dream

Dream Unlimited Corp.

Q3 Report 2023

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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, 2022 and the condensed consolidated financial statements as at and for the three and nine months ended September 30, 2023, which can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval+ ("SEDAR+") (www.sedarplus.ca). 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. Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. All references to the "Dream group of companies" represent Dream and the four publicly traded trusts that Dream provides asset management or development management services to and includes Dream, Dream Office Real Estate Investment Trust ("Dream Office REIT"), Dream Impact Trust, Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT"), and Dream Residential Real Estate Investment Trust ("Dream Residential REIT"). This MD&A is dated as of, and reflects all material events up to, November 14, 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 $24 billion of assets under management* as at September 30, 2023 across four Toronto Stock Exchange ("TSX") listed trusts, our private asset management business and numerous partnerships. We also develop land, residential, and income generating assets in Western Canada. Dream expects to generate more recurring income in the future as its development properties are completed and held for the long term. Dream has a proven track record for being innovative and for our ability to source, structure and execute on compelling investment opportunities. A comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of this MD&A.

As at November 14, 2023, the Company had a 12% interest in Dream Residential REIT, a 34% interest in Dream Impact Trust and a 30% interest in Dream Office REIT.

Summary of Results – Third Quarter of 2023

Overview of Results

Earnings before income taxes for the three months ended September 30, 2023 was $4.1 million, down from earnings before taxes of $106.5 million in the comparative period. The Company generated revenue of $132.5 million for the three months ended September 30, 2023, up by $77.5 million from the comparative period primarily due to land sales activity in Western Canada, condominium occupancies at Riverside Square and growth in our asset management platform. The decrease in earnings is attributable to a one-time $86.4 million net gain on land settlement in the comparative period, lower fair value gains on Dream Impact Trust units held by other unitholders and fair value losses on our investment property portfolio.

Loss before income taxes for the nine months ended September 30, 2023 was $42.2 million, down from earnings before taxes of $254.8 million in the comparative period. The Company generated adjusted earnings before income taxes* of $66.2 million for the nine months ended September 30, 2023, down by $66.9 million from the comparative period, due to fair value losses on investment properties, and higher interest expense on variable rate debt. This was partially offset by higher asset management earnings and the timing of lot sales in Western Canada.

Adjusted Dream standalone funds from operations (“FFO”) for the three months ended September 30, 2023 was $0.42 per share on a pre-tax basis, up from $0.08 per share in the comparative period, primarily due to stronger results from recurring income assets and development profits in Western Canada. Adjusted Dream standalone FFO for the nine months ended September 30, 2023 was $0.81 per share on a pre-tax basis, down from $1.63 per share in the comparative period, which included occupancies at Canary Commons.

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

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

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

In the three months ended September 30, 2023, the fair value gain on the Dream Impact Trust units was $13.7 million (as a result of the Dream Impact Trust unit price decreasing to $7.73 at September 30, 2023 from $9.08 at June 30, 2023, partially offset by $1.9 million in cash distributions to Dream Impact Trust unitholders), compared to a fair value gain of $23.8 million in the comparative period (as a result of the Dream Impact Trust unit price decreasing to $16.36 at September 30, 2022 from $18.80 at June 30, 2022, partially offset by $4.7 million in cash distributions to Dream Impact Trust unitholders).

In the nine months ended September 30, 2023, the fair value gain on the Dream Impact Trust units was $91.1 million (as a result of the Dream Impact Trust unit price decreasing to $7.73 at September 30, 2023 from $16.12 at December 31, 2022, partially offset by $6.1 million in cash distributions to Dream Impact Trust unitholders), compared to a fair value gain of $82.3 million in the comparative period (as a result of the Dream Impact Trust unit price decreasing to $16.36 at September 30, 2022 from $24.60 at December 31, 2021, partially offset by $14.0 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 through both our public and private platforms;
- Maintain a conservative balance sheet and liquidity position;
- Create positive and lasting impacts through our impact dedicated vehicles;
- Work with exceptional partners and stakeholders to maximize the value of our assets and developments;
- Manage our asset mix and profile to maximize long-term value to shareholders; and
- Generate solid returns for our shareholders over the long term.

We have achieved our goals in the past as a result of our expertise and high-quality asset base, combined with a track record in our ability to source, structure and execute on compelling investment opportunities while maintaining conservative debt levels. Over the last few years, we have actively focused on differentiating our asset base by growing assets that contribute to recurring income and investing in development assets and real estate in Toronto, with the goal of improving the safety, value and earnings quality of our business. Inclusive of assets held by Dream Impact Fund LP ("Dream Impact Fund"), Dream Impact Trust, Dream Office REIT and Dream Residential REIT, our portfolio totals 35,276 residential units and 10.9 million square feet ("sf") of commercial/retail gross leasable area ("GLA") as at September 30, 2023 (at 100% project level).

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

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 for our land and housing divisions has been in the second half of the year.

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

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

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

Key Financial Information and Performance Indicators

Selected Financial Information

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of dollars, except per share and outstanding share amounts)	**2023**	2022	**2023**	2022
Revenue	**$ 132,512**	$ 55,057	**$ 279,089**	$ 176,076
Net margin	**$ 27,214**	$ 6,628	**$ 59,490**	$ 35,406
Net margin (%)*	**20.5%**	12.0%	**21.3%**	20.1%
Earnings (loss) before income taxes	**$ 4,072**	$ 106,501	**$ (42,233)**	$ 254,816
Adjusted earnings before income taxes*	**$ 3,685**	$ 16,274	**$ 66,247**	$ 133,111
Earnings (loss) for the period	**$ 3,925**	$ 96,742	**$ (35,727)**	$ 215,656
Basic earnings (loss) per share[(1)]	**$ 0.09**	$ 2.27	**$ (0.84)**	$ 5.06
Diluted earnings (loss) per share[(1)]	**$ 0.09**	$ 2.20	**$ (0.84)**	$ 4.90
Dream standalone funds from operations per share*	**$ 0.42**	$ 2.11	**$ 0.81**	$ 3.66
Dream consolidated funds from operations per share*	**$ 0.32**	$ 1.98	**$ 0.48**	$ 3.31
Weighted average number of shares outstanding, basic	**42,801,677**	42,587,702	**42,759,942**	42,605,514

	September 30, 2023	December 31, 2022
Total assets	**$ 3,973,977**	$ 3,956,494
Total liabilities	**$ 2,461,006**	$ 2,402,802
Total equity	**$ 1,512,971**	$ 1,553,692
Total issued and outstanding shares	**42,639,480**	42,587,702

(1) See Note 23 of the Company's condensed consolidated financial statements for the three and nine months ended September 30, 2023 for further details on the calculation of basic and diluted earnings per share.

Funds from Operations*

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

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

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

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

FFO by division:	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of dollars, except per share and outstanding share amounts)	**2023**	2022	**2023**	2022
Asset management[(1)]	**$ 6,892**	$ 1,105	**$ 23,588**	$ 12,880
Dream group unit holdings[(2)]	**5,631**	9,967	**19,897**	28,400
Stabilized assets - GTA/Ottawa	**1,013**	(571)	**(78)**	300
Stabilized assets - Western Canada	**1,962**	2,009	**3,254**	2,911
Arapahoe Basin	**(4,566)**	(3,147)	**9,542**	13,789
Development - GTA/Ottawa	**846**	2,103	**(3,571)**	37,084
Development - Western Canada	**17,495**	(373)	**11,719**	(5,289)
Corporate & other	**(11,436)**	78,788	**(29,807)**	65,918
Dream standalone FFO	**$ 17,837**	$ 89,881	**$ 34,544**	$ 155,993
Dream Impact Trust & consolidation adjustments[(3)]	**(4,037)**	(5,598)	**(13,863)**	(14,910)
Dream consolidated FFO	**$ 13,800**	$ 84,283	**$ 20,681**	$ 141,083
Less: Net gain on land settlement	**—**	(86,420)	**—**	(86,420)
Adjusted Dream standalone FFO	**$ 17,837**	$ 3,461	**$ 34,544**	$ 69,573
Adjusted Dream consolidated FFO	**$ 13,800**	$ (2,137)	**$ 20,681**	$ 54,663
Shares outstanding, weighted average	**42,801,677**	42,587,702	**42,759,942**	42,605,514
Dream standalone FFO per share	**$ 0.42**	$ 2.11	**$ 0.81**	$ 3.66
Dream consolidated FFO per share	**$ 0.32**	$ 1.98	**$ 0.48**	$ 3.31
Adjusted Dream standalone FFO per share	**$ 0.42**	$ 0.08	**$ 0.81**	$ 1.63
Adjusted Dream consolidated FFO per share	**$ 0.32**	$ (0.05)	**$ 0.48**	$ 1.28

(1) Asset management includes our asset and development management contracts with the Dream group of companies and management fees from our private asset management business, along with associated costs. Included in asset management for the three and nine months ended September 30, 2023 are asset management fees from Dream Impact Trust received in the form of units of $832 and $2,742, respectively (three and nine months ended September 30, 2022 - $1,799 and $5,015, respectively). These fees are received in the form of units effective April 1, 2019. Had the asset management fees been paid in cash, rather than in units, the fees earned for the three and nine months ended September 30, 2023 is $3,553 and $10,217, respectively (three and nine months ended September 30, 2022 - $3,798 and $9,409, respectively). In addition, included in the three and nine months ended September 30, 2022 are advisory fees from Dream Residential REIT received in the form of units of $nil and $2,834, respectively.

(2) Dream group unit holdings includes our proportionate share of funds from operations from our 30.3% effective interest in Dream Office REIT and 11.9% effective interest in Dream Residential REIT, along with distributions from our 33.5% interest in Dream Impact Trust. Included in Dream group unit holdings for the three and nine months ended September 30, 2023 are distributions from Dream Impact Trust received in the form of units of $729 and $3,259, respectively (three and nine months ended September 30, 2022 - $343 and $343).

(3) Included within consolidation adjustments in the three and nine months ended September 30, 2023 is $60 in income and $379 in losses, respectively, attributable to non-controlling interest (three and nine months ended September 30, 2022 - $259 in income and $286 of losses, respectively).

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

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of dollars)	**2023**	2022	**2023**	2022
Dream consolidated net income (loss)	**$ 3,925**	$ 96,742	**$ (35,727)**	$ 215,656
Add/(deduct) FS components not included in FFO:				
Fair value changes in investment properties	**21,794**	381	**27,829**	(15,637)
Fair value changes in financial instruments	**(46)**	(3,658)	**(447)**	(4,956)
Share of (earnings) loss from Dream Office REIT and Dream Residential REIT	**1,006**	(4,712)	**108,274**	(40,935)
Fair value changes in equity accounted investments	**(3,609)**	(1,010)	**(2,171)**	(816)
Adjustments related to Dream Impact Trust units	**(13,660)**	(23,846)	**(91,115)**	(82,290)
Adjustments related to Impact Fund units	**(2,520)**	827	**(2,364)**	3,039
Depreciation and amortization	**2,054**	1,764	**6,083**	5,147
Income tax expense	**147**	9,759	**(6,506)**	39,160
Share of Dream Office REIT FFO	**4,129**	7,541	**15,144**	21,940
Share of Dream Residential REIT FFO	**580**	495	**1,681**	775
Dream consolidated FFO	**$ 13,800**	$ 84,283	**$ 20,681**	$ 141,083
Less: Net gain on land settlement	**—**	(86,420)	**—**	(86,240)
Adjusted Dream consolidated FFO	**$ 13,800**	$ (2,137)	**$ 20,681**	$ 54,843

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

An overview of the composition of each operating division and a description of the changes in Dream standalone FFO for the three and nine months ended September 30, 2023 is included below:

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

Dream standalone FFO for the division for the three months ended September 30, 2023 increased by $5.8 million primarily from growth in fee-earning assets under management. On a year-to-date basis, Dream standalone FFO increased by $10.7 million from growth in fee-earnings assets under management, partially offset by advisor fees earned in 2022 on the successful closing of Dream Residential REIT's initial public offering. Results were driven by the more highly valued recurring income base fees with less transactional revenue this year.

Dream Group Unit Holdings
Dream group unit holdings includes our proportionate share of funds from operations from our 30.3% effective interest in Dream Office REIT and 11.9% effective interest in Dream Residential REIT, along with distributions from our 33.5% interest in Dream Impact Trust.

Dream standalone FFO for the division in the three and nine months ended September 30, 2023 decreased by $4.3 million and $8.5 million, respectively, from 2022 due to a reduction in ownership interest in Dream Office REIT subsequent to the sale of 7,032,649 Dream Office REIT units, a reduction in Dream Impact Trust's distribution policy and lower funds from operations generated by Dream Office REIT primarily driven by higher interest expense and lower net rental income. This was partially offset by the launch of Dream Residential REIT in May 2022 and increased unit holdings in Dream Impact Trust.

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

Dream standalone FFO for the division in the three months ended September 30, 2023 increased by $1.6 million, from the comparative period. The increase is primarily driven by higher occupancy rates across the portfolio. This was partially offset by higher interest expense on our variable rate debt and transaction costs related to the acquisition of an incremental 12.5% interest in the Distillery District. We expect to add an additional 1,245 units to our portfolio in the remainder of the year that we expect to contribute to higher revenue and net operating income in the future.

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

Dream standalone FFO for the division in the nine months ended September 30, 2023 increased by $0.3 million, primarily by higher occupancy across the portfolio, including 169 multi-family units completed in the last 18 months and an additional 132 units to be delivered by the end of the year.

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

Dream standalone FFO generated by Arapahoe Basin in the three and nine months ended September 30, 2023 decreased by $1.4 million and $4.2 million, respectively, from 2022 primarily due to higher compensation costs. Arapahoe Basin opened for the 2023-24 ski season on October 29, 2023, one of the first ski areas to be open in North America.

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

Dream standalone FFO for the division in the three and nine months ended September 30, 2023 decreased by $1.3 million and $40.7 million, respectively, due to timing of condominium occupancies in the period. Prior year results include 364 condominium unit occupancies at Canary Commons (182 units at Dream's share).

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

Dream standalone FFO for the division in the three and nine months ended September 30, 2023 increased by $17.9 million and $17.0 million, respectively, from 2022 due to the timing of lot and acre sales this year.

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

Dream standalone FFO in the three and nine months ended September 30, 2023 decreased by $90.2 million and $95.7 million, respectively, from 2022 primarily due to a one-time net gain on land settlement in the prior period, higher interest on our corporate term facility, one-time costs incurred in 2023, and an increase in non-cash share based compensation costs.

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

Recurring Income

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

Asset management fees, development management services and equity interests in Dream Impact Trust and Dream Impact Fund are eliminated on consolidation. It is important to note that fees earned on transactional activity in a period are not recurring in nature and accordingly will impact related margins. Fees related to development activities and partnerships included within this segment may fluctuate depending on the number of active projects and on Dream achieving certain milestones as the development manager. We expect that development and other management fees will continue to increase in future years as our existing developments progress through construction milestones.

Dream's assets under management* as of September 30, 2023 was $24 billion (December 31, 2022 – $18 billion), including fee earning assets under management* of approximately $17 billion (December 31, 2022 - $11 billion).

As of September 30, 2023, we held approximately 13.8 million sf of GLA in office and retail, residential and mixed-use properties across the Dream platform and we expect assets in this segment to grow over time, as we intend to hold stabilized investment properties that are developed by Dream in the core markets in which we operate in addition to sourced transactions in those markets.

Selected Segment Key Operating Metrics

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of dollars, unless otherwise noted)	**2023**	2022	**2023**	2022
Revenue	**$ 43,842**	$ 34,401	**$ 155,361**	$ 125,280
Net operating income*	**13,033**	9,899	**59,174**	49,231
Net margin	**10,998**	8,396	**52,433**	43,997
Net margin (%)*	**25.1%**	24.4%	**33.7%**	35.1%
Fair value changes in investment properties	**$ (23,815)**	$ (220)	**$ (25,401)**	$ 15,792
Share of earnings (loss) from equity accounted investments	**(424)**	1,299	**(106,337)**	38,864

Results of Operations

Revenue and net operating income for the three months ended September 30, 2023 were $43.8 million and $13.0 million, respectively, up from $34.4 million and $9.9 million, respectively, in 2022. The increase in revenue is primarily attributable to increased occupancy across our portfolio and a higher fee-earning asset base. From the growth of our recurring income assets, our net operating income increased $2.6 million year-over-year.

Revenue and net operating income for the nine months ended September 30, 2023 were $155.4 million and $59.2 million, respectively, an increase of $30.1 million and $9.9 million, respectively, from the comparative period. The increase in revenue and net operating income is primarily attributable to higher earnings in the current year from our asset management business due to an increase in fee-earning assets under management and strong year-to-date occupancy rates across our portfolio.

Loss from equity accounted investments for the three months ended September 30, 2023 was $0.4 million, a decrease from earnings of $1.3 million in the comparative period. Results for the three months ended September 30, 2023 include losses from investment property fair value adjustments from Dream Residential REIT. Loss from equity accounted investments for the nine months ended September 30, 2023 was $106.3 million, due to an accounting loss on the sale of 7,032,649 Dream Office REIT units in the second quarter, fair value losses on Dream Office REIT's investment property portfolio and lower earnings from Dream Office REIT's reduced interest in Dream Industrial REIT.

Over the next three years, an additional 2,326 apartment units comprising 2.0 million sf of residential GFA are expected to be added to our recurring income portfolio (at project level) primarily relating to Canary Landing, Zibi, LeBreton Flats and Western Canada.

Development

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

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

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

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

As at September 30, 2023, our GTA and National Capital Region pipeline across the Dream portfolio is comprised of over 26,800 residential units and approximately 4.0 million sf of commercial/retail GLA.

We currently own approximately 8,800 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 September 30, 2023, our Western Canada pipeline across the Dream portfolio is comprised of 418 purpose-built rental units and 0.1 million sf of commercial/retail GLA.

Selected Segment Key Operating Metrics

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of dollars, except lot, acre, house and average selling price per lot, house and acre amounts)	**2023**	2022	**2023**	2022
DIRECTLY OWNED				
Revenue	**$ 88,670**	$ 20,656	**$ 123,728**	$ 50,796
Gross margin	**24,091**	4,980	**29,477**	11,322
Gross margin (%)*	**27.2%**	24.1%	**23.8%**	22.3%
Net margin	**$ 16,216**	$ (1,768)	**$ 7,057**	$ (8,591)
Net margin (%)*	**18.3%**	n/a	**5.7%**	n/a
Fair value change on investment properties	**$ 2,021**	$ (161)	**$ (2,428)**	$ (155)
Condominium occupancy units (project level) - Toronto & Ottawa	**84**	—	**135**	3
Condominium occupancy units (Dream's share) - Toronto & Ottawa	**27**	—	**44**	2
Lots sold - Western Canada	**400**	107	**452**	168
Average selling price per lot - Western Canada	**$ 160,000**	$ 119,000	**$ 155,000**	$ 125,000
Acres sold - Western Canada	**2**	—	**2**	13
Average selling price per acre - Western Canada	**$ 758,000**	$ —	**$ 758,000**	$ 502,000
Housing units sold	**28**	19	**75**	54
Average selling price per housing unit	**$ 521,000**	$ 439,000	**$ 476,000**	$ 433,000
EQUITY ACCOUNTED INVESTMENTS				
Share of earnings from equity accounted investments	**$ 6,255**	$ 806	**$ 7,826**	$ 37,425
Condominium occupancy units (project level) - Toronto	**42**	—	**46**	361
Condominium occupancy units (Dream's share) - Toronto	**6**	—	**8**	181

Results of Operations

In the three months ended September 30, 2023, our development business generated $88.7 million in revenue and net margin of $16.2 million, an increase in revenue of $68.0 million and $18.0 million, respectively, from the comparative period. Results were driven by the timing of lot sales in Western Canada and condominium occupancies at Phase 2 of Riverside Square in Toronto.

In the nine months ended September 30, 2023, our development business generated $123.7 million in revenue and $7.1 million in net margin, an increase of $72.9 million and $15.6 million, respectively from the comparative period. The increase in revenue and net margins are primarily attributable to the aforementioned factors.

Earnings from equity accounted investments in the three and nine months ended September 30, 2023 were $6.3 million and $7.8 million, respectively, compared to $0.8 million and $37.4 million, respectively, in the comparative period. The comparative nine-month period included 361 condominium unit occupancies at Canary Commons (181 units at Dream's share). Current nine-month period results include 46 initial occupancies (8 at Dream's share) at Brightwater I in Port Credit.

Our development team remains focused on building out our exceptional development pipeline, including Phase 2 of Riverside Square, The Mason and Brightwater I and II at Brightwater and Maple House, Cherry House, Canary House and Birch House at Canary Landing, 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

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. Phase 2 consists of 43,000 sf of multi-tenant commercial space together with 227 condominium units. Occupancy of Phase 2 commenced in the second quarter of 2023.

Brightwater

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

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

Forma

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 including a mezzanine, and two levels for the Ontario College of Art and Design University. Construction commenced in the fourth quarter of 2022.

Quayside

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

Other Items

Interest Expense

In the three and nine months ended September 30, 2023, interest expense was $16.9 million and $53.4 million, respectively, up from $15.6 million and $35.6 million, respectively, in the comparative periods. The increase in interest expense is primarily due to higher interest rates on project-level variable rate debt, and the issuance of the second tranche of Dream Impact Trust's convertible debentures in 2022.

General and Administrative Expenses

In the three and nine months ended September 30, 2023, general and administrative expenses were $8.0 million and $20.9 million, respectively, compared to $5.6 million and $15.8 million, respectively, in the comparative period. The increase in general and administrative expenses is primarily due to higher expenses related to non-cash share based compensation costs and one-time legal costs.

Income Tax Expense

The Company's effective income tax rate was 3.6% and 15.4% for the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022 – 9.2% and 15.4%). The effective income tax rate for the three and nine months ended September 30, 2023 is different than the statutory combined federal and provincial tax rate of 25.9% mainly due to the non-taxable portion of capital gains, partially offset by a combination of non-deductible expenses and other items.

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

Liquidity and Capital Resources

Our capital consists of debt facilities and shareholders' equity. Our objectives in managing our capital are to ensure adequate operating funds are available to fund development costs, to cover leasing costs, overhead and capital expenditures for income generating assets, to provide for resources needed to fund capital calls for existing developments, to generate a target rate of return on investments and to cover dividend payments. There have been no material changes in future contractual obligations since September 30, 2023.

A summary of our working capital, recurring assets and liabilities, and financial assets and liabilities as at September 30, 2023 and December 31, 2022 is presented below. Project-specific inventory and debt balances in our development segment are excluded from the table below as the proceeds from the sale of inventory 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 28 of the condensed consolidated financial statements for the Company's full classification of items in the condensed consolidated statements of financial position.

(in thousands of Canadian dollars)	September 30, 2023 Less than 12 months	Greater than 12 months	Non-determinable	Total	December 31, 2022 Less than 12 months	Greater than 12 months	Non-determinable	Total
Cash and cash equivalents	$ 64,314	$ —	$ —	**$ 64,314**	$ 47,633	$ —	$ —	$ 47,633
Accounts receivable	206,198	89,347	—	**295,545**	207,363	60,674	—	268,037
Other financial assets[1]	47,574	53,930	—	**101,504**	34,407	66,657	—	101,064
Lending portfolio	5,429	10,573	—	**16,002**	5,066	10,008	—	15,074
Investment properties within recurring income	—	1,458,249	—	**1,458,249**	—	1,410,271	—	1,410,271
Recreational properties	—	82,987	—	**82,987**	—	80,300	—	80,300
Investment in Dream Office REIT[2]	—	—	395,150	**395,150**	—	—	579,416	579,416
Investment in Dream Residential REIT[2]	—	—	45,099	**45,099**	—	—	45,835	45,835
Subtotal assets	323,515	1,695,086	440,249	**2,458,850**	294,469	1,627,910	625,251	2,547,630
Accounts payable and accrued liabilities	152,181	13,844	55,241	**221,266**	205,929	15,613	46,330	267,872
Income and other taxes payable	78,616	—	—	**78,616**	57,363	—	—	57,363
Provision for real estate development costs	69,913	—	—	**69,913**	74,162	—	—	74,162
Project-specific debt within recurring income	89,675	1,315,627	—	**1,405,302**	247,758	668,379	—	916,137
Corporate debt facilities	—	223,514	—	**223,514**	41,421	290,409	—	331,830
Dream Impact Trust units	—	—	88,877	**88,877**	—	—	188,385	188,385
Dream Impact Fund units	—	—	107,480	**107,480**	—	—	69,919	69,919
Subtotal liabilities	390,385	1,552,985	251,598	**2,194,968**	626,633	974,401	304,634	1,905,668
Net excess (deficiency)	$ (66,870)	$ 142,101	$ 188,651	**$ 263,882**	$ (332,164)	$ 653,509	$ 320,617	$ 641,962

[1] Other financial assets as at September 30, 2023 excludes $41.0 million in project-specific investment holdings (December 31, 2022 – $34.1 million).
[2] The Company's holdings of Dream Office REIT and Dream Residential REIT have been measured at book equity per share as of September 30, 2023 and December 31, 2022.

As at September 30, 2023, there were adequate resources to address the Company's short-term liquidity requirements. Certain financial instruments that are callable or due on demand are presented as due within 12 months, which is inconsistent with the repayment timing expected by management. Due to the nature of our development business, in addition to the above resources, the Company expects to fund a portion of our current liabilities through sales of housing, condominium and land inventories, which cannot be classified and accordingly are not presented above. Management continuously reviews the timing of expected debt repayments and actively pursues refinancing opportunities as they arise. As at September 30, 2023, we had $305.3 million in available liquidity*, in line with $302.6 million as at December 31, 2022.

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 September 30, 2023, on a consolidated basis, we had $64.3 million in cash and cash equivalents (December 31, 2022 – $47.6 million). Our intention is to meet short-term liquidity requirements through cash on hand, cash from operating activities, working capital reserves and operating debt facilities. As at September 30, 2023, 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:

(in thousands of Canadian dollars)	For the three months ended September 30, 2023	2022	For the nine months ended September 30, 2023	2022
Net cash flows used in operating activities	**$ (17,922)**	$ (6,065)	**$ (100,057)**	$ (39,860)
Net cash flows provided used in investing activities	**(37,123)**	(79,081)	**(23,429)**	(172,841)
Net cash flows provided by financing activities	**44,932**	45,567	**140,167**	217,684
Change in cash and cash equivalents	**(10,113)**	(39,579)	**16,681**	4,983
Cash and cash equivalents, beginning of period	**74,427**	97,126	**47,633**	52,564
Cash and cash equivalents, end of period	**$ 64,314**	$ 57,547	**$ 64,314**	$ 57,547

Operating Activities

Cash flows used in operating activities in the three and nine months ended September 30, 2023 totalled $17.9 million and $100.1 million, respectively, an increase of $11.9 million and $60.2 million, respectively, from 2022 primarily due to lower earnings in the current period and changes in non-cash items including fair value changes in investment properties, share of earnings from equity accounted investments and deferred income tax expenses.

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

Investing Activities

Cash flows used in investing activities in the three and nine months ended September 30, 2023 totalled $37.1 million and $23.4 million, respectively, a decrease of $42.0 million and $149.4 million, respectively, from the comparative period. For the three months ended September 30, 2023, cash flows used in investing activities primarily relates to development spend on our investment properties under development. Cash outflows in nine months ended September 30, 2023 primarily relates to additions to our investment properties under development, the acquisition of an additional 12.5% interest in the Distillery District and the acquisition of a 50% interest in Quayside, partially offset by the sale of 7,032,649 Dream Office REIT units.

Financing Activities

Cash flows from financing activities in the three and nine months ended September 30, 2023 changed by $0.6 million and $77.5 million, respectively, compared to the prior year. The change in cash outflow from financing activities is primarily due to higher drawings in 2022 on our project-level debt facilities in connection with the acquisition of our multi-family properties, partially offset by an increase in drawings on our construction loans used to develop our investment properties and condominium and housing inventory in the current period.

Debt

As at September 30, 2023, debt was $1,788.6 million (December 31, 2022 – $1,612.6 million). A breakdown of project-specific and corporate debt facilities is detailed in the table below.

	Weighted average effective interest rates		Debt amount	
(in thousands of Canadian dollars)	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022
Project-specific debt				
Operating line - Dream Impact Fund	**7.13%**	6.47%	**$ 7,302**	$ 9,400
Operating line - Western Canada	**n/a**	7.22%	**—**	73,796
Construction loans	**6.32%**	5.78%	**438,698**	328,139
Mortgages and term debt	**4.20%**	4.03%	**1,051,771**	869,405
Total project-specific debt	**4.90%**	4.65%	**1,497,771**	1,280,740
Corporate debt facilities				
Non-revolving term facility	**5.51%**	5.59%	**223,514**	223,128
Operating line - Dream Impact Trust	**n/a**	6.97%	**—**	41,421
Convertible debentures (host instruments) - Dream Impact Trust	**6.10%**	6.12%	**67,353**	66,833
Convertible debentures (conversion features) - Dream Impact Trust	**n/a**	n/a	**2**	449
Total corporate debt facilities	**5.65%**	5.77%	**290,869**	331,831
Total debt	**5.02%**	4.89%	**$ 1,788,640**	$ 1,612,571

As at September 30, 2023, $984.3 million (December 31, 2022 – $735.3 million) of aggregate development loans and term debt were subject to a fixed, weighted average interest rate of 3.71% (December 31, 2022 – 3.14%) and will mature between 2023 and 2052. A further $804.3 million (December 31, 2022 – $877.3 million) of real estate debt was subject to a weighted average variable interest rate of 6.63% (December 31, 2022 – 6.40%) and will mature between 2023 and 2029. Included within total debt is $465.2 million (December 31, 2022 – $308.1 million) of variable debt that the Company has hedged through fixed interest rate swaps. All of the Company's interest rate swaps are being used to mitigate risk of rising interest rates and have been accounted for using hedge accounting.

Contractual Obligations

Our liquidity is impacted by contractual debt commitments as follows:

	2023	2024	2025	2026	2027 and thereafter	**Total**
Project-specific debt[(1)]	$ 160,926	$ 138,637	$ 463,757	$ 7,804	$ 726,647	**$ 1,497,771**
Corporate debt facilities[(1)]	—	29,273	261,596	—	—	**290,869**
	$ 160,926	$ 167,910	$ 725,353	$ 7,804	$ 726,647	**$ 1,788,640**

(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 September 30, 2023, there were 41,082,158 Subordinate Voting Shares and 1,557,322 Class B Shares outstanding (December 31, 2022 - 41,030,346 Subordinate Voting Shares and 1,557,356 Class B Shares).

As at November 14, 2023, there were 40,935,058 Subordinate Voting Shares, 1,557,322 Class B Shares, 810,845 stock options, 845,996 performance share units, 432,811 restricted share units and 336,801 deferred share units outstanding.

Including the Subordinate Voting Shares of Dream and Class B Shares held or controlled directly or indirectly, the Company's President and Chief Responsible Officer ("CRO") owned an approximate 50% economic interest and 88% voting interest in the Company as at September 30, 2023.

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

Share Repurchases

The Company renewed its Normal Course Issuer Bid ("NCIB"), which commenced on September 21, 2023, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,223,383 Subordinate Voting Shares through the facilities of the TSX at prevailing market prices and in accordance with the rules and policies of the TSX. The actual number of Subordinate Voting Shares that may be purchased, and the timing of any such purchases as determined by the Company, are subject to a maximum daily purchase limitation of 8,986 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

In connection with the renewal of the NCIB, the Company has established an automatic securities purchase plan (the "Plan") with its designated broker to facilitate the purchase of Subordinate Voting Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Subordinate Voting Shares due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Company's broker based on the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the Subordinate Voting Shares may also be purchased in accordance with management's discretion. The Plan was pre-cleared by the TSX and will terminate on September 20, 2024.

In the nine months ended September 30, 2023, 0.2 million Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $20.57 (year ended December 31, 2022 – 0.4 million Subordinate Voting Shares at an average price of $39.53).

Off-Balance Sheet Arrangements, Commitments and Contingencies

We conduct our real estate activities from time to time through joint arrangements with third-party partners. A discussion of our off-balance sheet arrangements, commitments and contingencies is included in Note 24 of the condensed consolidated financial statements for the three and nine months ended September 30, 2023.

Transactions with Related Parties

The Company has agreements for services and transactions with related parties, which are discussed and outlined in Note 25 of our financial statements for the three and nine months ended September 30, 2023.

Dream Industrial REIT

In the three and nine months ended September 30, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Asset management fees charged by Dream[1]	**$ 6,750**	$ 4,373	**$ 19,854**	$ 15,865
Cost recoveries charged by Dream	**486**	515	**1,355**	1,185

[1] Included in asset management fees charged to Dream Industrial REIT for the three and nine months ended September 30, 2023 and 2022 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Industrial REIT related to asset management agreements and cost sharing agreements of $7,236 (December 31, 2022 - $5,593).

Dream Office REIT

Amounts earned/recovered under the shared services and property management agreements during the three and nine months ended September 30, 2023 and 2022 are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Cost recoveries charged by Dream to Dream Office REIT	**$ 525**	$ 513	**$ 1,328**	$ 1,209
Cost recoveries charged by Dream Office REIT to Dream	**2,890**	3,166	**8,790**	8,409
Cost recoveries charged by Dream Office REIT to Dream Impact Trust	**632**	599	**1,918**	1,902
Fees charged by Dream to Dream Office REIT	**359**	595	**1,436**	1,772
Fees charged by Dream Office REIT to Dream	**103**	95	**291**	276
Fees charged by Dream Office REIT to Dream Impact Trust	**233**	258	**708**	754

The amount receivable from Dream Office REIT as of September 30, 2023 was $88 (December 31, 2022 – owing to Dream Office REIT $566).

Dream Residential REIT

In the three and nine months ended September 30, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Residential REIT:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Asset management fees charged by Dream[1]	**$ 296**	$ 169	**$ 783**	$ 276
Advisory fees charged by Dream	**—**	—	**—**	2,834
Cost recoveries charged by Dream	**34**	670	**233**	761

[1] Included in asset management fees charged to Dream Residential REIT for the three and nine months ended September 30, 2023 and 2022 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Residential REIT related to asset management agreements and cost sharing agreements of $230 (December 31, 2022 - $423).

Critical Accounting Estimates

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

Internal Control over Financial Reporting

As at September 30, 2023, the President and Chief Responsible Officer and the Chief Financial Officer (the "Certifying Officers"), with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream is made known to the Certifying Officers in a timely manner and information required to be disclosed by Dream is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

There were no changes in the Company’s internal control over financial reporting in the three and nine months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

Risk Factors

We are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Shareholders should consider those risks and uncertainties when assessing our outlook in terms of investment potential.

In addition to the risks and uncertainties described below, please also refer to our Annual Report for the year ended December 31, 2022 and our most recent Annual Information Form filed on SEDAR+ (www.sedarplus.ca) under the Company's profile for a discussion on risks and uncertainties applicable to the Company. For a discussion of the risks and uncertainties identified specific to Dream Impact Trust, please refer to the Annual Report for the year ended December 31, 2022 and the most recent Annual Information Form filed by Dream Impact Trust on SEDAR+ under Dream Impact Trust's profile.

Liquidity Risk

Our ability to meet our financial obligations as they become due represents our exposure to liquidity risk. Our principal liquidity needs are to ensure adequate operating funds are available to fund development costs, to cover leasing costs, overhead and capital expenditures for income generating assets, to provide for resources needed to fund capital calls for existing developments, to generate a target rate of return on investments and to cover dividend payments. As at September 30, 2023, there were adequate resources to address the Company's short-term liquidity requirements.

Our ability to meet our future obligations may be impacted by the liquidity risk associated with receiving repayments of its lending portfolio, loans receivable, amounts receivable and other deposits, and cash equivalents on time and in full and the realization of fair value on any disposition of our non-core properties and investments.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. If we were required to liquidate our real property investments, the proceeds to us might be significantly less than the aggregate carrying value of our properties.

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

Financing Risks

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

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

Interest Rate Risk

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

We have entered into certain interest rate hedging arrangements to mitigate the impact of rising interest rates on our business. Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties default on their obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on the Company's cost of borrowing on variable rate loans. Our obligations under hedging arrangements may be secured by all or a portion of our assets or cash, the value of which generally must cover the fair value of the transactions outstanding under the facility by some multiple. If we are unable to provide adequate security to support hedging arrangements, the Company will remain exposed to interest rate fluctuations. We may from time to time implement other hedging programs in order to offset the risk of revenue losses and to provide more certainty on our cash flows, should current variable interest rates increase. However, to the extent that we fail to adequately manage these risks, our financial results and our ability to make interest payments under future financings may be adversely affected. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by financial institutions, could have a material adverse effect on our ability to sell any of our investments.

Forward-Looking Information

Certain information herein contains or incorporates statements that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding our objectives and strategies to achieve those objectives; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, expected net proceeds from sales or transactions, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general; as well as specific statements in respect of: anticipated levels and fluctuation of development, asset management and other management fees, and fees related to development activities and partnerships, in future periods; our development and redevelopment plans and proposals for current and future projects, including the quality of our assets, projected sizes, density, timelines, uses and tenants; the redevelopment potential of our assets and the assets held by Dream Impact Trust; anticipated current and future unit sales and occupancies of our condominium and mixed-use projects, including anticipated timing of closings of condominium unit sales, and resulting revenue; the contribution of our development segment to our earnings and income in future periods; our expectation that recurring income will increase in the future, including as development properties are completed and held for the long term, and the future composition of our recurring income portfolio; our intention of investing to grow our platform; our expectation of adding 1,245 units to our portfolio in the remainder of the year which we expect will contribute to our revenue and net operating income; expected benefits from recurring income and developments, including stability and financial flexibility; the supplementary information in relation to the development and redevelopment projects in our portfolio, including the projects that we expect to be completed and added to our recurring income segment over the next three years, total units at completion, square footage, residential GFA, rental, commercial and retail GLA, occupancy/stabilization dates, sustainability features, and future GLA under development and other project features; our expectation that we will add 2,326 apartment units comprising 2.0 million square feet of residential GFA to our recurring income portfolio over the next three years; expectations regarding our development plans for Zibi, Riverside Square, Canary District, LeBreton, Brightwater, Maple House, Quayside and Forma projects, as well as other projects; Quayside becoming Canada's largest all-electric, zero-carbon master-planned community; the approval of our master-planned communities; our acquisition and development pipeline, including in respect of the Dream group of companies; our ability to monitor and adjust our inventory levels and development projects based on market conditions; our capital management objectives; our ability to mitigate certain risks; Dream's intention to hold stabilized income properties in core markets and expectations that such assets will grow over time; Dream's ability to source, structure and execute investment opportunities; the goal of improving Dream's business' safety, value and earnings quality; expectations regarding our sustainability and impact targets, including in respect of characteristics of our projects and affordable units; 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 will 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 measures to contain it, including the impact of COVID-19 on our operations, liquidity, financial condition or results; our expectation regarding ongoing remote working; that we will have access to adequate capital to fund our future projects, plans and any potential future acquisitions; that our future projects and plans will proceed as anticipated; that we are able to identify high-quality investment opportunities; that we will find suitable partners with which to enter into joint ventures or partnerships; that we do not incur any material environmental liabilities and that future market, demographic and economic conditions will develop as expected; and the nature of development lands held and the development potential of such lands, including our ability to bring new developments to market, general economic and business conditions remaining in line with expectations, including low unemployment, interest rates and inflation remaining in line with management expectations, positive net migration, oil and gas commodity prices, our business strategy, including geographic focus, anticipated sales volumes, performance of our underlying business segments and conditions in the GTA and Western Canada land, commercial and housing markets. All the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions; there can be no assurance that actual results will be consistent with these forward-looking statements. Factors or risks that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, adverse changes in general and local economic and business conditions; inflation or stagflation; the impact of the COVID-19 pandemic on the Company and uncertainties surrounding the COVID-19 pandemic, including government measures to contain the COVID-19 pandemic; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, terrorism or other acts of violence, international sanctions and the disruption of movement of goods and services across jurisdictions; risks related to a potential economic slowdown in certain of the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates; employment levels; regulatory risks, mortgage and interest rates and regulations; environmental risks; consumer confidence; seasonality; adverse weather conditions; reliance on key clients and personnel and competition; and other risks and factors referenced under "Risk Factors" in this MD&A and described from time to time in the documents filed by the Company with the securities regulators.

All forward-looking information is as of November 14, 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

September 30, 2023

	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	$ 30,241	$ 18,661	$ 15,412	**$ 64,314**	$ 11,166	$ 3,329	**$ 49,819**
Accounts receivable	37,954	251,657	5,934	**295,545**	3,843	(2,140)	**293,842**
Other financial assets[2]	50,295	45,157	6,052	**101,504**	11,972	(103,607)	**193,139**
Lending portfolio	16,002	—	—	**16,002**	16,002	—	**—**
Housing inventory	—	62,485	—	**62,485**	—	—	**62,485**
Condominium inventory	—	388,733	—	**388,733**	—	79,726	**309,007**
Land inventory	221	457,148	—	**457,369**	—	—	**457,369**
Investment properties	1,458,249	238,673	—	**1,696,922**	288,596	136,432	**1,271,894**
Recreational properties	82,987	—	—	**82,987**	—	—	**82,987**
Equity accounted investments	437,140	309,040	—	**746,180**	401,362	(213,693)	**558,511**
Capital and other operating assets	10,268	38,934	12,734	**61,936**	5,470	4,753	**51,713**
Intangible asset	—	—	—	**—**	—	(43,000)	**43,000**
Total assets	$ 2,123,357	$ 1,810,488	$ 40,132	**$ 3,973,977**	$ 738,411	$ (138,200)	**$ 3,373,766**
Liabilities							
Accounts payable and other liabilities	$ 63,570	$ 149,738	$ 7,958	**$ 221,266**	$ 10,307	$ 39,062	**$ 171,897**
Income and other taxes payable[3]	—	—	78,616	**78,616**	—	—	**78,616**
Provision for real estate development costs	269	69,644	—	**69,913**	—	—	**69,913**
Debt	1,036,554	461,217	290,869	**1,788,640**	269,862	124,294	**1,394,484**
Dream Impact Trust units[3]	—	—	88,877	**88,877**	—	88,877	**—**
Dream Impact Fund units[3]	—	—	107,480	**107,480**	—	—	**107,480**
Deferred income taxes[3]	—	—	106,214	**106,214**	(535)	18,666	**88,083**
Total liabilities	$ 1,100,393	$ 680,599	$ 680,014	**$ 2,461,006**	$ 279,634	$ 270,899	**$ 1,910,473**
Non-controlling interest	$ —	$ —	$ —	**$ —**	$ —	$ (147,619)	**$ 147,619**
Shareholders' equity	1,022,964	1,129,889	(639,882)	**1,512,971**	458,777	(261,480)	**1,315,674**
Total equity	$ 1,022,964	$ 1,129,889	$ (639,882)	**$ 1,512,971**	$ 458,777	$ (409,099)	**$ 1,463,293**

(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, which are non-GAAP financial measures.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $103.8 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

December 31, 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, which are non-GAAP financial measures.
(2) Other financial assets on a Dream standalone basis includes the Company's investment in Dream Impact Trust of $98.0 million, which is eliminated on a consolidated basis.
(3) Certain liabilities are included in Corporate and other as balances are reviewed on a consolidated basis.

Segmented Statement of Earnings

For the three months ended September 30, 2023

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 43,842	$ 88,670	$ —	**$ 132,512**	$ 4,934	$ 249	**$ 127,329**
Direct operating costs	(30,809)	(64,579)	—	**(95,388)**	(2,363)	(1,220)	**(91,805)**
Gross margin	13,033	24,091	—	**37,124**	2,571	(971)	**35,524**
Selling, marketing, depreciation and other operating costs	(2,035)	(7,875)	—	**(9,910)**	—	—	**(9,910)**
Net margin	10,998	16,216	—	**27,214**	2,571	(971)	**25,614**
Fair value changes in investment properties	(23,815)	2,021	—	**(21,794)**	(10,073)	(814)	**(10,907)**
Investment and other income	(47)	1,305	253	**1,511**	191	3	**1,317**
Interest expense	(9,868)	(2,353)	(4,663)	**(16,884)**	(4,202)	(1,373)	**(11,309)**
Fair value changes in financial instruments	—	—	46	**46**	46	—	**—**
Share of earnings from equity accounted investments	(424)	6,255	—	**5,831**	(3,075)	7,008	**1,898**
Net segment earnings (loss)	(23,156)	23,444	(4,364)	**(4,076)**	(14,542)	3,853	**6,613**
General and administrative expenses[2]	—	—	(8,032)	**(8,032)**	(1,674)	1,512	**(7,870)**
Adjustments related to Dream Impact Trust units[2]	—	—	13,660	**13,660**	—	13,660	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	2,520	**2,520**	—	—	**2,520**
Income tax (expense) recovery[2]	—	—	(147)	**(147)**	3,798	(52)	**(3,893)**
Net earnings (loss)[3]	$ (23,156)	$ 23,444	$ 3,637	**$ 3,925**	$ (12,418)	$ 18,973	**$ (2,630)**

For the three months ended September 30, 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	$ 34,401	$ 20,656	$ —	$ 55,057	$ 4,609	$ (602)	$ 51,050
Direct operating costs	(24,502)	(15,676)	—	(40,178)	(2,175)	(876)	(37,127)
Gross margin	9,899	4,980	—	14,879	2,434	(1,478)	13,923
Selling, marketing, depreciation and other operating costs	(1,503)	(6,748)	—	(8,251)	—	(3)	(8,248)
Net margin	8,396	(1,768)	—	6,628	2,434	(1,481)	5,675
Fair value changes in investment properties	(220)	(161)	—	(381)	(547)	(2,418)	2,584
Investment and other income	741	5,021	501	6,263	114	—	6,149
Interest expense	(8,653)	(2,018)	(4,921)	(15,592)	(2,683)	(831)	(12,078)
Fair value changes in financial instruments	—	3,542	116	3,658	3,658	—	—
Share of earnings (loss) from equity accounted investments	1,299	806	—	2,105	(201)	877	1,429
Net segment earnings (loss)	1,563	5,422	(4,304)	2,681	2,775	(3,853)	3,759
General and administrative expenses[2]	—	—	(5,619)	(5,619)	(2,633)	1,713	(4,699)
Net gain on land settlement			86,420	86,420			86,420
Adjustments related to Dream Impact Trust units[2]	—	—	23,846	23,846	—	23,846	—
Adjustments related to Dream Impact Fund units[2]	—	—	(827)	(827)	—	—	(827)
Income tax (expense) recovery[2]	—	—	(9,759)	(9,759)	195	(281)	(9,673)
Net earnings (loss)[3]	$ 1,563	$ 5,422	$ 89,757	$ 96,742	$ 337	$ 21,425	$ 74,980

(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) Dream standalone net earnings for the three months ended September 30, 2023 includes loss of $4,550 attributable to non-controlling interest (September 30, 2022 - income of $2,031).

For the nine months ended September 30, 2023

	Recurring income	Development	Corporate and other	**Consolidated Dream**	Less: Dream Impact Trust[1]	Less: Consolidation and fair value adjustments[1]	**Dream standalone[1]**
Revenue	$ 155,361	$ 123,728	$ —	**$ 279,089**	$ 14,458	$ (300)	**$ 264,931**
Direct operating costs	(96,187)	(94,251)	—	**(190,438)**	(7,072)	(2,994)	**(180,372)**
Gross margin	59,174	29,477	—	**88,651**	7,386	(3,294)	**84,559**
Selling, marketing, depreciation and other operating costs	(6,741)	(22,420)	—	**(29,161)**	—	(34)	**(29,127)**
Net margin	52,433	7,057	—	**59,490**	7,386	(3,328)	**55,432**
Fair value changes in investment properties	(25,401)	(2,428)	—	**(27,829)**	(20,373)	(2,418)	**(5,038)**
Investment and other income	(450)	4,314	1,115	**4,979**	595	10	**4,374**
Interest expense	(30,102)	(9,673)	(13,606)	**(53,381)**	(12,174)	(3,864)	**(37,343)**
Fair value changes in financial instruments	—	—	447	**447**	447	—	**—**
Share of earnings from equity accounted investments	(106,337)	7,826	—	**(98,511)**	(3,565)	8,742	**(103,688)**
Net segment earnings (loss)	(109,857)	7,096	(12,044)	**(114,805)**	(27,684)	(858)	**(86,263)**
General and administrative expenses[2]	—	—	(20,907)	**(20,907)**	(5,536)	4,586	**(19,957)**
Adjustments related to Dream Impact Trust units[2]	—	—	91,115	**91,115**	—	91,115	**—**
Adjustments related to Dream Impact Fund units[2]	—	—	2,364	**2,364**	—	—	**2,364**
Income tax (expense) recovery[2]	—	—	6,506	**6,506**	8,782	(8,317)	**6,041**
Net earnings (loss)[3]	$ (109,857)	$ 7,096	$ 67,034	**$ (35,727)**	$ (24,438)	$ 86,526	**$ (97,815)**

For the nine months ended September 30, 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	$ 125,280	$ 50,796	$ —	$ 176,076	$ 13,738	$ (4,328)	$ 166,666
Direct operating costs	(76,049)	(39,474)	—	(115,523)	(6,852)	(1,414)	(107,257)
Gross margin	49,231	11,322	—	60,553	6,886	(5,742)	59,409
Selling, marketing, depreciation and other operating costs	(5,234)	(19,913)	—	(25,147)	—	(10)	(25,137)
Net margin	43,997	(8,591)	—	35,406	6,886	(5,752)	34,272
Fair value changes in investment properties	15,792	(155)	—	15,637	(298)	(2,549)	18,484
Investment and other income	275	7,241	744	8,260	175	—	8,085
Interest expense	(18,460)	(6,149)	(10,947)	(35,556)	(6,195)	(831)	(28,530)
Fair value changes in financial instruments	4	4,435	517	4,956	4,952	—	4
Share of earnings (loss) from equity accounted investments	38,864	37,425	—	76,289	2,720	(3,485)	77,054
Net segment earnings (loss)	80,472	34,206	(9,686)	104,992	8,240	(12,617)	109,369
General and administrative expenses[2]	—	—	(15,847)	(15,847)	(7,666)	5,354	(13,535)
Net gain on land settlement	—	—	86,420	86,420	—	—	86,420
Adjustments related to Dream Impact Trust units[2]	—	—	82,290	82,290	—	82,290	—
Adjustments related to Dream Impact Fund units[2]	—	—	(3,039)	(3,039)	—	—	(3,039)
Income tax (expense) recovery[2]	—	—	(39,160)	(39,160)	735	(8,915)	(30,980)
Net earnings (loss)[3]	$ 80,472	$ 34,206	$ 100,978	$ 215,656	$ 1,309	$ 66,112	$ 148,235

(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) Dream standalone net earnings for the nine months ended September 30, 2023 includes loss of $4,375 attributable to non-controlling interest (September 30, 2022 - income of $6,415).

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)	**Sep 30, 2023**	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
Revenue	**$ 132,512**	$ 74,381	$ 72,196	$ 167,692	$ 55,057	$ 67,805	$ 53,214	$ 150,122
Earnings (loss) for the period	**3,925**	(74,253)	34,601	(51,211)	96,742	76,741	42,173	80,317
Basic earnings (loss) per share	**0.09**	(1.73)	0.81	(1.20)	2.27	1.80	0.99	1.87
Diluted earnings (loss) per share	**0.09**	(1.73)	0.78	(1.20)	2.20	1.74	0.96	1.81
Dividends declared	**5,336**	5,350	5,349	25,553	4,259	4,259	4,257	4,282

Non-GAAP Measures and Other Disclosures

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

Non-GAAP Ratios and Financial Measures

"Adjusted earnings before income taxes" represents pre-tax earnings excluding earnings (loss) from equity accounted investments attributable to Dream Office REIT per Note 10 and net gain on land settlement per Note 19 of the condensed consolidated financial statements. The most directly comparable measure to adjusted earnings before income taxes is earnings (loss) before income taxes. This non-GAAP financial measure is an important measure used to assess the Company's pre-tax earnings excluding non-cash and/or one-time transactional amounts. Adjusted earnings before income taxes for the three and nine months ended September 30, 2023 and 2022 is reconciled to earnings (loss) before income taxes calculated as follows:

	For the three months ended September 30,		**For the nine months ended September 30,**	
	2023	2022	**2023**	2022
Earnings (loss) before income taxes	**$ 4,072**	$ 106,501	**$ (42,233)**	$ 254,816
Share of earnings (loss) from Dream Office REIT	**387**	3,807	**(108,480)**	35,285
Net gain on land settlement	**—**	86,420	**—**	86,420
Adjusted earnings before income taxes	**$ 3,685**	$ 16,274	**$ 66,247**	$ 133,111

"Dream Impact Trust & Consolidation and fair value adjustments" represent certain IFRS adjustments required to reconcile Dream standalone and Dream Impact Trust results to the consolidated results as at September 30, 2023 and December 31, 2022 and for the three and nine months ended September 30, 2023 and 2022. Management believes Dream Impact Trust & Consolidation and fair value adjustments provides investors useful information in order to reconcile it to the Dream Impact Trust financial statements.

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

"Dream standalone" is a non-GAAP financial measure and means the consolidated results of Dream, excluding the impact of Dream Impact Trust & Consolidation and fair value adjustments, being: (i) consolidation and fair value adjustments relate to business combination adjustments on acquisition of Dream Impact Trust on January 1, 2018 and related amortization, (ii) elimination of intercompany balances including the investment in Dream Impact Trust units, (iii) adjustments for co-owned projects, (iv) fair value adjustments to the Dream Impact Trust units held by other unitholders, and (v) deferred income taxes. Refer to the "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" sections of this MD&A for a reconciliation of Dream standalone to consolidated Dream results. This non-GAAP financial measure is an important measure used by the Company to evaluate earnings against historical periods, including results prior to the acquisition of control of Dream Impact Trust.

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

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

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

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

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

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

Dream standalone FFO per share, Dream consolidated FFO per share, Adjusted Dream standalone FFO per share and Adjusted Dream consolidated FFO per share are not financial measures under IFRS and may not be comparable to similar measures disclosed by other issuers. Dream standalone FFO per share, Dream consolidated FFO per share, Adjusted Dream standalone FFO per share and Adjusted Dream consolidated FFO per share for the three and nine months ended September 30, 2023 and 2022 are shown in the table included under the "Funds From Operations" section of this MD&A.

“Net operating income" represents revenue, less (i) direct operating costs and (ii) selling, marketing, depreciation and other indirect costs, but including: (iii) depreciation; and (iv) general and administrative expenses. The most directly comparable financial measure to net operating revenue is net margin. This non-GAAP measure is an important measure used by management to assess the profitability of the Company's recurring income segment. Net operating income for the recurring income segment for the three and nine months ended September 30, 2023 and 2022 is calculated and reconciled to net margin as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Net margin	**$ 10,998**	$ 8,396	**$ 52,433**	$ 43,997
Add: Depreciation	**1,527**	1,275	**4,534**	3,671
Add: General and administrative expenses	**508**	228	**2,207**	1,563
Net operating income	**$ 13,033**	$ 9,899	**$ 59,174**	$ 49,231

Supplementary and Other Financial Measures

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

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

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

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

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

Additional Information

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

Summary of Dream Group of Companies' Assets and Holdings

Project/property	Entity[3]	Dream effective ownership[1]	Status/type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
RECURRING INCOME SEGMENT								
Downtown Toronto & GTA								
Commercial:								
Adelaide Place	D.UN	30.3%	Income property	—	—	661,000	78.6%	
Sussex Centre	D.UN/MPCT	31.9%	Income property	—	—	655,000	73.1%	
2200-2206 Eglinton Avenue East & 1020 Birchmount Road	D.UN	30.3%	Income property	—	—	442,000	72.9%	
State Street Financial Centre	D.UN	30.3%	Income property	—	—	414,000	99.9%	
Distillery District	DRM	62.5%	Income property	—	—	395,000	88.9%	
438 University Avenue	D.UN	30.3%	Income property	—	—	323,000	98.1%	
655 Bay Street	D.UN	30.3%	Income property	—	—	307,000	99.7%	
74 Victoria Street/137 Yonge Street	D.UN	30.3%	Income property	—	—	266,000	100.0%	
36 Toronto Street	D.UN	30.3%	Income property	—	—	214,000	76.2%	
330 Bay Street	D.UN	30.3%	Income property	—	—	165,000	76.8%	
20 Toronto Street/33 Victoria Street	D.UN	30.3%	Income property	—	—	159,000	97.9%	
250 Dundas Street West	D.UN	30.3%	Income property	—	—	121,000	84.5%	
Victory Building	D.UN	30.3%	Income property	—	—	102,000	58.3%	
49 Ontario	MPCT	33.5%	Redevelopment	TBD	TBD	88,000	87.7%	
425 Bloor Street East	D.UN	30.3%	Income property	—	—	83,000	96.2%	
212 King Street West	D.UN	30.3%	Income property	—	—	73,000	91.5%	
357 Bay Street	D.UN	30.3%	Income property	—	—	65,000	100.0%	
10 Lower Spadina	MPCT	33.5%	Income property	—	—	61,000	100.0%	
100 Steeles Avenue West	DRM/MPCT	25.1%	Redevelopment	TBD	TBD	59,000	97.1%	
360 Bay Street	D.UN	30.3%	Income property	—	—	58,000	72.3%	
6 Adelaide Street East	D.UN	30.3%	Income property	—	—	55,000	79.4%	
350 Bay Street	D.UN	30.3%	Income property	—	—	53,000	67.6%	
Plaza Imperial	MPCT	13.4%	Income property	—	—	35,000	100.0%	
349 Carlaw	MPCT	33.5%	Income property	—	—	34,000	64.4%	
56 Temperance Street	D.UN	30.3%	Income property	—	—	33,000	91.0%	
Canary District - Stage 1 retail	DRM	50.0%	Income property	—	—	32,000	90.0%	
68-70 Claremont Street	MPCT	33.5%	Income property	—	—	30,000	100.0%	
76 Stafford Street	MPCT	33.5%	Income property	—	—	25,000	100.0%	
Plaza Bathurst	MPCT	13.4%	Income property	—	—	24,000	100.0%	
220 King Street West	D.UN	15.2%	Income property	—	—	22,000	100.0%	
Berkeley Properties	MPCT	100.0%	Income property	—	—	14,000	77.4%	
Other GTA retail	DRM	30.0-50.0%	Income property	—	—	99,755	44.9%	
Residential Rentals:								
Weston Common	DRM/DIF/MPCT	57.2%	Income property	841	692,000	52,000	97.2%	
70 Park	DIF/MPCT	35.9%	Income property	210	257,000	—	99.5%	
Robinwood Portfolio	DRM/DIF/MPCT	57.2%	Income property	285	156,000	—	97.2%	
262 Jarvis	DRM/DIF/MPCT	57.2%	Income property	71	35,000	—	98.6%	
111 Cosburn	DIF/MPCT	35.9%	Income property	23	14,000	—	100.0%	
786 Southwood	DIF/MPCT	35.9%	Income property	24	37,000	—	100.0%	
Other:								
Broadview Hotel	DRM	50.0%	Hospitality	58	—	—		
Gladstone House	DRM	50.0%	Hospitality	55	—	—		
Postmark Hotel	DRM	50.0%	Hospitality	55	—	—		2024
Total Downtown Toronto & GTA				**1,622**	**1,191,000**	**5,219,755**	**87.4%**	
Zibi (Ottawa/Gatineau)								
Commercial:								
Natural Sciences Building (Zibi Block 211)	DRM/DIF/MPCT	38.9%	Income property	—	—	186,000	93.4%	
15 Rue Jos-Montferrand (Zibi Block 2/3)	DRM/MPCT	66.8%	Income property	—	—	53,000	81.2%	
310 Miwate Private (Zibi Block 208)	DRM/MPCT	66.8%	Income property	—	—	33,000	100.0%	
Residential Rentals:								
Aalto Suites (Zibi Block 10)	DIF/MPCT	35.9%	Income property	162	135,000	1,000	91.4%	
Other:								
Zibi Community Utility	DIF/MPCT	14.3%	Energy utility					
Total Zibi (Ottawa/Gatineau)				**162**	**135,000**	**273,000**	**91.7%**	

Project/property	Entity[3]	Dream effective ownership[1]	Status/type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
U.S.								
Commercial:								
12800 Foster Street, Overland Park, Kansas	D.UN	30.3%	Income property	—	—	185,000	100.0%	
Residential Rentals:								
Private Fund - Texas	DRM	5.0%	Income property	2,497	2,065,000		88.3%	
Private Fund - Arizona	DRM	5.0%	Income property	347	223,000		94.8%	
DRR - Greater Oklahoma City, Oklahoma	DRR	11.9%	Income property	1,431	1,164,000		94.1%	
DRR - Greater Dallas-Fort Worth, Texas	DRR	11.9%	Income property	1,049	1,005,000		91.1%	
DRR - Greater Cincinnati, Ohio	DRR	11.9%	Income property	952	866,000		96.4%	
Other:								
Arapahoe Basin ski hill, Colorado	DRM	100.0%	Recreational	—	—			
Total U.S.				**6,276**	**5,323,000**	**185,000**	**91.8%**	
Western Canada								
Commercial:								
444 - 7th Building, Calgary	D.UN	30.3%	Income property	—	—	261,000	78.9%	
Vendasta Square, Saskatoon	D.UN	30.3%	Income property	—	—	229,000	55.1%	
Brighton Marketplace, Saskatoon	DRM	50.0%	Income property	—	—	222,000	98.6%	
Co-operators Place, 1900 Sherwood Place, Regina	D.UN	30.3%	Income property	—	—	206,000	83.0%	
606 - 4th Building & Barclay Parkade, Calgary	D.UN	30.3%	Income property	—	—	126,000	87.6%	
Kensington House, Calgary	D.UN	30.3%	Income property	—	—	77,000	89.1%	
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	30.3%	Income property	—	—	10,000	53.0%	
Brighton Recreation, Saskatoon	DRM	100.0%	Income property	—	—	7,000	100.0%	
Residential Rentals:								
Brighton Village Rentals I, Saskatoon	DRM	100.0%	Income property	136	117,000	—	100.0%	
Childers Rentals Kensington, Saskatoon	DRM	100.0%	Income property	48	75,000	—	100.0%	
Other:								
Willows, Saskatoon	DRM	100.0%	Recreational	—	—			
Total Western Canada				**184**	**192,000**	**1,232,000**	**84.1%**	
Total Recurring Income Segment				**8,244**	**6,841,000**	**6,909,755**	**88.9%**	

Project/property	Type	Entity[3]	Dream effective ownership[1]	Status/type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
DEVELOPMENT SEGMENT									
Downtown Toronto & GTA									
Residential and Mixed-Use:									
Riverside Square - Phase 2	Sell	DRM	32.5%	In occupancy	227	195,000	43,000		Q2 2023
Maple House at Canary Landing (WDL Block 8)	Hold	DIF/MPCT	11.6%	In occupancy	770	624,000	4,000		Q3 2023
Brightwater I and II	Sell	DRM/MPCT	15.5%	In occupancy	311	244,000	98,000	40.2%	2023-2024
Brightwater Towns	Sell	DRM/MPCT	15.5%	Construction	106	237,000	—		2024
Canary House at Canary Landing (Block 10 - Condominium)	Sell	DIF	19.1%	Construction	206	153,000	26,000		2024
Birch House at Canary Landing (Block 10 - Rental)	Hold	DIF/MPCT	11.6%	Construction	238	182,000	—		2024
Ivy	Various	DRM/MPCT	66.8%	Construction	268	193,000	—		2024
The Mason, Brightwater	Sell	DRM/MPCT	15.5%	Construction	158	128,000	5,000		2025
Cherry House at Canary Landing (WDL Block 3/4/7)	Hold	DIF/MPCT	11.6%	Construction	855	811,000	32,000		2025
Queen & Mutual	Sell	MPCT	3.0%	Construction	369	243,000	7,000		2025
Main Street Townhomes	Sell	DRM	50.0%	Planning	68	85,000	—		2025
Bridge House, Brightwater	Sell	DRM/MPCT	15.5%	Planning	484	392,000	—		2026
Forma - East Tower	Sell	DRM/MPCT	16.7%	Construction	864	590,000	1,000		2029
Brightwater future blocks	Various	DRM/MPCT	15.5%	Planning	1,936	2,441,000	257,000		2025-2032
Quayside	Various	DIF/MPCT	18.5%	Planning	4,600	3,220,000	240,000		TBD
Canary Block 13	Hold	DRM	50.0%	Planning	879	618,000	9,000		TBD
Forma - West Tower	Sell	DRM/MPCT	16.7%	Planning	1,170	885,000	223,000		2032
Scarborough Junction	Sell	MPCT	15.1%	Planning	6,619	5,270,000	165,000		TBD
Victory Silos (previously Lakeshore East)	TBD	DRM/MPCT	25.1%	Planning	1,500	1,200,000	100,000		TBD
WDL Block 20	Hold	DRM/MPCT	22.3%	Planning	653	571,000	255,000		TBD
Distillery District - 31A Parliament	Hold	DRM	62.5%	Planning	515	389,000	342,000		TBD
Seaton	Sell	MPCT	2.3%	Planning	TBD	TBD	TBD		TBD
BlackTusk Partnership	Various	DIF/MPCT	1.8%-28.7%	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	30.3%	Redevelopment	—	—	40,000	100.0%	2024
67 Richmond Street West		D.UN	30.3%	Redevelopment	—	—	51,000	23.7%	2024
Total Downtown Toronto & GTA					**23,841**	**19,770,000**	**1,956,000**	**61.4%**	

Project/property	Type	Entity[3]	Dream effective ownership[1]	Status/type	Total residential/ hotel units at completion[2]	Residential GFA[2] (at 100%)	Total commercial and retail GLA[2]	In-place/ committed occupancy	Occupancy/ stabilization date
Ottawa/Gatineau									
Aalto II (Zibi Block 11)	Hold	DIF/MPCT	35.9%	In occupancy	148	127,000	4,000		Q4 2023
Common at Zibi (Zibi Block 206)	Hold	DRM/MPCT	66.8%	Construction	207	196,000	11,000		Q4 2023
Zibi Block 207	Hold	DRM/MPCT	66.8%	Construction	—	—	76,000		Q4 2023
Dream LeBreton	Hold	DRM/DIF/MPCT	57.2%	Planning	608	410,000	26,000		2027
Zibi Future blocks	Various	DRM/MPCT	66.8%	Planning	1,978	1,292,000	1,891,000		TBD
Total Ottawa/Gatineau					**2,941**	**2,025,000**	**2,008,000**		
Western Canada									
Residential:									
Brighton Village Rentals II, Saskatoon	Hold	DRM	100.0%	Construction	120	108,000	9,000		2024
Block 135 Single Family Rentals, Saskatoon	Hold	DRM	100.0%	Construction	21	25,000	—	76.2%	2024
Block 124 Townhome Rentals, Saskatoon	Hold	DRM	100.0%	Construction	95	115,000	—		2025
Block 166 Detached Home Rentals, Saskatoon	Hold	DRM	100.0%	Planning	42	46,000	—		2025
Block JK Townhome Rentals, Saskatoon	Hold	DRM	100.0%	Planning	15	22,000	—		2025
Brighton Village Rentals III, Saskatoon	Hold	DRM	100.0%	Planning	125	82,000	—		2026
Commercial:									
Harbour Landing, Regina	Hold	DRM	100.0%	Construction	—	—	41,000	90.8%	2024
Montrose, Calgary	Hold	DRM	100.0%	Construction	—	—	24,000	93.2%	2024
Total Western Canada					**418**	**398,000**	**74,000**	**91.7%**	
Total Development Segment					**27,200**	**22,193,000**	**4,038,000**	**70.6%**	
Total Dream Platform					**35,444**	**29,034,000**	**10,947,755**	**88.7%**	

Western Canada Land Holdings

City	Acre equivalents
Calgary	1,763
Edmonton	831
Saskatoon	2,985
Regina	3,269
Total	**8,848**

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	5,219,755	1,956,000	86.8%	25,463	20,961,000
Ottawa/Gatineau	273,000	2,008,000	91.7%	3,103	2,160,000
U.S.	185,000	—	91.8%	6,276	5,323,000
Western Canada	1,232,000	74,000	84.4%	602	590,000
Total	**6,909,755**	**4,038,000**	**88.7%**	**35,444**	**29,034,000**

(1) Dream holdings at fully consolidated ownership. Dream Impact Fund at 38.2% ownership, Dream Impact Trust at 33.5% ownership, Dream Office at 30.3% ownership and Dream Residential REIT at 11.9% ownership, respectively, as of September 30, 2023.

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

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

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

Condensed Consolidated Statements of Financial Position

(unaudited)

(in thousands of Canadian dollars)	Note	**September 30, 2023**	December 31, 2022
Assets			
Cash and cash equivalents	26	**$ 64,314**	$ 47,633
Accounts receivable		**295,545**	268,037
Other financial assets	5	**101,504**	101,064
Lending portfolio	6	**16,002**	15,074
Housing inventory		**62,485**	48,146
Condominium inventory	7	**388,733**	346,979
Land inventory	8	**457,369**	470,148
Investment properties	9	**1,696,922**	1,558,511
Recreational properties		**82,987**	80,300
Equity accounted investments	10	**746,180**	961,737
Capital and other operating assets	11	**61,936**	58,865
Total assets		**$ 3,973,977**	$ 3,956,494
Liabilities			
Accounts payable and other liabilities	12	**$ 221,266**	$ 267,872
Income and other taxes payable		**78,616**	57,363
Provision for real estate development costs		**69,913**	74,162
Debt	13	**1,788,640**	1,612,571
Dream Impact Trust units	14	**88,877**	188,385
Dream Impact Fund units	15	**107,480**	69,919
Deferred income taxes	16	**106,214**	132,530
Total liabilities		**2,461,006**	2,402,802
Shareholders' equity			
Share capital	17	**969,518**	968,076
Reorganization adjustment		**(944,577)**	(944,577)
Contributed surplus	22	**19,032**	18,082
Retained earnings		**1,433,462**	1,485,636
Accumulated other comprehensive income		**35,536**	26,475
Total equity		**1,512,971**	1,553,692
Total liabilities and equity		**$ 3,973,977**	$ 3,956,494

See accompanying notes to the condensed consolidated financial statements.

Commitments and contingencies (Note 24)

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

"Michael J. Cooper"
Michael J. Cooper
Director

"Joanne Ferstman"
Joanne Ferstman
Chair

Condensed Consolidated Statements of Earnings (Loss)

(unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of Canadian dollars, except for per share amounts)	Note	**2023**	2022	**2023**	2022
Revenue	18	**$ 132,512**	$ 55,057	**$ 279,089**	$ 176,076
Direct operating costs		**(95,388)**	(40,178)	**(190,438)**	(115,523)
Gross margin		**37,124**	14,879	**88,651**	60,553
Selling, marketing, depreciation and other operating costs		**(9,910)**	(8,251)	**(29,161)**	(25,147)
Net margin		**27,214**	6,628	**59,490**	35,406
Other income (expenses):					
General and administrative expenses		**(8,032)**	(5,619)	**(20,907)**	(15,847)
Fair value changes in investment properties	9	**(21,794)**	(381)	**(27,829)**	15,637
Share of earnings (loss) from equity accounted investments	10	**5,831**	2,105	**(98,511)**	76,289
Investment and other income		**1,511**	6,263	**4,979**	8,260
Net gain on land settlement	19	**—**	86,420	**—**	86,420
Interest expense	20	**(16,884)**	(15,592)	**(53,381)**	(35,556)
Adjustments related to Dream Impact Trust units	14	**13,660**	23,846	**91,115**	82,290
Adjustments related to Dream Impact Fund units	15	**2,520**	(827)	**2,364**	(3,039)
Fair value changes in financial instruments		**46**	3,658	**447**	4,956
Earnings (loss) before income taxes		**4,072**	106,501	**(42,233)**	254,816
Income tax recovery (expense)	16	**(147)**	(9,759)	**6,506**	(39,160)
Earnings (loss) for the period		**$ 3,925**	$ 96,742	**$ (35,727)**	$ 215,656
Basic earnings (loss) per share	23	**$ 0.09**	$ 2.27	**$ (0.84)**	$ 5.06
Diluted earnings (loss) per share	23	**$ 0.09**	$ 2.20	**$ (0.84)**	$ 4.90

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(unaudited)

(in thousands of Canadian dollars)	For the three months ended September 30, **2023**	2022	For the nine months ended September 30, **2023**	2022
Earnings (loss) for the period	**$ 3,925**	$ 96,742	**$ (35,727)**	$ 215,656
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income:				
Unrealized gain on interest rate hedge, net of tax	**4,483**	1,116	**9,692**	8,202
Unrealized gain (loss) from foreign currency translation	**1,040**	2,609	**73**	2,432
Share of other comprehensive income (loss) from equity accounted investments	**1,068**	5,191	**(704)**	4,538
Total other comprehensive income	**6,591**	8,916	**9,061**	15,172
Total comprehensive income (loss)	**$ 10,516**	$ 105,658	**$ (26,666)**	$ 230,828

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2023 and 2022
(unaudited)

(in thousands of Canadian dollars)	Dream share capital (Note 17)	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, January 1, 2023	**$ 968,076**	**$ 18,082**	**$ (944,577)**	**$ 1,485,636**	**$ 26,475**	**$ 1,553,692**
Loss for the period	**—**	**—**	**—**	**(35,727)**	**—**	**(35,727)**
Other comprehensive income for the period	**—**	**—**	**—**	**—**	**9,061**	**9,061**
Shares repurchased (Note 17)	**(3,336)**	**—**	**—**	**—**	**—**	**(3,336)**
Dividends paid (Note 17)	**—**	**—**	**—**	**(16,035)**	**—**	**(16,035)**
Share-based compensation (Note 22)	**4,778**	**950**	**—**	**(412)**	**—**	**5,316**
Balance, September 30, 2023	**$ 969,518**	**$ 19,032**	**$ (944,577)**	**$ 1,433,462**	**$ 35,536**	**$ 1,512,971**

(in thousands of Canadian dollars)	Dream share capital	Contributed surplus	Reorganization adjustment	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, January 1, 2022	$ 972,917	$ 15,701	$ (944,577)	$ 1,366,433	$ 11,739	$ 1,422,213
Earnings for the period	—	—	—	215,656	—	215,656
Other comprehensive income for the period	—	—	—	—	15,172	15,172
Shares repurchased	(8,521)	—	—	(6,364)	—	(14,885)
Dividends paid	—	—	—	(12,775)	—	(12,775)
Share-based compensation	3,680	363	—	(155)	—	3,888
Balance, September 30, 2022	$ 968,076	$ 16,064	$ (944,577)	$ 1,562,795	$ 26,911	$ 1,629,269

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

(unaudited)

(in thousands of Canadian dollars)	Note	For the nine months ended September 30, 2023	2022
Operating activities			
Earnings (loss) for the period		**$ (35,727)**	$ 215,656
Adjustments for non-cash items:			
Depreciation and amortization		**6,083**	5,147
Fair value changes in investment properties	9	**27,829**	(15,637)
Share of (earnings) loss from equity accounted investments	10	**98,511**	(76,289)
Deferred income tax (recovery) expense	16	**(29,668)**	34,189
Fair value adjustment on Dream Impact Trust units	14	**(97,196)**	(96,298)
Fair value adjustment on Dream Impact Fund units	15	**(2,364)**	3,039
Other adjustments	26	**8,111**	(3,346)
Changes in non-cash working capital	26	**(27,992)**	(39,618)
Acquisition of condominium inventory	7	**(4,241)**	(10,015)
Sale of housing inventory, net of development		**2,904**	(1,968)
Development of condominium inventory, net of sales	7	**(41,843)**	(30,805)
Acquisition of land inventory	8	**—**	(386)
Development of land inventory, net of sales	8	**(4,464)**	(23,529)
Net cash flows used in operating activities		**(100,057)**	(39,860)
Investing activities			
Acquisitions and additions to investment properties	9	**(109,727)**	(134,835)
Acquisitions and additions to recreational properties		**(9,260)**	(7,858)
Investments in equity accounted investments		**(510)**	(18,568)
Contributions to equity accounted investments		**(40,376)**	(46,712)
Distributions and disposals of equity accounted investments		**127,187**	23,615
Acquisitions and additions of financial assets and other assets		**(6,723)**	(3,436)
Distributions and disposals of financial assets and other assets		**—**	1,638
Loans receivable repayments, net of advances		**16,036**	13,315
Lending portfolio advances, net of repayments and lender fees	6	**(56)**	—
Net cash flows provided used in investing activities		**(23,429)**	(172,841)
Financing activities			
Borrowings from mortgages and term debt facilities	13	**214,373**	259,368
Repayments of mortgages and term debt facilities	13	**(83,144)**	(126,208)
Advances from operating lines and revolving credit facilities, net of repayments	13	**(118,298)**	61,605
Advances on construction loans, net of repayments	13	**109,734**	(29,042)
Advances from equity accounted investments		**—**	27,500
Issuance of convertible debentures, net of deferred financing costs	13	**—**	37,974
Dream Impact Trust units repurchased from other unitholders	14	**(2,590)**	(1,161)
Dream Impact Fund contributions from other unitholders	15	**39,925**	15,955
Dividends paid	17	**(16,035)**	(12,775)
Repayments of lease obligations		**(462)**	(647)
Shares repurchased	17	**(3,336)**	(14,885)
Net cash flows provided by financing activities		**140,167**	217,684
Change in cash and cash equivalents		**16,681**	4,983
Cash and cash equivalents, beginning of period		**47,633**	52,564
Cash and cash equivalents, end of period	26	**$ 64,314**	$ 57,547

See accompanying notes to the condensed consolidated financial statements.

1. Business and structure

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

The principal office and centre of administration of the Company is 30 Adelaide Street East, Suite 301, State Street Financial Centre, Toronto, Ontario, M5C 3H1. The Company is listed on the TSX and is domiciled in Canada. The ultimate controlling party of Dream is Michael Cooper, President and Chief Responsible Officer of Dream.

2. Basis of preparation

The condensed consolidated financial statements are prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" ("IAS 34"), on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the year ended December 31, 2022. Accordingly, certain information and footnote disclosures normally provided in annual consolidated financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed.

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

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

The condensed consolidated financial statements for the three and nine months ended September 30, 2023 were approved by the Board of Directors for issue on November 14, 2023, after which date they may be amended only with the Board of Directors' approval.

3. Summary of significant accounting policies

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Company's annual consolidated financial statements for the year ended December 31, 2022.

Future Accounting Standards

IAS 1, "Presentation of Financial Statements"

The IASB has issued amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024. 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 condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities and the recognitions of revenues and expenses. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the affected asset or liability and the recognition of revenues and expenses in the future. The critical accounting judgments, estimates and assumptions applied during the three and nine months ended September 30, 2023 are consistent with those set out in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2022.

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

5. Other financial assets

Other financial assets consisted of the following:

		September 30, 2023		December 31, 2022
Investment holdings	$	46,563	$	40,950
Loans receivable		29,003		44,545
Participating mortgages		5,193		5,193
Interest rate swaps		20,745		10,376
	$	101,504	$	101,064

Loans Receivable

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

6. Lending portfolio

		September 30, 2023		December 31, 2022
Balance, beginning of period	$	15,074	$	12,734
Lending portfolio advances		—		1,432
Interest capitalized to lending portfolio balance		459		547
Other		469		361
Balance, end of period[1]	$	16,002	$	15,074

[1] Included is a loan of $5,429 that is classified as fair value through profit and loss ("FVTPL") (December 31, 2022 - $5,066).

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

		September 30, 2023		December 31, 2022
Weighted average effective interest rate		14.7%		14.7%
Maturity dates		2023-2025		2023-2025
Balance of accrued interest	$	99	$	90
Loans with prepayment options		8,764		7,513

As at September 30, 2023, a loan investment classified as FVTPL, aggregating $5,429 (December 31, 2022 - $5,066), 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, 2022 - 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.

7. Condominium inventory

The movement in condominium inventory is as follows:

		September 30, 2023		December 31, 2022
Balance, beginning of period	$	346,979	$	288,215
Acquisitions		13,222		11,694
Development		63,804		51,988
Condominium units occupied		(21,961)		(4,918)
Transfers to investment properties (Note 9)		(13,311)		—
Balance, end of period	$	388,733	$	346,979

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

8. Land inventory

The movement in land inventory is as follows:

		September 30, 2023		December 31, 2022
Balance, beginning of period	$	470,148	$	469,608
Acquisitions		—		3,243
Development		51,246		107,383
Lot and acre sales		(46,782)		(98,375)
Transfers to housing inventory		(17,243)		(11,711)
Balance, end of period	$	457,369	$	470,148

9. Investment properties

The movement in investment properties by segment is as follows:

		Recurring income		Development		Total September 30, 2023		Total December 31, 2022
Balance, beginning of period	$	1,410,270	$	148,241	$	1,558,511	$	1,256,958
Additions to and transfers to/from investment properties:								
Properties acquired		42,121		—		42,121		163,926
Land and building additions		29,222		79,373		108,595		107,442
Transfers from inventory (Note 7)		—		13,311		13,311		—
Gains (losses) included in earnings:								
Fair value changes in investment properties		(25,401)		(2,428)		(27,829)		31,219
Amortization and other		(1,531)		(64)		(1,595)		(1,542)
Change in straight-line rent		3,568		240		3,808		508
Balance, end of period	$	1,458,249	$	238,673	$	1,696,922	$	1,558,511

During the nine months ended September 30, 2023, the Company acquired a multi-family residential rental, located in Woodstock, Ontario, and acquired an additional share in the Distillery District, located in Toronto, Ontario, for gross proceeds of $42,121, net of assumed term debt of $32,967 and a promissory note of $8,022.

Included in the recurring income segment as at September 30, 2023 is a right-of-use asset for the 100 Steeles leasehold interest of $9,174 (December 31, 2022 - $9,452).

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 September 30, 2023, two investment properties with a fair value of $125,750 were externally appraised at a value of $125,750 (December 31, 2022 - 21 investment properties with a total fair value of $733,055 were externally appraised at a value of $754,030).

During the nine months ended September 30, 2023, the Company recorded a fair value loss of $27,829 (year ended December 31, 2022 - gain of $31,219) in the condensed consolidated statements of earnings. Fair values of investment properties were calculated using a discounted cash flow method or the direct capitalization method.

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

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

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

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

Significant unobservable inputs were as follows for September 30, 2023 and December 31, 2022:

		September 30, 2023		December 31, 2022	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Discount rate	**5.50%-8.00%**	**6.4%**	5.50%-7.75%	6.1%
	Terminal capitalization rate	**4.88%-7.50%**	**5.8%**	4.50%-7.25%	5.4%
	Market rents (in dollars per square foot)[1]	**$16.00-$41.47**	**$26.38**	$16.00-$41.15	$27.35
Development	Discount rate	**5.50%-7.50%**	**5.8%**	7.50%	7.5%
	Terminal capitalization rate	**3.85%-7.00%**	**4.3%**	6.75%-7.00%	6.9%
	Market rents (in dollars per square foot)[1][2]	**$18.91-$53.14**	**$40.01**	$18.59-$26.23	$21.40

(1) Market rents represent year one rates in the discounted cash flow method. Market rents represent base rents only and do not include the impact of lease incentives.
(2) Market rents as at September 30, 2023 include two multi-family rental properties under development, which will transition to the direct capitalization method of valuation upon stabilization.

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

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

	Increase (decrease) in value	
Input sensitivity	**+25 bps**	**-25 bps**
Impact of changes to weighted average discount rate	$ (13,428)	$ 11,294
Impact of changes to weighted average terminal capitalization rate	(26,497)	26,356

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 September 30, 2023 and December 31, 2022:

		September 30, 2023		December 31, 2022	
	Input	**Range**	**Weighted average**	Range	Weighted average
Recurring income	Capitalization rate	**3.25%-5.25%**	**3.7%**	3.00%-3.50%	3.3%

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

	Increase (decrease) in value	
Input sensitivity	**+25 bps**	**-25 bps**
Impact of changes to weighted average capitalization rate	$ (45,929)	$ 52,692

Investment properties with a fair value of $1,351,869 as at September 30, 2023 (December 31, 2022 - $1,275,670) are pledged as security for mortgages and term debt and the Dream Impact Trust operating line. Investment properties with a fair value of $325,574 as at September 30, 2023 (December 31, 2022 - $270,826) are pledged as security for construction loans.

10. Equity accounted investments

The Company has entered into certain arrangements in the form of jointly controlled entities for various 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 September 30, 2023, the carrying value of these arrangements was $746,180 (December 31, 2022 - $961,737).

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

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

The Company disposed of 7,032,649 Dream Office REIT units in the nine months ended September 30, 2023, resulting in a decrease in ownership from 2022. The Company reassessed its voting rights resulting from decreasing ownership in Dream Office REIT and determined that it does not have de facto control of Dream Office REIT as at September 30, 2023. The Company continues to monitor its ownership on an ongoing basis to determine when consolidation of Dream Office REIT is appropriate.

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 September 30, 2023 and December 31, 2022.

						September 30, 2023
At Dream's share	**Ownership interest**	**Assets**	**Liabilities**	**Net assets**	**Difference between net assets and deemed cost of investments[1]**	**Total**
Development investments						
Canary District	33%-50%	$ 127,975	$ (86,844)	$ 41,131	$ —	**$ 41,131**
Forma	33%	196,562	(118,489)	78,073	—	**78,073**
Brightwater[2]	31%	203,688	(152,139)	51,549	—	**51,549**
Victory Silos (previously Lakeshore East)[2]	50%	106,671	(75,028)	31,643	—	**31,643**
West Don Lands	33%	240,646	(191,456)	49,190	—	**49,190**
Quayside	50%	132,783	(90,811)	41,972	—	**41,972**
Other development investments	7%-78%	89,735	(74,253)	15,482	—	**15,482**
Total development investments		$ 1,098,060	$ (789,020)	$ 309,040	$ —	**$ 309,040**
Recurring income investments						
Dream Office REIT[3]	30%	$ 817,300	$ (423,410)	$ 393,890	$ (95,561)	**$ 298,329**
Dream Residential REIT[3]	12%	68,438	(23,339)	45,099	—	**45,099**
Brighton Marketplace	50%	44,696	(26,021)	18,675	(2,286)	**16,389**
Other recurring income investments	5%-50%	120,266	(42,488)	77,778	(455)	**77,323**
Total recurring income investments		$ 1,050,700	$ (515,258)	$ 535,442	$ (98,302)	**$ 437,140**
Total		**$ 2,148,760**	**$ (1,304,278)**	**$ 844,482**	**$ (98,302)**	**$ 746,180**

(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 September 30, 2023, the fair value of the Company's unit holdings in Dream Office REIT and Dream Residential REIT were $110,794 and $21,927, respectively.

						December 31, 2022
At Dream's share	Ownership interest	Assets	Liabilities	Net assets	Difference between net assets and deemed cost of investments[1]	Total
Development investments						
Brighton Marketplace	50%	$ 44,661	$ (26,670)	$ 17,991	$ (2,286)	$ 15,705
Canary District	33%-50%	147,446	(78,020)	69,426	—	69,426
Forma	33%	184,844	(106,653)	78,191	—	78,191
Brightwater[2]	31%	168,827	(117,626)	51,201	—	51,201
Victory Silos (previously 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)

The following tables summarize the Company's proportionate share of revenue, earnings (loss) and earnings (loss) before depreciation in equity accounted investments for the three and nine months ended September 30, 2023 and 2022.

							For the three months ended September 30, 2023
At Dream's share	**Ownership interest**		**Revenue**		**Earnings (loss)**		**Earnings (loss) before depreciation**
Development investments	7%-78%	$	9,547	$	6,255	$	6,203
Recurring income investments							
Dream Office REIT	30%		13,310		387		850
Dream Residential REIT	12%		1,176		(1,393)		(1,393)
Other recurring income investments	5%-50%		1,470		582		1,656
Total recurring income investments		$	15,956	$	(424)	$	1,113
Total		**$**	**25,503**	**$**	**5,831**	**$**	**7,316**

							For the three months ended September 30, 2022
At Dream's share	Ownership interest		Revenue		Earnings (loss)		Earnings (loss) before depreciation
Development investments	7%-78%	$	(480)	$	806	$	877
Recurring income investments							
Dream Office REIT	36%		17,265		3,807		4,013
Dream Residential REIT	12%		1,049		905		905
Other recurring income investments	5%-50%		859		(3,413)		(3,402)
Total recurring income investments		$	19,173	$	1,299	$	1,516
Total		$	18,693	$	2,105	$	2,393

							For the nine months ended September 30, 2023
At Dream's share	**Ownership interest**		**Revenue**		**Earnings (loss)**		**Earnings (loss) before depreciation**
Development investments	7%-78%	$	14,271	$	7,826	$	7,870
Recurring income investments							
Dream Office REIT[1]	30%		47,334		(108,480)		(107,966)
Dream Residential REIT	12%		3,536		206		206
Other recurring income investments	5%-50%		2,866		1,937		3,102
Total recurring income investments		$	53,736	$	(106,337)	$	(104,658)
Total		**$**	**68,007**	**$**	**(98,511)**	**$**	**(96,788)**

[1] Loss in the nine months ended September 30, 2023 relates primarily to a loss of $88,204 on the disposition of 7,032,649 Dream Office REIT units for gross proceeds of $109,006.

							For the nine months ended September 30, 2022
At Dream's share	Ownership interest		Revenue		Earnings (loss)		Earnings (loss) before depreciation
Development investments[1]	7%-78%	$	120,022	$	37,425	$	37,536
Recurring income investments							
Dream Office REIT	36%		50,545		35,285		35,407
Dream Residential REIT	12%		1,664		5,650		5,650
Other recurring income investments	5%-50%		4,250		(2,071)		(2,042)
Total recurring income investments		$	56,459	$	38,864	$	39,015
Total		$	176,481	$	76,289	$	76,551

[1] Earnings in the nine months ended September 30, 2022 relate primarily to 182 condominium occupancies, at the Company's proportionate share, at Canary Commons.

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

11. Capital and other operating assets

Capital and other operating assets consisted of the following:

		September 30, 2023		December 31, 2022
Restricted cash	$	**6,159**	$	6,442
Goodwill		**13,576**		13,576
Prepaid expenses[1]		**21,203**		17,043
Capital assets		**11,028**		11,900
Right-of-use assets		**835**		1,931
Other		**9,135**		7,973
Total capital and other operating assets	$	**61,936**	$	58,865

		September 30, 2023		December 31, 2022
Capital assets	$	**26,537**	$	25,880
Accumulated depreciation		**(15,509)**		(13,980)
Total capital assets	$	**11,028**	$	11,900

[1] Included in prepaid expenses as at September 30, 2023 is $4,430 of capitalized sales commissions relating to housing and condominium sales to be recognized in future periods (December 31, 2022 - $4,839).

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

Right-of-Use Assets

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

		September 30, 2023		December 31, 2022
Balance, beginning of period	$	**1,931**	$	1,409
Additions		**59**		1,010
Depreciation		**(301)**		(488)
Disposition		**(854)**		—
Balance, end of period	$	**835**	$	1,931

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

12. Accounts payable and other liabilities

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

		September 30, 2023		December 31, 2022
Accrued liabilities	$	**90,500**	$	101,993
Customer deposits		**55,241**		46,330
Trade payables[1]		**56,868**		98,037
Lease obligation		**10,574**		11,836
Deferred revenue		**8,083**		9,676
	$	**221,266**	$	267,872

[1] Included in trade payables were bank overdraft balances of $3,386 as at September 30, 2023 (December 31, 2022 - $3,062).

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

Lease Obligation

		September 30, 2023		December 31, 2022
Maturity analysis - contractual undiscounted cash flows				
Less than one year	$	1,317	$	1,481
One to five years		5,084		5,032
More than five years		8,503		9,532
Total undiscounted lease obligation as at end of period	$	14,904	$	16,045
Discounted using the lessee's incremental borrowing rate as at end of period		(4,330)		(4,209)
Total discounted lease obligation as at end of period	**$**	**10,574**	$	11,836
Current portion of lease obligation		1,063		1,404
Non-current portion of lease obligation		9,511		10,432
Total lease obligation	**$**	**10,574**	$	11,836

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

13. Debt

	Weighted average effective interest rates			Debt amount		
	September 30, 2023	December 31, 2022		September 30, 2023		December 31, 2022
Project-specific debt						
Operating line - Dream Impact Fund	7.13%	6.47%	$	7,302	$	9,400
Operating line - Western Canada	n/a	7.22%		—		73,796
Construction loans	6.32%	5.78%		438,698		328,139
Mortgages and term debt	4.20%	4.03%		1,051,771		869,405
Total project-specific debt	4.90%	4.65%		1,497,771		1,280,740
Corporate debt facilities						
Non-revolving term facility	5.51%	5.59%		223,514		223,128
Operating line - Dream Impact Trust	n/a	6.97%		—		41,421
Convertible debentures (host instruments) - Dream Impact Trust	6.10%	6.12%		67,353		66,833
Convertible debentures (conversion features) - Dream Impact Trust	n/a	n/a		2		449
Total corporate debt facilities	5.65%	5.77%		290,869		331,831
Total debt	**5.02%**	4.89%	**$**	**1,788,640**	$	1,612,571

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.

As at September 30, 2023, funds available under this facility were $320,000, as determined by the formula-based maximum calculation, with $47,435 of letters of credit issued against the facility (December 31, 2022 - $320,000, with $54,864 of letters of credit issued against the facility).

Operating Line - Dream Impact Trust

During the nine months ended September 30, 2023, Dream Impact Trust amended its credit facility, reducing the borrowing capacity from $50,000 to $25,000 and extending the maturity date to April 30, 2025. As at September 30, 2023, the demand revolving credit facility was available to the Dream Impact Trust up to a formula-based maximum of $25,000.

As at September 30, 2023, $nil was drawn on the facility (December 31, 2022 - $41,700) and funds available under this facility were $17,400 (December 31, 2022 – $8,000), net of $300 of letters of credit issued against the facility (December 31, 2022 – $300).

(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 45% (December 31, 2022 - 54%) of the Company's total debt obligation as at September 30, 2023. In order to manage the interest rate risk on certain variable rate debt, the Company has entered into interest rate swaps as detailed below.

					September 30, 2023	December 31, 2022
Maturity date(s)	Debt facility	Notional amount hedged	Average fixed interest rate	Financial instrument classification	**Fair value of hedging instrument**	Fair value of hedging instrument
May 31, 2024	Non-revolving term facility	$ 100,000	3.93%	Cash flow hedge	**$ 2,871**	$ 4,771
October 31, 2025	Non-revolving term facility	100,000	6.78%	Cash flow hedge	**2,396**	83
November 30, 2025	Non-revolving term facility	20,000	6.42%	Cash flow hedge	**634**	n/a
April 3, 2028	Mortgage	80,000	6.37%	Cash flow hedge	**3,235**	n/a
March 18, 2029	Mortgage	75,500	3.43%	Cash flow hedge	**7,907**	5,099
July 16, 2027 and July 27, 2027	Mortgage	65,130	5.15%	Cash flow hedge	**2,905**	423
April 14, 2026	Mortgage	24,600	6.55%	Cash flow hedge	**797**	n/a

The Company applied hedge accounting to these relationships, whereby the change in fair value of the effective portion of the hedging derivatives was recognized in accumulated other comprehensive income. Settlement of both the fixed and variable portions of the interest rate swaps occur on a monthly basis. The full amount of the hedges were determined to be effective as at September 30, 2023 as all critical terms matched during the period.

14. Dream Impact Trust units

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

The Company accounts for the 67% interest in Dream Impact Trust held by other unitholders as a financial liability measured at FVTPL (December 31, 2022 - 70%). As at September 30, 2023, the trust units had a fair value of $88,877 based on the trading price on the TSX. The movement in Dream Impact Trust units is as follows:

	September 30, 2023		December 31, 2022	
	Units	**Total**	Units	Total
Balance, beginning of period	**11,686,387**	**$ 188,385**	11,711,073	$ 288,092
Units acquired by the Company in the period	**(102,850)**	**(1,403)**	—	—
Units issued to other unitholders through distribution reinvestment plan	**10,811**	**82**	2,928	50
Units repurchased and cancelled by Dream Impact Trust	**(111,937)**	**(1,187)**	(48,275)	(1,161)
Deferred units exchanged for Dream Impact Trust units	**15,265**	**196**	20,661	507
Fair value adjustment	**—**	**(97,196)**	—	(99,103)
Balance, end of period	**11,497,676**	**$ 88,877**	11,686,387	$ 188,385

In the three months ended September 30, 2023, the Company recognized a gain related to Dream Impact Trust units of $13,660 in the condensed consolidated statements of earnings, comprising a fair value gain of $15,517 due to a decrease in Dream Impact Trust's trading price offset by cash distributions to other unitholders of $1,857 (three months ended September 30, 2022 - gain of $23,846 comprising of a fair value gain of $28,509 due to a decrease in Dream Impact Trust's trading price offset by distributions to other unit holders of $4,663).

In the nine months ended September 30, 2023, the Company recognized a gain related to Dream Impact Trust units of $91,115 in the condensed consolidated statements of earnings, comprising a fair value gain of $97,196 due to a decrease in Dream Impact Trust's trading price offset by cash distributions to other unitholders of $6,081 (nine months ended September 30, 2022 - gain of $82,290 comprising a fair value gain of $96,298 due to decrease in Dream Impact Trust's trading price offset by cash distributions to other unitholders of $14,008).

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

15. Dream Impact Fund units

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

	September 30, 2023			December 31, 2022		
	Units		**Total**	Units		Total
Balance, beginning of period	**6,213,941**	**$**	**69,919**	4,746,403	$	49,430
Units issued to other unitholders	**3,530,475**		**39,925**	1,467,538		15,965
Fair value adjustment	**—**		**(2,364)**	—		4,524
Balance, end of period	**9,744,416**	**$**	**107,480**	6,213,941	$	69,919

In the nine months ended September 30, 2023, third-party investors contributed $39,925 to Dream Impact Fund (year ended December 31, 2022 - $15,965).

In the three and nine months ended September 30, 2023, the Company recognized a gain of $2,520 and a gain of $2,364, respectively, related to Dream Impact Fund units (three and nine months ended September 30, 2022 - loss of $827 and $3,039, respectively) in the condensed consolidated statements of earnings due to a change in net asset value attributable to Dream Impact Fund's non-controlling interest.

16. Income taxes

In the three and nine months ended September 30, 2023, the Company recognized an income tax recovery of $147 and $6,506, respectively, (three and nine months ended September 30, 2022 – income tax expense of $9,759 and $39,160, respectively), the major components of which include the following items:

	For the three months ended September 30,				For the nine months ended September 30,			
		2023		2022		**2023**		2022
Current income taxes:								
Current income taxes (recovery) with respect to profits during the period	**$**	**(408)**	$	(1,395)	**$**	**18,787**	$	2,471
Current tax adjustments with respect to prior period		**—**		—		**1**		—
Other items affecting current income tax expense		**1,563**		960		**4,374**		2,500
Current income tax expense (recovery)		**1,155**		(435)		**23,162**		4,971
Deferred income taxes (recoveries):								
Origination and reversal of temporary differences		**(284)**		11,149		**(28,739)**		34,695
Recovery arising from previously unrecognized temporary difference		**—**		(842)		**—**		(842)
Impact of changes in income tax rates		**(724)**		(113)		**(929)**		336
Deferred income tax expense (recovery)		**(1,008)**		10,194		**(29,668)**		34,189
Income tax expense (recovery)	**$**	**147**	$	9,759	**$**	**(6,506)**	$	39,160

Due to non-coterminous tax years of the Company's partnership and trust interests, income of approximately $56,947 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – $93,429) relating to such partnership and trust interests will be included in computing the Company's taxable income for its 2024 and 2023 taxation years.

The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 25.9% (September 30, 2022 - 26.1%) as presented in the table below. Cash paid, net of refunds, for income taxes for the nine months ended September 30, 2023 was $1,927 (nine months ended September 30, 2022 – $7,024).

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

	For the nine months ended September 30, 2023	2022
Earnings (loss) before tax at statutory rate of 25.9% (2022 - 26.2%)	**$ (10,938)**	$ 66,507
Effect on taxes of:		
Non-deductible expenses	**2,278**	(429)
Adjustment in expected future tax rates	**(929)**	336
Tax adjustments in respect of prior periods	**1**	(842)
Non-taxable portion of capital gains	**(860)**	(30,066)
Non-recognition of the benefit of current year's tax losses	**430**	—
Other items	**3,512**	3,654
Income tax expense (recovery)	**$ (6,506)**	$ 39,160

The movement in the deferred income taxes in the nine months ended September 30, 2023 and the year ended December 31, 2022, and the net components of the Company's net deferred income tax liabilities, are presented in the following table:

Asset (Liability)	Accounts receivable	Real estate and assets held for sale	Non-coterminous tax year	Financial instruments/ equity accounted investments	Loss carry-forwards	Total
Balance, January 1, 2022	$ (11,906)	$ (59,687)	$ (1,124)	$ (47,780)	$ 16,798	$ (103,699)
(Charged) credited to:						
Loss (earnings) for the period	(1,978)	(7,322)	(24,449)	(3,048)	10,640	(26,157)
Other comprehensive income	—	68	—	(2,742)	—	(2,674)
Balance, December 31, 2022	$ (13,884)	$ (66,941)	$ (25,573)	$ (53,570)	$ 27,438	$ (132,530)
(Charged) credited to:						
Loss for the period	1,298	1,544	10,847	10,549	5,430	29,668
Other comprehensive income	—	(3)	—	(3,349)	—	(3,352)
Balance, September 30, 2023	**$ (12,586)**	**$ (65,400)**	**$ (14,726)**	**$ (46,370)**	**$ 32,868**	**$ (106,214)**

As at September 30, 2023, the Company had tax losses of $15,101 (December 31, 2022 – $13,440) that expire between 2025 and 2042. 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.

17. Share capital

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

	September 30, 2023		December 31, 2022	
Issued and outstanding	**Number of shares**	**Amount**	Number of shares	Amount
Subordinate Voting Shares	**41,082,158**	**$ 930,736**	41,030,346	$ 929,294
Class B Shares	**1,557,322**	**38,782**	1,557,356	38,782
	42,639,480	**$ 969,518**	42,587,702	$ 968,076

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

	September 30, 2023		December 31, 2022	
	Number of shares	**Amount**	Number of shares	Amount
Issued and outstanding, beginning of period	**41,030,346**	**$ 929,294**	41,278,675	$ 934,135
Class B Shares converted into Subordinate Voting Shares	**34**	**—**	—	—
Performance share units exercised, net of withholding taxes	**9,896**	**247**	10,599	152
Subordinate Voting Shares issued under the Restricted Share & Restricted Share Unit Plan	**204,082**	**4,531**	117,618	3,528
Subordinate Voting Shares repurchased	**(162,200)**	**(3,336)**	(376,546)	(8,521)
Issued and outstanding, end of period	**41,082,158**	**$ 930,736**	41,030,346	$ 929,294

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

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

	September 30, 2023			December 31, 2022		
	Number of shares		**Amount**	Number of shares		Amount
Issued and outstanding, beginning of period	**1,557,356**	**$**	**38,782**	1,557,356	$	38,782
Class B Shares converted into Subordinate Voting Shares	**(34)**		**—**	—		—
Issued and outstanding, end of period	**1,557,322**	**$**	**38,782**	1,557,356	$	38,782

Share Repurchases

The Company renewed its normal course issuer bid ("NCIB"), which commenced on September 21, 2023, under which the Company has the ability to purchase for cancellation up to a maximum number of 2,223,383 Subordinate Voting Shares through the facilities of the TSX at prevailing market prices and in accordance with the rules and policies of the TSX. The actual number of Subordinate Voting Shares that may be purchased, and the timing of any such purchases as determined by the Company, are subject to a maximum daily purchase limitation of 8,986 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

In connection with the renewal of the NCIB, the Company has established an automatic securities purchase plan (the "Plan") with its designated broker to facilitate the purchase of Subordinate Voting Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Subordinate Voting Shares due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Company's broker based on the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the Subordinate Voting Shares may also be purchased in accordance with management's discretion. The Plan was pre-cleared by the TSX and will terminate on September 20, 2024.

In the nine months ended September 30, 2023, 162,200 Subordinate Voting Shares were purchased for cancellation by the Company under its NCIB at an average price of $20.57 (year ended December 31, 2022 – 376,546 Subordinate Voting Shares at an average price of $39.53). The purchase price in excess of the carrying amount of $6,364 is recorded in retained earnings for the year ended December 31, 2022.

Dividends

In the three and nine months ended September 30, 2023, the Company declared dividends of $5,336 and $16,035 on its Subordinate Voting Shares and Class B Shares (three and nine months ended September 30, 2022 - $4,259 and $12,775).

18. Revenue

Revenue consisted of the following:

	For the three months ended September 30,				For the nine months ended September 30,			
		2023		2022		**2023**		2022
Revenue from contracts with customers	**$**	**114,676**	$	39,428	**$**	**227,184**	$	131,704
Revenue from other sources - lending portfolio		**514**		303		**1,309**		897
Revenue from other sources - rental income		**17,322**		15,326		**50,596**		43,475
Total revenue	**$**	**132,512**	$	55,057	**$**	**279,089**	$	176,076

Revenue from Contracts with Customers

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

	For the three months ended September 30, 2023											
		Land		Housing and condominium		Investment properties		Recreational properties		Asset management		**Total**
Revenue	$	65,530	$	25,503	$	4,458	$	7,809	$	15,895	**$**	**119,195**
Less: Intercompany revenue		—		(3,441)		—		—		(1,078)		**(4,519)**
Revenue from external customers	$	65,530	$	22,062	$	4,458	$	7,809	$	14,817	**$**	**114,676**
Timing of revenue recognition												
At a point in time	$	65,530	$	22,062	$	—	$	4,729	$	—	**$**	**92,321**
Over time		—		—		4,458		3,080		14,817		**22,355**
	$	65,530	$	22,062	$	4,458	$	7,809	$	14,817	**$**	**114,676**

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

For the three months ended September 30, 2022	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	Total
Revenue	$ 12,986	$ 8,687	$ 3,200	$ 8,172	$ 10,090	$ 43,135
Less: Intercompany revenue	—	(1,850)	—	—	(1,857)	(3,707)
Revenue from external customers	$ 12,986	$ 6,837	$ 3,200	$ 8,172	$ 8,233	$ 39,428
Timing of revenue recognition						
At a point in time	$ 12,986	$ 6,837	$ —	$ 6,979	$ 261	$ 27,063
Over time	—	—	3,200	1,193	7,972	12,365
	$ 12,986	$ 6,837	$ 3,200	$ 8,172	$ 8,233	$ 39,428

For the nine months ended September 30, 2023	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	**Total**
Revenue	$ 71,589	$ 58,023	$ 11,452	$ 51,444	$ 47,324	**$ 239,832**
Less: Intercompany revenue	—	(8,508)	—	—	(4,140)	**(12,648)**
Revenue from external customers	$ 71,589	$ 49,515	$ 11,452	$ 51,444	$ 43,184	**$ 227,184**
Timing of revenue recognition						
At a point in time	$ 71,589	$ 49,515	$ —	$ 42,589	$ 3,861	**$ 167,554**
Over time	—	—	11,452	8,855	39,323	**59,630**
	$ 71,589	$ 49,515	$ 11,452	$ 51,444	$ 43,184	**$ 227,184**

For the nine months ended September 30, 2022	Land	Housing and condominium	Investment properties	Recreational properties	Asset management	Total
Revenue	$ 27,885	$ 26,393	$ 6,829	$ 45,406	$ 36,172	$ 142,685
Less: Intercompany revenue	—	(5,615)	—	—	(5,366)	(10,981)
Revenue from external customers	$ 27,885	$ 20,778	$ 6,829	$ 45,406	$ 22,573	$ 131,704
Timing of revenue recognition						
At a point in time	$ 27,885	$ 20,778	$ —	$ 37,928	$ 3,676	$ 90,267
Over time	—	—	6,829	7,478	27,130	41,437
	$ 27,885	$ 20,778	$ 6,829	$ 45,406	$ 30,806	$ 131,704

19. 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 nine months ended September 30, 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.

20. Interest expense

Interest expense consisted of the following:

	For the three months ended September 30,		**For the nine months ended September 30,**	
	2023	2022	**2023**	2022
Interest on project-specific debt	**$ 17,742**	$ 15,363	**$ 52,971**	$ 33,547
Interest on corporate debt facilities	**4,277**	2,459	**13,220**	7,451
Amortization of deferred financing costs and accretion of effective interest	**635**	691	**1,776**	1,704
Project-specific interest capitalized to real estate development projects	**(5,770)**	(2,921)	**(14,586)**	(7,146)
Total	**$ 16,884**	$ 15,592	**$ 53,381**	$ 35,556

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

21. Financial instruments fair value and risk management

Fair Value of Financial Instruments

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

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

		September 30, 2023		December 31, 2022	
	Fair value hierarchy	**Carrying value**	**Fair value**	Carrying value	Fair value
Recurring measurement					
Financial assets					
Participating mortgages	Level 3	**$ 5,193**	**$ 5,193**	$ 5,193	$ 5,193
Interest rate swaps	Level 3	**20,745**	**20,745**	10,376	10,376
Investment holdings	Level 3	**3,027**	**3,027**	6,810	6,810
Lending portfolio	Level 3	**5,429**	**5,429**	5,066	5,066
Financial liabilities					
Dream Impact Trust units	Level 1	**88,877**	**88,877**	188,385	188,385
Dream Impact Fund units	Level 3	**107,480**	**107,480**	69,919	69,919
Convertible debentures (conversion features) - Dream Impact Trust	Level 3	**2**	**2**	449	449
Fair values disclosed					
Investment holdings	Level 2	**43,536**	**42,897**	34,140	32,055
Lending portfolio	Level 3	**10,573**	**8,125**	10,008	7,999
Operating line - Dream Impact Fund	Level 3	**7,302**	**7,302**	9,400	9,400
Construction loans	Level 3	**438,698**	**411,246**	328,139	324,629
Mortgages and term debt	Level 3	**1,051,771**	**985,536**	869,405	817,323
Operating line - Western Canada	Level 3	**—**	**—**	73,796	74,500
Operating line - Dream Impact Trust	Level 3	**—**	**—**	41,421	41,700
Non-revolving term facility	Level 3	**223,514**	**225,000**	223,128	225,000
Convertible debentures (host instruments) - Dream Impact Trust	Level 3	**67,353**	**65,269**	66,833	67,695

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

The fair value of the Dream Impact Trust units is based on the listed market price on the TSX as at September 30, 2023 of $7.73 per unit for the 11,497,676 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:

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.

Lending Portfolio

The fair value of the lending portfolio as at September 30, 2023 was determined by discounting the expected cash flows of each loan using an interest rate of 17.5%. The market interest rates were determined taking into consideration similar instruments with corresponding maturity dates, plus a credit adjustment in accordance with the borrower's creditworthiness as well as considering the risk characteristic of the underlying development.

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

Non-Revolving Term Facilities and Revolving Term Facilities
The fair value measurement of the non-revolving term facilities and revolving term facilities approximates the carrying value excluding unamortized financing costs given their 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 September 30, 2023 was 23.2%. If the volatility used in the fair value calculation were to increase by 5%, the value of the conversion features would increase by $8. If the volatility were to decrease by 5%, the value of the conversion features would decrease by $1.

Valuation Process
The Company's finance department is responsible for either determining the fair value measurements directly or reviewing the fair value measurements provided by third-party appraisers. On a quarterly basis, management will review the valuation policies, procedures and analysis of changes in fair value measurements. Refer to Note 6 and Note 15 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, 2022	$ 40,950	$ (449)	$ 10,376	$ 5,193
Issued or acquired during the period:				
Contributions/borrowings	9,582	—	—	—
Distributions	(2,352)	—	—	—
Total gains or losses for the period included in net earnings:				
Change in fair value	(1,617)	447	—	—
Included in other comprehensive income:				
Change in fair value	—	—	10,369	—
Balance, September 30, 2023	**$ 46,563**	**$ (2)**	**$ 20,745**	**$ 5,193**

22. Share-based compensation

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

	September 30, 2023		December 31, 2022	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Options outstanding, beginning of period	**865,845**	**$ 16.96**	865,845	$ 16.96
Options outstanding, end of period	**865,845**	**$ 16.96**	865,845	$ 16.96
Options exercisable, end of period	**845,836**	**$ 16.92**	814,247	$ 16.90

As at September 30, 2023, 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.

In the three and nine months ended September 30, 2023, the Company recognized an expense of $9 and $27, respectively, (three and nine months ended September 30, 2022 – an expense of $19 and $59, respectively) 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.

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

	September 30, 2023			December 31, 2022		
	Units		**Weighted average fair value at grant date**	Units		Weighted average fair value at grant date
Units outstanding, beginning of period	**705,856**	**$**	**20.10**	571,332	$	17.02
Granted	**149,804**		**28.66**	116,818		41.03
Forfeited	**(13,638)**		**37.83**	(1,225)		41.03
PSUs added by performance factor	**7,501**		**24.94**	15,763		14.36
Reinvested	**15,148**		**22.22**	22,523		21.09
Exercised	**(18,675)**		**24.94**	(19,355)		14.36
Units outstanding, end of period	**845,996**	**$**	**22.14**	705,856	$	20.10

In the three and nine months ended September 30, 2023, compensation expense of $861 and $2,722, respectively, (three and nine months ended September 30, 2022 – $1,321, and $2,539, respectively) related to this plan was recognized in general and administrative expenses.

The fair value of PSUs granted in the nine months ended September 30, 2023 was estimated on the historical grant date with the following assumptions:

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

Deferred Share Unit Plan

The Company has a DSU incentive plan pursuant to which DSUs may be granted to eligible directors, senior management and certain service providers. As at September 30, 2023, there were 336,801 units outstanding (December 31, 2022 – 298,896 units outstanding). In the three and nine months ended September 30, 2023, compensation expense of $117 and $682 (three and nine months ended September 30, 2022 – $118 and $682, respectively) related to this plan was recognized in general and administrative expenses.

	September 30, 2023	December 31, 2022
Units outstanding, beginning of period	**298,896**	266,143
Granted	**32,225**	23,464
Reinvested	**5,680**	9,289
Units outstanding, end of period	**336,801**	298,896

Restricted Share & Restricted Share Unit Plan

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

In the nine months ended September 30, 2023, $4,532 in Restricted Share Awards was granted to be used to subscribe for Subordinate Voting Shares (December 31, 2022 - $3,528 in Restricted Share Awards) and 204,082 Restricted Shares (December 31, 2022 - 117,618 Restricted Shares) were issued to be held in escrow until February 2033. In the three and nine months ended September 30, 2023, compensation expense of $786 and $2,105, respectively, (three and nine months ended September 30, 2022 – $408 and $1,028, respectively) related to this plan was recognized in general and administrative expenses.

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

		September 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**18,082**	$	15,701
Granted and added by performance factor, net of forfeitures		**1,004**		2,102
Dividends reinvested		**412**		557
Exercised		**(466)**		(278)
Balance, end of period	**$**	**19,032**	$	18,082

23. Earnings (loss) per share

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

Diluted earnings (loss) per share is calculated by dividing the Company’s earnings attributable to the shareholders of the Company by the weighted average number of shares outstanding after the dilutive effect of the stock options, performance share units and deferred share units.

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

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Earnings (loss) attributable to the shareholders of the Company, basic and diluted	**$ 3,925**	$ 96,742	**$ (35,727)**	$ 215,656
Weighted average number of shares outstanding:				
Dream Subordinate Voting Shares	**41,244,327**	41,030,346	**41,202,590**	41,048,158
Dream Class B Shares	**1,557,350**	1,557,356	**1,557,352**	1,557,356
Total weighted average number of shares	**42,801,677**	42,587,702	**42,759,942**	42,605,514
Effect of dilutive securities on weighted average number of shares outstanding at the end of the period:				
Share-based compensation[1]	**1,275,286**	1,300,101	**—**	1,381,044
Total weighted average number of shares outstanding after dilution	**44,076,963**	43,887,803	**42,759,942**	43,986,558
Basic earnings (loss) per share	**$ 0.09**	$ 2.27	**$ (0.84)**	$ 5.06
Diluted earnings (loss) per share	**0.09**	2.20	**(0.84)**	4.90

[1] For the three and nine months ended September 30, 2023, nil and 2,525,533 stock options, DSUs, RSUs and PSUs were considered anti-dilutive, respectively (three and nine months ended September 30, 2022 – nil and 116,668 PSUs, respectively).

24. Commitments and contingencies

Letters of Credit and Surety Bonds

The Company is contingently liable for letters of credit and surety bonds that have been provided to support land developments, equity accounted investments and other activities in the amount of $109,097 (December 31, 2022 – $100,686). The Company is also contingently liable for bonds that have been provided to support certain urban development condominium partnerships that expire at the end of a specified warranty period.

The Company is committed to pay levies in the future of up to $20,484 (December 31, 2022 – $21,056) relating to signed municipal agreements on commencement of development of certain real estate assets. Additional development costs may also be required to satisfy the requirements of these municipal agreements.

Joint Operations, Co-ownerships, Joint Ventures and Associates

The Company may conduct its real estate activities from time to time through joint operations and joint ventures with third-party partners. The Company was contingently liable for the obligations of the other owners of the unincorporated joint operations and joint ventures in the amount of $320,693 as at September 30, 2023 (December 31, 2022 – $336,670). These guarantees include contingent liabilities for certain obligations of our joint venture partners, which are exclusive of our share of those guarantees that are included in our equity accounted investments on the condensed consolidated statements of financial position. However, the Company would have available to it the other co-venturers' share of assets to satisfy any obligations that may arise. From time to time, the Company may be required to fund capital contributions to its various investments.

Legal and Other Contingencies

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

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

Dream Industrial REIT

In the three and nine months ended September 30, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Industrial REIT:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Asset management fees charged by Dream[1]	**$ 6,750**	$ 4,373	**$ 19,854**	$ 15,865
Cost recoveries charged by Dream	**486**	515	**1,355**	1,185

[1] Included in asset management fees charged to Dream Industrial REIT for the three and nine months ended September 30, 2023 and 2022 were incentive fees of $nil.

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

Included in accounts receivable are balances due from Dream Industrial REIT related to asset management agreements and cost sharing agreements of $7,236 (December 31, 2022 - $5,593).

Dream Office REIT

Amounts earned/recovered under the shared services and property management agreements during the three and nine months ended September 30, 2023 and 2022 are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Cost recoveries charged by Dream to Dream Office REIT	**$ 525**	$ 513	**$ 1,328**	$ 1,209
Cost recoveries charged by Dream Office REIT to Dream	**2,890**	3,166	**8,790**	8,409
Cost recoveries charged by Dream Office REIT to Dream Impact Trust	**632**	599	**1,918**	1,902
Fees charged by Dream to Dream Office REIT	**359**	595	**1,436**	1,772
Fees charged by Dream Office REIT to Dream	**103**	95	**291**	276
Fees charged by Dream Office REIT to Dream Impact Trust	**233**	258	**708**	754

The amount owing to Dream Office REIT as of September 30, 2023 was $88 (December 31, 2022 – owing to Dream Office REIT $566).

Dream Residential REIT

In the three and nine months ended September 30, 2023 and 2022, the Company earned/recovered the following amounts pursuant to the asset management and shared services agreements with Dream Residential REIT:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Asset management fees charged by Dream[1]	**$ 296**	$ 169	**$ 783**	$ 276
Advisory fees charged by Dream	**—**	—	**—**	2,834
Cost recoveries charged by Dream	**34**	670	**233**	761

[1] Included in asset management fees charged to Dream Residential REIT for the three and nine months ended September 30, 2023 and 2022 were incentive fees of $nil.

Included in accounts receivable are balances due from Dream Residential REIT related to asset management agreements and cost sharing agreements of $230 (December 31, 2022 - $423).

Industrial Joint Ventures

In the nine months ended September 30, 2023, Dream Industrial REIT and a leading global sovereign wealth fund created a joint venture which acquired Summit Industrial Income REIT. The Company, through a subsidiary, entered into asset management and development management agreements with Dream Summit Industrial LP effective February 2023 pursuant to which the Company provides asset management and development management services.

Amounts earned under the various agreements with the Company's industrial-focused joint ventures (which also include the GTA Land Joint Venture and Dream U.S. Industrial Fund) during the three and nine months ended September 30, 2023 and 2022 are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	**2023**	2022
Fees earned under the fund/asset management agreement	**$ 5,106**	$ —	**$ 13,071**	$ 76
Fees earned under the development management agreements	**1,179**	—	**2,294**	—

Included in accounts receivable are balances due from the Industrial joint ventures related to various agreements of $6,284 (December 31, 2022 - $1,169).

Distributions Earned from Investments

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

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

26. Supplementary cash flow information

Components of other adjustments include:

		September 30, 2023		September 30, 2022
Accrued interest on loans receivable and other expenses	**$**	**4,658**	$	(713)
Share-based compensation expense		**950**		208
Fair value changes in financial instruments		**(447)**		(4,956)
Non-cash contribution to equity accounted investment		**—**		(2,834)
Other		**2,950**		4,949
	$	**8,111**	$	(3,346)

Components of changes in non-cash working capital include:

		September 30, 2023		September 30, 2022
Accounts receivable	**$**	**6,706**	$	(59,374)
Accounts payable and other liabilities		**(46,144)**		34,561
Income and other taxes payable		**21,253**		(2,361)
Provision for real estate development costs		**(4,249)**		(8,469)
Deposits		**(1,314)**		1,551
Restricted cash		**283**		1,350
Inventory, prepaid expenses and other assets		**(4,527)**		(6,876)
	$	**(27,992)**	$	(39,618)

The breakdown of cash and cash equivalents is as follows:

		September 30, 2023		December 31, 2022
Cash	**$**	**64,198**	$	47,535
Money market funds, term deposits and GICs		**116**		98
	$	**64,314**	$	47,633

27. Segmented information

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

The Company's operating segments are as follows:

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

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

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

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

Segmented Statement of Earnings

Segmented revenue and expenditures for the three and nine months ended September 30, 2023 and 2022 are as follows:

For the three months ended September 30, 2023

	Recurring income	Development	Corporate and other	**Consolidated Dream**
Revenue	$ 43,842	$ 88,670	$ —	**$ 132,512**
Direct operating costs	(30,809)	(64,579)	—	**(95,388)**
Gross margin	13,033	24,091	—	**37,124**
Selling, marketing, depreciation and other operating costs	(2,035)	(7,875)	—	**(9,910)**
Net margin	10,998	16,216	—	**27,214**
Fair value changes in investment properties	(23,815)	2,021	—	**(21,794)**
Share of earnings (loss) from equity accounted investments	(424)	6,255	—	**5,831**
Investment and other income	(47)	1,305	253	**1,511**
Interest expense	(9,868)	(2,353)	(4,663)	**(16,884)**
Fair value changes in financial instruments	—	—	46	**46**
Net segment earnings (loss)	$ (23,156)	$ 23,444	$ (4,364)	**$ (4,076)**
General and administrative expenses[1]	—	—	(8,032)	**(8,032)**
Adjustments related to Dream Impact Trust units[1]	—	—	13,660	**13,660**
Adjustments related to Dream Impact Fund units[1]	—	—	2,520	**2,520**
Income tax expense[1]	—	—	(147)	**(147)**
Net earnings (loss)	$ (23,156)	$ 23,444	$ 3,637	**$ 3,925**

For the three months ended September 30, 2022

	Recurring income	Development	Corporate and other	Consolidated Dream
Revenue	$ 34,401	$ 20,656	$ —	$ 55,057
Direct operating costs	(24,502)	(15,676)	—	(40,178)
Gross margin	9,899	4,980	—	14,879
Selling, marketing, depreciation and other operating costs	(1,503)	(6,748)	—	(8,251)
Net margin	8,396	(1,768)	—	6,628
Fair value changes in investment properties	(220)	(161)	—	(381)
Share of earnings from equity accounted investments	1,299	806	—	2,105
Investment and other income	741	5,021	501	6,263
Interest expense	(8,653)	(2,018)	(4,921)	(15,592)
Fair value changes in financial instruments	—	3,542	116	3,658
Net segment earnings (loss)	$ 1,563	$ 5,422	$ (4,304)	$ 2,681
General and administrative expenses[1]	—	—	(5,619)	(5,619)
Net gain on land settlement	—	—	86,420	86,420
Adjustments related to Dream Impact Trust units[1]	—	—	23,846	23,846
Adjustments related to Dream Impact Fund units[1]	—	—	(827)	(827)
Income tax expense[1]	—	—	(9,759)	(9,759)
Net earnings	$ 1,563	$ 5,422	$ 89,757	$ 96,742

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

Notes to the Condensed Consolidated Financial Statements

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

		For the nine months ended September 30, 2023						
		Recurring income		Development		Corporate and other		**Consolidated Dream**
Revenue	$	155,361	$	123,728	$	—	**$**	**279,089**
Direct operating costs		(96,187)		(94,251)		—		**(190,438)**
Gross margin		59,174		29,477		—		**88,651**
Selling, marketing, depreciation and other operating costs		(6,741)		(22,420)		—		**(29,161)**
Net margin		52,433		7,057		—		**59,490**
Fair value changes in investment properties		(25,401)		(2,428)		—		**(27,829)**
Share of earnings (loss) from equity accounted investments		(106,337)		7,826		—		**(98,511)**
Investment and other income		(450)		4,314		1,115		**4,979**
Interest expense		(30,102)		(9,673)		(13,606)		**(53,381)**
Fair value changes in financial instruments		—		—		447		**447**
Net segment loss	$	(109,857)	$	7,096	$	(12,044)	**$**	**(114,805)**
General and administrative expenses[1]		—		—		(20,907)		**(20,907)**
Adjustments related to Dream Impact Trust units[1]		—		—		91,115		**91,115**
Adjustments related to Dream Impact Fund units[1]		—		—		2,364		**2,364**
Income tax expense[1]		—		—		6,506		**6,506**
Net earnings (loss)	$	(109,857)	$	7,096	$	67,034	**$**	**(35,727)**

		For the nine months ended September 30, 2022						
		Recurring income		Development		Corporate and other		Consolidated Dream
Revenue	$	125,280	$	50,796	$	—	$	176,076
Direct operating costs		(76,049)		(39,474)		—		(115,523)
Gross margin		49,231		11,322		—		60,553
Selling, marketing, depreciation and other operating costs		(5,234)		(19,913)		—		(25,147)
Net margin		43,997		(8,591)		—		35,406
Fair value changes in investment properties		15,792		(155)		—		15,637
Share of earnings from equity accounted investments		38,864		37,425		—		76,289
Investment and other income		275		7,241		744		8,260
Interest expense		(18,460)		(6,149)		(10,947)		(35,556)
Fair value changes in financial instruments		4		4,435		517		4,956
Net segment earnings (loss)	$	80,472	$	34,206	$	(9,686)	$	104,992
General and administrative expenses[1]		—		—		(15,847)		(15,847)
Net gain on land settlement		—		—		86,420		86,420
Adjustments related to Dream Impact Trust units[1]		—		—		82,290		82,290
Adjustments related to Dream Impact Fund units[1]		—		—		(3,039)		(3,039)
Income tax expense[1]		—		—		(39,160)		(39,160)
Net earnings	$	80,472	$	34,206	$	100,978	$	215,656

[1] Certain line items 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)

Segmented Assets and Liabilities

Segmented assets and liabilities as at September 30, 2023 and December 31, 2022 were as follows:

								September 30, 2023
		Recurring income		Development		Corporate and other		**Consolidated Dream**
Assets								
Cash and cash equivalents	$	30,241	$	18,661	$	15,412	**$**	**64,314**
Accounts receivable		37,954		251,657		5,934		**295,545**
Other financial assets		50,295		45,157		6,052		**101,504**
Lending portfolio		16,002		—		—		**16,002**
Housing inventory		—		62,485		—		**62,485**
Condominium inventory		—		388,733		—		**388,733**
Land inventory		221		457,148		—		**457,369**
Investment properties		1,458,249		238,673		—		**1,696,922**
Recreational properties		82,987		—		—		**82,987**
Equity accounted investments		437,140		309,040		—		**746,180**
Capital and other operating assets		10,268		38,934		12,734		**61,936**
Total assets	$	2,123,357	$	1,810,488	$	40,132	**$**	**3,973,977**
Liabilities								
Accounts payable and other liabilities	$	63,570	$	149,738	$	7,958	**$**	**221,266**
Income and other taxes payable[1]		—		—		78,616		**78,616**
Provision for real estate development costs		269		69,644		—		**69,913**
Debt		1,036,554		461,217		290,869		**1,788,640**
Dream Impact Trust units[1]		—		—		88,877		**88,877**
Dream Impact Fund units[1]		—		—		107,480		**107,480**
Deferred income taxes[1]		—		—		106,214		**106,214**
Total liabilities	$	1,100,393	$	680,599	$	680,014	**$**	**2,461,006**
Shareholders' equity		1,022,964		1,129,889		(639,882)		**1,512,971**
Total equity	$	1,022,964	$	1,129,889	$	(639,882)	**$**	**1,512,971**

[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)

								December 31, 2022
		Recurring income		Development		Corporate and other		Consolidated Dream
Assets								
Cash and cash equivalents	$	27,739	$	15,270	$	4,624	$	47,633
Accounts receivable		26,436		233,564		8,037		268,037
Other financial assets		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)

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

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

September 30, 2023

	Less than 12 months	Greater than 12 months	Non-determinable	**Total**
Assets				
Cash and cash equivalents	$ 64,314	$ —	$ —	**$ 64,314**
Accounts receivable	206,198	89,347	—	**295,545**
Other financial assets	47,574	53,930	—	**101,504**
Lending portfolio	5,429	10,573	—	**16,002**
Housing inventory	—	—	62,485	**62,485**
Condominium inventory	—	—	388,733	**388,733**
Land inventory	—	—	457,369	**457,369**
Investment properties	—	1,696,922	—	**1,696,922**
Recreational properties	—	82,987	—	**82,987**
Equity accounted investments	—	—	746,180	**746,180**
Capital and other operating assets	25,826	36,110	—	**61,936**
Total assets	$ 349,341	$ 1,969,869	$ 1,654,767	**$ 3,973,977**
Liabilities				
Accounts payable and accrued liabilities	$ 152,181	$ 13,844	$ 55,241	**$ 221,266**
Income and other taxes payable	78,616	—	—	**78,616**
Provision for real estate development costs	69,913	—	—	**69,913**
Debt[1]	187,944	1,600,696	—	**1,788,640**
Dream Impact Trust units[2]	—	—	88,877	**88,877**
Dream Impact Fund units[2]	—	—	107,480	**107,480**
Deferred income taxes	—	106,214	—	**106,214**
Total liabilities	$ 488,654	$ 1,720,754	$ 251,598	**$ 2,461,006**

(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)

				December 31, 2022
	Less than 12 months	Greater than 12 months	Non-determinable	Total
Assets				
Cash and cash equivalents	$ 47,633	$ —	$ —	$ 47,633
Accounts receivable	207,363	60,674	—	268,037
Other financial assets	34,407	66,657	—	101,064
Lending portfolio	5,066	10,008	—	15,074
Housing inventory	—	—	48,146	48,146
Condominium inventory	—	—	346,979	346,979
Land inventory	—	—	470,148	470,148
Investment properties	—	1,558,511	—	1,558,511
Recreational properties	—	80,300	—	80,300
Equity accounted investments	—	—	961,737	961,737
Capital and other operating assets	22,937	35,928	—	58,865
Total assets	$ 317,406	$ 1,812,078	$ 1,827,010	$ 3,956,494
Liabilities				
Accounts payable and accrued liabilities	$ 205,929	$ 15,613	$ 46,330	$ 267,872
Income and other taxes payable	57,363	—	—	57,363
Provision for real estate development costs	74,162	—	—	74,162
Debt[1]	416,152	1,196,419	—	1,612,571
Dream Impact Trust units[2]	—	—	188,385	188,385
Dream Impact Fund units[2]	—	—	69,919	69,919
Deferred income taxes	—	132,530	—	132,530
Total liabilities	$ 753,606	$ 1,344,562	$ 304,634	$ 2,402,802

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

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STOCK EXCHANGE LISTING
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Listing Symbols:
Subordinate Voting Shares: DRM

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