DREAM HARD ASSET ALTERNATIVES TRUST
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three months ended March 31, 2016
(unaudited)

Note to reader:

These condensed consolidated financial statements have been refiled to include a condensed consolidated statement of changes in equity for the three-month period ended March 31, 2015, as required under subsection 4.3(2)(b) of National Instrument 51-102 *Continuous Disclosure Obligations* and under paragraph 20(c) of International Accounting Standard 34 *Interim Financial Reporting*. There are no other changes to the previously reported condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

(in thousands of Canadian dollars)	**Note**	**March 31, 2016**	December 31, 2015
ASSETS			
NON-CURRENT ASSETS			
Income properties	6	**$ 506,927**	$ 520,395
Lending portfolio	7	**51,620**	47,947
Development and investment holdings	8	**174,206**	164,019
Renewable power assets	9	**122,439**	120,521
Other non-current assets	10	**3,775**	3,087
Equity accounted investments	11	**7,266**	—
		866,233	855,969
CURRENT ASSETS			
Lending portfolio - current portion	7	**103,333**	113,336
Amounts receivable	12	**1,741**	4,471
Income tax receivable	23	**736**	—
Prepaid expenses		**997**	996
Restricted cash	13	**57**	2,019
Cash		**13,348**	20,764
		120,212	141,586
Assets held-for-sale	6	**11,667**	—
TOTAL ASSETS		**$ 998,112**	$ 997,555
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term debt	13	**$ 243,637**	$ 221,483
Construction loan facility	13	**—**	14,534
Deferred income taxes	23	**3,127**	3,021
Deferred units incentive plan	14	**540**	498
		247,304	239,536
CURRENT LIABILITIES			
Long term debt - current portion	13	**35,294**	35,317
Derivative financial liabilities	15	**2,329**	1,531
Amounts payable and accrued liabilities	16	**23,289**	21,092
Distributions payable	17	**2,409**	2,420
Income tax payable	23	**—**	2,599
		63,321	62,959
Liabilities related to assets held-for-sale	13	**7,026**	—
TOTAL LIABILITIES		**317,651**	302,495
UNITHOLDERS' EQUITY			
Unitholders' equity	17	**593,688**	596,541
Retained earnings		**88,191**	98,078
Accumulated other comprehensive loss	18	**(3,442)**	(1,452)
TOTAL UNITHOLDERS' EQUITY		**678,437**	693,167
Non-controlling interests	9	**2,024**	1,893
TOTAL EQUITY		**680,461**	695,060
TOTAL LIABILITIES AND EQUITY		**$ 998,112**	$ 997,555

See the accompanying notes to the condensed consolidated financial statements

Commitments and contingencies (Note 27)

On behalf of the Board of Trustees of Dream Hard Asset Alternatives Trust:

David Kaufman
Chair

James Eaton
Trustee

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

For the three months ended March 31, *(in thousands of Canadian dollars)*	Note		2016		2015
INCOME					
Income properties revenue		**$**	**14,657**	$	14,933
Renewable power revenue			**2,544**		71
Lending portfolio interest income and lender fees			**3,136**		3,654
Fair value adjustments and operating cash distributions in development and investment holdings	8		**2,335**		124
TOTAL INCOME			**22,672**		18,782
EXPENSES					
Income properties, operating	19		**7,424**		7,472
Renewable power, operating	20		**1,375**		61
Interest expense	21		**2,407**		2,088
Provision for lending portfolio losses	7		**2,716**		—
General and administrative	22		**3,489**		3,311
TOTAL EXPENSES			**17,411**		12,932
Fair value adjustments to income properties	6		**(5,518)**		67
OPERATING (LOSS) INCOME			**(257)**		5,917
Other interest income			**130**		188
Share of income from equity accounted investments	11		**11**		—
Transaction costs	16		**(3,475)**		—
(LOSS) EARNINGS BEFORE INCOME TAX EXPENSE			**(3,591)**		6,105
INCOME TAX EXPENSE					
Current income tax (recovery) expense	23		**(290)**		557
Deferred income tax expense	23		**332**		1,217
TOTAL INCOME TAX EXPENSE			**42**		1,774
NET (LOSS) INCOME			**(3,633)**		4,331
OTHER COMPREHENSIVE (LOSS) INCOME					
Fair value adjustments to derivative financial liabilities hedges, net of tax	15		**(581)**		(910)
Fair value adjustments to development and investment holdings available-for-sale, net of tax	8, 18		**(56)**		191
Unrealized foreign currency translation loss	9		**(1,353)**		—
TOTAL OTHER COMPREHENSIVE LOSS			**(1,990)**		(719)
TOTAL COMPREHENSIVE (LOSS) INCOME		**$**	**(5,623)**	$	3,612
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO					
Unitholders		**$**	**(5,811)**	$	3,612
Non-controlling interests	9		**188**		—
TOTAL COMPREHENSIVE (LOSS) INCOME		**$**	**(5,623)**	$	3,612

See the accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

(in thousands of Canadian dollars, except for number of units)	Note	Number of units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interests	Total
Balance as at December 31, 2015		**72,562,487**	**$ 596,541**	**$ 98,078**	**$ (1,452)**	**$ 1,893**	**$ 695,060**
Net loss		**—**	**—**	**(3,821)**	**—**	**188**	**(3,633)**
Other comprehensive loss		**—**	**—**	**—**	**(1,990)**	**—**	**(1,990)**
Distributions paid and payable	17	**—**	**—**	**(7,252)**	**—**	**—**	**(7,252)**
Distribution Reinvestment Plan	17	**77,483**	**411**	**—**	**—**	**—**	**411**
Deferred units exchanged for Trust units	14	**8,188**	**43**	**—**	**—**	**—**	**43**
Cancellation of Trust units	17	**(394,660)**	**(3,307)**	**1,186**	**—**	**—**	**(2,121)**
Distributions to non-controlling interests		**—**	**—**	**—**	**—**	**(57)**	**(57)**
Balance as at March 31, 2016		**72,253,498**	**$ 593,688**	**$ 88,191**	**$ (3,442)**	**$ 2,024**	**$ 680,461**

(in thousands of Canadian dollars, except for number of units)	Note	Number of units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interests	Total
Balance as at December 31, 2014		73,666,978	$ 606,150	$ 105,532	$ 525	$ 1,955	$ 714,162
Net income		—	—	4,331	—	—	4,331
Other comprehensive loss		—	—	—	(719)	—	(719)
Distributions paid and payable	17	—	—	(7,375)	—	—	(7,375)
Distribution Reinvestment Plan	17	40,326	263	—	—	—	263
Cancellation of Trust units	17	(162,200)	(1,336)	265	—	—	(1,071)
Balance as at March 31, 2015		73,545,104	$ 605,077	$ 102,753	$ (194)	$ 1,955	$ 709,591

See the accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

For the three months ended March 31, *(in thousands of Canadian dollars)*	Note	2016	(Note 3) 2015
Generated from (utilized in) operating activities			
Net (loss) income		**$ (3,633)**	$ 4,331
Non-cash items:			
Amortization and depreciation	26	**573**	(595)
Other adjustments	26	**5,989**	(66)
Change in non-cash working capital	26	**2,927**	(9,595)
Investment in lease incentives and initial direct leasing costs	6, 26	**(1,414)**	(813)
Distributions received from development and investments holdings and available-for-sale investments	8	**—**	171
Generated from (utilized in) operating activities		**$ 4,442**	$ (6,567)
Generated from (utilized in) investing activities			
Investments in building improvements	6, 26	**(2,470)**	(932)
Investments in development and investment holdings, net	8	**(8,226)**	862
Contributions to renewable power assets	9, 26	**(5,820)**	(36,715)
Lending portfolio additions, net of lender fees	7	**(3,097)**	(2,932)
Principal repayments received from lending portfolio	7	**7,212**	66,455
Investments in equity accounted investments	11	**(7,231)**	—
(Utilized in) generated from investing activities		**$ (19,632)**	$ 26,738
Generated from (utilized in) financing activities			
(Repayment) additions to construction loan facility, net	13	**(14,534)**	14,579
Changes in restricted cash balance	13	**1,962**	(12,225)
Long-term debt borrowings	13	**32,523**	—
Lump sum repayments of mortgage payable and note payable	13	**(1,097)**	—
Mortgages repayments	13	**(2,107)**	(1,341)
Distributions paid on units	17	**(6,852)**	(7,115)
Trust units repurchased and cancelled	17	**(2,121)**	(1,071)
Generated from (utilized in) financing activities		**$ 7,774**	$ (7,173)
(Decrease) increase in cash		**$ (7,416)**	$ 12,998
Cash, beginning of period		**20,764**	80,157
Cash, end of period		**$ 13,348**	$ 93,155

See the accompanying notes to the condensed consolidated financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. ORGANIZATION

Dream Hard Asset Alternatives Trust ("Dream Alternatives" 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. The unaudited condensed consolidated financial statements ("condensed consolidated financial statements") of Dream Alternatives include the accounts of Dream Alternatives and its consolidated subsidiaries. The Trust was formed by and is managed by Dream Asset Management Corporation ("DAM" or the "Asset Manager").

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 "DRA.UN". Dream Alternatives' condensed consolidated financial statements for the three months ended March 31, 2016 were authorized for issuance by the Board of Trustees on May 10, 2016, after which date they may only be amended with the Board of Trustees' approval.

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 and accompanying notes for the three months ended March 31, 2016 (including comparative results), have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements should be read in conjunction with the Trust's annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2015 as certain information and footnote disclosures included in the audited annual consolidated financial statements has been omitted or condensed.

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

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

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those set out in Note 3 to the Trust's audited annual consolidated financial statements for the year ended December 31, 2015 except as noted below. All amounts included in the condensed consolidated financial statements are presented in Canadian dollars, the Trust's functional currency.

ASSETS HELD-FOR-SALE

Assets and associated liabilities (or disposal groups) are classified as held-for-sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Income properties designated as held-for-sale are recorded at fair value until disposal and the remainder of the disposal group is stated at the lower of carrying amount and fair value less costs to sell.

INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for using the equity method. Investments in associates are those entities in which the Trust has significant influence, but no control or joint control, over the financial and operating policies.

Investments in associates are recognized initially at cost including any transaction costs. The condensed consolidated financial statements include the Trust's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Trust, from the date that significant influence commences until the date that significant influence ceases. When the Trust's share of losses, if any, exceeds the carrying amount of the associate, including any long-term investments, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Trust has a legal or constructive obligation or has made a payment on behalf of the associate.

At each reporting date, the Trust evaluates whether there is objective evidence that its interest in an equity accounted investment is impaired. The entire carrying amount of the equity accounted investment is compared to the recoverable amount, which is the higher of the value-in-use or fair value less costs to sell.

DEVELOPMENT AND INVESTMENT HOLDINGS

Development and investment holdings include mortgages receivable secured against retail and residential development properties and include participation rights in the profits of the underlying developments. The participation rights represent an embedded derivative. The Trust has elected to designate each of the entire combined contracts as financial assets at fair value through profit or loss, and, accordingly, development and investment holdings are initially recorded at the cost of acquisition and are subsequently carried at fair value. Transaction costs are expensed as incurred. These participating mortgages are classified as development and investment holdings on the consolidated statements of financial position. Income earned and the changes in fair value are recorded in the consolidated statements of comprehensive income as fair value adjustments and operating cash distributions in development and investment holdings.

In 2016, the Trust reclassified cash flows related to capital components of development and investment holdings on the consolidated statement of cash flows, from operating activities to investing activities. These capital components include incremental investments, distributions of capital received and proceeds related to capital received on disposition. The revised classification of the cash flows, which provides more relevant information to users in assessing realized the long-term investment returns over the term of each development and holdings project, is considered a change in accounting policy and has been applied retrospectively.

As a result, cash flows generated from (utilized in) operating activities decreased by $862 and cash flows generated from (utilized in) investing activities increased by $862 for the three month period ending March 31, 2015. There was no impact on the condensed consolidated statements of financial position as at March 31, 2015 and March 31, 2016, the condensed consolidated statements of comprehensive income or the condensed consolidated statements of changes in equity for the three months ended March 31, 2015 and March 31, 2016, respectively.

4. THE CRITICAL 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, 2015, which are included in the Trust's 2015 Annual Report.

5. FUTURE ACCOUNTING POLICY CHANGES

STATEMENT OF CASH FLOWS

IAS 7, "Statement of Cash Flows ("IAS 7"), has been amended by the IASB to introduce additional disclosure that will allow users to understand changes in liabilities arising from financing activities. This amendment to IAS 7 is effective for annual periods beginning on or after January 1, 2017. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

6. INCOME PROPERTIES

For the three months and year ended		**March 31, 2016**		December 31, 2015
Balance, beginning of period	**$**	**520,395**	$	499,264
Add (Deduct):				
Acquisition of properties including transaction costs		**—**		18,677
Building improvements		**1,962**		6,199
Lease incentives and initial direct leasing costs		**1,728**		6,089
Amortization of lease incentives		**(174)**		(500)
Transfer to assets held-for-sale		**(11,466)**		—
Fair value adjustments to income properties		**(5,518)**		(9,334)
Balance, end of period	**$**	**506,927**	$	520,395

The Trust's income properties consist of interests in office and industrial properties co-owned with Dream Office REIT and Dream Industrial REIT, respectively which are accounted for as joint operations, and a wholly-owned office property. During the three months ended March 31, 2016, an income property with carrying value of $11,466 was reclassified to assets held-for-sale. Subsequent to quarter end, this asset was sold for gross proceeds of $11,835, in line with the IFRS value.

Income properties have been reduced by $477 (December 31, 2015 – $547) related to straight-line rent receivables, which have been reclassified to other non-current assets.

Income properties are measured at fair value using the income approach, which is derived from the overall capitalization rate method or discounted cash flow method, or in certain limited circumstances, based on land values. The fair values of income properties were determined by using capitalization rates ("cap rates") of 5.5% to 7.8% (December 31, 2015 – 5.5% to 7.8%) and a discount rate of 5.8% to 8.5% (December 31, 2015 – 5.8% to 8.5%).

One property with a value of $25,735 was valued by an external appraiser during the three months ended March 31, 2016. Income properties with an approximate total value of $180,349 were appraised during the year ended December 31, 2015.

7. LENDING PORTFOLIO

For the three months and year ended		March 31, 2016		December 31, 2015
Balance, beginning of period	**$**	**161,283**	$	213,572
Add (Deduct):				
Lending portfolio advances		**3,097**		55,083
Changes in accrued interest balance		**(194)**		(28)
Provision for lending portfolio losses		**(2,716)**		(2,011)
Interest capitalized to lending portfolio balance		**695**		3,364
Amortization of lending portfolio discount		**—**		778
Lender fees received, net of amortization		**—**		122
Principal repayments at maturity and contractual repayments and prepayments		**(7,212)**		(109,597)
Balance, end of period	**$**	**154,953**	$	161,283
Less: Current portion		**103,333**		113,336
Non-current portion of lending portfolio	**$**	**51,620**	$	47,947

Lending portfolio investments are secured by real property or have recourse to a corporate borrower, bear interest at fixed rates, with a weighted average effective interest rate of 7.8% at March 31, 2016 (December 31, 2015 – 7.8%), and mature between 2016 and 2018 (December 31, 2015 - 2016 and 2018). At March 31, 2016, the balance of accrued interest receivable was $998 (December 31, 2015 – $1,192). At March 31, 2016, $53,952 (December 31, 2015 – $56,693) of lending portfolio investments contained a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without a prepayment penalty.

Principal repayments, based on contractual maturity dates, are as follows:

2016 (remainder of year)	$	83,835
2017		54,347
2018		20,500
Total principal repayments	$	158,682
Provision for lending portfolio losses		(4,727)
Accrued interest balance		998
Total lending portfolio balance as at March 31, 2016	**$**	**154,953**

During the three months ended March 31, 2016, a provision for lending portfolio losses of $2,716 and an income tax recovery of $653 were recognized. During the year ended December 31, 2015, the Trust recognized a provision of $2,011 and an income tax recovery of $533.

8. DEVELOPMENT AND INVESTMENT HOLDINGS

DEVELOPMENT AND INVESTMENT HOLDINGS

Development and investment holdings include eight long-term development loans (December 31, 2015 – eight long-term development loans) secured by real property. Development holdings include residential and retail assets under development. Investment holdings include retail assets completed and operational. The Trust has entered into agreements to allow the Trust to participate in the remaining profits of the developments after the payment of interest and an equal return to the equity partners is paid.

The table below provides a continuity of development and investment holdings:

	Development holdings	Investment holdings[1]	AFS Investments	Total development and investment holdings
Balance as at January 1, 2015	$ 136,092	$ 15,962	$ 16,662	$ 168,716
Advances	382	—	—	382
Acquisitions	—	2,560	—	2,560
Distributions received	—	(4,628)	(933)	(5,561)
Dispositions	(9,525)	—	—	(9,525)
Fair value adjustments	8,487	(420)	(620)	7,447
Balance as at December 31, 2015	**$ 135,436**	**$ 13,474**	**$ 15,109**	**$ 164,019**
Advances	8,226	—	—	8,226
Fair value adjustments	2,026	—	(65)	1,961
Balance as at March 31, 2016	**$ 145,688**	**$ 13,474**	**$ 15,044**	**$ 174,206**

[1] Comparative results reclassified to conform with current period presentation

During the three months ended March 31, 2016, the Trust advanced $8,226 to development holdings, $8,059 of which pertained to residential assets under development.

In 2015, the Trust invested $2,560 in a hospitality asset located in Québec City, Québec included in investment holdings. The principal amount plus accrued interest at 9.0% is redeemable on the third anniversary unless the redemption right is waived by the Trust. If the redemption right is waived, the Trust's investment will convert to a 50% equity interest. As at March 31, 2016, fair value of the investment was $2,452 (December 31, 2015 - $2,452). In 2015, notices of default were issued relating to four retail development loans with a carrying value of $62,255, which are presented within development holdings. Given the technical nature of the default, there was no impact to the fair value of these loans as at March 31, 2016.

AFS INVESTMENTS

The Trust’s available-for-sale ("AFS") investments include two limited partnerships and one co-ownership investment with interests of less than 20%.

DEVELOPMENT AND INVESTMENT HOLDINGS VALUATIONS

The fair values of residential assets under development are calculated by discounting the projected future share of proceeds from sales of units at rates between 13.0% and 15.0% (December 31, 2015 – 13.0 % to 15.0%). The fair value gains recognized during the three months ended March 31, 2016 are mainly attributable to the two residential development loans projects progressing in line with expectations and closer towards completion.

The fair value of retail development assets estimates the value of the assets at the expected operational date using the direct cap rate method and cap rates in the range of 6.3% to 6.9% (December 31, 2015 – 6.3% to 6.9%) and discounts these future values to the reporting date at rates of 15.0% (December 31, 2015 – 15.0%), adjusting for the percentage interest in accordance with the participating mortgage agreements. Investments in two of the retail development assets with a carrying value of $43,841, due to the uncertainty of development time-lines, have been valued primarily based on the land values.

AFS INVESTMENTS VALUATIONS

The fair value assessment of AFS Investments is determined by assessing the fair value of the income properties held within the limited partnerships and co-ownership using the direct cap rate method, with cap rates of 6.4% to 7.5% (December 31, 2015 – 6.4% to 7.5%).

9. RENEWABLE POWER ASSETS

Renewable power assets consist of tools and equipment related to the Trust's investments in solar and wind renewable power projects. The table below provides a continuity of renewable power assets for the period ended March 31, 2016.

	Equipment		
	Solar power	Wind power	Total
Balance as at January 1, 2015	$ 11,277	$ 14,604	$ 25,881
Additions and acquired renewable power assets during the period	58,096	37,482	95,578
Depreciation of renewable power assets	(330)	(608)	(938)
Balance as at December 31, 2015	**$ 69,043**	**$ 51,478**	**$ 120,521**
Additions and acquired renewable power assets during the period	**3,728**	**245**	**3,973**
Depreciation of renewable power assets	**(195)**	**(540)**	**(735)**
Foreign currency loss	**—**	**(1,320)**	**(1,320)**
Balance as at March 31, 2016	**$ 72,576**	**$ 49,863**	**$ 122,439**

As at	March 31, 2016	December 31, 2015
Gross book value	**$ 124,153**	$ 121,500
Accumulated depreciation	**(1,714)**	(979)
Total renewable power assets	**$ 122,439**	$ 120,521

SOLAR POWER PROJECTS AND NON-CONTROLLING INTERESTS

As at March 31, 2016, two of the 10 ground-mount solar power projects and all 10 of the Trust's rooftop solar power projects were commercially operational. Of the remaining ground-mount solar power projects, three received confirmation of commercial operation subsequent to March 31, 2016 and five are currently under construction. The non-controlling partners in our rooftop solar power projects are unrelated parties. The aggregate non-controlling interests of all rooftop solar power projects of $93 (December 31, 2015 – $81) is recorded in the condensed consolidated statements of financial position.

WIND POWER PROJECTS AND NON-CONTROLLING INTERESTS

During 2015, the Trust invested in a portfolio of 25 fully operational distributed-scale wind turbines located in the United Kingdom ("U.K.") for total consideration of $16,520, including cash paid of $15,698, transaction costs incurred, and consideration payable. The acquisition was accounted for as an asset acquisition. The Trust, indirectly through a subsidiary, acquired an economic interest of approximately 91% based on the form of investment made in the subsidiary. The portfolio is managed by an unrelated local operator who owns an economic interest of approximately 9%, which, based on the form of investment, is limited to a certain share of operating income which is included in non-controlling interests. In addition, during the three months ended March 31, 2016, the Trust acquired two additional operational wind turbines within the same portfolio for cash consideration of $1,066 including transaction costs. All power generation will be sold under long-term power purchase agreements. During and subsequent to the quarter ended March 31, 2016, the Trust committed to invest in 0.2 MW of turbines in the U.K. wind project for approximately $1,363.

The Trust, indirectly through a subsidiary on a stabilized equity basis, has a 80% economic interest in the wind power portfolio in the Province of Nova Scotia with an installed capacity of 13.2 MW (10.5 MW at the Trust's share) and also has control over the project's general partner. The Trust's non-controlling partner's 20% economic interest in the Nova Scotia Wind power project is owned by an unrelated party and its non-controlling interest is reflected on the condensed consolidated statements of financial position in the amount of $1,948 (December 31, 2015 – $1,842). The assets and liabilities and results of operations of the limited partnership have been consolidated in the Trust's condensed consolidated financial statements. The wind power portfolio became commercially operational in the fourth quarter of 2015.

10. OTHER NON-CURRENT ASSETS

As at		March 31, 2016		December 31, 2015
Deposits and other	$	1,394	$	612
Intangible assets, net of amortization – wind power contract		1,904		1,928
Straight-line rent receivable		477		547
Total	$	3,775	$	3,087

Deposits largely represent amounts provided by the Trust in connection with utility deposits. Intangible assets are net of $40 of accumulated amortization as at March 31, 2016 (December 31, 2015 – $16).

11. EQUITY ACCOUNTED INVESTMENTS

During the three months ended March 31, 2016, the Trust invested $2,215, including transaction costs, for a 50% equity interest in a partnership formed for the development of a residential condominium located in downtown Toronto, Ontario. The project is currently in the development phase and will be co-managed by DAM and an external party. The investment was considered to be a joint venture and the equity method of accounting was adopted.

During the three months ended March 31, 2016, the Trust also purchased for $5,027, including transaction costs, a 28% interest in a limited partnership from an entity related to DAM. This investment relates to a development project for a mixed use property in downtown Toronto, Ontario and is managed by an external party to the Trust. Given the ownership percentage and decision making abilities of the Trust pursuant to the partnership agreements, the Trust is considered to have significant influence over this investment and accordingly, the equity method of accounting was applied.

On January 1, 2016, an entity providing technology personnel and technology-related platforms used by the Trust was formed by a wholly owned subsidiary of DAM, acting as the general partner, together with five limited partners, one of which was a subsidiary of the Trust. The Trust's share is approximately 2.5% or $24 as at March 31, 2016. Each of the limited partners will fund its proportionate share of costs incurred, and will license the technology through this entity. The Trust's investment has been reflected as an equity accounted investment in the condensed consolidated financial statements for the three months ended March 31, 2016.

Each equity accounted investment is subject to a shareholder or limited partnership agreement that governs distributions from these investments. In addition, distributions must also comply with the respective credit agreements.

12. AMOUNTS RECEIVABLE

As at		March 31, 2016		December 31, 2015
Trade receivables	$	1,536	$	2,244
Less: Provision for impairment of trade receivables		(417)		(525)
Other amounts receivable		622		2,752
Total	$	1,741	$	4,471

Other amounts receivable are net of credit adjustments aggregating $822 (December 31, 2015 – $253).

The carrying value of amounts receivable approximates fair value as the Trust expects to realize these amounts within the next 12 months. As at March 31, 2016, trade receivables of approximately $45 (December 31, 2015 – $125) were past due but not considered impaired as the Trust has ongoing relationships with these tenants and the aging of these trade receivables is not indicative of expected default.

13. LONG-TERM DEBT

As at		March 31, 2016		December 31, 2015
Mortgages payable	$	249,413	$	254,404
Term loan		28,661		—
	$	278,074	$	254,404
Note payable		—		310
Unamortized balance of premiums		2,237		2,623
Unamortized balance of deferred financing costs		(1,380)		(537)
Total	$	278,931	$	256,800
Less: Current portion		35,294		35,317
Total non-current long term debt	$	243,637	$	221,483

The scheduled principal repayments and maturities for long-term debt are as follows:

		Outstanding balance
2016 (remainder of year)	$	24,625
2017		76,110
2018		68,421
2019		4,197
2020		64,688
2021 and thereafter		40,033
Total	$	278,074

MORTGAGES AND NOTE PAYABLE

Mortgages payable are secured by charges on specific income properties, bear interest at a weighted average face rate of 3.8% (December 31, 2015 – 3.8%) and mature between 2016 and 2028. The weighted average effective interest rate of mortgages payable is 3.4% at March 31, 2016 (December 31, 2015 – 3.2%). As at March 31, 2016, $6,825 of mortgages payable were reclassified to liabilities related to assets held-for-sale (Note 6). Subsequent to March 31, 2016, the assets held-for-sale were sold and the associated mortgage was repaid.

During the three months ended March 31, 2016, total lump sum and regular long-term debt principal repayments including notes payable were $3,204.

CONSTRUCTION LOAN FACILITY AND RESTRICTED CASH

The Trust closed the second tranche of project financing for its Nova Scotia Wind portfolio of $13,489 during the first quarter of 2016 and incurred deferred financing fees of $182. The construction loan facility balance net of deferred financing cost at December 31, 2015 of $14,534 was also converted to term debt during the three months ended March 31, 2016. The financing was secured at a fixed rate of 4.7%, on a non-recourse basis, and amortizes over a 20-year term.

		March 31, 2016		December 31, 2015
Construction loan facility, net of deferred financing costs	$	—	$	14,534

The balance of available funds held in escrow under the construction loan facility and restricted cash as at March 31, 2016 is $57 (December 31, 2015 - $2,019).

REVOLVING LOAN FACILITY

A demand revolving credit facility ("the facility") is available up to a formula-based maximum not to exceed $50,000. The facility is in the form of rolling one-month Bankers' Acceptances (“BA”) rate and bears interest at the BA rate plus 2.0%, or at the bank’s prime rate plus 1.0% (2.7% as at March 31, 2016, 2.7% as December 31, 2015), payable monthly. The facility is secured by a general security agreement over all assets of Dream Alternatives Lending Services LP and Dream Alternatives Master LP which are subsidiaries of the Trust. This facility matures on July 31, 2017. As at March 31, 2016, no amounts were drawn on the revolving loan facility (December 31, 2015 – $Nil). As at March 31, 2016, funds available under this facility were $44,833 (December 31, 2015 - $45,768), as determined by the formula-based maximum calculation, net of $5,167 (December 31, 2015 - $4,232) of letters of credit issued against the facility.

14. DEFERRED UNIT INCENTIVE PLAN

The deferred unit incentive plan (“DUIP”) provides for the grant of deferred trust units (“DTUs”) to Trustees, officers and employees as well as affiliates and their service providers, including the Asset Manager. DTUs are granted at the discretion of the Trustees and receive distributions in the form of income deferred trust units as they are declared and paid by the Trust. Once granted, each DTU and the related distribution of income deferred trust units from such DTUs vest evenly over a three-year or five-year period on the anniversary date of the grant. Subject to an election option available for certain participants to postpone the receipt of units, such units will be issued immediately on vesting. As at March 31, 2016, up to a maximum of 3.0 million DTUs were issuable under the DUIP. Distributions on the unvested DTUs are paid in the form of units converted at the market price on the date of distribution.

The movement in the DUIP balance was as follows:

		Total
Balance as at January 1, 2015	$	147
Compensation expense		492
Trust units issued		(50)
Re-measurements of carrying value of deferred trust units		(91)
Balance as at December 31, 2015	**$**	**498**
Compensation expense		**117**
Trust units issued		**(43)**
Re-measurements of carrying value of deferred trust units		**(32)**
Balance as at March 31, 2016	**$**	**540**

The following is a summary of the Trust's DUIP activity.

For the three months ended and year ended	**March 31, 2016**	December 31, 2015
Units outstanding, beginning of period	**190,158**	98,556
Granted	**71,511**	95,148
Distributions paid in units	**4,096**	10,548
Vested and paid out	**(8,191)**	(7,921)
Cancelled	**(3,568)**	(6,173)
Units outstanding, end of period	**254,006**	190,158

During the three months ended March 31, 2016, $117 (March 31, 2015 – $85) of compensation expense was recorded related to the DTUs and was included in general and administrative expenses. For the same period, a fair value gain adjustment of $32 (March 31, 2015 – loss of $3) was recognized and was included in general and administrative expenses, representing the re-measurement of the DUIP liability during the period. As at March 31, 2016, 18,023 (December 31, 2015 – 13,536) DTUs that vested remained unexercised.

15. DERIVATIVE FINANCIAL LIABILITIES

Derivative financial liabilities comprised of various sale agreements for bond forward purchase contracts with a major Canadian bank to hedge the interest rate risk associated with $48,000 of debt expected to be placed on an Ontario ground-mount solar power portfolio. During the three months ended March 31, 2016, these forward sale agreements were extended to align with the anticipated project completion dates. The Trust has assessed the hedge to be a highly effective cash flow hedge and has recognized the fair value changes of the derivative financial liability in other comprehensive income in the condensed consolidated statements of comprehensive income.

As at March 31, 2016, the Trust recognized a derivative financial liability of $2,329 (December 31, 2015 - $1,531). For the three months ended March 31, 2016, fair value losses were $581 (net of a deferred income tax recovery of $217), compared to fair value losses of $910 (net of deferred income tax recovery of $328) for the same period prior year. There was no hedge ineffectiveness to be recorded in net income in the condensed consolidated statements of comprehensive income for the three months ended March 31, 2016. The realized gains or losses recognized on settlement of the hedge will be reclassified to net income over the term of the project financing.

16. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

As at		March 31, 2016		December 31, 2015
Accrued liabilities and other payables	$	**20,857**	$	18,360
Accrued interest		**773**		845
Rent received in advance		**1,659**		1,887
Total	$	**23,289**	$	21,092

Included in the accounts payable and accrued liabilities are transaction costs of $3,475 charged in the period regarding management's best estimate of certain costs applicable to the transaction underlying the formation of the Trust in 2014 which was treated as a business combination.

17. UNITHOLDERS' EQUITY

DREAM ALTERNATIVES UNITS

Dream Alternatives 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 March 31, 2016, there were no STUs issued and outstanding.

DISTRIBUTIONS

Pursuant to its declaration of trust, Dream Alternatives 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:

For the three months ended		March 31, 2016		March 31, 2015
Paid in cash	$	**6,852**	$	7,115
Paid by way of reinvestment in units		**411**		263
Payable at beginning of period		**(2,420)**		(2,455)
Payable at end of period		**2,409**		2,452
Total	$	**7,252**	$	7,375

On March 18, 2016, the Trust announced a cash distribution of $0.033 per unit for the month of March 2016. The monthly distribution for March 2016 was paid on April 15, 2016. On April 19, 2016, the Trust announced a cash distribution of $0.033 per unit for the month of April 2016. The monthly distribution is payable on April 15, 2016 to Unitholders of record as at April 30, 2016.

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

The Distribution Reinvestment and Unit Purchase Plan ("DRIP") allows holders of units, other than Unitholders who are resident of or present in the United States, to elect to have all cash distributions from Dream Alternatives reinvested in additional units. Unitholders who participate in the DRIP receive an additional distribution of units equal to 4% of each cash distribution that was reinvested. For the three months ended March 31, 2016, 77,483 units were issued under the DRIP (three months ended March 31, 2015 - 40,326 units).

NORMAL COURSE ISSUER BID

The Trust received acceptance of its Notice of Intention to renew its prior normal course issuer bid from the TSX on January 6, 2016. The bid commenced on January 8, 2016 and will remain in effect until the earlier of January 7, 2017 or the date on which the Trust has purchased the maximum number of units permitted under the bid. Under the bid, the Trust has the ability to purchase for cancellation up to a maximum of 7,029,230 units (representing 10% of the Trust's public float of 70,292,303 units at the time of entering the bid through the facilities of the TSX). During the three months ended March 31, 2016, the Trust acquired 394,660 units at an average price of $5.38 per unit, at a total cost of $2,121, inclusive of transaction costs. The excess of the book value over the purchase price of the units purchased was recorded as a gain directly to retained earnings amounting to $1,186.

The Trust received acceptance of its Notice of Intention to make a normal course issuer bid from the TSX on December 23, 2014. The bid commenced on December 30, 2014 and remained in effect until December 29, 2015. Under the bid, the Trust had the ability to purchase for cancellation up to a maximum of 7,280,818 units (representing 10% of the Trust's public float of 72,808,178 Units at the time of entering the bid through the facilities of the TSX). During the year ended December 31, 2015, the Trust acquired 1,329,654 units at an average price of $6.05 per unit, at a total cost of $8,052, inclusive of transaction costs. The excess of the book value over the purchase price of the Units purchased was recorded as a gain directly to retained earnings amounting to $2,956.

18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Fair value adjustments to derivative financial liabilities hedge, net of tax	Fair value adjustments to development and investment holdings available-for-sale, net of tax	Unrealized foreign currency translation loss	Total
Balance as at January 1, 2015	$ —	$ 525	$ —	$ 525
Other comprehensive loss during the period	(1,122)	(538)	(19)	(1,679)
Reallocation of cash distributions received to net income	—	(298)	—	(298)
Balance as at December 31, 2015	**$ (1,122)**	**$ (311)**	**$ (19)**	**$ (1,452)**
Other comprehensive loss during the period	**(581)**	**(56)**	**(1,353)**	**(1,990)**
Balance as at March 31, 2016	**$ (1,703)**	**$ (367)**	**$ (1,372)**	**$ (3,442)**

19. INCOME PROPERTIES OPERATING EXPENSES

For the three months ended	**March 31, 2016**	March 31, 2015
Income properties operating costs	**$ 4,765**	$ 4,805
Realty tax expense	**2,397**	2,356
Salary and other compensation	**262**	311
Total	**$ 7,424**	$ 7,472

20. RENEWABLE POWER OPERATING EXPENSES

For the three months ended	**March 31, 2016**	March 31, 2015
Renewable power operating costs	**$ 594**	$ 21
General office and other	**22**	6
Depreciation and amortization on renewable power assets	**759**	34
Total	**$ 1,375**	$ 61

21. INTEREST EXPENSE

Interest on debt incurred and charged to comprehensive income was recorded as follows:

For the three months ended		**March 31, 2016**		March 31, 2015
Interest expense incurred, at contractual rate of debt and other bank charges	**$**	**2,767**	$	2,508
Amortization of mortgages payable premiums		**(386)**		(420)
Amortization of deferred financing costs		**26**		—
Total	**$**	**2,407**	$	2,088

The amortization of mortgages payable premiums is amortized to interest expense over the expected life of the debt using the effective interest rate method. There was no interest expense capitalized to the renewable power assets under construction for the three months ended March 31, 2016.

22. GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended		**March 31, 2016**		March 31, 2015
Salary and other compensation	**$**	**607**	$	363
Trust, service and professional fees		**210**		443
General office and other		**139**		32
Asset management fees		**2,533**		2,473
Total	**$**	**3,489**	$	3,311

23. INCOME TAXES

During the three months ended March 31, 2016 the Trust recognized an income tax expense amount of $42 (March 31, 2015 – $1,774), the major components of which include the following items:

For the three months ended		**March 31, 2016**		March 31, 2015
Current income tax (recovery) expense:				
Current income taxes with respect to profits in the period	**$**	**—**	$	566
Current tax adjustments in respect of prior periods		**(290)**		(9)
Current income tax (recovery) expense	**$**	**(290)**	$	557
Deferred income tax (recovery) expense:				
Origination and reversal of temporary differences	**$**	**14**	$	1,101
Deferred tax adjustments in respect of prior periods		**331**		116
Expense (benefit) arising from previously unrecognized temporary difference		**(44)**		—
Impact of changes in income tax rates		**31**		—
Deferred income tax expense	**$**	**332**	$	1,217
Total income tax expense	**$**	**42**	$	1,774

The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.8% (March 31, 2015 - 26.5%) as illustrated in the table below. Cash paid for income taxes for the period ended March 31, 2016 was $3,045 (March 31, 2015 - $763).

For the three months ended		**March 31, 2016**		March 31, 2015
(Loss) Earnings before income tax expense for the period	**$**	**(3,591)**	$	6,105
Combined federal and provincial tax rate		**26.8%**		26.5%
Total taxable earnings before income tax (recovery) expense	**$**	**(962)**	$	1,618
Effect on taxes of:				
Adjustment in expected future tax rates		**32**		—
Non-deductible expenses		**29**		23
Difference between Canadian rates and rates in foreign jurisdiction		**38**		—
Tax adjustments in respect of prior periods		**40**		107
Rate differences		**297**		(70)
Change in unrecognized deferred tax asset		**541**		—
Other items		**27**		96
Total income tax expense	**$**	**42**	$	1,774

The movement in the deferred income tax assets and liabilities during the three months ended March 31, 2016 and the net components of the Trust's net deferred income tax liabilities are illustrated in the following table:

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other	Hedge	Loss carry forward	Total
Balance as at December 31, 2014	$ (3,725)	$ (176)	$ (17)	$ 1,181	$ 2,307	$ —	$ —	$ (430)
(Charged) credited to:								
Earnings for the period	(3,203)	(658)	(352)	1,545	(456)	—	—	(3,124)
Other comprehensive loss	—	—	—	127	—	406	—	533
Balance as at December 31, 2015	**$ (6,928)**	**$ (834)**	**$ (369)**	**$ 2,853**	**$ 1,851**	**$ 406**	**$ —**	**$ (3,021)**
(Charged) credited to:								
(Loss) Earnings for the period	**(106)**	**(572)**	**100**	**407**	**(210)**	**—**	**49**	**(332)**
Other comprehensive loss	**—**	**—**	**—**	**9**	**—**	**217**	**—**	**226**
Balance as at March 31, 2016	**$ (7,034)**	**$ (1,406)**	**$ (269)**	**$ 3,269**	**$ 1,641**	**$ 623**	**$ 49**	**$ (3,127)**

24. SEGMENTED INFORMATION

The Trust has identified its reportable operating segments as income properties, renewable power, lending portfolio and development and investment holdings based on how the chief operating decision-maker views the financial results of the business.

For the periods ended March 31, 2016 and March 31, 2015, tax expense and the majority of 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 MARCH 31, 2016

For the three months ended March 31, 2016	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
INCOME						
Income properties revenue	$ 14,657	$ —	$ —	$ —	$ —	**$ 14,657**
Renewable power revenue	—	2,544	—	—	—	**2,544**
Lending portfolio interest income and lender fees	—	—	3,136	—	—	**3,136**
Fair value adjustments and operating cash distributions in development and investment holdings	—	—	—	2,335	—	**2,335**
TOTAL INCOME	**14,657**	**2,544**	**3,136**	**2,335**	**—**	**22,672**
EXPENSES						
Income properties, operating	7,424	—	—	—	—	**7,424**
Renewable power, operating	—	1,375	—	—	—	**1,375**
Interest expense	2,036	242	—	—	129	**2,407**
Provision for lending portfolio losses	—	—	2,716	—	—	**2,716**
General and administrative	—	—	—	—	3,489	**3,489**
TOTAL EXPENSES	**9,460**	**1,617**	**2,716**	**—**	**3,618**	**17,411**
Fair value adjustments to income properties	(5,518)	—	—	—	—	**(5,518)**
OPERATING (LOSS) INCOME	**(321)**	**927**	**420**	**2,335**	**(3,618)**	**(257)**
Other interest income	—	—	75	—	55	**130**
Share of income from equity accounted investments	—	—	—	11	—	**11**
Transaction costs	—	—	—	—	(3,475)	**(3,475)**
EARNINGS (LOSS) BEFORE INCOME TAX EXPENSE	**(321)**	**927**	**495**	**2,346**	**(7,038)**	**(3,591)**
INCOME TAX EXPENSE						
Current tax recovery	—	—	—	—	(290)	**(290)**
Deferred tax expense	—	—	—	—	332	**332**
TOTAL INCOME TAX EXPENSE	**—**	**—**	**—**	**—**	**42**	**42**
NET INCOME (LOSS)	**(321)**	**927**	**495**	**2,346**	**(7,080)**	**(3,633)**
OTHER COMPREHENSIVE LOSS						
Fair value adjustments to derivative financial liabilities hedges, net of tax	—	—	—	—	(581)	**(581)**
Fair value adjustments to development and investment holdings available-for-sale, net of tax	—	—	—	(56)	—	**(56)**
Unrealized foreign currency translation loss	—	(1,347)	—	—	(6)	**(1,353)**
TOTAL OTHER COMPREHENSIVE LOSS	**—**	**(1,347)**	**—**	**(56)**	**(587)**	**(1,990)**
TOTAL COMPREHENSIVE (LOSS) INCOME	**$ (321)**	**$ (420)**	**$ 495**	**$ 2,290**	**$ (7,667)**	**$ (5,623)**

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

SEGMENTED RESULTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2015

For the three months ended March 31, 2015	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
INCOME						
Income properties revenue	$ 14,933	$ —	$ —	$ —	$ —	**$ 14,933**
Renewable power revenue	—	71	—	—	—	**71**
Lending portfolio interest income and lender fees	—	—	3,654	—	—	**3,654**
Fair value adjustments and operating cash distributions in development and investment holdings	—	—	—	124	—	**124**
TOTAL INCOME	14,933	71	3,654	124	—	**18,782**
EXPENSES						
Income properties, operating	7,472	—	—	—	—	**7,472**
Renewable power, operating	—	61	—	—	—	**61**
Interest expense	2,033	3	—	—	52	**2,088**
General and administrative	—	2	63	—	3,246	**3,311**
TOTAL EXPENSES	9,505	66	63	—	3,298	**12,932**
Fair value adjustments to income properties	67	—	—	—	—	**67**
OPERATING INCOME (LOSS)	**5,495**	**5**	**3,591**	**124**	**(3,298)**	5,917
Other interest income	—	—	—	—	188	**188**
EARNINGS (LOSS) BEFORE INCOME TAX EXPENSE	5,495	5	3,591	124	(3,110)	**6,105**
INCOME TAX EXPENSE						
Current tax expense	—	—	—	—	557	**557**
Deferred tax expense	—	—	—	—	1,217	**1,217**
TOTAL INCOME TAX EXPENSE	—	—	—	—	1,774	**1,774**
NET INCOME (LOSS)	5,495	5	3,591	124	(4,884)	**4,331**
OTHER COMPREHENSIVE INCOME (LOSS)						
Fair value adjustments to derivative financial liabilities hedges, net of tax	—	—	—	—	(910)	**(910)**
Fair value adjustments to development and investment holdings available-for-sale, net of tax	—	—	—	191	—	**191**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	—	—	—	191	(910)	**(719)**
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 5,495	$ 5	$ 3,591	$ 315	$ (5,794)	**$ 3,612**

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

SEGMENTED ASSETS AND LIABILITIES – AS AT MARCH 31, 2016

As at March 31, 2016	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
ASSETS						
NON-CURRENT ASSETS						
Income properties	$ 506,927	$ —	$ —	$ —	$ —	**$ 506,927**
Lending portfolio	—	—	51,620	—	—	**51,620**
Development and investment holdings	—	—	—	174,206	—	**174,206**
Renewable power assets	—	122,439	—	—	—	**122,439**
Other non-current assets	1,054	2,721	—	—	—	**3,775**
Equity accounted investments	—	—	—	7,266	—	**7,266**
	507,981	125,160	51,620	181,472	—	**866,233**
CURRENT ASSETS						
Lending portfolio - current portion	—	—	103,333	—	—	**103,333**
Amounts receivable	15	838	—	—	888	**1,741**
Income tax receivable	—	—	—	—	736	**736**
Prepaid expenses	699	298	—	—	—	**997**
Restricted cash	57	—	—	—	—	**57**
Cash	7,542	5,113	—	—	693	**13,348**
	8,313	6,249	103,333	—	2,317	**120,212**
Assets held-for-sale	11,667	—	—	—	—	**11,667**
TOTAL ASSETS	$ 527,961	$ 131,409	$ 154,953	$ 181,472	$ 2,317	**$ 998,112**
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term debt	$ 215,934	$ 27,703	$ —	$ —	$ —	**$ 243,637**
Deferred income taxes	—	—	—	—	3,127	**3,127**
Deferred units incentive plan	—	—	—	—	540	**540**
	215,934	27,703	—	—	3,667	**247,304**
CURRENT LIABILITIES						
Long term debt - current portion	35,000	294	—	—	—	**35,294**
Derivative financial liabilities	—	—	—	—	2,329	**2,329**
Amounts payable and accrued liabilities	8,416	12,803	398	—	1,672	**23,289**
Distributions payable	—	—	—	—	2,409	**2,409**
	43,416	13,097	398	—	6,410	**63,321**
Liabilities related to assets held-for-sale	7,026	—	—	—	—	**7,026**
TOTAL LIABILITIES	$ 266,376	$ 40,800	$ 398	$ —	$ 10,077	**$ 317,651**

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

SEGMENTED ASSETS AND LIABILITIES – AS AT DECEMBER 31, 2015

As at December 31, 2015	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
ASSETS						
NON-CURRENT ASSETS						
Income properties	$ 520,395	$ —	$ —	$ —	$ —	**$ 520,395**
Lending portfolio	—	—	47,947	—	—	**47,947**
Development and investment holdings	—	—	—	164,019	—	**164,019**
Renewable power assets	—	120,521	—	—	—	**120,521**
Other non-current assets	1,143	1,944	—	—	—	**3,087**
	521,538	122,465	47,947	164,019	—	**855,969**
CURRENT ASSETS						
Lending portfolio - current portion	—	—	113,336	—	—	**113,336**
Amounts receivable	198	3,691	—	—	582	**4,471**
Prepaid expenses	659	337	—	—	—	**996**
Restricted cash	—	2,019	—	—	—	**2,019**
Cash	5,544	5,396	—	—	9,824	**20,764**
TOTAL ASSETS	$ 527,939	$ 133,908	$ 161,283	$ 164,019	$ 10,406	**$ 997,555**
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term debt	$ 221,483	$ —	$ —	$ —	$ —	**$ 221,483**
Construction loan facility	—	14,534	—	—	—	**14,534**
Deferred income taxes	—	—	—	—	3,021	**3,021**
Deferred units incentive plan	—	—	—	—	498	**498**
	221,483	14,534	—	—	3,519	**239,536**
CURRENT LIABILITIES						
Long term debt - current portion	35,007	310	—	—	—	**35,317**
Derivative financial liabilities	—	—	—	—	1,531	**1,531**
Amounts payable and accrued liabilities	8,646	12,140	89	—	217	**21,092**
Distributions payable	—	—	—	—	2,420	**2,420**
Income tax payable	—	—	—	—	2,599	**2,599**
TOTAL LIABILITIES	$ 265,136	$ 26,984	$ 89	$ —	$ 10,286	**$ 302,495**

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

25. 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 subsidiary of Dream Unlimited Corp. (TSX: DRM), is the Trust's Asset Manager and is a related party on the basis that it provides key management personnel services to the Trust.

ASSET MANAGEMENT AGREEMENT

On July 8, 2014, the Trust entered into a management agreement (the "Management Agreement") with DAM, pursuant to which DAM provides a broad range of asset management services to the Trust.

In addition, the Trust reimburses 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 which the Trust and DAM agree to in writing that are to be provided from time to time by DAM.

Pursuant to the Management Agreement, the Trust incurred the following amounts:

For the three months ended		**March 31, 2016**		March 31, 2015
Base annual management fee	**$**	**2,415**	$	2,416
Acquisition/origination fee and disposition fees		**118**		590
Expense recoveries relating to financing arrangements and other		**517**		268
	$	**3,050**	$	3,274

AMOUNTS DUE TO RELATED PARTIES

Amounts payable and accrued liabilities at March 31, 2016 included $890 (December 31, 2015 – $822) related to the Management Agreement. Total amounts payable and accrued liabilities due to DAM at March 31, 2016 were $1,300 (December 31, 2015 – $1,303).

TRANSACTIONS WITH DAM

During the three months ended March 31, 2016, the Trust entered into various related party transactions as disclosed in Note 11 - Equity Accounted Investments.

26. SUPPLEMENTARY CASH FLOW INFORMATION

Amortization and depreciation includes:

For the three months ended,		March 31, 2016		March 31, 2015
Lease incentives	$	174	$	80
Lender fees		—		(23)
Lending portfolio discount		—		(266)
Deferred financing costs		26		—
Renewable power assets		735		34
Intangible assets – wind power contract		24		—
Mortgages payable premiums		(386)		(420)
Total	$	573	$	(595)

Other adjustments include:

For the three months ended,		March 31, 2016		March 31, 2015
Straight-line rent adjustment	$	70	$	(66)
Share of income from equity accounted investments		(11)		—
Fair value gains on development and investment holdings		(2,026)		(124)
Fair value losses (gains) on income properties		5,518		(67)
Interest capitalized on lending portfolio balance		(695)		(1,108)
Deferred unit compensation expense		85		82
Provision for lending portfolio losses		2,716		—
Deferred income taxes		332		1,217
Total	$	5,989	$	(66)

Non-cash working capital includes cash generated from (utilized in):

For the three months ended,		March 31, 2016		March 31, 2015
Lending portfolio interest income accrual	$	194	$	683
Other non-current assets		(838)		(155)
Amounts receivable and income tax receivable		1,994		(2,930)
Prepaid expenses		(24)		194
Amounts payable and accrued liabilities		4,323		(7,181)
Income tax payable		(2,599)		(206)
Assets held-for-sale reclass		(123)		—
Total	$	2,927	$	(9,595)

During the three months ended March 31, 2016 cash interest paid was $2,665 (March 31, 2015 – $2,504), investments in building improvements include non-cash transaction of $508 (March 31, 2015 - $728), non-cash investments in lease incentives and initial direct leasing costs were $314 (March 31, 2015 – $275) and contributions to renewable power assets include the settlement of $1,847 of payables (March 21, 2015 - Nil).

27. COMMITMENTS AND CONTINGENCIES

Dream Alternatives 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 Alternatives.

PROPERTY MANAGEMENT AGREEMENT

The Trust's co-owned Office Portfolio and Industrial Portfolio are property managed by Dream Office Management Corp. ("DOMC") and Dream Industrial Management Corp. ("DIMC"), respectively. The Trust's wholly owned office property is managed by DAM. DOMC is owned by Dream Office REIT, the co-owner of the Trust's Office Portfolio. DIMC is owned by Dream Industrial REIT, the co-owner of the Trust's Industrial Portfolio.

For the three months ended March 31, 2016, the Trust paid $500 (three months ended March 31, 2015 – $507) to DOMC, DIMC and DAM pursuant to the property management agreements. Amounts payable and accrued liabilities as at March 31, 2016 included $40 (December 31, 2015 - $39) related to these agreements.

SERVICES AGREEMENT

The Trust entered into a services agreement (the "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 all the expenses incurred in providing these services.

For the three months ended March 31, 2016, the Trust paid $189 (three months ended March 31, 2015 – $135) to DOMC pursuant to the Service Agreement. Amounts payable and accrued liabilities as at March 31, 2016 included $57 (December 31, 2015 – $50) related to this Service Agreement.

COMMERCIAL MORTGAGE SERVICING AGREEMENT

On July 8, 2014, Dream Alternatives Lending Services LP ("Lending Services LP"), a subsidiary of the Trust, entered into a commercial mortgage servicing agreement ("Mortgage Servicing Agreement") with Canadian Mortgage Servicing Corporation ("CMSC") to manage and service the loan portfolio and select other debt investments for the following fees:

- A monthly fee of 1.25 basis points ("bps") (15 bps annually), calculated on the principal amount of each mortgage in the loan portfolio outstanding at the beginning of each month; and
- Origination fees paid by a borrower of up to 1% of the principal amount of each new mortgage investment originated by CMSC and up to 50% of the origination fee paid by a borrower in excess of 1%.

In addition, Lending Services LP reimburses CMSC for all reasonable third-party disbursements and expenses made or incurred in connection with the performance of the services described in the Mortgage Servicing Agreement. The agreement can be terminated upon 90 days' written notice.

OTHER COMMITMENTS

In the normal course of its renewable power business, the Trust enters into certain contractual arrangements regarding the leases of land and rooftops, land rights and operations and maintenance agreements the details of which are included in the table below:

	Rooftop lease agreements	Land right and easement	Operational and maintenance contracts	Total
2016 (remainder of the year)	$ 181	$ 320	$ 469	**$ 970**
2017	241	427	625	**1,293**
2018	241	427	609	**1,277**
2019	241	427	554	**1,222**
2020	241	427	153	**821**
2021 and thereafter	4,158	8,498	2,249	**14,905**
Total	$ 5,303	$ 10,526	$ 4,659	**$ 20,488**

28. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

IFRS 7, “Presentation of Financial Statements” (“IFRS 7”), places emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Trust manages those risks.

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

The maximum exposure to credit risk at March 31, 2016 was the fair value of the Trust's development and investment holdings and the contractual value of its lending portfolio, including interest receivable, which totaled $333,886. The Trust has recourse under these investments in the event of default by the borrower, in which case, the Trust would have a claim against the underlying collateral.

As at March 31, 2016, the Trust had approximately $116,962 of development and investment holdings assets with, or guaranteed by the same borrowers or related group of borrowers. Security over certain underlying assets has been posted and the underlying investments are actively monitored.

There have been no material changes in other risks arising from financial instruments from those disclosed in Note 30 of the consolidated financial statements for the year ended December 31, 2015.

29. 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. There were no transfers between Levels 1, 2 and 3 during the three months ended March 31, 2016 and the year ended December 31, 2015.

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		
As at March 31, 2016		**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Recurring measurements					
Income properties	$	**506,927**	$ —	$ —	$ **506,927**
Development and investment holdings		**174,206**	—	—	**174,206**
Derivative financial liabilities		**2,329**	—	—	**2,329**

			Fair value		
As at December 31, 2015		Carrying value	Level 1	Level 2	Level 3
Recurring measurements					
Income properties	$	520,395	$ —	$ —	$ 520,395
Development and investment holdings		164,019	—	—	164,019
Derivative financial liabilities		1,531	—	—	1,531

Financial instruments carried at amortized cost are noted below:

			Fair value		
As at March 31, 2016		**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Fair values disclosed					
Lending portfolio	$	**154,953**	$ —	$ —	$ **155,034**
Long term debt (including current portion)		**278,931**	—	—	**278,075**

			Fair value		
As at December 31, 2015		Carrying value	Level 1	Level 2	Level 3
Fair values disclosed					
Lending portfolio	$	161,283	$ —	$ —	$ 160,158
Long term debt (including current portion) (1)		256,800	—	—	258,472
Construction loan facility		14,534	—	—	14,534

(1) Long term debt at December 31, 2015 includes note payable of $310.

At March 31, 2016, amounts receivable, cash, restricted cash, deposits, amounts payable and accrued liabilities, and distributions payable were carried at amortized cost, which approximates fair value due to their short-term nature.

30. SUBSEQUENT EVENTS

Subsequent to March 31, 2016, the Trust provided a guarantee for up to $45,000 of debt to senior lenders on a residential development property for which a guarantee fee will be earned. In addition, assets held-for-sale were sold for gross proceeds of $11,835 and the associated mortgage of $6,825 was repaid.