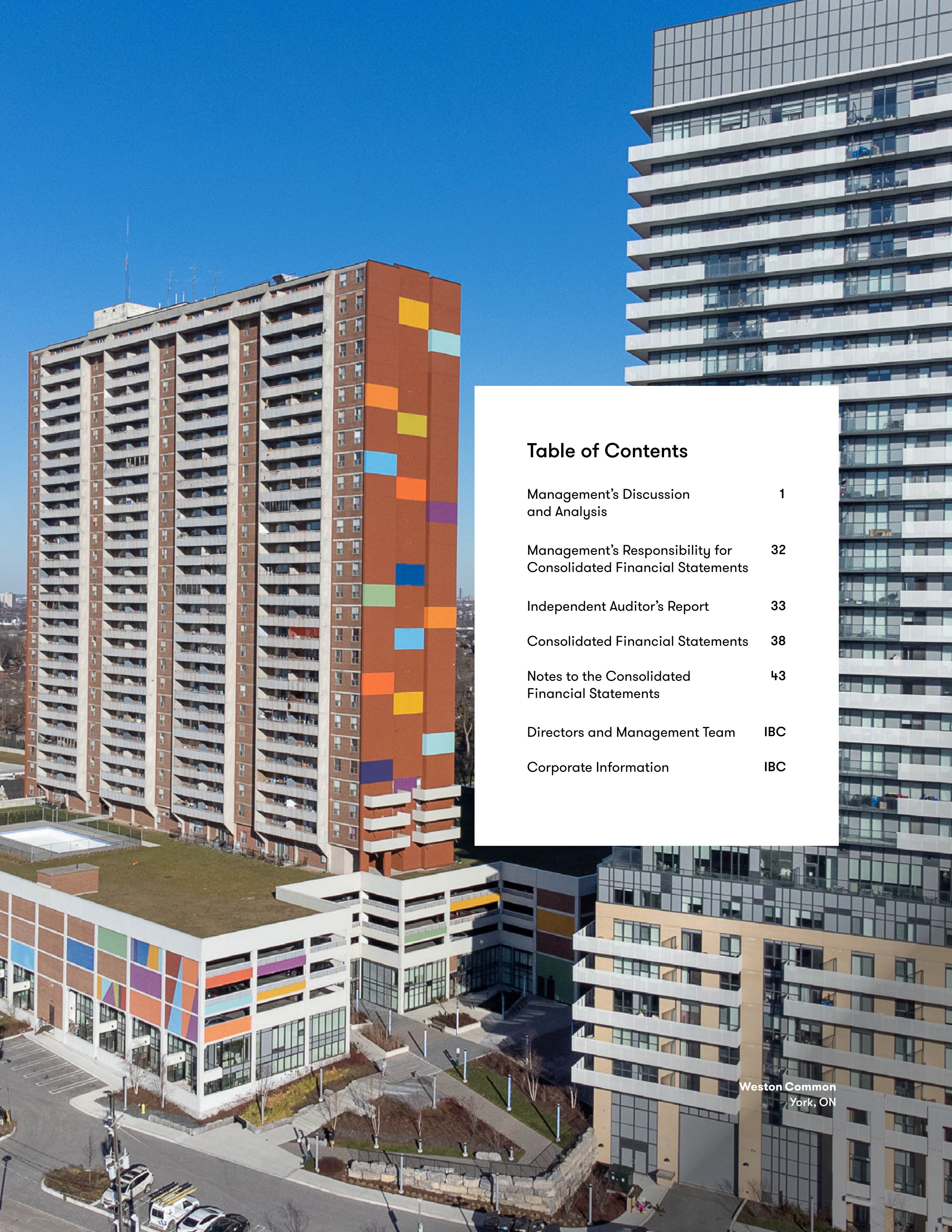

Arapahoe Basin,
Dillon, CO

Tax Information*

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

	2022	2021
Income Taxes**	$7,453,000	$15,342,000
Property Related Taxes Taxes paid on leased and owned property, school taxes, provincial/municipal land transfer tax or property registration taxes paid on the purchase of real property	$14,239,000	$18,668,000
Development & Other Charges Development charges/fees paid, building permits, levies and the cost of municipal services installed on lands related primarily to the Company's land and housing business in Western Canada	$93,570,000	$88,869,000
People Taxes Company's share of various payroll taxes including government pension, employment insurance, government health costs and workers' compensation	$3,847,000	$2,450,000
Total	**$119,109,000**	**$125,329,000**

* Represents Dream on a standalone basis.
** The amount reported in 2022 includes payments of $232,500 made by the Company in February 2023 for 2022 income taxes payable. (The amount reported in 2021 includes payments of $1,516,000 made by the Company in February 2022 for 2021 income taxes payable).



Weston Common
York, ON

Table of Contents

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, 2021 and the consolidated financial statements as at and for the year ended December 31, 2022, which can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). Such financial statements underlying this MD&A have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Certain disclosures included herein are specified financial measures, including non-GAAP financial measures and supplementary and other financial measures. Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for further details.

All dollar amounts in tables within this MD&A are in thousands of Canadian dollars, unless otherwise specified. For simplicity, throughout this discussion, we may make reference to the following:

- "Subordinate Voting Shares", meaning subordinate voting shares in the capital of Dream;
- "Class B Shares", meaning Class B common shares in the capital of Dream; and
- "Dream Impact Trust units", meaning units of Dream Impact Trust.

Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. All references to the "Dream group of companies" represent Dream and the four publicly traded trusts that Dream provides asset management or development management services to and includes Dream, Dream Office Real Estate Investment Trust ("Dream Office REIT") (TSX: D.UN), Dream Impact Trust (TSX: MPCT.UN), Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT") (TSX: DIR.UN) and Dream Residential Real Estate Investment Trust ("Dream Residential REIT") (TSX: DRR.U). This MD&A is dated as of, and reflects all material events up to, February 21, 2023.

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 $18 billion of assets under management* as at December 31, 2022 across four 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. A comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of this MD&A.

As at February 21, 2023, the Company had a 12% interest in Dream Residential REIT, a 32% interest in Dream Impact Trust and a 38% interest in Dream Office REIT, inclusive of interests held by Dream's Chief Responsible Officer.

Subsequent to December 31, 2022, the Company acquired de facto control of Dream Office REIT through the ownership of 18,473,925 REIT and LP B units. Dream Office REIT cancelled 242,200 REIT units that increased the Company's ownership of the REIT to over 36%. As a result, the Company will consolidate Dream Office REIT's financial results effective in the first quarter of 2023.

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

Summary of Results – Fourth Quarter and Year Ended 2022

As of February 21, 2023, assets under management* were $23 billion, up $8 billion since 2021 and fee earning assets under management* were $17 billion, up from $9 billion at the end of 2021. We have expanded our assets under management, increasing our investments in the industrial and residential rental classes from 59% in 2021 to 72% as at February 21, 2023.

Overview of Results

Loss before income taxes for the three months ended December 31, 2022 was $57.5 million, compared to earnings before taxes of $95.3 million in the prior year comparative period. The decrease is primarily due to a fair value loss on Dream Impact Trust's investment in the Virgin Hotels Las Vegas and lower fair value gains taken on our investment properties including those held within our equity accounted investments.

Earnings before income taxes for the year ended December 31, 2022 was $197.3 million, an increase of $71.4 million relative to the prior year, primarily due to condominium occupancies at Canary Commons in the first half of 2022, a gain on land settlement and fair value adjustments taken on Dream Impact Trust units held by other unitholders. This was partially offset by the aforementioned fair value losses.

Dream Impact Trust units held by other unitholders are treated as a liability on the consolidated statements of financial position of Dream and are fair valued each period under IFRS, generating fair value gains/losses with the fluctuation of the Dream Impact Trust unit prices and distributions to unitholders.

In the three months ended December 31, 2022, the fair value loss on the Dream Impact Trust units was $1.9 million (as a result of $4.4 million in cash distributions to Dream Impact Trust unitholders, partially offset by the Dream Impact Trust unit price decreasing to $4.03 at December 31, 2022 from $4.09 at September 30, 2022), compared to a fair value loss of $3.8 million in the comparative period (as a result of $4.7 million in cash distributions to Dream Impact Trust unitholders, partially offset by the Dream Impact Trust unit price decreasing to $6.15 at December 31, 2021 from $6.17 at September 30, 2021).

In the year ended December 31, 2022, the fair value gain on the Dream Impact Trust units was $80.4 million (as a result of the Dream Impact Trust unit price decreasing to $4.03 at December 31, 2022 from $6.15 at December 31, 2021, partially offset by $18.7 million in cash distributions to Dream Impact Trust unitholders), compared to a fair value loss of $25.0 million in the comparative period (as a result of the Dream Impact Trust unit price increasing to $6.15 at December 31, 2021 from $6.03 at December 31, 2020 and $19.0 million in cash distributions to Dream Impact Trust unitholders).

Our Operating Segments and Strategy

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

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

We have achieved our goals in the past as a result of our expertise and high-quality asset base, combined with a track record in our ability to source, structure and execute on compelling investment opportunities while maintaining conservative debt levels. Over the last few years, we have actively focused on differentiating our asset base by growing assets that contribute to recurring income and investing in development assets and real estate in Toronto, with the goal of improving the safety, value and earnings quality of our business. Inclusive of assets held by Dream Impact Fund, Dream Impact Trust, Dream Office REIT and Dream Residential REIT, our portfolio totals 33,893 residential units and 11.3 million square feet ("sf") of commercial/retail gross leasable area ("GLA") as at December 31, 2022 (at 100% project level).

Recurring income is important to our business as it provides stable cash flows in order to fund our ongoing interest expense, fixed operating costs and dividends. This provides enhanced stability and financial flexibility as we continue to execute on our development pipeline. Assets held at December 31, 2022 that contribute to recurring income include our asset and development management contracts, our 36% equity ownership in Dream Office REIT, our 12% equity ownership in Dream Residential REIT, management fees from our private asset management business and our stabilized income generating assets, such as the Distillery District in Toronto, Arapahoe Basin, our ski hill in Colorado, and our multi-family purpose built rentals including those shared with Dream Impact Trust. Our future recurring income properties will include those that are currently being developed within our mixed-use developments in Toronto 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/Gatineau and Western Canada. We believe our development pipeline includes exceptional assets that will contribute to income and cash flow over time as they are developed and completed. Income and cash flow generated from these assets can vary from period to period, due to a variety of factors including the timing of construction, availability of inventory, achievement of project milestones, timing of completion and end customer occupancy. As we execute on completing our development properties, we anticipate our recurring income assets will increase over time.

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

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

Timing of Income Recognition and Impact of Seasonality

The Company's housing and condominium operations recognize revenue at the time of occupancy and, as a result, revenue and direct costs vary depending on the number of units occupied in a particular reporting period.

The Company's land operations revenue relating to sales of land is recognized when control over the property has been transferred to the customer - typically when the customer can begin construction on the property. Until this criterion is met, any proceeds received are accounted for as customer deposits. Revenue is measured based on the transaction price agreed to under the contract and is typically recognized upon receipt of 15% of the transaction price. Revenue from land is deferred until occupancy by a third-party customer, 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.

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

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

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

Key Financial Information and Performance Indicators

Selected Financial Information

(in thousands of dollars, except per share and outstanding share amounts)	For the three months ended December 31, 2022	2021	For the year ended December 31, 2022	2021
Revenue	**$ 167,692**	$ 150,122	**$ 343,768**	$ 325,922
Earnings (loss) for the period	**$ (51,211)**	$ 80,317	**$ 164,445**	$ 110,661
Basic earnings (loss) per share[1]	**$ (1.20)**	$ 1.87	**$ 3.86**	$ 2.52
Diluted earnings (loss) per share[1]	**$ (1.20)**	$ 1.81	**$ 3.74**	$ 2.46
Weighted average number of shares outstanding, basic	**42,587,702**	43,007,226	**42,601,025**	43,685,083
Total earnings (loss) for the period attributable to:				
Shareholders	**$ (51,211)**	$ 80,317	**$ 164,445**	$ 110,030

	December 31, 2022	December 31, 2021
Total assets	**$ 3,956,494**	$ 3,488,674
Total liabilities	**$ 2,402,802**	$ 2,066,461
Total equity	**$ 1,553,692**	$ 1,422,213
Total issued and outstanding shares	**42,587,702**	42,836,031

(1) See Note 32 of the Company's consolidated financial statements for the year ended December 31, 2022 for further details on the calculation of basic and diluted earnings per share.

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 services to Dream Industrial REIT, Dream Impact Trust and Dream Residential REIT, and on behalf of various institutional/ third-party real estate partnerships, including our private asset management business and development management services to Dream Office REIT. Asset management fees and equity interests in Dream Impact Trust and Dream Impact Fund are eliminated on consolidation. As of December 31, 2022, we held an aggregate of 18.5 million REIT units and class B units of a subsidiary of Dream Office REIT, representing an approximately 36.0% effective ownership interest in Dream Office REIT, and an aggregate of 2.3 million REIT units and class B units of a subsidiary of Dream Residential REIT, representing an approximately 11.8% effective ownership interest in Dream Residential REIT, both of 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.

Dream's assets under management* as of December 31, 2022 was $18 billion (December 31, 2021 – $15 billion), including fee earning assets under management* of approximately $11 billion (December 31, 2021 - $9 billion).

Stabilized Income Generating Assets

Dream owns a number of income generating assets, which are key contributors to our sources of recurring income. These assets include Arapahoe Basin and income producing assets in Toronto and Western Canada, including the Distillery District and stabilized residential rentals. As of December 31, 2022, we held over 13.7 million sf of GLA in retail, residential and mixed-use properties across the Dream platform and we expect assets in this segment to grow over time, as we intend to hold stabilized investment properties that are developed by Dream in the core markets in which we operate in addition to sourced transactions in those markets.

Selected Segment Key Operating Metrics

(in thousands of dollars, unless otherwise noted)	For the three months ended December 31, 2022	2021	For the year ended December 31, 2022	2021
Revenue	**$ 42,705**	$ 35,883	**$ 167,985**	$ 116,766
Net operating income*	**14,343**	9,962	**63,574**	40,415
Net margin	**11,119**	7,996	**55,116**	33,502
Net margin (%)*	**26.0%**	22.3%	**32.8%**	28.7%
Fair value changes in investment properties	**$ 16,286**	$ 45,730	**$ 32,078**	$ 31,180
Share of earnings (losses) from equity accounted investments	**(26,176)**	24,332	**12,688**	82,912

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

Results of Operations

In the three months ended December 31, 2022, revenue and net operating income* derived from recurring income sources was $42.7 million and $14.3 million, respectively, compared to $35.9 million and $10.0 million in the comparative period. The change is primarily due to increased earnings from our growing multi-family rental portfolio, higher earnings from the Distillery District and improved results at our ski hill in Colorado.

Revenue and net operating income* for the year ended December 31, 2022 was $168.0 million and $63.6 million, respectively, an increase of $51.2 million and $23.2 million, respectively, from the comparative period. The increase is due to the aforementioned reasons and higher occupancy rates at our hotels located in the GTA.

Earnings from equity accounted investments for the three months and twelve months ended December 31, 2022 was a loss of $26.2 million and earnings of $12.7 million, respectively, in comparison to earnings of $24.3 million and $82.9 million, in the comparative periods, due to fair value adjustments taken on Dream Office REIT's investment property portfolio. Results for the year ended December 31, 2022 includes $5.7 million in equity accounted earnings from our 11.8% interest in Dream Residential REIT.

Over the next four years, an additional 2.2 million sf of residential GFA and 0.2 million sf of commercial/retail GLA are expected to be added to our recurring income segment (at the project level) primarily relating to various blocks at West Don Lands, Canary District, Zibi and Le Breton Flats.

In the year ended December 31, 2022, we transferred two completed buildings at Zibi to our recurring income portfolio. 310 Miwate Private (formerly Zibi Block 208) is a 33,000 sf building primarily occupied by Spaces, an Amsterdam-based creative workspace provider. We also transferred Aalto Suites, a 162-unit residential rental building to our recurring income portfolio as construction is substantially complete. Results from these transferred blocks are shown in the recurring segment only from the date of transfer.

Development

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

Urban Development - Toronto and Ottawa

Our urban development assets are comprised of exceptional development opportunities in various planning and construction phases across Toronto and Ottawa and are comprised of condominium, purpose-built rental and mixed-use developments. A large proportion of assets carried within this segment are being developed for sale and so are held at cost. These are expected to contribute meaningfully to the Company's earnings in future periods as properties are developed and sold. 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.

The developments that we hold today do not require a significant amount of equity 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 to hold, fair value gains are recognized as key milestones are achieved through the development period over the time frame to stabilization and/or completion. Development margin from these assets is earned in periods where we have inventory available for occupancies in condominium or investment properties.

As at December 31, 2022, our Toronto and Ottawa pipeline across the Dream portfolio is comprised of over 25,600 residential units and approximately 4.1 million sf of commercial/retail GLA.

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 8,900 acres of land in Western Canada, of which 8,500 acres are in nine large master-planned communities at various stages of approval. With our land bank, market share, liquidity position and extensive experience as a developer, we are able to closely monitor and have the flexibility to increase or decrease our inventory levels to adjust to market conditions in any year. As at December 31, 2022, our Western Canada pipeline across the Dream portfolio is comprised of 227 purpose-built rental units and 0.3 million sf of commercial/retail GLA.

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

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

Selected Segment Key Operating Metrics

(in thousands of dollars, except lot, average selling price per lot and acre amounts)	For the three months ended December 31, 2022	2021	For the year ended December 31, 2022	2021
DIRECTLY OWNED				
Revenue	**$ 124,987**	$ 114,239	**$ 175,783**	$ 209,156
Gross margin	**38,711**	32,870	**50,033**	50,725
Gross margin %*	**31.0%**	28.8%	**28.5%**	24.3%
Net margin	**$ 32,610**	$ 26,689	**$ 24,019**	$ 27,064
Net margin %*	**26.1%**	23.4%	**13.7%**	12.9%
Lots sold - Western Canada	**690**	690	**858**	959
Average selling price per lot - Western Canada	**$ 144,000**	$ 141,000	**$ 141,000**	$ 134,000
Acres sold - Western Canada	**25**	5	**39**	10
Average selling price per acre - Western Canada	**$ 649,000**	$ 780,000	**$ 600,000**	$ 662,500
EQUITY ACCOUNTED INVESTMENTS				
Share of earnings from equity accounted investments	**$ 5,980**	$ 2,875	**$ 43,405**	$ 7,809
Condominium occupancy units (project level) - Toronto	**—**	15	**376**	15
Condominium occupancy units (Dream's share) - Toronto	**—**	8	**188**	8

Results of Operations

In the three months ended December 31, 2022, revenue and net margin derived from our development business increased to $125.0 million and $32.6 million, respectively, up by $10.7 million and $5.9 million over the comparative period. The increase is primarily due to an increase in acre sales in Western Canada.

In the year ended December 31, 2022, our development business generated $175.8 million in revenue and net margin of $24.0 million, down from $209.2 million and $27.1 million, respectively, from the comparative period. The decrease was driven by lower condominium occupancies, which is in line with management's expectations and was partially offset by higher acre sales in Western Canada.

Included in the development segment results for the three and twelve months ended December 31, 2022 is a $54.8 million fair value loss on Dream Impact Trust's investment in the Virgin Hotels Las Vegas.

Earnings from equity accounted investments in the three months ended December 31, 2022 was $6.0 million, an increase of $3.1 million from the comparable period, due to fair value gains in an investment property under development.

Earnings from equity accounted investments in the twelve months ended December 31, 2022 was $43.4 million, an increase of $35.6 million from the comparable period, due to the aforementioned gains and increased condominium occupancies at Canary Commons Condominiums in the first half of 2022.

Our development team remains focused on building out our exceptional development pipeline, including Phase 2 of Riverside Square, Brightwater and West Don Lands Blocks 8 and 3/4/7 and Canary Block 10, which are expected to occupy between 2023 and 2025; however, as the development manager for our projects, we are able to adjust, in real time, should adverse changes to the market arise.

Active Projects

Forma

In the year ended December 31, 2022, the Company launched sales for the East tower at Forma Condos. The development will consist of two towers and comprise over 2,000 units in Toronto's downtown core. Upon completion, the two towers will stand at 73 and 84 storeys tall and will include seven levels of office space, three levels of retail, include a mezzanine, and two levels for the Ontario College of Arts and Design University. Construction started in the fourth quarter of 2022.

Quayside

In the year ended December 31, 2022, Waterfront Toronto approved a project agreement for the development of a 12 acre site at the east end of downtown Toronto's waterfront to build Canada's largest all-electric, zero-carbon master-planned community. The community will comprise over 4,000 units, including over 800 affordable housing units and 3.5 acres of public space with a car-free green oasis from Parliament Street to Bonnycastle Street that will connect projects further west towards Jarvis Street.

Dream LeBreton

In the year ended December 31, 2022, the Company closed on the acquisition of the first phase of building at the LeBreton Flats library parcel, Dream LeBreton, a 2.7 acre site west of downtown Ottawa, which will feature 608 new rental housing units, over 40% of which will be affordable, and is adjacent to a light-rail station as well as our Zibi development. The site will be the first development block at LeBreton Flats and is part of a broader plan for development that contemplates approximately 4,000 housing units and 1 million sf of commercial density to be built over the next 35 years. The first development block is expected to become one of Canada's largest residential buildings to be considered net-zero carbon by the Canada Green Building Council and will start construction in the first half of 2023.

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

Riverside Square

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

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.

Zibi

In the year ended December 31, 2022, vertical construction at Zibi continued on all active blocks. The project is a multi-phase development that includes over 4 million sf of density consisting of approximately 1,900 residential units (inclusive of purpose-built rental units), over 2 million sf of commercial space and 8 acres of riverfront parks and plazas. Zibi will be one of Canada's most sustainable communities and the country's first "One Planet Master-Planned Community". In partnership with Hydro Ottawa, we developed the District Energy System, the first post-industrial waste heat recovery system in a master-planned community in North America, which provides net-zero heating and cooling for all tenants, residents and visitors at Zibi. During the year ended December 31, 2022, the District Energy System commenced operations.

Downtown Toronto's East End

Construction is ongoing at 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 the first half of 2023. Construction on West Don Lands Block 3/4/7 commenced this year, comprising an additional 855 rental units (30% affordable), with initial occupancies planned for 2025. Construction has also commenced on Block 10, which comprises 206 condominium units, 238 purpose-built rentals, 26,000 sf of heritage retail and an Indigenous Hub. This area is a significant development hub for Dream, as it includes the 35 acre Canary District, the adjacent West Don Lands and Distillery District development assets, in addition to the future Lakeshore East and Quayside developments.

Other Items

Net Gain on Land Settlement

In the year ended December 31, 2018, a stabilized recurring income property was expropriated from the Company pursuant to the *Expropriations Act* (Ontario). In the year ended December 31, 2022, the Company agreed to a final settlement for an additional $88.5 million in compensation, which was recorded in the consolidated statement of earnings, net of transaction costs of $2.1 million.

Interest Expense

In the three and twelve months ended December 31, 2022, interest expense was $16.2 million and $51.8 million, respectively, up from $9.7 million and $27.2 million, respectively, in the comparative periods. The increase in interest expense is primarily due to higher interest rates, new borrowings related to the acquisition of multi-family rental properties in Toronto, higher drawings on our Western Canada operating line, and the issuance of Dream Impact Trust's convertible debentures in late 2021 and 2022.

General and Administrative Expenses

In the three and twelve months ended December 31, 2022, general and administrative expenses were $17.7 million and $33.6 million, respectively, compared to $1.5 million and $15.4 million, respectively, in the comparative period. The increase in general and administrative expenses are primarily due to the settlement of certain outstanding legal claims, one-time compliance costs and higher non-cash expenses related to share-based compensation. During the year ended December 31, 2022, the Company received government assistance through the Canadian Emergency Wage Subsidy of $0.6 million, compared to $2.7 million in the prior year.

Income Tax Expense

The Company's effective income tax rate was 11.0% and 16.6% for the three and twelve months ended December 31, 2022, respectively (three and twelve months ended December 31, 2021 – 15.8% and 12.1%, respectively). The effective income tax rate for the three months and year ended December 31, 2022 is different than the statutory combined federal and provincial tax rate of 26.1% mainly due to the non-taxable portion of capital gains, partially offset by a combination of non-deductible expenses and other items.

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

Liquidity and Capital Resources

Our capital consists of debt facilities and shareholders' equity. Our objectives in managing our capital are to ensure adequate operating funds are available to fund development costs, to cover leasing costs, overhead and capital expenditures for income generating assets, to provide for resources needed to fund capital calls for existing developments, to generate a target rate of return on investments and to cover dividend payments. There have been no material changes in future contractual obligations since December 31, 2022.

A summary of our working capital and financial assets and liabilities as at December 31, 2022 and 2021 is presented below. Project-specific inventory and debt balances are excluded from the table below as the proceeds from the sale of inventory funds the repayment of project-specific construction facilities and cash flows from investment properties are used to fund regular payments on mortgages and term debt. Please refer to Note 38 of the consolidated financial statements for the Company's full classification of items in the consolidated statements of financial position.

	December 31, 2022				December 31, 2021			
(in thousands of Canadian dollars)	Less than 12 months	Greater than 12 months	Non-determinable	**Total**	Less than 12 months	Greater than 12 months	Non-determinable	Total
Cash and cash equivalents	$ 47,633	$ —	$ —	**$ 47,633**	$ 52,564	$ —	$ —	$ 52,564
Accounts receivable	207,363	60,674	—	**268,037**	221,900	12,641	—	234,541
Other financial assets[(1)]	34,407	66,657	—	**101,064**	23,581	96,913	—	120,494
Lending portfolio	5,066	10,008	—	**15,074**	5,947	6,787	—	12,734
Equity accounted investment in Dream Office REIT	—	—	528,413	**528,413**	—	—	520,166	520,166
Equity accounted investment in Dream Residential REIT	—	—	45,835	**45,835**	—	—	—	—
Subtotal assets	294,469	137,339	574,248	**1,006,056**	303,992	116,341	520,166	940,499
Accounts payable and accrued liabilities	205,929	15,613	46,330	**267,872**	147,798	26,627	45,201	219,626
Income and other taxes payable	57,363	—	—	**57,363**	59,721	—	—	59,721
Provision for real estate development costs	74,162	—	—	**74,162**	52,198	—	—	52,198
Corporate debt facilities	41,421	290,409	—	**331,830**	—	243,388	—	243,388
Dream Impact Trust units	—	—	188,385	**188,385**	—	—	288,092	288,092
Dream Impact Fund units	—	—	69,919	**69,919**	—	—	49,430	49,430
Subtotal liabilities	378,875	306,022	304,634	**989,531**	259,717	270,015	382,723	912,455
Net excess (deficiency)	$ (84,406)	$ (168,683)	$ 269,614	**$ 16,525**	$ 44,275	$ (153,674)	$ 137,443	$ 28,044

(1) Other financial assets as at December 31, 2022 excludes $34.1 million in project-specific investment holdings (December 31, 2021 – $38.1 million).

As at December 31, 2022, there were adequate resources to address the Company's short-term liquidity requirements. Certain financial instruments that are callable or due on demand are presented as due within 12 months, which is inconsistent with the repayment timing expected by management. Due to the nature of our development business, in addition to the above resources, the Company expects to fund a portion of our current liabilities through sales of housing, condominium and land inventories, which cannot be classified and accordingly are not presented above. Management continuously reviews the timing of expected debt repayments and actively pursues refinancing opportunities as they arise. As at December 31, 2022, we had $285.7 million in available liquidity*, up from $275.6 million as at December 31, 2021.

Cash Requirements

The nature of the real estate business is such that we require capital to fund non-discretionary expenditures with respect to existing assets, as well as to fund growth through acquisitions and developments. As at December 31, 2022, on a consolidated basis, we had $47.6 million in cash and cash equivalents (December 31, 2021 – $52.6 million). Our intention is to meet short-term liquidity requirements through cash on hand, cash from operating activities, working capital reserves and operating debt facilities. As at December 31, 2022, our debt maturing in 2023 is primarily 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.

Consolidated Statements of Cash Flows

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

	For the three months ended December 31,		**For the year ended December 31,**	
(in thousands of Canadian dollars)	**2022**	2021	**2022**	2021
Net cash flows provided by (used in) operating activities	**$ 88,969**	$ 33,244	**$ 20,067**	$ 67,023
Net cash flows provided by (used in) investing activities	**35,795**	(152,305)	**(137,046)**	(477,171)
Net cash flows provided by (used in) financing activities	**(48,258)**	62,176	**198,468**	277,591
Decrease in cash and cash equivalents	**76,506**	(56,885)	**81,489**	(132,557)
Cash and cash equivalents, beginning of period	**57,547**	109,449	**52,564**	185,121
Cash and cash equivalents, end of period	**$ 134,053**	$ 52,564	**$ 134,053**	$ 52,564

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

Operating Activities

Cash flows provided by operating activities totalled $89.0 million in the three months ended December 31, 2022, a $55.7 million decrease from the 2021 comparative period primarily due less draws on construction loans used for the development of condominium and housing inventory.

Cash flows used in operating activities totalled $20.1 million in the year ended December 31, 2022, a $47.0 million decrease from 2021 primarily due to the aforementioned reasons.

Investing Activities

Cash flow provided by investing activities totalled $35.8 million in the three months ended December 31, 2022, a $188.1 million increase from the 2021 comparative period. Cash outflows in 2021 primarily relate to the acquisition of multi-family rental properties and higher contributions to our equity accounted investments.

Cash used in investing activities totalled $137.0 million in the year ended December 31, 2022, a $340.1 million decrease from 2021. Cash used in investing actives in 2022 primarily relate to acquisitions and additions to our investment properties portfolio, partially offset by net proceeds from a land settlement. Cash outflows in 2021 primarily relate to the aforementioned acquisition activity.

Financing Activities

Cash flows used in financing activities totalled $48.3 million in the three months ended December 31, 2022, compared to a cash inflow of $62.2 million in the prior year. The decrease in cash from financing activities is primarily due to repayment of project-level debt facilities in 2022, in comparison to, drawings on our project-level debt facilities in 2021 in connection with the acquisition of our multi-family properties.

Cash inflow from financing activities totalled $198.5 million in the year ended December 31, 2022, a $79.1 million decrease from 2021. The decrease in cash inflow from financing activities is primarily due to the aforementioned activities.

Debt

As at December 31, 2022, debt was $1,612.6 million (December 31, 2021 – $1,293.7 million). A breakdown of project-specific and corporate debt facilities is detailed in the table below.

	Balance		Weighted average interest rate	
(in thousands of Canadian dollars)	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
Operating line - Dream Impact Fund	**$ 9,400**	$ 19,263	**6.47%**	2.70%
Operating line - Western Canada	**73,796**	75,779	**7.22%**	3.02%
Construction loans	**328,139**	315,629	**5.78%**	2.95%
Mortgages and term debt	**869,405**	639,636	**4.03%**	3.02%
Total project-specific debt	**$ 1,280,740**	$ 1,050,307	**4.65%**	2.99%
Non-revolving term facility	**223,128**	214,148	**5.59%**	3.88%
Operating line - Dream Impact Trust	**41,421**	—	**6.97%**	n/a
Convertible debentures (host instruments) - Dream Impact Trust	**66,833**	28,883	**6.12%**	6.20%
Convertible debentures (conversion features) - Dream Impact Trust	**449**	357	**n/a**	n/a
Total corporate debt facilities	**$ 331,831**	$ 243,388	**5.77%**	4.16%
Debt	**$ 1,612,571**	$ 1,293,695	**4.89%**	3.21%
Debt to total assets ratio*	**40.8%**	37.1%		

As at December 31, 2022, $735.3 million (December 31, 2021 – $469.3 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 3.14% (December 31, 2021 – 3.05%) and will mature between 2023 and 2027. A further $877.3 million (December 31, 2021 – $824.4 million) of real estate debt was subject to a weighted average variable interest rate of 6.40% (December 31, 2021 – 3.30%) and will mature between 2023 and 2025. Included within total debt is $308.1 million (December 31, 2021 – $176.9 million) of variable debt that the Company has hedged through fixed interest rate swaps. All of the Company's interest rate swaps are being used to mitigate risk of rising interest rates and have been accounted for using hedge accounting.

Convertible Debentures

During the year ended December 31, 2022, the Trust closed on a public offering of $40,000 aggregate principal amount of impact convertible unsecured subordinated debentures ("2022 Debentures"), excluding transaction costs of $2,048. The 2022 Debentures bear a coupon interest rate of 5.75% per annum and an effective interest rate of 6.0% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2022 and maturing on December 31, 2027. The 2022 Debentures are convertible at the holder's option into units of the Trust at a conversion price of $8.00 per unit, representing a conversion rate of 125.0000 units of $1 principal amount, convertible at the holder's option at any time before the maturity date.

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

Contractual Obligations

Our liquidity is impacted by contractual debt commitments as follows:

	2023	2024	2025	2026	2027 and thereafter	Total
Project-specific debt[1]	$ 382,748	$ 100,298	$ 184,063	$ 34,277	$ 579,354	$ 1,280,740
Corporate debt facilities[1]	41,421	—	223,128	29,327	37,954	331,830
Leases	1,404	1,380	1,068	1,041	6,943	11,836
	$ 425,573	$ 101,678	$ 408,259	$ 64,645	$ 624,251	$ 1,624,406

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

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

Shareholders' Equity

Dream is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Class B Shares. As at December 31, 2022, there were 41,030,346 Subordinate Voting Shares and 1,557,356 Class B Shares outstanding (December 31, 2021 - 41,278,675 Subordinate Voting Shares and 1,557,356 Class B Shares).

In the year ended December 31, 2022, the Company’s Board of Directors approved a special dividend of $0.50 per Subordinate Voting Share and Class B Share and was paid to shareholders on December 30, 2022.

Subsequent to the year ended December 31, 2022, the Company’s Board of Directors approved an increase to the annual dividend per Subordinate Voting Share and Class B Share from $0.40 per share to $0.50 per share, effective with the dividend payable to shareholders on March 31, 2023.

As at February 21, 2023, there were 41,030,346 Subordinate Voting Shares, 1,557,356 Class B Shares, 865,845 options, 705,856 performance share units, 228,729 restricted share units and 298,896 deferred share units outstanding.

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 49% economic interest and 88% voting interest in the Company as at December 31, 2022.

Share Repurchases

The Company renewed its Normal Course Issuer Bid ("NCIB"), which commenced on September 21, 2022, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,231,143 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 11,462 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, 2023.

In the year ended December 31, 2022, 0.4 million Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $39.53 (year ended December 31, 2021 – 2.4 million Subordinate Voting Shares at an average price of $25.29).

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 34 of the consolidated financial statements for the year ended December 31, 2022, which is incorporated by reference into this MD&A.

Transactions with Related Parties

The Company has agreements for services and transactions with related parties, which are discussed and outlined in Note 35 of our financial statements for the year ended December 31, 2022, which is incorporated by reference into this MD&A.

Dream Industrial REIT

In the years ended December 31, 2022 and 2021, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

	For the three months ended December 31,		For the year ended December 31,	
	2022	2021	**2022**	2021
Asset management fees charged by Dream[(1)]	**$ 5,281**	$ 5,746	**$ 21,146**	$ 22,720
Cost recoveries charged by Dream	**243**	190	**1,428**	739

[(1)] Included in asset management fees charged to Dream Industrial REIT for the year ended December 31, 2022 and 2021 were incentive fees of $nil.

Dream Office REIT

Amounts earned/recovered under the shared services and property management agreements with Dream Office REIT during the years ended December 31, 2022 and 2021 are as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2022	2021	**2022**	2021
Cost recoveries charged by Dream to Dream Office REIT	**$ 417**	$ 552	**$ 1,626**	$ 1,405
Cost recoveries charged by Dream Office REIT to Dream	**2,998**	2,581	**11,407**	8,787
Cost recoveries charged by Dream Office REIT to Dream Impact Trust	**278**	157	**1,032**	552
Fees charged by Dream to Dream Office REIT	**595**	588	**2,367**	2,353
Fees charged by Dream Office REIT to Dream	**133**	107	**409**	302
Fees charged by Dream Office REIT to Dream Impact Trust	**683**	513	**2,585**	2,103

Dream Residential REIT

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

	For the three months ended December 31,		For the year ended December 31,	
	2022	2021	**2022**	2021
Asset management fees charged by Dream[(1)]	**$ 295**	$ —	**$ 642**	$ —
Advisory fees charged by Dream	**—**	—	**2,834**	—
Cost recoveries charged by Dream	**170**	—	**278**	—

[(1)] Included in asset management fees charged to Dream Residential REIT for the year ended December 31, 2022 and 2021 were incentive fees of $nil.

Dream U.S. Industrial Fund

Amounts earned/recovered under the fund management agreement during the years ended December 31, 2022 and 2021 are as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2022	2021	**2022**	2021
Fees earned under the fund management agreement	**$ 1,088**	$ 20	**$ 4,561**	$ 321

GTA Land Joint Venture

Amounts earned/recovered under the asset management agreement during the year ended December 31, 2022 are as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2022	2021	**2022**	2021
Fees earned under the asset management agreement	**$ 82**	$ —	**$ 158**	$ —

Critical Accounting Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies, estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities included in the Company's consolidated financial statements. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions or conditions. A detailed summary of the most significant accounting judgments, estimates and assumptions made by management in the preparation and analysis of our financial results is included in Note 3 of our consolidated financial statements for the year ended December 31, 2022, which is incorporated by reference into this MD&A.

Changes in Accounting Policies and Disclosures and Future Accounting Policy Changes

A detailed summary of the most significant accounting policies and disclosures made by management in the preparation and analysis of our financial results is included in Note 4 of our consolidated financial statements for the year ended December 31, 2022, which is incorporated by reference into this MD&A.

Internal Control over Financial Reporting

As at December 31, 2022, the President and Chief Responsible Officer and the Chief Financial Officer (the "Certifying Officers"), with the assistance of senior management, have evaluated the design and effectiveness of the Company's disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109"). Based on that evaluation, the Certifying Officers have concluded that, as at December 31, 2022, the DC&P are adequate and effective in order to provide reasonable assurance that material information has been accumulated and communicated to management, to allow timely decisions of required disclosures by the Company and its consolidated subsidiary entities, within the required time periods.

The Company's internal control over financial reporting ("ICFR") (as defined by NI 52-109) is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Using the framework established in "2013 Committee of Sponsoring Organizations (COSO) Internal Control Framework", published by the Committee of Sponsoring Organizations of the Treadway Commission, the Certifying Officers, together with other members of management, have evaluated the design and operation of the Company's ICFR. Based on that evaluation, the Certifying Officers have concluded that the Company's ICFR was effective as at December 31, 2022.

There were no changes in the Company’s internal control over financial reporting in the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

Risk Factors

We are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Shareholders should consider those risks and uncertainties when assessing our outlook in terms of investment potential. For a discussion of the risks and uncertainties identified by the Company, please refer to our Annual Report for the year ended December 31, 2022 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, 2022 and the most recent Annual Information Form filed by Dream Impact Trust on SEDAR.

Ownership of Real Estate

Development Risk

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

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

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

Delays and Cost Over-Runs

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

Permitting

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

Supply of Materials and Services

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

Competition

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

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

Joint Venture Risks

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

Our co-venturers/partners may, at any time, have economic or business interests inconsistent with ours and we may be required to take actions that are in the interest of the partners collectively, but not in the Company's sole best interests. Accordingly, we may not be able to favourably resolve issues with respect to such decisions or we could become engaged in a dispute with any of them that might affect our ability to develop or operate the business or assets in question efficiently. Any failure of the Company or our co-venturers and partners to meet their obligations, or disagreements with respect to strategic decision making, could have an adverse effect on the joint ventures or partnerships, which may have an adverse effect on the Company. In addition, we face the risk that any interests that we directly or indirectly hold in any joint venture may be diluted in the event that additional capital is required from the partners of the joint venture and we are, or the entity holding such interests is, unable to participate in such capital raise. We cannot guarantee that we nor any entity in which we hold an interest will be able to access sufficient capital to perform any obligations in connection with any joint venture commitments.

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

Expropriation Risk

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

Geographic Concentration

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

Given the prominence of the oil and gas industry in Alberta and Saskatchewan, the economies of these provinces can be significantly impacted by the price of oil. Similarly, because of our substantial land and housing development operations in Alberta and Saskatchewan, any substantial decline in the price of oil could also adversely affect the Company's operating results. We continuously evaluate the economic health of the markets in which we operate through various means to ensure that we have identified and, where possible, mitigated risks to the Company, including the potential impacts of changes in the price of oil. Additionally, the land development process is longer term in nature, which, to some extent, mitigates the impacts of short-term fluctuations in the health of the economies in which we operate. As of December 31, 2022, the Company had not identified any material adverse effect on our business as a result of oil prices.

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

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

Risks Related to Acquisitions

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

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

Risks Related to Master-Planned Communities

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

Real Estate Ownership

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

Certain significant expenditures (e.g., property taxes, maintenance costs, mortgage payments, insurance costs and related charges) must be made regardless of whether or not a property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, properties must be maintained or, in some cases, improved to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which may not be able to be passed on to tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction, or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. Any failure by us to ensure appropriate maintenance and refurbishment work is undertaken could materially adversely affect the rental income that we earn from such properties; for example, such a failure could entitle tenants to withhold or reduce rental payments or even terminate existing leases. Any such event could have an adverse effect on our cash flows, financial condition and results of operations.

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

The revenue properties in the various Dream Entities' investment portfolios generate income through rent received from tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than those of the existing lease. The Dream Entities' income and cash flows could be adversely affected if tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in any particular property could not be leased on economically favourable lease terms. In the event of default by a tenant, they may experience delays or limitations in enforcing their rights as lessor and incur substantial costs in protecting their investments. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to the other Dream Entities that may adversely affect the asset management revenue or distributions we receive from the other Dream Entities.

Rollover of Leases

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

Market Conditions

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

Residential Rental Business Risk

The Company expects to be increasingly involved in mixed-use development projects that include residential rentals. Purchaser demand for residential rentals is cyclical and is affected by changes in general market and economic conditions, such as consumer confidence, employment levels, availability of financing for home buyers, interest rates, demographic trends, housing supply and housing demand. As a landlord in its properties that include rental apartments, the Company is subject to the risks inherent in the multi-unit residential rental business, including, but not limited to, fluctuations in occupancy levels, individual credit risk, heightened reputation risk, tenant privacy concerns, potential changes to rent control regulations, increases in operating costs including the costs of utilities and the imposition of new taxes or increased property taxes. In addition, multi-family rental properties are subject to rent control legislation in Ontario. The legislation in various degrees imposes restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or requires the landlord to give tenants sufficient notice prior to an increase in rent, or restricts the frequency of rent increases permitted during the year. In response to COVID-19, Ontario capped residential rent increases on existing tenants for 2022 at 1.2%. The lack of availability of affordable housing and related housing policy and regulations is continuing to increase in prominence as a topic of concern at the various levels of government. The Company may be exposed to the risk of the implementation of, or amendments to, existing legislative rent controls in the markets in which it operates, which may have an adverse impact on our operations and we may incur costs that will not be fully recoverable from rents charged to tenants. Multi-family rental business risk may result in a significant loss of earnings to the Company; however, to mitigate these risks, the Company portfolio includes well located and professionally managed properties.

Sales Risks

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

Regulatory Risks

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

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

Environmental and Climate Change Risks

As an owner of real property, we are subject to various federal, provincial or state, and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous substances. The presence of such substances, if any, could adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental audit to be conducted. Although such an audit provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We have formal policies and procedures to review and monitor environmental exposure. In 2021, we became an official supporter of the TCFD, and will develop a plan to systematically assess climate change-related risk around the four TCFD core reporting areas, being governance, strategy, risk management, and metrics and targets.

Climate change continues to attract the focus of governments, investors, and the general public as an important threat, given that the emission of greenhouse gases and other activities continue to negatively impact the planet. We face the risk that our properties or tenants will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on our operational flexibility or cause us or our tenants to incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change reform could result in fines or adversely affect our reputation, operations, or financial performance. Furthermore, our properties or tenants may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt our operations and activities, damage our properties, and potentially decrease our property values or require us to incur additional expenses including an increase in insurance costs to insure our properties against natural disasters and severe weather.

Home Warranty and Construction Defect Claims

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

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

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

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

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

Lending Portfolio and Investment Holdings

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

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

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

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

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

Financial and Liquidity Risk

Interest Rate Risk
When negotiating financing agreements or extending such agreements, we will depend on our ability to agree on terms, including in respect of interest payments and amortization. In addition to existing variable rate portions of our financial agreement, we may enter into future financing agreements with variable interest rates. There is a risk that interest rates will continue to increase. Further increases in interest rates could result in a significant increase in the amount paid by us to service debt that could materially adversely affect our cash flows.

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

Financing Risk

We will require access to capital to ensure properties are maintained, as well to fund our growth strategy and significant capital expenditures. There is no assurance that capital will be available when needed or on favourable terms. Our access to third-party financing will be subject to a number of factors, including general market conditions, the market's perception of our growth potential, our then current and expected future earnings and our cash flows. Upon the expiry of the terms of the financing of any particular property, refinancing may not be available or may not be available on reasonable terms.

Ability to Obtain Performance, Payment, Completion and Surety Bonds and Letters of Credit

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

Financial Covenants

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

Other Applicable Risks

Economic Environment

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

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

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

Public Health Risk

Public health crises, pandemics and epidemics, such as those caused by new strains of viruses such as the novel coronavirus (COVID-19), could adversely impact our and our customers' businesses, and thereby our and our customers' ability to meet payment obligations, by disrupting supply chains and transactional activities, causing reduced traffic at our properties, leading to mobility restrictions and other quarantine measures, precipitating increased government regulation and negatively impacting local, national or global economies. Public health crises, pandemics and epidemics may also increase the volatility in financial markets and impact debt and equity markets, which could affect our ability to access capital. All of these factors may have a material adverse effect on our business, results of operations and our ability to make cash distributions to unitholders.

The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects may be material. The actual and threatened spread of COVID-19 globally could also further adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of the Company's share price. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain.

Cyber Security Risk
Cyber security has become an increasing area of focus for issuers and businesses in Canada and globally, as reliance on digital technologies to conduct business operations has grown significantly. As we continue to increase our dependence on information technologies to conduct our operations, the risks associated with cyber security also increase. We rely on management information systems and computer control systems. Business disruptions, utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm our operations and materially adversely affect our operating results. Cyber-attacks against organizations are increasing in sophistication and can include but are not limited to intrusions into operating systems, theft of personal or other sensitive data and/or cause disruptions to business operations. Such cyber-attacks could compromise the Company's confidential information as well as that of the Company's employees, customers and third parties with whom the Company interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage.

Our exposure to cyber security risks includes exposure through third parties on whose systems we place significant reliance for the conduct of our business. We have implemented security procedures and measures in order to protect our systems and information from being vulnerable to cyber-attacks. However, we may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could have severe financial and other business implications.

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

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

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

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

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

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

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

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

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

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

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

Forward-Looking Information

Certain information herein contains or incorporates statements that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding our objectives and strategies to achieve those objectives; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, expected net proceeds from sales or transactions, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general; as well as specific statements in respect of: anticipated levels of development, asset management and other management fees in future periods; our development and redevelopment plans and proposals for current and future projects, including projected sizes, density, timelines, uses and tenants; the redevelopment potential of our assets and the assets held by Dream Office REIT and Dream Impact Trust; anticipated current and future unit sales and occupancies of our condominium and mixed-use projects, including anticipated timing of closings of condominium unit sales, and resulting revenue; the contribution of our development segment to our earnings and income in future periods; our expectation that recurring income will increase in the future, including as development properties are completed and held for the long term, and the future composition of our recurring income portfolio; expected benefits from recurring income and developments, including stability and financial flexibility; the supplementary information in relation to the development and redevelopment projects in our portfolio, including the projects that we expect to be completed and added to our recurring income segment over the next four years, total units at completion, square footage, residential GFA, rental, commercial and retail GLA, occupancy/stabilization dates and future GLA under development and other project features; expectations regarding our development plans for Zibi, Riverside Square, West Don Lands, Canary Block 10, LeBreton, Brightwater, Lakeshore East, Quayside and Forma projects, as well as other projects; Quayside becoming Canada's largest all-electric, zero-carbon master-planned community; expectations of the development, future profit and earnings contributions from our urban development division; our acquisition and development pipeline, including in respect of the Dream group of companies; our ability to monitor and adjust our inventory levels and development projects based on market conditions; our capital management objectives; Dream's intention to hold stabilized income properties in core markets and expectations that such assets will grow over time; Dream's ability to source, structure and execute investment opportunities; the goal of improving Dream's business' safety, value and earnings quality; expectations regarding our sustainability and impact targets, including in respect of characteristics of our projects and affordable units; Zibi's sustainability and it becoming the first One Planet community in Canada, Dream LeBreton becoming Canada's largest zero-carbon residential community and Dream LeBreton's first development block becoming one of Canada's largest residential buildings to be considered net zero carbon by the Canada Green Building Council; expectations regarding the sale of assets, including assets being developed for sale; our expected sources of funding of current liabilities, including the sale of assets, and of short-term liquidity requirements, including through cash on hand, cash from operating activities, working capital reserves and operating debt facilities; Dream's ability to maintain a conservative debt level; expected sources of funding for maturing debt; our anticipation that cash from operations and recurring income will provide cash needed to fund operating expenses and debt service requirements; and our overall financial performance, profitability and liquidity for future periods and years. Forward-looking statements generally can be identified by words such as "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "forecast", "project", "continue", "target", "outlook" or similar expressions suggesting future outcomes or events.

Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. There can be no assurance that actual results will be consistent with these forward-looking statements. The assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein as well as assumptions relating to: that no unforeseen changes in the legislative and operating framework for the respective businesses will occur; that there will be no material change to environmental regulations that may adversely impact our business; that we will meet our future objectives, priorities and growth targets; that we receive the licenses, permits or approvals necessary in connection with our projects; our expectations regarding the impact of the novel coronavirus ("COVID-19") pandemic and government measurements to contain it, including the impact of COVID-19 on our operations, liquidity, financial condition or results; our expectation regarding ongoing remote working; that we will have access to adequate capital to fund our future projects, plans and any potential future acquisitions; that our future projects and plans will proceed as anticipated; that we are able to identify high-quality investment opportunities; that we find suitable partners with which to enter into joint ventures or partnerships; that we do not incur any material environmental liabilities and that future market, demographic and economic conditions will develop as expected; and the nature of development lands held and the development potential of such lands, including our ability to bring new developments to market, general economic and business conditions remaining in line with expectations, including low unemployment, interest rates and inflation remaining in line with management expectations, positive net migration, oil and gas commodity prices, our business strategy, including geographic focus, anticipated sales volumes, performance of our underlying business segments and conditions in the GTA and Western Canada land, commercial and housing markets. All the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions; there can be no assurance that actual results will be consistent with these forward-looking statements. Factors or risks that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, adverse changes in general and local economic and business conditions; inflation or stagflation; the impact of the COVID-19 pandemic on the Company and uncertainties surrounding the COVID-19 pandemic, including government measures to contain the COVID-19 pandemic; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, terrorism or other acts of violence, international sanctions and the disruption of movement of goods and services across jurisdictions; risks related to a potential economic slowdown in certain of the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates; employment levels; regulatory risks, mortgage and interest rates and regulations; environmental risks; consumer confidence; seasonality; adverse weather conditions; reliance on key clients and personnel and competition; and other risks and factors referenced under "Risk Factors" in this MD&A and described from time to time in the documents filed by the Company with the securities regulators.

All forward-looking information is as of February 21, 2023. Dream does not undertake to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dream.ca.

Additional Information - Consolidated Dream

Segmented Assets and Liabilities

							December 31, 2022
	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	$ 27,739	$ 15,270	$ 4,624	**$ 47,633**	$ 2,244	$ 2,062	**$ 43,327**
Accounts receivable	26,436	233,564	8,037	**268,037**	3,353	(568)	**265,252**
Other financial assets(2)	37,155	59,055	4,854	**101,064**	6,156	(97,612)	**192,520**
Lending portfolio	15,074	—	—	**15,074**	15,074	—	**—**
Housing inventory	—	48,146	—	**48,146**	—	—	**48,146**
Condominium inventory	—	346,979	—	**346,979**	—	57,167	**289,812**
Land inventory	206	469,942	—	**470,148**	—	—	**470,148**
Investment properties	1,410,271	148,240	—	**1,558,511**	304,830	131,270	**1,122,411**
Recreational properties	80,300	—	—	**80,300**	—	—	**80,300**
Equity accounted investments	644,700	317,037	—	**961,737**	386,111	(208,521)	**784,147**
Capital and other operating assets	16,259	31,390	11,216	**58,865**	6,401	3,677	**48,787**
Intangible asset	—	—	—	**—**	—	(43,000)	**43,000**
Total assets	$ 2,258,140	$ 1,669,623	$ 28,731	**$ 3,956,494**	$ 724,169	$ (155,525)	**$ 3,387,850**
Liabilities							
Accounts payable and other liabilities	$ 64,506	$ 175,463	$ 27,903	**$ 267,872**	$ 18,980	$ 36,693	**$ 212,199**
Income and other taxes payable(3)	—	—	57,363	**57,363**	—	—	**57,363**
Provision for real estate development costs	262	73,900	—	**74,162**	—	—	**74,162**
Debt	916,137	364,603	331,831	**1,612,571**	220,889	99,070	**1,292,612**
Dream Impact Trust units(3)	—	—	188,385	**188,385**	—	188,385	**—**
Dream Impact Fund units(3)	—	—	69,919	**69,919**	—	—	**69,919**
Deferred income taxes(3)	—	—	132,530	**132,530**	5,568	10,349	**116,613**
Total liabilities	$ 980,905	$ 613,966	$ 807,931	**$ 2,402,802**	$ 245,437	$ 334,497	**$ 1,822,868**
Non-controlling interest	$ —	$ —	$ —	**$ —**	$ —	$ (146,774)	**$ 146,774**
Shareholders' equity	1,277,235	1,055,657	(779,200)	**1,553,692**	478,732	(343,248)	**1,418,208**
Total equity	$ 1,277,235	$ 1,055,657	$ (779,200)	**$ 1,553,692**	$ 478,732	$ (490,022)	**$ 1,564,982**

(1) Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for the definition of Dream Impact Trust and consolidation and fair value adjustments and Dream standalone.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $98.0 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

December 31, 2021

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

(1) Refer to the "Non-GAAP Measures and Other Disclosures" section of this MD&A for the definition of Dream Impact Trust and consolidation and fair value adjustments and Dream standalone.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $95.6 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

Segmented Statement of Earnings

For the three months ended December 31, 2022

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 42,705	$ 124,987	$ —	**$ 167,692**	$ 4,689	$ (563)	**$ 163,566**
Direct operating costs	(28,362)	(86,276)	—	**(114,638)**	(2,290)	(780)	**(111,568)**
Gross margin	14,343	38,711	—	**53,054**	2,399	(1,343)	**51,998**
Selling, marketing, depreciation and other operating costs	(3,224)	(6,101)	—	**(9,325)**	—	(18)	**(9,307)**
Net margin	11,119	32,610	—	**43,729**	2,399	(1,361)	**42,691**
Fair value changes in investment properties	16,286	(704)	—	**15,582**	11,545	2,609	**1,428**
Investment and other income	(1,066)	2,084	(554)	**464**	40	4	**420**
Interest expense	(9,385)	(1,766)	(5,096)	**(16,247)**	(3,092)	(1,147)	**(12,008)**
Fair value changes in financial instruments	—	(59,673)	(104)	**(59,777)**	(60,455)	678	**—**
Share of earnings from equity accounted investments	(26,176)	5,980	—	**(20,196)**	5,938	(1,775)	**(24,359)**
Net segment earnings (loss)	(9,222)	(21,469)	(5,754)	**(36,445)**	(43,625)	(992)	**8,172**
General and administrative expenses[2]	—	—	(17,716)	**(17,716)**	(2,946)	1,815	**(16,585)**
Adjustments related to Dream Impact Trust units[2]	—	—	(1,879)	**(1,879)**	—	(1,879)	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	(1,485)	**(1,485)**	—	—	**(1,485)**
Income tax (expense) recovery	—	—	6,314	**6,314**	1,708	6,615	**(2,009)**
Net earnings (loss)	$ (9,222)	$ (21,469)	$ (20,520)	**$ (51,211)**	$ (44,863)	$ 5,559	**$ (11,907)**

For the three months ended December 31, 2021

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

For the year ended December 31, 2022

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 167,985	$ 175,783	$ —	**$ 343,768**	$ 18,427	$ (4,891)	**$ 330,232**
Direct operating costs	(104,411)	(125,750)	—	**(230,161)**	(9,142)	(2,194)	**(218,825)**
Gross margin	63,574	50,033	—	**113,607**	9,285	(7,085)	**111,407**
Selling, marketing, depreciation and other operating costs	(8,458)	(26,014)	—	**(34,472)**	—	(28)	**(34,444)**
Net margin	55,116	24,019	—	**79,135**	9,285	(7,113)	**76,963**
Fair value changes in investment properties	32,078	(859)	—	**31,219**	11,247	60	**19,912**
Investment and other income	(791)	9,325	190	**8,724**	215	4	**8,505**
Interest expense	(27,845)	(7,915)	(16,043)	**(51,803)**	(9,286)	(1,979)	**(40,538)**
Fair value changes in financial instruments	4	(55,238)	413	**(54,821)**	(55,503)	678	**4**
Share of earnings from equity accounted investments	12,688	43,405	—	**56,093**	8,658	(5,260)	**52,695**
Net segment earnings (loss)	71,250	12,737	(15,440)	**68,547**	(35,384)	(13,610)	**117,541**
General and administrative expenses[2]	—	—	(33,563)	**(33,563)**	(10,613)	7,170	**(30,120)**
Net gain on land settlement	—	—	86,420	**86,420**	—	—	**86,420**
Adjustments related to Dream Impact Trust units[2]	—	—	80,411	**80,411**	—	80,411	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	(4,524)	**(4,524)**	—	—	**(4,524)**
Income tax (expense) recovery[2]	—	—	(32,846)	**(32,846)**	2,443	(2,300)	**(32,989)**
Net earnings (loss)	$ 71,250	$ 12,737	$ 80,458	**$ 164,445**	$ (43,554)	$ 71,671	**$ 136,328**

For the year ended December 31, 2021

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

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

Quarterly Business Trends

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

(in thousands of dollars, except per share amounts)	**Dec 31, 2022**	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Revenue	**$ 167,692**	$ 55,057	$ 67,805	$ 53,214	$ 150,122	$ 46,066	$ 79,660	$ 50,074
Earnings (loss) for the period	**(51,211)**	96,742	76,741	42,173	80,317	34,572	(467)	(3,761)
Basic earnings (loss) per share	**(1.20)**	2.27	1.80	0.99	1.87	0.79	(0.01)	(0.10)
Diluted earnings (loss) per share	**(1.20)**	2.20	1.74	0.96	1.81	0.77	(0.01)	(0.10)
Dividends declared	**25,553**	4,259	4,259	4,257	4,282	3,046	3,073	3,074

The Company's quarterly results may vary significantly from quarter to quarter due to the seasonality of our operations. See "Timing of Income Recognition and Impact of Seasonality" and "Risk Factors - Seasonality".

Selected Annual Information

		Year ended December 31,	
(in thousands of dollars, except per share amounts)	**2022**	2021	2020
Revenue	**$ 343,768**	$ 325,922	$ 347,623
Earnings before income taxes	**197,291**	125,875	197,620
Earnings for the year	**164,445**	110,661	159,638
Earnings for the year attributable to shareholders	**164,445**	110,030	159,221
Basic earnings per share[1]	**3.88**	2.52	3.37
Diluted earnings per share[1]	**3.76**	2.46	3.31
Dividends declared	**38,328**	13,475	11,164
Total assets	**3,956,494**	3,488,674	2,844,373
Total liabilities	**2,402,802**	2,066,461	1,437,761
Total equity	**1,553,692**	1,422,213	1,406,612

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

Non-GAAP Measures and Other Disclosures

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

Non-GAAP Financial Measures

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

				For the three months ended December 31, 2022	
	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Revenue	$ 11,540	$ 18,238	$ 8,801	$ 7,416	$ 45,995
Net margin	(9,833)	7,789	(1,210)	4,353	1,099
Net earnings (loss)	$ (26,602)	$ 5,625	$ (1,353)	$ 13,108	$ (9,222)
Less: Interest expense	(276)	(6,569)	(127)	(2,413)	(9,385)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(290)	(1,059)	—	(1,349)
Less: Share of earnings (losses) from equity accounted investments	(28,600)	2,116	10	298	(26,176)
Adjusted EBITDA	**$ 2,274**	**$ 10,368**	**$ (177)**	**$ 15,223**	**$ 27,688**

	For the three months ended December 31, 2021				
	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Revenue	$ 13,944	$ 12,620	$ 7,434	$ 1,885	$ 35,883
Net margin	4,789	5,261	(1,392)	(662)	7,996
Net earnings (loss)	$ 28,217	$ 19,779	$ 1,159	$ 26,173	$ 75,328
Less: Interest expense	(87)	(4,055)	(24)	(905)	(5,071)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(521)	(1,131)	—	(1,652)
Less: Share of earnings (losses) from equity accounted investments	23,472	(337)	(16)	1,213	24,332
Adjusted EBITDA	$ 4,832	$ 24,692	$ 2,330	$ 25,865	$ 57,719

	For the year ended December 31, 2022				
	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Revenue	$ 47,712	$ 63,337	$ 43,400	$ 16,826	$ 171,275
Net margin	5,894	26,101	7,604	5,497	45,096
Net earnings	$ 26,497	$ 26,678	$ 9,428	$ 8,647	$ 71,250
Less: Interest expense	(791)	(20,622)	(255)	(6,177)	(27,845)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(949)	(4,071)	—	(5,020)
Less: Share of earnings from equity accounted investments	9,891	380	1,129	1,288	12,688
Adjusted EBITDA	**$ 17,397**	**$ 47,869**	**$ 12,625**	**$ 13,536**	**$ 91,427**

	For the year ended December 31, 2021				
	Asset management	Stabilized properties	Arapahoe Basin	Dream Impact Trust & consolidation and fair value adjustments[1]	Total recurring income
Revenue	$ 43,121	$ 29,481	$ 33,380	$ 10,784	$ 116,766
Net margin	17,594	11,609	3,640	659	33,502
Net earnings (loss)	$ 92,946	$ 17,054	$ 6,452	$ 20,671	$ 137,123
Less: Interest expense	(135)	(8,345)	(120)	(3,514)	(12,114)
Less: Taxes	—	—	—	—	—
Less: Depreciation and amortization	—	(1,068)	(4,111)	—	(5,179)
Less: Share of earnings (losses) from equity accounted investments	75,791	5,994	(46)	1,173	82,912
Adjusted EBITDA	$ 17,290	$ 20,473	$ 10,729	$ 23,012	$ 71,504

[1] For the Company's definition of the following non-GAAP measures: Dream Impact Trust and consolidation and fair value adjustments, refer to the definition below.

"Dream Impact Trust & Consolidation and fair value adjustments" are two separate non-GAAP financial measures and represent certain IFRS adjustments required to reconcile Dream standalone and Dream Impact Trust results to the consolidated results as at December 31, 2022 and December 31, 2021 and for the three and twelve months ended December 31, 2022 and 2021. Management believes Dream Impact Trust & Consolidation and fair value adjustments provides investors useful information in order to agree to the Dream Impact Trust financial statements.

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

"Dream standalone" represents the results of Dream, excluding the impact of Dream Impact Trust's consolidated results. Refer to the "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" sections of this MD&A for a reconciliation of Dream excluding Dream Impact Trust results to the consolidated financial statements. The most direct comparable financial measure to Dream standalone is consolidated Dream. This non-GAAP measure is an important measure used by the Company to evaluate earnings against historical periods, including results prior to the acquisition of control of Dream Impact Trust.

"Earnings before income taxes after adjusting for fair value on Dream Impact Trust units held by other unitholders" represents the Company's pre-tax earnings excluding the impact from the volatility of Dream Impact Trust's share price. The most directly comparable financial measure to earnings before income taxes after adjusting for fair value of Dream Impact trust units held by other unit holders is earnings before income taxes. Management believes Dream Impact Trust and consolidation and fair value adjustments provides investors useful information in order to review Dream results without the volatility of fair value changes in Dream Impact Trust's trading price.

	For the three months ended December 31,		For the year ended December 31,	
	2022	2021	**2022**	2021
Earnings (loss) before income taxes	**$ (57,525)**	$ 95,349	**$ 197,291**	$ 125,875
Less: Adjustments related to Dream Impact Trust units	**(1,879)**	(3,782)	**80,411**	(25,019)
Earnings (loss) before income taxes after adjusting for fair value on Dream Impact Trust units held by other unitholders	**$ (55,646)**	$ 99,131	**$ 116,880**	$ 150,894

"Net operating income" represents revenue less direct operating costs and selling, marketing, depreciation and other indirect costs and is equal to gross margin as per Note 37 of the consolidated financial statements. Net operating income excludes general, administrative and overhead expenses, and depreciation, which are included in net margin per Note 37 of the consolidated financial statements. The most directly comparable financial measure to net operating revenue is net margin. This non-GAAP measure is an important measure used by management to assess the profitability of the Company's recurring income segment. Net operating income for the recurring income segment for the three and twelve months ended December 31, 2022 and 2021 is calculated as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2022	2021	**2022**	2021
Revenue	**$ 42,705**	$ 35,883	**$ 167,985**	$ 116,766
Less: Direct operating costs	**(28,362)**	(25,921)	**(104,411)**	(76,351)
Less: Selling, marketing, depreciation and other indirect costs	**(3,224)**	(1,966)	**(8,458)**	(6,913)
Net margin	**$ 11,119**	$ 7,996	**$ 55,116**	$ 33,502
Add: Depreciation	**1,349**	1,380	**5,020**	4,907
Add: General and administrative expenses	**1,875**	586	**3,438**	2,006
Net operating income	**$ 14,343**	$ 9,962	**$ 63,574**	$ 40,415

Supplementary and Other Financial Measures

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

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

"Debt to total assets ratio" represents the Company's financial leverage and is calculated as debt as a percentage of total assets, in each case per the consolidated financial statements.

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

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

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

Additional Information

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

Summary of Dream Group of Companies' Assets and Holdings

Project/property	Entity[3]	Dream ownership[1]	Status/type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
RECURRING INCOME SEGMENT								
Downtown Toronto & GTA								
Commercial:								
Adelaide Place	D.UN	36.0%	Income property	—	—	658,000	81.2%	
Sussex Centre	D.UN/MPCT	68.0%	Income property	—	—	655,000	73.3%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	D.UN	36.0%	Income property	—	—	442,000	72.9%	
State Street Financial Centre	D.UN	36.0%	Income property	—	—	414,000	96.9%	
Distillery District	DRM	50.0%	Income property	—	—	395,000	88.9%	
438 University Avenue	D.UN	36.0%	Income property	—	—	323,000	98.1%	
655 Bay Street	D.UN	36.0%	Income property	—	—	301,000	99.7%	
74 Victoria Street/137 Yonge Street	D.UN	36.0%	Income property	—	—	266,000	100.0%	
720 Bay Street	D.UN	36.0%	Income property	—	—	248,000	100.0%	
36 Toronto Street	D.UN	36.0%	Income property	—	—	214,000	74.7%	
330 Bay Street	D.UN	36.0%	Income property	—	—	165,000	68.9%	
20 Toronto Street/33 Victoria Street	D.UN	36.0%	Income property	—	—	158,000	97.9%	
250 Dundas Street West	D.UN	36.0%	Income property	—	—	121,000	86.9%	
Victory Building	D.UN	36.0%	Income property	—	—	102,000	48.5%	
49 Ontario	MPCT	100.0%	Redevelopment	TBD	TBD	88,000	91.5%	
425 Bloor Street East	D.UN	36.0%	Income property	—	—	83,000	100.0%	
212 King Street West	D.UN	36.0%	Income property	—	—	73,000	92.9%	
357 Bay Street	D.UN	36.0%	Income property	—	—	65,000	100.0%	
10 Lower Spadina	MPCT	100.0%	Income property	—	—	61,000	93.1%	
100 Steeles Avenue West	DRM/MPCT	50.0%	Redevelopment	TBD	TBD	59,000	97.1%	
360 Bay Street	D.UN	36.0%	Income property	—	—	58,000	55.6%	
6 Adelaide Street East	D.UN	36.0%	Income property	—	—	53,000	81.0%	
350 Bay Street	D.UN	36.0%	Income property	—	—	53,000	67.5%	
Plaza Imperial	MPCT	40.0%	Income property	—	—	35,000	100.0%	
349 Carlaw	MPCT	100.0%	Income property	—	—	34,000	64.3%	
56 Temperance Street	D.UN	36.0%	Income property	—	—	32,000	77.0%	
Canary District - Stage 1 retail	DRM	50.0%	Income property	—	—	32,000	81.0%	
68-70 Claremont Street	MPCT	100.0%	Income property	—	—	30,000	—%	
76 Stafford Street	MPCT	100.0%	Income property	—	—	25,000	100.0%	
Plaza Bathurst	MPCT	40.0%	Income property	—	—	24,000	100.0%	
220 King Street West	D.UN	18.0%	Income property	—	—	22,000	100.0%	
Berkeley Properties	MPCT	100.0%	Income property	—	—	14,000	76.5%	
Other GTA retail	DRM	30.0-50.0%	Income property	—	—	102,000	50.2%	
Residential Rentals:								
Weston Common	DRM/DIF/MPCT	100.0%	Income property	841	692,000	52,000	97.0%	
70 Park	DIF/MPCT	100.0%	Income property	210	257,000	—	97.1%	
Robinwood Portfolio	DRM/DIF/MPCT	100.0%	Income property	285	156,000	—	89.8%	
262 Jarvis	DRM/DIF/MPCT	100.0%	Income property	71	35,000	—	96.7%	
111 Cosburn	DIF/MPCT	100.0%	Income property	23	14,000	—	73.9%	
Other:								
Broadview Hotel	DRM	50.0%	Hospitality	58	—	—		
Gladstone House	DRM	50.0%	Hospitality	55	—	—		
Postmark Hotel	DRM	50.0%	Hospitality	55	—	—		Q2 2023
Total Downtown Toronto & GTA				**1,598**	**1,154,000**	**5,457,000**	**87.2%**	
Zibi (Ottawa/Gatineau)								
Commercial:								
Natural Sciences Building (Zibi Block 211)	DIF/MPCT	70.0%	Income property	—	—	186,000	93.4%	
15 Rue Jos-Montferrand (Zibi Block 2/3)	DRM/MPCT	100.0%	Income property	—	—	53,000	81.2%	
310 Miwate Private (Zibi Block 208)	DRM/MPCT	100.0%	Income property	—	—	33,000	100.0%	
Residential Rentals:								
Aalto Suites (Zibi Block 10)	DRM/MPCT	100.0%	Income property	162	135,000	1,000	87.0%	
Other:								
Zibi Community Utility	DIF/MPCT	40.0%	Energy utility					
Total Zibi (Ottawa/Gatineau)				**162**	**135,000**	**273,000**	**90.2%**	

Project/property	Entity[3]	Dream ownership[1]	Status/type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
U.S.								
Commercial:								
12800 Foster Street, Overland Park, Kansas	D.UN	36.0%	Income property	—	—	185,000	100.0%	
Residential Rentals:								
Private Fund - Texas	DRM	5.0%	Income property	2,497	2,065,000		91.6%	
Private Fund - Arizona	DRM	5.0%	Income property	347	223,000		95.5%	
DRR - Greater Oklahoma City, OK	DRR	11.8%	Income property	1,431	1,164,000		96.2%	
DRR - Greater Dallas-Fort Worth, TX	DRR	11.8%	Income property	1,049	1,005,000		94.2%	
DRR - Greater Cincinnati, OH	DRR	11.8%	Income property	952	866,000		96.7%	
Other:								
Arapahoe Basin ski hill, Colorado	DRM	100.0%	Recreational	—	—			
Total U.S.				**6,276**	**5,323,000**	**185,000**	**94.4%**	
Western Canada								
Commercial:								
444 - 7th Building, Calgary	D.UN	36.0%	Income property	—	—	261,000	78.9%	
Saskatoon Square, Saskatoon	D.UN	36.0%	Income property	—	—	228,000	64.9%	
Co-operators Place, 1900 Sherwood Place, Regina	D.UN	36.0%	Income property	—	—	206,000	86.6%	
606 - 4th Building & Barclay Parkade, Calgary	D.UN	36.0%	Income property	—	—	126,000	87.6%	
Kensington House, Calgary	D.UN	36.0%	Income property	—	—	78,000	88.9%	
Shops of South Kensington, Saskatoon	DRM	100.0%	Income property	—	—	72,000	100.0%	
Hampton Heights, Saskatoon	DRM	100.0%	Income property	—	—	22,000	91.0%	
234 - 1st Avenue South, Saskatoon	D.UN	36.0%	Income property	—	—	10,000	85.4%	
Brighton Recreation, Saskatoon	DRM	100.0%	Income property	—	—	7,000	100.0%	
Residential Rentals:								
Brighton Village Rentals I, Saskatoon	DRM	100.0%	Income property	121	81,000	—	100.0%	
Childers Rentals Kensington, Saskatoon	DRM	100.0%	Income property	48	75,000	—	100.0%	
Other:								
Willows, Saskatoon	DRM	100.0%	Recreational	—	—			
Total Western Canada				**169**	**156,000**	**1,010,000**	**83.7%**	
Total Recurring Income Segment				**8,205**	**6,768,000**	**6,925,000**	**89.9%**	

Project/property	Type	Entity[3]	Dream ownership[1]	Status/type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
DEVELOPMENT SEGMENT									
Downtown Toronto & GTA									
Residential and Mixed-Use:									
Riverside Square - Phase 2	Sell	DRM	32.5%	Construction	227	195,000	43,000		Q3 2023
WDL Block 8	Hold	DIF/MPCT	33.3%	Construction	770	624,000	4,000		Q2 2023
Brightwater I and II	Sell	DRM/MPCT	31.0%	Construction	311	244,000	98,000	36.7%	Q3 2023
Brightwater Towns	Sell	DRM/MPCT	31.0%	Construction	106	237,000	—		2024
Canary House (Block 10 - Condominium)	Sell	DIF	50.0%	Construction	206	153,000	26,000		2024
Canary Block 10 - Rental	Hold	DIF/MPCT	33.3%	Construction	238	182,000	—		2024
The Mason, Brightwater	Sell	DRM/MPCT	31.0%	Construction	162	128,000	5,000		2024
Ivy	Various	DRM/MPCT	100.0%	Construction	268	193,000	—		2024
WDL Block 3/4/7	Hold	DRM/MPCT	33.3%	Construction	855	811,000	32,000		2025
Queen & Mutual	Sell	MPCT	9.0%	Construction	369	243,000	7,000		2025
Bridge House, Brightwater	Sell	DRM/MPCT	31.0%	Planning	474	392,000	—		2026
Forma - East Tower	Sell	DRM/MPCT	33.3%	Construction	864	590,000	1,000		2029
Brightwater future blocks	Various	DRM/MPCT	31.0%	Planning	1,942	2,433,000	257,000		2025-2032
Quayside	Various	DIF/MPCT	50%	Planning	4,405	2,688,000	344,000		2031-2035
Canary Block 13	Hold	DRM	50.0%	Planning	682	565,000	13,000		TBD
Forma - West Tower	Sell	DRM/MPCT	33.3%	Planning	1,170	885,000	223,000		TBD
Scarborough Junction	Sell	MPCT	45.0%	Planning	6,619	5,270,000	165,000		TBD
Lakeshore East	TBD	DRM/MPCT	50.0%	Planning	1,500	1,200,000	100,000		TBD
WDL Block 20	Hold	DRM/MPCT	33.3%	Planning	653	571,000	255,000		TBD
Distillery District - 31A Parliament	Hold	DRM	50.0%	Planning	515	389,000	342,000	30.7%	TBD
Main Street Townhomes	Sell	DRM	50.0%	Planning	30	68,000	—		TBD
Seaton	Sell	MPCT	7.0%	Planning	TBD	TBD	TBD		TBD
BlackTusk Partnership	Various	DIF/MPCT	5.0%-80.0%	Various	TBD	TBD	TBD		TBD
Front & Spadina GO Station[4]	TBD	TBD	TBD	Planning	TBD	TBD	TBD		TBD
Collingwood Grain Terminal[4]	TBD	TBD	TBD	Planning	TBD	TBD	TBD		TBD
Other	Sell	Various	Various	Various	1,045	1,099,000	58,000		TBD
Commercial:									
366 Bay Street		D.UN	36.0%	Redevelopment	—	—	36,000		Q2 2023
67 Richmond Street West		D.UN	36.0%	Redevelopment	—	—	50,000	10.3%	Q4 2023
Total Downtown Toronto & GTA					**23,411**	**19,160,000**	**2,059,000**	**28.8%**	

Project/property		Entity[3]	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
Ottawa/Gatineau									
Zibi Block 11	Hold	DRM/MPCT	100.0%	Construction	148	127,000	4,000		Q4 2023
Zibi Block 206	Hold	DRM/MPCT	100.0%	Construction	207	196,000	11,000		2024
Zibi Block 207	Hold	DRM/MPCT	100.0%	Construction	—	—	76,000		2024
Dream LeBreton	Hold	DRM/DIF/MPCT	100.0%	Planning	608	410,000	26,000		2025
Zibi Future blocks	Various	DRM/MPCT	100.0%	Planning	1,255	1,292,000	1,891,000		TBD
Total Ottawa/Gatineau					**2,218**	**2,025,000**	**2,008,000**		
Western Canada									
Residential:									
Brighton Village Rentals II, Saskatoon	Hold	DRM	100.0%	Construction	132	108,000	9,000		Q4 2023
Block 124 Townhome Rentals, Saskatoon	Hold	DRM	100.0%	Planning	95	115,000	—		Q4 2023
Commercial:									
Brighton Marketplace, Saskatoon	Hold	DRM	50.0%	Construction	—	—	222,000	97.1%	Q2 2023
Harbour Landing, Regina	Hold	DRM	100.0%	Construction	—	—	41,000	76.3%	Q2 2023
Montrose, Calgary	Hold	DRM	100.0%	Construction	—	—	24,000	93.2%	Q2 2023
Total Western Canada					**227**	**223,000**	**296,000**	**93.8%**	
Total Development Segment					**25,856**	**21,408,000**	**4,363,000**	**52.8%**	
Total Dream Platform					**34,061**	**28,176,000**	**11,288,000**	**87.9%**	

Western Canada Land Holdings

City	Acre equivalents
Calgary	1,783
Edmonton	849
Saskatoon	2,992
Regina	3,276
Total	**8,900**

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	5,457,000	2,059,000	83.1%	25,009	20,314,000
Ottawa/Gatineau	273,000	2,008,000	90.2%	2,380	2,160,000
U.S.	185,000	—	94.4%	6,276	5,323,000
Western Canada	1,010,000	296,000	85.7%	396	379,000
Total	**6,925,000**	**4,363,000**	**87.9%**	**34,061**	**28,176,000**

(1) Dream, Dream Impact Fund and Dream Impact Trust holdings at fully consolidated ownership. Dream Office REIT and Dream Residential REIT at 36.0% and 11.8% respective ownership as of December 31, 2022.

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

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

(4) This project agreement is currently under negotiation and planned density and ownership structure will be available upon completion.

Management's responsibility for consolidated financial statements

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

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

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

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

"Deborah Starkman"
Deborah Starkman
Chief Financial Officer

Toronto, Ontario
February 21, 2023

Independent auditor's report

To the Shareholders of Dream Unlimited Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dream Unlimited Corp. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Valuation of investment properties
 	
Refer to note 3 – Summary of significant accounting policies, note 4 – Critical accounting estimates, judgments and assumptions and note 11 *– Investment properties to the consolidated financial statements.*
 	
The Company measures its investment properties at fair value, and as at December 31, 2022, these assets were valued at $1,558.5 million. Fair values of investment properties are determined using valuations prepared by management. One investment property was valued using the direct comparison approach. The direct comparison approach considered recent activity for similar development/redevelopment sites. Fair values of the remaining investment properties were calculated using a discounted cash flow method or the direct capitalization method. Significant assumptions used in the discounted cash flow method included the discount rates, terminal capitalization rates and market rents. Significant assumptions used in the direct capitalization method include the capitalization rates. Critical judgments were made in respect of determining the fair values of investment properties by management.
 	
We considered this a key audit matter due to: i) significant audit effort required to assess the fair values of investment properties; ii) critical judgments made by management when determining the fair values including the development of the significant assumptions, and; iii) a high degree of complexity in assessing audit
	Our approach to addressing the matter included the following procedures, among others:
	
	For a sample of investment properties, tested how management determined the fair values, which included the following:
	
	• Evaluated the appropriateness of the valuation methodology used (the direct comparison approach, the discounted cash flow method or the direct capitalization method).
	• Tested the underlying data used in the discounted cash flow method and the direct capitalization method by comparing components of the cash flows, such as contractual rents, to the underlying accounting records.
	• Evaluated the reasonableness of the discount rates and terminal capitalization rates for the discounted cash flow method, and capitalization rates for the direct capitalization method by comparing to external market and industry data.
	• Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us:
	  – For the investment property valued using the direct comparison approach, in assessing the transactions used by management and by comparing to recent market transactions.
	  – For the investment properties valued using the discounted cash flow method, in

Key audit matter	How our audit addressed the key audit matter
evidence to support the significant assumptions made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	evaluating the reasonableness of the market rents, discount rates and terminal capitalization rates by comparing to externally available market data. – For the investment properties valued using the direct capitalization method, in evaluating the reasonableness of the capitalization rates by comparing to externally available market data.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 21, 2023

Consolidated Statements of Financial Position

As at December 31, 2022 and 2021

(in thousands of Canadian dollars)	Note		**2022**		2021
Assets					
Cash and cash equivalents	36	**$**	**47,633**	$	52,564
Accounts receivable	5		**268,037**		234,541
Other financial assets	6		**101,064**		158,624
Lending portfolio	7		**15,074**		12,734
Housing inventory	8		**48,146**		36,320
Condominium inventory	9		**346,979**		288,215
Land inventory	10		**470,148**		469,608
Investment properties	11		**1,558,511**		1,256,958
Recreational properties	12		**80,300**		65,077
Equity accounted investments	13		**961,737**		859,025
Capital and other operating assets	14		**58,865**		55,008
Total assets		**$**	**3,956,494**	$	3,488,674
Liabilities					
Accounts payable and other liabilities	15	**$**	**267,872**	$	219,626
Income and other taxes payable			**57,363**		59,721
Provision for real estate development costs	16		**74,162**		52,198
Debt	17		**1,612,571**		1,293,695
Dream Impact Trust units	18		**188,385**		288,092
Dream Impact Fund units	19		**69,919**		49,430
Deferred income taxes	20		**132,530**		103,699
Total liabilities			**2,402,802**		2,066,461
Shareholders' equity					
Share capital	21		**968,076**		972,917
Reorganization adjustment			**(944,577)**		(944,577)
Contributed surplus	31		**18,082**		15,701
Retained earnings			**1,485,636**		1,366,433
Accumulated other comprehensive income	22		**26,475**		11,739
Total equity			**1,553,692**		1,422,213
Total liabilities and equity		**$**	**3,956,494**	$	3,488,674

See accompanying notes to the consolidated financial statements.

Commitments and contingencies (Note 34)
Subsequent events (Note 39)

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

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

Consolidated Statements of Earnings

For the years ended December 31, 2022 and 2021

(in thousands of Canadian dollars, except for per share amounts)	Note		**2022**		2021
Revenue	24	**$**	**343,768**	$	325,922
Direct operating costs	25		**(230,161)**		(234,782)
Gross margin			**113,607**		91,140
Selling, marketing, depreciation and other operating costs	26		**(34,472)**		(30,574)
Net margin			**79,135**		60,566
Other income (expenses):					
General and administrative expenses	27		**(33,563)**		(15,428)
Fair value changes in investment properties	11		**31,219**		41,156
Share of earnings from equity accounted investments	13		**56,093**		90,721
Investment and other income			**8,724**		9,966
Net gain on land settlement	28		**86,420**		—
Interest expense	29		**(51,803)**		(26,675)
Adjustments related to Dream Impact Trust units	18		**80,411**		(25,019)
Adjustments related to Dream Impact Fund units	19		**(4,524)**		(2,037)
Fair value changes in financial instruments	6		**(54,821)**		(7,375)
Earnings before income taxes			**197,291**		125,875
Income tax expense	20		**(32,846)**		(15,214)
Earnings for the year		**$**	**164,445**	$	110,661
Total earnings for the year attributable to:					
Shareholders		**$**	**164,445**	$	110,030
Non-controlling interest	23		**—**		631
Earnings for the year		**$**	**164,445**	$	110,661
Basic earnings per share	32	**$**	**3.86**	$	2.52
Diluted earnings per share	32	**$**	**3.74**	$	2.46

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(in thousands of Canadian dollars)	Note		2022		2021
Earnings for the year		**$**	**164,445**	$	110,661
Other comprehensive income					
Items that will be reclassified subsequently to net income:					
Unrealized gain on interest rate hedge, net of tax	22		**8,260**		2,693
Unrealized gain from foreign currency translation	22		**2,522**		946
Share of other comprehensive income (loss) from equity accounted investments	22		**3,954**		(852)
Total other comprehensive income			**14,736**		2,787
Total comprehensive income		**$**	**179,181**	$	113,448

Total comprehensive income for the year attributable to:					
Shareholders		**$**	**179,181**	$	112,817
Non-controlling interest	23		**—**		631
Total comprehensive income		**$**	**179,181**	$	113,448

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(in thousands of Canadian dollars)	**Dream share capital (Note 21)**	**Contributed surplus**	**Reorganization adjustment**	**Retained earnings**	**Accumulated other comprehensive income (Note 22)**	**Total equity**
Balance, January 1, 2022	**$ 972,917**	**$ 15,701**	**$ (944,577)**	**$ 1,366,433**	**$ 11,739**	**$ 1,422,213**
Earnings for the year	**—**	**—**	**—**	**164,445**	**—**	**164,445**
Other comprehensive income for the year	**—**	**—**	**—**	**—**	**14,736**	**14,736**
Shares repurchased (Note 21)	**(8,521)**	**—**	**—**	**(6,364)**	**—**	**(14,885)**
Dividends paid (Note 21)	**—**	**—**	**—**	**(38,328)**	**—**	**(38,328)**
Share-based compensation (Note 31)	**3,680**	**2,381**	**—**	**(550)**	**—**	**5,511**
Balance, December 31, 2022	**$ 968,076**	**$ 18,082**	**$ (944,577)**	**$ 1,485,636**	**$ 26,475**	**$ 1,553,692**

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

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(in thousands of Canadian dollars)	Note		**2022**		2021
Operating activities					
Earnings for the year		**$**	**164,445**	$	110,661
Adjustments for non-cash items:					
Depreciation and amortization			**7,525**		6,434
Fair value changes in investment properties	11		**(31,219)**		(41,156)
Share of earnings from equity accounted investments	13		**(56,093)**		(90,721)
Deferred income tax (recovery) expense	20		**26,157**		(1,545)
Fair value adjustment on Dream Impact Trust units	18		**(99,103)**		6,066
Fair value adjustment on Dream Impact Fund units	19		**4,524**		2,037
Other adjustments	36		**58,938**		8,270
Changes in non-cash working capital	36		**(139)**		3,508
Net gain on land settlement	28		**(86,420)**		—
Acquisition of condominium inventory	9		**(11,694)**		(7,376)
Sale of housing inventory, net of development	8		**(115)**		7,720
Development of condominium inventory, net of sales	9		**(46,438)**		(32,333)
Advances on construction loans, net of repayments	17		**12,673**		93,535
Acquisition of land inventory	10		**(386)**		(1,525)
Development of land inventory, net of sales	10		**(9,008)**		3,448
Net cash flows provided by operating activities			**(66,353)**		67,023
Investing activities					
Acquisitions and additions to investment properties	11		**(172,980)**		(477,905)
Acquisitions and additions to recreational properties	12		**(17,725)**		(8,852)
Investments in equity accounted investments			**(18,643)**		—
Contributions to equity accounted investments			**(53,875)**		(55,563)
Distributions and disposals of equity accounted investments			**28,591**		36,506
Acquisitions of financial assets and other assets			**(8,576)**		(5,590)
Distributions and disposals of financial assets and other assets			**6,205**		12,007
Proceeds on land settlement	28		**86,420**		—
Loans receivable repayments, net of advances			**14,308**		11,824
Lending portfolio advances, net of repayments and lender fees	7		**(771)**		10,402
Net cash flows used in investing activities			**(137,046)**		(477,171)
Financing activities					
Borrowings from mortgages and term debt facilities	17		**274,972**		220,159
Repayments of mortgages and term debt facilities	17		**(142,436)**		(25,771)
Advances from operating lines, net of repayments	17		**29,405**		96,195
Advances pursuant to non-revolving term facility	17		**10,000**		12,000
Advances from equity accounted investments			**27,500**		—
Issuance of convertible debentures, net of deferred financing costs	17		**37,950**		29,119
Dream Impact Trust units repurchased from other unitholders	18		**(1,161)**		(7,843)
Dream Impact Fund contributions from other unitholders	19		**15,965**		47,393
Dividends paid	21		**(38,328)**		(13,475)
Repayments of lease obligations			**(514)**		(2,304)
Buy-out of non-controlling interest	23		**—**		(16,500)
Shares repurchased	21		**(14,885)**		(61,382)
Net cash flows provided by financing activities			**198,468**		277,591
Change in cash and cash equivalents			**(4,931)**		(132,557)
Cash and cash equivalents, beginning of year			**52,564**		185,121
Cash and cash equivalents, end of year	36	**$**	**47,633**	$	52,564

See accompanying notes to the consolidated financial statements.

1. Business and structure

Dream Unlimited Corp. ("Dream" or "the Company"), through its wholly owned subsidiary, Dream Asset Management Corporation (“DAM”), is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of assets under management across four 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. The ultimate controlling party of Dream is Michael Cooper, President and Chief Responsible Officer of Dream.

2. Basis of preparation

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

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

The consolidated financial statements for the year ended December 31, 2022 were approved by the Board of Directors for issue on February 21, 2023, after which date they may be amended only with the Board of Directors’ approval.

3. Summary of significant accounting policies

The significant accounting policies adopted by the Company in the preparation of its consolidated financial statements are set out below. The Company has consistently applied these accounting policies throughout all years presented in the consolidated financial statements.

Basis of Measurement

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

Principles of Consolidation

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

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

Dream Impact Trust and Dream Impact Fund are considered subsidiaries of the Company based on the Company's exposure to variable returns from ownership through Dream Impact Trust and Dream Impact Fund units held and real estate joint venture and management agreements.

Goodwill

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

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

Segmented Reporting

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

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

Joint Arrangements and Associates

Investments in Joint Arrangements

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

Investments in Joint Ventures

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

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

		Ownership interest	
Name of joint venture and location	Nature of business	**2022**	2021
Bear Valley Mountain Resort LLC, California	Ski facilities	**n/a**	50%
Corktown Commercial Inc., Toronto	Investment properties	**50%**	50%
Distillery Restaurants LP, Toronto	Restaurant	**50%**	50%
Dream CMCC Funds I and II, Toronto	Mixed-use development	**9% - 40%**	9% - 40%
Dundee Kilmer Developments Limited, Toronto	Condominiums	**50%**	50%
Dundee Kilmer Developments LP, Toronto	Condominiums	**50%**	50%
S/D Commercial Corporation, Toronto	Investment properties	**50%**	50%
Westland Properties Ltd., Western Canada	Land	**78%**	78%
Dream VHP Limited Partnership, Toronto	Mixed-use development	**25%**	25%
Dream Wilson Brighton Development LP, Western Canada	Mixed-use development	**50%**	50%
GulfDream LP, Toronto	Mixed-use development	**50%**	50%
Port Credit West Village Partners LP, Toronto	Mixed-use development	**31%**	31%
GG Duncan LP, Toronto	Mixed-use development	**33%**	33%
Dream WDL LP, Toronto	Residential rental	**33%**	33%
Zibi Community Utility LP, Ottawa	Utilities	**40%**	40%
Alate I Holdings LP, Toronto	Property technology	**25%**	25%
DK B10 LP, Toronto	Condominiums	**50%**	50%
DKT B10 LP, Toronto	Residential rental	**33%**	33%
Dream/Pauls Castle LLC, Texas & Arizona	Residential rental	**5%(1)**	5%(1)
Harlo Scarborough Junction LP, Toronto	Mixed-use development	**45%(2)**	45%(2)
34 Madison LP, Toronto	Investment property	**80%**	80%
473 Warden LP, Toronto	Mixed-use development	**40%**	n/a
Dream YD LP "Yorkdowns", Markham	Mixed-use development	**5%**	5%

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

Investments in Joint Operations

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

		Ownership interest	
Name of joint operation and location	Nature of business	**2022**	2021
Distillery District, Toronto	Historical heritage district	**50%**	50%
Millwoods Robertson, Edmonton	Land	**70%**	70%
Streetcar, Toronto	Condominiums and hotels	**25% - 50%**	25% - 50%
Thornhill Woods, Toronto	Land and housing	**30% - 32%**	30% - 32%
100 Steeles Avenue West, Toronto	Mixed-use development	**50%**	50%

Investments in Associates

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

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

The Company's interest in Dream Office REIT as at December 31, 2022 was 36% (December 31, 2021 - 33%) and the Company is deemed to be able to exercise significant influence over the investee. The carrying amount and earnings from the Company's investment in Dream Office REIT has been recorded in equity accounted investments in the consolidated statements of financial position and share of earnings from equity accounted investments in the consolidated statement of earnings, respectively.

Impairment of Equity Accounted Investments

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

Business Combinations

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

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

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

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

Foreign Currency Translation

Functional and Presentation Currency

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

Functional Currency of Subsidiaries and Equity Accounted Investments

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

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

Foreign Currency Transactions

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

Financial Instruments

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

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

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

Fair Value Through Profit or Loss ("FVTPL")

Financial instruments in this category are initially and subsequently recognized at fair value. Gains and losses arising from changes in fair value are presented within earnings in the consolidated statements of earnings in the period in which they arise, unless they are derivative instruments that have been designated as hedges.

Financial Liabilities at Amortized Cost

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

Financial Liabilities at Fair Value Through Profit or Loss

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

Hedging Instruments and Activities

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

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

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

Impairment of Financial Assets

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

Investment Holdings and Participating Mortgages

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

Lending Portfolio

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

Real Estate Inventory

Housing and Condominiums

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

Land

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

Capitalized Costs

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

Provision for Real Estate Development Costs

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

Investment Properties

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

Development Investment Properties

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

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

Recreational Properties

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

Real Estate Borrowing Costs

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

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

Capital and Other Operating Assets

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

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

Impairment of Non-Financial Assets

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

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

Dream Impact Fund Units

The Company holds an effective 41% interest in Dream Impact Fund as at December 31, 2022 through the ownership of 4,179,423 units. The residual non-controlling interest is held by third-party investors and is reflected as a financial liability as the units are redeemable by unitholders after a three-year lockup period and, therefore, are considered a puttable instrument in accordance with IAS 32, "Financial Instruments - Presentation" ("IAS 32"), and must be presented as a financial liability.

The Company manages the Dream Impact Fund units on a fair value basis. As a financial liability measured at fair value through profit or loss, the Company recorded the Dream Impact Fund units at fair value on acquisition of control. Subsequent to initial recognition, the liability is remeasured to fair value each period based on the Dream Impact Fund unit's closing net asset value. Fair value changes are recorded within adjustments related to Dream Impact Fund units in the consolidated statements of earnings in the period in which they arise. Distributions on Dream Impact Fund units not held by the Company are recognized in the period in which they are approved and are recorded as an expense within adjustments related to Dream Impact Fund units in the consolidated statements of earnings. Refer to Note 19 for additional details.

Dream Impact Trust Units

The Company holds an effective 30% interest in Dream Impact Trust as at December 31, 2022 through the ownership of 20,296,967 trust units (December 31, 2021 - 28% interest through ownership of 18,227,472 trust units). The remaining 46,745,547 trust units outstanding are held by other unitholders and have been recognized on the consolidated statements of financial position to reflect the residual 70% interest held by other parties as at December 31, 2022. The units are redeemable at the option of the holder and, therefore, are considered a puttable instrument in accordance with IAS 32, and must be presented as a financial liability. The holder has the option to redeem units, generally at any time, at a redemption price per unit equal to the lesser of 90% of the 20-day weighted average closing price prior to the redemption date or 100% of the closing market price on the redemption date.

The Company manages the Dream Impact Trust units on a fair value basis. As a financial liability measured at fair value through profit or loss, the Company recorded the Dream Impact Trust units at fair value on acquisition of control. Subsequent to initial recognition, the liability is remeasured to fair value each period based on the Dream Impact Trust unit's closing trading price. Fair value changes are recorded within adjustments related to Dream Impact Trust units in the consolidated statements of earnings in the period in which they arise. Distributions on Dream Impact Trust units not held by the Company are recognized in the period in which they are approved and are recorded as an expense within adjustments related to Dream Impact Trust units in the consolidated statements of earnings. Refer to Note 18 for additional details.

Convertible Debentures - Dream Impact Trust

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

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

Revenue Recognition

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

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

Direct Operating Costs

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

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

Income Taxes

The Company follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

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

Earnings per Share

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

Share-Based Compensation

Stock Option Plan

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

Performance Share Unit Plan

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

Deferred Share Incentive Plan

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

Restricted Share Unit Plan

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

Government Grants

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

Future Accounting Policy Changes

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

Amendments to IAS 1, Presentation of Financial Statements

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date. The amendments also clarify that the settlement of a liability refers to the transfer of the counterparty of cash, equity instruments, and/or other assets or services. Early application is permitted. The Company intends to adopt the amendments to IAS 1 on the required effective date of January 1, 2024. The Company is in the process of assessing the impact of this amendment.

4. Critical accounting estimates, judgments and assumptions

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

Joint Arrangements and Associates

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

Business Combinations and Goodwill

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

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

Significant judgment is required in applying the acquisition method of accounting for business combinations and, specifically, in identifying and determining the fair value of assets and liabilities acquired, including intangible assets and residual goodwill, if any. The Company's goodwill balance is allocated to the particular CGU to which it relates (herein referred to as the "goodwill CGU"). The recoverable amount of the Company's goodwill CGU is determined based on the fair value less costs of disposal approach. Refer to Note 14 for further details.

Consolidation

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

Net Realizable Value

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

Provisions

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

Fair Value of Investment Holdings and Participating Mortgages

Critical judgments are made in determining the fair value of investment holdings and participating mortgages. The fair values of these investments are reviewed regularly by the Company with reference to the applicable local market conditions and in discussion with the development's construction management company. The Company makes judgments with respect to the valuation of market comparables and management assumptions related to project level returns in order to determine the Company's interest and participating income.

Fair Value of Investment Properties

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

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

Fair Value of Development Investment Properties

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

Transfer of Inventory to Development Investment Properties

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

Impairment of Non-Financial Assets

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

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

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

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

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

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

IFRS 9 requires management to use judgment in determining if the Company's financial assets are impaired. The Company's financial assets are subject to the ECL model whereby the Company estimates on a forward-looking basis possible default scenarios and establishes a provision matrix that considers various factors including industry and sector performance, economic and technological changes and other external market indicators.

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

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

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

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

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

Fair Value of Hedging Instruments and Effectiveness
Critical judgments are made in respect of assumptions used to estimate the fair value of hedging instruments and to assess the effectiveness of the hedging arrangement. The basis of valuation and assessment of effectiveness for the Company's derivatives is set out in Note 30; however, the fair values reported may differ from how they are ultimately recognized if there is volatility in interest rates between the valuation date and settlement date.

5. Accounts receivable

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

		2022		2021
Development	**$**	**233,564**	$	200,225
Recurring income		**26,436**		26,081
Corporate and other		**8,037**		8,235
	$	**268,037**	$	234,541

Accounts receivable for contracted sales of land under development and housing and condominium sales are secured by the underlying real estate assets and have various terms of repayment. The carrying value of accounts receivable is reported net of a provision for impairment of $1,018 (December 31, 2021 - $1,220).

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

6. Other financial assets

Other financial assets consisted of the following:

		2022		2021
Investment holdings	$	**40,950**	$	95,298
Loans receivable		**44,545**		56,136
Participating mortgages		**5,193**		6,436
Interest rate swaps		**10,376**		754
	$	**101,064**	$	158,624

Investment Holdings
As at December 31, 2022, investment holdings include a real estate development investment and a portfolio of bonds.

During the year ended December 31, 2022, the Company recorded a fair value loss of $54,795 (year ended December 31, 2021 - $nil) on the Virgin Hotels Las Vegas, which approximated its carrying value. The loss was driven by a variety of factors, which included operational performance, near-term financing and capital needs, uncertainty regarding stabilization, market comparators and a proposed capital re-organization by the hotel investor group in the three months ended December 31, 2022.

Loans Receivable
Loans receivable are amounts owing to the Company pertaining to development partnerships in Toronto and Western Canada. In the year ended December 31, 2022, $12,600 was received pertaining to a loan in Western Canada (year ended December 31, 2021 - $12,600).

Participating Mortgages
Participating mortgages related to two long-term development loans secured by real property comprising two residential assets. Refer to Note 30 for the valuation methodology used to determine the fair value of the participating mortgages. In the year ended December 31, 2021, the Company received proceeds of $9,390, representing a return on investment on the participating mortgages. In the year ended December 31, 2021, the Company recorded a fair value loss of $6,258 related to one of the participating mortgages as a result of changes in profit assumptions on the unsold inventory.

7. Lending portfolio

		2022		2021
Balance, beginning of year	$	**12,734**	$	23,248
Lending portfolio advances		**1,432**		—
Interest capitalized to lending portfolio balance		**547**		408
Provision for lending portfolio losses		**—**		(1,465)
Other		**361**		945
Principal repayments at maturity		**—**		(10,402)
Balance, end of year[(1)]	$	**15,074**	$	12,734

[(1)] Included is a loan of $5,066 that is classified as FVTPL (December 31, 2021- $4,626).

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

		2022		2021
Weighted average effective interest rate		**14.7%**		14.6%
Maturity dates		**2023-2025**		2022-2026
Balance of accrued interest	$	**90**	$	88
Loans with prepayment options		**7,513**		6,787

During the year ended December 31, 2021, the Company recognized a loan provision for $1,465. The full provision related to one loan, the value of which was determined based on the net realizable value of the underlying real estate properties, net of related transaction costs based on sales prices for the properties. As at December 31, 2022, the remaining balance of the loan had been repaid.

During the year ended December 31, 2022, a loan investment classified as FVTPL, aggregating $5,066 (December 31, 2021 - $4,626), 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, 2021 - 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 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.

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

8. Housing inventory

The movement in housing inventory is as follows:

		2022		2021
Balance, beginning of year	**$**	**36,320**	$	29,195
Transfers from land inventory (Note 10)		**11,711**		14,845
Development		**20,819**		20,922
Housing units occupied		**(20,704)**		(28,642)
Balance, end of year	**$**	**48,146**	$	36,320

9. Condominium inventory

The movement in condominium inventory is as follows:

		2022		2021
Balance, beginning of year	**$**	**288,215**	$	248,506
Acquisitions		**11,694**		7,376
Development		**51,988**		64,815
Condominium units occupied		**(4,918)**		(32,482)
Balance, end of year	**$**	**346,979**	$	288,215

10. Land inventory

The movement in land inventory is as follows:

		2022		2021
Balance, beginning of year	**$**	**469,608**	$	484,838
Acquisitions		**3,243**		3,063
Development		**107,383**		92,254
Lot and acre sales		**(98,375)**		(95,702)
Transfers to housing inventory (Note 8)		**(11,711)**		(14,845)
Balance, end of year	**$**	**470,148**	$	469,608

11. Investment properties

The movement in investment properties by segment is as follows:

		Recurring income		Development		**Total 2022**		Total 2021
Balance, beginning of year	$	1,110,858	$	146,100	**$**	**1,256,958**	$	619,872
Additions to and transfers to/from investment properties:								
Acquisitions		153,568		10,358		**163,926**		498,910
Land and building additions		38,549		68,893		**107,442**		96,664
Transfers between segments		76,223		(76,223)		**—**		—
Gains (losses) included in earnings:								
Fair value changes in investment properties		32,078		(859)		**31,219**		41,156
Amortization and other		(1,473)		(69)		**(1,542)**		(207)
Change in straight-line rent		468		40		**508**		563
Balance, end of year	$	1,410,271	$	148,240	**$**	**1,558,511**	$	1,256,958

Included in the recurring income segment as at December 31, 2022 is a right-of-use asset for the 100 Steeles leasehold interest of $9,452 (December 31, 2021 - $9,811).

During the year ended December 31, 2022, the Company acquired four investment properties located in Toronto and Ottawa at a total purchase price of $163,298, including transaction costs. The investment properties were funded through term debt facilities totaling $96,085 and the remainder was paid in cash.

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

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

Fair Value of Investment Properties

Fair values of investment properties are determined using valuations prepared by management using inputs that are Level 3 on the fair value hierarchy. To supplement the assessment of fair value, management obtains valuations of selected investment properties on a rotational basis from qualified external valuation professionals and verifies the results of such valuations with the external appraisers. As at December 31, 2022, 21 investment properties with a fair value of $733,055 were externally fair valued at a value of $754,030 (December 31, 2021 - five investment properties with a total fair value of $386,249 were externally appraised at a value of $414,757).

During the year ended December 31, 2022, the Company recorded a fair value gain of $31,219 (December 31, 2021 - $41,156) in the consolidated statements of earnings. Fair values of investment properties were calculated using a discounted cash flow method or the direct capitalization method. Included in the fair value gain was $29,133 (December 31, 2021 - $25,242) related to one asset valued based on highest and best use, which is considered to be the asset's redevelopment potential due to its rezoning application submission. The asset was valued using the direct comparison approach, with density and price per square foot as significant assumptions. The appraised value for this wholly owned property was higher than the fair value recorded in the consolidated statements of financial position, as it was adjusted for the price per square foot based on certain management assumptions that differed from the appraiser assumptions, such as zoning and timing. Generally, an increase in density and price per square foot would result in an increase in fair values.

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

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

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

Significant unobservable inputs were as follows for December 31, 2022 and December 31, 2021:

		2022		2021	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Discount rate	**5.50%-7.75%**	**6.1%**	4.75%-7.25%	5.5%
	Terminal capitalization rate	**4.50%-7.25%**	**5.4%**	3.50%-6.75%	4.6%
	Market rents (in dollars per square foot)(1)	**$16.00-$41.15**	**$27.35**	$16.00-$42.24	$26.67
Development	Discount rate	**7.50%**	**7.5%**	5.50%-7.00%	6.0%
	Terminal capitalization rate	**6.75%-7.00%**	**6.9%**	4.50%-6.75%	5.2%
	Market rents (in dollars per square foot)(1)	**$18.59-$26.23**	**$21.40**	$18.92-$41.15	$29.06

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

Fair values of investment properties, which include commercial, retail and other properties held for the long term, are calculated using the direct capitalization method or a discounted cash flow ("DCF") model, plus a terminal value based on the estimated cash flow in the final year. The DCF model incorporates, among other things, expected rental income from current leases, assumptions about rental income from future leases and implied vacancy rates, general inflation and projections of required cash outflows with respect to such leases. The significant unobservable inputs for the fair value of the Company's investment properties are provided above.

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

	Increase (decrease) in value	
Input sensitivity	**+25 bps**	**-25 bps**
Impact of changes to weighted average discount rate	$ (11,744)	$ 11,881
Impact of changes to weighted average terminal capitalization rate	(15,795)	17,292

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

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

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

Significant unobservable inputs were as follows for December 31, 2022 and December 31, 2021:

		2022		2021	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Capitalization rate	**3.00%-3.50%**	**3.3%**	n/a	n/a

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

	Increase (decrease) in value	
Input sensitivity	**+25 bps**	**-25 bps**
Impact of changes to weighted average capitalization rate	$ (42,529)	$ 49,556

Investment properties with a fair value of $1,275,670 as at December 31, 2022 (December 31, 2021 - $945,624) are pledged as security for mortgages and term debt and the Dream Impact Trust operating line. Investment properties with a fair value of $270,826 as at December 31, 2022 (December 31, 2021 - $299,242) are pledged as security for construction loans.

The Company's future minimum rental commitments, including joint operations, from non-cancellable tenant operating leases as at December 31, 2022 were as follows:

No longer than 1 year	$ 35,653
Between 1 and 2 years	25,075
Between 2 and 3 years	23,593
Between 3 and 4 years	21,029
Between 4 and 5 years	20,345
Longer than 5 years	175,263
	$ 300,958

12. Recreational properties

The movement in recreational properties is as follows:

	2022	2021
Balance, beginning of year	**$ 65,077**	$ 60,560
Acquisition	**—**	2,286
Additions	**17,725**	6,566
Depreciation	**(5,105)**	(5,035)
Other	**2,603**	700
Balance, end of year	**$ 80,300**	$ 65,077
Cost	**$ 127,080**	$ 106,752
Accumulated depreciation	**(46,780)**	(41,675)
Balance, end of year	**$ 80,300**	$ 65,077

	2022	2021
Operational recreational properties:		
Arapahoe Basin ski hill (Colorado)	**$ 46,664**	$ 33,963
Broadview Hotel (Ontario)	**12,211**	12,794
Gladstone House (Ontario)	**13,732**	13,653
Willows Golf Course (Saskatchewan)	**2,200**	2,381
Recreational properties under development:		
Postmark Hotel (Ontario)	**5,493**	2,286
	$ 80,300	$ 65,077

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

13. Equity accounted investments

The Company has entered into certain arrangements in the form of jointly controlled entities for various businesses. These arrangements include restrictions on the ability to access assets without the consent of all partners and include distribution conditions outlined in partnership agreements. These arrangements are accounted for under the equity method. The equity method of accounting is also applicable to investments in which the Company is deemed to be able to exercise significant influence over the investee company. As at December 31, 2022, the carrying value of these arrangements was $961,737 (December 31, 2021 - $859,025).

The following tables summarize the Company's proportionate share of assets and liabilities in equity accounted investments (segregated between development and recurring income investments) as at December 31, 2022 and December 31, 2021.

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

						2022
At Dream's share	**Ownership interest**	**Assets**	**Liabilities**	**Net assets**	**Difference between net assets and deemed cost of investments[1]**	**Total**
Development investments						
Brighton Marketplace	50%	$ 44,661	$ (26,670)	$ 17,991	$ (2,286)	**$ 15,705**
Canary District	33%-50%	147,446	(78,020)	69,426	—	**69,426**
Forma (Frank Gehry)	33%	184,844	(106,653)	78,191	—	**78,191**
Brightwater[2]	31%	168,827	(117,626)	51,201	—	**51,201**
Lakeshore East[2]	50%	51,951	(17,576)	34,375	—	**34,375**
West Don Lands	33%	196,552	(151,528)	45,024	—	**45,024**
Other development investments	7%-78%	87,252	(64,137)	23,115	—	**23,115**
Total development investments		$ 881,533	$ (562,210)	$ 319,323	$ (2,286)	**$ 317,037**
Recurring income investments						
Dream Office REIT[3]	36%	$ 1,102,176	$ (523,946)	$ 578,230	$ (49,817)	**$ 528,413**
Dream Residential REIT[3]	12%	69,081	(23,246)	45,835	—	**45,835**
Other recurring income investments	5%-50%	114,899	(44,395)	70,504	(52)	**70,452**
Total recurring income investments		$ 1,286,156	$ (591,587)	$ 694,569	$ (49,869)	**$ 644,700**
Total		**$ 2,167,689**	**$ (1,153,797)**	**$ 1,013,892**	**$ (52,155)**	**$ 961,737**

[1] The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at the end of the period.
[2] The Company's deemed cost of this investment includes fair value adjustments relating to the consolidation of Dream Impact Trust and, as a result, may not reflect the Company's proportionate share of project-level assets.
[3] As at December 31, 2022, the fair value of the Company's unit holdings in Dream Office REIT and Dream Residential REIT were $276,000 and $21,492, respectively.

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

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

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

[1] The difference between net assets and the deemed cost of investments is due to the Company's proportionate share of the joint venture's net assets being either higher or lower than the Company's cost of the investment at the end of the period.
[2] The Company's deemed cost of this investment includes fair value adjustments relating to the consolidation of Dream Impact Trust and, as a result, may not reflect the Company's proportionate share of project-level assets.
[3] As at December 31, 2021, the fair value of the Company's unit holdings in Dream Office REIT was $434,567.
[4] Other recurring income investment includes the Company's 5% interest in the U.S. Multi-Family Portfolio. In the year ended December 31, 2021, the Company partially disposed of its interest in the U.S. Multi-Family Portfolio and acquired a 5% interest in a portfolio of apartments located in Arizona.

The following tables summarize the Company’s proportionate share of revenue, earnings (losses) and earnings (losses) before depreciation in equity accounted investments for the years ended December 31, 2022 and 2021.

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

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

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

[1] Earnings in the year ended December 31, 2022 relate primarily to 181 condominium occupancies, at the Company's proportionate share, at Canary Commons and fair value gains in West Don Lands.

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

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

[1] Earnings in the year ended December 31, 2021 relate primarily to a fair value adjustment on an investment property portfolio.

14. Capital and other operating assets

Capital and other operating assets consisted of the following:

	2022	2021
Restricted cash	**$ 6,442**	$ 10,633
Goodwill	**13,576**	13,576
Prepaid expenses[1]	**17,043**	10,969
Capital assets	**11,900**	8,109
Right-of-use assets	**1,931**	1,409
Other	**7,973**	10,312
Total capital and other operating assets	**$ 58,865**	$ 55,008

	2022	2021
Capital assets	**$ 25,880**	$ 20,157
Accumulated depreciation	**(13,980)**	(12,048)
Total capital assets	**$ 11,900**	$ 8,109

[1] Included in prepaid expenses as at December 31, 2022 is $4,839 of capitalized sales commissions relating to housing and condominium sales to be recognized in future periods (December 31, 2021 -$1,905).

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

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

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

		2022		2021
Balance, beginning of year	$	**1,409**	$	2,042
Additions		**1,010**		—
Depreciation		**(488)**		(633)
Balance, end of year	$	**1,931**	$	1,409

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

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

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

The Company performed its annual impairment test as at October 1, 2022 and did not identify an impairment for the Zibi CGU.

15. Accounts payable and other liabilities

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

		2022		2021
Accrued liabilities[1]	$	**101,993**	$	111,564
Customer deposits		**46,330**		45,201
Trade payables[2]		**98,037**		42,037
Lease obligation		**11,836**		11,602
Deferred revenue		**9,676**		9,222
	$	**267,872**	$	219,626

[1] Included in accrued liabilities is a $10,947 promissory note as consideration for the purchase of residual non-controlling interest which is non-interest bearing and matures in June 2023 (December 31, 2021 - $10,522).
[2] Included in trade payables were bank overdraft balances of $3,062 as at December 31, 2022 (December 31, 2021 - $1,534).

Lease Obligation

		2022		2021
Maturity analysis - contractual undiscounted cash flows				
Less than one year	$	**1,481**	$	1,360
One to two years		**1,245**		1,329
Two to three years		**1,456**		1,424
Three to four years		**1,355**		1,401
Four to five years		**976**		1,028
More than five years		**9,532**		9,611
Total undiscounted lease obligation as at end of year	$	**16,045**	$	16,153
Discounted using the lessee's incremental borrowing rate as at end of year		**(4,209)**		(4,551)
Total discounted lease obligation as at end of year	$	**11,836**	$	11,602
Current portion of lease obligation		**1,404**		1,097
Non-current portion of lease obligation		**10,432**		10,505
Total lease obligation	$	**11,836**	$	11,602

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

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

16. Provision for real estate development costs

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

		2022		2021
Balance, beginning of year	**$**	**52,198**	$	31,040
Additional provisions		**49,468**		37,036
Utilized during the year		**(27,504)**		(15,878)
Balance, end of year	**$**	**74,162**	$	52,198

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

17. Debt

Project-Specific Debt

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

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

Corporate Debt Facilities

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

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

Further details on the weighted average interest rates and maturities are included in Note 30. In the year ended December 31, 2022, there were no events of default on any of the Company's obligations under its debt facilities.

Construction Loans and Mortgages and Term Debt

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

Operating Line - Western Canada

The Company's revolving term credit facility (the "operating line") is primarily used to finance land servicing activity in Saskatchewan and Alberta. The operating line is available up to a formula-based maximum not to exceed $320,000, with a syndicate of Canadian financial institutions. The operating line bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% or at the bank's then prevailing bankers' acceptance rate plus 2.50%. The operating line is secured by a general security agreement and a first charge against various real estate assets in Western Canada. In the year ended December 31, 2022, the Company completed amendments to the operating line including the extension of the maturity date to November 30, 2025.

As at December 31, 2022, funds available under this facility were $320,000, as determined by the formula-based maximum calculation, with $54,864 of letters of credit issued against the facility (December 31, 2021 - $290,000, with $49,502 of letters of credit issued against the facility).

Operating Line - Dream Impact Fund

Dream Impact Fund has a $50,000 capital call facility with a Canadian financial institution secured by limited partners' unfunded capital commitment. Dream Impact Fund has the option to increase the capital call facility by an additional $50,000 by securing more capital commitments from the limited partners. As at December 31, 2022, $9,400 was drawn on the facility, with $7,312 of letters of credit issued against the facility (December 31, 2021 - $19,263 with $3,624 of letters of credit issued against the facility). Interest is charged on the facility based on the rate of CDOR plus stamping fees of 1.75% per annum.

Non-Revolving Term Facility

In the year ended December 31, 2022, the Company executed on an amendment to its non-revolving term facility with a syndicate of Canadian financial institutions, extending the maturity date to May 31, 2024, increasing it from $215,000 to $225,000 and revising certain covenants of DAM. The non-revolving term facility bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.50% or at the bank's then prevailing bankers' acceptance rate plus 2.75%. The facility is secured by a general security agreement and a first charge against various real estate assets and other financial assets of the Company.

Operating Line - Dream Impact Trust

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. The facility bears interest at the banker's acceptance rate plus 2.25%, or at the bank's prime rate plus 1.25%, payable monthly, and is secured by a general security agreement over certain of Dream Impact Trust's income properties. The facility matures on April 30, 2023. As at December 31, 2022, $41,700 was drawn on the facility (December 31, 2021 - $nil) and funds available under this facility were $8,000 (December 31, 2021 – $50,000), with $300 of letters of credit issued against the facility (December 31, 2021 – $nil).

Subsequent to December 31, 2022, the Dream Impact Trust closed on the refinancing of 49 Ontario for gross proceeds of $80,000. Proceeds were immediately used to repay 49 Ontario's existing mortgage and the Dream Impact Trust's operating line. In addition, Dream Impact Trust amended its operating line, reducing the borrowing base capacity from $50,000 to $25,000 and extending the maturity date to April 30, 2025.

Convertible Debentures - Dream Impact Trust

During the year ended December 31, 2022, the Company closed on a public offering of $40,000 aggregate principal amount of impact convertible unsecured subordinated debentures ("2022 Debentures"), excluding transaction costs of $2,048. The 2022 Debentures bear a coupon interest rate of 5.75% per annum and an effective interest rate of 6.0% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2022 and maturing on December 31, 2027. The 2022 Debentures are convertible at the holder's option into units of the Trust at a conversion price of $8.00 per unit, representing a conversion rate of 125.0000 units of $1 principal amount, convertible at the holder's option at any time before the maturity date.

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

Margin Facility

The Company's margin facility is due on demand and bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% or the bank's then prevailing bankers' acceptance rate plus 2.50%. The facility is secured by a first charge against certain marketable securities. As at December 31, 2022, funds available under this facility were $87,570, as determined by the formula-based maximum calculation. No amounts were drawn in the year ended December 31, 2022 (December 31, 2021 - $nil).

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

Interest Rate Swaps

The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Variable rate debt represented 54% (December 31, 2021 - 64%) of the Company's total debt obligation as at December 31, 2022. 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(s)	Debt facility		Notional amount hedged	Average fixed interest rate	Financial instrument classification		Fair value of hedging instrument
May 31, 2024	Non-revolving term facility	$	100,000	3.93%	Cash flow hedge	$	4,771
October 31, 2025	Non-revolving term facility		100,000	6.78%	Cash flow hedge		83
July 16, 2027 and July 27, 2027	Mortgage		65,130	5.15%	Cash flow hedge		423
March 18, 2029	Mortgage		75,500	3.43%	Cash flow hedge		5,099

In the year ended December 31, 2022, the Company entered into an interest rate swap to effectively exchange the variable interest on a $75,500 mortgage for a fixed rate of 3.43% per annum through the use of forward-purchase contracts that commenced on March 18, 2022 and mature on March 18, 2029. The Company applied hedge accounting to this relationship, whereby the change in fair value of the effective portion of the hedging derivatives was recognized in accumulated other comprehensive income. Settlement of both the fixed and variable portions of the interest rate swap occur on a monthly basis. The full amount of the hedge was determined to be effective as at December 31, 2022 as all critical terms matched during the year.

In the year ended December 31, 2022, the Company entered into an interest rate swap to effectively exchange the variable interest rate on $100,000 of the non-revolving term facility for a fixed rate of 6.78% per annum through the use of forward-purchase contracts that commenced on November 30, 2022 and mature on October 31, 2025. The Company applied hedge accounting to this relationship, whereby the change in fair value of the effective portion of the hedging derivatives was recognized in accumulated other comprehensive income. Settlement of both the fixed and variable portions of the interest rate swap occurred on a monthly basis. The full amount was determined to be effective as at December 31, 2022 as all critical terms matched during the year.

In the year ended December 31, 2022, the Company entered into two interest rate swaps to effectively exchange the variable interest on a $65,130 mortgage in two tranches for an average fixed rate of 5.15% per annum through the use of forward-purchase contracts that commenced on July 27, 2022 and November 16, 2022, respectively, and mature on July 16, 2027 and July 27, 2027, respectively. The Company applied hedge accounting to this relationship, whereby the change in fair value of the effective portion of the hedging derivatives was recognized in accumulated other comprehensive income. Settlement of both the fixed and variable portions of the interest rate swap occur on a monthly basis. The full amount of the hedge was determined to be effective as at December 31, 2022 as all critical terms matched during the year.

In the year ended December 31, 2022, the Company extinguished an interest rate swap on a term debt before its maturity date of January 14, 2023 when it repaid the related debt.

18. Dream Impact Trust units

The Company accounts for the 70% interest in Dream Impact Trust held by other unitholders as a financial liability measured at FVTPL (December 31, 2021 - 72%). As at December 31, 2022, the trust units had a fair value of $188,385 based on the trading price on the TSX. The movement in Dream Impact Trust units is as follows:

			2022			2021
	Units		**Total**	Units		Total
Balance, beginning of year	**46,844,290**	**$**	**288,092**	47,981,722	$	289,330
Units issued to other unitholders through distribution reinvestment plan	**11,715**		**50**	—		—
Units repurchased and cancelled by Dream Impact Trust	**(193,100)**		**(1,161)**	(1,219,436)		(7,843)
Deferred units exchanged for Dream Impact Trust units	**82,642**		**507**	82,004		539
Fair value adjustment	**—**		**(99,103)**	—		6,066
Balance, end of year	**46,745,547**	**$**	**188,385**	46,844,290	$	288,092

In the year ended December 31, 2022, the Company recognized a gain related to Dream Impact Trust units of $80,411 in the consolidated statements of earnings, comprising a fair value gain of $99,103 due to a decrease in Dream Impact Trust's trading price offset by cash distributions to other unitholders of $18,692 (year ended December 31, 2021 - loss of $25,019 comprising of a fair value loss of $6,066 due to an increase in Dream Impact Trust unit trading prices and cash distributions to other unitholders of $18,953).

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

19. Dream Impact Fund units

The Company accounts for the 59% interest in Dream Impact Fund held by other unitholders as a financial liability and is remeasured to fair value each period based on the Dream Impact Fund unit's closing net asset value (December 31, 2021 - 60%). The movement in Dream Impact Fund units is as follows:

	2022			2021		
	Units		**Total**	Units		Total
Balance, beginning of year	**4,746,403**	**$**	**49,430**	—	$	—
Units issued to other unitholders	**1,467,538**		**15,965**	4,746,403		47,393
Fair value adjustment	**—**		**4,524**	—		2,037
Balance, end of year	**6,213,941**	**$**	**69,919**	4,746,403	$	49,430

In the year ended December 31, 2022, the Company recognized a loss related to Dream Impact Fund units of $4,524 (year ended December 31, 2021 - $2,037) in the consolidated statements of earnings due to an increase in net asset value attributable to Dream Impact Fund's non-controlling interest.

20. Income taxes

In the year ended December 31, 2022, the Company recognized an income tax expense of $32,846 (year ended December 31, 2021 – income tax expense of $15,214), the major components of which include the following items:

		2022		2021
Current income taxes:				
Current income taxes with respect to profits during the year	**$**	**4,050**	$	15,024
Current tax adjustments with respect to prior year		**(1,001)**		(1,080)
Other items affecting current income tax expense		**3,640**		2,815
Current income tax expense		**6,689**		16,759
Deferred income taxes (recoveries):				
Origination and reversal of temporary differences		**26,935**		(370)
Recovery arising from previously unrecognized temporary difference		**(1,029)**		(603)
Impact of changes in income tax rates		**251**		(572)
Deferred income tax expense (recovery)		**26,157**		(1,545)
Income tax expense	**$**	**32,846**	$	15,214

Due to non-coterminous tax years of the Company's partnership and trust interests, income of approximately $97,940 for the year ended December 31, 2022 (year ended December 31, 2021 – $4,304) relating to such partnership and trust interests will be included in computing the Company's taxable income for its 2023 and 2022 taxation years.

The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.1% (December 31, 2021 - 26.1%) as presented in the table below. Cash paid for income taxes for the year ended December 31, 2022 was $8,819 (year ended December 31, 2021 – $14,778).

		2022		2021
Earnings before tax at statutory rate of 26.1% (2021 - 26.1%)	**$**	**51,493**	$	32,853
Effect on taxes of:				
Non-deductible expenses		**1,874**		604
Adjustment in expected future tax rates		**251**		(572)
Non-recognition of the benefit of current year's tax losses		**14,615**		—
Tax adjustments in respect of prior years		**(1,961)**		(1,683)
Non-taxable portion of capital gains		**(36,501)**		(18,728)
Other items		**3,075**		2,740
Income tax expense	**$**	**32,846**	$	15,214

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

The movement in the deferred income taxes in the year ended December 31, 2022 and the year ended December 31, 2021, 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, 2021	$	(10,604)	$	(48,043)	$	(7,554)	$	(49,045)	$	10,657	$	(104,589)
(Charged) credited to:												
Loss (earnings) for the year		(1,302)		(11,621)		6,430		1,897		6,141		1,545
Other comprehensive income		—		(23)		—		(632)		—		(655)
Balance, December 31, 2021	$	(11,906)	$	(59,687)	$	(1,124)	$	(47,780)	$	16,798	$	(103,699)
(Charged) credited to:												
Loss (earnings) for the year		(1,978)		(7,322)		(24,449)		(3,048)		10,640		(26,157)
Other comprehensive income		—		68		—		(2,742)		—		(2,674)
Balance, December 31, 2022	**$**	**(13,884)**	**$**	**(66,941)**	**$**	**(25,573)**	**$**	**(53,570)**	**$**	**27,438**	**$**	**(132,530)**

As at December 31, 2022, the Company had tax losses of $13,440 (December 31, 2021 – $14,396) that expire between 2025 and 2041. Deferred income tax assets have not been recognized in respect of these losses, as it is not probable that the Company will be able to utilize all of the losses against taxable profits in the future.

21. Share capital

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

			2022			2021
Issued and outstanding	**Number of shares**		**Amount**	Number of shares		Amount
Subordinate Voting Shares	**41,030,346**	**$**	**929,294**	41,278,675	$	934,135
Class B Shares	**1,557,356**		**38,782**	1,557,356		38,782
	42,587,702	**$**	**968,076**	42,836,031	$	972,917

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

			2022			2021
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of year	**41,278,675**	**$**	**934,135**	43,454,572	$	985,493
Stock options and performance share units exercised, net of withholding taxes	**10,599**		**152**	140,547		2,327
Subordinate Voting Shares issued under the Restricted Share & Restricted Share Unit Plan	**117,618**		**3,528**	111,111		1,368
Subordinate Voting Shares repurchased	**(376,546)**		**(8,521)**	(2,427,555)		(55,053)
Issued and outstanding, end of year	**41,030,346**	**$**	**929,294**	41,278,675	$	934,135

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

			2022			2021
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of year	**1,557,356**	**$**	**38,782**	1,557,356	$	38,782
Class B Shares converted into Subordinate Voting Shares	—		—	—		—
Issued and outstanding, end of year	**1,557,356**	**$**	**38,782**	1,557,356	$	38,782

Share Repurchases

The Company renewed its normal course issuer bid ("NCIB"), which commenced on September 21, 2022, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,231,143 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 11,462 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

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

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, 2023.

In the year ended December 31, 2022, 376,546 Subordinate Voting Shares were purchased for cancellation at a price above the carrying value per Subordinate Voting Share by the Company under its NCIB at an average price of $39.53 (year ended December 31, 2021 – 2,427,555 Subordinate Voting Shares at an average price of $25.29). The purchase price in excess of the carrying amount of $6,364 is recorded in retained earnings for the year ended December 31, 2022 (year ended December 31, 2021 - $6,329).

Dividends

In the year ended December 31, 2022, the Company declared dividends of $38,328 on its Subordinate Voting Shares and Class B Shares (year ended December 31, 2021 - $13,475).

Subsequent to the year ended December 31, 2022, the Company's Board of Directors approved an increase to the annual dividend per Subordinate Voting Share and Class B Share from $0.40 per share to $0.50 per share, effective with the dividend payable to shareholders on March 31, 2023.

22. Accumulated other comprehensive income

The movement in AOCI is as follows:

		Interest rate hedges		Foreign currency translation		Equity accounted investments		Total
Balance, January 1, 2021	$	(1,977)	$	8,784	$	2,145	$	8,952
Other comprehensive income (loss) during the year		2,693		946		(852)		2,787
Balance, December 31, 2021		716		9,730		1,293		11,739
Other comprehensive income during the year		8,260		2,522		3,954		14,736
Balance, December 31, 2022	**$**	**8,976**	**$**	**12,252**	**$**	**5,247**	**$**	**26,475**

23. Non-controlling interest

In the year ended December 31, 2021, the Company acquired the residual non-controlling interest in Zibi, held by a third-party developer settled with a cash payment and a promissory note which is non-interest bearing and matures in June 2023. The difference between the purchase consideration and non-controlling interest was recorded directly to retained earnings as this was an equity transaction.

The movement in non-controlling interest is as follows:

		2022		2021
Balance, beginning of year	**$**	—	$	14,966
Earnings for the year		—		631
Change in interest in subsidiary		—		(15,597)
Balance, end of year	**$**	—	$	—

24. Revenue

Revenue consisted of the following:

		2022		2021
Revenue from contracts with customers	**$**	**282,937**	$	291,972
Revenue from other sources - lending portfolio		**1,309**		1,748
Revenue from other sources - rental income		**59,522**		32,202
Total revenue	**$**	**343,768**	$	325,922

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

Revenue from Contracts with Customers

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

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

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

Unsatisfied Contracts

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

		Performance obligation expected to be fully satisfied by	
	Contract value at Dream's share	2023	2024
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at December 31, 2022	**$ 67,381**	$ 36,847	$ 30,534

Revenue Recognized in Relation to Contract Liabilities

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

	2022	2021
Revenue recognized that was included in deferred revenue at the beginning of the year	**$ 9,222**	$ 7,688

25. Direct operating costs

Direct operating costs consisted of the following:

	2022	2021
Direct costs of real estate inventory	**$ 123,997**	$ 156,830
Direct costs of operating investment and recreational properties	**76,748**	51,589
Direct costs of development and asset management	**29,416**	26,363
	$ 230,161	$ 234,782

In the year ended December 31, 2022, the Company has qualified for certain government grants and has recognized a reduction in direct costs of operating investment and recreational properties of $936 (December 31, 2021 - $3,418).

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

26. Selling, marketing, depreciation and other operating costs

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

		2022		2021
Salary and other compensation	$	**16,029**	$	13,865
General office and other		**13,495**		11,151
Selling and marketing costs		**4,948**		5,558
	$	**34,472**	$	30,574

27. General and administrative expenses

General and administrative expenses consisted of the following:

		2022		2021
Salary and other compensation	$	**11,074**	$	8,063
Corporate, service and professional fees		**8,250**		5,652
General office and other[1]		**14,239**		1,713
	$	**33,563**	$	15,428

[1] Included in general office and other for the year ended December 31, 2022 is $12,431 related to the settlement of certain outstanding legal claims and one-time compliance costs (year ended December 31, 2021 - $nil).

For the year ended December 31, 2022, the Company has qualified for certain government grants and has recognized a reduction in salary and other compensation costs of $598 (December 31, 2021 - $2,655).

28. Net gain on land settlement

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

29. Interest expense

Interest expense consisted of the following:

		2022		2021
Interest on project-specific debt	$	**48,592**	$	25,208
Interest on corporate debt facilities		**11,336**		9,418
Amortization of deferred financing costs and accretion of effective interest		**2,312**		1,958
Project-specific interest capitalized to real estate development projects		**(10,437)**		(9,909)
Total	$	**51,803**	$	26,675

Interest expense was capitalized to real estate development projects for the year ended December 31, 2022 at a weighted average effective borrowing rate of 6.91% (year ended December 31, 2021 - 3.29%).

30. 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 number of shares and per share amounts)

	Fair value hierarchy	2022 Carrying value	2022 Fair value	2021 Carrying value	2021 Fair value
Recurring measurement					
Financial assets					
Participating mortgages	Level 3	**$ 5,193**	**$ 5,193**	$ 6,436	$ 6,436
Interest rate swaps	Level 3	**10,376**	**10,376**	754	754
Investment holdings	Level 3	**6,810**	**6,810**	58,059	58,059
Lending portfolio	Level 3	**5,066**	**5,066**	4,626	4,626
Financial liabilities					
Dream Impact Trust units	Level 1	**188,385**	**188,385**	288,092	288,092
Dream Impact Fund units	Level 3	**69,919**	**69,919**	49,430	49,430
Convertible debentures (conversion features) - Dream Impact Trust	Level 3	**449**	**449**	357	357
Fair values disclosed					
Investment holdings	Level 2	**34,140**	**32,055**	37,239	37,274
Lending portfolio	Level 3	**10,008**	**7,999**	8,108	8,108
Operating line - Dream Impact Fund	Level 3	**9,400**	**9,400**	19,263	19,195
Construction loans	Level 3	**328,139**	**324,629**	315,629	301,832
Mortgages and term debt	Level 3	**869,405**	**817,323**	639,636	634,437
Operating line - Western Canada	Level 3	**73,796**	**74,500**	75,779	77,000
Operating line - Dream Impact Trust	Level 3	**41,421**	**41,700**	—	—
Non-revolving term facility	Level 3	**223,128**	**225,000**	214,148	215,000
Convertible debentures (host instruments) - Dream Impact Trust	Level 3	**66,833**	**67,695**	28,883	24,758

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

The fair value of the Dream Impact Trust units is based on the listed market price on the TSX as at December 31, 2022 of $4.03 per share for the 46,745,547 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 values of participating mortgages are determined taking into consideration the direct comparison approach. The direct comparison approach considers recent activity for similar properties in similar markets adjusted for various factors, including location and operational performance.

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

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

(in thousands of Canadian dollars, except number 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 CMSC, if applicable, the manager and servicer of the lending portfolio, and other available information. The fair value of the lending portfolio as at December 31, 2022 was determined by discounting the expected cash flows of each loan using an assessment of the market interest rate ranging from 5.0% to 17.5% (December 31, 2021 - 5.0% to 17.5%). The market interest rates were determined taking into consideration similar instruments with corresponding maturity dates, plus a credit adjustment in accordance with the borrower's creditworthiness as well as considering the risk characteristic of the underlying development. For certain loans, the fair value was determined based on the net realizable value of the underlying real estate property and related transaction costs based on internal valuations that 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.

Investment Holdings
The fair values of investment holdings is determined using primarily the discounted cash flow method. The discounted cash flow method is calculated based on future interest and participating profit payments as determined by the Company and project managers' estimates of unit sales proceeds and/or net operating income of the development properties. In determining the discount rate and cap rate, the Company considered market conditions, time to completion of the development, the market cap rate, the percentage of space leased on units sold and other available information.

The fair value of a hospitality asset within investment holdings was determined taking into consideration the direct comparison approach, and also by incorporating performance indicators specific to the hospitality sector as it relates to the Company's investment holdings. The direct comparison approach considers recent activity for similar properties in similar markets adjusted for various factors, including location and operational performance.

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

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

Convertible Debentures (Conversion Features) - Dream Impact Trust
The significant unobservable inputs used in the fair value measurement of the conversion features on the convertible debentures is the volatility. The Company calculated the expected volatility of the conversion features using historical pricing of Dream Impact Trust and other similar companies in the industry. The volatility used as at December 31, 2022 was 28.0% (December 31, 2021 - 16.9%). If the volatility used in the fair value calculation were to increase by 5%, the value of the conversion features would increase by $471. If the volatility were to decrease by 5%, the value of the conversion features would decrease by $298.

Valuation Process
The Company's finance department is responsible for performing the valuation of fair value measurements or reviewing the fair value measurements provided by third-party appraisers. On a quarterly basis, management will review the valuation policies, procedures and analysis of changes in fair value measurements. Refer to Note 7 and Note 19 for continuities of the Company's lending portfolio balance and Dream Impact Fund units, respectively.

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

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

	Investment holdings	Convertible debentures (conversion features)	Interest rate swaps	Participating mortgages
Balance, December 31, 2020	$ 83,065	$ —	$ (2,736)	$ 22,084
Issued or acquired during the year:				
Contributions/borrowings	14,760	—	—	(9,390)
Dispositions/extinguishment	(2,741)	—	—	—
Issuance		(881)		
Total gains or losses for the year included in net earnings:				
Change in fair value	214	524	38	(6,258)
Included in other comprehensive income:				
Change in fair value	—	—	3,452	—
Balance, December 31, 2021	$ 95,298	$ (357)	$ 754	$ 6,436

Risk Management

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

Market Risk

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

Fair Value Risk

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

The Company's liability associated with the Dream Impact Trust units are fair valued in reference to Dream Impact Trust's unit trading price as listed on the TSX. A 10% absolute change in the market price would increase (decrease) the carrying amount of the Dream Impact Trust liability by $18,839 before associated taxes with a corresponding decrease (increase) in earnings before income taxes.

The Company's liability associated with Dream Impact Fund units are fair valued in reference to Dream Impact Fund's net asset value. A 10% absolute change in net asset value would increase (decrease) the carrying amount of the Dream Impact Fund liability by $6,992 before associated taxes with a corresponding decrease (increase) in earnings before income taxes.

Credit Risk

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

Credit risk related to the lending portfolio and investment holdings arises from the possibility that a borrower may not be able to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. The Company mitigates risk by actively monitoring the mortgage and loan investments and initiating recovery procedures, in a timely manner, when required.

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

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

The maximum exposure to credit risk at December 31, 2022 was $578,016 (December 31, 2021 - $915,004). This is the fair value of the Company's accounts receivable from previously recognized land and condominium revenue, participating mortgages, loans receivable, the contractual value of its lending portfolio, which including interest receivable, and contingent liabilities for the obligation of other owners of the unincorporated joint operations and joint ventures. The Company has recourse under these investments in the event of default by the counterparty, in which case the Company would have a claim against the underlying collateral.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its variable rate debt obligations. Variable rate debt represented 54% (December 31, 2021 – 64%) of total debt obligations as at December 31, 2022. Interest rate risk is mitigated, in part, by borrowing long-term fixed rate mortgages with relatively consistent interest expense. In addition, there is interest rate risk associated with the Company's fixed rate debt due to the expected requirement to refinance such debts in the year of maturity. The Company is exposed to the variability in market interest rates and credit spreads on maturing debt to be renewed. The Company has entered into interest rate swaps to further mitigate interest rate risk. See Note 17 for further details.

The Company has exposure to the variability in market interest rates on its lending portfolio investments with variable-rate loans and fixed-rate loans maturing within the next 12 months. As at December 31, 2022, there are no variable-rate loans within the lending portfolio. The Company invests in mortgages and loans secured by all types of residential and commercial real estate property that represent an acceptable underwriting risk.

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

Foreign Exchange Risk

Foreign exchange currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Company, will fluctuate and could adversely impact our aggregate foreign currency exposure. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Company's functional currency in determining fair value. The Company holds assets and liabilities, including cash and investments that are denominated in currencies other than the Canadian dollar, the functional currency. The Company is therefore exposed to currency risk as the value of the securities denominated in other currencies fluctuate due to change in exchange rates. As at December 31, 2022, the Company has exposure to the United States dollar through Arapahoe Basin ski hill, its investments in Dream Residential REIT, U.S. Industrial Fund and both the U.S. dollar and euro through its asset management agreement with Dream Industrial REIT.

Liquidity Risk

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

As at December 31, 2022, the Company had $285,747 in corporate-level cash and available under various revolving facilities. As at, December 31, 2022, the Company has sufficient liquidity available to cover obligations as they become due.

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

A summary of the Company's weighted average effective interest rates as at December 31, 2022 is as follows:

	Weighted average effective interest rates			Debt amount	
	2022	2021	**Maturity dates**	**2022**	2021
Fixed rate					
Construction loans	**1.69%**	1.37%	2030-2032	**$ 83,040**	$ 47,042
Mortgages and term debt	**3.05%**	3.01%	2023-2052	**584,952**	392,989
Convertible debenture (host instrument) - Dream Impact Trust	**6.12%**	6.20%	2026-2027	**66,833**	28,883
Convertible debenture (conversion feature) - Dream Impact Trust	**n/a**	n/a	2026-2027	**448**	357
Total fixed rate debt	**3.14%**	3.05%		**735,273**	469,271
Variable rate					
Construction loans	**7.32%**	3.22%	2023-2025	**245,099**	268,587
Mortgages and term debt	**6.04%**	3.03%	2023-2029	**284,454**	246,647
Operating line - Dream Impact Fund	**6.47%**	2.70%	2023	**9,400**	19,263
Operating line - Western Canada	**7.22%**	3.02%	2025	**73,796**	75,779
Operating line - Dream Impact Trust	**6.97%**	n/a	2023	**41,421**	—
Non-revolving term facility	**5.59%**	3.88%	2025	**223,128**	214,148
Total variable rate debt	**6.40%**	3.30%		**877,298**	824,424
Total debt	**4.89 %**	3.21 %		**$ 1,612,571**	$ 1,293,695

The following table summarizes the aggregate of the scheduled principal repayments and debt maturities as at December 31, 2022 :

	Construction loans	Operating line - Western Canada	Mortgages and term debt	Operating line - Dream Impact Fund	Operating line - Dream Impact Trust	Non-revolving term facility	Convertible debentures - Dream Impact Trust	**Total**
2023	$ 199,758	$ —	$ 177,626	$ 9,400	$ 41,700	$ —	$ —	$ 428,484
2024	13,097	—	87,201	—	—	—	—	100,298
2025	32,384	74,500	77,883	—	—	225,000	—	409,767
2026	—	—	34,277	—	—	—	30,959	65,236
2027	—	—	306,999				37,954	344,953
2028 and thereafter	82,900	—	189,454	—	—	—	—	272,354
	328,139	74,500	873,440	9,400	41,700	225,000	68,913	**1,621,092**
Discount/Unamortized premium/financing costs	—	(704)	(4,035)	—	(278)	(1,872)	(1,632)	(8,521)
	$ 328,139	$ 73,796	$ 869,405	$ 9,400	$ 41,422	$ 223,128	$ 67,281	**$ 1,612,571**

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

31. 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.

	2022		2021	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Options outstanding, beginning of year	**865,845**	**$ 16.96**	974,282	$ 17.00
Exercised	**—**	**—**	(98,426)	17.54
Forfeited	**—**	**—**	(10,011)	14.34
Options outstanding, end of year	**865,845**	**$ 16.96**	865,845	$ 16.96
Options exercisable, end of year	**814,247**	**$ 16.90**	771,078	$ 16.94

As at December 31, 2022, 865,845 options were outstanding under the stock option plan collectively. The fair value of the stock option grants is estimated on the historical grant date using the Black Scholes option pricing model. No stock options were granted in the year ended December 31, 2022.

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

In the year ended December 31, 2022, the Company recognized an expense of $78 (year ended December 31, 2021 – an expense of $117) relating to share-based compensation for stock options, recorded in general and administrative expenses.

Performance Share Unit Plan

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

	2022		2021	
	Units	**Weighted average fair value at grant date**	Units	Weighted average fair value at grant date
Units outstanding, beginning of year	**571,332**	**$ 17.02**	577,578	$ 16.27
Granted	**116,818**	**41.03**	79,570	21.56
Forfeited	**(1,225)**	**41.03**	(40,691)	18.59
PSUs added (deducted) by performance factor	**15,763**	**14.36**	(2,121)	14.88
Reinvested	**22,523**	**21.09**	6,753	16.92
Exercised	**(19,355)**	**14.36**	(49,757)	14.33
Units outstanding, end of year	**705,856**	**$ 20.10**	571,332	$ 17.02

In the year ended December 31, 2022, compensation expense of $3,320 (year ended December 31, 2021 – $1,370) related to this plan was recognized in general and administrative expenses.

The fair value of PSUs granted in the year ended December 31, 2022 was estimated on the historical grant date with the following assumptions:

Risk-free interest rate	1.9%
Expected life	3 years
Contractual life	10 years

Deferred Share Unit Plan

The Company has a DSU incentive plan pursuant to which DSUs may be granted to eligible directors, senior management and certain service providers. As at December 31, 2022, there were 298,896 units outstanding (December 31, 2021 – 266,143 units outstanding). In the year ended December 31, 2022, compensation expense of $799 (year ended December 31, 2021 – $799) related to this plan was recognized in general and administrative expenses.

	2022	2021
Units outstanding, beginning of year	**266,143**	233,446
Granted	**23,464**	29,950
Reinvested	**9,289**	2,747
Units outstanding, end of year	**298,896**	266,143

Restricted Share & Restricted Share Unit Plan

The Company has an RS & RSU Plan that grants to participants an amount of cash (a "Restricted Share Award") to be used exclusively to subscribe for Subordinate Voting Shares ("Restricted Shares") in accordance with the terms of the RS & RSU Plan.

In the year ended December 31, 2022, $3,528 in Restricted Share Awards was granted to be used to subscribe for Subordinate Voting Shares (December 31, 2021 - $1,368 in Restricted Share Awards) and 117,618 Restricted Shares (December 31, 2021 - 111,111 Restricted Shares) were issued to be held in escrow until February 2032. In the year ended December 31, 2022, compensation expense of $1,436 (year ended December 31, 2021 – $380) related to this plan was recognized in general and administrative expenses.

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

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

		2022		2021
Balance, beginning of year	**$**	**15,701**	$	14,954
Granted and added by performance factor, net of forfeitures		**2,102**		1,289
Dividends reinvested		**557**		173
Exercised		**(278)**		(715)
Balance, end of year	**$**	**18,082**	$	15,701

32. Earnings per share

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

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

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

		2022		2021
Earnings attributable to the shareholders of the Company, basic and diluted	**$**	**164,445**	$	110,030
Weighted average number of shares outstanding:				
Dream Subordinate Voting Shares		**41,043,669**		42,127,727
Dream Class B Shares		**1,557,356**		1,557,356
Total weighted average number of shares		**42,601,025**		43,685,083
Effect of dilutive securities on weighted average number of shares outstanding at the end of the year:				
Share-based compensation[1]		**1,373,706**		1,068,077
Total weighted average number of shares outstanding after dilution		**43,974,731**		44,753,160
Basic earnings per share	**$**	**3.86**	$	2.52
Diluted earnings per share		**3.74**		2.46

[1] For the year ended December 31, 2022, 119,401 PSUs were considered anti-dilutive (year ended December 31, 2021 – 144,868 stock options, DSUs, PSUs and Restricted Shares, respectively).

33. Capital management

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

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

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

34. Commitments and contingencies

Capital Commitments

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

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

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 $100,686 (December 31, 2021 – $87,650). 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 $21,056 (December 31, 2021 – $6,330) relating to signed municipal agreements on commencement of development of certain real estate assets. Additional development costs may also be required to satisfy the requirements of these municipal agreements.

Joint Operations, Co-ownerships, Joint Ventures and Associates

The Company may conduct its real estate activities from time to time through joint operations and joint ventures with third-party partners. The Company was contingently liable for the obligations of the other owners of the unincorporated joint operations and joint ventures in the amount of $336,670 as at December 31, 2022 (December 31, 2021 – $714,144). These guarantees include contingent liabilities for certain obligations of our joint venture partners, which are exclusive of our share of those guarantees that are included in our equity accounted investments on the consolidated statements of financial position. However, the Company would have available to it the other co-venturers' share of assets to satisfy any obligations that may arise. From time to time, the Company may be required to fund capital contributions to its various investments.

Legal and Other Contingencies

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

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

Dream Industrial REIT

The Company entered into an asset management agreement with Dream Industrial REIT effective October 2012, which was amended effective January 1, 2022, pursuant to which the Company provides a range of management and advisory services. The Company receives revenue in respect of these services including base annual management fees, acquisition fees, financing fees, capital expenditure fees, development fees and incentive fees, determined in accordance with the formulas set forth in the agreement. The incentive fee is payable in respect of each 12-month period during the term of the agreement in an amount equal to 15% of Dream Industrial REIT's funds from operations per unit as defined in the asset management agreement, inclusive of gains on the disposition of any properties, in excess of a hurdle amount. The amount of the incentive fee payable by Dream Industrial REIT is contingent on a variety of factors, including, but not limited to, changes in the fair value of investment properties, timing of dispositions and foreign exchange rates. The asset management agreement has an initial term of 10 years and is renewable for further five-year terms. Subject to the termination provisions in the agreement, the Company is automatically reappointed at the expiration of each five-year term. Upon termination of the asset management agreement, all accrued fees, including the incentive fee, become payable to the Company in accordance with the provisions of the agreement. In such circumstances or if Dream Industrial REIT is acquired, the incentive fee is calculated as if all of Dream Industrial REIT's properties were sold on the applicable date.

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

In the year ended December 31, 2022 and 2021, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

		2022		2021
Asset management fees charged by Dream[(1)]	**$**	**21,146**	$	22,720
Cost recoveries charged by Dream		**1,428**		739

[(1)] Included in asset management fees charged to Dream Industrial REIT for the year ended December 31, 2022 and 2021 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 $5,593 (December 31, 2021 - $6,902).

Dream Office REIT

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

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

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

Amounts earned/recovered under the shared services and property management agreements during the year ended December 31, 2022 and 2021 are as follows:

		2022		2021
Cost recoveries charged by Dream to Dream Office REIT	**$**	**1,626**	$	1,405
Cost recoveries charged by Dream Office REIT to Dream		**11,407**		8,787
Cost recoveries charged by Dream Office REIT to Dream Impact Trust		**1,032**		552
Fees charged by Dream to Dream Office REIT		**2,367**		2,353
Fees charged by Dream Office REIT to Dream		**409**		302
Fees charged by Dream Office REIT to Dream Impact Trust		**2,585**		2,103

The amount owing to Dream Office REIT as of December 31, 2022 was $566 (December 31, 2021 – amount owing to Dream Office REIT of $416).

Dream Residential REIT

The Company, through a subsidiary, and a third-party service provider ("Asset Managers") entered into an asset management agreement with Dream Residential REIT effective May 6, 2022, pursuant to which the Asset Managers provide a range of management and advisory services. The Asset Managers earn fees on a 50/50 basis in respect of these services including base annual management fees, acquisition fees, financing fees, capital expenditure fees and incentive fees, determined in accordance with the formulas set forth in the agreement. The incentive fee is payable in respect of each 12-month period during the term of the agreement in an amount equal to 15% of Dream Residential REIT's funds from operations per unit as defined in the asset management agreement, inclusive of gains on the disposition of any properties, in excess of a hurdle amount. The amount of the incentive fee payable by Dream Residential REIT is contingent on a variety of factors, including, but not limited to, changes in the fair value of investment properties, timing of dispositions and foreign exchange rates. The asset management agreement has an initial term of 10 years and is renewable for further five-year terms. Subject to the termination provisions in the agreement, the Asset Managers are automatically reappointed at the expiration of each five-year term. Upon termination of the asset management agreement, all accrued fees, including the incentive fee, become payable to the Asset Managers in accordance with the provisions of the agreement. In such circumstances or if Dream Residential REIT is acquired, the incentive fee is calculated as if all of Dream Residential REIT's properties were sold on the applicable date.

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

In the year ended December 31, 2022 and 2021, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Residential REIT:

		2022		2021
Asset management fees charged by Dream[1]	**$**	**642**	$	—
Advisory fees charged by Dream		**2,834**		—
Cost recoveries charged by Dream		**278**		—

[1] Included in asset management fees charged to Dream Residential REIT for the year ended December 31, 2022 and 2021 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Residential REIT related to asset management agreements and cost sharing agreements of $423 (December 31, 2021 - $nil).

Dream U.S. Industrial Fund

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

Amounts earned under the fund management agreement during the year ended December 31, 2022 and 2021 are as follows:

		2022		2021
Fees earned under the fund management agreement	**$**	**4,561**	$	321

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

GTA Land Joint Venture

In the year ended December 31, 2022, the Company along with Dream Industrial REIT formed a develop-to-hold joint venture with a global sovereign wealth fund (the "GTA Land Joint Venture"). A subsidiary of the Company entered into an asset management agreement with the GTA Land Joint Venture, effective April 28, 2022, pursuant to which the Company provides asset management services. The asset management agreement is renewable annually and the Company is automatically reappointed at the expiration of each one-year term. The Company received revenue in respect of these services, including asset management fees, acquisition fees, development fees and promote fees.

Amounts earned/recovered under the asset management agreement during the year ended December 31, 2022 are as follows:

		2022		2021
Fees earned under the asset management agreement	$	158	$	—

Distributions Earned from Investments

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

Other Transactions

In the year ended December 31, 2018, the Company, along with Dream Office REIT, entered into a strategic partnership, Alate Partners, focused on the property technology market. The Company and Dream Office REIT each held a 25% interest in Alate Partners, included within other development interests in equity accounted investments. As at December 31, 2022, the Company had funded $9,261 into Alate Partners (December 31, 2021 - $8,676). In the year ended December 31, 2022, the Company restructured its investment in Alate Partners to allow for third party capital in a new fund, Alate I L.P. As at December 31, 2022, the Company and Dream Office REIT each hold a 20% interest in Alate I L.P.

Compensation of Key Management

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

		2022		2021
Compensation and benefits	$	5,423	$	5,548
Share-based compensation		3,317		1,508
Directors' fees		981		1,111
	$	9,721	$	8,167

36. Supplementary cash flow information

Components of other adjustments include:

		2022		2021
Accrued interest on loans receivable and other expenses	$	(2,623)	$	(604)
Share-based compensation expense		5,511		747
Fair value changes in financial instruments		54,820		7,375
Non-cash contribution to equity accounted investment		(2,834)		—
Other		4,064		752
	$	58,938	$	8,270

Components of changes in non-cash working capital include:

		2022		2021
Accounts receivable	$	(34,116)	$	(34,755)
Accounts payable and other liabilities		20,625		20,756
Income and other taxes payable		(2,358)		1,630
Provision for real estate development costs		21,964		21,158
Deposits		285		(6,637)
Restricted cash		1,334		5,118
Inventory, prepaid expenses and other assets		(7,873)		(3,762)
	$	(139)	$	3,508

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

The breakdown of cash and cash equivalents is as follows:

		2022		2021
Cash	**$**	**47,535**	$	52,466
Money market funds, term deposits and GICs		**98**		98
	$	**47,633**	$	52,564

37. Segmented information

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

The Company's operating segments are as follows:

- *Recurring income*: Comprised of our asset management and development management agreements with Dream Industrial REIT, Dream Residential REIT, Dream Office REIT and various development partners, fees earned through our private asset management business, a 36% equity interest in Dream Office REIT, a 12% equity interest in Dream Residential REIT, Dream Impact Trust's lending portfolio, and our stabilized income producing assets in the Greater Toronto Area ("GTA"), Western Canada and Colorado.
- *Development*: Comprised of mixed-use developments in the GTA and Ottawa/Gatineau, land, housing, retail/commercial, hospitality asset and multi-family rental developments in Saskatchewan and Alberta.

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

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

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

Segmented Statement of Earnings

Segmented revenue and expenditures for the year ended December 31, 2022 and 2021 are as follows:

2022

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

2021

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

[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 number of shares and per share amounts)

Segmented Assets and Liabilities

Segmented assets and liabilities as at December 31, 2022 and December 31, 2021 were as follows:

	Recurring income	Development	Corporate and other	**Consolidated Dream**
				2022
Assets				
Cash and cash equivalents	$ 27,739	$ 15,270	$ 4,624	**$ 47,633**
Accounts receivable	26,436	233,564	8,037	**268,037**
Other financial assets	37,155	59,055	4,854	**101,064**
Lending portfolio	15,074	—	—	**15,074**
Housing inventory	—	48,146	—	**48,146**
Condominium inventory	—	346,979	—	**346,979**
Land inventory	206	469,942	—	**470,148**
Investment properties	1,410,271	148,240	—	**1,558,511**
Recreational properties	80,300	—	—	**80,300**
Equity accounted investments	644,700	317,037	—	**961,737**
Capital and other operating assets	16,259	31,390	11,216	**58,865**
Total assets	$ 2,258,140	$ 1,669,623	$ 28,731	**$ 3,956,494**
Liabilities				
Accounts payable and other liabilities	$ 64,506	$ 175,463	$ 27,903	**$ 267,872**
Income and other taxes payable[1]	—	—	57,363	**57,363**
Provision for real estate development costs	262	73,900	—	**74,162**
Debt	916,137	364,603	331,831	**1,612,571**
Dream Impact Trust units[1]	—	—	188,385	**188,385**
Dream Impact Fund units[1]	—	—	69,919	**69,919**
Deferred income taxes[1]	—	—	132,530	**132,530**
Total liabilities	$ 980,905	$ 613,966	$ 807,931	**$ 2,402,802**
Shareholders' equity	1,277,235	1,055,657	(779,200)	**1,553,692**
Total equity	$ 1,277,235	$ 1,055,657	$ (779,200)	**$ 1,553,692**

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

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

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

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

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

38. Classification of items in consolidated statements of financial position

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

	Less than 12 months	Greater than 12 months	Non-determinable	**2022** Total
Assets				
Cash and cash equivalents	$ 47,633	$ —	$ —	**$ 47,633**
Accounts receivable	207,363	60,674	—	**268,037**
Other financial assets	34,407	66,657	—	**101,064**
Lending portfolio	5,066	10,008	—	**15,074**
Housing inventory	—	—	48,146	**48,146**
Condominium inventory	—	—	348,824	**348,824**
Land inventory	—	—	470,148	**470,148**
Investment properties	—	1,558,511	—	**1,558,511**
Recreational properties	—	80,300	—	**80,300**
Equity accounted investments	—	—	961,737	**961,737**
Capital and other operating assets	22,937	35,928	—	**58,865**
Total assets	$ 317,406	$ 1,812,078	$ 1,828,855	**$ 3,958,339**
Liabilities				
Accounts payable and accrued liabilities	$ 205,929	$ 15,613	$ 46,330	**$ 267,872**
Income and other taxes payable	57,363	—	—	**57,363**
Provision for real estate development costs	74,162	—	—	**74,162**
Debt[(1)]	416,152	1,196,419	—	**1,612,571**
Dream Impact Trust units[(2)]	—	—	188,385	**188,385**
Dream Impact Fund units[(2)]	—	—	69,919	**69,919**
Deferred income taxes	—	132,530	—	**132,530**
Total liabilities	$ 753,606	$ 1,344,562	$ 304,634	**$ 2,402,802**

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

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

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

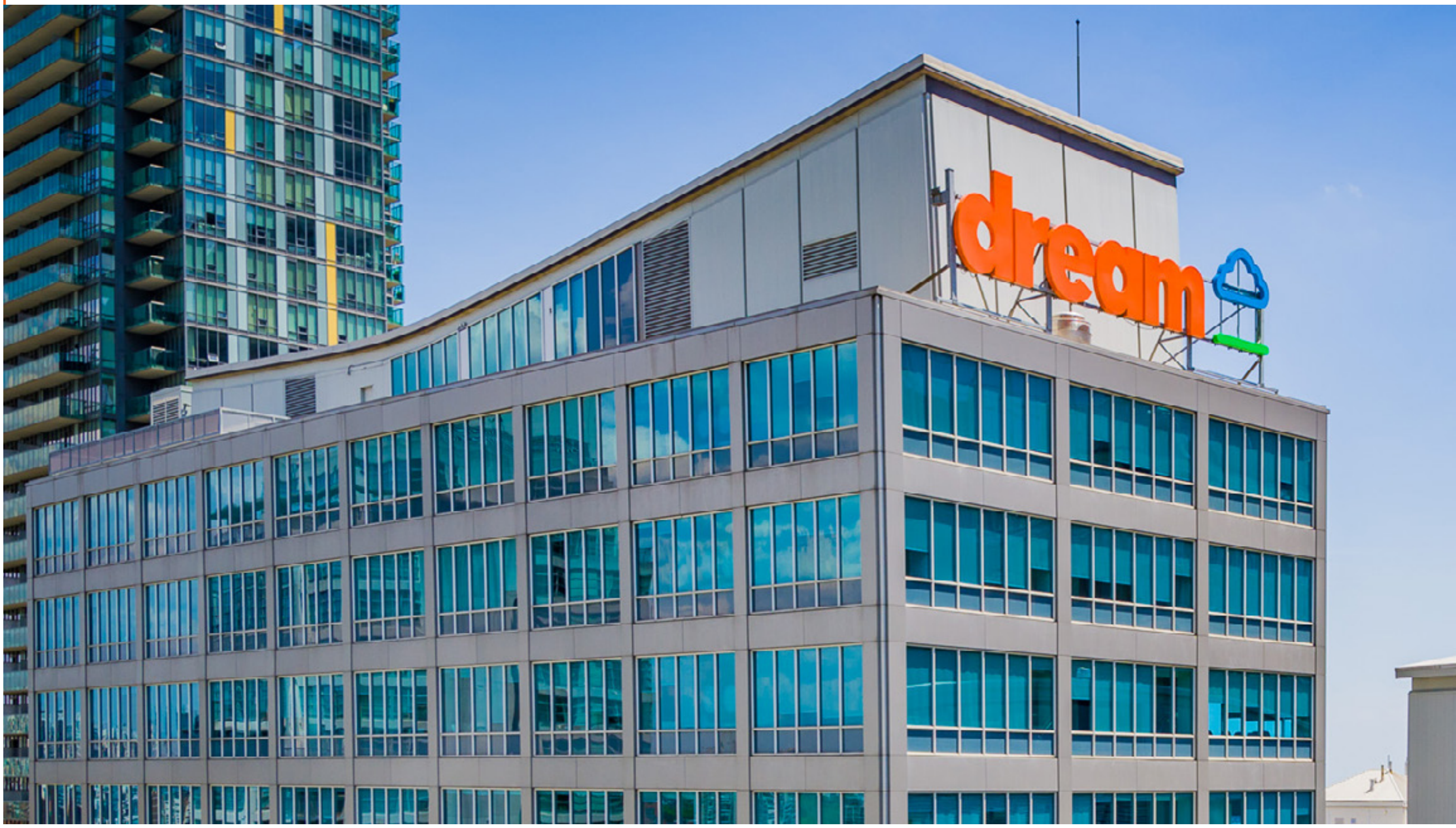
(1) The amounts presented are shown consistent with the contractual terms of repayment, which may be due on demand.
(2) Dream Impact Trust units may be redeemed at the option of the holder with no expiry date.

39. Subsequent events

Subsequent to December 31, 2022, the Company acquired de facto control of Dream Office REIT through the ownership of 18,473,925 REIT and LP B units. Dream Office REIT cancelled 242,200 REIT units that increased the Company's ownership of the REIT to over 36%. The Company will account for the acquisition as a step acquisition and remeasure its existing 36% equity interest in Dream Office REIT to fair value at the acquisition date. At the date the Company's consolidated financial statements were approved for issuance, the valuations of assets acquired, liabilities assumed and tax obligations were still under evaluation by the Company.

Subsequent to December 31, 2022, the Company closed on its previously announced acquisition of Summit Industrial Income REIT ("Summit"). The Company entered into an agreement under which a joint venture between a leading global sovereign wealth fund and Dream Industrial REIT acquired Summit. A subsidiary of the Company is the asset manager for the joint venture.

Subsequent to December 31, 2022, the Company increased its ownership in the Distillery District from 50% to 62.5% for total consideration of $27,000. Proceeds of $14,000 were paid on closing and a $13,000 promissory note was issued due within 18 months.



Directors

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

James Eaton[Ind.]
Toronto, Ontario
Corporate Director

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

Richard Gateman[Ind.,2, 3]
Calgary, Alberta
Corporate Director

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

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

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

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

Legend:

Ind. Independent

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

Management Team

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Deborah Starkman
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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing Symbol: Subordinate Voting Shares:
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