dream impact trust

Dream Impact Trust

Q3 Report 2023

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MANAGEMENT’S DISCUSSION AND ANALYSIS

(All dollar amounts in our tables are presented in thousands of Canadian dollars, except unit and per unit amounts, unless otherwise stated)

This Management's Discussion and Analysis ("MD&A") is dated as of, and reflects all material events up to, November 6, 2023, the date on which this MD&A was approved by the Board of Trustees.

When we refer to terms such as "we", "us" and "our", we are referring to Dream Impact Trust (the "Trust"), Dream Impact Master LP ("MPCT LP") and its subsidiaries. When we refer to "unitholders" we are referring to holders of the units of the Trust.

Certain comparative results have been reclassified to conform to the presentation adopted in the current period.

1. OVERVIEW AND OVERALL FINANCIAL PERFORMANCE

1.1 OVERVIEW OF THE TRUST

Dream Impact Trust is an open-ended trust dedicated to impact investing. Impact investing is the intention of creating measurable positive, social, or environmental change in our communities and for our stakeholders, while generating attractive financial returns. The Trust’s underlying portfolio is comprised of exceptional real estate assets reported under two operating segments: development and investment holdings and recurring income. The units of the Trust are listed on the Toronto Stock Exchange ("TSX") under the symbol "MPCT.UN".

The Trust is managed by Dream Asset Management Corporation ("DAM" or the "Asset Manager"), a subsidiary of Dream Unlimited Corp. ("Dream Unlimited" or "Dream") (TSX: DRM), which is one of Canada’s leading real estate companies, with approximately $24 billion of assets under management in North America and Europe. On January 1, 2018, Dream acquired control of the Trust, for accounting purposes, based on Dream's increased exposure to variable returns resulting from increased ownership through units held in the Trust and from new real estate joint venture agreements. The ultimate controlling party of the Trust is Michael Cooper, President and Chief Responsible Officer of DAM and Dream. As of September 30, 2023, Dream has a 33% ownership interest in the Trust.

1.2 OUR STRATEGY AND OPERATING SEGMENTS

Our fundamental objectives are to:

- Create positive and lasting impacts for our stakeholders through our three impact verticals: environmental sustainability and resilience, attainable and affordable housing, and inclusive communities;
- Balance the growth and stability of the portfolio, increasing cash flow, unitholders’ equity and net asset value ("NAV") over time;
- Leverage our access to an experienced management team and strong partnerships in order to generate attractive returns for investors; and
- Provide investors with a portfolio of high-quality real estate assets, concentrated in core geographic markets.

We work towards these objectives by operating our business under two distinct segments:

- **Recurring income** — comprised of a portfolio of commercial real estate income properties and multi-family rental assets in the Greater Toronto Area ("GTA") and Ottawa/Gatineau, a utility asset,[1] and interest-paying corporate loans; and
- **Development and investment holdings** — comprised of direct and indirect investments in residential and mixed-use developments, a hospitality asset, and participating mortgage receivables.

[1] Relates to Zibi Community Utility. For further details, refer to Section 10.1, "Summary of Impact Investments" of this MD&A.

Recurring income is important to our business as it provides stable returns in order to fund our ongoing fixed operating costs, interest cost and distributions. Over time, we expect this segment to grow and represent approximately 70% of our portfolio, as we build out our extensive development pipeline and further invest in best-in-class income properties.

We believe the Trust’s development segment represents a portfolio of high-quality assets located in core geographic markets that would not otherwise be accessible in a public vehicle. These assets represent a significant source of growth for the Trust, which we expect will generate future income and cash flows over time as the projects are developed. Assets may be built for sale or built to hold for the long term.

Due to the nature of development, the Trust expects fluctuations in earnings from period to period from this segment. Typically, assets may be acquired and held for a number of years before development commences or contribution to net income is realized. However, depending on a variety of factors, including location, market conditions, density, and asset class, the value of these projects may appreciate as we progress through the rezoning and pre-development process. Our development segment is expected to generate attractive returns and continued NAV accretion over time. We also believe our portfolio will be more resilient and valuable because it is comprised of assets that are considered impact investments.

In line with our overarching strategy to be a dedicated impact investment vehicle, we utilize assets in both operating segments to generate positive impact across our verticals. These verticals are aligned with the widely recognized and accepted United Nations Sustainable Development Goals and are:

- **Environmental sustainability and resilience** — develop sustainable real estate that optimizes energy use, limits greenhouse gas ("GHG") emissions, and reduces water use and waste while also creating resiliency against natural disasters and major climatic events.
- **Attainable and affordable housing** — invest in mixed-income communities that are transit-oriented, located close to employment opportunities, and support an overall lower relative cost of living with a high quality of life.
- **Inclusive communities** — intentionally design and program communities that are safe and inclusive for everyone. This includes creating spaces that encourage mental and physical health, and wellness.

As of September 30, 2023, over 95% of NAV(1) qualified under the Trust's definition of an impact investment or was in the impact planning stage. Over the next few years, we intend to deploy capital into new impact investment opportunities, wind down or exit remaining non-impact investments and increase our financial flexibility from our build-to-sell assets.

(1) NAV is a non-GAAP financial measure. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A.

1.3 BUSINESS UPDATE — Q3 2023

In the three months ended September 30, 2023, the Trust achieved a number of important milestones across its residential development assets.

In downtown Toronto, first residents were welcomed at Maple House in Canary Landing (previously West Don Lands Block 8). Maple House is comprised of 770 multi-family units of which one-third are dedicated as affordable, with nearly 40,000 square feet ("sf") of amenity space, including 17,000 sf of outdoor terraces, co-working lounges, and sustainable features incorporated throughout the development. This was a significant achievement for the Trust as construction for the project commenced in 2019 and was the first of the Trust’s developments financed through CMHC’s Rental Construction Financing initiative. As of November 3, 2023, 30% of Maple House was leased. Given the size of Maple House and timing of construction completion for all three towers, we anticipate transferring the asset to our recurring income segment in the fourth quarter of 2023, generating meaningful income for the Trust over the next 18-month period as the asset stabilizes. The Trust has a 25% interest in Canary Landing.

In the period, leasing and first tenant occupancies occurred at Aalto II, a 148-unit purpose-built rental building located in Gatineau. This is the Trust’s second rental building within the net-zero Zibi community along the Ottawa River. As of November 3, 2023, 26% of the building was leased. Construction is progressing well on the next rental building, Common at Zibi located in Ottawa, which will commence leasing later this year. Common at Zibi is a 25-storey, 207-unit rental building that will offer a mix of unit typologies including traditional bedroom suites as well as co-living apartments.

Our pipeline of developments are progressing through municipal zoning, pre-development and construction. Once stabilized, we expect Maple House, Aalto II and Common at Zibi will add $200 million (at share) to the Trust's recurring income segment assets. With the GST exemption legislation tabled in Parliament in September, the Trust is now better positioned to commence construction on 3,000 units from its pipeline now through 2025, accelerating the development of these assets while simultaneously contributing to much needed purpose-built rental supply.

FINANCIAL HIGHLIGHTS OF THE TRUST

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Consolidated results of operations				
Net income (loss)	**$ (12,418)**	$ 337	**$ (24,438)**	$ 1,309
Net income (loss) per unit[1]	**(0.72)**	0.02	**(1.43)**	0.08
Distributions declared and paid per unit	**0.16**	0.40	**0.64**	1.20
Units outstanding – end of period	**17,287,196**	16,523,668	**17,287,196**	16,523,668
Units outstanding – weighted average	**17,260,369**	16,495,680	**17,074,952**	16,409,308

As at	**September 30, 2023**	June 30, 2023	December 31, 2022
Consolidated financial position			
Total unitholders' equity	**$ 458,777**	$ 468,761	$ 478,732
Total unitholders' equity per unit[1]	**26.54**	27.36	28.56
Total debt payable[2]	**273,065**	269,315	224,315
Total assets	**738,846**	745,776	724,169
Debt-to-asset value[3]	**37.0%**	36.1%	31.0%
Cash	**11,166**	15,731	2,244

[1] Total unitholders' equity per unit and net income (loss) per unit are supplementary financial measures. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A.

[2] Total debt payable is a non-GAAP financial measure. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A. Total debt payable is not a standardized financial measure under IFRS and might not be comparable to similar measures disclosed by other issuers.

[3] Debt-to-asset value is a non-GAAP ratio. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A. Debt-to-asset value is not a standardized financial measure under IFRS and might not be comparable to similar measures disclosed by other issuers.

During the three months ended September 30, 2023, the Trust reported a net loss of $12.4 million relative to net income of $0.3 million in the comparative period. The change in earnings was primarily driven by fair value losses of $10.1 million on the Trust's commercial properties and higher interest expense due to financing activity, and was partially offset by the Trust's tax recovery position in the period. Refer to the segmented discussion below for details on fair value changes in the period. Similarly, for the nine months ended September 30, 2023, the Trust reported a net loss of $24.4 million relative to net income of $1.3 million in the comparative period due to the net impact of fair value adjustments and higher interest expense, partially offset by general and administrative ("G&A") expense savings.

At September 30, 2023, the Trust had total liquidity[1] of $28.6 million, comprised of cash-on-hand and funds available under the Trust's credit facility. As of period-end, the Trust's debt-to-asset value[1] was 37.0%, an increase compared to 36.1% at June 30, 2023. The Trust's debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments[1], was 65.5%, compared to 64.0% as at June 30, 2023. The change is primarily due to fair value adjustments in the quarter, as well as movement in the Trust's debt balance. For further details refer to the Capital Resources and Liquidity section of this MD&A.

In the nine months ended September 30, 2023, the Trust has fixed over $210.8 million of variable debt (at share) to reduce interest rate uncertainty amidst the current environment. As of September 30, 2023, 67% of the Trust's debt was subject to a fixed interest rate at a weighted average interest rate of 4.2%.

[1] Debt-to-asset value is a non-GAAP ratio. Debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments, and total liquidity are supplementary financial measures. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A.

SEGMENTED RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2023

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 514	$ —	**$ 514**
Income properties revenue	—	4,420	—	**4,420**
Share of income (loss) from equity accounted investments	3,609	(6,684)	—	**(3,075)**
TOTAL INCOME (LOSS)	**3,609**	**(1,750)**	**—**	**1,859**
EXPENSES				
Income properties, operating	—	(2,363)	—	**(2,363)**
Interest expense	(464)	(2,430)	(1,308)	**(4,202)**
General and administrative	—	—	(1,674)	**(1,674)**
TOTAL EXPENSES	**(464)**	**(4,793)**	**(2,982)**	**(8,239)**
Fair value adjustments to income properties	—	(10,073)	—	**(10,073)**
OPERATING LOSS	**3,145**	**(16,616)**	**(2,982)**	**(16,453)**
Interest and other income	—	32	159	**191**
Fair value adjustments to financial instruments	—	—	46	**46**
LOSS BEFORE INCOME TAX RECOVERY	**3,145**	**(16,584)**	**(2,777)**	**(16,216)**
INCOME TAX RECOVERY				
Deferred income tax recovery	—	—	3,798	**3,798**
TOTAL INCOME TAX RECOVERY	**—**	**—**	**3,798**	**3,798**
NET INCOME (LOSS)	**$ 3,145**	**$ (16,584)**	**$ 1,021**	**$ (12,418)**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	1,585	—	**1,585**
Fair value adjustments to derivative financial liabilities hedge, net of tax	—	2,178	—	**2,178**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**3,763**	**—**	**3,763**
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 3,145**	**$ (12,821)**	**$ 1,021**	**$ (8,655)**

SEGMENTED RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2022

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 303	$ —	**$ 303**
Income properties revenue	—	4,306	—	**4,306**
Share of income (loss) from equity accounted investments	(600)	399	—	**(201)**
TOTAL INCOME	**(600)**	**5,008**	**—**	**4,408**
EXPENSES				
Income properties, operating	—	(2,175)	—	**(2,175)**
Interest expense	—	(1,142)	(1,540)	**(2,682)**
General and administrative	—	—	(2,634)	**(2,634)**
TOTAL EXPENSES	**—**	**(3,317)**	**(4,174)**	**(7,491)**
Fair value adjustments in development and investment holdings	3,542	—	—	**3,542**
Fair value adjustments to income properties	—	(547)	—	**(547)**
OPERATING INCOME (LOSS)	**2,942**	**1,144**	**(4,174)**	**(88)**
Interest and other income	—	8	106	**114**
Fair value adjustments to financial instruments	—	—	116	**116**
EARNINGS (LOSS) BEFORE INCOME TAX RECOVERY (EXPENSE)	**2,942**	**1,152**	**(3,952)**	**142**
INCOME TAX RECOVERY				
Deferred income tax recovery	—	—	195	**195**
TOTAL INCOME TAX RECOVERY	**—**	**—**	**195**	**195**
NET INCOME (LOSS)	**$ 2,942**	**$ 1,152**	**$ (3,757)**	**$ 337**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	49	—	**49**
Fair value adjustments to derivative financial liabilities hedge, net of tax	—	387	—	**387**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**436**	**—**	**436**
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 2,942**	**$ 1,588**	**$ (3,757)**	**$ 773**

[1] Includes other Trust amounts not specifically related to the segments.

SEGMENTED RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2023

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 1,309	$ —	**$ 1,309**
Income properties revenue	—	13,149	—	**13,149**
Share of income (losses) from equity accounted investments	2,640	(6,205)	—	**(3,565)**
TOTAL INCOME (LOSS)	**2,640**	**8,253**	**—**	**10,893**
EXPENSES				
Income properties, operating	—	(7,072)	—	**(7,072)**
Interest expense	(1,066)	(7,029)	(4,079)	**(12,174)**
General and administrative	—	—	(5,536)	**(5,536)**
TOTAL EXPENSES	**(1,066)**	**(14,101)**	**(9,615)**	**(24,782)**
Fair value adjustments to income properties	—	(20,373)	—	**(20,373)**
OPERATING LOSS	**1,574**	**(26,221)**	**(9,615)**	**(34,262)**
Interest and other income	—	71	524	**595**
Fair value adjustments to financial instruments	—	—	447	**447**
LOSS BEFORE INCOME TAX RECOVERY	**1,574**	**(26,150)**	**(8,644)**	**(33,220)**
INCOME TAX RECOVERY				
Current income tax expense	—	—	(1)	**(1)**
Deferred income tax recovery	—	—	8,783	**8,783**
TOTAL INCOME TAX RECOVERY	**—**	**—**	**8,782**	**8,782**
NET LOSS	**$ 1,574**	**$ (26,150)**	**$ 138**	**$ (24,438)**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	3,334	—	**3,334**
Fair value adjustments to derivative financial liabilities hedge, net of tax	—	4,100	—	**4,100**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**7,434**	**—**	**7,434**
TOTAL COMPREHENSIVE LOSS	**$ 1,574**	**$ (18,716)**	**$ 138**	**$ (17,004)**

SEGMENTED RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2022

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 897	$ —	**$ 897**
Income properties revenue	—	12,841	—	**12,841**
Share of income (loss) from equity accounted investments	(3,291)	6,011	—	**2,720**
TOTAL INCOME (LOSS)	**(3,291)**	**19,749**	**—**	**16,458**
EXPENSES				
Income properties, operating	—	(6,852)	—	**(6,852)**
Interest expense	—	(2,932)	(3,262)	**(6,194)**
General and administrative	—	—	(7,667)	**(7,667)**
TOTAL EXPENSES	**—**	**(9,784)**	**(10,929)**	**(20,713)**
Fair value adjustments in development and investment holdings	4,435	—	—	**4,435**
Fair value adjustments to income properties	—	(298)	—	**(298)**
OPERATING INCOME (LOSS)	**1,144**	**9,667**	**(10,929)**	**(118)**
Interest and other income	—	16	159	**175**
Fair value adjustments to financial instruments	—	—	517	**517**
EARNINGS (LOSS) BEFORE INCOME TAX RECOVERY	**1,144**	**9,683**	**(10,253)**	**574**
INCOME TAX RECOVERY				
Deferred income tax recovery	—	—	735	**735**
TOTAL INCOME TAX RECOVERY	**—**	**—**	**735**	**735**
NET INCOME (LOSS)	**$ 1,144**	**$ 9,683**	**$ (9,518)**	**$ 1,309**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	1,874	—	**1,874**
Fair value adjustment to derivative financial liabilities hedges, net of tax	—	387	—	**387**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**2,261**	**—**	**2,261**
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 1,144**	**$ 11,944**	**$ (9,518)**	**$ 3,570**

[1] Includes other Trust amounts not specifically related to the segments.

TOTAL INCOME

Total income for the three months ended September 30, 2023 was $1.9 million compared to $4.4 million in the prior year. The decrease in net income was driven by the net impact of fair value adjustments across the Trust's equity accounted investments in each period.

Total income for the nine months ended September 30, 2023 was $10.9 million compared to $16.5 million in the prior year. The decrease in income was driven by the aforementioned fair value adjustments.

TOTAL EXPENSES

Total expenses for the three and nine months ended September 30, 2023 were $8.2 million and $24.8 million, an increase compared to $7.5 million and $20.7 million in the prior year. The increase was the result of higher interest expense, partially offset by a reduction in general and administrative expenses related to deferred compensation expense and asset management fee expense in the current period, from fluctuations in the Trust's unit price.

1.4 SUMMARY OF PORTFOLIO ASSETS

The following table includes supplementary information on certain assets in our portfolio as at September 30, 2023. Please refer to Section 10.1, "Summary of Impact Investments" of this MD&A for additional information on certain of these investments in our development and recurring income segments.

RECURRING INCOME SEGMENT

Project/property	Property type	Dream Impact Trust ownership	Accounting treatment	Impact status[1]	Total residential units	Residential GFA[2] (at 100%)	In-place/ committed residential occupancy	Total commercial and retail GLA[3] (at 100%)	In-place/ committed commercial occupancy
Downtown Toronto & GTA:									
Commercial:									
Sussex Centre	Office/retail	50.1%	Joint operation	I, E	—	—	—	655,000	73.1 %
49 Ontario[4]	Office	100.0%	Consolidated	TBD	—	TBD	—	88,000	87.7 %
10 Lower Spadina	Office/retail	100.0%	Consolidated	I, E	—	—	—	61,000	100.0 %
349 Carlaw	Office	100.0%	Consolidated	I, E	—	—	—	34,000	64.4 %
68-70 Claremont Street	Office	100.0%	Consolidated	I, E	—	—	—	30,000	100.0 %
76 Stafford Street	Office/retail	100.0%	Consolidated	I, E	—	—	—	25,000	100.0 %
Berkeley properties[4], [5]	Office	100.0%	Consolidated	TBD	—	—	—	14,000	77.4 %
100 Steeles Avenue West[4]	Retail	37.5%	Equity accounted	TBD	—	TBD	—	59,000	97.1 %
Plaza Imperial	Office/retail	40.0%	Equity accounted	n/a	—	—	—	35,000	100.0 %
Plaza Bathurst	Office/retail	40.0%	Equity accounted	n/a	—	—	—	24,000	100.0 %
Multi-Family Rental:									
Weston Common	Multi-family rental	33.3%	Equity accounted	A, I, E	841	692,000	97.2 %	52,000	98.5 %
Robinwood Portfolio	Multi-family rental	33.3%	Equity accounted	A, I, E	285	156,000	97.2 %	—	—
70 Park	Multi-family rental	50.0%	Equity accounted	I, E	210	257,000	99.5 %	—	—
262 Jarvis	Multi-family rental	33.3%	Equity accounted	I, E	71	35,000	98.6 %	—	—
786 Southwood	Multi-family rental	50.0%	Equity accounted	A, I, E	24	37,000	100.0 %	—	—
111 Cosburn	Multi-family rental	50.0%	Equity accounted	I, E	23	14,000	100.0 %	—	—
Total Downtown Toronto & GTA					**1,454**	**1,191,000**	**97.7 %**	**1,077,000**	**81.0 %**
Zibi (Ottawa/Gatineau):									
Commercial:									
Natural Sciences Building (Block 211)	Office/retail	50.0%	Equity accounted	I, E	—	—	—	186,000	93.4 %
15 Rue Jos-Montferrand (Block 2-3)	Office/retail	50.0%	Equity accounted	I, E	—	—	—	53,000	81.2 %
310 Miwate Private (Block 208)	Office/retail	50.0%	Equity accounted	I, E	—	—	—	33,000	100.0 %
Multi-Family Rental:									
Aalto Suites (Block 10)	Multi-family rental	50.0%	Equity accounted	A, I, E	162	135,000	91.4 %	1,000	—
Other:									
Zibi Community Utility	Energy utility	20.0%	Equity accounted	E	—	—	—	—	—
Total Zibi (Ottawa/Gatineau)					**162**	**135,000**	**91.4 %**	**273,000**	**91.5 %**
Total projects in the recurring income segment					**1,616**	**1,326,000**	**97.1 %**	**1,350,000**	**83.1 %**

(1) Investments will align with the following impact verticals as outlined in Section 1.2, "Our Strategy and Operating Segments": A — Attainable and affordable housing; I — Inclusive communities; and E — Environmental sustainability and resilience.
(2) Residential gross floor area ("GFA").
(3) Gross leasable area ("GLA").
(4) Identified with redevelopment potential. Asset is currently occupied with tenants paying rental income. The above statistics do not reflect approved rezoning density.
(5) The Berkeley properties are a land assembly adjacent to 49 Ontario, and part of the asset's longer-term development plan.

DEVELOPMENT AND INVESTMENT HOLDINGS SEGMENT

Project/property	Property type	Dream Impact Trust ownership	Status/type	Impact status[1]	Total residential units at completion (at 100%)[2]	Residential GFA[3] (at 100%)	Total commercial and retail GLA[3] (at 100%)	In-place/ committed commercial occupancy	Occupancy date
Downtown Toronto & GTA:									
Maple House at Canary Landing (WDL Block 8)	Build to hold	25.0%	Under construction	A, I, E	770	624,000	4,000		2023
Brightwater I and II	Build to sell	23.3%	Under construction	I, E	311	244,000	98,000	40.2 %	2023 - 2024
Brightwater Towns	Build to sell	23.3%	Under construction	I, E	106	237,000	—		2024
The Mason (Brightwater)	Build to sell	23.3%	Under construction	I, E	158	128,000	5,000		2025
Birch House at Canary Landing (Canary Block 10)	Various	25.0%	Under construction	I, E	444[4]	335,000	26,000		2024
Ivy	Build to sell	75.0%	Under construction	n/a	268	193,000	—		2024
Cherry House at Canary Landing (WDL Block 3/4/7)	Build to hold	25.0%	Under construction	A, I, E	855	811,000	32,000		2025
Queen & Mutual	Build to hold	9.0%	Planning	n/a	369	243,000	7,000		2025
Bridge House (Brightwater)	Build to sell	23.3%	Planning	I, E	484	392,000	—		2026
Brightwater future blocks	Build to sell	23.3%	Planning	I, E	1,936	2,441,000	257,000		2025-2032
Forma - East Tower	Build to sell	25.0%	Under construction	I, E	864	590,000	1,000		2029
Quayside[5]	Various	12.5%	Planning	A, I, E	4,600	3,220,000	240,000		TBD
WDL Block 20	Build to hold	25.0%	Planning	A, I, E	653	571,000	255,000		TBD
Victory Silos (previously Lakeshore East)	TBD	37.5%	Planning	TBD	1,500	1,200,000	100,000		TBD
Forma - West Tower	Build to sell	25.0%	Pre-development	TBD	1,170	885,000	223,000		2032
Scarborough Junction	Build to sell	45.0%[6]	Planning	n/a	6,619	5,270,000	165,000		TBD
BlackTusk Partnership	Build to sell/ Build to hold	2.5%-40.0%	Various	I	TBD	TBD	8,000		TBD
Seaton	Build to sell	7.0%	Planning	n/a	TBD	TBD	TBD		TBD
Total Downtown Toronto & GTA					**21,107**	**17,384,000**	**1,421,000**	**40.2 %**	
Zibi (Ottawa/Gatineau):									
Aalto II (Block 11)	Build to hold	50.0%	Under construction	A, I, E	148	127,000	4,000		2023
Common at Zibi (Block 206)	Build to hold	50.0%	Under construction	A, I, E	207	196,000	11,000		2023
Block 207	Build to hold	50.0%	Under construction	I, E	—	—	76,000		2023
Future blocks	Various	50.0%	Planning	A, I, E	1,978	1,292,000	1,891,000		TBD
Other (Ottawa/Gatineau):									
Dream LeBreton[7]	Build to hold	33.3%	Planning	A, I, E	608	410,000	26,000		2027
Total Ottawa/Gatineau					**2,941**	**2,025,000**	**2,008,000**		
Total projects in the development and investment holdings segment					**24,048**	**19,409,000**	**3,429,000**		

(1) Investments will align with the following impact verticals as outlined in Section 1.2, "Our Strategy and Operating Segments": A — Attainable and affordable housing; I — Inclusive communities; E — Environmental sustainability and resilience.

(2) Residential units and GLA are at 100% project level and include planned units 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) Total commercial and retail GLA, and GFA, include planned GLA and GFA, which are subject to change pending various development approvals.

(4) This figure includes 238 rental units, which the Trust considers build to hold, as well as a 206-unit condo building invested in by Dream.

(5) Of the 4,600 units, 869 units equivalent to 740,000 sf of GLA will not be held by the Trust for the long term. These stats reflect the full 12-acre site build-out and are subject to change.

(6) The Trust's equity ownership interest in Scarborough Junction is 45%, and the Trust's effective economic interest is expected to be approximately 23%.

(7) Of the 608 units, 133 units equivalent to 92,000 sf of GFA are expected to be owned by a not-for-profit.

2. REPORTABLE OPERATING SEGMENTS RESULTS OF OPERATIONS

2.1 RECURRING INCOME

The Trust holds a direct investment in 11 income properties across the GTA, as well as indirect investments in commercial, retail, and multi-family rental properties held through various joint venture partnerships. In aggregate, the Trust's portfolio is comprised of 1.4 million square feet ("sf") of commercial and retail GLA, and 1,616 multi-family rental units (at 100% asset level ownership).

The Trust's recurring income segment contains a lending portfolio that includes investments in loans secured by different types of residential and commercial real estate property that represent an acceptable underwriting risk to the Trust. We expect the lending portfolio to wind down over time as loans are repaid.

A summary of the recurring income segment results is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net income (loss) — income properties[1]	**$ (10,414)**	$ 450	**$ (21,254)**	$ 2,775
Share of net income (loss) from equity accounted investments ("EAI") — recurring income	**(6,684)**	399	**(6,205)**	6,011
Net income — lending portfolio[1]	**514**	303	**1,309**	897
Net income (loss) — recurring income	**$ (16,584)**	$ 1,152	**$ (26,150)**	$ 9,683

[1] Net income (loss) — income properties, and net income — lending portfolio, are supplementary financial measures. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A. Net income (loss) — income properties, and net income - lending portfolio are not standardized financial measures under IFRS and might not be comparable to similar measures disclosed by other issuers.

For the three months ended September 30, 2023, the Trust's recurring income segment generated a net loss of $16.6 million compared to net income of $1.2 million in the prior year. The fluctuation was driven primarily by fair value adjustments on the Trust's office portfolio due to increases in discount rate assumptions, as well as higher interest expense in the current period.

For similar reasons, in the nine months ended September 30, 2023, the Trust's recurring income segment generated a net loss of $26.2 million compared to net income of $9.7 million in the prior year.

COMMERCIAL

The results of the Trust's commercial properties are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net operating income ("NOI") — income properties[1]	**$ 2,057**	$ 2,131	**$ 6,077**	$ 5,989
NOI — commercial income properties included in equity accounted investments ("EAI")[1]	**682**	764	**2,147**	1,933
NOI — commercial properties[1]	**$ 2,739**	$ 2,895	**$ 8,224**	$ 7,922

[1] NOI — income properties is a non-GAAP measure, NOI — commercial income properties included in EAI and NOI — commercial properties are supplementary financial measures. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A. NOI — income properties, NOI — commercial income properties included in EAI, and NOI — commercial properties are not standardized financial measures under IFRS and might not be comparable to similar measures disclosed by other issuers.

During the three months ended September 30, 2023, NOI from commercial properties was $2.7 million, down slightly from the prior year due to higher operating expenses from assets within EAI combined with lower revenues on an income property currently under renovation. For the nine months ended September 30, 2023, NOI from commercial properties was $8.2 million, an increase from the prior period due to increased revenue related to higher occupancy for Zibi Block 211.

Operating statistics for the commercial income properties portfolio are as follows:

As at	September 30, 2023	December 31, 2022	September 30, 2022
Total commercial income properties portfolio, including those held as equity accounted investments			
Number of properties[1]	**17**	17	17
Owned GLA (in millions of sf)	**0.8**	0.8	0.8
Occupancy rate (period-end) — including committed	**82.6%**	80.3%	80.8%
Occupancy rate (period-end) — in-place	**79.9%**	78.9%	79.3%
Average tenant size (in sf)	**7,762**	7,656	7,641
Average in-place and committed base rent per sf (period-end)	**22.78**	22.67	22.58
Weighted average remaining lease term (years)	**6.6**	6.8	6.9

[1] Includes five properties acquired as part of the Berkeley land assembly slated for redevelopment as part of the 49 Ontario site.

As at September 30, 2023, the committed and in-place occupancy rate for commercial income properties was 82.6% compared to 80.3% at December 31, 2022, an increase driven by leasing activity at 68-70 Claremont Street, as the Trust executed an agreement with a single tenant to occupy the entire building. The Trust's in-place occupancy rate of 79.9% increased slightly from December 31, 2022 due to leasing at Zibi.

MULTI-FAMILY RENTAL

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
NOI — multi-family rental[1]	**$ 1,452**	$ 1,289	**$ 4,642**	$ 2,723

[1] NOI — multi-family rental is a supplementary financial measure. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A. NOI - multi-family rental is not a standardized financial measure under IFRS and might not be comparable to similar measures disclosed by other issuers.

During the three and nine months ended September 30, 2023, NOI — multi-family rental,[1] which is included in equity accounted investments ("multi-family rental"), was $1.5 million and $4.6 million, up from the comparative period due to increased tenant occupancy, the timing of completion at Aalto Suites at Zibi and third-party acquisitions. As of September 30, 2023, the Trust's multi-family rental assets were comprised of 1,616 units, which were 95.9% occupied (September 30, 2022 – 1,592 units, which were 88.7% occupied).

Operating statistics for the multi-family rental properties are as follows:

As at	September 30, 2023	December 31, 2022	September 30, 2022
Total multi-family rental portfolio			
Number of properties	**15**	14	14
Number of units (at 100% project level)	**1,616**	1,592	1,592
Number of affordable units (at 100% project level)	**413**	389	389
Owned GFA (in millions of sf) (at the Trust's share)	**0.5**	0.5	0.5
Occupancy rate (period-end) — in-place and committed	**97.1%**	94.3%	93.5%
Net average monthly rate	**$ 1,590**	$ 1,423	$ 1,275
Occupied average monthly rate	**$ 1,659**	$ 1,516	$ 1,463

RECURRING INCOME PIPELINE

Based on the Trust's current development pipeline, we have an additional 2,826 residential units and 153,000 sf of retail and commercial GLA (at 100%) that are expected be completed by the end of 2027 and contribute to recurring income.

2.2 DEVELOPMENT AND INVESTMENT HOLDINGS

As of September 30, 2023, the Trust's development and investment holdings segment was comprised of best-in-class development projects representing over 24,000 residential units and approximately 3.4 million sf of commercial and retail GLA (approximately 7,600 units and 1.4 million sf at the Trust's share).

The majority of the Trust's development assets are located in the GTA and Ottawa, and are in various planning and construction phases and classified as equity accounted investments. The carrying value of these investments as at September 30, 2023 was $267.2 million (December 31, 2022 — $251.2 million). These equity accounted investments are typically held at cost and are expected to contribute meaningfully to the Trust's earnings in future periods as properties are developed and completed. Fair value adjustments may be recorded on an individual investment level as a result of certain factors, such as terms of a construction contract, stage of completion, location, type and quality of the property, current market rents for similar properties, reliability of cash inflows after completion, development risks specific to the property, past experience with similar constructions, status of approvals and/or permits, estimated costs to complete, and market conditions.

Our developments are expected to provide attractive profits upon their respective completion dates and are expected to contribute to increased value for unitholders over the longer term.

Development holdings relate to the Trust's participating loans secured by Empire-related development projects, which are non-core legacy investments. The development holdings have a carrying value of $5.2 million as at September 30, 2023 and December 31, 2022. Investment holdings relate to the Trust's 10% investment in the Virgin Hotels Las Vegas (the "U.S. Hotel"). The U.S. Hotel has a carrying value of $nil as at September 30, 2023 (December 31, 2022 — $nil), as a result of a variety of factors including operational performance, capital needs, uncertainty regarding stabilization, market comparators and the current capital structure. These investments are not considered to be impact investments and are non-core as they relate to the Trust's overall strategy.

During the nine months ended September 30, 2023, the Trust acquired a 12.5% interest in the first phase of the Quayside development site in downtown Toronto, comprising 4.5 acres. Upon full build-out of the 12-acre site, Quayside is expected to provide over 4,000 residential units, including more than 800 affordable housing units with an emphasis on family-sized accommodations, 3.5 acres of public green space, and Canada's largest residential mass timber structure. The Trust's initial investment in Quayside was funded by excess proceeds from the Victory Silos refinancing in the period.

A summary of the development and investment holdings segment results is below:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net income (loss) — development and investment holdings	**$ (464)**	$ 3,542	**$ (1,066)**	$ 4,435
Share of loss from equity accounted investments - development and investment holdings	**3,609**	(600)	**2,640**	(3,291)
Total net income (loss) — development and investment holdings	**$ 3,145**	$ 2,942	**$ 1,574**	$ 1,144

In the three months ended September 30, 2023, the development segment reported net income of $3.1 million, up from earnings of $2.9 million in the comparative period although the composition of earnings differed in each year. Current year results include a fair value gain on Maple House as tenant occupancies commenced in the period. Prior year results included a foreign currency gain on an investment holding with no comparable activity. Income from this segment will fluctuate period to period and not contribute meaningfully to earnings until development milestones are achieved and/or project inventory is available for occupancy. The development segment reported net income of $1.6 million in the nine months ended September 30, 2023, up slightly from the prior year.

In the third quarter, Phase I of Brightwater (“Brightwater I”), a 76-unit condominium building in Port Credit commenced tenant occupancies. Brightwater I is the first building to welcome residents to the waterfront community. Nearly half of the building occupied in the period with the remaining occupancies anticipated next quarter. Sales for the building were originally launched in September 2020.

There are currently 480 residential units and 114,600 sf of retail/commercial GLA currently under construction at Brightwater comprising five buildings.

The Trust continues to make progress on our active projects under construction. Together, Maple House and Cherry House will bring online 1,625 rental units to Toronto's east end adjacent to the Canary and Distillery Districts over the next three years. Attractive construction financing for both blocks was obtained through CMHC's Rental Construction Financing Initiative, and include a fixed interest rate below 2% for a 10-year term. The Trust has a 25% ownership interest in the Canary Landing development. We anticipate Maple House will transfer to the Trust's recurring income segment in the fourth quarter upon substantial completion.

DEVELOPMENT PIPELINE

As our development projects progress towards completion and achieve various milestones, the Trust expects an increase in income and cash flows from this segment over time. Additionally, certain projects that are held by the Trust for the longer term, such as commercial or multi-family rental buildings, will be transferred to the recurring income segment, generating stabilized income for the Trust. For additional details, refer to Section 1.4, "Summary of Portfolio Assets".

Over the next four-year period, an additional 4,700 residential units and 0.3 million sf of retail and commercial product are expected to be completed (at the 100% project level). This includes the 2,826 rental units expected to be completed, as well as build-to-sell residential assets, such as active development blocks at Brightwater.

SUMMARY OF DEVELOPMENT AND INVESTMENT HOLDINGS PARTNERS

We continue to leverage our relationships and expertise to attract world-class partners and investment opportunities. As a result of our partners and relationships, the Trust has access to unparalleled investment opportunities across North America. The table below provides an overview of some of the Trust's key partners within its development/redevelopment investments:

Project	Partners	Partner since
Quayside	Dream Impact Fund, Great Gulf	2023
Dream LeBreton	Dream Unlimited, Dream Impact Fund	2022
BlackTusk Partnership	Dream Impact Fund, BlackTusk Group	2021
Scarborough Junction	Harlo Capital, Republic Developments	2020
Birch House at Canary Landing[(1)]	Dream Unlimited, Kilmer Van Nostrand Co. Ltd., Tricon Residential Inc.	2019
Queen & Mutual	Harlo Capital, Parallax Development Corp.	2018
Canary Landing (previously West Don Lands)[(1)(2)]	Dream Unlimited, Kilmer Van Nostrand Co. Ltd., Tricon Residential Inc.	2018
100 Steeles	Dream Unlimited, Westdale Construction Co. Ltd.	2018
Seaton	Fieldgate Homes, Mattamy Homes, Paradise Developments, TACC Construction Ltd.	2018
Forma	Dream Unlimited, Great Gulf Residential, Westdale Construction Co. Ltd.	2017
Zibi[(1)]	Dream Unlimited	2017
Brightwater	Dream Unlimited, Kilmer Van Nostrand Co. Ltd., Diamond Corp., FRAM + Slokker	2017
Victory Silos (previously Lakeshore East)	Dream Unlimited, Great Gulf Residential	2016
Empire Lakeshore and Brampton	Empire Communities	2014

(1) Dream Unlimited's share of Birch House at Canary Landing (previously Canary Block 10), Canary Landing (previously West Don Lands) and Natural Sciences Building at Zibi developments was acquired by Dream Impact Fund. Dream Unlimited has a 38.18% interest in Dream Impact Fund as at September 30, 2023, with the residual interests held by third parties.

(2) The Canary Landing investment includes Cherry House (WDL Block 3/4/7), Maple House (WDL Block 8) and WDL Block 20.

2.3 OTHER SEGMENT

GENERAL AND ADMINISTRATIVE EXPENSES

During the three and nine months ended September 30, 2023, general and administrative expenses were $1.7 million and $5.5 million compared to $2.6 million and $7.7 million in the prior year, due to the impact of a reduced asset management fee and deferred compensation expense driven by the Trust's share price.

INCOME TAX EXPENSE (RECOVERY)

For the three and nine months ended September 30, 2023, the Trust recorded an income tax recovery of $3.8 million and $8.8 million compared to $0.2 million and $0.7 million in the prior year. The fluctuation from period to period was driven by the composition of earnings in each period.

Due to the Trust’s diversified asset mix and active asset management strategy, we expect some degree of variability in current and deferred income tax expense recognized in each period through the condensed consolidated statements of comprehensive income (loss) resulting in an income tax expense (recovery) position. The Trust intends to actively manage the portfolio in a tax-efficient manner.

We are subject to income taxes both federally and provincially in Canada and the United States. Judgments and estimates are required in the determination of the Trust's tax balances. Our income tax expense/recovery and deferred tax liabilities/ assets reflect management's best estimate of current and future taxes to be paid/recovered. The Trust 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 Trust in its tax filings.

TAX ATTRIBUTES

INCOME PROPERTIES

We deduct mortgage interest and available tax depreciation on our buildings from our Canadian income properties that generate taxable net operating income. These deductions contribute to the overall tax efficiency of our structure and the tax depreciation helps provide the Trust with tax-sheltered cash flow. Any change in the fair value of income properties is not recognized in the determination of current taxes until the sale of the asset.

2.4 RELATED PARTY TRANSACTIONS

From time to time, the Trust and its subsidiaries enter into transactions with related parties that are contracted under commercial terms. DAM, which is a wholly owned subsidiary of Dream Unlimited, is the Asset Manager and is a related party that provides management personnel services to the Trust under the terms of the Management Agreement.

DREAM ASSET MANAGEMENT

ASSET MANAGEMENT AGREEMENT

On July 8, 2014, the Trust entered into a management agreement (as amended from time to time, the "Management Agreement") with DAM, pursuant to which DAM provides a broad range of asset management services to the Trust for a base annual management fee, acquisition/origination fee and disposition fee.

In addition, the Trust will compensate DAM for reasonable out-of-pocket costs and expenses incurred in connection with the performance of the management services described in the Management Agreement and the costs and expenses incurred in providing such other services that the Trust and DAM agree to in writing that are to be provided from time to time by DAM.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Fees paid/payable by the Trust under the Management Agreement with DAM:				
Base annual management fee	**$ 836**	$ 1,351	**$ 2,910**	$ 4,447
Acquisition/origination fee and disposition fees	**5**	318	**72**	438
Expense recoveries relating to financing arrangements and other	**317**	421	**1,289**	994
Total fees under Management Agreement	**$ 1,158**	$ 2,090	**$ 4,271**	$ 5,879

As at	**September 30, 2023**	December 31, 2022
Total payable to DAM	**$ 1,739**	$ 2,296

During the nine months ended September 30, 2023 and 2022, the Trust had an arrangement in place to satisfy the management fees payable to DAM in units of the Trust converted at the most recent year-end NAV per unit(1) of $33.00 (based on previously published NAV as of December 31, 2022 adjusting for the Unit Consolidation)(2) as determined by the Trust and recorded for accounting purposes based on the trading price on the date of settlement. During the three and nine months ended September 30, 2023, the Trust settled the asset management fee payable through the issuance of 115,374 and 326,031 units (three and nine months ended September 30, 2022 — 86,246 and 264,217 units). Subsequent to September 30, 2023, the Trust settled its management fee for the three months ended September 30, 2023 with the issuance of 121,681 units.

(1) NAV per unit is a non-GAAP ratio. Please refer to the Specified Financial Measures and Other Disclosures section. NAV per unit is updated annually.
(2) NAV per unit is generally updated annually and was reconciled to total unitholders' equity, the most directly comparable financial measure, in the Trust's MD&A for the year ended December 31, 2022. On September 6, 2023, the Trust disclosed the Q2 2023 Adjusted NAV per Unit of $31.70 in connection to its Investor Day Presentation (https://dream.ca/wp-content/uploads/2023/09/DRM-Investor-Day-Presentation-website.pdf).

DEVELOPMENT FEES

The Trust has entered into various project-level development management agreements with DAM, and its third-party co-developers where applicable, in which the Trust has equity ownership interests. Pursuant to these agreements, DAM provides development management services to the project. The corresponding development management fees are shared among the partners within each development.

Under these agreements, during the three and nine months ended September 30, 2023, fees of $0.9 million and $2.6 million were incurred by the projects, at the Trust's share (three and nine months ended September 30, 2022 — $1.1 million and

$3.6 million). As at September 30, 2023, at the Trust's share, $1.4 million was owed to DAM from the projects in respect of these fees (December 31, 2022 — $2.8 million).

Additionally, effective January 1, 2018, the Trust entered into a framework agreement (the "Framework Agreement") with DAM with respect to their management of development investments. During the three and nine months ended September 30, 2023, $0.2 million and $0.5 million in development fees were incurred in accordance with the Framework Agreement (three and nine months ended September 30, 2022 — $0.1 million and $0.3 million).

DREAM OFFICE REAL ESTATE INVESTMENT TRUST ("DREAM OFFICE REIT")

PROPERTY MANAGEMENT AGREEMENTS

The Trust's wholly owned and co-owned office properties are managed by Dream Office Management Corporation ("DOMC"). DOMC is owned by Dream Office REIT.

SERVICES AGREEMENT

The Trust entered into a services agreement ("Service Agreement") with DOMC on July 8, 2014. Pursuant to the Service Agreement, DOMC provides administrative and support services including the use of office space, office equipment, communication services and computer systems, and the provision of personnel in connection with accounts payable, human resources, taxation, and other services. DOMC receives a monthly fee sufficient to reimburse it for the expenses incurred in providing these services.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Fees incurred pursuant to the property management agreements	**$ 632**	$ 599	**$ 1,918**	$ 1,902
Fees incurred pursuant to the Service Agreement	**233**	258	**708**	754
Total fees incurred to DOMC	**$ 865**	$ 857	**$ 2,626**	$ 2,656

	September 30, 2023	December 31, 2022
Total (receivable) payable to DOMC for property management agreements	**$ (40)**	$ 101
Total payable to DOMC for Service Agreement	**$ 83**	$ 112

3. DISTRIBUTION MEASURES

In any given period, the Trust anticipates that actual distributions paid and payable may differ from cash generated from (utilized in) operating activities. This difference is driven by a number of factors, including the impact of leasing incentives and initial direct leasing costs, which can fluctuate with lease maturities, renewal terms and the type of asset being leased; changes in non-cash working capital; and the longer-term nature and investment return profile of our development and investment holdings, including those held as equity accounted investments considered to be development projects.

These cash flows are relevant in the determination of distributions, as cash flows relating to a development project will ultimately be received upon project completion. The Trust considers these factors among others in evaluating its distribution policy as well as its assessment of cash generated from operating activities over the longer term.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following tables outline the differences between cash generated from (utilized in) operating activities and total distributions paid and payable and cash distributions in accordance with the guidelines:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Cash generated from (utilized in) operating activities	**$ (3,396)**	$ 1,529	**$ (15,690)**	$ (1,665)
Total distributions paid and payable	**2,763**	6,603	**9,559**	19,702
Cash distributions paid and payable	**1,789**	5,595	**6,368**	18,694
Shortfall of cash utilized over total distributions paid and payable	**$ (6,159)**	$ (5,074)	**$ (25,249)**	$ (21,367)
Shortfall of cash utilized over cash distributions paid and payable	**$ (5,185)**	$ (4,066)	**$ (22,058)**	$ (20,359)

For the three and nine months ended September 30, 2023, distributions paid and payable exceeded cash utilized in operating activities by $6.2 million and $25.2 million (three and nine months ended September 30, 2022 — distributions paid and payable exceeded cash generated from and utilized in operating activities by $5.1 million and $21.4 million).

Over the long term once development assets are completed and contributing to our recurring income segment, we would expect cash generated from (utilized in) operations to exceed distributions paid and payable. Currently, the Trust does not anticipate cash distributions will be suspended, but does expect that there could be timing differences as a result of the Trust's development pipeline, which does not contribute to cash flows from operating activities until projects are completed.

The following table summarizes net income and total distributions paid and payable and cash distributions paid for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net income (loss)	**$ (12,418)**	$ 337	**$ (24,438)**	$ 1,309
Total distributions paid and payable	**2,763**	6,603	**9,559**	19,702
Cash distributions paid and payable	**1,789**	5,595	**6,368**	18,694
Shortfall of net income (loss) over total distributions paid and payable	**$ (15,181)**	$ (6,266)	**$ (33,997)**	$ (18,393)
Shortfall of net income (loss) over cash distributions paid and payable	**$ (14,207)**	$ (5,258)	**$ (30,806)**	$ (17,385)

For the three and nine months ended September 30, 2023, distributions paid and payable exceeded net loss by $15.2 million and $34.0 million (three and nine months ended September 30, 2022 — distributions paid and payable exceeded net income by $6.3 million and $18.4 million).

When evaluating the Trust's distributions and its sustainability, we consider income generated from the Trust's recurring income assets and our near-term growth for the segment, which would not be reflected above.

Certain assets and liabilities are recognized at fair value in the condensed consolidated financial statements. Unrealized fair value adjustments and other non-cash items are included in net income and can fluctuate from period to period. As a result, the Trust anticipates that distributions declared will, in certain periods, continue to vary from net income. The total unrealized fair value adjustments and other non-cash items included in net income in the condensed consolidated financial statements for the periods indicated are summarized in the following table:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total adjustments to fair values and other non-cash items included in net income (loss)[1]	**$ 9,615**	$ (1,762)	**$ 16,084**	$ (4,147)

[1] Total adjustments to fair values and other non-cash items included in net income (loss) is a supplementary financial measure. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A. Total adjustments to fair values and other non-cash items included in net income (loss) is a supplementary financial measure, is not a standardized financial measure under IFRS and might not be comparable to similar measures disclosed by other issuers.

To the extent that there are shortfalls in cash flows from operations relative to distributions paid and payable, the Trust has used and may continue to use its cash-on-hand and undrawn capacity on its credit facility as a source of funding. For the three and nine months ended September 30, 2023, the Trust funded the amount of the shortfalls in cash flows relative to the distributions paid and payable by utilizing cash on hand and funds from its credit facility. The use of the Trust's credit facility may involve risks as compared to using cash on hand as a source of funding, such as the risk of reduced borrowing capacity and/or that interest rates may rise in the future, which will make it more expensive for the Trust to borrow under its credit facility, and the risk associated with increasing the overall indebtedness of the Trust. See also the section titled Capital Resources and Liquidity.

Our distribution reinvestment and unit purchase plan ("DRIP") entitles unitholders to reinvest all cash distributions into additional units. Of the distributions paid and payable, for the nine months ended September 30, 2023, $3.6 million was reinvested into the DRIP. Over time, reinvestment pursuant to the DRIP will increase the number of units outstanding, which could result in an increase in the total amount of cash distributions. As at September 30, 2023, the participation rate in the DRIP was approximately 35%.

4. CAPITAL RESOURCES AND LIQUIDITY

The Trust’s primary sources of financing are cash generated from operating activities, debt financing and refinancing. Our primary uses of capital include: investments in development and investment holdings and equity accounted investments, the acquisition of multi-family rental properties that align with our impact verticals, debt principal repayments, interest payments, distributions, costs of attracting and retaining tenants, recurring property maintenance and major property improvements. It is the Trust's objective to meet all our ongoing obligations with current cash, cash flows generated from operating activities, including profit from build-for-sale assets, cash from maturing lending portfolio investments, and cash from financing and refinancing activities.

SUMMARY OF DEBT

Total debt relates to mortgages payable on the Trust's income properties, the credit facility, a promissory note payable and the convertible debentures as further disclosed below. The increase of $48.9 million since the prior year was due to the closing of the $80.0 million 49 Ontario refinancing and $30.5 million promissory note, offset by repayments of the Trust's credit facility and a mortgage payable. Refer to the Financing Activity in the Period section of this MD&A for further details.

As at		**September 30, 2023**		December 31, 2022
Mortgages payable	**$**	**172,615**	$	112,615
Credit facility		**—**		41,700
Convertible debentures payable		**70,000**		70,000
Promissory note		**30,450**		—
Total debt payable	**$**	**273,065**	$	224,315
Unamortized discount on host instrument of convertible debentures		**(887)**		(1,086)
Conversion feature		**2**		449
Unamortized balance of deferred financing costs		**(2,418)**		(2,789)
Total debt	**$**	**269,762**	$	220,889

We use the following cash flow performance and debt level indicators to assess our ability to meet or refinance our debt obligations:

As at		**September 30, 2023**		June 30, 2023		December 31, 2022
Weighted average face rate of interest (period-end)		**5.5%**		5.5%		5.2%
Weighted average effective interest rate (period-end)(1)		**5.6%**		5.6%		5.3%
Debt due within one year	**$**	**30,450**	$	26,700	$	61,700
Total debt payable(2)		**273,065**		269,315		224,315
Total assets		**738,846**		745,776		724,169
Debt-to-asset value(2)		**37.0%**		36.1%		31.0%
Debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments(2)		**65.5%**		64.0%		57.8%
Debt – average term to maturity (years)		**2.73**		3.25		3.11

(1) Weighted average effective interest rate is calculated as the weighted average face rate of interest, net of financing costs of interest-bearing debt, weighted by the size of the respective interest-bearing debt instruments in the portfolio.

(2) Total debt payable is a non-GAAP measure, debt-to-asset value is a non-GAAP ratio, and debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments, is a supplementary financial measure. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A for further information.

As at September 30, 2023, the weighted average face and effective rates of interest were 5.5% and 5.6%, respectively, compared to 5.2% and 5.3% as at December 31, 2022, an increase driven by financings that closed during the period and higher variable rates in the current period. Relative to June 30, 2023, the weighted average and effective interest were consistent due to hedging activity completed in the prior quarter.

Debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments,(2) has increased to 65.5% as at September 30, 2023 from 57.8% as at December 31, 2022. The increase is a result of upsizing the in-place debt on 49 Ontario and Victory Silos.

As at September 30, 2023, principal repayments and maturity balances on total consolidated debt to be repaid each year are as follows:

Debt maturities		Total maturity balance and principal repayments	% of total debt maturities and principal repayments	Weighted average interest rate (face)	Weighted average effective interest rate
Total debt payable					
2023		30,450[1]	11.2%	6.4%	6.4%
2024		—	—%	—%	—%
2025		80,000	29.3%	6.4%	6.4%
2026		57,500	21.1%	4.2%	4.6%
2027		105,115	38.4%	5.4%	5.5%
Subtotal before undernoted	$	273,065	100.0%	5.5%	5.6%
Unamortized discount on host instrument of convertible debentures		(887)			
Conversion feature		2			
Unamortized balance of deferred financing costs		(2,418)			
Total debt	**$**	**269,762**			

[1] Balance relates to a promissory note that is due on demand and is a loan of excess cash from one of the Trust's joint ventures.

As of September 30, 2023, all of the Trust's consolidated debt was subject to a fixed interest rate either directly through the facility terms or an interest rate hedge. Inclusive of debt within our equity accounted investments, approximately 67% of the Trust's debt balance was subject to a fixed interest rate.

FINANCING ACTIVITY IN THE PERIOD

During the nine months ended September 30, 2023, the Trust closed on the refinancing of 49 Ontario for gross proceeds of $80.0 million. The loan has a term of two years, and bears interest at the Bankers' Acceptance ("BA") rate plus 2.65%, or at the bank's prime rate plus 1.65%, payable monthly, and is secured by 49 Ontario Street and the adjacent Berkeley land assembly. Proceeds from the financing were immediately used to repay 49 Ontario's existing mortgage and the balance on the credit facility. During the nine months ended September 30, 2023, the Trust hedged the full balance of the 49 Ontario loan.

During the nine months ended September 30, 2023, the Trust amended its credit facility, reducing the borrowing capacity from $50.0 million to $25.0 million and extending the maturity date to April 30, 2025. As at September 30, 2023, the demand revolving credit facility ("the facility", "the credit facility") was available to the Trust up to a formula-based maximum of $25.0 million. The facility bears interest at the BA rate plus 2.25%, or at the bank’s prime rate plus 1.25%, payable monthly, and is secured by a general security agreement over certain of the Trust's income properties. As at September 30, 2023, $nil was drawn on the facility (December 31, 2022 — $41.7 million), and funds available under the facility were $17.4 million (December 31, 2022 — $8.0 million), net of $0.3 million of letters of credit issued against the facility (December 31, 2022 — $0.3 million). As at September 30, 2023, the Trust had total liquidity[1] of $28.6 million, inclusive of undrawn capacity on our credit facility and cash-on-hand.

In addition, project-level debt at the Trust’s Victory Silos development was upsized from $35.0 million to $150.0 million driven by an increase in the land value since its acquisition in 2016. The debt carries a term of 1.1 years, with a one-year extension option, and is fully hedged. Victory Silos is a 5.2-acre site located along downtown Toronto’s waterfront and immediately adjacent to the Trust’s Quayside development site. In conjunction with this refinancing, the majority of the Trust's share of the excess cash proceeds were advanced to the Trust in the form of a promissory note from the project ($30.5 million). The promissory note is due on demand, however the Trust does not expect repayment in the near-term.

[1] Total liquidity is a supplementary financial measure. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A.

CONVERTIBLE DEBENTURES

The principal amount outstanding and the carrying value for the Trust's convertible debentures are as follows:

As at							**September 30, 2023**	December 31, 2022
Convertible debentures	**Date issued**	**Maturity date**	**Conversion rate in units[1]**	**Coupon rate**	**Effective rate**	**Outstanding principal**	**Carrying value**	Carrying value
2022 Debentures	Jun 9, 2022	Dec 31, 2027	31.2500	5.75 %	6.02 %	$ 40,000	$ 39,615	$ 39,548
2021 Debentures	Aug 3, 2021	Jul 31, 2026	32.2373	5.50 %	6.20 %	30,000	29,497	29,365

[1] Per $.001 principal amount.

During the three and nine months ended September 30, 2023, $1.0 million and $3.0 million of interest expense was incurred (three and nine months ended September 30, 2022 — $1.0 million and $2.0 million) and coupon payments of $0.8 million and $2.8 million were made (three and nine months ended September 30, 2022 — $0.8 million and $1.6 million) related to the convertible debentures.

FINANCIAL COVENANTS

The credit facility, certain financial guarantees and certain mortgages on income properties contain financial covenants that require the Trust and/or its subsidiaries to meet certain financial ratios and financial condition tests. A failure to meet these tests could result in default and, if not cured or waived, could result in an acceleration of the repayment in the underlying financing.

The following are financial covenants required to be met by MPCT LP, a wholly owned subsidiary of the Trust, under the terms of the credit facility, applicable as at September 30, 2023:

Financial covenant	Financial covenant requirement
Unitholders' equity	≥ $375,000
Debt-to-asset value	≤ 40.0%

As at September 30, 2023, the Trust was in compliance with these financial covenants.

TOTAL EQUITY

As at September 30, 2023, the Trust had 17,287,196 units outstanding and a total unitholders' equity balance of $458.8 million.

	September 30, 2023			December 31, 2022		
As at	**Number of units**		**Amount**	Number of units		Amount
Unitholders' equity	**17,287,196**	**$**	**559,838**	16,760,628	$	553,230
Retained earnings/(deficit)			**(110,782)**			(76,785)
Accumulated other comprehensive income			**9,721**			2,287
Total unitholders' equity	**17,287,196**	**$**	**458,777**	16,760,628	$	478,732

The following table summarizes the changes in the outstanding units and unitholders' equity:

	Units		**Unitholders' equity**
As at December 31, 2022	16,760,628	$	553,230
Units issued pursuant to the DRIP	297,209		3,560
Deferred units exchanged for Trust units	15,265		196
Cancellation of Trust units	(111,937)		(1,187)
Units issued as settlement of asset management fees under the Management Agreement	326,031		4,039
Total units outstanding on September 30, 2023	**17,287,196**	**$**	**559,838**
Units issued pursuant to the DRIP	48,147		326
Units issued as settlement of asset management fees under the Management Agreement	121,681		718
Total units outstanding on November 6, 2023	**17,457,024**	**$**	**560,882**

The Deferred Unit Incentive Plan ("DUIP") provides for the grant of deferred trust units ("DTUs") to Trustees of the Trust, officers and employees, as well as affiliates, including the Asset Manager. DTUs are granted at the discretion of the Board of Trustees of the Trust and participants are also credited with income deferred trust units based on distributions as they are declared and paid by the Trust. As at September 30, 2023, up to a maximum of 0.8 million DTUs were issuable under the DUIP. Distributions on the unvested DTUs are paid in the form of units converted at the market price of the units of the Trust on the date of distribution. As at September 30, 2023, there were 222,206 DTUs and income deferred trust units outstanding (December 31, 2022 — 183,559 units). As at November 6, 2023, 223,912 DTUs and income deferred trust units were outstanding.

DISTRIBUTIONS

The distributable cash flow and amount of monthly distributions to unitholders are determined by the Board of Trustees of the Trust based on distributions received from MPCT LP, net of general and administrative expenses, operating and other expenses, and income tax expenses. The Asset Manager forecasts the annual distributable cash flow from the Trust's operating segments to assist the Board of Trustees in determining the targeted distribution amount.

	2023			2022			2021	
As at	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Annualized distribution amount	**$ 0.640**	$ 0.640	$ 0.640	$ 1.600	$ 1.600	$ 1.600	$ 1.600	$ 1.600
Monthly distribution amount	**0.053**	0.053	0.053	0.133	0.133	0.133	0.133	0.133
Annualized distribution rate of return[1]	**8.3%**	7.0%	5.2%	9.9%	9.8%	8.5%	6.5%	6.5%

[1] Annualized distribution rate of return is calculated as the annualized distribution amount divided by the closing price per unit on the TSX at the period-end date of the quarter specified.

UNIT BUYBACK PROGRAM

The following table summarizes the Trust's unitholders' equity activity under its unit buyback program for the periods ended as indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Units repurchased (number of units)	**63,147**	—	**111,937**	48,275
Total cash consideration	**$ 589**	$ —	**$ 1,187**	$ 1,161

During the nine months ended September 30, 2023, the Trust repurchased 0.1 million units under its Normal Course Issuer Bid ("NCIB") at a weighted average price of $10.58 per unit.

As at November 6, 2023, the Asset Manager, DAM, owns approximately 6.0 million units of the Trust, inclusive of 1.6 million units acquired in satisfaction of asset management fees payable under the Management Agreement and the remainder acquired on the open market for DAM's own account. In aggregate, as at November 6, 2023, DAM owns approximately 34.1% of the Trust.

During the nine months ended September 30, 2023, the Trust renewed its NCIB, which commenced on February 1, 2023 and will remain in effect until the earlier of January 31, 2024 or the date on which the Trust has purchased the maximum number of units permitted under the bid. Under the NCIB, the Trust will have the ability to purchase for cancellation a maximum of 1,162,203 units (representing 10% of the Trust's public float of 11,622,032 units) through the facilities of the TSX. Daily repurchases will be limited to 3,145 units, representing 25% of the average daily trading volume of the units on the TSX during the last six calendar months (being 12,580 units per day), other than purchases pursuant to applicable block purchase exceptions. The Trust has renewed its NCIB because it believes that units may become available during the period of the bid at prices that would make the purchase of such units for cancellation in the best interests of the Trust and its unitholders.

During the nine months ended September 30, 2023, the Trust renewed its automatic securities repurchase plan (the "Plan") in order to facilitate purchases of its units under the NCIB. The Plan allows for purchases by the Trust of units at any time including, without limitation, times when the Trust would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust based upon the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the units may also be purchased in accordance with management’s discretion. The Plan will terminate on January 31, 2024.

LIQUIDITY

The following table summarizes the Trust's condensed consolidated statements of cash flows for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Cash generated from (utilized in) operating activities	**(3,396)**	1,529	**(15,690)**	(1,665)
Cash utilized in investing activities	**(2,536)**	(31,789)	**(15,176)**	(47,444)
Cash generated from financing activities	**1,367**	8,086	**39,788**	49,708

Cash utilized in operating activities for the three months ended September 30, 2023 was $3.4 million compared to cash generated from operating activities was $1.5 million in the prior year, primarily as a result of higher interest payments.

Cash utilized in operating activities for the nine months ended September 30, 2023 was $15.7 million compared to $1.7 million in the prior year, as a result of the repayment of the Zibi promissory note and higher interest payments in the current period.

Cash utilized in investing activities for the three and nine months ended September 30, 2023 was $2.5 million and $15.2 million compared to $31.8 million and $47.4 million in the prior year, as a result of net contribution/distribution activity and the timing of acquisitions from the Trust's equity accounted investments in each period.

Cash generated from financing activities for the three months ended September 30, 2023 was $1.4 million compared to cash generated of $8.1 million in the prior year, driven by draws on the credit facility in the prior year.

Cash generated from financing activities in the nine months ended September 30, 2023 was $39.8 million as a result of the 49 Ontario and Victory Silos refinancings, compared to $49.7 million in the prior year as a result of the aforementioned and by the 2022 Debenture issuance.

COMMITMENTS AND CONTINGENCIES

Dream Impact and its operating subsidiaries are contingently 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 the Asset Manager, any liability that may arise from such contingencies would not have a material adverse effect on the condensed consolidated financial statements of the Trust.

OTHER COMMITMENTS

As at September 30, 2023, guarantees on underlying loan amounts of third parties and certain development arrangements were $381.2 million (December 31, 2022 — $344.3 million). Our guarantees include contingent liabilities on our joint venture partners' obligations for certain investments. These exclude our share of the obligations based on our ownership interest in the investment, which is included in equity accounted investments on our condensed consolidated statements of financial position. However, the Trust would have available the joint venture partners' share of assets to satisfy any obligations that may arise. From time to time, the Trust may be required to fund capital contributions to its various investments.

5. SELECTED QUARTERLY FINANCIAL INFORMATION

The Trust's consolidated financial statements have been prepared in accordance with IFRS and are presented in Canadian dollars.

	2023			2022				2021
	Q3	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4
Total income	**$ 1,859**	$ 5,110	$ 3,924	$ 10,627	$ 4,408	$ 4,055	$ 7,995	$ 7,658
Net income (loss)	**(12,418)**	(8,663)	(3,357)	(44,863)	337	623	349	26,959
Net income (loss) per unit[1]	**(0.72)**	(0.51)	(0.20)	(2.69)	0.02	0.04	0.02	1.65

[1] Net income (loss) per unit is a supplementary financial measure. Please refer to the Specified Financial Measures and Other Disclosures section of this MD&A.

As a result of a large portion of the Trust's portfolio being in the development stage, results of operations may fluctuate from period to period as we work towards growing our recurring income segment.

6. SPECIFIED FINANCIAL MEASURES AND OTHER DISCLOSURES

We have presented certain specified financial measures because we believe these are important in evaluating the Trust's underlying operating performance, debt management and our ability to earn and pay cash distributions to unitholders. These specified financial measures do not have standardized meanings prescribed by IFRS and may not be comparable with similar measures presented by other issuers. Investors are cautioned not to view specified financial measures as alternatives to financial measures calculated in accordance with IFRS.

NON-GAAP RATIOS

"Debt-to-asset value" is a non-GAAP ratio calculated as total debt payable (a non-GAAP financial measure) divided by the total asset value of the Trust as at the applicable reporting date. This non-GAAP ratio is an important measure used by the Trust in evaluating the amount of debt leverage; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers.

As at		**September 30, 2023**		December 31, 2022
Total debt	**$**	**269,762**	$	220,889
Unamortized discount on host instrument of convertible debentures		**887**		1,086
Conversion feature		**(2)**		(449)
Unamortized balance of deferred financing costs		**2,418**		2,789
Total debt payable	**$**	**273,065**	$	224,315
Total assets		**738,846**		724,169
Debt-to-asset value		**37.0%**		31.0%

"Net asset value ("NAV") per unit" represents the net asset value (a non-GAAP financial measure) of the Trust divided by the number of units outstanding at the end of the period. This non-GAAP ratio is an important measure used by the Trust in evaluating the Trust's performance as it is an indicator of the intrinsic value of the Trust; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. NAV per unit is updated annually and was reconciled to total unitholders' equity, the most directly comparable financial measure, in the Trust's MD&A for the year ended December 31, 2022.

SUPPLEMENTARY FINANCIAL MEASURES AND OTHER MEASURES

"Total portfolio assets, inclusive of project-level debt and market value adjustments" and **"Debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments"** are supplementary financial measures. Total portfolio assets, inclusive of project-level debt and market value adjustments is composed of total assets, plus market value adjustments and debt payable within our development and investment holdings, and equity accounted investments. The Trust believes this is a more accurate representation of the size of the Trust's portfolio that is not ordinarily observable on the Trust's condensed consolidated financial statements, as a result of the application of the equity method to a significant proportion of the Trust's portfolio. Debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments represents the Trust's total debt payable plus the debt payable within our development and investment holdings, and equity accounted investments, divided by the total asset value of the Trust, plus market value adjustments and debt payable within our development and investment holdings, and equity accounted investments, as at the applicable reporting date. This supplementary measure is an important measure in evaluating the amount of debt leverage inclusive of project-level debt within our development and investment holdings, and equity accounted investments. These measures are not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers.

	September 30, 2023	December 31, 2022
Total assets	$ 738,846	$ 724,169
Market value adjustments	88,498	88,498
Debt payable within our development and investment holdings, and equity accounted investments	778,050	581,883
Total portfolio assets, inclusive of project-level debt and market value adjustments	$ 1,605,394	$ 1,394,550
Debt payable within our development and investment holdings, and equity accounted investments	$ 778,050	$ 581,883
Total debt payable	273,065	224,315
Total debt, inclusive of project-level debt	$ 1,051,115	$ 806,198
Debt-to-total asset value, inclusive of project-level debt and market value adjustments and assets within our development segment, including equity accounted investments	65.5%	57.8%

"Market value" represents the carrying value of equity accounted investments as per the condensed consolidated statements of financial position, adjusted for externally appraised values or internally prepared valuations using the most appropriate valuation methodology determined for each investment on a highest and best use basis, incorporating expected future cash flows, discount rates, other applicable market information and the change in the risk profile of the equity accounted investments as they are developed or achieve completion milestones. The Trust believes that incorporating this adjustment in determining the value of the asset is a more useful measure to value the equity investments that would not ordinarily be captured within IFRS and the Trust's condensed consolidated financial statements. This supplementary measure is an important measure used by the Trust in evaluating the Trust's and Asset Manager's performance as it is an indicator of the intrinsic value of the Trust; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers.

"Net income (loss) — income properties" is defined by the Trust as including the sum of income properties revenue, income properties operating expenses, interest expense, fair value adjustments to income properties and interest and other income.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Income properties revenue	$ 4,420	$ 4,306	$ 13,149	$ 12,841
Income properties operating expenses	(2,363)	(2,175)	(7,072)	(6,852)
Interest expense	(2,430)	(1,142)	(7,029)	(2,932)
Fair value adjustments to income properties	(10,073)	(547)	(20,373)	(298)
Interest and other income	32	8	71	16
Net income (loss) — income properties	$ (10,414)	$ 450	$ (21,254)	$ 2,775

"Net income — lending portfolio" is defined by the Trust as lending portfolio interest income and lender fees less provision for lending portfolio losses and transaction costs related to the lending portfolio.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Lending portfolio interest income and lender fees	$ 514	$ 303	$ 1,309	$ 897
Net income — lending portfolio	$ 514	$ 303	$ 1,309	$ 897

"Net income (loss) per unit" represents net income (loss) of the Trust divided by the weighted average number of units outstanding during the period.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income (loss)	$ (12,418)	$ 337	$ (24,438)	$ 1,309
Units outstanding — weighted average	17,260,369	16,495,680	17,074,952	16,409,308
Net income (loss) per unit	$ (0.72)	$ 0.02	$ (1.43)	$ 0.08

"NOI — commercial income properties included in EAI" is defined by the Trust as income properties revenue less income properties operating expenses at the equity accounted investment level. This supplementary measure is an important measure used by the Trust in evaluating operating performance; however, it is not defined by IFRS, does not have a standardized meaning, and may not be comparable with similar measures presented by other issuers.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Income properties revenue	**$ 1,759**	$ 1,535	**$ 5,206**	$ 4,356
Income properties operating expenses	**(1,077)**	(771)	**(3,059)**	(2,423)
Net operating income — income properties included in equity accounted investments — commercial	**682**	764	**2,147**	1,933
Interest expense	**(833)**	(768)	**(2,465)**	(1,585)
Fair value adjustments	**(3,995)**	184	**(4,309)**	622
Depreciation expense	**(56)**	(54)	**(174)**	(148)
Share of net income (loss) - included in equity accounted investments — commercial	**$ (4,202)**	$ 126	**$ (4,801)**	$ 822

"NOI — commercial properties" is defined by the Trust as the sum of NOI - commercial income properties included in EAI, and NOI - income properties (both of which are supplementary financial measures). This supplementary financial measure is an important measure used by the Trust to evaluate operational performance of commercial properties; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers.

"NOI — multi-family rental" is defined by the Trust as multi-family rental revenue less multi-family property operating expenses, at the equity accounted investment level. This supplementary measure is an important measure used by the Trust in evaluating operating performance; however, it is not defined by IFRS, does not have a standardized meaning, and may not be comparable with similar measures presented by other issuers.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Income properties revenue	**$ 3,022**	$ 2,403	**$ 8,884**	$ 5,813
Income properties operating expenses	**(1,570)**	(1,114)	**(4,242)**	(3,090)
Net operating income — income properties included in equity accounted investments — multi-family rental	**1,452**	1,289	**4,642**	2,723
Interest expense	**(1,578)**	(1,532)	**(4,975)**	(2,933)
Fair value adjustments	**(2,356)**	516	**(1,071)**	5,399
Share of net income — included in equity accounted investments — multi-family rental	**$ (2,482)**	$ 273	**$ (1,404)**	$ 5,189

"NOI — recurring income" is defined by the Trust as the sum of NOI — commercial properties and NOI — multi-family rental (both of which are supplementary financial measures). This supplementary financial measure is an important measure used by the Trust to evaluate operational performance of the recurring income segment; however, it is not defined by IFRS does not have a standardized meaning and may not be comparable with similar measures presented by other issuers.

"Total unitholders' equity per unit" represents the total unitholders' equity of the Trust divided by the number of units outstanding at the end of the year.

As at	**September 30, 2023**	December 31, 2022
Total unitholders' equity	**$ 458,777**	$ 478,732
Units outstanding — end of period	**17,287,196**	16,760,628
Total unitholders' equity per unit	**$ 26.54**	$ 28.56

"Total adjustments to fair values and other non-cash items included in net income (loss)" represents deferred income tax expense, fair value adjustments in development and investment holdings, share of income (loss) from equity accounted investments, fair value adjustments to income properties, deferred compensation expense (recovery), fair value adjustments to financial instruments, asset management fees, and other non-cash items.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Deferred income tax recovery	**$ 3,798**	$ 195	**$ 8,783**	$ 735
Share of income (loss) from equity accounted investments	**(3,075)**	(201)	**(3,565)**	2,720
Fair value adjustments to income properties	**(10,073)**	(547)	**(20,373)**	(298)
Deferred compensation (expense) recovery	**179**	65	**867**	213
Asset management fee settled in units	**(490)**	(1,408)	**(2,243)**	(4,175)
Fair value adjustments to financial instruments	**46**	116	**447**	517
Foreign exchange gain in development and investment holdings	**—**	3,542	**—**	4,435
Total adjustments to fair values and other non-cash items included in net income (loss)	**$ (9,615)**	$ 1,762	**$ (16,084)**	$ 4,147

"Total liquidity" is composed of cash-on-hand and funds available under the credit facility. This financial measure is used by the Trust to forecast and plan to hold adequate amounts of total liquidity to allow for the Trust to settle obligations as they come due.

NON-GAAP MEASURES

"Net asset value ("NAV")", a non-GAAP financial measure, represents total unitholders' equity per the condensed consolidated financial statements (the most directly comparable financial measure), adjusted for market value adjustments for equity accounted investments (including applicable deferred income tax adjustments). The market value adjustments account for the applicable deferred income tax estimates considering the timing of their realization and, if appropriate, will be incorporated into the determination of the NAV. The applicable deferred income tax estimates related to the market value adjustments are calculated either based on income or capital gain rates or a combination thereof. The income tax rates used to determine NAV are dependent on various factors such as anticipated development plans, stage of development and current market trends applicable to the future development plans, and will be reviewed on a regular basis and are subject to change. Excluded from the NAV calculation are any market value adjustments with respect to liabilities as well as commitments/contracts that are not otherwise recorded as liabilities on the Trust's condensed consolidated statements of financial position. The Trust has not appraised the lending portfolio, as the Trust intends to hold certain investments in the lending portfolio until maturity and its term to maturity is over the next one to five years; as such, this portfolio is considered fairly liquid. This non-GAAP measure is an important measure used by the Trust in evaluating the Trust’s and Asset Manager’s performance as it is an indicator of the intrinsic value of the Trust; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. NAV is updated annually and was reconciled to total unitholders' equity, the most directly comparable financial measure, in the Trust's management's discussion and analysis for the year ended December 31, 2022.

"Net operating income — income properties ("NOI — income properties")" is defined by the Trust as income properties revenue less income properties operating expenses. This non-GAAP measure is an important measure used by the Trust in evaluating operating performance; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Income properties revenue	**$ 4,420**	$ 4,306	**$ 13,149**	$ 12,841
Income properties operating expenses	**(2,363)**	(2,175)	**(7,072)**	(6,852)
Net operating income — income properties	**$ 2,057**	$ 2,131	**$ 6,077**	$ 5,989

"Total debt payable" is defined by the Trust as the balance due at maturity for its debt instruments. Total debt payable is a non-GAAP measure and is included as part of the definition of debt-to-asset value, a non-GAAP ratio. Total debt payable is an important measure used by the Trust in evaluating the amount of debt leverage; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. Total debt payable is reconciled to total debt, the most directly comparable financial measure, under "Non-GAAP Ratios — debt-to-asset value.

7. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Trust does not have a Chief Executive Officer or a Chief Financial Officer. At September 30, 2023, the President and Chief Responsible Officer of DAM and Chief Financial Officer of Dream Impact Master GP (the "Certifying Officers") are responsible for and, along with the assistance of senior management of the Asset Manager, have designed or caused to be designed under the Certifying Officers' supervision, disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", to provide reasonable assurance that material information relating to the Trust is made known to the Certifying Officers in a timely manner and information required to be disclosed by the Trust is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

During the three and nine months ended September 30, 2023, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the Trust's disclosure controls and procedures and internal controls over financial reporting.

8. RISKS AND RISK MANAGEMENT

ECONOMIC ENVIRONMENT RISKS

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

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

LIQUIDITY RISK

Our ability to meet our financial obligations as they become due represents our exposure to liquidity risk. Our principal liquidity needs arise from investments in development and investment holdings and equity accounted investments, debt principal repayments, interest payments, distributions, costs of attracting and retaining tenants, recurring property maintenance and major property improvement costs.

Our ability to meet our future obligations may be impacted by the liquidity risk associated with receiving repayments of its mortgages, loans, and 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.

The failure of the Trust 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 unitholders and cause the price of our units to decrease. The Trust's liquidity risk may also be impacted by unforeseen increases in development costs not anticipated at the time of construction commencement.

FINANCING RISKS, LEVERAGE AND RESTRICTIVE COVENANTS

Ownership of certain of our assets and the industries in which we operate are capital intensive. We will require access to capital to maintain the real estate assets in which we have an interest, 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 favorable 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; our cash flow and cash distributions, and cash interest payments; and the market price of our units. 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.

A significant portion of our financing is debt. Accordingly, we are subject to the risks associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest, and that, on maturities of such debt, we may not be able to refinance the outstanding principal under such debt or that the terms of such refinancing will be more onerous than those of the existing debt. If we are unable to refinance debt at maturity on terms acceptable to us or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses and could alter our debt-to-equity ratio or be dilutive to unitholders. Such losses could have a material adverse effect on our financial position or cash flows. If we are unable to meet interest or principal payments as they become due, we could also be required to renegotiate such payments or obtain additional equity, debt or other financing. The failure of the Trust to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing on favorable terms, or at all, could adversely impact the Trust's financial condition and results of operations and may decrease the amount of cash available for distribution to unitholders.

Our credit facility, certain financial guarantees and certain mortgages on income properties contain covenants that require the Trust and its subsidiaries to maintain certain financial ratios and financial condition tests on a consolidated basis. A failure to comply with such obligations could result in a default that, if not cured or waived, could result in acceleration of the relevant indebtedness, which may limit the Trust's ability to make distributions. The acceleration of the Trust's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions.

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 distributions to unitholders; 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, general trust or other purposes.

INTEREST RATE RISK

When negotiating or amending and extending such debt financing agreements and instruments, we also 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. To the extent the Trust utilizes variable rate debt, this will result in fluctuations in our cost of borrowing as an increase in interest rates could result in a significant increase in the amount paid by us to service debt that could materially adversely affect our cash flows.

We have entered into certain interest rate hedging arrangements to mitigate the impact of rising interest rates on our business. 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 Trust'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 Trust 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.

9. SIGNIFICANT ACCOUNTING POLICIES

9.1 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Refer to Note 4 of the Trust's consolidated financial statements for the year ended December 31, 2022 for a summary of the Trust's accounting judgments, estimates and assumptions in applying accounting policies.

9.2 FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

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

AMENDMENTS TO IAS 1, PRESENTATION OF FINANCIAL STATEMENTS

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

10. ADDITIONAL INFORMATION

10.1 SUMMARY OF IMPACT INVESTMENTS

In developing the Dream Impact Management System, we created pathways for each of our impact investments, which align with our three verticals and the United Nations Sustainable Development Goals. For further details, refer to our inaugural impact report published on our website, www.dreamimpacttrust.ca.

Zibi, including Zibi Community Utility (Ottawa, Ontario; Gatineau, Quebec) (Carrying value $111.0 million, including completed blocks)

Zibi is our 34-acre community, located in Ottawa, Ontario, and Gatineau, Quebec, overlooking the Ottawa River. This community is expected to welcome approximately 5,000 residents and 6,000 workers upon completion. The project is a multi-phase development that includes over 4.0 million sf of density consisting of approximately 1,900 residential units, including purpose-built rental units, over 2.0 million sf of commercial space and 8 acres of riverfront parks and plazas.

Environmental Sustainability and Resilience

The Zibi development includes Ottawa and Gatineau's first net-zero carbon heating and cooling system for all tenants and residents in the Zibi community. The District Energy System ("Zibi Community Utility" or "ZCU") utilizes post-industrial waste energy for heating and the Ottawa River for cooling. ZCU will enable the entire Zibi development to reach its goal of being carbon-neutral, consistent with the Federal Government's mandate to move to net-zero emissions by 2050. The District Energy System commenced operations in 2022, making Zibi an official net-zero community. Construction at Zibi is environmentally conscious, using 20% recycled content in its construction materials, 20% of which are locally sourced. The development will feature nearly 8 acres of riverfront green space and 2.0 million sf of vibrant commercial space. Zibi is also among the first One Planet Master-Planned Communities in the country, making it one of Canada's most sustainable neighbourhoods.

Attainable and Affordable Housing

The Trust plans to incorporate affordable housing at each of the multi-family rental buildings at Zibi. The first rental building at Zibi, Aalto Suites, is a 15-storey, 162-unit multi-family building with over 95% of its units designated as affordable.

Inclusive Communities

Zibi is developed beneficially with and for the Algonquin Anishinabe nation, as we are engaging with the Algonquin Anishinabe nation to ensure that First Nations history, presence and culture are reflected throughout the development. The development has formalized a partnership to ensure this continues throughout the life of the project, which includes, but is not limited to, mandates for Algonquin employment, youth engagements and annual meetings with an advisory council of Algonquin Anishinabe.

Canary Landing (previously West Don Lands) (Toronto, Ontario) (Carrying value $38.9 million)

Canary Landing is a purpose-built multi-family rental apartment community in Toronto's downtown east end, adjacent to the Canary and Distillery Districts. The development is expected to feature over 2,000 rental units, as well as ancillary retail and office components, which are expected to include 5,000 sf of dedicated community space. Maple House at Canary Landing (WDL Block 8) and Cherry House at Canary Landing (WDL Block 3/4/7) are currently under construction with approximately 1,600 residential units ready for market upon completion.

Environmental Sustainability and Resilience

Each of the buildings at Canary Landing will be built to LEED Gold standard and will have green roofs. The development will also incorporate water efficiency fixtures and generate clean energy in the form of solar panels. Each of these features will contribute to the Trust's goal of being carbon-neutral by 2035.

Attainable and Affordable Housing

Canary Landing is one of the largest affordable and mixed-income housing projects in Canada and the first within Ontario's Provincial Affordable Housing Lands Program to break ground. Upon completion, the development is expected to include 684 affordable units, priced at an approximate 50% discount to market rent in downtown Toronto, with 231 of these affordable units ready for occupancy in Q3 2023 at Maple House at Canary Landing (WDL Block 8).

Inclusive Communities

Canary Landing will be an inclusive community. The affordable housing units will be distributed throughout the building, with all tenants having access to the building amenities, unit quality and finishes equivalent to the suites rented at market price. The Trust is working towards establishing an inclusive process for determining how to fairly distribute access to the affordable units.

Dream LeBreton (Ottawa, Ontario) (Carrying value $3.9 million)

Environmental Sustainability and Resilience

Dream LeBreton is set to become the largest residential building in Canada to be a Zero Carbon Building certified by the Canada Green Building Council. It is expected to be a high-performance, energy efficient building, as the design includes solar panels and leverages the sewage system to provide heating and cooling throughout the buildings.

Attainable and Affordable Housing

Dream LeBreton will have a total of 608 new housing units, of which approximately 40% will be affordable, and of which 31% will be accessible. The units will be integrated alongside market units, creating an inclusive, equitable, and richly diverse community. The affordable units are to be earmarked for five target populations as defined by the national housing strategy: Indigenous communities; veterans; women and children; immigrants and newcomers; and adults with cognitive disabilities.

Inclusive Communities

In partnership with the Dream Community Foundation and Multifaith Housing Initiative, the Trust intends to implement inclusive community programming that is available to all residents to meet specific social needs, improve overall well-being and increase a sense of belonging. A Workforce Development and Community Benefits Plan has also been prepared to ensure that the Trust’s investment in Dream LeBreton provides economic and employment opportunities to local businesses and equity-seeking groups.

Brightwater Development (Mississauga, Ontario) (Carrying value $37.3 million)

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. To date, four residential blocks have achieved sales launches.

Environmental Sustainability and Resilience

When the Trust entered into the development in 2017, it was contaminated due to its history as an oil refinery, requiring the excavation of 1.4 million tonnes of soil. The source remediation program has since been completed and vertical construction for initial blocks commenced in 2021. The new community will incorporate a number of features that will result in a transit-friendly ecosystem, including installing electric vehicle charging stations, bike lanes and bike parking, and providing a shuttle bus to the Port Credit GO station to promote sustainable commuting. All buildings across the development will incorporate best-in-class stormwater management systems and energy efficiency features, including 18,000 sf of green roofs.

Inclusive Communities
The Brightwater community is expected to include nearly 3,000 residential units and over 350,000 sf of vibrant retail and commercial space. It will embody waterfront living while promoting connectivity, mental and physical health, and well-being in the community. To facilitate this, the development will include 18 acres of new parks and green space, which will include the Village Square, a planned hub for community programming.

Canary Block 10 (Toronto, Ontario) (Carrying value $9.7 million)
Canary Block 10 is a mixed-use project in downtown Toronto, expected to include a 238-unit multi-family rental building, a 206-unit condo building, and the first purpose-built Indigenous Hub in any major North American city. The development will be located within the Canary District, adjacent to the Canary Landing (previously West Don Lands) and Distillery District in downtown Toronto.

Environmental Sustainability and Resilience
Each of the buildings at Canary Block 10 will be built to LEED Gold standard as well as include features that will have energy and water consumption lower than market standard.

Inclusive Communities
Canary Block 10 features an innovative partnership with Anishnawbe Health Toronto ("AHT"). AHT is a community health centre with the mission to improve the health and well-being of Indigenous People by providing Traditional Healing within a multi-disciplinary healthcare model. The Indigenous Hub will provide a state-of-the-art five-storey facility that draws from Indigenous architectural and design influences, and will combine essential health and education facilities to create a thriving centre of community for the city's Indigenous People.

Multi-Family Rental Income Properties (GTA, Ontario) (Carrying value $80.8 million)
Over the last two-year period, the Trust has invested $214.0 million (represents total assets, at the Trust's share) for 1,454 multi-family rental units located in the GTA.

Environmental Sustainability and Resilience
Where possible, the Trust intends to reduce GHG emissions by 20% by 2025 and implement water efficiency features, by retrofitting building systems and by engaging and educating tenants to reduce consumption.

Attainable and Affordable Housing
The Trust intends to preserve and create new affordable housing units at the multi-family rentals. Since acquisition, the Trust, alongside Dream, announced an increase from 52 to 189 affordable housing units at Weston Common, as a result of financing under CMHC's MLI Select insurance program through TD Bank. The affordable units will not exceed 30% of Toronto's median renter income. In 2022, the Trust commenced converting the additional 137 units to affordable units.

Inclusive Communities
The Trust intends to implement inclusive and social programming in its multi-family rental buildings, in partnership with the Dream Community Foundation. The Trust and the Dream Community Foundation will work in collaboration with existing non-profit organizations and will invest in programs and services that improve the overall well-being of residents and increase a sense of community belonging. Programs will fall under the categories of affordable living, health and wellness, education and skills, and culture and belonging.

Commercial Income Properties (GTA, Ontario; Ottawa, Ontario; Gatineau, Quebec) (Carrying value $335.1 million)
The Trust's commercial income properties contribute to delivering impact under the Trust's environmental sustainability and resilience, and inclusive communities verticals.

Environmental Sustainability and Resilience
The Trust is committed to improving resource efficiency across our commercial income properties located in the GTA, with significant capital expenditures anticipated over the next five years. By 2025, the Trust is targeting a 20% reduction in GHG emissions across the income property portfolio. Certain of these capital expenditures include retrofitting all lighting to LED, installing low-flow fixtures in all washrooms, installing real-time utility metering and pursuing Building Owners and Managers Association of Canada ("BOMA") certifications for buildings not currently certified. In addition, commercial buildings at our Zibi development are carbon-neutral as they utilize the District Energy System.

Inclusive Communities
The Trust is promoting tenant health and wellness by building and promoting the use of amenity packages to encourage a

more active lifestyle for our tenants, including end-of-trip facilities and bike storage. The Trust is also modifying its procurement process to be more inclusive and promote opportunities for underserved populations.

10.2 GEOGRAPHIC ALLOCATION

The following table summarizes our consolidated net assets as at September 30, 2023 by geographic allocation, excluding cash and the Trust's other consolidated working capital and tax.

As at	**September 30, 2023**	December 31, 2022
Toronto and GTA	**83.2 %**	81.3 %
Ottawa/Gatineau	**16.8 %**	18.7 %
Total	**100.0 %**	100.0 %

10.3 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 relating to the Trust’s objectives and strategies to achieve those objectives, the Trust’s beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth and drivers thereof, results of operations, performance, business prospects and opportunities, market conditions, acquisitions or divestitures, leasing transactions, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, the real estate and lending industries in general, in each case, that are not historical facts; as well as statements in respect of our development, redevelopment and acquisition pipelines and our intention to further invest in best-in class income properties; the expectation that recurring income will grow and represent approximately 70% of the Trust’s portfolio to generate stabilized income; the belief that the Trust’s development portfolio is composed of high-quality assets that represent a significant source of growth, which are expected to generate future income and cash flows as projects are developed; expectations regarding the transfer of Maple House to the Trust's recurring income segment by the fourth quarter of 2023; the expectation that development segment earnings will fluctuate and that the development segment will generate returns and continued NAV accretion over time; the belief that the Trust’s portfolio will be resilient and valuable due to its impact investments; the Trust's focus on impact investing, including its intention to align its investments with its impact verticals; our intention to invest in further impact investment opportunities, wind down or exit non-impact investments (including the lending portfolio) and increase financial flexibility from our build-to-sell assets; our intention to pursue a partner to redevelop 49 Ontario Street; our zoning and other municipal applications in respect of our projects; our intention to grow our recurring income segment and diversify our asset composition; the expectation that upon finalization, Maple House and Cherry House, and Aalto II and Common at Zibi will add approximately 2,000 residential units and $200 million (at share) to the Trust's recurring income segment over the next four years; the impact of tax changes on the Trust's position to construct 3,000 units and other related impact on our activities; our leasing activities and timelines; the expectation that project value may appreciate as rezoning and pre-development processes progress; the Trust's ability to achieve its impact and sustainability goals, including in respect of its impact verticals, and implementing other sustainability initiatives throughout its projects; the Trust's expectations that cash generated from operation will exceed distributions paid and payable; the Trust’s plans and proposals for current and future development and redevelopment projects, construction initiation, completion and occupancy/stabilization dates, rezoning, number and type of units, square footage of retail, institutional and commercial space, planned GLA and GFA, acreage, and outdoor space; expected occupancy; (including the number of residential units and retail and commercial GLA expected to be completed by the end of 2027); the Trust’s expected effective economic interest in certain projects and the expected interest held by third parties; ownership of certain units and GFA square footage in certain projects by not-for-profit entities; expectations that debt will wind down over time; the plan to transfer projects to the recurring income segment to generate stabilized income; the expected value and yield of developments on completion; the expected sustainability impact of and sustainability plans for our development projects, including in respect of number of residents and workers, affordability, number of affordable units, green space, partnerships with Indigenous and First Nations groups and other stakeholders, community space, water efficiency and clean energy features, sustainable transportation infrastructure, accessibility, building retrofits, tenant engagement and community programming, procurement process, and other sustainable features; the sufficiency of the Trust’s liquidity and hedging strategies and capital resources to fulfil the Trust's ongoing obligations, including in respect of its ability to mitigate its debt exposure and reduce interest rate uncertainty; the Trust’s goal of being carbon-neutral by 2035; the Trust’s goal of reducing greenhouse gas emissions by 20% in respect of certain properties; the targeted 20% reduction in GHG emissions target across the Trust’s income property portfolio by 2025; expected development approvals; expectations regarding the Trust’s access to investment opportunities through partners and relationships; expectations regarding future purchases by the Trust under its 2023 NCIB; debt maturities, including expectations regarding demands for repayment; expectations regarding the Trust's ability to pay distributions; the Trust’s sources of funding and the uses thereof, including its intention to use cash-on-hand and its credit facility to fund shortfalls in distributions; the Trust’s intention to adopt certain accounting revisions pursuant to regulatory changes; and our expectations regarding the Trust's income tax expense and recovery, deferred tax liabilities and assets, and the Trust's ability to manage its portfolio in a tax-efficient manner.

Forward-looking statements generally can be identified by words such as "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "potential", "seek", "strategy", "project", "continue", "strive", "target", "forecast", "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 Trust's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. The assumptions, which may prove to be incorrect, include the various assumptions set forth herein as well as assumptions including, but not limited to: that the general economy remains stable; the gradual recovery and growth of the general economy continues throughout 2023 and into 2024; that no unforeseen changes in the legislative and operating framework for our business will occur; that there will be no material change to environmental regulations that may adversely impact our business; that we will meet our future objectives, priorities and growth targets; that we receive the licenses, permits or approvals necessary in connection with our projects; inflation and interest rates will not materially increase beyond current market expectations; that we will have access to adequate capital to fund our future projects, plans and any potential acquisitions; that we are able to identify high-quality investment opportunities and find suitable partners with which to enter into joint ventures or partnerships; that we do not incur any material environmental liabilities; there will not be a material change in foreign exchange rates; that the impact of the current economic climate and global financial conditions on our operations will remain consistent with our current expectations; our expectations regarding the impact of the COVID-19 pandemic and government measures to contain it, including the impact of COVID-19 on our operations, liquidity, financial condition or results; our expectation regarding ongoing remote working arrangements; and competition for and availability of acquisitions remains consistent with the current climate. All the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions but are subject to inherent risks and uncertainties. Consequently, actual results could differ materially from the conclusions, forecasts or projections in the forward-looking information and 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; the risk of adverse global market, economic and political conditions; liquidity risk; financing and risks relating to access to capital; interest rate risks; public health risks; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, terrorism, or other acts of violence, and international sanctions; inflation; the disruption of free movement of goods and services across jurisdictions; risks inherent in the real estate industry; risks relating to investment in development projects; impact investing strategy risk; risks relating to geographic concentration; risks inherent in investments in real estate, mortgages and other loans and development and investment holdings; credit risk and counterparty risk; competition risks; environmental and climate change risks; the risk of changes in governmental laws and regulations; tax risks; foreign exchange risk; acquisitions risk; and leasing risks and other risks and factors described under or referenced under "Risks and Risk Management" in this MD&A and described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of November 6, 2023. The Trust 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.dreamimpacttrust.ca.

Certain market information has been obtained from Standard & Poor's publications prepared by independent, third-party commercial firms that provide information relating to the real estate industry. Although we believe this information is reliable, the accuracy and completeness of this information is not guaranteed. We have not independently verified this information and make no representation as to its accuracy.

In addition, certain disclosures incorporated by reference into this report including, but not limited to, information regarding our development and investment holdings' development partners were obtained from publicly available information. We have not independently verified any such information. Documents referenced herein are not incorporated by reference into this MD&A, unless such incorporation by reference is explicit.

10.4 TAX INFORMATION

The Trust pays a monthly distribution to its unitholders of which only a portion is taxable. A taxable Canadian holder of the units is required to include the taxable portion of the distribution in income. Any amount in excess of the after-tax net income of the Trust payable to the unitholder will generally not be included in the unitholders' income for the year. The non-taxable portion of the distribution received by a unitholder will reduce the unitholders' tax cost of their investment. On an annual basis, the unitholders will be provided with information relating to the tax treatment of the monthly distributions.

The Trust has determined that the distributions should be treated in the following manner:

	2022	2021	2020	2019	2018	2017	2016	2015
Non-eligible dividends	**—%**	—%	—%	—%	0.02%	0.06%	—%	—%
Eligible dividends	**—%**	—%	—%	—%	—%	—%	—%	28.60%
Return of capital	**100.00%**	100.00%	100.00%	92.83%	95.00%	99.94%	100.00%	71.40%
Foreign non-business income	**—%**	—%	—%	7.17%	4.98%	—%	—%	—%

10.5 ADDITIONAL INFORMATION

Additional information relating to Dream Impact Trust, including the Trust's Annual Information Form and audited consolidated financial statements and accompanying notes, is available under the Trust's profile on SEDAR+ at www.sedarplus.ca. The Trust's units trade on the TSX under the symbol "MPCT.UN".

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

(in thousands of Canadian dollars)	Note		**September 30, 2023**		December 31, 2022
ASSETS					
NON-CURRENT ASSETS					
Development and investment holdings	6	**$**	**5,193**	$	5,193
Lending portfolio	7		**11,212**		10,548
Income properties	8		**287,622**		303,855
Deferred income taxes	17		**535**		—
Other non-current assets			**9,569**		3,855
Equity accounted investments	9		**401,362**		386,111
TOTAL NON-CURRENT ASSETS			**715,493**		709,562
CURRENT ASSETS					
Lending portfolio	7		**5,429**		5,066
Amounts receivable			**3,843**		3,353
Prepaid expenses and other current assets			**2,915**		3,944
Cash			**11,166**		2,244
TOTAL CURRENT ASSETS			**23,353**		14,607
TOTAL ASSETS		**$**	**738,846**	$	724,169
LIABILITIES					
NON-CURRENT LIABILITIES					
Debt	10	**$**	**239,312**	$	159,189
Deferred income taxes	17		**—**		5,568
Deferred units incentive plan			**1,188**		2,251
TOTAL NON-CURRENT LIABILITIES			**240,500**		167,008
CURRENT LIABILITIES					
Debt	10		**30,450**		61,700
Amounts payable and other liabilities	11		**9,119**		16,729
TOTAL CURRENT LIABILITIES			**39,569**		78,429
TOTAL LIABILITIES			**280,069**		245,437
UNITHOLDERS' EQUITY					
Unitholders' equity			**559,838**		553,230
Retained earnings (deficit)			**(110,782)**		(76,785)
Accumulated other comprehensive income	13		**9,721**		2,287
TOTAL UNITHOLDERS' EQUITY			**458,777**		478,732
TOTAL LIABILITIES AND EQUITY		**$**	**738,846**	$	724,169

See the accompanying notes to the condensed consolidated financial statements.
Commitments and contingencies (Note 21)

On behalf of the Board of Trustees of Dream Impact Trust:

"Amar Bhalla"
Amar Bhalla
Chair

"Karine MacIndoe"
Karine MacIndoe
Trustee

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30, **2023**	2022	Nine months ended September 30, **2023**	2022
INCOME					
Lending portfolio interest income and lender fees		**$ 514**	$ 303	**$ 1,309**	$ 897
Income properties revenue	14	**4,420**	4,306	**13,149**	12,841
Share of income (loss) from equity accounted investments	9	**(3,075)**	(201)	**(3,565)**	2,720
TOTAL INCOME		**1,859**	4,408	**10,893**	16,458
EXPENSES					
Income properties, operating		**(2,363)**	(2,175)	**(7,072)**	(6,852)
Interest expense	15	**(4,202)**	(2,682)	**(12,174)**	(6,194)
General and administrative	16	**(1,674)**	(2,634)	**(5,536)**	(7,667)
TOTAL EXPENSES		**(8,239)**	(7,491)	**(24,782)**	(20,713)
Fair value adjustments in development and investment holdings		**—**	3,542	**—**	4,435
Fair value adjustments to income properties	8	**(10,073)**	(547)	**(20,373)**	(298)
OPERATING LOSS		**(16,453)**	(88)	**(34,262)**	(118)
Interest and other income		**191**	114	**595**	175
Fair value adjustments to financial instruments	10	**46**	116	**447**	517
EARNINGS (LOSS) BEFORE INCOME TAX RECOVERY		**(16,216)**	142	**(33,220)**	574
INCOME TAX RECOVERY					
Current income tax expense	17	**—**	—	**(1)**	—
Deferred income tax recovery	17	**3,798**	195	**8,783**	735
TOTAL INCOME TAX RECOVERY		**3,798**	195	**8,782**	735
NET INCOME (LOSS)		**(12,418)**	337	**(24,438)**	1,309
OTHER COMPREHENSIVE INCOME (LOSS)					
Share of other comprehensive income from equity accounted investments, net of tax	13	**1,585**	49	**3,334**	1,874
Fair value adjustments to derivative financial liabilities hedges, net of tax	13	**2,178**	387	**4,100**	387
TOTAL OTHER COMPREHENSIVE INCOME		**3,763**	436	**7,434**	2,261
TOTAL COMPREHENSIVE INCOME (LOSS)		**$ (8,655)**	$ 773	**$ (17,004)**	$ 3,570

See the accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

For the nine months ended September 30, 2023

(in thousands of Canadian dollars, except for number of units)	Note	Number of units[1]		Unitholders' equity		Retained earnings (deficit)		Accumulated other comprehensive income		Total
Balance as at January 1, 2023		**16,760,628**	**$**	**553,230**	**$**	**(76,785)**	**$**	**2,287**	**$**	**478,732**
Net loss for the period		—		—		(24,438)		—		**(24,438)**
Other comprehensive income		—		—		—		7,434		**7,434**
Distributions paid and payable	12	—		—		(9,559)		—		**(9,559)**
Distribution Reinvestment Plan		297,209		3,560		—		—		**3,560**
Deferred units exchanged for Trust units		15,265		196		—		—		**196**
Cancellation of Trust units	12	(111,937)		(1,187)		—		—		**(1,187)**
Units issued as settlement of asset management fees	19	326,031		4,039		—		—		**4,039**
Balance as at September 30, 2023		**17,287,196**	**$**	**559,838**	**$**	**(110,782)**	**$**	**9,721**	**$**	**458,777**

For the nine months ended September 30, 2022

(in thousands of Canadian dollars, except for number of units)	Note	Number of units[1]		Unitholders' equity		Retained earnings (deficit)		Accumulated other comprehensive income		Total
Balance as at January 1, 2022		**16,267,940**	**$**	**543,772**	**$**	**(6,841)**	**$**	**—**	**$**	**536,931**
Net income for the period		—		—		1,309		—		**1,309**
Other comprehensive income		—		—		—		2,261		**2,261**
Distributions paid and payable	12	—		—		(19,702)		—		**(19,702)**
Distribution Reinvestment Plan		19,128		353		—		—		**353**
Deferred units exchanged for Trust units		20,658		507		—		—		**507**
Cancellation of Trust units	12	(48,275)		(1,161)		—		—		**(1,161)**
Units issued as settlement of asset management fees	19	264,217		5,852		—		—		**5,852**
Balance as at September 30, 2022		**16,523,668**	**$**	**549,323**	**$**	**(25,234)**	**$**	**2,261**	**$**	**526,350**

[1] The number of units outstanding reflects the Unit Consolidation as described in Note 2 for the periods ended September 30, 2023 and 2022.

See the accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Generated from (utilized in) operating activities					
Net income (loss)		**$ (12,418)**	$ 337	**$ (24,438)**	$ 1,309
Non-cash and other items:					
Amortization and depreciation	20	**347**	465	**1,273**	1,229
Other adjustments	20	**(4,386)**	(1,593)	**(10,788)**	(5,207)
Change in non-cash working capital	20	**1,103**	104	**(6,417)**	(1,584)
Investment in lease incentives and initial direct leasing costs	8, 20	**(2,247)**	(154)	**(3,297)**	(842)
Asset management fee settled in units		**1,057**	1,622	**4,039**	5,852
Fair value adjustments to income properties	8	**10,073**	547	**20,373**	298
Share of income from equity accounted investments	9	**3,075**	201	**3,565**	(2,720)
Generated from (utilized in) operating activities		**$ (3,396)**	$ 1,529	**$ (15,690)**	$ (1,665)
Generated from (utilized in) investing activities					
Investments in building improvements	8, 20	**(55)**	(908)	**(2,014)**	(2,118)
Acquisition of income properties, including transaction costs	8	**—**	(13,088)	**—**	(13,088)
Changes in restricted cash balance		**2**	—	**1,121**	—
Investment in development and investment holdings		**—**	—	**—**	(1,295)
Distributions from equity accounted investments		**775**	6,402	**12,718**	17,987
Investments in equity accounted investments		**(3,258)**	(4,371)	**(17,164)**	(23,195)
Acquisitions of equity accounted investments, including transaction costs		**—**	(19,824)	**(9,781)**	(25,547)
Lending portfolio additions	7, 20	**—**	—	**(56)**	(188)
Utilized in investing activities		**$ (2,536)**	$ (31,789)	**$ (15,176)**	$ (47,444)
Generated from (utilized in) financing activities					
Advances on revolving credit facility	10	**—**	14,800	**5,500**	39,300
Repayments on revolving credit facility	10	**—**	(5,200)	**(47,200)**	(14,500)
Long-term debt borrowings, net of deferred financing costs	10	**3,748**	4,749	**109,987**	7,614
Issuance of convertible debentures, net of deferred financing costs	10	**—**	(27)	**—**	37,974
Cancellation of Trust units	12	**(589)**	—	**(1,187)**	(1,161)
Mortgage repayments	10	**—**	—	**(20,000)**	(204)
Distributions paid on units	12	**(1,792)**	(6,236)	**(7,312)**	(19,315)
Generated from financing activities		**$ 1,367**	$ 8,086	**$ 39,788**	$ 49,708
Increase (decrease) in cash		**$ (4,565)**	$ (22,174)	**$ 8,922**	$ 599
Cash, beginning of the period		**15,731**	31,204	**2,244**	8,431
Cash, end of the period		**$ 11,166**	$ 9,030	**$ 11,166**	$ 9,030

See the accompanying notes to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts are presented in thousands of Canadian dollars, except for unit and per unit amounts, unless otherwise stated)

1. ORGANIZATION

Dream Impact Trust ("Dream Impact" or the "Trust") is an open-ended trust established under the laws of the Province of Ontario by a Declaration of Trust dated April 28, 2014, amended and restated on July 8, 2014, October 26, 2020, and further amended and restated on June 7, 2021. The condensed consolidated financial statements of Dream Impact include the accounts of Dream Impact and its consolidated subsidiaries. The Trust was formed by, and is managed by, Dream Asset Management Corporation ("DAM" or the "Asset Manager"), a wholly owned subsidiary of Dream Unlimited Corp. ("Dream"). On January 1, 2018, Dream acquired control of the Trust, based on Dream's increased exposure to variable returns resulting from increased ownership through units held in the Trust and from new real estate joint venture agreements. Dream is the ultimate parent company of the Trust. The ultimate controlling party of the Trust is Michael Cooper, President and Chief Responsible Officer of DAM and Dream.

Dream Impact is a dedicated impact investment vehicle. The Trust's underlying portfolio is comprised of exceptional real estate assets reported under two operating segments: development and investment holdings, and recurring income.

The Trust's registered office is 30 Adelaide Street East, Suite 301, Toronto, Ontario, Canada, M5C 3H1. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "MPCT.UN". Dream Impact's condensed consolidated financial statements for the three and nine months ended September 30, 2023 were authorized for issuance by the Board of Trustees on November 6, 2023.

For simplicity, throughout the notes, reference is made to the units of the Trust as follows:

- "units" meaning Trust voting units, and
- "unitholders" meaning holders of Trust voting units.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS"), have been omitted or condensed. The condensed consolidated financial statements should be read in conjunction with the Trust's annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

Effective June 16, 2023, the Trust completed a unit consolidation of all of the issued and outstanding units of the Trust on the basis of one post-consolidation unit for every four pre-consolidation units (the "Unit Consolidation"). Upon completion of the Unit Consolidation, the number of units as of June 16, 2023, was consolidated from 68,538,274 to 17,134,554. All unit, per unit and unit-related amounts disclosed herein reflect the post-Unit Consolidation units for all periods presented, unless otherwise noted.

3. ACCOUNTING POLICIES SELECTED AND APPLIED FOR SIGNIFICANT TRANSACTIONS AND EVENTS

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

The preparation of the condensed consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The critical accounting judgments estimates, and assumptions applied during the quarter are consistent with those set out in Note 4 to the Trust's audited annual consolidated financial statements for the year ended December 31, 2022.

5. ADOPTION OF ACCOUNTING STANDARDS

FUTURE ACCOUNTING POLICY CHANGES

Standards issued but not yet effective up to the date of issuance of the Trust's condensed consolidated financial statements that are likely to have an impact on the Trust are noted below, and represent the standards and interpretations the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt these standards when they become effective.

AMENDMENTS TO IAS 1, PRESENTATION OF FINANCIAL STATEMENTS

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date. The amendments also clarify that the settlement of a liability refers to the transfer by the counterparty of cash, equity instruments, and/or other assets or services. Non-current liabilities with covenants, which further amended IAS 1, was also issued. The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Early application is permitted. The Trust intends to adopt the amendments to IAS 1 on the required effective date of January 1, 2024. The Trust is in the process of assessing the impact of this amendment.

6. DEVELOPMENT AND INVESTMENT HOLDINGS

As at September 30, 2023, development holdings related to two long-term participating loans secured by real property comprising two residential developments (carrying value as at September 30, 2023 and December 31, 2022 — $5,193). As at September 30, 2023, investment holdings related to the Trust's interest in a hospitality asset, the Virgin Hotels Las Vegas ("U.S. Hotel") (carrying value as at September 30, 2023 and December 31, 2022 — $nil). These assets are recorded as fair value through profit and loss ("FVTPL").

The fair value methodologies applied have been consistent with the prior year for the development and investment holdings.

The Trust's development holdings are valued using the direct comparison approach, considering recent activity for similar properties in similar markets adjusted for various factors, as applicable, including location and operational performance.

The Trust's investment holdings are valued taking into consideration the direct comparison approach, but also incorporates performance indicators specific to the hospitality sector.

7. LENDING PORTFOLIO

For the periods ended		September 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**15,614**	$	13,040
Add (deduct):				
Lending portfolio advances		**56**		1,620
Changes in accrued interest balance		**(44)**		55
Interest capitalized to lending portfolio balance		**555**		538
Amortization of premium on lending portfolio		**460**		361
Balance, end of period[1]	**$**	**16,641**	$	15,614
Less: current portion		**5,429**		5,066
Non-current portion of lending portfolio	**$**	**11,212**	$	10,548

[1] Lending portfolio balance includes a loan of $5,429 (December 31, 2022 — $5,066) that is classified as FVTPL.

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

As at		September 30, 2023		December 31, 2022
Weighted average interest rate (period-end)		**14.5%**		14.6%
Maturity dates		**2023—2027**		2023—2027
Balance of accrued interest	**$**	**99**	$	143
Loans with prepayment options	**$**	**8,764**	$	8,053

During the nine months ended 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.

8. INCOME PROPERTIES

For the periods ended		September 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**303,855**	$	276,285
Add (deduct):				
Acquisition of properties, including transaction costs		**—**		13,088
Building improvements		**1,967**		3,294
Lease incentives and initial direct leasing costs		**2,873**		879
Amortization of lease incentives		**(700)**		(938)
Fair value adjustments to income properties		**(20,373)**		11,247
Balance, end of period	**$**	**287,622**	$	303,855
Change in unrealized gains included in net income for the period				
Change in fair value of income properties	**$**	**(20,373)**	$	11,247

As at September 30, 2023, the Trust's income properties consisted of ten wholly owned office properties, inclusive of five properties that are part of a land assembly slated for redevelopment, and an interest in an office property co-owned with Dream Office Real Estate Investment Trust ("Dream Office REIT"), which is accounted for as a joint operation.

The Trust recorded a net fair value loss of $20,373 during the nine months ended September 30, 2023, compared to a nominal fair value loss during the nine months ended September 30, 2022. The fair value loss in the current period was driven by increases in discount rate assumptions across the Trust's income properties and revised assumptions related to lease-up timing and capital expenditure requirements on select income properties.

One of the Trust's income properties is valued based on highest and best use, which is considered to be the asset's redevelopment potential as rezoning approval was obtained in the nine months ended September 30, 2023. The asset was valued using the direct comparison approach, with density and price per square foot as significant assumptions. Generally, an increase in density and price per square foot would result in an increase in fair values. Income properties, other than the above noted and those acquired during the year, if any, are measured at fair value using the discounted cash flow method.

A summary of assumptions in the valuation of income properties, using the discounted cash flow method, as at September 30, 2023 and December 31, 2022, is as follows:

	September 30, 2023				December 31, 2022			
		Range		**Weighted average**		Range		Weighted average
Discount rates (%)		**6.25—8.25**		**7.67 %**		6.00—7.75		7.24 %
Terminal cap rates (%)		**5.50—7.75**		**7.10 %**		5.25—7.25		6.67 %
Market rents (in dollars per square foot)[1]	**$**	**18.75—36.50**	**$**	**22.14**	$	18.75—36.50	$	22.27

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

The following sensitivity table outlines the potential impact on the fair value of income properties, assuming a change in the weighted average discount rates and terminal cap rates by a respective 25 basis points ("bps") as at September 30, 2023:

	Impact of changes to weighted average discount rates				**Impact of changes to weighted average terminal cap rates**			
		+25 bps		**-25 bps**		**+25 bps**		**-25 bps**
Increase (decrease) in value	$	(3,071)	$	3,172	$	(3,679)	$	4,003

As at September 30, 2023, income properties with a fair value of $287,622 (December 31, 2022 — $287,700) were pledged as security for debt.

9. EQUITY ACCOUNTED INVESTMENTS

The Trust participates in various partnerships with other parties for the purpose of investing in various residential and mixed-use investment property developments, which are accounted for using the equity investment method. These partnerships are either considered joint ventures or investments in associates. A joint venture is an arrangement entered into in the form of jointly controlled entities whereby the parties have joint control and have rights to the net assets of the arrangement. Investments in associates are those in which the Trust has significant influence over the arrangement. Each equity accounted investment is subject to a shareholder or limited partnership agreement that governs distributions from these investments. In addition, distributions must comply with the respective credit agreements.

During the nine months ended September 30, 2023, the Trust acquired a 12.5% interest in Quayside, a 12-acre development site on Toronto's waterfront, with the remaining interests acquired by Dream Impact Fund and a third-party partner. The Trust has significant influence over the investment, and the equity method of accounting was applied.

The following tables summarize the Trust's proportionate share of the assets, liabilities and net assets of its equity accounted investments:

As at September 30, 2023	Ownership interest	Assets[(1)]	Liabilities	Net assets
Development				
Zibi Development	50.00%	$ 189,322	$ 109,266	$ 80,056
Forma	25.00%	140,848	88,352	52,496
Brightwater	23.25%	151,558	114,270	37,288
Victory Silos (previously Lakeshore East)	37.50%	69,371	56,274	13,097
Canary Landing (previously West Don Lands)[(2)]	25.00%	182,556	143,651	38,905
Dream LeBreton	33.33%	6,349	2,432	3,917
IVY Condominiums	75.00%	84,322	72,345	11,977
Birch House at Canary Landing (previously Canary Block 10)	25.00%	22,983	13,237	9,746
Quayside	12.50%	33,491	22,944	10,547
Other[(3)]	7.00%—45.00%	75,486	66,320	9,166
Total development		**$ 956,286**	**$ 689,091**	**$ 267,195**
Multi-family rental				
70 Park	50.00%	54,970	34,800	20,170
Weston Common	33.33%	125,125	85,223	39,902
Robinwood Portfolio	33.33%	40,709	26,317	14,392
Aalto Suites (Zibi Block 10)	50.00%	34,169	28,275	5,894
Other[(4)]	33.33%—50.00%	15,161	8,850	6,311
Total multi-family rental		**$ 270,134**	**$ 183,465**	**$ 86,669**
Commercial				
Zibi commercial properties[(5)]	20.00%—50.00%	77,311	55,460	21,851
100 Steeles	37.50%	16,053	7,155	8,898
Other[(6)]	20.00%—40.00%	32,657	15,908	16,749
Total commercial		**$ 126,021**	**$ 78,523**	**$ 47,498**
Total recurring income		**$ 396,155**	**$ 261,988**	**$ 134,167**
Total		**$ 1,352,441**	**$ 951,079**	**$ 401,362**

(1) The Trust's share of assets includes transaction costs, where applicable, attributable to the investments.
(2) Canary Landing includes Cherry House (WDL Block 3/4/7), Maple House (WDL Block 8) and Block 20.
(3) Other equity accounted investments from development include Axis Condominiums, Seaton development, Scarborough Junction, Queen & Mutual, 34 Madison and 673 Warden.
(4) Other equity accounted investments from multi-family rental recurring income include 262 Jarvis, 111 Cosburn and 786 Southwood.
(5) Zibi commercial properties includes 15 Rue Jos-Montferrand, the Natural Sciences Building, 310 Miwate Private, and Interzip Rogers, in which the Trust has a 50%, 50%, 50% and 20% interest, respectively.
(6) Other equity accounted investments from commercial recurring income include Plaza Bathurst, Plaza Imperial and Zibi Community Utility.

As at December 31, 2022	Ownership interest		Assets[1]		Liabilities		Net assets
Development							
Zibi Development	50.00%	$	148,627	$	70,305	$	78,322
Forma	25.00%		126,819		74,401		52,418
Brightwater	23.25%		125,251		88,395		36,856
Victory Silos (previously Lakeshore East)	37.50%		28,328		13,182		15,146
Canary Landing (previously West Don Lands)[2]	25.00%		149,413		113,924		35,489
Dream LeBreton	33.33%		4,716		2,429		2,287
IVY Condominiums	75.00%		59,916		47,970		11,946
Canary Block 10	25.00%		14,721		5,139		9,582
Other[3]	7.00%—45.00%		71,976		62,812		9,164
Total development		**$**	**729,767**	**$**	**478,557**	**$**	**251,210**
Multi-family rental							
70 Park	50.00%		55,629		34,704		20,925
Weston Common	33.33%		122,440		85,814		36,626
262 Jarvis	33.33%		9,024		3,577		5,447
Robinwood Portfolio	33.33%		40,606		25,499		15,107
111 Cosburn	50.00%		4,421		2,614		1,807
Aalto Suites (Zibi Block 10)	50.00%		32,747		28,644		4,103
Total multi-family rental		**$**	**264,867**	**$**	**180,852**	**$**	**84,015**
Commercial							
Zibi commercial properties[4]	20.00%—50.00%		79,960		55,541		24,419
100 Steeles	37.50%		16,099		7,310		8,789
Other[5]	20.00%—40.00%		32,516		14,838		17,678
Total commercial		**$**	**128,575**	**$**	**77,689**	**$**	**50,886**
Total recurring income		**$**	**393,442**	**$**	**258,541**	**$**	**134,901**
Total		**$**	**1,123,209**	**$**	**737,098**	**$**	**386,111**

(1) The Trust's share of assets includes transaction costs, where applicable, attributable to the investments.
(2) Includes Maple House (WDL Block 8), Cherry House (WDL 3/4/7) and Block 20.
(3) Other equity accounted investments from development include Axis Condominiums, Seaton development, Scarborough Junction, Queen & Mutual, 34 Madison and 673 Warden.
(4) Zibi commercial properties includes 15 Rue Jos-Montferrand, the Natural Sciences Building, 310 Miwate Private, and Interzip Rogers, in which the Trust has a 50%, 50%, 50% and 20% interest, respectively.
(5) Other equity accounted investments from commercial recurring income include Plaza Bathurst, Plaza Imperial and Zibi Community Utility.

For the three months ended September 30, 2023	Ownership interest		Revenue		Net income (loss)
Development					
Zibi development	50.00%	$	—	$	605
Forma	25.00%		12		(261)
Brightwater	23.25%		5,056		361
Other[(1)]	7.00%—75.00%		315		2,904
Total development		**$**	**5,383**	**$**	**3,609**
Recurring income					
Multi-Family Rental					
70 Park	50.00%		471		(678)
Weston Common	33.33%		1,479		(877)
Robinwood Portfolio	33.33%		464		(891)
Aalto Suites (Zibi Block 10)	50.00%		456		117
Other[(2)]	33.33% - 50.00%		152		(153)
Total multi-family rental		**$**	**3,022**	**$**	**(2,482)**
Commercial					
Zibi commercial properties[(3)]	20.00%—50.00%		1,252		(3,891)
100 Steeles	37.50%		249		12
Other[(4)]	20.00%—40.00%		258		(323)
Total commercial		**$**	**1,759**	**$**	**(4,202)**
Total recurring income		**$**	**4,781**	**$**	**(6,684)**
Total		**$**	**10,164**	**$**	**(3,075)**

(1) Other equity accounted investments from development include Victory Silos (previously Lakeshore East), Cherry House at Canary Landing (WDL Block 3/4/7), Maple House at Canary Landing (WDL Block 8), Birch House at Canary Landing (previously Canary Block 10), Quayside, Block 20 at Canary Landing, Axis Condominiums, IVY condominiums, Seaton development, Scarborough Junction, Queen & Mutual, 34 Madison, 673 Warden and Dream LeBreton.
(2) Other equity accounted investments from multi-family rental recurring income include 262 Jarvis, 111 Cosburn and 786 Southwood.
(3) Zibi commercial properties includes 15 Rue Jos-Montferrand, the Natural Sciences Building, 310 Miwate Private, and Interzip Rogers, in which the Trust has a 50%, 50%, 50% and 20% interest, respectively.
(4) Other equity accounted investments from commercial recurring income include Plaza Bathurst, Plaza Imperial and Zibi Community Utility.

For the three months ended September 30, 2022	Ownership interest		Revenue		Net income (loss)
Development					
Zibi Development	50.00%	$	22	$	(162)
Forma	25.00%		71		(554)
Brightwater	23.25%		—		(70)
Victory Silos (previously Lakeshore East)	37.50%		—		(5)
Other[(1)]	7.00% —75.00%		303		191
Total development		**$**	**396**	**$**	**(600)**
Recurring income					
Multi-Family Rental					
70 Park	50.00%		380		(1,551)
Weston Common	33.33%		1,384		237
262 Jarvis	33.33%		80		43
Robinwood Portfolio	33.33%		312		1,166
111 Cosburn	50.00%		31		169
Aalto Suites (Zibi Block 10)	50.00%		216		209
Total multi-family rental		**$**	**2,403**	**$**	**273**
Commercial					
Zibi commercial properties	20.00%—50.00%[(2)]		1,087		204
100 Steeles	37.50%		227		28
Other[(3)]	20.00%—40.00%		221		(106)
Total commercial		**$**	**1,535**	**$**	**126**
Total recurring income		**$**	**3,938**	**$**	**399**
Total		**$**	**4,334**	**$**	**(201)**

(1) Other equity accounted investments from development include Axis Condominiums, IVY condominiums, Seaton development, Scarborough Junction, Queen & Mutual, 34 Madison, 673 Warden, Birch House at Canary Landing (previously Canary Block 10) and Dream LeBreton.
(2) Zibi commercial properties includes 15 Rue Jos-Montferrand, the Natural Sciences Building, 310 Miwate Private, and Interzip Rogers, in which the Trust has a 50%, 50%, 50% and 20% interest, respectively.
(3) Other equity accounted investments from commercial recurring income include Plaza Bathurst, Plaza Imperial and Zibi Community Utility.

For the nine months ended September 30, 2023	Ownership interest		Revenue		Net income (loss)
Development					
Zibi development	50.00%	$	185	$	(148)
Forma	25.00%		60		(1,081)
Brightwater	23.25%		5,056		174
Other[(1)]	7.00%—75.00%		1,085		3,695
Total development		**$**	**6,386**	**$**	**2,640**
Recurring income					
Multi-family rental					
70 Park	50.00%		1,352		(1,959)
Weston Common	33.33%		4,383		998
Robinwood Portfolio	33.33%		1,371		(1,122)
Aalto Suites (Zibi Block 10)	50.00%		1,330		1,750
Other[(2)]	33.33%—50.00%		448		(1,071)
Total multi-family rental		**$**	**8,884**	**$**	**(1,404)**
Commercial					
Zibi commercial properties	20.00% - 50.00%[(3)]		3,696		(3,984)
100 Steeles	37.50%		748		111
Other[(4)]	20.00%—40.00%		762		(928)
Total commercial		**$**	**5,206**	**$**	**(4,801)**
Total recurring income		**$**	**14,090**	**$**	**(6,205)**
Total		**$**	**20,476**	**$**	**(3,565)**

(1) Other equity accounted investments from development include Victory Silos (previously Lakeshore East), Cherry House at Canary Landing (WDL Block 3/4/7), Maple House at Canary Landing (WDL Block 8), Birch House at Canary Landing (previously Canary Block 10), Quayside, Block 20 at Canary Landing, Axis Condominiums, IVY condominiums, Seaton development, Scarborough Junction, Queen & Mutual, 34 Madison, 673 Warden and Dream LeBreton.
(2) Other equity accounted investments from multi-family rental recurring income include 262 Jarvis, 111 Cosburn and 786 Southwood.
(3) Zibi commercial properties includes 15 Rue Jos-Montferrand, the Natural Sciences Building, 310 Miwate Private, and Interzip Rogers, in which the Trust has a 50%, 50%, 50% and 20% interest, respectively.
(4) Other equity accounted investments from commercial recurring income include Plaza Bathurst, Plaza Imperial, and Zibi Community Utility.

For the nine months ended September 30, 2022	Ownership interest		Revenue		Net income (loss)
Development					
Zibi	50.00%	$	1,148	$	(1,526)
Forma	25.00%		177		(1,707)
Brightwater	23.25%		—		(343)
Victory Silos (previously Lakeshore East)	37.50%		—		115
Canary Landing (previously West Don Lands)	25.00%		—		79
Other[(1)]	7.00% - 75.00%		830		91
Total development		**$**	**2,155**	**$**	**(3,291)**
Recurring income					
Multi-Family Rental					
70 Park	50.00%		380		(1,551)
Weston Common	33.33%		4,084		3,702
262 Jarvis	33.33%		192		459
Robinwood Portfolio	33.33%		828		2,451
111 Cosburn	50.00%		31		(36)
Aalto Suites (Zibi Block 10)	50.00%		298		164
Total multi-family rental		**$**	**5,813**	**$**	**5,189**
Commercial					
Zibi commercial properties[(2)]	20.00% - 50.00%		2,953		1,242
100 Steeles	37.50%		705		90
Other[(3)]	20.00% - 40.00%		698		(510)
Total commercial		**$**	**4,356**	**$**	**822**
Total recurring income		**$**	**10,169**	**$**	**6,011**
Total		**$**	**12,324**	**$**	**2,720**

(1) Other equity accounted investments from development include Axis Condominiums, IVY condominiums, Seaton development, Scarborough Junction, Queen & Mutual, 34 Madison, 673 Warden and Dream LeBreton.
(2) Zibi commercial properties includes 15 Rue Jos-Montferrand, the Natural Sciences Building, 310 Miwate Private, and Interzip Rogers, in which the Trust has a 50%, 50%, 50% and 20% interest, respectively.
(3) Other equity accounted investments from commercial recurring income include Plaza Bathurst, Plaza Imperial, and Zibi Community Utility.

10. DEBT

As at	September 30, 2023	December 31, 2022
Mortgages payable	$ **172,615**	$ 112,615
Credit facility	**—**	41,700
Convertible debentures payable	**70,000**	70,000
Promissory note	**30,450**	—
Total debt payable	$ **273,065**	$ 224,315
Unamortized discount on host instrument of convertible debentures	**(887)**	(1,086)
Conversion feature	**2**	449
Unamortized balance of deferred financing costs	**(2,418)**	(2,789)
Total debt	$ **269,762**	$ 220,889
Less: current portion	**30,450**	61,700
Total non-current long-term debt	$ **239,312**	$ 159,189

DEBT CONTINUITY

	Mortgages payable	Convertible debentures		Credit facility	Promissory note	Total
		Host instrument	Conversion feature			
Balance as at January 1, 2022	$ **104,614**	$ **28,883**	$ **357**	$ **(704)**	$ **—**	$ **133,150**
Credit facility advances	—	—	—	56,200	—	56,200
Credit facility repayments	—	—	—	(14,500)	—	(14,500)
Borrowings	7,917	39,495	505	—	—	47,917
Regular repayments	(204)	—	—	—	—	(204)
Fair value adjustments to financial instruments	—	—	(413)	—	—	(413)
Accretion on convertible debentures	—	227	—	—	—	227
Deferred financing cost additions	(298)	(2,048)	—	(7)	—	(2,353)
Deferred financing cost amortization	157	276	—	432	—	865
Balance as at December 31, 2022	$ **112,186**	$ **66,833**	$ **449**	$ **41,421**	$ **—**	$ **220,889**
Credit facility advances	—	—	—	5,500	—	5,500
Credit facility repayments	—	—	—	(47,200)	—	(47,200)
Borrowings	80,000	—	—	—	30,450	110,450
Lump sum repayments	(20,000)	—	—	—	—	(20,000)
Fair value adjustments to financial instruments	—	—	(447)	—	—	(447)
Accretion on convertible debentures	—	199	—	—	—	199
Deferred financing cost additions	(359)	(6)	—	(98)	—	(463)
Deferred financing cost amortization	230	327	—	277	—	834
Balance as at September 30, 2023	$ **172,057**	$ **67,353**	$ **2**	$ **(100)**	$ **30,450**	$ **269,762**

MORTGAGES PAYABLE

Mortgages payable are secured by charges on specific income properties. These facilities bear interest at a weighted average effective interest rate of 5.3% (December 31, 2022 — 4.3%) and mature between 2025 and 2027. Management actively pursues refinancing opportunities in line with the timing of expected debt repayments.

During the nine months ended September 30, 2023, the Trust closed on the refinancing of 49 Ontario Street for gross proceeds of $80,000. The loan bears interest at the Bankers' Acceptance ("BA") rate plus 2.65%, or at the bank's prime rate plus 1.65%, payable monthly, and is secured by 49 Ontario Street and the adjacent Berkeley land assembly. Proceeds from the financing were immediately used to repay 49 Ontario's existing mortgage and the balance on the credit facility. During the nine months ended September 30, 2023, the Trust hedged the full balance of the 49 Ontario loan.

CONVERTIBLE DEBENTURES

The principal amount outstanding and the carrying value for the Trust's convertible debentures are as follows:

As at							**September 30, 2023**	December 31, 2022
Convertible debentures	**Date issued**	**Maturity date**	**Conversion rate in units[(1)]**	**Coupon rate**	**Effective rate**	**Outstanding principal**	**Carrying value**	Carrying value
2022 Debentures	Jun 9, 2022	Dec 31, 2027	31.2500	5.75%	6.02%	$ 40,000	$ 39,615	$ 39,548
2021 Debentures	Aug 3, 2021	Jul 31, 2026	32.2373	5.50%	6.20%	30,000	29,497	29,365

(1) Per $1 principal amount.

During the three and nine months ended September 30, 2023, $996 and $2,971 of interest expense was recognized (three and nine months ended September 30, 2022 — $1,007 and $1,952) and coupon payments of $825 and $2,800 were made (three and nine months ended September 30, 2022 — $818 and $1,636) related to the convertible debentures.

CREDIT FACILITIES AND OTHER DEBT

During the nine months ended September 30, 2023, the 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 credit facility ("the facility", "the credit facility") was available to the Trust up to a formula-based maximum of $25,000. The facility bears interest at the BA rate plus 2.25%, or at the bank's prime rate plus 1.25%, payable monthly, and is secured by a general security agreement over certain of the Trust's income properties. As at September 30, 2023, $nil was drawn on the facility (December 31, 2022 — $41,700), and funds available under the facility were $17,400 (December 31, 2022 — $8,000), net of $300 of letters of credit issued against the facility (December 31, 2022 — $300).

During the nine months ended September 30, 2023, the Trust entered into a promissory note payable for $30,450, which bears interest at the BA rate plus 2.35%, or the bank's prime rate plus 0.65%. The promissory note was advanced by the Trust's Victory Silos investment as a result of financing obtained at the project level, and is due on demand.

FINANCIAL COVENANTS

The credit facility, the financial guarantees discussed in Note 21 and certain mortgages on income properties contain financial covenants that require the Trust to meet certain financial ratios and financial condition tests. A failure to meet these tests could result in default and, if not cured or waived, could result in an acceleration of the repayment in the underlying financing. As at September 30, 2023, the Trust was in compliance with these financial covenants.

11. AMOUNTS PAYABLE AND OTHER LIABILITIES

As at	**September 30, 2023**	December 31, 2022
Amounts payable and accrued liabilities	**$ 5,462**	$ 7,028
Zibi promissory note[(1)]	**—**	5,447
Distributions payable	**922**	2,235
Accrued interest	**1,254**	713
Rent received in advance	**1,481**	1,306
Total	**$ 9,119**	$ 16,729

(1) The Trust's non-interest bearing promissory note was payable to a third-party for the Trust's increased ownership in Zibi in 2021. It was repaid during the nine months ended September 30, 2023.

12. UNITHOLDERS' EQUITY

DREAM IMPACT UNITS

Dream Impact is authorized to issue an unlimited number of units and an unlimited number of Special Trust Units ("STUs"). Each unit represents an undivided beneficial interest in the Trust. Each unit is transferable and entitles the holder thereof to:

- an equal participation in distributions of the Trust;
- rights of redemption; and
- one vote at meetings of unitholders.

The STUs may only be issued to holders of exchangeable securities and entitle the holder to exchange the exchangeable securities for units. The STUs have a nominal redemption value, entitle the holder to vote at the Trust level and do not receive distributions. At September 30, 2023, there were no STUs issued and outstanding.

DISTRIBUTIONS

Pursuant to its Declaration of Trust, Dream Impact expects to maintain monthly distribution payments to unitholders payable on or about the 15th day of the following month. The amount of the annualized distribution to be paid is determined by the Trustees, at their sole discretion, based on what they consider appropriate given the circumstances of the Trust. The Trustees may declare distributions out of the income, net realized capital gains, and capital of the Trust to the extent such amounts have not already been paid, allocated or distributed. The following table provides details of the distribution payments:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Paid in cash	**$ 1,792**	$ 6,236	**$ 7,312**	$ 19,315
Paid by way of reinvestment in units	**963**	353	**3,560**	353
Payable at beginning of period	**(914)**	(2,189)	**(2,235)**	(2,169)
Payable at end of period	**922**	2,203	**922**	2,203
Total	**$ 2,763**	$ 6,603	**$ 9,559**	$ 19,702

Effective with the February 2023 distribution payable to unitholders of record as of February 28, 2023, the Trust revised its distribution from $1.60 per unit ($0.40 before the impact of the Unit Consolidation described in Note 2) to $0.64 per unit (after the Unit Consolidation described in Note 2), on an annualized basis. We believe that this more conservative payout is more aligned with the Trust's strategy.

On September 20, 2023, the Trust announced a cash distribution of $0.0533 per unit for the month of September 2023. The monthly distribution for September 2023 was paid on October 13, 2023 to unitholders of record as at September 29, 2023. On October 20, 2023, the Trust announced a cash distribution of $0.0533 per unit for the month of October 2023, which will be paid on November 15, 2023 to unitholders of record as at October 31, 2023.

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN ("DRIP")

Our DRIP entitles unitholders to reinvest their distributions into new units of the Trust, with no bonus distribution and no commissions. For the nine months ended September 30, 2023, 297,209 units were issued under the DRIP (nine months ended September 30, 2022 — 76,512). As at September 30, 2023, the participation rate in the DRIP was approximately 35% (September 30, 2022 — 30%).

UNIT BUYBACK PROGRAM

During the nine months ended September 30, 2023, the Trust renewed its Normal Course Issuer Bid ("NCIB"), which commenced on February 1, 2023 and will remain in effect until the earlier of January 31, 2024 or the date on which the Trust has purchased the maximum number of units permitted under the bid. Under the NCIB, the Trust will have the ability to purchase for cancellation a maximum of 1,162,203 units (representing 10% of the Trust's public float of 11,622,032 units) through the facilities of the TSX. Daily repurchases will be limited to 3,145 units, representing 25% of the average daily trading volume of the units on the TSX during the last six calendar months (being 12,580 units per day), other than purchases pursuant to applicable block purchase exceptions. The Trust has renewed its NCIB because it believes that units may become available during the period of the bid at prices that would make the purchase of such units for cancellation in the best interests of the Trust and its unitholders.

During the nine months ended September 30, 2023, the Trust renewed its automatic securities repurchase plan (the "Plan") in order to facilitate purchases of its units under the NCIB. The Plan allows for purchases by the Trust of units at any time including, without limitation, times when the Trust would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust based upon the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the units may also be purchased in accordance with management’s discretion. The Plan will terminate on January 31, 2024.

The following table summarizes the Trust's unitholders' equity activity for the periods ended as indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Units repurchased (number of units)	**63,147**	—	**111,937**	48,275
Total cash consideration	**$ 589**	$ —	**$ 1,187**	$ 1,161

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

As at September 30, 2023, the Trust was party to various interest rate swaps, both directly and through equity accounted investments. The Trust recognized a fair value gain within other comprehensive income of $7,434, net of tax of $2,680 associated with these hedging instruments (nine months ended September 30, 2022 — fair value gain of $2,261, net of tax of $815).

	Fair value adjustments to derivative financial liabilities hedge, net of tax	Share of other comprehensive income from equity accounted investments, net of tax	**Total**
Balance as at January 1, 2022	**$ —**	$ —	$ —
Other comprehensive income during the period	387	1,874	2,261
Balance as at September 30, 2022	**$ 387**	**$ 1,874**	**$ 2,261**

	Fair value adjustments to derivative financial liabilities hedge, net of tax	Share of other comprehensive income from equity accounted investments, net of tax	**Total**
Balance as at January 1, 2023	**$ 413**	$ 1,874	$ 2,287
Other comprehensive income during the period	4,100	3,334	7,434
Balance as at September 30, 2023	**$ 4,513**	**$ 5,208**	**$ 9,721**

14. INCOME PROPERTIES REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Rental revenue	**$ 2,596**	$ 2,549	**$ 7,909**	$ 7,953
Common area maintenance and parking services revenue	**1,824**	1,757	**5,240**	4,888
Total	**$ 4,420**	$ 4,306	**$ 13,149**	$ 12,841

15. INTEREST EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Interest expense incurred, at contractual rate of debt and other bank charges	**$ 3,896**	$ 2,365	**$ 11,141**	$ 5,426
Accretion on convertible debenture host instrument	**67**	66	**199**	161
Amortization of deferred financing costs	**239**	251	**834**	607
Total	**$ 4,202**	$ 2,682	**$ 12,174**	$ 6,194

16. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Salary and other compensation	**$ 307**	$ 374	**$ 1,074**	$ 1,056
Deferred compensation expense (recovery)	**(179)**	(65)	**(867)**	(213)
Trust, service and professional fees	**941**	763	**2,818**	2,167
General office and other	**115**	99	**268**	319
Asset management and other third-party service fees	**490**	1,463	**2,243**	4,338
Total	**$ 1,674**	$ 2,634	**$ 5,536**	$ 7,667

17. INCOME TAXES

During the three and nine months ended September 30, 2023, the Trust recognized total income tax recovery of $3,798 and $8,782 (income tax recovery for the three and nine months ended September 30, 2022 — $195 and $735).

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Current tax adjustments in respect of prior periods	**$ —**	$ —	**$ (1)**	$ —
Current income tax expense:	**$ —**	$ —	**$ (1)**	$ —
Deferred income tax recovery:				
Origination of temporary differences	**3,798**	195	**8,783**	735
Deferred income tax recovery	**$ 3,798**	$ 195	**$ 8,783**	$ 735
Income tax recovery	**$ 3,798**	$ 195	**$ 8,782**	$ 735

The income tax recovery amount on pre-tax earnings differs from the income tax recovery amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.5% for the three and nine months ended September 30, 2023 and 2022, as illustrated in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Earnings (loss) before income tax recovery (expense) for the period	**$ (16,216)**	$ 142	**$ (33,220)**	$ 574
Combined federal and provincial tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Income tax recovery (expense) before the undernoted	**$ 4,297**	$ (38)	**$ 8,803**	$ (152)
Effect on taxes of:				
Non-deductible expenses	**$ (189)**	$ 30	**$ (487)**	$ 151
Non-taxable revenues	**171**	24	**650**	71
Difference between Canadian rates and rates in foreign jurisdiction	**—**	18	**—**	22
Tax adjustments in respect of prior periods	**—**	—	**(1)**	—
Rate differences	**(481)**	194	**(184)**	675
Change in unrecognized deferred tax asset	**—**	(35)	**—**	(32)
Other items	**—**	2	**1**	—
Total income tax recovery	**$ 3,798**	$ 195	**$ 8,782**	$ 735

The movement in the deferred income tax assets and liabilities during the nine months ended September 30, 2023 and the net components of the Trust's net deferred income tax asset (liability) are illustrated in the following table:

	Income properties	Lending portfolio	Development and investment holdings	Equity accounted investments	Other	Hedge	Loss carry-forward	Total
Balance as at January 1, 2022	$ (17,770)	$ 379	$ 910	$ (6,380)	$ 39	$ —	$ 15,636	$ (7,186)
(Charged) credited to:								
(Loss) earnings for the period	(263)	16	(244)	(2,575)	9	—	5,500	2,443
Other comprehensive loss	—	—	—	—	—	(825)	—	(825)
Balance as at December 31, 2022	**$ (18,033)**	**$ 395**	**$ 666**	**$ (8,955)**	**$ 48**	**$ (825)**	**$ 21,136**	**$ (5,568)**
(Charged) credited to:								
(Loss) earnings for the period	4,462	12	—	(1,001)	88	—	5,222	8,783
Other comprehensive loss	—	—	—	—	—	(2,680)	—	(2,680)
Balance as at September 30, 2023	**$ (13,571)**	**$ 407**	**$ 666**	**$ (9,956)**	**$ 136**	**$ (3,505)**	**$ 26,358**	**$ 535**

18. SEGMENTED INFORMATION

The Trust has identified its reportable operating segments as development and investment holdings and recurring income, based on how the chief operating decision-maker views the financial results of the business. All of the Trust's operations are in Canada, with the exception of the U.S. Hotel, which is included in development and investment holdings.

For the three and nine months ended September 30, 2023 and 2022, the majority of income tax (expense) recoveries and general and administrative expenses were not allocated to the segment expenses as these costs are not specifically managed on a segmented basis.

SEGMENTED RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2023

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 514	$ —	**$ 514**
Income properties revenue	—	4,420	—	**4,420**
Share of income (loss) from equity accounted investments	3,609	(6,684)	—	**(3,075)**
TOTAL INCOME (LOSS)	**3,609**	**(1,750)**	**—**	**1,859**
EXPENSES				
Income properties, operating	—	(2,363)	—	**(2,363)**
Interest expense	(464)	(2,430)	(1,308)	**(4,202)**
General and administrative	—	—	(1,674)	**(1,674)**
TOTAL EXPENSES	**(464)**	**(4,793)**	**(2,982)**	**(8,239)**
Fair value adjustments to income properties	—	(10,073)	—	**(10,073)**
OPERATING LOSS	**3,145**	**(16,616)**	**(2,982)**	**(16,453)**
Interest and other income	—	32	159	**191**
Fair value adjustments to financial instruments	—	—	46	**46**
LOSS BEFORE INCOME TAX RECOVERY	**3,145**	**(16,584)**	**(2,777)**	**(16,216)**
Deferred income tax recovery	—	—	3,798	**3,798**
TOTAL INCOME TAX RECOVERY	**—**	**—**	**3,798**	**3,798**
NET INCOME (LOSS)	**$ 3,145**	**$ (16,584)**	**$ 1,021**	**$ (12,418)**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	1,585	—	**1,585**
Fair value adjustments to derivative financial liabilities hedge, net of tax	—	2,178	—	**2,178**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**3,763**	**—**	**3,763**
TOTAL COMPREHENSIVE LOSS	**$ 3,145**	**$ (12,821)**	**$ 1,021**	**$ (8,655)**

SEGMENTED RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2022

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 303	$ —	**$ 303**
Income properties revenue	—	4,306	—	**4,306**
Share of income (loss) from equity accounted investments	(600)	399	—	**(201)**
TOTAL INCOME	**(600)**	**5,008**	**—**	**4,408**
EXPENSES				
Income properties, operating	—	(2,175)	—	**(2,175)**
Interest expense	—	(1,142)	(1,540)	**(2,682)**
General and administrative	—	—	(2,634)	**(2,634)**
TOTAL EXPENSES	**—**	**(3,317)**	**(4,174)**	**(7,491)**
Fair value adjustments in development and investment holdings	3,542	—	—	**3,542**
Fair value adjustments to income properties	—	(547)	—	**(547)**
OPERATING INCOME (LOSS)	**2,942**	**1,144**	**(4,174)**	**(88)**
Interest and other income	—	8	106	**114**
Fair value adjustments to financial instruments	—	—	116	**116**
EARNINGS (LOSS) BEFORE INCOME TAX RECOVERY (EXPENSE)	**2,942**	**1,152**	**(3,952)**	**142**
INCOME TAX RECOVERY				
Deferred income tax recovery	—	—	195	**195**
TOTAL INCOME TAX RECOVERY	**—**	**—**	**195**	**195**
NET INCOME (LOSS)	**$ 2,942**	**$ 1,152**	**$ (3,757)**	**$ 337**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	49	—	**49**
Fair value adjustments to derivative financial liabilities hedge, net of tax	—	387	—	**387**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**436**	**—**	**436**
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 2,942**	**$ 1,588**	**$ (3,757)**	**$ 773**

[1] Includes other Trust amounts not specifically related to the segments.

SEGMENTED RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2023

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 1,309	$ —	**$ 1,309**
Income properties revenue	—	13,149	—	**13,149**
Share of income (losses) from equity accounted investments	2,640	(6,205)	—	**(3,565)**
TOTAL INCOME (LOSS)	**2,640**	**8,253**	**—**	**10,893**
EXPENSES				
Income properties, operating	—	(7,072)	—	**(7,072)**
Interest expense	(1,066)	(7,029)	(4,079)	**(12,174)**
General and administrative	—	—	(5,536)	**(5,536)**
TOTAL EXPENSES	**(1,066)**	**(14,101)**	**(9,615)**	**(24,782)**
Fair value adjustments to income properties	—	(20,373)	—	**(20,373)**
OPERATING LOSS	**1,574**	**(26,221)**	**(9,615)**	**(34,262)**
Interest and other income	—	71	524	**595**
Fair value adjustments to financial instruments	—	—	447	**447**
LOSS BEFORE INCOME TAX RECOVERY (EXPENSE)	**1,574**	**(26,150)**	**(8,644)**	**(33,220)**
INCOME TAX RECOVERY				
Current income tax recovery	—	—	(1)	**(1)**
Deferred income tax recovery	—	—	8,783	**8,783**
TOTAL INCOME TAX RECOVERY	**—**	**—**	**8,782**	**8,782**
NET LOSS	**$ 1,574**	**$ (26,150)**	**$ 138**	**$ (24,438)**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	3,334	—	**3,334**
Fair value adjustments to derivative financial liabilities hedge, net of tax	—	4,100	—	**4,100**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**7,434**	**—**	**7,434**
TOTAL COMPREHENSIVE LOSS	**$ 1,574**	**$ (18,716)**	**$ 138**	**$ (17,004)**

SEGMENTED RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2022

	Development and investment holdings	Recurring income	Other[1]	Total
INCOME				
Lending portfolio interest income and lender fees	$ —	$ 897	$ —	**$ 897**
Income properties revenue	—	12,841	—	**12,841**
Share of income (loss) from equity accounted investments	(3,291)	6,011	—	**2,720**
TOTAL INCOME (LOSS)	**(3,291)**	**19,749**	**—**	**16,458**
EXPENSES				
Income properties, operating	—	(6,852)	—	**(6,852)**
Interest expense	—	(2,932)	(3,262)	**(6,194)**
General and administrative	—	—	(7,667)	**(7,667)**
TOTAL EXPENSES	**—**	**(9,784)**	**(10,929)**	**(20,713)**
Fair value adjustments in development and investment holdings	4,435	—	—	**4,435**
Fair value adjustments to income properties	—	(298)	—	**(298)**
OPERATING INCOME (LOSS)	**1,144**	**9,667**	**(10,929)**	**(118)**
Interest and other income	—	16	159	**175**
Fair value adjustments to financial instruments	—	—	517	**517**
EARNINGS (LOSS) BEFORE INCOME TAX RECOVERY	**1,144**	**9,683**	**(10,253)**	**574**
INCOME TAX RECOVERY				
Deferred income tax recovery	—	—	735	735
TOTAL INCOME TAX RECOVERY	**—**	**—**	**735**	**735**
NET INCOME (LOSS)	**$ 1,144**	**$ 9,683**	**$ (9,518)**	**$ 1,309**
OTHER COMPREHENSIVE INCOME				
Share of other comprehensive income from equity accounted investments, net of tax	—	1,874	—	**1,874**
Fair value adjustment to derivative financial liabilities hedges, net of tax	—	387	—	**387**
TOTAL OTHER COMPREHENSIVE INCOME	**—**	**2,261**	**—**	**2,261**
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 1,144**	**$ 11,944**	**$ (9,518)**	**$ 3,570**

[1] Includes other Trust amounts not specifically related to the segments.

SEGMENTED ASSETS AND LIABILITIES – AS AT SEPTEMBER 30, 2023

As at September 30, 2023	Development and investment holdings	Recurring income	Other[1]	Total
ASSETS				
Total non-current assets	$ 272,388	$ 439,680	$ 3,425	**$ 715,493**
Total current assets	—	15,027	8,326	**23,353**
TOTAL ASSETS	**$ 272,388**	**$ 454,707**	**$ 11,751**	**$ 738,846**
LIABILITIES				
Total non-current liabilities	$ —	$ 172,057	$ 68,443	**$ 240,500**
Total current liabilities	30,914	5,521	3,134	**39,569**
TOTAL LIABILITIES	**$ 30,914**	**$ 177,578**	**$ 71,577**	**$ 280,069**

SEGMENTED ASSETS AND LIABILITIES – AS AT DECEMBER 31, 2022

As at December 31, 2022	Development and investment holdings	Recurring income	Other[1]	Total
ASSETS				
Total non-current assets	$ 256,403	$ 450,860	$ 2,299	**$ 709,562**
Total current assets	—	10,489	4,118	**14,607**
TOTAL ASSETS	**$ 256,403**	**$ 461,349**	**$ 6,417**	**$ 724,169**
LIABILITIES				
Total non-current liabilities	$ —	$ 92,185	$ 74,823	**$ 167,008**
Total current liabilities	—	24,709	53,720	**78,429**
TOTAL LIABILITIES	**$ —**	**$ 116,894**	**$ 128,543**	**$ 245,437**

[1] Includes other Trust amounts not specifically related to the segments.

19. RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, the Trust and its subsidiaries enter into transactions with related parties that are contracted under commercial terms. DAM, which is a wholly owned subsidiary of Dream Unlimited Corp. (TSX: DRM), is the Trust's Asset Manager and is a related party that provides management personnel services to the Trust under the terms of the Management Agreement.

DREAM ASSET MANAGEMENT

ASSET MANAGEMENT AGREEMENT

On July 8, 2014, the Trust entered into a management agreement (as amended from time to time, the "Management Agreement") with DAM, pursuant to which DAM provides a broad range of asset management services to the Trust for a base annual management fee, acquisition/origination fee and disposition fee.

In addition, the Trust will compensate DAM for reasonable out-of-pocket costs and expenses incurred in connection with the performance of the management services described in the Management Agreement and the costs and expenses incurred in providing such other services that the Trust and DAM agree to in writing that are to be provided from time to time by DAM.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Fees paid/payable by the Trust under the Management Agreement:				
Base annual management fee	**$ 836**	$ 1,351	**$ 2,910**	$ 4,447
Acquisition/origination fee and disposition fees	**5**	318	**72**	438
Expense recoveries relating to financing arrangements and other	**317**	421	**1,289**	994
Total fees under Management Agreement	**$ 1,158**	$ 2,090	**$ 4,271**	$ 5,879

	September 30, 2023	December 31, 2022
Total payable to DAM	**$ 1,739**	$ 2,296

During the three and nine months ended September 30, 2023 and 2022, the Trust had an arrangement in place to satisfy the management fees payable to DAM in units of the Trust converted at the most recent year-end net asset value ("NAV") per unit as determined by the Trust and recorded for accounting purposes based on the trading price on the date of settlement. During the three and nine months ended September 30, 2023, the Trust settled the asset management fee payable through the issuance of 115,374 and 326,031 units (three and nine months ended September 30, 2022 — 86,246 and 264,217 units). Subsequent to September 30, 2023, the Trust settled its management fee for the three months ended September 30, 2023 with the issuance of 121,681 units.

DEVELOPMENT FEES

The Trust has entered into various project-level development management agreements with DAM, and its third-party co-developers where applicable, in which the Trust has equity ownership interests. Pursuant to these agreements, DAM may provide development management services to the project alongside partners. The corresponding development management fees are shared among the partners within each development project.

Under these agreements, during the three and nine months ended September 30, 2023, fees of $885 and $2,587 were incurred by the projects, at the Trust's share (three and nine months ended September 30, 2022 — $1,084 and $3,633). As at September 30, 2023, at the Trust's share, $1,442 was owed to DAM from the projects in respect of these fees (December 31, 2022 — $2,820).

Additionally, effective January 1, 2018, the Trust entered into a framework agreement (the "Framework Agreement") with DAM with respect to their management of development investments. During the three and nine months ended September 30, 2023, $166 and $495 in development fees were paid or incurred to DAM in accordance with the Framework Agreement (three and nine months ended September 30, 2022 — $131 and $323).

DREAM OFFICE REIT

PROPERTY MANAGEMENT AGREEMENTS

The Trust's wholly owned and co-owned office properties are managed by Dream Office Management Corporation ("DOMC"). DOMC is owned by Dream Office REIT.

SERVICES AGREEMENT

The Trust entered into a services agreement ("Service Agreement") with DOMC on July 8, 2014. Pursuant to the Service Agreement, DOMC provides administrative and support services including the use of office space, office equipment, communication services and computer systems, and the provision of personnel in connection with accounts payable, human resources, taxation, and other services. DOMC receives a monthly fee sufficient to reimburse it for the expenses incurred in providing these services.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Fees incurred pursuant to the property management agreements	**$ 632**	$ 599	**$ 1,918**	$ 1,902
Fees incurred pursuant to the Service Agreement	**233**	258	**708**	754
Total fees incurred to DOMC	**$ 865**	$ 857	**$ 2,626**	$ 2,656

	September 30, 2023	December 31, 2022
Total (receivable) payable to DOMC for property management agreements	**$ (40)**	$ 101
Total payable to DOMC for Service Agreement	**$ 83**	$ 112

20. SUPPLEMENTARY CASH FLOW INFORMATION

Amortization and depreciation includes:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Lease incentives	**$ 239**	$ 239	**$ 700**	$ 729
Premium on lending portfolio	**(198)**	(91)	**(460)**	(268)
Deferred financing costs	**239**	251	**834**	607
Accretion on convertible debentures	**67**	66	**199**	161
Total	**$ 347**	$ 465	**$ 1,273**	$ 1,229

Other adjustments include:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Other non-current assets	**$ (114)**	$ 2,433	**$ (136)**	$ 1,017
Foreign exchange adjustments to development and investment holdings	**—**	(3,542)	**—**	(4,435)
Fair value adjustments to financial instruments	**(46)**	(116)	**(447)**	(517)
Interest capitalized to lending portfolio balance	**(249)**	(108)	**(555)**	(324)
Deferred unit compensation expense (recovery)	**(179)**	(65)	**(867)**	(213)
Deferred income tax recovery	**(3,798)**	(195)	**(8,783)**	(735)
Total	**$ (4,386)**	$ (1,593)	**$ (10,788)**	$ (5,207)

Non-cash working capital includes cash generated from:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Lending portfolio interest income accrual	**$ 81**	$ (13)	**$ 44**	$ (40)
Amounts receivable	**(257)**	93	**(490)**	(937)
Prepaid expenses and other current assets	**128**	(21)	**(92)**	(85)
Amounts payable and other liabilities	**1,151**	45	**(5,879)**	(522)
Total	**$ 1,103**	$ 104	**$ (6,417)**	$ (1,584)

During the three and nine months ended September 30, 2023, cash interest paid was $3,693 and $10,600 (three and nine months ended September 30, 2022 — $2,100 and $4,667) and cash taxes paid was $nil (three and nine months ended September 30, 2022 — $nil).

During the three and nine months ended September 30, 2023, investments in building improvements included net settlements of $25 and $47 (three and nine months ended September 30, 2022 — $16 and $309), investments in lease incentives and initial direct leasing costs included settlement of payables of $49 and $424 (three and nine months ended September 30, 2022 — non-cash transactions of $51 and $18), investments in development and investment holdings included non-cash transactions of $nil (three and nine months ended September 30, 2022 — $nil and $8), investments in equity accounted investments included non-cash transactions of $0 and $53 (three and nine months ended September 30, 2022 — $32 and $94), and additions to the lending portfolio included non-cash additions of $nil (three and nine months ended September 30, 2022 — $nil and $661). For the three and nine months ended September 30, 2023, changes in working capital related to other non-current assets included non-cash additions of $3,525 and $5,578 (three and nine months ended September 30, 2022 — $526), and changes in non-cash working capital related to amounts payable and other liabilities included non-cash settlements of $nil and $252 (three and nine months ended September 30, 2022 — $nil).

21. COMMITMENTS AND CONTINGENCIES

Dream Impact and its operating subsidiaries are contingently 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 the Asset Manager, any liability that may arise from such contingencies would not have a material adverse effect on the condensed consolidated financial statements of Dream Impact.

OTHER COMMITMENTS

As at September 30, 2023, guarantees on underlying loan amounts of third parties and certain development arrangements were $381,211 (December 31, 2022 — $344,339). 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 equity accounted investments on our condensed consolidated statements of financial position. However, the Trust would have available to it the other joint venture partners' share of assets to satisfy any obligations that may arise. From time to time, the Trust may be required to fund capital contributions to its various investments.

22. FAIR VALUE MEASUREMENTS

Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Trust 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 Trust's policy is to recognize transfers between fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the nine months ended September 30, 2023, no transfers were made between Levels 1, 2 and 3. The following tables summarize fair value measurements recognized or disclosed in the condensed consolidated financial statements by class of asset or liability and categorized by level according to the significance of the inputs used in making the fair value measurements.

		Fair value		
September 30, 2023	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Recurring measurements				
Development and investment holdings	**$ 5,193**	**$ —**	**$ —**	**$ 5,193**
Income properties	**287,622**	**—**	**—**	**287,622**
Lending portfolio — FVTPL	**5,429**	**—**	**—**	**5,429**
Conversion feature of convertible debentures	**2**	**—**	**—**	**2**
Interest rate swaps	**6,140**	**—**	**—**	**6,140**

		Fair value		
December 31, 2022	Carrying value	Level 1	Level 2	Level 3
Recurring measurements				
Development and investment holdings	$ 5,193	$ —	$ —	$ 5,193
Income properties	303,855	—	—	303,855
Lending portfolio — FVTPL	5,066	—	—	5,066
Conversion feature of convertible debentures	449	—	—	449
Interest rate swap	413	—	—	413

Financial instruments carried at amortized cost are noted below:

		Fair value		
September 30, 2023	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Fair values disclosed				
Lending portfolio — amortized cost	**$ 11,212**	**$ —**	**$ —**	**$ 8,813**
Convertible debentures — host instrument	**67,353**	**—**	**—**	**65,269**
Promissory note	**30,450**	**—**	**—**	**30,074**
Mortgages payable	**172,057**	**—**	**—**	**165,561**

		Fair value		
December 31, 2022	Carrying value	Level 1	Level 2	Level 3
Lending portfolio — amortized cost	$ 10,548	$ —	$ —	$ 8,539
Promissory note	5,447	—	—	5,292
Convertible debentures — host instrument	66,833	—	—	67,695
Mortgages payable	112,186	—	—	107,931

At September 30, 2023, amounts receivable, cash, the current portion of amounts payable and other liabilities, amounts drawn on the credit facility, and distributions payable approximate fair value due to their short-term nature.

The significant unobservable inputs used in the fair value measurement of the conversion feature on the convertible debentures are as follows:

- Volatility — the Trust calculated the expected volatility of the conversion features using historical pricing of the 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 feature would increase by $8. If the volatility were to decrease by 5%, the value of the conversion feature would decrease by $1.

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