



**DREAM UNLIMITED CORP.**

**Annual Information Form**

**March 30, 2016**

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## GLOSSARY OF TERMS

When used in this annual information form, the following terms have the meanings set forth below unless expressly indicated otherwise:

“**AFFO**” means adjusted funds from operations. AFFO is a key measure of performance used by investment trusts; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other investment trusts. See the annual report of each of Dream Office REIT, Dream Global REIT and Dream Industrial REIT for a description of AFFO and a reconciliation of AFFO to cash generated from operating activities.

“**AIF**” means this annual information form of Dream.

“**Arrangement**” has the meaning given in “General Development of the Business – The Arrangement”.

“**Arrangement Agreement**” means the arrangement agreement dated April 12, 2013 between Dundee Corporation, Dream, DAM and SDC, as described under “Material Contracts – Arrangement Agreement”.

“**Assets under management**” means the respective carrying value of total assets managed by DAM on behalf of its clients, investors or partners. Assets under management is a measure of success against the competition and consists of growth or decline due to asset appreciation, changes in fair market value, acquisitions and dispositions, operations gains and losses, and inflows and outflows of capital.

“**Board**” or “**Board of Directors**” means the board of directors of Dream.

“**Common Shares**” means the Class B common shares in the capital of Dream.

“**CP**” means Canadian Pacific Railway Company.

“**DAM**” means Dream Asset Management Corporation, a corporation governed by the laws of the Province of British Columbia and a Subsidiary of Dream.

“**DAM Class C Shares**” means the Class C voting preference shares in the capital of DAM.

“**DAM Common Shares**” means the non-voting common shares in the capital of DAM.

“**DAM Shares**” means the DAM Class C Shares and the DAM Common Shares.

“**Directors**” means the directors of Dream from time to time, and “**Director**” means any one of them.

“**Dream**” or “**the Corporation**” means Dream Unlimited Corp., a corporation governed by the laws of the Province of Ontario.

“**Dream Alternatives**” means Dream Hard Asset Alternatives Trust, an unincorporated open-ended trust governed by the laws of the Province of Ontario.

“**Dream Entities**” means Dream, Dream Office REIT, Dream Industrial REIT, Dream Global REIT and Dream Alternatives.

“**Dream Global REIT**” means Dream Global Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

“**Dream Global REIT Non-Competition Agreement**” means the non-competition agreement dated August 3, 2011 between DAM and Dream Global REIT, as described under “Material Contracts – Dream Global REIT Non-Competition Agreement”.

“**Dream Industrial REIT**” means Dream Industrial Real Estate Investment Trust, an open-ended real estate investment trust governed by the laws of the Province of Ontario.

“**Dream Industrial REIT Non-Competition Agreement**” means the non-competition agreement dated October 4, 2012 between DAM and Dream Industrial REIT, as described under “Material Contracts – Dream Industrial REIT Non-Competition Agreement”.

“**Dream Office REIT**” means Dream Office Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

“**Dream Office REIT Non-Competition Agreement**” means the amended and restated non-competition agreement dated April 2, 2015 between Dream, DAM, Dream Office LP and Dream Office REIT, as described under “Material Contracts – Dream Office REIT Non-Competition Agreement”.

“**Exchange Agreement**” means the exchange agreement dated May 30, 2013 between Dream, DAM and SDC, as described under “Material Contracts – Exchange Agreement”.

“**Fee earning assets under management**” means assets under management that are managed under contractual arrangements that entitle DAM to earn asset management revenues.

“**Firelight**” means Firelight Infrastructure Partners LP.

“**First Preference Shares**” has the meaning given in “Description of Capital Structure”.

“**FIT**” means Feed in Tariff.

“**GLA**” means gross leasable area, but excludes gross leasable area resulting from parking space, where applicable.

“**Gross margin**” is an important measure of operating earnings in each business segment of Dream and represents revenue less direct operating costs and asset management and management services expenses, excluding selling, marketing and other operating costs. Gross margin may be expressed as an absolute number or as a percentage of revenue.

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Professional Accountants of Canada in Part I of The Canadian Professional Accountants of Canada Handbook – Accounting, as amended from time to time.

“**Independent Director**” means a Director that is independent within the meaning of NI 58-101. Pursuant to NI 58-101, an Independent Director is one who is not an employee or executive officer of Dream and who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with such Director’s independent judgment.

“**Listed Funds**” has the meaning given in “Description of the Business – General Business Overview”.

“**Management Services Agreement**” means the management services agreement dated April 2, 2015 between Dream Office REIT, DAM and Dream Office LP, as amended or amended and restated from time to time.

“**Net margin**” is an important measure of operating earnings in each business segment of Dream and represents gross margin, including selling, marketing and other operating costs. Net margin may be expressed as an absolute number or as a percentage of revenue.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*.

“**NI 52-109**” means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time.

“**Permitted Sales Agreement**” means the permitted sales agreement dated May 30, 2013 between Dream, DAM, SDC and Michael J. Cooper, as described under “Material Contracts – Permitted Sales Agreement”.

“**PPA**” means a power purchase agreement.

“**REIT**” means a real estate investment trust.

“**SDC**” means Sweet Dream Corp., a corporation governed by the laws of the Province of Ontario and owned by Michael J. Cooper.

“**SEDAR**” means the System for Electronic Documents Analysis and Retrieval.

“**Series 1 Preference Shares**” means the first preference shares, Series 1 in the capital of Dream.

“**Shareholders’ Agreement**” means the amended and restated shareholders’ agreement dated May 30, 2013 between Dream, DAM, Michael J. Cooper, SDC and Dream Ventures Limited Partnership, as described under “Material Contracts – Shareholders’ Agreement”.

“**Subordinate Voting Shares**” means the Class A subordinate voting shares in the capital of Dream.

“**Subsidiary**” has the meaning given to that term in NI 45-106.

“**TSX**” means the Toronto Stock Exchange.

## **NOTICE TO READER**

This is the annual information form of Dream for the year ended December 31, 2015. In this AIF, unless the context otherwise requires, when we use terms such as “we”, “us” and “our”, we are referring to Dream and the Subsidiaries of, and partnership interests held by, Dream subsequent to May 30, 2013, the effective date of the Arrangement.

Unless otherwise specified, all dollar amounts are expressed in Canadian dollars and all references to “dollars” or to “\$” are to Canadian dollars.

We became a public company on May 30, 2013 following the completion of the Arrangement. The description of our business, significant developments, the presentation of financial statements and other information throughout this AIF in respect of periods prior to May 30, 2013 are based on information with respect to the business of DAM as operated by Dundee Corporation prior to May 30, 2013. See “General Development of the Business - The Arrangement” for further information on the Arrangement.

This AIF includes market and industry data and other information that has been obtained from third party sources. 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.

Unless otherwise specified, all information in this AIF is presented as at December 31, 2015.

## **FORWARD-LOOKING INFORMATION**

Certain information in this AIF may constitute “forward-looking information” within the meaning of applicable securities legislation. The forward-looking information in this AIF is presented for the purpose of providing disclosure of the current expectations of our future events or results, having regard to current plans, objectives and proposals, and such information may not be appropriate for other purposes. Forward-looking information may also include information regarding our respective future plans or objectives and other information that is not comprised of historical fact. Forward-looking information is predictive in nature and depends upon or refers to future events or conditions; as such, this AIF uses words such as “may”, “would”, “could”, “should”, “will” “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate” and similar expressions suggesting future outcomes or events to identify forward-looking information.

Any such forward-looking information is based on information currently available to us, and is based on assumptions and analyses made by us in light of our respective experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances, including but not limited to: that no unforeseen changes in the legislative and operating framework for the respective businesses will occur; that we will meet our future objectives and priorities; that we will have access to adequate capital to fund our future projects and plans; that our future projects and plans will proceed as anticipated; and that future market and economic conditions will occur as expected.

However, whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict. Factors that could cause actual results or events to differ materially from those described in the forward-looking information include, but are not limited to: adverse changes in general economic and market conditions; our inability to raise additional capital; our inability to execute strategic plans and meet financial obligations; risks associated with our anticipated real estate operations and investment holdings in general, including environmental risks, market risks, and risks associated with inflation, changes in interest rates and other financial exposures. For a further description of these and other factors that could cause actual results to

differ materially from the forward-looking information contained, or incorporated by reference, in this AIF, see the risk factors discussed under “Risk Factors” in this AIF.

In evaluating any forward-looking information contained, or incorporated by reference, in this AIF, we caution readers not to place undue reliance on any such forward-looking information. Any forward-looking information speaks only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained, or incorporated by reference, in this AIF to reflect subsequent information, events, results, circumstances or otherwise.

### **NON-IFRS MEASURES**

Dream’s consolidated financial statements are prepared in accordance with IFRS. In this AIF, Dream discloses and discusses certain non-IFRS financial measures including assets under management, fee earning assets under management, gross margin and net margin, as well as other measures discussed elsewhere in this section. These non-IFRS measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. Dream has presented such non-IFRS measures as management believes they are relevant measures of our underlying operating performance. Non-IFRS measures should not be considered as alternatives to metrics determined in accordance with IFRS as indicators of Dream’s performance, liquidity, cash flow and profitability. For a full description of these measures please refer to the “Non-IFRS Measures” section in our 2015 MD&A.

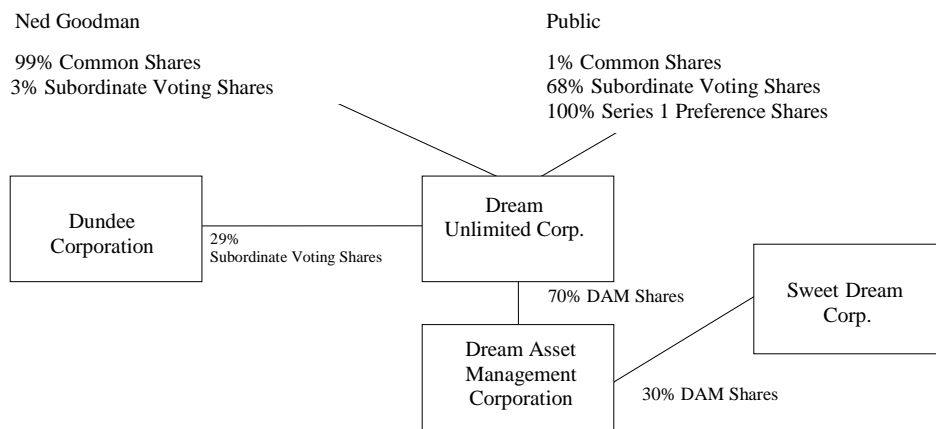
### **CORPORATE STRUCTURE**

Dream Unlimited Corp. was incorporated on April 9, 2013 under the OBCA for purposes of effecting the Arrangement. Pursuant to the Arrangement, Dream and 2368464 Ontario Inc. amalgamated under the OBCA on May 30, 2013 with the amalgamated company’s name being “Dream Unlimited Corp.”. Dream’s head and registered office is located at State Street Financial Centre, 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. Prior to completion of the Arrangement, Dream and 2368464 Ontario Inc. did not carry on any active business and did not issue any shares.

For a further description of the Arrangement, see “General Development of the Business – The Arrangement”.

#### **Intercorporate Relationships**

The following chart is a simplified illustration of our organizational structure as at December 31, 2015:



(Amounts set out above are in approximate percentages.)

The principal Subsidiaries of Dream are DAM, Dundee Realty Holdings I Limited Partnership, LDL Properties and Firelight.

Dream owns 70% of the voting securities of DAM. DAM controls 100% of the voting securities of each of Dundee Realty Holdings I Limited Partnership and LDL Properties, through its indirect ownership of 100% of the general partnership interest in each of such partnerships. DAM holds a controlling equity interest in Firelight through its ownership of 70% of the voting securities of the general partner of Firelight. DAM also owns, directly or indirectly, limited partnership interests in each of Dundee Realty Holdings I Limited Partnership, LDL Properties and Firelight.

The jurisdiction of formation of each of the principal Subsidiaries of Dream is listed below:

Name	Jurisdiction of Formation
Dream Asset Management Corporation	British Columbia
Dundee Realty Holdings I Limited Partnership	Ontario
LDL Properties	Ontario
Firelight Infrastructure Partners LP	Ontario

### GENERAL DEVELOPMENT OF THE BUSINESS

The scope of Dream’s business includes residential land development, housing and condominium development, retail development, asset management and management services, renewable energy infrastructure and commercial property ownership. Dream became a public company on May 30, 2013 following the Arrangement. Although Dream has been a public company only since 2013, its Subsidiary DAM started its real estate business in 1989. DAM is an innovative real estate manager and developer primarily focused on the commercial and residential sectors in Canada and Europe.

### History of Dream and DAM

DAM was founded as a public company in 1996 with one employee and initial equity of \$0.5 million. Between 1996 and 1998, DAM achieved significant growth by acquiring numerous distinct operating



groups or portfolios of real estate assets. These acquisitions provided DAM with several platforms consisting of infrastructure and experienced and knowledgeable local personnel. During this 24 month period, DAM's assets grew to more than \$1.0 billion. Notable acquisitions during this time included Preston Developments (a Saskatoon-based development company), Canlight Property Management Limited (which provided DAM's initial accounting and property management infrastructure and residential property capability), Cairns Developments (the dominant developer in Regina), V&A Properties (which added commercial property expertise and a presence in the Toronto real estate market) and Lehndorff Tandem Group (which provided a diversified portfolio of commercial real estate assets across Canada of critical scale and regional operating offices in Vancouver, Edmonton, Calgary, Ottawa and Montreal).

In 2003, DAM formed Dream Office REIT as a new publicly-traded real estate investment trust and transferred its commercial revenue producing properties to Dream Office REIT. DAM retained its land development and other businesses and was concurrently privatized by Dundee Corporation and Mr. Michael Cooper. Dream Office REIT grew significantly after its formation, more than doubling its total assets and nearly doubling its total revenues until 2007 when it sold its portfolio of real estate assets in Ontario, Quebec and Atlantic Canada for a total purchase price of approximately \$2.3 billion. Dream Office REIT has continued to grow significantly since that transaction, completing approximately \$6.0 billion of high quality acquisitions and \$700 million of dispositions, in addition to achieving organic growth. Today, Dream Office REIT is Canada's largest pure-play office REIT with total assets of \$7.3 billion.

In August 2011, DAM formed Dream Global REIT in order to invest money for Dundee Corporation, DAM and other investors in real estate outside of Canada. Concurrently with its formation, Dream Global REIT acquired approximately 12 million square feet of multi-use properties predominantly occupied by Deutsche Post. Since the acquisition of the original portfolio, Dream Global REIT has focused on diversifying its portfolio and has acquired over \$2 billion of high quality office properties in key markets in Germany, and more recently in Vienna, Austria. Over 70% of Dream Global REIT's asset base is now located within the "Big 7" office markets in Germany (Munich, Berlin, Hamburg, Frankfurt, Dusseldorf, Cologne and Stuttgart). As at December 31, 2015, Dream Global REIT owned approximately 13.4 million square feet of properties in Germany and Austria and is one of the largest REITs among its German REIT peer group with a market capitalization of approximately \$1.0 billion.

In 2012, Dream Office REIT completed \$2.6 billion of acquisitions, including a two-thirds interest in Scotia Plaza along with a large portfolio of office and industrial properties. As a result of the growth of the office portfolio within Dream Office REIT, DAM, as asset manager, proposed that Dream Office REIT become a pure office REIT. Accordingly, the industrial properties within Dream Office REIT were sold for \$576 million to Dream Industrial REIT upon its initial public offering. Today, Dream Industrial REIT owns approximately 17.0 million square feet of high quality, light industrial properties in key markets across Canada. With a net asset value of \$627 million, Dream Industrial REIT is one of Canada's largest dedicated industrial REITs.

On May 30, 2013, Dream became a public company pursuant to a plan of arrangement involving Dundee Corporation, Dream, DAM and SDC (the "**Arrangement**"). See "-- The Arrangement" below.

In April 2014, Dream formed Dream Alternatives, which went public on July 8, 2014, in order to provide unitholders with exposure to hard asset alternative investments with a focus on real estate, real estate lending and infrastructure, including renewable power.

On January 20, 2015, Dream and CP announced an agreement to form a joint venture called Dream Van Horne Properties, created to generate long-term shareholder value from CP's surplus real estate. CP has a diverse portfolio of surplus real estate properties poised for development by the joint venture, including Schiller Park, a 75-acre site in Chicago; Obico, a 74-acre site near Toronto; South Edmonton Yard, a 92-

acre site close to downtown Edmonton; and Lucien L'allier, a 3-acre site in downtown Montreal. Dream intends to work closely with CP to identify and develop the surplus lands over the coming years.

On April 2, 2015, Dream and Dream Office REIT announced a reorganization where DAM received limited partnership units of a subsidiary of Dream Office REIT exchangeable for 4,850,000 units of Dream Office REIT. In return, the annual management fee, acquisition fee, financing fee and capital expenditure fee payable by Dream Office REIT to DAM under its asset management agreement have been eliminated. DAM and Dream Office REIT also entered into the Management Services Agreement effective April 2, 2015, pursuant to which DAM will continue to provide strategic advice to Dream Office REIT and the services of a Chief Executive Officer as requested on a cost recovery basis. DAM continues to be entitled to receive an incentive fee which is payable upon termination of the Management Services Agreement.

DAM is the asset manager and advisor to each of Dream Global REIT, Dream Industrial REIT, and Dream Alternatives and provides strategic advisory services to Dream Office REIT, and as such receives fees as described under "Description of the Business - Asset Management and Management Services" below.

### **The Arrangement**

Dream became a public company on May 30, 2013 pursuant to a plan of arrangement involving Dundee Corporation, Dream, DAM and SDC (the "**Arrangement**"). Under the terms of the Arrangement, Dream acquired an approximately 70% voting and equity interest in DAM from Dundee Corporation, Dundee Corporation received Subordinate Voting Shares representing approximately 28.6% of the total number of outstanding Subordinate Voting Shares and Common Shares and each shareholder of Dundee Corporation received their proportionate interest in Dream based on their Dundee Corporation share ownership through a distribution of shares of Dream. In total, Dream issued 72,614,163 Subordinate Voting Shares, 3,116,326 Common Shares and 6,000,000 Series 1 Preference Shares. The Subordinate Voting Shares and Series 1 Preference Shares were listed on the Toronto Stock Exchange on May 31, 2013.

Under applicable Canadian securities laws, we filed a business acquisition report in respect of the Arrangement. The business acquisition report is accessible under Dream's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Equity and Debt Offerings**

Since the completion of the Arrangement, we have completed one equity offering and no debt offerings. On April 29, 2014, we completed a public offering of 3,680,000 Subordinate Voting Shares at a price of \$15.70 per Subordinate Voting Share for total gross proceeds of \$57.8 million. The 3,680,000 Subordinate Voting Shares included Subordinate Voting Shares issued on closing as a result of the exercise by the underwriters of their over-allotment option. The net proceeds of this offering were used to invest, indirectly through DAM, in land development and housing and condominium development activities, to fund renewable power projects under contract and for general corporate purposes.

### **Normal Course Issuer Bid**

We renewed our normal course issuer bid on September 2, 2015, which will remain in effect until the earlier of September 1, 2016, or the date on which we purchase the maximum number of Subordinate Voting Shares permitted under the bid. Under the bid, we have the ability to purchase for cancellation up to a maximum of 3,789,759 Subordinate Voting Shares (representing 5% of our 75,795,177 issued and outstanding Subordinate Voting Shares at the time of entering the bid through the facilities of the TSX). In the year ended December 31, 2015, 950,627 Subordinate Voting Shares were purchased under the bid and subsequently cancelled, at an average price of \$8.27 per share.

## **RECENT DEVELOPMENTS**

### **Sale of Land to the Province of Alberta**

On February 5, 2016, Dream transferred 172 acres of raw land in its Providence development to the Province of Alberta to construct parts of the Southwest Calgary Ring Road in exchange for cash consideration. The cash consideration was used to repay amounts outstanding under our operating line, thereby immediately increasing our undrawn borrowing capacity to approximately \$169.0 million (using financial information up to February 9, 2016).

### **Current Discussions Regarding Acquisitions and Dispositions**

Consistent with our past practices and in the normal course of business, we are engaged in discussions with respect to possible acquisitions of new assets and dispositions of existing assets. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition or disposition would be. We expect to continue current discussions and actively pursue other acquisition, investment and disposition opportunities.

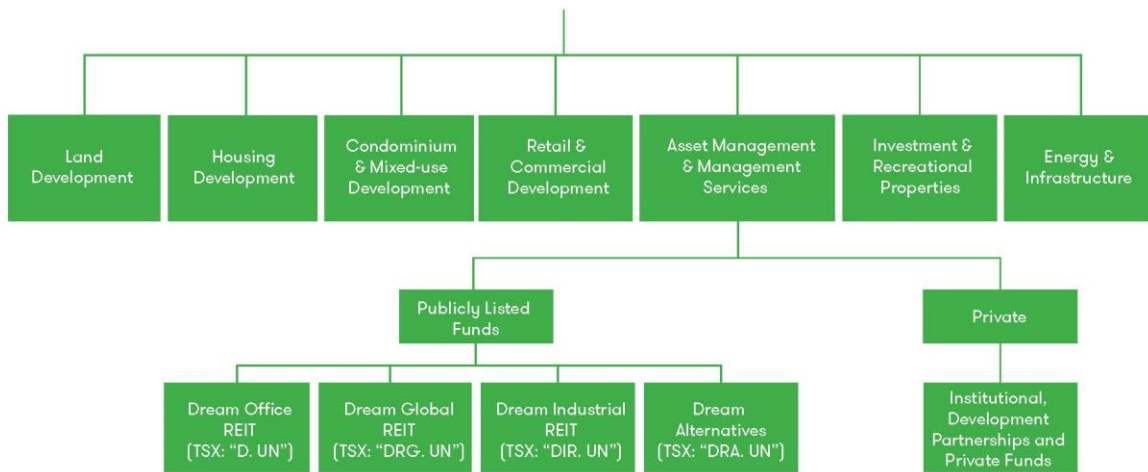
## **DESCRIPTION OF THE BUSINESS**

### **General Business Overview**

Dream is one of Canada's leading real estate companies with approximately \$15 billion of assets under management in North America and Europe. Headquartered in Toronto, we are an innovative real estate manager and developer primarily focused on the commercial and residential sectors in Canada, United States and Europe. The scope of the business includes residential land development, housing and condominium development, asset management and management services for four TSX-listed trusts and institutional partnerships and developments, investments in and management of Canadian renewable energy infrastructure and commercial property ownership. Dream has an established track record for being innovative and for its ability to source, structure and execute on compelling investment opportunities.

From the outset, we have successfully identified and executed on opportunities for the benefit of the business and shareholders, including the creation of DAM in 1996 as a public company, its subsequent privatization in 2003, the creation of Dream Office REIT in 2003, the sale by Dream Office REIT of substantial assets in 2007 and the establishment of our asset management business, and the creation of Dream Global REIT, Dream Industrial REIT, and Dream Alternatives in 2011, 2012 and 2014, respectively.

On May 30, 2013, Dream became a publicly traded company pursuant to the Arrangement whereby Dundee Corporation transferred its approximately 70% interest in DAM to Dream. The chart below illustrates the structure and diversity of our business:



### ***Land Development***

Dream actively develops land in Saskatoon, Regina, Calgary and Edmonton. Land development involves the conversion of raw land to the stage where homes and commercial buildings may be constructed on the land. This process begins with the purchase or control of raw land, generally known as land held for development, and is followed by the entitlement and development of the land. Once the process of converting raw or undeveloped land for end use has begun, that portion of the land that we conduct activity on is generally known as land under development.

Each year, we try to maintain flexibility to increase or decrease the number of lots we produce and manage our capital requirements to meet demand. Lots and acres are brought to market throughout the year, a process through which we offer fully serviced lots and acres to third-party developers who then construct, market and sell residential (single or multi-family) and commercial properties. We also retain a portion of lots and acres to build houses, multi-family and retail commercial space, which are marketed for sale to end customers by our team.

### ***Housing Development***

We currently have housing operations in Saskatoon and Regina and have recently established home building capacity in Calgary. Residential homebuilding involves the construction of single family houses and multi-family buildings, such as townhouses. Each dwelling is generally referred to as a “unit”. A planned community typically includes a number of “lots” on which single family units will be situated, as identified in the neighbourhood plan. Construction time for a residential home depends on a number of factors, including the availability of labour, materials and supplies, weather, and the type and size of home.

### ***Condominium & Mixed-Use Development***

Our core high-rise condominium and mixed-use development business consists of operations in Toronto, where we have approximately 2,282 condominium units (approximately 1,014 units at Dream’s share) and over 650,000 square feet of commercial space in various stages of pre-construction or active development. High-rise condominium development typically does not commence until a substantial

number of units have been pre-sold. A few months after substantial completion and customer occupancy of the building, the developer obtains all necessary approvals and the building is registered, purchasers pay the balance of the purchase price and title is transferred.

### ***Retail & Commercial Development***

We recently achieved first tenant occupancies with three retail developments on our owned land. In many cases, the construction is not overly complex and the demand for retail is created by our development of the master-planned community. Dream Centres, our internal retail development division, has approximately 24 acres of active retail projects under construction, which will result in over 256,000 square feet of GLA upon completion. In total, we are actively developing 137 acres in Western Canada that are in various stages of approvals. Our development and leasing team is also evaluating the potential of retail development on an additional 300 acres of land currently owned by Dream.

### ***Asset Management and Management Services***

Our asset management and management services team consists of real estate and energy/infrastructure professionals with backgrounds in property management, architecture, urban planning, engineering, development, construction, finance, accounting and law. The team brings experience from virtually all of the major real estate organizations in Canada, as well as being internally trained, and has expertise in capital markets, structured finance, real estate investments, renewable power and management across a broad spectrum of property types in diverse geographic markets. We carry out our own research and analysis, financial modeling, due diligence and financial planning, and have completed approximately \$20 billion of commercial real estate and renewable power transactions over the past 20 years.

We provide asset management and/or management services to four listed funds, our energy and infrastructure business and various institutional partner/third-party real estate and development assets. The majority of our asset management fee and investment income in 2015 was derived from providing asset management and/or management services and/or having equity interests in the following publicly listed funds (the “**Listed Funds**”):

- Dream Office REIT (TSX: D.UN);
- Dream Global REIT (TSX: DRG.UN);
- Dream Industrial REIT (TSX: DIR.UN); and
- Dream Alternatives (TSX: DRA.UN).

We participate in numerous mezzanine loans and equity investments on an opportunistic basis and invest in and manage Dream CMCC Capital Funds I and II. Dream CMCC Capital Fund I and II are investment vehicles formed through the collaboration of Dream and its partner, Canadian Mortgage Capital Corporation, to provide an opportunity for investors to invest with partners who are market leaders in developing, managing and financing real estate development projects.

### ***Investment and Recreational Properties***

Our investment properties include interests in commercial and retail properties consisting of approximately 527,000 square feet of GLA, excluding parking, which includes The Distillery District in downtown Toronto, Western Canada retail developments and jointly controlled entities. Our recreational properties include a ski area in Colorado, a golf course in Saskatoon and a 50% interest in the Broadview Hotel in a neighbourhood just east of downtown Toronto.

### ***Energy and Infrastructure***

We are the co-manager of a closed-ended renewable energy infrastructure fund, Firelight, with a major Canadian pension fund. We own 20% of the renewable power fund and 50% of its related management company, which are included in our equity investments. The fund invests in and manages renewable

power projects with a focus on wind and solar projects. Dream has and intends to pursue growth in the renewable power industry through Dream Alternatives in the future.

## Land Development

### Overview

Land development is cyclical and is affected by general and local economic, political and industry conditions including immigration, employment levels, housing affordability, zoning laws, interest rates, supply available for new and existing homes, among others. After five years of stable growth, Alberta has experienced a downturn in 2015 as low oil prices have dampened the local economy. The Conference Board of Canada predicts the net inflow of migrants will drop significantly in Alberta in the next two years followed by lower housing starts and higher unemployment rates due to oil being oversupplied for the foreseeable future. Saskatchewan has experienced similar difficulties in 2015, with the severe correction in the energy sector affecting construction, housing starts and retail sales. Fortunately, Saskatchewan has a better outlook than its western neighbours as its economy is more diverse with potash, uranium and agriculture and is expected to have a positive outlook in employment and gross domestic product (GDP) growth in 2016-2019. Overall, land development in Western Canada will be challenging in the foreseeable future but not without opportunities for long-term development and growth.

Dream generally acquires or controls raw or undeveloped land without the necessary regulatory approvals that would permit the construction of residential, industrial, commercial or mixed-use buildings. These lands are generally classified as lands held for development. Following acquisition, Dream then works closely with various governmental levels to obtain such approvals so that it can commence development work that will prepare the land for future construction. The time required to obtain necessary approvals varies but often occurs concurrently with the expansion of services such as water and sanitation. Once approvals have been obtained and servicing work has commenced these lands are classified as being under development. Construction activities for land under development include re-grading, installation of various utility services, roads and parks. This process of acquiring, obtaining approvals and developing land requires significant capital expenditures and associated carrying costs. The selection and purchase of land provides the inventory required for development purposes and is an important aspect of the land development process.

Dream's land development business consists of operations in Saskatoon, Regina, Calgary and Edmonton. These markets have historically experienced consistently high increases in home prices, strong population growth rates, stable and growing employment, and a level of population density conducive to rising sales volumes. We estimate that our land holdings as at December 31, 2015 will result in approximately 86,000 residential lots and multi-family units and approximately 12.8 million square feet of commercial space. Dream takes a disciplined approach when selecting the markets in which to conduct business and considers a number of factors, including the underlying supply and demand, competitiveness, employment base and profitability specific to each location.

Our lands are categorized as either land held for development or land under development. As at December 31, 2015, Dream owned or had under contract 9,420 acres of land held for development and 486 acres of land under development, including 953 single-family lots as well as land for multi-family, commercial and other use, for a total of 9,906 acres in Western Canada.

City	Land Held for Development <sup>(1)</sup>		Land Under Development	
	Owned (acres)	Under Contract (acres)	Total Lots <sup>(2)</sup>	Acres <sup>(3)</sup>
Saskatoon	2,548	626	505	154
Regina	2,893	0	198	56
Calgary	2,495	0	202	58

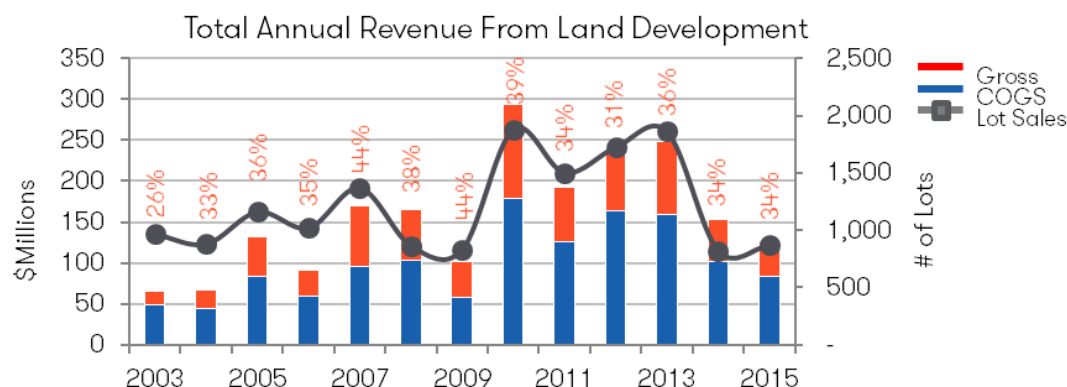
City	Land Held for Development <sup>(1)</sup>		Land Under Development	
	Owned (acres)	Under Contract (acres)	Total Lots <sup>(2)</sup>	Acres <sup>(3)</sup>
Edmonton	858	0	48	62
Total	8,794	626	953	330

**Notes:**

- (1) Land held for development will include some multi-family and commercial parcels once entitled.
- (2) There is an average of 6.1 lots per acre.
- (3) Includes multi-family, commercial and acres not yet subdivided.

The lands owned by Dream were purchased at an attractive cost basis and are well located within each market. As at December 31, 2015, the aggregate book value of Dream’s land held for development is \$442.6 million (including land under contract, \$461.9 million) and the aggregate book value of land under development is \$150.8 million; however, we believe that the current market value is substantially greater than book value.

The following graph illustrates the number of lots sold by Dream over the past 12 years as well as the total revenue and net margin from our land development activities:



**Note:** Percentages represent Net Margin.

We are in the process of completing the development of ten master planned communities, including five in Saskatoon (Stonebridge, Hampton Village, Willows, Brighton and Kensington), one in Regina (Harbour Landing), three in Calgary (EvansRidge, Vista Crossing and High River) and one in Edmonton (The Meadows). Collectively, these master planned communities contained approximately 4,500 acres (or approximately 31,000 lots and multi-family units) at the time development commenced. As at December 31, 2015 approximately 1,200 acres (or 9,000 lots and multi-family units) remain to be developed and/or sold within these communities. At the time development commenced, management had anticipated that Stonebridge and Harbour Landing would take more than 15 years to develop. It is now expected that Dream will complete development of these communities within 10 years from the time of commencement.

We expect to commence the development of nine new master planned communities over the next few years, including two in Saskatoon (2,700 acres or approximately 25,000 lots and multi-family units), four in Regina (almost 2,900 acres or 29,000 lots and multi-family units), two in Calgary (2,300 acres or 18,000 lots and multi-family units) and one in Edmonton (500 acres or 3,400 lots and multi-family units).

Dream’s land development business is operated by a strong central management team that oversees four separate divisions based on Dream’s geographic footprint. Each of these divisions is managed by a Vice

President with substantial experience (collectively, over 100 years of experience), local market expertise and long-term relationships in each sub-market. Over many years, Dream has established strong relationships with local land owners, regulatory officials, suppliers and sub-contractors. This on-the-ground expertise will provide Dream with access to a stable pipeline of land and enables it to recognize growth nodes within each of its markets and derive savings at the community level.

Dream's strong market share in each of its sub-markets enables it to achieve and benefit from economies of scale and, together with its strong brand recognition, affords the opportunity to successfully execute the development of large-scale projects.

We intend to proactively manage each stage of the development process. Management believes that its land development expertise and experience with navigating the land entitlement process with local municipalities will provide Dream with competitive advantages. Since Dream maintains its land held for development at robust levels, new projects can be brought online when appropriate based on demand. Construction is meticulously planned and scheduled in sequence on a street-by-street basis in each of our master planned communities. This process seeks to minimize working capital needs, reduces exposure in the event of a market slowdown and allows for trade scheduling efficiencies.

#### Saskatoon, Saskatchewan

Dream owns or has under contract approximately 3,400 acres of land in Saskatoon including land under development, which is expected to produce about 30,000 lots and multi-family units. Dream currently has five master planned communities currently under development, and expects to be active on another two large master planned communities in 2017 and 2018, being Holmwood and Elk Point in Blairmore.

DAM has consistently been the largest developer in Saskatoon since the mid-1990's. Based upon current holdings, at the current pace of development, we expect we will have a sufficient inventory of land for at least 15-25 years of development. Management expects that Dream's market share will likely increase as development on its lands in Holmwood commences.

There are five active developments in Saskatoon: Blairmore (Kensington), Hampton Village, Stonebridge, Brighton and the Willows residential golf community. Hampton Village is a development just south of the airport in which Dream is developing 270 acres and was approved for approximately 1,000 housing lots and 23 acres for multi-family consisting of 350 units. The development commenced in 2004 and it is substantially complete with the exception of 51 acres designated for commercial use, which have not yet been developed. Dream is however pursuing development approvals to proceed with development of these remaining lands.

Stonebridge is a master planned community that began in 2005 in which we are developing approximately 760 acres, including approximately 2,700 lots, 1,000 units of multi-family and 60 acres of commercial development. Upon commencement of this development, management estimated the development would take between 15 and 20 years to complete. As of December 31, 2015, over 2,600 lots, 1,000 units of multi-family and all of the commercial lands have been sold. Dream has 11 acres left of residential development, and it anticipates it would be completing this community in 2016.

In 2013, we initiated the development in the Kensington neighbourhood within the Blairmore sector in west Saskatoon. A significant portion of lot sales for this neighbourhood were achieved in 2013 and 2014 with the majority of construction already completed. We anticipate that construction for the next neighbourhood in the Blairmore sector called Elk Point will begin in 2018.

Dream has also commenced planning for the final stage of development of approximately 23 acres of land in the Willows, a residential golf community. This land is expected to translate into approximately 230 lots and multi-family units, expected to be developed in the next few years.



Dream's major land position in Saskatoon is the 3,100 acres in the east sector of the city, known as Holmwood. In 2015 we began the first major development within Holmwood, known as Brighton. The Brighton development consists of 550 acres, and is expected to produce approximately 2,200 lots, over 2,400 units of multi-family and 30 acres of commercial development. The remainder of the development within Holmwood outside of Brighton is expected to produce 24,000 lots and multi-family units, 490 acres of future regional retail, office, industrial and other uses to support the community (approximately 80% of which Dream expects to develop). Based on the city's planning process, it is expected that the development will take over 20 years to be completed. The Holmwood Sector of Saskatoon has land sufficient for up to nine future neighbourhoods (including Brighton) and approximately 100,000 people. The highest density developments are to be located on land owned by Dream.

#### Regina, Saskatchewan

Dream currently owns or has under contract approximately 3,000 acres of well situated land in Regina which is expected to yield approximately 30,000 lots and multi-family units.

We are nearing completion of a 780 acre master planned community (Harbour Landing), which is anticipated to be fully developed by the end of 2016. We expect to develop four new master planned communities on our lands. These include 1,100 acres in Coopertown, 900 acres in Harbour Landing West, 600 acres in Foxtail Grove and 300 acres in The Towns. Dream is in various stages of the approval process for all four areas. Based on current land holdings, management expects that Dream's supply of land in Regina will last between 15-20 years.

#### Calgary, Alberta

Dream owns or has under contract approximately 2,600 acres of land in Calgary and the surrounding area. These lands will form some of the most desirable master planned community sites within the City of Calgary. We expect that approximately 19,400 lots and multi-family units will be developed on these sites once all necessary approvals are granted, which will make Dream one of the larger residential developers in Calgary. Dream has developed and sold all of the 169 acres in EvansRidge, except for internal lots held for housing construction. We are also developing 217 acres of land in Montrose, High River, located south of Calgary, which benefits from a solid mix of housing sites and retail/commercial parcels in a prime location.

In Calgary, Dream has historically acquired or assembled sites ranging in size from five to sixty acres that are often developed as a single project, but is currently responsible for a larger development in North Calgary and a master-planned development in High River (located one-half hour south of Calgary) that are being developed over a number of years. Dream has also achieved significant planning approvals pertaining to its ownership of 650 acres in Providence and 320 acres in Glacier Ridge (Panorama). In 2013, the Tsuu T'ina nation and the Province of Alberta finalized an agreement regarding the construction of the southwest portion of Calgary's ring road. This future highway extension interfaces with approximately 1,800 acres of our land held in Providence, for which Dream has transferred 172 acres of raw land to the Province of Alberta in exchange for cash considerations in February 2016.

In 2015, Dream began development of Vista Crossing in Crossfield, a small town 30 minutes north of Calgary. The 160 acre development is expected to yield over 900 lots and multi-family units upon completion.

#### Edmonton, Alberta

In Edmonton and surrounding areas, Dream owns or has under contract over 900 acres of land.

In Edmonton, our historic development has been on the 1,400 acre development in the southeast, referred to as The Meadows, which we acquired with Lehndorff in 1997. The Meadows is approximately 3,500 acres in size and consists of seven planned neighbourhoods. Upon completion, The Meadows will be home to a population in excess of 60,000 people. Dream and its predecessors have been responsible for

the orderly build of approximately 8,000 single family lots and units, 80 acres of commercial land, all on about 1,400 acres. Going forward, and subject to land use approvals, Dream will likely develop approximately 1,300 lots and approximately 500 multi-family units on the remaining undeveloped land. In 2015, we achieved retail occupancies within our first retail development in Western Canada (Tamarack) on 18 acres of land in the Meadows community.

In addition, Dream controls approximately 500 acres in Leduc County which is anticipated to be a future growth area. We are actively pursuing approvals for this future development.

### ***Risk Management***

Risk is managed at each stage of the land development and homebuilding process. Development approval risk is expected to continue to be mitigated by conducting significant due diligence before land acquisitions are completed. Lots and parcels will be sold when ready for building and there is demand.

When building homes in the future, Dream intends to ensure client satisfaction and limit product liability risk by carefully selecting sub-contractors and building materials, ensuring a high standard of quality and workmanship and providing on-site quality control.

Dream will seek to limit its exposure to the risk of overbuilding by attempting to ensure that construction starts and sales rates are aligned.

Given the diversified business structure, Dream's interest in land development and housing will be, to some extent, hedged against other stable businesses such as our asset management and management services business, which has strong cash flow, revenue properties and its renewable power business, each of which has longer-term contracts.

We are currently at various stages of having ten large master planned communities approved in Western Canada. These communities account for approximately 9,200 acres of land and, when approved, will supply lots for between 25 and 35 years. Dream plans to leverage its expertise to develop phased, master planned communities. By increasing the proportion of land used for residential retail and commercial development activities to generate margin, the margin will also increase.

As the provider of management and advisory services for the largest office REIT in Canada (Dream Office REIT) and as asset manager of one of the largest pure-play industrial REITs in Canada (Dream Industrial REIT), we are on the front line and well positioned to observe, in real time, the impact of economic trends on the drivers for demand of real property, such as demand for space, urbanization trends and employment levels in each of the markets in which we operate our land development business. This access to real-time economic data may provide Dream with a competitive advantage over others in the land development business.

### ***Regulatory, Environmental, Health and Safety Matters***

#### ***Zoning and Planning***

Land development is subject to various local, provincial and federal statutes, ordinances, rules and regulations concerning zoning, building design, construction and similar matters, including local regulations that impose restrictive zoning and density requirements in order to limit the number of homes that can eventually be built within the boundaries of a particular property or locality. In many jurisdictions, there has been an increase in provincial and local legislation authorizing the acquisition of land as dedicated open space, mainly by governmental, quasi-public and non-profit entities. There also may be various licensing, registration and filing requirements in connection with the construction, advertisement and sale of homes. These are variables that could impact a developer's overall costs, potentially delay the opening of communities or cause Dream to re-evaluate its position relative to a particular project or community.

## *Environmental, Health and Safety*

Land developers are required to comply with existing federal, provincial and local statutes, ordinances, rules and regulations which are designed to protect the environment, including requiring current or previous owners or operators of real property to bear the costs of removing or remediating hazardous or toxic substances on, under or in property, and to ensure the safety of those involved in the development process, including contractors, clients and the general public.

## **Housing Development and Condominium & Mixed-Use Development**

### *Housing Development Overview*

Dream currently builds homes in Saskatoon, Regina and Calgary. A significant portion of the homes we build are on land that we develop. Building on our own lands helps us sell land, influence the development of the communities in which we operate and generate profits. The Housing Development division is in transition as Dream continues to implement process changes that will enable us to focus on planning the best communities and having the most competitive housing platform in the markets in which we operate in terms of product offering, customer satisfaction and profitability. Accordingly, Dream expects to see the results of these efforts realized in future years as new inventory is developed and sold in line with its revised operating model.

In Saskatchewan, Dream builds many of its residential units in master planned communities. Construction in a master planned community allows us to maintain an efficient production process. Each master planned community is meticulously planned and scheduled. This process seeks to minimize working capital needs, reduce exposure in the event of a market slowdown and allow for trade scheduling efficiencies. Dream acts as the general contractor for the construction of its projects. Trade sub-contractors are sourced through historical relationships and are generally retained on a fixed-price basis after a competitive bidding process. Dream has building representatives that are responsible for supervising on-site construction, including scheduling, ensuring compliance with plans and specifications and resolving construction problems.

Construction time for a residential home depends on a number of factors, including the availability of labour, materials and supplies, weather and the type and size of the home. The construction of a single-family home is typically completed within four to six months following commencement of construction.

### *Condominium & Mixed-Use Development Overview*

In Toronto, Dream develops mid and high rise condominiums. Dream has looked to acquire land for development that is well located and undervalued, and is focused on the mid-market to appeal to a broad array of purchasers. We generally develop condominiums with partners to capitalize on their expertise and to mitigate development risk. In the year ended December 31, 2015, Dream achieved 185 condominium unit occupancies (excluding equity accounted investments) primarily within The Carlaw and The Carnaby in downtown Toronto, which are 100% and 98% sold, respectively. Our condominium projects include 2,282 units (1,014 units at Dream's share) in various stages of pre-construction or active development. Approximately 82% of the condominium projects were either sold or pre-sold as at December 31, 2015.

In the fourth quarter of 2015, the Pan/Parapan American Games Athletes' Village ("Athletes' Village") in Toronto, utilized by the athletes as a temporary home during the games, was returned by the organizing entity to a 50/50 partnership owned by Dream and Kilmer Van Nostrand Co. Limited. Construction work is well underway to convert the \$800 million development to its final use. The legacy of the Athletes' Village will include a YMCA, a 500 bed George Brown College student residence, 253 affordable housing rental units and 810 market condominium units. As of February 11, 2016, 87% of the condominium units have been sold and, together with the sale of the other components to third parties, approximately 95% of the revenue has been contracted. Sales of the condominiums continue to progress well and the development is expected to be substantially sold out when construction is complete in mid-

2016. The “Stage 2” lands (collectively, Blocks 12, 13 and 16) were transferred to the partnership in the fourth quarter of 2015 at a fair value of \$51.0 million (\$25.5 million at Dream’s share), with a corresponding recovery of costs incurred to date on the project. The partnership expects to develop another 1,000 market condominium units and 20,000 square feet of retail in addition to the 30,000 square feet in Stage 1, which was 78% leased as of February 11, 2016. The partnership expects to develop the Stage 2 lands from 2017 through 2024.

### ***Housing Industry Conditions in Canada***

The residential housing market is driven by a number of variables, including population growth, employment, affordability and interest rates. During the past half-decade, the Canadian residential housing market has performed relatively well due to stable supply with a balanced demand and conservative mortgage lending practices. In 2015, the residential housing markets in Alberta and Saskatchewan dropped with the spectre of falling oil prices overshadowing residential sales activity and are expected to continue in 2016. Analysts predict Canada’s housing market will begin to cool in 2016, as fallout from the deteriorating energy sector and the sinking Canadian dollar spills beyond the borders of Alberta and Saskatchewan. Important characteristics of the Canadian housing market include sustainable levels of housing starts, balanced sales-to-listings ratio, steady growth in demand due to favourable immigration policies, strong job growth and low mortgage interest rates.

### ***Sales and Marketing***

Dream uses a variety of advertising and marketing methods to sell its homes and condominiums, including posting advertisements in local newspapers and magazines as well as direct mailings, special promotional events, illustrated brochures, websites and model homes and condo units. In selling its homes and condominiums, Dream uses its own sales representatives as well as independent real estate brokers.

### ***Other Development***

Typically, about 5% to 10% of the land in a master planned community is allocated for non-residential purposes. Historically, Dream has sold these lands to third party builders. In order to capture more value on its land, Dream has begun to develop retail projects on its land through the Retail & Commercial Development divisions and will hold or sell the properties once completed.

It is also expected that Dream will build office and industrial properties on its land where appropriate and will provide Dream Office REIT and Dream Industrial REIT with the right to acquire these properties at fair market value on completion. The development of Dream’s land for the Listed Funds provides the Listed Funds with a proprietary source of growth and provides Dream with a ready market for its properties.

### ***Retail & Commercial Development***

Our Retail & Commercial Development division currently focuses on the development of new format unenclosed retail centres predominantly in Western Canada. New format retail centres (or power centres) are large aggregations of dominant retailers grouped together at high traffic and easily accessible locations. These unenclosed campus-style centres are generally anchored by supermarkets and/or junior department stores and may include entertainment (movie theatres and restaurants) and fashion components. Our retail developments are branded under the ‘Dream Centres’ banner.

The Retail & Commercial Development division traditionally manages a project through the entire development cycle, commencing with planning, pre-development, leasing, construction and post-development. We have targeted our development activities on lands owned or controlled by Dream within our master planned communities; however, in certain instances, our Retail & Commercial Development division may enter into joint ventures with partners to capitalize on their expertise or their access to lands. For example in 2015, Dream and CP announced an agreement to form a joint venture

called Dream Van Horne Properties, created to generate long-term shareholder value from CP's surplus real estate.

In many cases, the construction of our retail and commercial projects is not overly complex and demand for retail is created by our development of the master-planned community. We have approximately 24 acres of active retail projects under construction, which will result in over 256,000 square feet of GLA upon completion. In total, we are actively developing 137 acres in Western Canada that are in various stages of approvals. Our development and leasing team is also evaluating the potential of retail development on an additional 300 acres of land currently owned by Dream.

In the year ended December 31, 2015, Dream achieved approximately 63,000 square feet of retail occupancies within our Tamarack North, North East, and South East development sites within the community of the Meadows in Edmonton, Alberta, where Dream has been actively developing over 1,400 acres of residential land since 1997. These three properties are expected to comprise 184,400 square feet of GLA upon completion. As at December 31, 2015, we had committed leases for approximately 72% of the aggregate GLA of Tamarack with a weighted average lease term of approximately 12 years. Management expects that the properties will be fully leased by their expected completion dates in 2017 and 2018. In the fourth quarter of 2015, we added the Shops of South Kensington in Saskatoon as an active project under construction, upon successfully securing construction financing to develop the 6.5 acre site. We expect to commence construction of the retail site in 2016. Our South Kensington master planned community is approximately 140 acres in total and will also include home and multi-family lot development by Dream. Anchor tenants for the site include: Shoppers Drug Mart and Save-on-Foods. Construction is expected to commence in the second quarter of 2016.

## **Asset Management and Management Services**

### ***Overview***

Dream's asset management and management services team consists of over 200 real estate professionals with backgrounds in property management, architecture, engineering, construction, finance, accounting and law. The team brings experience from virtually all of the major real estate organizations in Canada and has expertise in capital markets, structured finance, real estate investments and management across a broad spectrum of property types in diverse geographic markets. It carries out its own research and analysis, financial modeling, due diligence, and financial planning. DAM has completed over \$20 billion of commercial real estate and alternative investment transactions over the past 20 years.

Dream provides asset management and/or management services to the Listed Funds, our renewable power business and various institutional partner/third-party real estate and development assets. Each of the Listed Funds was formed by DAM's management and provides a solid platform for capital appreciation and reliable income generation for its unitholders. Combined and as at December 31, 2015, the Listed Funds own approximately \$11.7 billion of assets under management and consist of approximately 53.3 million square feet of GLA. They are focused on both capital appreciation and income generation. In 2015, the Listed Funds declared distributions of almost \$423.7 million to their unitholders.

The majority of income earned from our Asset Management and Management Services division for the year ended December 31, 2015 was generated from the Listed Funds, as well as fees earned on assets held through institutional partnerships and development fees earned on condominium projects in Toronto and Ottawa. Asset management (for which base fees are generated) for Dream Global REIT, Dream Industrial REIT and Dream Alternatives includes the overall management of these Listed Funds' businesses, including the provision of a Chief Executive Officer and Chief Financial Officer and overseeing the operations of accounting and property management. As the asset manager, Dream also provides acquisition and disposition personnel and, on a cost recovery basis, oversees debt and equity financing. Dream has not reached benchmarks to earn incentive fees as at December 31, 2015.

Details of the fee structure for Dream Global REIT and Dream Industrial REIT are:

- Base management fee of 0.25% (Dream Industrial REIT) and 0.35% (Dream Global REIT) on historical cost of assets.
- Acquisition fee equal to: (a) 1.0% of the purchase price of a property on the first \$100 million of properties acquired in each fiscal period; (b) 0.75% of the purchase price of a property on the next \$100 million of properties acquired in each fiscal period; and (c) 0.50% of the purchase price on properties acquired in excess of \$200 million in each fiscal period.
- Financing fee equal to 0.25% of the debt and equity of all financing transactions completed; the financing fee is adjusted on an annual basis to ensure the fee does not exceed the amount of actual expenses incurred by Dream in supplying services relating to financing transactions.
- Incentive fees of 15% of AFFO (as defined in the applicable asset management agreement, which includes the gain or loss on the sale of properties during the year) earned above a benchmark. The benchmarks vary by fund and increase by 50% of the increase in the relevant consumer price index.
- Capital expenditure fees equal to 5% of all hard construction costs incurred on each capital project with costs in excess of \$1.0 million, excluding work done on behalf of tenants or any maintenance capital expenditures.

Details of the fee structure for Dream Alternatives are:

- Base annual management fee calculated and payable on a monthly basis, equal to 1.00% of the gross value of the initial assets of Dream Alternatives on July 8, 2014, plus the gross cost of any asset acquired on the date of such acquisition, plus the gross amount invested in any assets following acquisition, less the gross amount previously included in the calculation of this amount in respect of any asset disposed of or repaid.
- Acquisition/origination fee equal to: (a) 0.40% of the principal amount of any loan originated by Dream Alternatives or a Subsidiary having an expected term of less than five years; (b) 1.00% of the principal amount of any loan originated by Dream Alternatives or a Subsidiary having an expected term of five years or more; and (c) 1.00% of the gross cost of any asset acquired or originated by Dream Alternatives or a Subsidiary represented by all other investments, assets or projects.
- Disposition fee equal to 0.25% of the gross sale proceeds of any asset (including all indebtedness) sold by Dream Alternatives or any Subsidiary represented by loans, investments, assets or projects disposed of during a fiscal year, including any part of the initial assets, except for the disposition of individual loans having a term to maturity of 12 months or less, (other than as part of a portfolio disposition) or the disposition of assets (other than initial assets unless approved by the independent trustees) acquired in the preceding 12 months and excluding the regular and scheduled repayment of loans.

On April 2, 2015, Dream and Dream Office REIT announced a reorganization (the “**2015 Reorganization**”) pursuant to which DAM received 4,850,000 LP Class B Units, Series 1, of Dream Office LP, a subsidiary of Dream Office REIT, which are exchangeable for 4,850,000 Dream Office REIT units. In return, the annual management fee, acquisition fee, financing fee and capital expenditure fee payable by Dream Office REIT to Dream under its asset management agreement were eliminated.

In connection with the 2015 Reorganization, DAM and Dream Office REIT entered into a Management Services Agreement effective April 2, 2015, pursuant to which DAM continues to provide strategic advice to Dream Office REIT and continues to provide the services of a Chief Executive Officer to

Dream Office REIT as requested on a cost recovery basis. This agreement will continue until it is terminated by either party in accordance with the termination provisions of the agreement.

DAM also provides services, such as administrative, legal and regulatory, tax advisory, internal audit and control, communications, risk management, process improvements and branding, to each of the Listed Funds as agreed from time to time. DAM is reimbursed for its expenses in providing any agreed services. DAM and each of the Listed Funds have also agreed to share the cost of business transformation projects as agreed from time to time, currently consisting of a process improvement project and a branding and culture initiative.

DAM also co-manages two private equity funds (Dream CMCC Capital Fund I and Dream CMCC Capital Fund II) that have raised approximately \$90.0 million to be invested over time in residential development real estate projects in markets where DAM has expertise through mezzanine financing or equity investment with other project developers.

Management of Dream is constantly looking for opportunities to improve its funds through creative and skillful management of the properties, new acquisitions, sourcing third party capital sources and selective sales. Dream has been a very active participant in the private acquisition market and has been able to source and execute many desirable opportunities that have helped grow the value of the businesses.

### ***Dream Office REIT***

Under the Management Services Agreement, DAM continues to provide strategic advice to Dream Office REIT and the services of a Chief Executive Officer to Dream Office REIT as requested by Dream Office REIT on a cost recovery basis. Dream Office REIT was created in 2003 when the commercial properties of DAM were spun out into Dream Office REIT to surface shareholder value. Dream Office REIT had an original trading value of \$20.40 per unit and held \$800 million of assets. Over the first four years, Dream Office REIT expanded rapidly until it had an enterprise value of approximately \$3.1 billion in 2007. In 2007, Dream Office REIT sold approximately two-thirds of its assets and returned approximately \$1.6 billion of the cash proceeds to unitholders of Dream Office REIT at a price equivalent to \$47.50 per unit. After the sale of the assets and passing through the recession, Dream Office REIT began expanding again, acquiring properties at more attractive levels than pre-recession pricing. Dream Office REIT grew to become the largest office REIT in Canada. Dream Office REIT owns a high quality, hard to replicate Canadian office portfolio that offers significant unrealized value-add and re-positioning opportunities. During 2015, Dream Office REIT's trading price underperformed relative to the underlying value of its portfolio assets and in early 2016, Dream Office REIT announced its strategic action plan (the "**Strategic Plan**") to close the discount between its trading price and its total equity per unit. Through the Strategic Plan, Dream Office REIT intends to reduce the discount to current total equity, through the execution of a number of new initiatives, including (i) a reduction in its annual distribution from \$2.24 per unit to \$1.50 per unit and the suspension of its distribution reinvestment plan; (ii) the entering into of a new \$800 million revolving credit facility with a syndicate of Canadian and global financial institutions; (iii) targeting to sell non-core assets currently valued at approximately \$1.2 billion over the next three years to crystallize the value of the assets; and use the proceeds from the dispositions to first pay down debt to reduce leverage and subsequently, if the discount persists, to repurchase units under its normal course issuer bid.

### ***Dream Global REIT***

In 2011, management of DAM believed that opportunities in real estate in Europe were offering attractive valuations, especially when compared to the historic relative values between Canadian and European real estate. In addition, there were many Canadian pension funds diversifying their real estate investments globally on the basis that the overall retirement needs of their pensioners would be met with global real estate diversification. However, there were few, if any, opportunities for individuals to plan for their retirement by diversifying their real estate investments outside of North America. Based on these two observations, DAM and Mr. Michael Cooper collectively invested \$120 million into Dream Global REIT,

raised \$310 million from institutional and retail investors and acquired a portfolio of commercial properties in Germany for €736 million. Since the creation of Dream Global REIT, DAM has increased the size of Dream Global REIT by \$2.0 billion through the addition of high quality office properties in the “Big 7” cities in Germany and most recently Austria and Dream Global REIT has become the largest acquirer of German office buildings over the last three years.

### ***Dream Industrial REIT***

Dream Industrial REIT was created from the spin out of Dream Office REIT’s industrial properties and the acquisition of a co-owners’ interest in a number of those properties. The \$178 million initial public offering was very well received, with it being oversubscribed, the proceeds of which, together with a concurrent \$25 million investment by Dundee Corporation and Mr. Michael Cooper, collectively, were used to acquire the initial portfolio for \$575.9 million. Since its creation in October 2012, Dream Industrial REIT has opportunistically sourced \$1 billion of high quality acquisitions in key industrial nodes across Canada and has significantly increased AFFO per unit (also exceeding its initial public offering forecast) and distributions, all while maintaining stable leverage. Dream Industrial REIT’s current portfolio offers good opportunity for organic growth, value creation and long-term redevelopment. Dream Industrial REIT is one of Canada’s largest dedicated industrial REITs.

### ***Dream Hard Asset Alternatives Trust***

Dream Alternatives was established in July 2014 to provide investors with the opportunity to participate in hard asset alternative investments, including real estate, real estate loans, and infrastructure including renewable power which are generally less correlated to the public markets and have not traditionally been available to retail investors. Dream Alternatives was structured to leverage various expertise across the platform that supports the Dream Entities and offer tremendous flexibility in identifying and executing on diverse investment opportunities that can provide above average risk-adjusted returns that are tax favourable for unitholders. Dream Alternatives is an important step in Dream’s desire to improve and extend its asset management and management services business and management intends to fully commit its people and resources to provide the best possible outcome for unitholders. The objectives of Dream Alternatives are to provide predictable and sustainable cash distributions to unitholders on a tax efficient basis and re-position and grow its assets to increase the value of its business and its distributions to unitholders over time.

### **Renewable Power**

DAM is the co-manager of Firelight. Firelight invests in Canadian renewable power projects with a focus on wind and solar. We own 20% of the renewable power fund and 50% of its related management company, which are included in our equity investments. Through DAM and its partner, Firelight has funded \$324.6 million of renewable energy projects (of which Dream’s portion is \$64.9 million). The fund invests in and manages renewable power projects with a focus on wind and solar projects. Dream has and intends to pursue growth in the renewable power industry through Dream Alternatives in the future.

Initially, Firelight invested in development projects prior to construction and participated in the risk and return of the early investment. Firelight continues to make early development investments; however, recently Firelight has identified later stage opportunities or development opportunities where Firelight’s capital is committed and not drawn down until the projects are operational or are drawn down on a staged basis. While these projects continue to provide attractive returns, the development risk is reduced.

One of the strategies of the business is to partner with strong technical developers who have good project expertise but face a shortage of capital due to the high up-front costs associated with renewable energy development and construction.

Firelight’s projects include wind projects in Nova Scotia, ground-mount solar projects in Ontario and rooftop solar projects on industrial and retail properties in Ontario consisting of 213.9 MW.



## **Investment and Recreational Properties**

Through DAM, Dream has a variety of other investments and intends to continue expanding its investment portfolio. Dream's investment decisions will be made based on one-time opportunities that are very attractive. In addition, Dream intends to make small investments in areas where it believes that, by developing its knowledge and talent in an industry, it can grow that portion of its business into a larger and profitable area of expertise.

Our investment properties currently include interests in commercial and retail properties consisting of approximately 527,000 square feet of GLA, excluding parking, which includes The Distillery District in downtown Toronto, Western Canada retail developments and jointly controlled entities. Our recreational properties include a ski area in Colorado, a golf course in Saskatoon and a 50% interest in the Broadview Hotel in a neighbourhood just east of downtown Toronto.

## **Employees**

As at December 31, 2015, Dream had 241 employees.

## **RISK FACTORS**

### ***General Risk***

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

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

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

### ***Asset Management and Management Services***

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

### ***Mortgage Rates and Regulations***

Increases in mortgage rates, decreases in the availability of mortgage financing or changes in laws or regulations relating to mortgage lending practices could depress the market for new homes. Even if potential customers do not need financing, changes in mortgage interest rates and mortgage availability could make it harder for them to sell their homes to potential buyers who need financing, which would result in reduced demand for new homes. As a result, rising mortgage rates and reduced mortgage

availability could adversely affect our ability to sell new homes and/or the price(s) at which we can sell them.

### ***Regulatory Risks***

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

### ***Environmental Risks***

As an owner of real estate property, we are subject to various federal, provincial and state laws relating to environmental matters. Such laws provide that we could be liable for the costs of removal and remediation of certain hazardous, toxic substances released on or in our properties or disposed of at other locations, as well as potentially significant penalties. We have insurance and other policies and procedures in place to review and monitor environmental exposure, which we believe mitigate these risks to an acceptable level. Some of the properties in which we have an interest currently have or have had occupants that use hazardous substances or create waste. Such uses can potentially create environmental liabilities. A few issues have been identified through site assessments, including the need to remediate or otherwise address certain contaminations. These issues are being carefully managed with the involvement of professional consultants. Where circumstances warrant, designated substance surveys and/or environmental assessments are conducted. Although environmental assessments provide some assurance, we may become liable for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk. We do not currently anticipate material expenditures in respect of any required remediation.

### ***Geographic Concentration***

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

Given the prominence of the oil and gas industry in the Provinces of Alberta and Saskatchewan, the economies of these provinces can be significantly impacted by the price of oil. Similarly, because of our substantial land and housing development operations in Alberta and Saskatchewan, any substantial decline in the price of oil could also adversely affect the Corporation's operating results. We continuously evaluate the economic health of the markets in which we operate through various means to ensure that we have identified and, where possible, mitigate risks to the Corporation, including the potential impacts of changes in the price of oil. Additionally, the land development process is longer term in nature, which, to some extent, mitigates the impacts of short term fluctuations in the health of the economies in which we operate. As of December 31, 2015 Dream had not identified any material adverse effect on our business as a result of the current softening of oil prices.

Our Saskatchewan and Alberta operations have historically focused on Dream's land and housing businesses, as well as a golf course reported under our recreational properties. Dream has also recognized

the potential of our substantial land holdings in these markets for retail and multi-family residential development opportunities and we expect to continue to increase the activity for these types of developments in the future. Our retail developments utilize Dream's existing land inventory to develop assets that will derive cash flows over a longer term.

### ***Supply of Materials and Services***

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

### ***Competition***

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

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

### ***Joint Venture Risks***

Real estate investments are often made as joint ventures or partnerships with third parties. These structures involve certain additional risks, including the possibility that the co-venturers/partners may, at any time, have economic or business interests inconsistent with ours, the risk that such co-venturers/partners could experience financial difficulties which could result in additional financial demands on us to maintain and operate such properties or repay debt in respect of such properties, and the need to obtain the co-venturers'/partners' consents with respect to certain major decisions in respect of such properties. We attempt to mitigate these risks by performing due diligence procedures on potential partners and contractual arrangements, and by closely monitoring and supervising the joint ventures or partnerships.

### ***Seasonality***

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

### ***Adverse Weather Conditions and Natural Disasters***

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

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

### ***Financing Risk***

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

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

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

### ***Risks Related to Master-Planned Communities***

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

### ***Home Warranty and Construction Defect Claims***

As a homebuilder, we are subject to construction defect and home warranty claims arising in the ordinary course of our business. These claims are common in the homebuilding industry and can be costly. Where we act as the general contractor, we will be responsible for the performance of the entire contract, including work assigned to subcontractors. Claims may be asserted against us for construction defects,

personal injury or property damage caused by the subcontractors, and if successful these claims give rise to liability. Where we hire a general contractor, if there are unforeseen events like the bankruptcy of, or an uninsured or under-insured loss claimed against our general contractor, we will sometimes become responsible for the losses or other obligations of the general contractor. The costs of insuring against construction defect and product liability claims are high and the amount of coverage offered by insurance companies may be limited. There can be no assurance that this coverage will not be further restricted and become more costly. If we are not able to obtain adequate insurance against these claims in the future, our business and results of operations may be adversely affected.

### ***Reliance on Key Clients***

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

### ***Dependence on Information Technology Systems***

Our businesses depend on information technology systems for day-to-day operations. If we are unable to operate our systems or make enhancements as needed or if our systems go down, it could have an adverse effect on our ability to service tenants, manage our operations or meet our obligations, which in turn could have an adverse impact on our results and financial position. Important processes such as roll-outs, software and equipment upgrades and information security procedures are continually being assessed to ensure they are as effective as possible in order to support management in achieving our strategic objectives.

### ***Regulatory Regime, Political Environment and Permits***

The development and operation of renewable power projects is subject to extensive regulation by various government agencies at the municipal, provincial and federal level. As legal requirements frequently change and are subject to interpretation and discretion, we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. Any new law or regulation could require additional expenditure to achieve or maintain compliance or could adversely affect the ability to generate and deliver energy. In addition, delays may occur in obtaining necessary government approvals required for future power projects. We hold permits and licences from various regulatory authorities for the construction and operation of our renewable power facilities. These licences and permits are critical to the operation of the renewable power business. It may not be possible to renew, maintain or obtain all necessary licences, permits and governmental approvals required for the continued operation or further development of projects, which could adversely impact our business, results of operations and cash flow. The profitability of any wind project will be in part dependent upon the continuation of a favourable regulatory climate with respect to the continuing operations, future growth and development of the independent power industry. Government regulations and incentives currently have a favourable impact on the building of wind power facilities. Should the current governmental regulations or incentive programs be modified, our business, operating results, financial condition or prospects may be adversely affected.

### ***Inability to Negotiate Purchase Agreements***

Securing new PPAs is a key component of our growth strategy. We expect that we will continue to enter into PPAs for the sale of power. PPAs are mainly obtained through participation in competitive requests for proposals processes. During these processes, we face competitors ranging from large utilities to small independent power producers. There is no assurance that we will be selected as power supplier following any particular request for proposals in the future or that existing PPAs will be renewed or will be renewed on acceptable terms and conditions upon the expiry of their respective terms. Failure to secure or renew PPAs on acceptable terms will limit the expansion and growth of the renewable power business and could adversely affect our business, operating results, financial condition or prospects.

### ***Contract Performance***

The renewable power operations are highly dependent upon parties to certain agreements fulfilling their contractual obligations, including counterparties to PPAs or FIT contracts and other key suppliers. An inability or failure of any such party to meet its contractual commitments may adversely affect our financial condition, results of operations and cash flow as it may not be possible to replace the agreement with an agreement on equivalent terms and conditions. The ability of our facilities to generate the maximum amount of power which can be sold to purchasers of electricity under PPAs is an important determinant of the revenues of our renewable power business. If one of these facilities delivers less than the required quantity of electricity in a given contract period, penalty payments may be payable to the relevant purchaser. The payment of any such penalties could adversely affect the revenues and profitability of our renewable power business.

### ***Delays and Cost Over-runs***

Delays and cost over-runs may occur in completing the construction of development projects, prospective projects and future projects that may be undertaken. A number of factors that could cause such delays or cost over-runs include, but are not limited to, permitting delays, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. In addition, if one of our development projects is not brought into commercial operation within the time stipulated in its related PPA, it may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

### ***Changes in Technology***

There are other alternative technologies that can produce renewable power, such as fuel cells and micro turbines. Research and development activities are ongoing to seek improvements in such alternative technologies, and their cost of producing electricity is gradually declining. It is possible that advances will further reduce the cost of alternative methods of power generation. If this were to happen, the competitive advantage of our projects may be impaired and our business, financial condition, results of operations and cash flow could be materially adversely affected.

### ***Assessment of Wind Resource and Associated Wind Energy***

The strength and consistency of the wind resource at any project site may vary from the anticipated wind resource. Weather patterns could change or the historical data could prove to be an inaccurate reflection of the strength and consistency of the wind in the future. The conclusions of wind studies and energy production estimates are based on a particular methodology and a set of assumptions about the existence of certain conditions, and the assumption that these conditions will continue in the future. The assumptions and factors are inherently uncertain and may result in actual energy production being different from estimates. A decline in wind conditions at our wind energy facilities could materially adversely affect revenues and cash flows from such facilities.

### ***Transmission Capacity and Curtailment***

Electrical distribution grid systems have finite capacity to accommodate additional electricity that is supplied to the system. In order for projects to be developed, they need to be connected to the distribution grid system in a location where there is sufficient capacity to handle the additional electricity produced by the project. In most cases the distribution grid system can be upgraded in order to accommodate such increased capacity; however, we are generally required to cover all or a portion of costs and expenses in connection with any construction and/or upgrades that are required, which impacts the financial viability of such projects. There is also a potential risk associated with transmission curtailment measures being contemplated by the Ontario transmission system operator. These measures could be imposed in the future on renewable energy generators in Ontario. The curtailments may reduce the amount of annual revenue generated by our projects below the forecasted financial models, thus reducing the expected investment return from these projects.

### ***Rollover of Leases***

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

### ***Market Conditions***

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

### ***Real Estate Ownership***

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

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

### ***Changes in Law***

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

## **General Risks Related to Dream**

### ***Controlling Shareholder Risk***

Dream's business and affairs are controlled by Mr. Ned Goodman through his ownership of Subordinate Voting Shares and Common Shares. Accordingly, Mr. Goodman may be able to cause Dream to effect corporate transactions without the consent of the minority shareholders or to cause or prevent a change of control of Dream. Under Canadian law, an offer to purchase the Common Shares, depending on the offered price, would not necessarily result in an offer to purchase the Subordinate Voting Shares.

The Shareholders' Agreement restricts the transfer of shares of DAM, provides that dividends on the DAM Common Shares and any transaction between DAM and Dream must be approved by SDC and, upon the occurrence of a Triggering Event (as defined in the Shareholders' Agreement) provides for the requisite approval of SDC for various matters not contemplated by the annual business plan of DAM. See "Material Contracts – Shareholders' Agreement". Accordingly, SDC has significant influence over the business of DAM.

### ***Key Executives***

Dream's executive and other senior officers have a significant role in its success and oversee the execution of our strategy. Should Dream lose the services of one or all of its executive officers and they cannot be adequately replaced, Dream's ability to accomplish its business objectives and its financial condition could be adversely affected. Further, such a loss could be negatively perceived in the capital markets, which could have a negative effect on the market price of the Subordinate Voting Shares.

### ***Market Price of Shares***

The trading price of our shares in the open market is subject to volatility and cannot be predicted. Our shareholders may not be able to resell their Subordinate Voting Shares at or above the price at which they purchased their Subordinate Voting Shares due to such trading price fluctuations. The trading price could fluctuate significantly in response to factors both related and unrelated to our operating performance and/or future prospects, including, but not limited to: (i) variations in our quarterly or annual operating results and financial condition; (ii) changes in government laws, rules or regulations affecting our businesses; (iii) material announcements by our competitors; (iv) market conditions and events specific to the industries in which we operate; (v) changes in general economic conditions; (vi) differences between our actual financial and operating results and those expected by investors and analysts; (vii) changes in analysts' recommendations or earnings projections; (viii) changes in the extent of analysts' interest in covering the Corporation; (ix) the depth and liquidity of the market for our shares; (x) dilution from the issuance of additional equity; (xi) investor perception of our businesses and industries; (xii) investment restrictions; (xiii) our dividend policy; (xiv) the departure of key executives; (xv) sales of Subordinate Voting Shares by senior management or significant shareholders; and (xvi) the materialization of other risks described in this section.

### ***Dividends***

Except as otherwise stated herein, Dream does not have any intention of paying dividends on its shares at this time. Whether Dream will pay dividends on its shares, and the timing and amount of those dividends, will be subject to approval and declaration by the Board, and will depend on a variety of factors, including the projected earnings and cash flow, cash requirements and financial condition of Dream and other factors deemed relevant by the Board. In particular, as a holding company, Dream's ability to pay dividends depends upon its receipt of sufficient dividends from DAM. The declaration of dividends by DAM is subject to the provisions of the Shareholders' Agreement. For further details, see "Material Contracts – Shareholders' Agreement".

### ***Controls and Procedures***

Dream has established internal controls over financial reporting and disclosure controls and procedures are designed in accordance with NI 52-109. A control system, no matter how well conceived and



operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management’s assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors. In addition, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design procedures will succeed in achieving its stated goals under all potential (future) conditions.

### **DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Common Shares and an unlimited number of first preference shares, issuable in series (the “**First Preference Shares**”), of which the first series is designated as “first preference shares, series 1” (being the Series 1 Preference Shares). The following is a summary of the rights, privileges, restrictions and conditions attached to each class of shares of the Corporation.

As of December 31, 2015, the Corporation had the following securities outstanding:

Subordinate Voting Shares	75,270,150
Common Shares	3,115,512
Series 1 Preference Shares	4,868,419

#### **Subordinate Voting Shares and Common Shares**

Holders of Subordinate Voting Shares and Common Shares are entitled to one vote and 100 votes, respectively, for each such share held on all votes taken at meetings of the shareholders of the Corporation. As at December 31, 2015, the Common Shares represented an aggregate of 80.5% of the outstanding voting rights and the Subordinate Voting Shares represented 19.5% of the outstanding voting rights.

Subject to the rights of holders of Series 1 Preference Shares and other shares of the Corporation ranking prior to the Subordinate Voting Shares and Common Shares, the Subordinate Voting Shares and Common Shares participate equally, share for share, as to dividends. The Common Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time, subject to adjustment.

In order to ensure that the holders of the Subordinate Voting Shares can participate in any offer which is made to the holders of the Common Shares (but is not made to the holders of Subordinate Voting Shares on the same terms in terms of price per share, percentage of shares to be taken up and other essential terms), which offer, by reason of applicable securities legislation or the requirements of a stock exchange on which the Subordinate Voting Shares may then be listed, would have been required to be made to all or substantially all the holders of Subordinate Voting Shares who are in any province of Canada to which the requirement applies if the Common Shares were Subordinate Voting Shares (an “**Exclusionary Offer**”), each holder of Subordinate Voting Shares will, for the purposes of the Exclusionary Offer only, be permitted to convert all or part of the Subordinate Voting Shares held into an equivalent number of Common Shares during the applicable conversion period. In certain circumstances (namely, the delivery of certificates, at specified times, by holders of 50 per cent or more of the issued and outstanding Common Shares to the effect that they will not, among other things, tender to such Exclusionary Offer or make an Exclusionary Offer), these conversion rights will not come into effect.

Subject to the rights of holders of Series 1 Preference Shares and other shares of the Corporation ranking prior to the Subordinate Voting Shares and Common Shares, holders of Subordinate Voting Shares and Common Shares are entitled to participate equally in the property and assets of the Corporation available to such holders in the event of the liquidation, dissolution or winding-up of the Corporation.

### **First Preference Shares**

Each series of First Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, will rank on a parity with the First Preference Shares of every other series and senior to the Subordinate Voting Shares and Common Shares.

Except in accordance with any voting rights which may be attached to any series of First Preference Shares or as otherwise provided by law, the holders of First Preference Shares will not be entitled, as such, to receive notice of, or to attend, any meeting of shareholders of the Corporation, nor will they be entitled to vote at any such meeting; provided that such holders shall be entitled to receive notice of any meetings of shareholders of the Corporation called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all of its property. The approval of holders of First Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the First Preference Shares represented and voted at a meeting called and held for such purpose.

### **Series 1 Preference Shares**

#### ***Voting Rights***

Holders of Series 1 Preference Shares are not be entitled to any voting rights (except as otherwise provided by law or in the conditions attaching to the First Preference Shares as a class). However, if at any time the Corporation is in arrears for eight quarterly dividends in respect of the Series 1 Preference Shares, whether or not consecutive or declared, and whether or not there are any monies of the Corporation properly applicable for the payment of such dividends, the holders of Series 1 Preference Shares shall be entitled, together with all other shares of the Corporation, to receive notice of all meetings of shareholders of the Corporation and thereat to vote one vote for each share held, except for meetings at which only holders of another class or series are entitled to vote, until such arrears for such dividends shall have been paid.

#### ***Redemption Rights***

The Series 1 Preference Shares are redeemable at the option of the Corporation or at the option of the holder for a cash price of \$7.16 per Series 1 Preference Share, together with all accrued and unpaid dividends thereon.

#### ***Conversion Rights***

Subject to compliance with all applicable laws, including receipt of all necessary regulatory approvals, the Series 1 Preference Shares are convertible, at the option of the Corporation, into Subordinate Voting Shares at any time prior to June 30, 2016.

The number of Subordinate Voting Shares into which each Series 1 Preference Share may be so converted will be determined by dividing the then applicable redemption price per Series 1 Preference Share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of: (i) \$2.00; and (ii) 95% of the weighted average trading price of the Subordinate Voting Shares on the TSX for the 20 consecutive trading days ending on the fourth day prior to the date specified for conversion or, if such fourth day is not a trading day, the immediately preceding trading day.

#### ***Repurchase Rights***

The Corporation may purchase for cancellation all or any part of the then outstanding Series 1 Preference Shares on the open market by private agreement or otherwise.

### ***Dividends***

The holders of Series 1 Preference Shares are entitled to receive quarterly fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, in an amount equal to \$0.12530 per share per annum (less any tax required to be deducted and withheld by the Corporation from payments to non-residents) to accrue daily from and including the original date of issue, payable on the last day of March, June, September and December in each year.

### ***Winding Up, Dissolution***

In the event of the liquidation, dissolution or winding up of the Corporation, holders of Series 1 Preference Shares are entitled to receive from the assets of the Corporation an amount equal to \$7.16 per Series 1 Preference Share, together with an amount equal to all accrued but unpaid dividends thereon, before any amount shall be paid by the Corporation to holders of any shares ranking junior as to capital to the Series 1 Preference Shares.

### **Dividend Policy**

The current practice of the Corporation is to pay dividends to the holders of its Series 1 Preference Shares as described above. In the year ended December 31, 2015, Dream declared an aggregate of \$2.6 million of cash dividends on its Series 1 Preference Shares. The Corporation has not established a dividend policy with respect to the Subordinate Voting Shares or the Common Shares. Any future determination to pay dividends is at the discretion of the directors of the Corporation and will depend upon the financial condition, results of operations and capital requirements of the Corporation and such other factors as the directors of the Corporation consider appropriate.

## **MARKET FOR SECURITIES**

### **Trading Price and Volume**

The Subordinate Voting Shares are currently listed on the TSX under the symbol “DRM”. The following table sets forth the high and low reported trading prices and the trading volume of the Subordinate Voting Shares on the TSX for each month of the most recently completed financial year:

<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
January 2015	10.29	8.50	6,748,715
February 2015	11.53	8.54	3,359,579
March 2015	10.24	8.95	1,535,906
April 2015	9.82	8.53	2,923,830
May 2015	9.99	8.71	2,178,292
June 2015	10.27	9.39	2,377,276
July 2015	10.71	9.05	2,373,996
August 2015	9.78	7.63	1,519,315
September 2015	8.22	7.01	6,426,663
October 2015	7.55	6.57	2,315,604
November 2015	7.71	7.15	2,733,123
December 2015	7.68	6.49	1,523,125

The Series 1 Preference Shares are currently listed on the TSX under the symbol “DRM.PR.A”. The following table sets forth the high and low reported trading prices and the trading volume of the Series 1 Preference Shares on the TSX for each month of the most recently completed financial year:

Month	High (\$)	Low (\$)	Volume
January 2015	7.39	7.20	78,745
February 2015	7.30	7.18	44,834
March 2015	7.29	7.14	35,485
April 2015	7.25	7.10	61,087
May 2015	7.25	7.13	125,184
June 2015	7.30	7.15	153,431
July 2015	7.22	7.15	244,500
August 2015	7.22	7.13	125,444
September 2015	7.27	7.05	78,693
October 2015	7.20	7.07	116,859
November 2015	7.21	7.12	62,720
December 2015	7.26	6.95	271,468

## DIRECTORS AND EXECUTIVE OFFICERS

### Names, Occupations and Security Holdings

The following table sets forth the name and place of residence, position held with the Corporation and principal occupation of each of the directors and executive officers of the Corporation as of December 31, 2015. Directors of the Corporation hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed.

Name and Place of Residence	Position Held in the Corporation	Director Since	Independent	Principal Occupation
Pauline Alimchandani Toronto, Ontario	Chief Financial Officer	–	–	Chief Financial Officer, Dream and DAM
Michael J. Cooper <sup>(4)</sup> Toronto, Ontario	President and Chief Responsible Officer, Director	May 30, 2013	No	President and Chief Responsible Officer, Dream and DAM
Joanne Ferstman <sup>(1)(3)(4)</sup> Toronto, Ontario	Director	May 12, 2014	Yes	Corporate Director
Richard N. Gateman <sup>(2)(3)</sup> Calgary, Alberta	Director	May 30, 2013	Yes	Vice President, Major Projects Business Development, TransCanada PipeLines Limited

Name and Place of Residence	Position Held in the Corporation	Director Since	Independent	Principal Occupation
P. Jane Gavan <sup>(4)</sup> Toronto, Ontario	President, Asset Management, Director	May 12, 2014	No	President, Asset Management, Dream, President and Chief Executive Officer, Dream Global REIT, and Chief Executive Officer of Dream Office REIT
Ned Goodman <sup>(5)</sup> Innisfil, Ontario	Director	May 30, 2013	Yes	President and Chief Executive Officer, Goodman Merchant Capital Inc.
Joshua Kaufman Toronto, Ontario	Senior Vice President, Retail and Commercial Developments	–	–	Senior Vice President, Retail and Commercial Developments
Jennifer Lee Koss <sup>(1)(2)</sup> Toronto, Ontario	Director	May 12, 2014	Yes	Co-Founder, BRIKA
Jason Lester Toronto, Ontario	Senior Vice President, Urban Development	–	–	Senior Vice President, Urban Development, Dream
Daniel Marinovic Vaughan, Ontario	Senior Vice President, Land and Housing	–	–	Senior Vice President, Land and Housing, Dream
Vicky Schiff <sup>(1)(6)</sup> Los Angeles, California	Director	July 24, 2014	Yes	Co-founder and Managing Partner, Mosaic Real Estate Investors
Vincenza Sera <sup>(1)(2)(3)(4)</sup> Toronto, Ontario	Director	May 30, 2013	Yes	Chair, Ontario Pension Board

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Governance and Nominating Committee.
- (3) Member of the Organization Design and Culture Committee.
- (4) Member of the Leaders and Mentors Committee.
- (5) Chairman of the Board of Directors.
- (6) Ms. Vicky Schiff, one of our director nominees, was a managing director of Wetherly Capital Group, LLC (“**Wetherly**”) from 2000 until 2010. In 2010, Wetherly entered into an agreement with the Attorney General of New York to cease acting as a placement agent in connection with public pension fund investments in the United States and to wind down its operations. In connection therewith, Wetherly paid approximately U.S. \$730,000 for the benefit of the New York State Common Retirement Fund and approximately \$70,000 in reimbursement of the Attorney General’s costs. Ms. Schiff was not a personal signatory to the agreement with the Attorney General of New York. In 2013, Ms. Schiff entered into a settlement agreement with the New Mexico State Investment Counsel and paid \$40,000 in connection with the settlement of a civil lawsuit related to Wetherly acting as a placement agent in connection with public pension fund investments in New Mexico.

Each of the foregoing has held his or her present principal occupation or other executive offices with the same company or its predecessors or affiliates for the past five years except for:

- Ms. Pauline Alimchandani who, prior to January 2014, held the role of Vice President, Corporate Strategy at Dream; prior to March 2013, Ms. Alimchandani covered the Canadian real estate sector as a Vice President in equity research at a major Canadian bank.
- Ms. Joanne Ferstman who, prior to June 2012, was President and Chief Executive Officer of Dundee Capital Markets Inc., a securities dealer; prior to February 1, 2011, was Vice-Chair and Head of Capital Markets, DundeeWealth Inc., an investment management company; and prior to June 2009, was Executive Vice President and Chief Financial Officer and Corporate Secretary of Dundee Corporation and Executive Vice President and Chief Financial Officer of DundeeWealth Inc.
- Mr. Joshua Kaufman who, prior to November 2012, was the Vice President of Development at SmartCentres, one of Canada's largest shopping centre developers and operators.
- Mr. Daniel Marinovic who, prior to February 2014, was the Vice President of Finance for First Gulf Corporation, the commercial affiliate of the Great Gulf Group of Companies, a major property developer and landlord with operations in Canada and the United States.
- Ms. Vicky Schiff who, prior to January 2015, was the founder and co-managing partner of Oro Capital Advisors.

As at December 31, 2015, our directors and executive officers beneficially owned, or controlled or directed, directly or indirectly, as a group, 24,253,061 Subordinate Voting Shares, which represented approximately 32.2% of the outstanding Subordinate Voting Shares, and 3,086,583 Common Shares, which represented approximately 99.1% of the outstanding Common Shares.

### **Committees**

The Board has four committees: the Audit Committee, the Governance and Nominating Committee, the Organization Design and Culture Committee and the Leaders and Mentors Committee.

#### ***Audit Committee***

The Audit Committee is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal controls and the performance of the Corporation's external auditor. It is responsible for reviewing certain public disclosure documents prior to their approval by the full Board and release to the public including, among others, the Corporation's quarterly and annual financial statements and management's discussion and analysis. The Audit Committee is also responsible for recommending to the Board the firm of chartered accountants to be nominated for appointment as the external auditor, and for approving the assignment of any non-audit work to be performed by the external auditor. The Audit Committee meets regularly in private session with the Corporation's external auditor and internal audit function, without management present, to discuss and review specific issues as appropriate.

Applicable law requires the Board of Directors to have an Audit Committee consisting of at least three Directors, each of whom must be independent and "financially literate". At March 30, 2016, the Audit Committee was comprised of the following four Directors: Joanne Ferstman (Chair), Jennifer Koss, Vicky Schiff, and Vincenza Sera, each of whom is an Independent Director. The Board has determined that each of the members of the Audit Committee is "financially literate" within the meaning of NI 52-110. The Board of directors has adopted a charter for the Audit Committee, a copy of which is attached as Schedule A to this AIF.

## **Relevant Education and Experience**

Ms. Joanne Ferstman is a corporate director. Over an 18 year period and until her retirement in June 2012, Ms. Ferstman held a variety of executive positions with the Dundee Group of Companies. Most recently, Ms. Ferstman was the President and Chief Executive Officer of Dundee Capital Markets Inc., a full service investment dealer with principal businesses including investment banking, institutional sales and trading and private client financial advisory. Prior to January 31, 2011, Ms. Ferstman was Vice-Chair and Head of Capital Markets of DundeeWealth Inc., a diversified wealth management company. Prior to 2009, Ms. Ferstman was Executive Vice President and Chief Financial Officer of Dundee Wealth Inc. and Executive Vice President, Chief Financial Officer and Corporate Secretary of Dundee Corporation. In these senior financial roles, Ms. Ferstman was actively involved in all corporate strategy, including acquisitions and financings, and was responsible for all public financial reporting. In addition, Ms. Ferstman regularly represented Dundee Corporation on investee company boards and audit committees across various sectors. Prior to joining the Dundee Group of Companies, Ms. Ferstman spent four years as Chief Financial Officer for a national securities firm and five years at a major international accounting firm. Ms. Ferstman earned a Bachelor of Commerce and a graduate degree in Public Accountancy from McGill University and is a Chartered Professional Accountant.

Ms. Jennifer Lee Koss is the Co-Founder and Builder of Business of BRIKA – the pre-eminent retail platform for contemporary, elevated craft online and offline representing a community of over 400 of the most talented artisans and designers. Prior to launching her business, she spent nearly five years at Ontario Teachers' Private Capital investing in consumer/retail companies and in large private equity global funds. Her work experience also includes management consulting at The Bridgespan Group and The Parthenon Group, focusing on private equity due diligence, and in investment banking at JPMorgan. Jennifer is a Juilliard-trained cellist and holds a BA degree *magna cum laude* from Harvard College, an MPhil from Oxford University and an MBA from Harvard Business School.

Ms. Vicky Schiff is the co-founder and a managing partner of Mosaic Real Estate Investors. Prior to founding Mosaic, Ms. Schiff was the founder and co-managing partner of Oro Capital Advisors. She is a highly experienced and respected real estate executive whose investment career began in the early 1990s as an acquisitions and diligence executive for Summit Commercial/Highridge Partners in Los Angeles where she worked on approximately \$1 billion in transactions. Ms. Schiff is a career entrepreneur, co-founding four firms over the past 16 years including a real estate investment and development company with over 100 employees in the self-storage industry; an institutionally supported \$400+ million real estate fund of funds with a sub-strategy of supporting women and minority emerging real estate firms throughout the US; and a national boutique investment banking firm which raised over \$6 billion from institutional investors for top-tier real estate and private equity firms around the world. In 2010, she founded Oro Capital Advisors to create value for investors acquiring commercial real estate debt and distressed assets in target markets across the U.S. Oro Capital Advisors and its affiliates own and operate approximately 3 million square feet of office, industrial and retail properties in the United States. Ms. Schiff has been a frequent industry panelist and has spoken at institutional real estate, emerging manager and trustee fiduciary executive conferences. She has also written for various publications and has appeared as an industry expert on Bloomberg TV. She served a three-year term as a Commissioner for the Los Angeles City Employees' Retirement System and has been committed to service through various organizations; as a board member of Young Presidents Organization (“YPO”), YPO's International Real Estate Network, YPO's Women's International Network, The Robert Toigo Foundation, The Lusk Center for Real Estate at USC and was the Co-Founder of PoWRE, an organization of elite C-Suite women real estate investors in the United States and Europe. She earned a Bachelor of Science degree from the University of Southern California in 1988, and a Masters in Business Administration from The Anderson School of Management at UCLA in 1996.

Ms. Vincenza Sera is Chair of the Ontario Pension Board, which administers and invests approximately \$24 billion in assets. Ms. Sera is an active corporate director sitting on public, private and government boards, including the board of directors of the Ontario Financing Authority. Previously, Ms. Sera was an investment banker with 25 years of experience in capital markets, corporate finance and corporate

governance. She has held senior positions with major Canadian firms, including National Bank Financial and its predecessor First Marathon Securities and Canadian Imperial Bank of Commerce. Ms. Sera holds an MBA from the University of Toronto and is a graduate of the Rotman Directors Education Program (ICD.D).

### **Pre-Approval Policies and Procedures**

The charter of the Audit Committee requires that all non-audit services to be provided to Dream or any of its Subsidiaries by the external auditor or any of its affiliates are subject to pre-approval by the Audit Committee; however, the Audit Committee may delegate such responsibility to one or more of its members.

### **Auditor's Fees**

The aggregate fees billed by PricewaterhouseCoopers LLP, Dream's external auditor, or fees accrued by Dream in 2015 and 2014 for professional services, are presented below:

	<b>Year ended December 31, 2015</b>	<b>Year ended December 31, 2014</b>
Audit fees	\$423,050	\$391,300
Review of interim financial statements and MD&A	\$135,000	\$135,000
Audit-related fees <sup>(1)</sup>	\$25,000	\$163,025
Audit and review of Dream's Subsidiaries	\$281,250	\$265,000
Tax fees <sup>(2)</sup>	\$134,400	\$92,455
All other fees	\$0	\$0
<b>Total</b>	<b>\$998,700</b>	<b>\$1,046,780</b>

#### **Notes:**

- (1) "Audit-related fees" are aggregate fees billed by our external auditor in 2015 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees" in the table above, and includes services relating to regulatory filings and French translation services.
- (2) "Tax fees" include the aggregate fees paid to the external auditor for tax compliance, tax advice, tax planning and advisory services.
- (3) "All other fees" are aggregate fees billed in 2015 and 2014 for products and services provided by our external auditor, other than the services reported under "Audit fees", "Audit-related fees" and "Tax fees" in the table above.

### ***Governance and Nominating Committee***

It is the responsibility of the Governance and Nominating Committee, in consultation with the Chair of the Board of Directors, to assess from time to time the size and composition of the Board and its committees; to review the effectiveness of the Board's operations and its relations with management; to assess the performance of the Board, its committees and individual directors; to review the Corporation's statement of corporate governance practices; and to review and recommend the directors' compensation.

The Governance and Nominating Committee reviews the performance of the Board, its committees and the contribution of individual Directors on an annual basis. The Board has in place a formal procedure for evaluating the performance of the Board, its committees and individual Directors, consisting of questionnaires, private interviews by the Chair of the Board and/or the Chair of the Governance and



Nominating Committee with each Director, and a report from the Chair of the Governance and Nominating Committee.

The Governance and Nominating Committee is responsible for reviewing the credentials of proposed nominees for election or appointment to the Board and for recommending candidates for Board membership, including the candidates proposed to be nominated for election to the Board at the annual meeting of shareholders of the Corporation. To do this, the Governance and Nominating Committee together with the Chair of the Board regularly considers and meets with potential Director nominees to ensure outstanding candidates with the needed skills can be quickly identified to fill planned or unplanned vacancies. Candidates are assessed in relation to the criteria established by the Board to ensure that the Board has the appropriate mix of talent, quality, skills and other requirements necessary to promote sound governance and Board effectiveness.

Dream has adopted a formal board diversity policy (the “**Diversity Policy**”). In identifying potential director candidates, in addition to skills and experience, the Governance and Nominating Committee also considers the diversity of the Board and in particular the representation of women on the Board. The existing number of women on the Board is a factor considered in assessing potential new director candidates. In accordance with Dream’s Diversity Policy, the Governance and Nominating Committee, with the assistance of the Leaders and Mentors Committee, identifies diverse candidates for election to the Board. In identifying nominees for election as Directors, the Corporation targets representation of women on the Board of at least 30%. Five of the eight director nominees standing for election at Dream’s 2016 annual meeting of shareholders, comprising 62.5% of the proposed board of directors, are women. For further information on our Diversity Policy, see Dream’s management information circular for its annual meeting of shareholders to be held on May 9, 2016.

The Governance and Nominating Committee reviews, at least once a year, the composition of the Board’s committees to ensure that committee membership complies with the relevant governance guidelines, that the workload for its Independent Directors is balanced, and that committee positions are rotated as appropriate. In doing so, the Governance and Nominating Committee consults with the Chair of the Board and makes recommendations to the Board, which appoints committee members. The Corporation’s Chief Responsible Officer does not participate in this process.

The Governance and Nominating Committee is also responsible for reviewing the environmental state of any real property owned by Dream’s Subsidiaries and for establishing policies and procedures to review and monitor Dream’s environmental exposure. Monitoring and reviewing the environmental state of Dream’s properties may include: (a) review of environmental liability risk assessments; (b) review of environmental incident reports; (c) inspection and monitoring of any ongoing environmental control measures; (d) review of compliance with local jurisdictional regulations and orders; and (e) preparation of a hazardous materials management plan.

At March 30, 2016, the Governance and Nominating Committee was comprised of the following three Directors: Vincenza Sera (Chair), Richard Gateman, and Jennifer Koss, all of whom are Independent Directors.

### ***Organization Design and Culture Committee***

The Organization Design and Culture Committee is responsible for reviewing and reporting to the Board on management resource planning, including succession planning and proposed senior management appointments, the job descriptions and annual objectives of senior executives, the form of executive compensation in general, and the levels of compensation of the Chief Responsible Officer and other senior executives. The Organization Design and Culture Committee also reviews the performance of senior management against written objectives and reports thereon to the Board.

The Organization Design and Culture Committee is also responsible to work with the Chief Responsible Officer to review internal practices (both formal and informal) that promote the culture of the

Corporation. The success of Dream's business is influenced by the performance of management. Management is influenced by compensation and the environment in which it works. The Organizational Design and Culture Committee works with the Chief Responsible Officer to encourage a working culture that motivates colleagues to belong to the organization, perform at the highest level and to want to continue with the organization for reasons beyond compensation.

At March 30, 2016, the Organization Design and Culture Committee was comprised of the following three directors: Richard Gateman (Chair), Joanne Ferstman and Vincenza Sera, all of whom are Independent Directors.

### ***Leaders and Mentors Committee***

The Leaders and Mentors Committee oversees Dream's commitment to creating an environment at Dream that fosters excellence in what we do and how we do it. The mandate of the Leaders and Mentors Committee is to:

- Identify, mentor and champion exceptional talent within the organization;
- Oversee Dream's commitment to being a leader in diversity and inclusion at all levels of the organization;
- Work with the Governance and Nominating Committee to identify excellent candidates for Board positions, irrespective of prior board experience, who are most likely to help Dream achieve its goals; and
- Provide mentorship to new Board members.

The Leaders and Mentors Committee also reviews the number of women working for Dream and their salaries compared to men working for the Corporation, and women's representation in senior management of Dream and within the entire business.

Dream has adopted a policy to provide mentorship by Board members to strong performers in the Corporation to promote further success with diversity within the Corporation.

At March 30, 2016, the Leaders and Mentors Committee was comprised of the following four Directors: Michael Cooper (Chair), Joanne Ferstman, Jane Gavan and Vincenza Sera.

### **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

#### ***Corporate Cease Trade Orders and Bankruptcies***

None of the directors or executive officers of Dream are, and to the best of the Corporation's knowledge, no shareholder holding a sufficient number of the Corporation's securities to affect materially the control of Dream is, as at the date of this AIF, or have been within the 10 years before the date of this AIF, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "**order**" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant

company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

### ***Individual Bankruptcies***

None of the Directors or executive officers of Dream, and to the best of the Corporation's knowledge, no shareholder holding a sufficient number of Dream's securities to affect materially the control of Dream, have, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

### ***Penalties or Sanctions***

None of the Directors or executive officers of Dream, and to the best of the Corporation's knowledge, no shareholder holding a sufficient number of Dream's securities to affect materially the control of Dream, have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### **Conflicts of Interest**

Certain executive officers and Directors of the Corporation are officers and directors of, or are associated with, other public and private companies. Such associations may give rise to conflicts of interest with the Corporation from time to time. The OBCA requires, among other things, the executive officers and directors of the Corporation to act honestly and in good faith with a view to the best interest of the Corporation, to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with the Corporation and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction.

### **Directors' and Officers' Liability Insurance**

Dream carries directors' and officers' liability insurance with a total annual aggregate policy limit of \$40 million (comprised of a \$10 million primary policy and three \$10 million excess policies). Under this insurance coverage, Dream is reimbursed for payments made under indemnity provisions on behalf of Directors and officers contained Dream's by-laws, and pursuant to individual indemnity agreements between Dream and each officer and Director (the "**Indemnities**") subject to a deductible payable by Dream of \$100,000 for securities claims and \$100,000 for all other claims. The by-laws and the Indemnities provide for the indemnification in certain circumstances of Directors and officers from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as described below or elsewhere in this AIF, no Director, officer of Dream, or person or company that beneficially owns, or controls or directs more than 10% of any class or series of shares of Dream, or any associate or affiliate of any of the foregoing persons, has or has had any material interest in any past transaction within the last three years, or any proposed transaction, that has materially affected or would materially affect Dream or any of its Subsidiaries.

On May 30, 2013, Dundee Corporation completed the Arrangement under section 182 of the OBCA. The Arrangement resulted in the establishment of Dream as a new public company. As part of the Arrangement, Dream acquired, directly or indirectly, 70% of the DAM Common Shares and DAM Class C Shares from Dundee Corporation. Pursuant to the Arrangement, Dundee Corporation, which is controlled by Ned Goodman, received Subordinate Voting Shares, representing approximately 28.57% of the total number of outstanding Subordinate Voting Shares and Common Shares of Dream. In addition, pursuant to the Arrangement, holders of Dundee Corporation's Class A subordinate voting shares and Class B common shares received, directly or indirectly, their proportionate interest in Dream based on their Dundee Corporation share ownership through a distribution of shares of Dream. As a result, Ned Goodman received, directly and indirectly, 2,426,822 Subordinate Voting Shares and 3,086,583 Common Shares, representing approximately 3.34% of the total number of outstanding Subordinate Voting Shares and 99.05% of the total number of outstanding Common Shares, respectively.

Pursuant to the Arrangement, Dream entered into the following contracts in which Michael Cooper has an interest:

- the Shareholders' Agreement;
- the Permitted Sales Agreement; and
- the Exchange Agreement.

Copies of such contracts are available on SEDAR at [www.sedar.com](http://www.sedar.com) and detailed descriptions are provided below under "Material Contracts".

#### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the shares of Dream is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

#### **MATERIAL CONTRACTS**

The only material contracts, other than contracts entered into in the ordinary course of business, that we have entered into are:

- the Arrangement Agreement dated April 12, 2013 between Dundee Corporation, Dream, DAM and SDC (the "**Arrangement Agreement**"), as described below;
- the amended and restated Shareholders' Agreement dated May 30, 2013 between Dream, DAM, Michael J. Cooper, SDC and 0764704 B.C. Ltd. (the "**Shareholders' Agreement**"), as described below;
- the Permitted Sales Agreement dated May 30, 2013 between Dream, DAM, SDC and Michael J. Cooper (the "**Permitted Sales Agreement**"), as described below;
- the Exchange Agreement dated May 30, 2013 between Dream, DAM and SDC (the "**Exchange Agreement**"), as described below;
- the non-competition agreement dated October 4, 2012 between DAM and Dream Industrial REIT (the "**Dream Industrial REIT Non-Competition Agreement**"), as described below;
- the non-competition agreement dated August 3, 2011 between DAM and Dream Global REIT (the "**Dream Global REIT Non-Competition Agreement**"), as described below; and
- the amended and restated non-competition agreement dated April 2, 2015 between Dream, DAM, Dream Office REIT and Dream Office LP (the "**Dream Office REIT Non-Competition Agreement**"), as described below.

Copies of the foregoing documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Arrangement Agreement**

Dundee Corporation, Dream, DAM and SDC entered into the Arrangement Agreement providing for, among other things, the terms of the Arrangement, the conditions to the completion of the Arrangement, actions to be taken prior to and after the effective date of the Arrangement and certain indemnities. The parties to the Arrangement Agreement also made certain representations and warranties to each other and agreed to certain other terms and conditions which are standard in a transaction of the nature of the Arrangement.

### **Shareholders' Agreement**

Pursuant to the Arrangement, Dream, SDC, 0764704 B.C. Ltd., Mr. Michael Cooper and DAM entered into the Shareholders' Agreement. The Shareholders' Agreement replaced the existing shareholders agreement between the shareholders of DAM and governs the manner in which the affairs of DAM are conducted.

The Shareholders' Agreement provides for a board of directors for DAM initially consisting of two members, one of which is to be nominated by Dream and one of which is to be nominated by SDC. The size of the board of directors of DAM may be increased at any time if required by Dream and additional directors may be nominated by Dream at such time. A quorum for meetings of directors shall be two directors, one of whom will be a nominee of Dream and one of whom will be a nominee of SDC. The board of directors of DAM has authority to conduct all aspects of the business and affairs of DAM except as otherwise provided in the Shareholders' Agreement. The Shareholders' Agreement provides for the preparation, on an annual basis, of a detailed budget for the business of DAM to be presented to and approved by the Board and provides for quarterly updates to the Board. The Shareholders' Agreement provides that dividends on the DAM Common Shares shall be declared at least annually at the discretion of the board of directors of DAM and upon the approval of Dream and SDC. The Shareholders' Agreement also provides that any transaction entered into by DAM with Dream, SDC or an affiliate of them must be on arm's length terms and approved by Dream and SDC. Effective upon and not prior to a Triggering Event (as defined in the Shareholders' Agreement), the approval of each of Dream and SDC is required for any matter not contemplated in the annual business plan of DAM involving (i) tax planning, (ii) allocation of capital, (iii) borrowings from third parties, (iv) guarantees, indentures or the provision of other financial assistance by DAM or one of its Subsidiaries, or (v) a purchase, sale, lease, exchange or disposition of any assets of DAM or any Subsidiary. A Triggering Event is defined to include Mr. Michael Cooper ceasing to be the chief executive officer of Dream for any reason, Directors nominated or elected by a majority of the Board ceasing to constitute a majority of the Board, any person other than Mr. Ned Goodman or Mr. Cooper becoming the beneficial owner of securities of Dream representing more than 50% of the combined voting power of Dream's then outstanding voting securities and certain other fundamental changes in respect of Dream.

The Shareholders' Agreement restricts the transfer of shares of DAM except as otherwise agreed by Dream and SDC. Permitted transfers by Dream or SDC include a pledge, charge or mortgage to a bank or other financial institution for the purposes of securing borrowings subject to certain restrictions, a transfer upon the insolvency of either Dream or SDC, respectively, and as permitted or required by the terms of the Permitted Sales Agreement. Dream may also transfer its shares to an affiliate of Dream, and SDC may also transfer its shares to Dream in accordance with the terms of the Exchange Agreement or to another company controlled by Mr. Michael Cooper.

The Shareholders' Agreement will terminate upon the agreement of the shareholders of DAM, the involuntary dissolution or bankruptcy of DAM, one person becoming the beneficial owner of all of the DAM Common Shares and DAM Class C Shares, all of the DAM Common Shares and DAM Class C Shares or assets of DAM being sold pursuant to the terms of the Permitted Sales Agreement or Mr. Michael Cooper having control of Dream.

## **Permitted Sales Agreement**

Pursuant to the Arrangement, Dream, SDC, Mr. Michael Cooper and DAM entered into the Permitted Sales Agreement. The Permitted Sales Agreement replaced the existing permitted sales agreement between the Corporation and SDC. The Permitted Sales Agreement provides SDC with the right, in certain circumstances, to require Dream, at Dream's option, to acquire all of the DAM Common Shares and DAM Class C Shares held by SDC or cause the sale of all of the DAM Common Shares and DAM Class C Shares or all of DAM's assets and, in the case of a sale of assets, distribute the net proceeds from the sale of assets to the shareholders of DAM. This right shall be exercisable by SDC at any time after the earlier of the fourth anniversary of the date of the Permitted Sales Agreement and the occurrence of a Triggering Event, which is defined to include the termination without cause of Mr. Cooper as chief executive officer of Dream, incumbent directors of Dream ceasing to constitute a majority of the Board, any person other than Mr. Goodman or Mr. Cooper becoming the beneficial owner of securities of Dream representing more than 50% of the combined voting power of Dream's then outstanding voting securities and certain other fundamental changes of Dream.

The Permitted Sales Agreement provides Dream with the right, in certain circumstances, to require SDC, at SDC's option, to acquire all of the DAM Common Shares and DAM Class C Shares held by Dream or cause the sale of all of the DAM Common Shares and DAM Class C Shares or all of DAM's assets and, in the case of a sale of assets, distribute the net proceeds from the sale of assets to the shareholders of DAM. Dream shall be able to exercise this right at any time after the earlier of (i) the fourth anniversary of the date of the Permitted Sales Agreement, (ii) the date of the voluntary resignation or termination for cause of Mr. Cooper as President and chief executive officer of DAM or as an officer of Dream, (iii) 180 days after Mr. Cooper dies, and (iv) the date upon which Mr. Cooper has been unable to perform substantially all of his employment related duties for a specified period of time. Dream's exercise of this right will need to be accompanied by the irrevocable agreement of the holders of Common Shares representing at least 66 $\frac{2}{3}$ % of the votes attached to all outstanding Common Shares to vote in favour of the sale of all of the DAM Common Shares and DAM Class C Shares owned by Dream or all of DAM's assets, as the case may, on the basis set out in the Permitted Sales Agreement.

If Dream or SDC, as the case may be, elects to acquire the shares held by the other party, the purchase price will be determined by agreement of the parties or, failing which, a combination of valuers selected by the parties. The purchase price will be payable, at the purchasing party's election, as to one-third on the completion of the sale and as to one third on the first anniversary of the completion of the sale and the balance on the second anniversary of completion of the sale, with the unpaid amounts to be represented by a promissory note bearing interest at the prime rate plus 2%.

Completion of any transaction under the Permitted Sales Agreement is subject to receipt of the approval of the shareholders of Dream if required by law or the terms of the Permitted Sales Agreement and the receipt of certain regulatory approvals.

The Permitted Sales Agreement shall terminate upon the agreement of the shareholders of DAM, the involuntary dissolution or bankruptcy of DAM, one person becoming the beneficial owner of all of the DAM Common Shares and DAM Class C Shares, all of the DAM Common Shares and DAM Class C Shares or assets of DAM being sold pursuant to the terms of the Permitted Sales Agreement or Mr. Michael Cooper having control of Dream.

## **Exchange Agreement**

Pursuant to the Arrangement, Dream, DAM and SDC entered into an exchange agreement. The Exchange Agreement provides SDC, as the holder of DAM Common Shares and DAM Class C Shares, with the right, exercisable at any time or from time to time, to require Dream to exchange such shares for Subordinate Voting Shares in accordance with the terms and conditions of the Exchange Agreement, representing, in aggregate, approximately 30% of the common equity of Dream on a fully diluted basis.

Pursuant to the Exchange Agreement, SDC has demand registration rights whereby it may require Dream to qualify some or all of the Subordinate Voting Shares held by SDC that are to be or were issued upon the exchange of shares of DAM for distribution by way of a prospectus filed with the applicable Canadian securities regulatory authorities. In addition, the Exchange Agreement provides SDC with piggy-back registration rights to require Dream to include some or all of the Subordinate Voting Shares held by SDC, including Subordinate Voting Shares issuable upon exchange of shares, in future public offerings undertaken by Dream. These rights are subject to various conditions and limitations, and Dream is entitled to defer any such filings required by SDC in certain circumstances for a limited period.

### **Dream Industrial REIT Non-Competition Agreement**

The Dream Industrial REIT Non-Competition Agreement prohibits DAM and its affiliates (excluding affiliates which are public entities as described below) from directly or indirectly acquiring an ownership interest, on its own behalf, in any industrial revenue producing real property which meets the investment criteria of Dream Industrial REIT, unless such investment opportunity has first been offered to Dream Industrial REIT in accordance with the terms of the Dream Industrial REIT Non-Competition Agreement.

The above investment restriction does not apply to investments in vacant land, residential housing, multi-residential housing units, hotels, resorts, residential condominium units, nursing homes or retirement homes. This investment restriction also does not apply to: (a) passive real estate investments made by DAM or any of its affiliates which are each less than \$25 million and represent less than a 25% interest in the real property; (b) investments in properties that do not meet the investment criteria of Dream Industrial REIT; (c) investments in any property that will be used as office or industrial space by DAM or any affiliates; (d) investments made on behalf of fiduciary, managed or client accounts; (e) investments that result from the realization of a loan secured by the property; and (f) investments made by any affiliate of DAM that is a public company or any Subsidiaries or affiliates of such public companies (other than DAM and its direct Subsidiaries).

With respect to industrial revenue producing properties owned, rezoned or developed by DAM, DAM will provide Dream Industrial REIT with a first opportunity to acquire such properties, but DAM will be free to offer such properties to other parties in the event that Dream Industrial REIT and DAM are not able to agree on price or other terms for the acquisition.

The Dream Industrial REIT Non-Competition Agreement provides that DAM and its affiliates are no longer bound by the terms of the Dream Industrial REIT Non-Competition Agreement when DAM is no longer Dream Industrial REIT's asset manager or, in the case of any affiliate, when such entity has ceased to be an affiliate of DAM.

### **Dream Global REIT Non-Competition Agreement**

The Dream Global REIT Non-Competition Agreement prohibits DAM and its affiliates (excluding affiliates which are public companies as described below) from directly or indirectly acquiring an ownership interest, on its own behalf, in any real property which meets the investment criteria of Dream Global REIT, unless such investment opportunity has first been offered to Dream Global REIT in accordance with the terms of the Dream Global REIT Non-Competition Agreement.

The above investment restriction applies to real properties located outside Canada and does not apply to investments in vacant land, residential housing, multi-residential housing units, resorts, residential condominium units, nursing homes or retirement homes. This investment restriction also does not apply to: (a) passive real estate investments made by DAM or any of its affiliates which are each less than \$10 million and represent less than a 25% interest in the real property; (b) investments in properties that do not meet the investment criteria of Dream Global REIT; (c) investments in any property that will be used as office space by DAM or any affiliates; (d) investments made on behalf of fiduciary, managed or client accounts; (e) investments that result from the realization of a loan secured by the property; and (f)

investments made by any affiliate of DAM that is a public company or any Subsidiaries or affiliates of such public companies (other than DAM and its direct Subsidiaries).

The Dream Global REIT Non-Competition Agreement provides that DAM and its affiliates are no longer bound by the terms of the Dream Global REIT Non-Competition Agreement when DAM is no longer Dream Global REIT's asset manager or, in the case of any affiliate, when such entity has ceased to be an affiliate of DAM.

### **Dream Office REIT Non-Competition Agreement**

The Dream Office REIT Non-Competition Agreement prohibits Dream, DAM and each of their respective subsidiaries from directly or indirectly acquiring an ownership interest in a Restricted Property (as defined in the Dream Office REIT Non-Competition Agreement), unless such investment opportunity has first been offered to Dream Office LP in accordance with the terms of the Dream Office REIT Non-Competition Agreement.

The above investment restriction applies to a Restricted Property, which is defined as a commercial office property located in Canada including any mixed use property where a substantial portion of the property is used for commercial office purposes and any portfolio including such office properties, but does not include vacant land, residential housing, multi-residential housing units, residential condominium units, hotels (except to the extent that DAM intends to repurpose such hotel for use as an office building), retail shopping centres (except to the extent that DAM intends to repurpose such shopping centre for use as an office building), industrial properties (except to the extent that DAM intends to repurpose such industrial property for use as an office building), nursing homes or retirement homes. This investment restriction does not apply to Dream or its Subsidiaries with respect to any real property investment made in connection with or as a condition of their securing a property, facilities or leasing management assignment with respect to such investment; provided that if the investment (i) equals or exceeds \$25 million, or (ii) equals or exceeds \$10 million and results in Dream or its Subsidiary acquiring a 10% or greater interest in the property, Dream Office LP will be offered the right to co-invest with Dream or its Subsidiary, as the case may be, on an equal basis. Further, this investment restriction does not apply to: (a) passive real estate investments made by Dream or any Subsidiary which are each less than \$10 million and represent less than a 25% interest in the real property; (b) *bona fide* investments in any property that will be used as office space primarily by Dream or any Subsidiary; (c) investments that were already owned by Dream or any Subsidiary; (d) *bona fide* investments made on behalf of fiduciary, managed or client accounts; and (e) *bona fide* investments that result from the realization of a loan secured by the Property

In addition, Dream Office LP has the first right to acquire a minimum 50% interest in any commercial office property (or interest in such property if the entire property is not available for purchase, and including mixed use properties where a substantial portion represents commercial office space) and portfolios of such properties in Canada identified by DAM or its subsidiaries for purchase, as principal, or which any client of DAM or any subsidiary intends to acquire, to the extent that DAM or any subsidiary can, acting in good faith, control or direct the opportunity to acquire such 50% interest.

The Dream Office REIT Non-Competition Agreement provides that Dream and its Subsidiaries will no longer be bound by the terms of the Dream Office REIT Non-Competition Agreement upon the termination of the Management Services Agreement (or 90 days following termination of the Management Services Agreement if terminated by notice from DAM) or in the case of a Subsidiary of Dream, when such person is no longer a Subsidiary of Dream.

### **INTEREST OF EXPERTS**

Our auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, at its offices in Toronto, Ontario. Such firm is independent of Dream in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.



## **ADDITIONAL INFORMATION**

Additional information with respect to the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation plans, is contained in the Corporation's management information circular for its annual meeting of shareholders of the Corporation to be held on May 9, 2016.

Additional financial information is provided in the Corporation's audited consolidated comparative financial statements and notes to the consolidated comparative financial statements and management's discussion and analysis for 2015.

Additional information relating to the Corporation has been filed with the securities regulators in Canada and may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPENDIX A

### DREAM UNLIMITED CORP.

(the “Corporation”)

### AUDIT COMMITTEE CHARTER

(the “Charter”)

#### PURPOSE

The Audit Committee (the “**Committee**”) is a standing committee appointed by the board of directors of the Corporation (the “**Board**”). The Committee is established to fulfill applicable securities law obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

- oversee the integrity of the Corporation’s financial statements and financial reporting process, including the audit process and the Corporation’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditors;
- oversee the work of the Corporation’s financial management, internal auditors and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the internal auditors, the Board and management of the Corporation.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (a) to plan or conduct audits, (b) to determine that the Corporation’s financial statements are complete and accurate and are in accordance with International Financial Reporting Standards or (c) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its chair and its audit committee financial expert members are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Corporation, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Corporation’s financial information.

Management is responsible for the preparation, presentation and integrity of the Corporation’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The chief financial officer is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditors are responsible for planning and carrying out an audit of the Corporation’s annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

## **PROCEDURES, POWERS AND DUTIES**

The Committee shall have the following procedures, powers and duties:

### ***General***

- (a) **Composition** – The Committee shall consist of at least three members, all of whom shall be independent within the meaning of National Instrument 52-110 – Audit Committees. All members of the Committee must be or, within a reasonable period following appointment, become financially literate meaning that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.
- (b) **Separate Executive Meetings** – The Committee shall meet periodically with the chief financial officer, the head of the internal audit function (if other than the chief financial officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.
- (c) **Professional Assistance** – The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee’s duties at the Corporation’s expense.
- (d) **Reliance** – Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Corporation and its subsidiaries.
- (e) **Reporting to the Board** – The Committee will report through the chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- (f) **Procedure** – The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Corporation or any member of the Committee upon not less than 48 hours notice, unless such notice requirement is waived by the Committee members. The external auditors of the Corporation are entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard thereat and, if so requested by a member of the Committee, shall

attend any meeting of the Committee held during the term of office of the external auditors.

- (g) Unrestricted access to management and company information.

## **AUDIT RESPONSIBILITIES OF THE COMMITTEE**

### ***Selection and Oversight of the External Auditors***

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and shall report to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Corporation to be proposed in the Corporation's management information circular for approval of the shareholders of the Corporation and the compensation to be paid by the Corporation to the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, including de minimis exceptions, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Corporation or any of its subsidiaries by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee will review disclosure respecting fees paid to the external auditors for audit and non-audit services. Any services under pre-approval will be reported at the following meeting.
3. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
  - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
  - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Corporation and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;
  - (c) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies; and
  - (d) ensure periodic rotation of lead audit partner.
4. The Committee shall establish and monitor clear policies for the hiring by the Corporation of employees or former employees of the external auditors.

5. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.
6. The Committee is responsible for resolving disagreements between management and the external auditors or internal auditors regarding financial reporting and the application of any accounting principles or practices. The Committee shall discuss with the external auditors any difficulties that arose with management or the internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.

#### ***Appointment and Oversight of Internal Auditors***

7. The appointment, terms of engagement, compensation, replacement or dismissal of the internal auditors shall be subject to prior review and approval by the Committee. When the internal audit function is performed by employees of the Corporation, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function other than the head of the Corporation's internal audit function.
8. The Committee shall obtain from the internal auditors and shall review summaries of the significant reports to management prepared by the internal auditors, or the actual reports if requested by the Committee, and management's responses to such reports.
9. The Committee shall, as it deems necessary, communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditor brings to the attention of the Committee. The head of the internal audit function shall have unrestricted access to the Committee.
10. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal auditors including their activities, organizational structure and qualifications and effectiveness.

#### ***Oversight and Monitoring of Audits***

11. The Committee shall review with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Corporation and its subsidiaries, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.
12. The Committee shall meet periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.
13. The Committee shall review with management the results of internal and external audits.
14. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

### ***Oversight and Review of Accounting Principles and Practices***

15. The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditors and the internal auditors:
- (a) the quality, appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, changes in the Corporation's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;
  - (b) all significant financial reporting issues and judgments made in connection with the financial statements, including the effect of any alternative treatment within International Financial Reporting Standards;
  - (c) any material change to the Corporation's auditing and accounting principles and practices as recommended by management, the external auditors or the internal auditors or which may result from proposed changes to applicable International Financial Reporting Standards;
  - (d) the effect of regulatory or accounting limitations on the Corporation's financial reporting;
  - (e) any reserves, accruals, provisions, estimates or Corporation programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Corporation;
  - (f) any legal matter, claim or contingency that could have a significant impact on the financial statements and any material reports, inquiries or correspondence from regulators or governmental authorities regarding compliance with applicable requirements and any analysis respecting disclosure with regard to any such legal matter, claim or contingency in the financial statements;
  - (g) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation's operations;
  - (h) the use of any "pro-forma" or "adjusted" information not in accordance with International Financial Reporting Standards; and
  - (i) management's determination of goodwill impairment, if any, as required by applicable accounting standards.

### ***Oversight and Monitoring of Internal Controls***

16. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditors and the internal auditors:
- (a) the adequacy and effectiveness of the Corporation's internal accounting and financial controls and the recommendations of management, the external auditors and the internal auditors for the improvement of accounting practices and internal controls;
  - (b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and

- (c) management's compliance with the Corporation's processes, procedures and internal controls.

#### ***Communications with Others***

- 17. The Committee shall establish and monitor procedures such as a Whistleblower Policy; for the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal auditors these procedures and any significant complaints received.

#### ***Oversight and Monitoring of the Corporation's Financial Disclosures***

- 18. The Committee shall:
  - (a) review with the external auditors and management and recommend to the Board for approval the audited annual financial statements and the notes and management's discussion and analysis accompanying such financial statements, and the Corporation's annual report;
  - (b) review with the external auditors and management each set of interim financial statements and the notes and management's discussion and analysis accompanying such financial statements; and
  - (c) if requested by the Board, review with the external auditors and management any financial statements included or to be included in a prospectus, any financial information of the Corporation contained in any management information circular of the Corporation, and any other disclosure documents or regulatory filings of the Corporation containing or accompanying financial information of the Corporation.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

- 19. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Corporation gives earning guidance.
- 20. The Committee shall review with management the assessment of the Corporation's disclosure controls and procedures and material changes in their design.

#### ***Oversight of Finance Matters***

- 21. Appointments of the key financial executives involved in the financial reporting process of the Corporation, including the chief financial officer, shall require the prior review of the Committee.
- 22. The Committee shall receive and review:
  - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and the management's plan and timetable to correct any deficiencies;

- (b) material policies and practices of the Corporation respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Corporation; and
  - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
23. The Committee shall meet periodically with management to review and discuss the Corporation's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
24. The Committee shall meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

### ***Business and Ethical Conduct***

25. The Committee shall:
- (a) periodically review and approve any changes to the "Code of Business Conduct and Ethics" for any directors, officers and employees of the Corporation and its subsidiaries and be responsible for granting any waivers from the application of such code; and
  - (b) review management's monitoring of compliance with such code.

### ***Additional Responsibilities***

26. The Committee shall review any significant or material transactions outside the Corporation's ordinary activities.
27. If requested by the Board, the Committee shall review and make recommendations to the Board concerning the financial condition of the Corporation and its subsidiaries, including with respect to annual budgets, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of securities.
28. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

### **AUDIT COMMITTEE CHARTER**

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual management information circular or annual information form of the Corporation.