2015
Annual Report

dream alternatives

Dream Hard Asset Alternatives Trust (DAT) is a mutual fund trust focused on hard asset alternative investments comprising real estate, real estate lending, real estate development and infrastructure including renewable power.

Letter to Unitholders

Michael Cooper
Portfolio Manager

Since the inception of Dream Alternatives in 2014, one of our key objectives has been to improve the quality of the assets within the Trust through active management of the portfolio, including the repatriation and redeployment of equity from the original investments. Taking advantage of our flexible mandate, we are able to adapt to the changing economic environment and are selectively investing in areas where we can leverage our skills and expertise in order to maximize returns. Since our listing date on the Toronto Stock Exchange in July 2014, we have repatriated approximately $170 million of equity from the original portfolio, which was yielding an average of 6.2%, and have invested and committed to invest approximately $200 million at a weighted average expected yield of 9.5%. This demonstrates that our active management strategies are generating value for our Unitholders.

At December 31, 2015, we had approximately $100 million of equity in wind and solar renewable power assets. In 2015, we experienced a notable increase in cash flow as these projects transitioned from being under construction to fully operational. Further lifts in cash flow came from our United Kingdom Wind portfolio, which was purchased and integrated into the Trust's operations in the third quarter. By the end of 2015, most of our current renewable power projects were operational, with the exception of nine of ten ground-mount solar projects, which are expected to be on-line by the second quarter of 2016. We intend to reflect these and other renewable power projects at fair value in the calculation of our Adjusted Net Asset Value ("NAV") once these development projects are operational and long-term financing is arranged. We are of the view that it is appropriate to reflect these assets at fair value, as we believe that their risk profile decreases once they move from development and construction to income-producing projects.

We are also pleased with the pace of residential development sales at Empire Lakeshore in Toronto and in Brampton. Approximately 88% of available units have been sold or pre-sold as at December 31, 2015. Construction is progressing well and we are anticipating completion of these projects and repatriation of profits between 2017 and 2020. We continue to be proactive in our efforts to repatriate capital and earn a current return from our Villarboit assets. While we have received capital and operating distributions upon completion and financing of certain projects, we are of the view that the current pace of progress on a number of these developments is hindering our ability to maximize our asset value and are proactively addressing this concern.

Consistent with our previously communicated strategy, net assets invested in our lending portfolio declined in 2015 as proceeds received on maturities were redeployed into other segments. Significant progress was made in reducing the Trust's exposure to the original lending portfolio. Approximately 69% of the original lending portfolio was repaid, compared to 26% as at December 31, 2014. The short-term nature of the portfolio provides the Trust with good liquidity and an attractive base return while seeking other longer-term, higher cash flow and NAV appreciation opportunities for the Trust.

The income properties portfolio continues to be an important element within our portfolio as it provides a relatively long-term stable income to the Trust on a tax-efficient basis. It also provides relative upside with respect to future development opportunities. Within a more challenging Canadian office environment, we continue to work alongside our co-owners to undertake strategies to maximize the long-term value of the portfolio, which includes engaging in active asset management strategies, particularly focused on strategic leasing, acquisition, disposition and future development opportunities to support higher income and value appreciation potential.

We are disappointed with the Unit price performance in 2015 and do not believe that it was reflective of our accomplishments during the year. We are more confident in the business and assets of the Trust and we have continued to repurchase Units under our normal course issuer bid program. In total, to date, under our current and prior bids, we have repurchased and subsequently cancelled over 1.5 million Units. We intend to remain active on our NCIB in 2016, on an opportunistic basis. Separately, Dream Asset Management Corporation and I personally have also purchased an aggregate 2.8 million Units of the Trust to date.

We believe that the Trust's business will be positively impacted from the continued repositioning of the original equity investments to those with higher upside potential. Further upside potential exists within our renewable power and residential development projects. While the economic uncertainties and overall market sentiment is difficult to predict, we are confident in our ability to create long-term value for our Unitholders and have entered 2016 with optimism. As always, we thank you for your interest and continued support.

Sincerely

Michael Cooper
Portfolio Manager
February 22, 2016

Renewable power
wind farm

LOW LEVERAGE
DEBT-TO-GROSS BOOK VALUE OF
27%*

INVESTED OR COMMITTED TO
$137 million*
OF RENEWABLE POWER PROJECTS

49 Ontario Street, Toronto, ON
Income property

* AS AT DECEMBER 31, 2015

Rooftop solar power
Renewable power

APPROXIMATELY
$1 billion*
IN GROSS ASSETS

Eau De Soleil, Toronto, ON
Development

10 Lower Spadina, Toronto, ON
Income property

PORTFOLIO TURNOVER
27%*
OF THE ORIGINAL PORTFOLIO
HAS BEEN REINVESTED

INVESTED OR COMMITTED APPROXIMATELY
$201 million*
OF EQUITY INVESTMENT SINCE LISTING AT A WEIGHTED AVERAGE EXPECTED YIELD OF 9.5%

InGastown, Vancouver, BC
Lending portfolio

* AS AT DECEMBER 31, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

1. OVERVIEW AND OVERALL FINANCIAL PERFORMANCE

1.1 OVERVIEW OF THE TRUST

Dream Hard Asset Alternatives Trust ("Dream Alternatives" or the "Trust") is an open-ended trust focused on hard asset alternative investments comprising real estate, real estate lending, real estate development, and renewable power. In the Trust's reportable operating segments, these investments are referred to as income properties, lending portfolio, development and investment holdings, and renewable power, respectively. The Trust is managed by Dream Asset Management Corporation ("DAM" or the "Asset Manager"), the 70% owned subsidiary of Dream Unlimited Corp. (TSX: DRM) and one of Canada's leading real estate companies, with approximately $15 billion of assets under management in North America and Europe. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DRA.UN".

This Management's Discussion and Analysis ("MD&A") reflects all material events up to February 22, 2016, the date on which this MD&A was approved by the Board of Trustees. The MD&A should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2015 along with the 2014 comparative figures, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

On July 8, 2014, Dream Alternatives completed a reorganization pursuant to which the underlying assets of four distributing funds previously managed by Return on Innovation Advisors Ltd. ("ROI") were indirectly transferred to Dream Alternatives Master LP in exchange for the Trust's voting Units, which were subsequently distributed by such funds to their respective unitholders in connection with Dream Alternatives' initial public offering on the same date (hereinafter referred to as the "Trust's Listing"). Dream Alternatives Master LP, along with its subsidiaries, carries out operating activities on behalf of the Trust.

The results of our operations, financial condition and cash flows as discussed in this MD&A are presented on the basis that the Trust and its subsidiaries began operations on the Trust's Listing date and therefore do not include any results prior to July 8, 2014, as more fully discussed the Basis of Presentation section of this MD&A.

The Basis of Presentation section of this MD&A also includes important information concerning certain information found herein that contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities regulations. Readers are encouraged to read the Basis of Presentation and Risks and Risk Management sections for a discussion of the risks and uncertainties regarding this forward-looking information as there are a number of factors that could cause actual results to differ materially from those disclosed or implied by such forward-looking information.

Our operating segments consist of the following:

- **Income properties** — a portfolio of office, industrial and retail commercial real estate properties in Canada, a majority of which are co-owned;
- **Lending portfolio** — interest-paying mortgages and corporate loans;
- **Development and investment holdings** — participating mortgages receivable and indirect investments in developments and income-producing properties; and
- **Renewable power** — operational and under construction solar and wind power projects in Canada and the United Kingdom.

1.2 OUR OBJECTIVES

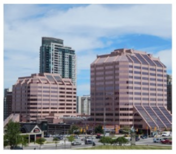
Our objectives are to:

- provide an opportunity to invest in hard asset alternative investments, including real estate, real estate lending, real estate development, and infrastructure, including renewable power, managed by an experienced team with a successful track record in these areas;
- build and maintain a growth-oriented portfolio;
- provide predictable and sustainable cash distributions to Unitholders on a tax efficient basis; and
- grow and reposition the portfolio to increase both adjusted funds available for distribution ("AFAD")(1) and Adjusted net asset value ("Adjusted ANAV") per Unit(1) over time.

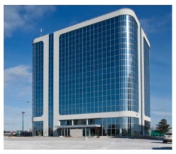
(1) For the Trust's definition of the following non-IFRS measures: AFAD and Adjusted NAV per Unit, please refer to Section 5 of this MD&A under the heading Non-IFRS Measures

Top Three Investments in Each Operating Segment*

Income Properties



Sussex Centre
- Two Class A, LEED Gold office buildings
- Mississauga, Ontario
- Asset value: $90.8 million
- Percentage of total segment assets: 17.2%
- Percentage of total assets: 9.1%



West Metro Corporate Centre
- Three building, Class A office complex on the Highway 427 corridor
- Etobicoke, Ontario
- Asset value: $87.8 million
- Percentage of total segment assets: 16.6%
- Percentage of total assets: 8.8%

Commerce West
- Two Class A office towers on the Highway 427 corridor
- Etobicoke, Ontario
- Asset value: $70.8 million
- Percentage of total segment assets: 13.4%
- Percentage of total assets: 7.1%

Total top three investments: $249.4 million:
- **47.2% of segment gross assets**
- **25.0% of Trust gross assets**

Lending Portfolio

MMS Enterprise Holdings
- Corporate loan (development)
- Oakville, Ontario
- Asset value: $23.6 million
- Percentage of total segment assets: 14.6%
- Percentage of total assets: 2.4%

West Vancouver Lands
- Mortgage (development)
- Vancouver, British Columbia
- Asset value: $20.5 million
- Percentage of total segment assets: 12.7%
- Percentage of total assets: 2.1%

Korf Properties
- Mortgage (development)
- Regina, Saskatchewan
- Asset value: $18.5 million
- Percentage of total segment assets: 11.5%
- Percentage of total assets: 1.9%

Total top three investments: $62.6 million:
- **38.8% of segment gross assets**
- **6.4% of Trust gross assets**

Development & Investment Holdings

Empire Communities – Eau Du Soleil
- 1,285 unit, two tower condo development on prime waterfront at Lakeshore Blvd.
- Toronto, Ontario
- Asset value: $44.4 million
- Percentage of total segment assets: 27.1%
- Percentage of total assets: 4.4%

Villarboit Development Corp. – Villamark
- 32 acre site on the corner of Highway 48 and Major Mackenzie Drive
- Markham, Ontario
- Asset value: $36.8 million
- Percentage of total segment assets: 22.4%
- Percentage of total assets: 3.7%

Empire Communities – Lakeside
- 686 unit, low rise residential, 96 acre site close to Highway 410
- North Brampton, Ontario
- Asset value: $28.9 million
- Percentage of total segment assets: 17.6%
- Percentage of total assets: 2.9%

Total top three investments: $110.1 million:
- **67.1% of segment gross assets**
- **11.0% of Trust gross assets**

Renewable Power

Ground-mount Solar Project
- 20 year government or regulated utility power purchase agreement
- Ontario, Canada
- Asset value: $55.5 million
- Percentage of total segment assets: 41.4%
- Percentage of total assets: 5.6%

Nova Scotia Wind
- 20 year government or regulated utility power purchase agreement
- Nova Scotia, Canada
- Asset value: $34.9 million (including intangible assets)
- Percentage of total segment assets: 26.1%
- Percentage of total assets: 3.5%

United Kingdom Wind
- 20 year government or regulated utility power purchase agreement
- United Kingdom
- Asset value: $16.5 million
- Percentage of total segment assets: 12.4%
- Percentage of total assets: 1.7%

Total top three investments: $106.9 million:
- **79.9% of segment gross assets**
- **10.8% of Trust gross assets**

Top 12 Total Gross Asset Value $529.0 million
Total Combined Percentage of Portfolio 53.2%

*The asset values represent the IFRS measurement values as at December 31, 2015

1.3 PORTFOLIO OBJECTIVES AND ASSET CLASS CHARACTERISTICS

The following table indicates the objectives and attributes applicable to each of our operating segments:

	Income Properties	Lending Portfolio	Development and Investment Holdings	Renewable Power
Stability of Cash Flow	Long-term stable cash flow from diversified tenant base from retail, office and industrial assets (295 tenants) ✓	Fixed rate loans to strong borrowers backed by hard assets ✓	Development projects do not contribute to cash flow until they are completed	20-yr fixed term contracts backed by government & regulated utility Power Purchase Agreements ("PPA") ✓
Tax Treatment	Depreciation of real estate properties shelters rental income ✓	Income from the lending portfolio is fully taxable at the corporate rate	Income from participating mortgages is fully taxable; equity investments in properties/developments are sheltered by depreciation	Renewable power assets qualify for accelerated tax depreciation rate which shelters income ✓
Income Growth (Increased AFAD per Unit)	Proactive asset management to help increase rent and occupancy which contributes to AFAD growth ✓	Interest income from the loan portfolio contributes to growth in AFAD ✓	Development projects will materially increase cash flow from operations when completed ✓	Once operational, contracts are expected to provide an average annual yield of 12% over the term of the PPAs ✓
Adjusted NAV[(1)] per Unit Growth	Proactive asset management to help increase rent and occupancy, which improves the value of our buildings, contributing to adjusted NAV growth ✓	Interest income from the loan portfolio preserves adjusted NAV ✓	The value of the development projects increases as the projects approach their completion dates ✓	Value of renewable power projects under construction increase once projects become operational as the risk profile of the asset changes ✓
Liquidity	Active market for real estate in Canada ✓	Average term to maturity of less than 1 year provides liquidity to the trust ✓	Limited liquidity prior to completion date	Active market for completed renewable power projects in Canada ✓
Inflation Protection	Investing in real estate is generally considered a hedge against inflation. Lease agreements may contain rental step-ups tied to inflation ✓	The short term nature of the loans provides the ability to redeploy the proceeds helping to offset inflation ✓	Investing in real estate is generally considered a hedge against inflation ✓	Renewable power PPAs may be indexed to inflation ✓
Non-Correlation to Public Markets	Hard assets generally have lower correlation to traditional equity and fixed income investments ✓	Short-term loans are less correlated with interest rate changes ✓	Hard assets generally have lower correlation to traditional equity and fixed income investments ✓	Hard assets generally have lower correlation to traditional equity and fixed income investments ✓
Investment Opportunities	Dream's brand and platform presents many interesting and diversified real estate opportunities ✓	Find inefficiencies in the lending market and capitalize on Dream's expertise and relationships especially in the development sector ✓	Dream's brand and platform presents many interesting and diversified real estate opportunities ✓	Leverage Dream's expertise and track record of developing and operating $1.5 billion in renewable power projects ✓

(1) For the Trust's definition of the non-IFRS measure of Adjusted NAV, please refer to Section 5 of this MD&A under the heading Non-IFRS Measures

1.4 FINANCIAL OVERVIEW – FOURTH QUARTER AND YEAR ENDED 2015

FINANCIAL HIGHLIGHTS OF THE TRUST

For the periods ended	Year ended December 31, 2015	Three months ended December 31, 2015	Three months ended September 30, 2015	Three months ended December 31, 2014
Consolidated results of operations				
Adjusted total income[1]	**$ 82,087**	**$ 21,906**	$ 19,914	$ 19,456
Net operating income ("NOI")[1]	**51,418**	**13,954**	12,111	12,256
EBITDA[1]	**35,537**	**10,578**	6,515	8,334
AFAD[2]	**26,299**	**6,559**	6,386	6,290
AFAD[2] excluding after tax disposition gain[3]	**23,977**	**6,559**	6,386	6,290
Annualized AFAD return on average net assets[1][2]	**3.9%**	**3.8%**	3.6%	3.6%
Trust Unit information				
Distributions declared and paid per Unit	**$ 0.40**	**$ 0.10**	$ 0.10	$ 0.10
AFAD per Unit (basic and fully diluted)[2]	**0.36**	**0.09**	0.09	0.09
AFAD per Unit (basic and fully diluted)[2] excluding after tax disposition gain[3]	**0.33**	**0.09**	0.09	0.09
Units outstanding – end of period	**72,562,487**	**72,562,487**	73,214,376	73,666,978
Units outstanding – weighted average	**73,373,619**	**72,991,548**	73,354,695	73,648,950

As at	December 31, 2015	September 30, 2015	December 31, 2014
Consolidated financial position			
Net assets attributable to Unitholders of the Trust[1]	**$ 693,167**	$ 701,107	$ 712,207
Adjusted net asset value per Unit	**9.64**	9.67	9.75
Total assets	**997,555**	1,004,317	997,260
Cash, end of period	**20,764**	31,107	80,157
Total contractual debt (face value of debt)	**269,404**	264,831	250,822
Debt-to-gross book value[1]	**27.0%**	26.4%	25.2%

(1) For the Trust's definition of the following non-IFRS measures: adjusted total income, net operating income, EBITDA, annualized AFAD return on average net assets, net assets attributable to Unitholders of the Trust, and debt-to-gross book value, please refer to Section 5 of this MD&A under the heading Non-IFRS Measures

(2) AFAD, annualized AFAD return on average net assets and AFAD per Unit measures were impacted by wind and solar power assets under construction and average cash held by the Trust. The Asset Manager does not believe that these measures represent the cash flow generating ability of our assets once all renewable power assets become operational

(3) An after tax gain on disposition of the Castlepoint development of $2.3 million ($3.1 million less the related current income tax expense of $0.8 million) was realized during the second quarter of 2015

AFAD for the three months ended December 31, 2015 was $0.09 per Unit, relatively stable to both the prior quarter and year. For the year ended December 31, 2015, AFAD was $0.36 per Unit (or $0.33 per Unit excluding a disposition gain related to the Castlepoint development). We expect our AFAD and our return on net assets to increase in 2016, as we execute on new investments at higher risk-adjusted returns and as more of our renewable power projects become operational. Adjusted NAV per Unit was $9.64 at December 31, 2015, relatively stable to September 30, 2015 and down slightly from $9.75 at December 31, 2014. The slight year over year decline in Adjusted NAV per Unit was primarily attributable to net fair value losses incurred within the co-owned office properties segment of the portfolio and the Villarboit assets under development. The Trust continued to benefit from net fair value increases within its development and investment holdings portfolio, as related to the Empire residential assets under development which are normal course as these developments continue to progress closer towards their completion dates. The repurchases under the Trust's NCIB were also accretive to Adjusted NAV per Unit in the year ended December 31, 2015. Accordingly, were it not for the net fair value losses within the aforementioned segments, Adjusted NAV per Unit would have increased from the prior year. In addition, there were no fair value increments recorded within the renewable power segment in the year ended December 31, 2015, as this is expected to occur once projects under development become operational and long term financing is arranged in the second quarter of 2016.

The renewable power portfolio segment contributed approximately $1.7 million of AFAD (or $0.02 per Unit) during the three months ended December 31, 2015 and $2.5 million of AFAD (or $0.03 per Unit) during the twelve months ended December 31, 2015. Our renewable power projects have and continue to transition from being under construction to becoming fully operational, income-producing assets. Once all existing renewable power projects become operational by the end of the second quarter of 2016, the portfolio is expected to generate an average annual expected cash yield of approximately 12.0% based on the stabilized equity interest over the term of the associated power purchase agreements ("PPAs") of approximately 20 years. As a result, we expect that our existing renewable power projects will contribute approximately $0.10 per Unit of AFAD on an annual basis once fully operational.

AFAD BY OPERATING SEGMENTS

For the periods ended	Year ended December 31, 2015	Three months ended December 31, 2015	September 30, 2015	December 31, 2014
Income properties	**$ 18,641**	**$ 4,797**	$ 4,824	$ 4,592
Lending portfolio	**12,612**	**3,382**	3,182	4,234
Development and investment holdings[1]	**8,940**	**1,362**	1,702	1,341
Renewable power	**2,531**	**1,688**	465	(19)
Trust expenses and income taxes, net[2][3]	**(16,425)**	**(4,670)**	(3,787)	(3,858)
AFAD[1]	**$ 26,299**	**$ 6,559**	$ 6,386	$ 6,290
AFAD excluding after tax disposition gain[4]	**$ 23,977**	**$ 6,559**	$ 6,386	$ 6,290

AFAD PER UNIT

For the periods ended	Year ended December 31, 2015	Three months ended December 31, 2015	September 30, 2015	December 31, 2014
Income properties	**$ 0.25**	**$ 0.07**	$ 0.07	$ 0.06
Lending portfolio	**0.17**	**0.05**	0.04	0.06
Development and investment holdings[1]	**0.12**	**0.02**	0.02	0.02
Renewable power	**0.03**	**0.02**	0.01	—
Trust expenses and income taxes, net[2][3]	**(0.21)**	**(0.07)**	(0.05)	(0.05)
AFAD per Unit[1]	**$ 0.36**	**$ 0.09**	$ 0.09	$ 0.09
AFAD per Unit excluding after tax disposition gain[4]	**$ 0.33**	**$ 0.09**	$ 0.09	$ 0.09

ADJUSTED NET ASSET VALUE PER UNIT

As at	December 31, 2015	September 30, 2015	December 31, 2014
Income properties	**$ 3.66**	$ 3.65	$ 3.40
Lending portfolio	**2.22**	2.33	2.91
Development and investment holdings	**2.26**	2.22	2.29
Renewable power	**1.45**	1.33	0.27
Cash and other Trust consolidated working capital[5]	**0.05**	0.14	0.88
Adjusted net asset value per Unit	**$ 9.64**	$ 9.67	$ 9.75

[1] AFAD per Unit and AFAD by operating segments for the development and investment holdings segment for the year ended December 31, 2015 includes the before tax gain on disposition of the Castlepoint development
[2] AFAD per Unit and AFAD by operating segments for the Trust expenses for the year ended December 31, 2015 includes the income tax expense related to the gain on disposition of the Castlepoint development
[3] Trust expenses represent costs not allocated to the other operating segments, such as general and administrative costs and income taxes, and are net of interest income earned on our cash balances
[4] Total "AFAD excluding after tax disposition gain" and "AFAD per Unit excluding after tax disposition gain" excludes the after tax gain on disposition of the Castlepoint development
[5] Cash and other Trust consolidated working capital includes Trust level cash and net working capital balances not attributable to the other operating segments

During 2015, an increasing number of renewable power projects under construction became operational and the United Kingdom Wind power project was acquired. The investment in wind and solar power assets during 2015 resulted in an operational installed capacity of 16 MW of power by the end of 2015, a substantial increase from the operational installed capacity of 0.7 MW of power at the end of 2014. The Trust records its renewable power wind and solar assets at cost less accumulated depreciation within its consolidated financial statements. In determining Adjusted NAV, the Trust intends to reflect at fair value the renewable power projects developed by the Trust once they become operational and long-term financing is arranged in 2016. The Trust deems this information as relevant to users as the risk profile of the asset decreases when a renewable power project under construction becomes operational. For the year ended December 31, 2015, there was no fair value adjustment included in Adjusted NAV on the renewable power assets. In 2016, the Trust expects to include fair value increments related to the renewable power assets in Adjusted NAV, as the aforementioned milestones are achieved.

AFAD from income properties for the three months ended December 31, 2015 of $4.8 million (or $0.07 per Unit) included $0.4 million of lease termination fees, which brought results in line with the three months ended September 30, 2015. AFAD for the three months ended December 31, 2015 increased relative to the prior year due to the expansion and diversification of the income properties portfolio during 2015 and higher in-place and committed base rent. Six industrial properties and an additional office property were acquired in 2015. As noted above, in the three months ended December 31, 2015, one-time lease termination fees of $0.4 million were received and recognized upon early termination of a tenant who will vacate approximately 29,000 square feet ("sq.ft."), 1.3% of the total owned gross leasable area ("GLA"), at the beginning of 2016. Additional temporary downtime is expected to start in the second quarter of 2016 at 219 Laurier Ave. W. in Ottawa as the vacant space is prepared for a lease for a 77,000 sq.ft. lease (3.5% of the total owned GLA) to a new long-term 15-year government tenant, for which rent will commence in the third quarter of 2017. AFAD for the year ended December 31, 2015 for income properties were $18.6 million (or $0.25 per Unit). Fair value losses of $9.3 million were recognized during the year ended December 31, 2015 primarily as a result of changes in leasing assumptions. The Trust also acquired a 100% interest in an office property late in 2015, as further discussed below which is expected to result in AFAD contribution in 2016.

The income properties portfolio provides relatively long term stable income to the Trust, on a tax efficient basis. At December 31, 2015, the income properties portfolio had an in place occupancy rate of 87.9%. As a result of temporary downtime and transitional vacancy at certain properties including 219 Laurier Ave. W. in Ottawa, as discussed above, in-place occupancy is expected to decline in 2016, before increasing again in 2017 as committed tenants take occupancy within the portfolio. Management continues to work alongside its co-owners to maximize the long term value of the portfolio, which includes engaging in active asset management strategies, particularly focused on strategic leasing, acquisition, disposition and future development opportunities to support higher income and value appreciation potential.

Sales of the Empire Lakeshore and Brampton residential developments continue to progress well, with 87.6% of available units sold or pre-sold as at December 31, 2015. AFAD from development and investment holdings for the three months ended December 31, 2015 are comprised of interest earned and accrued on the two Empire residential participating mortgage investments, cash operating distributions and our proportionate share of income from Hotel PUR. AFAD over this time period declined by $0.3 million to $1.4 million from the prior quarter due to seasonal fluctuations in the results of Hotel PUR, which were within the scope of management’s expectations. When compared to prior year, AFAD were relatively consistent. We also successfully repatriated $5.4 million of capital from development and investment holdings in the year ended December 31, 2015 upon the completion and permanent financing of certain projects, which included $3.7 million received in the fourth quarter of 2015 on the completed North Bay Villarboit retail development. The Trust sold its interest in the Castlepoint development during the year ended December 31, 2015 for gross proceeds of $12.6 million. This disposition is consistent with the strategy to repatriate capital from the original portfolio and redeploy proceeds into hard asset investments that produce more attractive long-term risk adjusted returns over time.

We continued to be proactive in our strategy to repatriate capital and earn a current return from our capital invested in the Villarboit projects. During the three months ended December 31, 2015, notices of default were issued relating to four retail development participating loans with a carrying value of $62.2 million. Given the technical nature of the default, there was no impact to the fair value of these loans as at December 31, 2015. During the three months ended December 31, 2015, we entered into a first mortgage facility secured by the Markham Villarboit retail development project in which we have an existing participating debt investment of approximately $37.0 million. The current first mortgage balance of $2.4 million is secured by a 32 acre site and is payable on demand.

Net assets invested in the lending portfolio declined as maturities outpaced new lending activities during the year ended December 31, 2015. This is in line with the Trust's strategy, as a portion of the net funds received were reinvested in other segments, including renewable power. The underlying quality of the lending portfolio continues to improve as certain original loans, many of which were considered to be of higher risk, were repaid and now represent a much smaller proportion of the overall lending portfolio than that of a year ago. AFAD from the lending portfolio for the three months ended December 31, 2015 were $3.4 million (or $0.05 per Unit), a $0.2 million increase from the prior quarter, primarily as a result of higher lender fee income. The decline in the lending portfolio loan balance outstanding as at December 31, 2015 when compared to September 30, 2015 had a minimal impact on AFAD in the three months ended December 31, 2015, as majority of these repayments occurred late in the quarter. When compared to the prior year, AFAD from the lending portfolio for the three months ended December 31, 2015 were $0.9 million lower mainly as a result of a decline in the overall lending portfolio loan balance. Steady progress was made during the year in reducing the Trust’s exposure to the original lending portfolio. Approximately 69% of the original lending portfolio has been repaid as at December 31, 2015, compared to 26% as at December 31, 2014. AFAD of $12.6 million ($0.17 per Unit) for the year ended December 31, 2015 continued to provide an attractive base return while seeking other longer term opportunities.

Since the Trust's Listing, we have invested and entered into agreements to invest approximately $201 million of equity at a weighted average expected yield[(1)] of approximately 9.5%. The Trust ended the year with $20.8 million of cash and a conservative debt-to-gross book value of 27.0%. In addition, during and subsequent to 2015, the Trust commenced repurchasing Units for cancellation pursuant to our normal course issuer bid. Cumulatively to February 22, 2016, 1,525,052 units were repurchased for cancellation for a total cost of $9.1 million.

Below are some of the larger, more notable investments executed during the year ended December 31, 2015. The impact on the Trust's financial results are addressed in the Reportable Operating Segments Results of Operations section in the MD&A:

- **Income Properties**
  - **Industrial** – During 2015, we acquired a 50% co-ownership interest in a portfolio of industrial income properties located in Regina, Saskatchewan, for $10.0 million, including transaction costs of $0.4 million, at a going-in cap rate of 6.9%. The acquisition is structured as a 50/50 co-ownership with Dream Industrial REIT ("DIR"). The industrial portfolio consists of six fully occupied buildings with a total owned GLA of approximately 59,000 sq.ft. and a weighted average remaining lease term of 5.3 years as at December 31, 2015. As the properties were acquired on an unencumbered basis, $6.3 million of 3.25% fixed rate mortgage financing on the portfolio was obtained during the fourth quarter of 2015 for a term of five years. Dream Industrial Management Corp. ("DIMC"), which is owned by DIR, provides property management services for a fee which is in-line with market terms.

  - **Office** – **Carlaw Ave**. – The Trust acquired a 100% interest in an office property in downtown Toronto for $8.7 million, including transaction costs of $0.3 million. The building has a total GLA of 33,894 sq.ft. and is approximately 75% occupied with a weighted average remaining lease term of 2.4 years. The property was acquired on an unencumbered basis and was financed subsequent to the year ended December 31, 2015, through a $4.5 million five-year interest only fixed rate mortgage at 3.55%. A subsidiary of DAM had a partial interest in the property prior to the acquisition and DAM will continue to provide property management services for this property. The purchase price of the transaction was determined by reference to an independent appraisal. The Trust believes this investment will provide for income and value appreciation potential through leasing activities, and over the longer term, potential redevelopment.

- **Renewable Power**
  - **United Kingdom Wind** – The Trust executed on its first global investment, an operational wind power portfolio located throughout the United Kingdom ("U.K.") for total consideration of $16.5 million, including transaction costs. The project is expected to provide the Trust with a low double digit unlevered cash flow yield over approximately 20 years. The portfolio consists of 25 fully operational, distributed-scale wind turbines and is managed by a local operator.

- **Lending Portfolio**
  - **York Downs Golf and Country Club** – The Trust funded a $17.0 million second mortgage secured by the 294-acre York Downs Golf and Country Club located in Markham, Ontario. The golf club was purchased by a consortium of Toronto-based developers with a plan to develop over 2,000 residential lots. The loan has a term of three years and bears an interest rate of 9.3% per annum.

  - **First Mortgage, Burnaby** – During the fourth quarter of 2015, we funded a $6.9 million first mortgage secured by a parcel of land located in Burnaby, British Columbia. The borrower intends to rezone the property to allow for the development of approximately 340 residential units. The loan has a one year term and bears interest at a rate of 7.75% per annum.

Overall, we are pleased with our progress to date. As at December 31, 2015, we have repositioned approximately 27% of the original portfolio acquired pursuant to the Trust's Listing. With the Trust's flexible investment mandate and conservative balance sheet, we remain well positioned to continue to seek and execute on high value investment opportunities.

[(1)] For the definition of the non-IFRS measure of expected yield, please refer to Section 5 under the heading Non-IFRS Measures

1.5 COMMITMENT SUMMARY

Below is a summary of our commitments and investments since the Trust's Listing and the expected yield on the respective stabilized equity at our share of ownership:

	A	B	C	A-B-C	A-C	
(in millions of Canadian dollars)	Gross asset value to invest as at December 31, 2015	Invested up to December 31, 2015, net of repayment	Actual/expected future debt financing	Unfunded amount/(Net expected proceeds from debt financing)	Expected stabilized equity investment [1]	Expected yield on stabilized equity
Income properties	$ 18.0	$ 11.7	$ 10.8	$ (4.5)	$ 7.2	9.1%
Lending portfolio	130.3	113.8	—	16.5	130.3	8.3%
Equity investment in Hotel PUR	2.6	2.6	—	—	2.6	9.0%
Renewable power	136.9	103.9	76.1	(43.1)	60.8	12.0%
Total investments	**$ 287.8**	**$ 232.0**	**$ 86.9**	**$ (31.1)**	**$ 200.9**	**9.5%**

(1) For the Trust's definition of the non-IFRS measure of stabilized equity investment, please refer to Section 5 of this MD&A under the heading Non-IFRS Measures

As at December 31, 2015, the Trust has a gross asset value to invest of approximately $288 million. Total debt financing on these investments is expected to be approximately $87 million resulting in an expected stabilized equity investment of approximately $201 million and a weighted average expected yield of 9.5%. Expected stabilized equity investment is defined by the Trust as the amount of total gross asset to invest net of the actual or expected future debt financing. The calculation of expected yield on stabilized equity is subject to a number of estimates and assumptions including a loan to value ratio of between 70% to 80% on certain renewable power projects which are subject to finalization.

Expected yield on stabilized equity is based on return of cash flows over stabilized equity, which is conditional upon the receipt of anticipated future financings. Although these are our expected results as at December 31, 2015, there are a number of risks and uncertainties that could cause actual results to vary. For a detailed discussion regarding the nature of the risks, please refer to Section 8 of this MD&A under the heading Risks and Risk Management.

1.6 DISTRIBUTION / RETURN OF CAPITAL

As at December 31, 2015, our monthly distribution rate was $0.033 per Unit. Approximately 5.5% (December 31, 2014 – 3.2%) of our total Units were enrolled in the Distribution Reinvestment and Unit Purchase Plan ("DRIP") as described in further detail in Note 18 of the consolidated financial statements. Total DRIP Units issued during the year ended December 31, 2015 were 217,247 Units.

As at	**December 31, 2015**	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Annualized distribution amount	**$ 0.400**	$ 0.400	$ 0.400	$ 0.400	$ 0.400	$ 0.400
Monthly distribution amount	**0.033**	0.033	0.033	0.033	0.033	0.033
Annualized distribution rate of return[2]	**7.0%**	6.7%	6.1%	5.9%	5.9%	5.5%
DRIP Units issued during the quarter	**65,065**	59,743	52,113	40,326	34,646	14,593

(2) Annualized distribution rate of return is calculated as the annualized distribution rate divided by the closing price per Unit on the TSX at the date specified

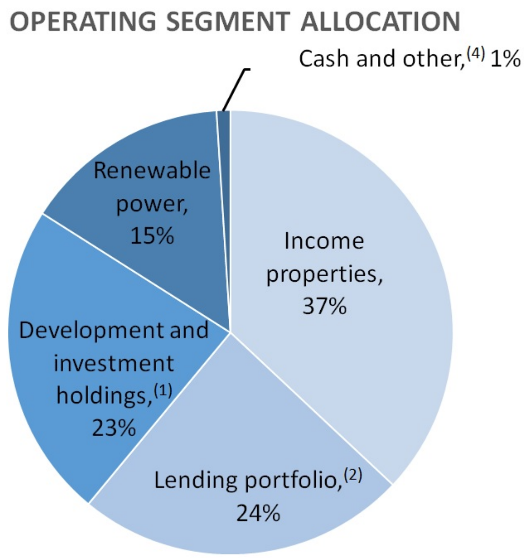
1.7 NORMAL COURSE ISSUER BID AND INSIDER ACTIVITY

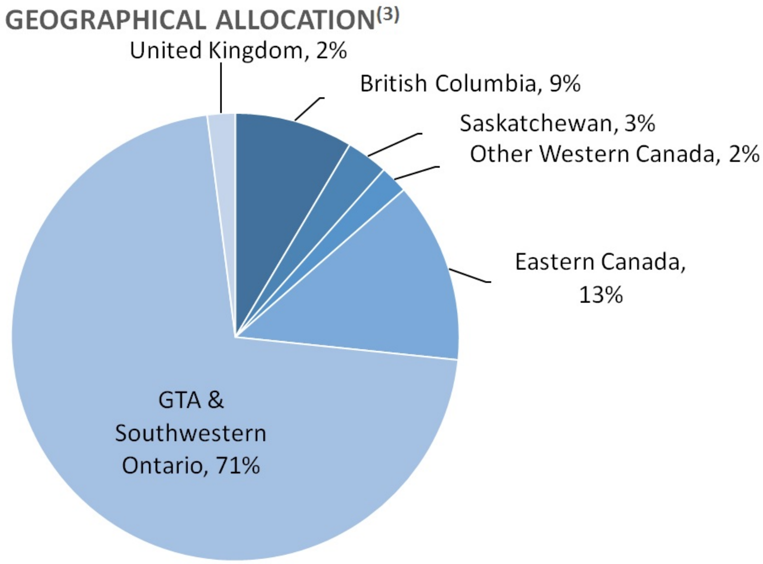
The Trust's normal course issuer bid expired on December 29, 2015 and was renewed on January 6, 2016. Cumulatively to February 22, 2016, the Trust has purchased for cancellation 1,525,052 Units under its current and prior normal course issuer bids. Since the Trust's Listing date to February 22, 2016, the Asset Manager and the Portfolio Manager of the Trust have purchased in aggregate 2,751,600 Units for their own respective accounts.

2. REPORTABLE OPERATING SEGMENTS RESULTS OF OPERATIONS

2.1 HIGHLIGHTS BY REPORTABLE OPERATING SEGMENTS

The charts below summarize our consolidated net assets attributable to Unitholders of the Trust as at December 31, 2015 by operating segment and geographical allocation.





(1) Development and investment holdings segment includes under development and completed investments of 19% and income-producing investments of 4%
(2) Lending portfolio segment includes development assets of 16% and income producing assets of 8%
(3) Geographical allocation excludes cash and other Trust consolidated working capital
(4) Trust expenses represent costs not allocated to the other operating segments, such as general and administrative costs and income taxes, and are net of interest income earned on our cash balances

ANNUALIZED AFAD RETURN ON AVERAGE TRUST NET ASSETS

	Year ended	Three months ended		
For the periods ended	**December 31, 2015**	**December 31, 2015**	September 30, 2015	December 31, 2014
Income properties	**2.7 %**	**2.8 %**	2.7 %	2.6 %
Lending portfolio	**1.8 %**	**1.9 %**	1.8 %	2.4 %
Development and investment holdings[5]	**1.3 %**	**0.8 %**	1.0 %	0.8 %
Renewable power	**0.4 %**	**1.0 %**	0.3 %	— %
Trust expenses, net[6][7]	**(2.3)%**	**(2.7)%**	(2.2)%	(2.2)%
Annualized AFAD return on average net assets	**3.9 %**	**3.8 %**	3.6 %	3.6 %
Annualized AFAD return on average net assets excluding after tax disposition gain[8]	**3.4 %**	**3.8 %**	3.6 %	3.6 %

(5) The calculation of annualized AFAD return on average net assets for the development and investment holdings segment for the year ended December 31, 2015 includes the before tax gain on disposition of the Castlepoint development
(6) The calculation of annualized AFAD return on average net assets for the Trust expenses segment for the year ended December 31, 2015 includes the income tax expense related to the gain on disposition of the Castlepoint development
(7) Trust expenses represent costs not allocated to the other operating segments, such as general and administrative costs and income taxes, and are net of interest income earned on our cash balances
(8) Total annualized AFAD return on average net assets excluding the after tax gain on disposition of the Castlepoint development

2.2 INCOME PROPERTIES

Revenue from income properties includes base rents, operating expenses and property tax recoveries, lease termination fees, parking income, and ancillary income. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable is recorded for the difference between the rental revenue recognized and the contractual amount received. Recoveries from tenants are recognized as revenues in the period that the corresponding costs are incurred and collectability is reasonably assured. Other revenues are recorded as earned.

All office and retail commercial properties are co-owned with Dream Office REIT (TSX: D.UN), with the exception of one recently acquired property which is wholly owned. The industrial real estate properties are co-owned with Dream Industrial REIT ("DIR") (TSX: DIR.UN).

A summary of our income properties' results is included in the tables below:

	Year ended	Three months ended		
For the periods ended	**December 31, 2015**	**December 31, 2015**	September 30, 2015	December 31, 2014
Income properties revenue	**$ 60,341**	**$ 15,048**	$ 15,451	$ 14,956
NOI	**30,481**	**7,691**	7,769	7,787
AFAD	**18,641**	**4,797**	4,824	4,592
Segment net income[(1)]	**13,192**	**(1,905)**	5,351	1,893
AFAD per Unit	**0.25**	**0.07**	0.07	0.06
Fair value changes to income properties	**(9,334)**	**(7,542)**	(511)	(3,780)

As at	**December 31, 2015**	September 30, 2015	December 31, 2014
Net assets attributable to Unitholders of the Trust	**$ 262,803**	$ 263,917	$ 246,071
Adjusted net asset value per Unit	**3.66**	3.65	3.40
Income properties at IFRS fair value	**520,395**	513,618	499,264
Amortized balance of mortgage payables	**256,490**	252,365	255,085
Debt-to-gross book value	**48.2%**	47.7%	49.2%
Fixed to floating interest rate ratio	**84.6% / 15.4%**	84.2% / 15.8%	55.4% / 44.6%
Weighted average effective interest rate on debt (period-end)	**3.2%**	3.2%	3.3%
Weighted average face interest rate on debt (period-end)	**3.8%**	3.9%	4.0%
Weighted average remaining term to maturity of debt (period-end) (years)	**2.9**	2.8	2.2

(1) For a reconciliation of segment net income, please refer to the tables under the headings Reconciliation of Total Income to Adjusted Total Income, NOI and EBITDA for the Three Months Ended December 31, 2015 and Reconciliation of Total Income to Adjusted Total Income, NOI, and EBITDA for the Year Ended December 31, 2015 in this MD&A

AFAD of $4.8 million including lease termination fees and other income for the three months ended December 31, 2015 were in line with the three months ended September 30, 2015. Higher average in-place and committed rents per sq.ft. and an increase in lease termination fees and other income offset the impact of occupancy declines and lower net expense recoveries in the quarter. As at December 31, 2015, the total portfolio average in-place and committed base rent was $14.67 per sq.ft., compared to $14.65 per sq.ft. as at September 30, 2015. During the three months ended December 30, 2015, new leases and renewals totalling approximately 35,000 sq.ft. were completed and approximately 59,000 sq.ft. expired or were terminated. An additional office property with a total GLA of approximately 34,000 sq.ft. was acquired late in the fourth quarter of 2015 and, therefore, did not have a significant impact on AFAD.

When compared to the prior year, AFAD for the three months ended December 31, 2015 were up $0.2 million due to the contribution from properties acquired during 2015, increases in average in-place and committed base rents per sq.ft. and interest savings due to favourable refinancing terms, partially offset by the impact from the decline in occupancy.

AFAD for the year ended December 31, 2015 were $18.6 million. Average in-place and committed base rents per sq.ft. increased to $14.67 per sq.ft. as at December 31, 2015 from $14.49 per sq.ft. as at December 31, 2014, providing an offset to the impact of the decline in occupancy. During the year ended December 31, 2015, new leases and renewals of approximately 193,000 sq.ft. were completed and approximately 246,000 sq.ft. of leases expired or were terminated. Acquisitions for the year ended December 31, 2015 contributed approximately 93,000 sq.ft. of additional GLA.

Net assets as at December 31, 2015 were $262.8 million, an increase of $16.7 million over the prior year mainly as a result of acquisitions and continued investment in our properties, partially offset by fair value losses.

As at December 31, 2015, the spread between average market base rent and average in-place and committed base rent in our portfolio was 4.2% and represents an opportunity to capture rent increases and corresponding income growth as existing leases are renewed or re-leased. When compared to December 31, 2014, this spread declined from 6.2% as a result of the combined effect of increased in-place and committed base rent and declining average market base rents during the year.

In-place and committed occupancy was 89.2% as at December 31, 2015, down from 90.7% at the end of the previous quarter and 91.2% at the end of the prior year. The total portfolio in-place and committed occupancy of 89.2% continues to exceed the market-specific industry average occupancy rate applicable to our portfolio of 86.6%.[1] Occupancy rates include lease commitments for space that is currently being readied for occupancy but for which rent is not yet being recognized.

The following table summarizes the key performance indicators ("KPIs") related to the income properties.

As at	**December 31, 2015**	September 30, 2015	December 31, 2014
Number of properties	**26**	25	19
Owned GLA (in millions of sq.ft.)	**2.2**	2.2	2.1
Occupancy rate (period-end) — in-place and committed[2]	**89.2%**	90.7%	91.2%
Occupancy rate (period-end) — in-place[2]	**87.9%**	89.1%	90.1%
Average tenant size (in sq.ft.)	**11,893**	12,159	12,536
Average in-place and committed base rent per sq.ft. (period-end)	**$ 14.67**	$ 14.65	$ 14.49
Average market base rent per sq.ft.	**15.29**	15.28	15.39
Market rent/in-place rent (%)[3]	**4.2%**	4.3%	6.2%
Weighted average remaining lease term (years)	**5.1**	5.3	4.9

(1) The market-specific industry average occupancy rates applicable to our portfolio were calculated using CBRE's Canadian Market Statistics Fourth Quarter 2015 and were calculated by applying the Report's applicable downtown or suburban vacancy rate by city to the city in the closest proximity within our portfolio, or the closest applicable region weighted by our owned share of GLA by building.

(2) Comparative property in-place and in-place and committed occupancy as at December 31, 2015 were 87.6% and 89.2%, respectively (September 30, 2015 - 88.7% and 90.4%)

(3) Market rent/in-place rent (%) represents the differential of the market rental rate and the portfolio's in-place and committed rental rate as a percentage of the portfolio in-place and committed rental rate

ACQUISITION AND FINANCING ACTIVITIES

During the fourth quarter of 2015, we acquired a 100% interest in an office property in downtown Toronto for $8.7 million, including transaction costs of $0.3 million. The building has a total GLA of 33,894 sq.ft. and is approximately 75% occupied with a weighted average remaining lease term of 2.4 years. The property was acquired on an unencumbered basis and was financed subsequent to the year ended December 31, 2015 through a $4.5 million five-year interest only fixed rate mortgage at 3.55%. A subsidiary of DAM had a partial interest prior to the acquisition in the property and DAM will continue to provide property management services for this property. The purchase price of the transaction was determined by reference to an independent appraisal. We believe this investment will provide for income and value appreciation potential through leasing activities and over the longer term, potential redevelopment.

During 2015, we acquired a 50% co-ownership interest in a portfolio of industrial income properties located in Regina, Saskatchewan, for $10.0 million, including transaction costs of $0.4 million, at a going-in cap rate of 6.9%. The acquisition is structured as a 50/50 co-ownership with DIR. The industrial portfolio consists of six fully occupied buildings with a total owned GLA of approximately 59,000 sq.ft. and a weighted average remaining lease term of 5.3 years as at December 31, 2015. As the properties were acquired on an unencumbered basis, $6.3 million of 3.25% fixed rate mortgage financing on the portfolio was obtained during the fourth quarter of 2015 for a term of five years. DIMC, which is owned by DIR, provides property management services for a fee which is in-line with market terms.

During 2015, four income property mortgages totalling $71.5 million matured and were refinanced for total gross proceeds of $74.3 million. These new mortgages have a weighted average term to maturity of 4.6 years and bear a weighted average fixed interest rate of 3.0%, which compares favourably to the weighted average face interest rate of the matured mortgages of approximately 3.3%. In addition, three mortgages totalling $12.4 million at a weighted average fixed interest rate of 4.2%, which were scheduled to mature during the first quarter of 2016, were refinanced in the fourth quarter of 2015 at a weighted average fixed interest rate of 3.0% for a five year term.

NET OPERATING INCOME

The NOI included in the consolidated financial statements includes comparative properties NOI[1], NOI from properties acquired after the Trust's Listing, and certain other amounts such as termination fees and straight-line rent. The table below provides a reconciliation of NOI for the reporting periods indicated. Comparative NOI for the three months ended December 31, 2015 decreased by 3.1% when compared to the same period in the prior year, attributable to lower occupancy and lower net expense recoveries, partially offset by higher in-place rents.

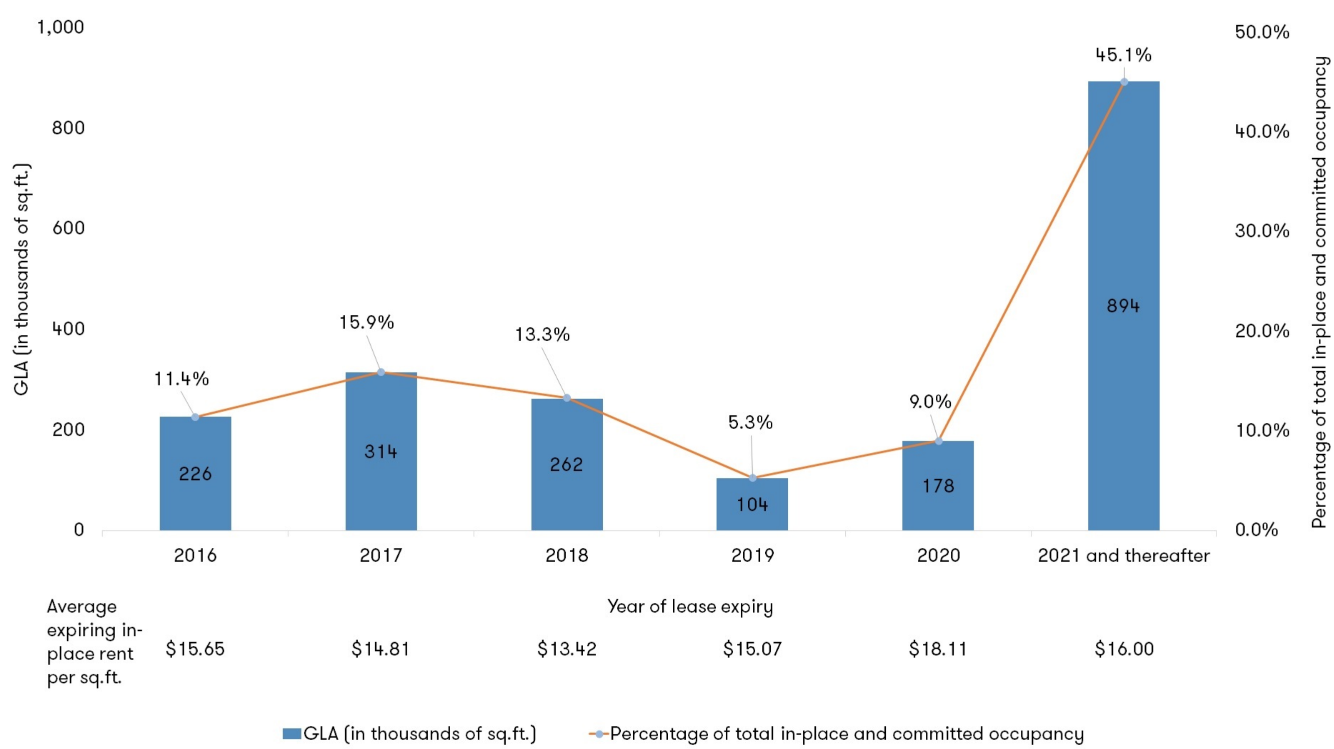
For the three months ended	**December 31, 2015**	September 30, 2015	December 31, 2014	Q4 2015 vs Q3 2015		Q4 2015 vs Q4 2014	
Comparative properties NOI[1]	**$ 7,287**	$ 7,594	$ 7,518	$ (307)	(4.0)%	$ (231)	(3.1)%
Lease termination fees and other income	**276**	17	235	259		41	
Straight-line rent	**99**	107	83	(8)		16	
Amortization of lease incentives	**(167)**	(131)	(49)	(36)		(118)	
NOI[2]	**7,495**	7,587	7,787	(92)	(1.2)%	(292)	(3.7)%
NOI from properties acquired after the Trust's Listing	**196**	182	—	14		196	
NOI including NOI from properties acquired after the Trust's Listing	**$ 7,691**	$ 7,769	$ 7,787	$ (78)	(1.0)%	$ (96)	(1.2)%

[1] For the definition of the non-IFRS measure of comparative properties NOI, please refer to Section 5 under the heading Non-IFRS Measures
[2] The September 30, 2015 comparatives have been reclassified

LEASING ACTIVITY

The property managers continue to actively lease future expiries and have made good progress in renewing leases. During the year ended December 31, 2015, approximately 145,000 sq.ft. of the Trust's share of leasing was completed with a major financial institution for an leverage term of approximately nine years at our property in London, Ontario, with a lease expiry scheduled in 2018. Completion of this lease secures approximately 35% of the expiries in 2018. We also secured approximately 77,000 sq.ft. of leasing, at the Trust's share, with a government tenant for 15 years at 219 Laurier Ave. W. in Ottawa, for space which is scheduled to expire in 2016. Rent commencement of the signed lease is expected to begin in 2017 as the space is being prepared for the tenant during 2016 and will result in a temporary increase in vacancy of 350 basis points ("bps"). As of December 31, 2015, the property managers have secured commitments for approximately 44% of 2016 future vacancies.

The expiry profile in our income properties segment in thousands of sq.ft. and as a percentage of total in-place and committed occupancy as at December 31, 2015 is as follows:



The table below details our lease maturity profile as at December 31, 2015 and distinguishes between lease maturities that have yet to be renewed or re-leased, and maturities for which we have a leasing commitment.

(in sq.ft.)	**Current monthly/ short-term tenancies**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021+**	**Total**
Total portfolio								
Expiries[1]	1,777	337,006	346,494	413,749	104,929	178,132	899,244	**2,281,331**
Expiries committed for occupancy[2]	—	(111,255)	(32,466)	(151,351)	(530)	—	(5,539)	**(301,141)**
Expiries, net of committed renewals	1,777	225,751	314,028	262,398	104,399	178,132	893,705	**1,980,190**
Vacancies committed for new leases	—	(38,051)	—	—	—	—	—	**(38,051)**
Expiries, net of committed occupancy	**1,777**	**187,700**	**314,028**	**262,398**	**104,399**	**178,132**	**893,705**	**1,942,139**

(1) Expiries include current in-place expiries and future expiries committed for renewals
(2) Expiries committed for occupancy include renewals and relocation of tenants

INCOME PROPERTIES FAIR VALUES AND CONTINUITY

The Asset Manager estimates the fair value of each income property using the most appropriate valuation methodology determined for each property on a highest and best use basis, which may include the overall capitalization method, the discounted cash flow method or in certain circumstances, land values.

The overall capitalization method applies a capitalization rate ("cap rate") to stabilized NOI[3], which incorporates a market vacancy rate and adjustments to market rental rates. The resulting capitalized value is further adjusted for extraordinary costs, such as lease-up costs, non-recoverable capital expenditures, straight-line rents, the present value of above or below market rental rates over their respective terms, and other non-recurring items, where applicable. The cap rates used by the Trust represent the Asset Manager’s estimate of the market-determined cap rates, which are applied to stabilized NOI to determine a capitalized market value for the income properties. These values are adjusted as described above and cannot be compared to an implied cap rate determined from the Trust’s financial statement results. The discounted cash flow method discounts the expected future cash flows, generally over a term of 10 years, and uses discount rates and terminal cap rates specific to each property.

Under the overall capitalization method, individual properties were valued using cap rates in the range of 5.50% to 7.75% (December 31, 2014 – 6.00% to 7.75%). The weighted average cap rate of the income properties as at December 31, 2015 was 6.44% (December 31, 2014 – 6.55%). Fair value losses on income properties incurred during the year ended December 31, 2015 were $9.3 million (year ended December 31, 2014 – $3.8 million). The majority of the fair value adjustments in the year ended December 31, 2015 were primarily a result of changes in leasing assumptions.

The Asset Manager’s internal valuation team is headed by an experienced valuator. On a quarterly basis, selected properties and key assumptions used in valuations are reviewed. The Asset Manager’s objective is to have each property valued by an independent valuator at least once every three years. For properties subject to an independent valuation report, the valuations team verifies all major inputs to the valuation and reviews the results with the independent valuators. Discussion of valuation processes, key inputs and results are held between the Trust and the valuations team at least once every quarter, in line with the Trust’s reporting policies. Five of the 19 income properties co-owned with Dream Office REIT, with a value of $161.7 million, were valued by an external appraiser during the year ended December 31, 2015. The six income properties co-owned with DIR, with a value of $9.6 million, were valued by an external appraiser pursuant to the acquisition during the year ended December 31, 2015. The newly acquired office property acquired in the fourth quarter of 2015 for $8.7 million was also subject to an external appraisal. In total, income properties with an approximate value of $180 million were appraised during the year ended December 31, 2015. Pursuant to the Trust's listing on July 8, 2014, the fair value of all income properties were assessed by an external valuator.

(3) For the Trust's definition of the non-IFRS measure of stabilized NOI, please refer to Section 5 of this MD&A under the heading Non-IFRS Measures

The table below provides a continuity of the income properties gross asset balance for the year ended December 31, 2015 and the period from July 8, 2014 to December 31, 2014:

For the periods ended December 31,	2015	2014
Balance, beginning of period	**$ 499,264**	$ 272,603
Additions:		
Property acquisitions pursuant to business combination	**—**	223,493
Acquisition of properties including transaction costs	**18,677**	—
Building improvements – recoverable	**6,142**	1,817
Building improvements – non-recoverable	**57**	183
Lease incentives and initial direct leasing costs	**6,089**	5,026
Deductions:		
Amortization of lease incentives	**(500)**	(78)
Fair value adjustments to investment properties	**(9,334)**	(3,780)
Balance, end of period	**$ 520,395**	$ 499,264

INITIAL DIRECT LEASING COSTS AND LEASE INCENTIVES

Initial direct leasing costs include leasing fees and related costs and broker commissions incurred in negotiating and arranging tenant leases. Lease incentives include costs incurred to make leasehold improvements to tenant spaces and cash allowances paid to tenants. Initial direct leasing costs and lease incentives incurred by the Trust are influenced by asset type, lease terminations and expiries, the mix of new leasing activity compared to renewals, portfolio growth and general market conditions. Short-term leases generally have lower costs than long-term leases, and leasing costs associated with office space are generally higher than costs associated with industrial and retail spaces.

During the three months ended December 31, 2015, approximately $0.5 million of initial direct leasing costs and leasing incentives were attributable to leases that commenced during the period, representing an average cost of $14.55 per sq.ft.

During the year ended December 31, 2015, average initial direct leasing costs and leasing incentives of $3.3 million, or $17.28 per sq.ft., include costs relating to a single large tenant that took occupancy of approximately 17,000 sq.ft. in the second quarter for a term of 12 years. Excluding the impact of this lease, the adjusted average initial direct leasing costs and lease incentives for the year ended December 31, 2015 were $14.74 per sq.ft.

INCOME PROPERTIES TAX ATTRIBUTES

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

TENANT BASE PROFILE

Our tenant base includes municipal, provincial and federal governments, as well as a wide range of high-quality large international corporations and various recognizable businesses operating across Canada. We have 295 tenants and an average tenant size at the Trust's share of 11,893 sq.ft. (December 31, 2014 – 12,536 sq.ft.). The following table outlines our top 10 tenants based on the percentage of gross rental revenues they represent.

Tenant	Number of buildings	GLA (in sq.ft.)[1]	% of Total GLA	% of Total gross revenue[2]	Remaining lease term (years)	Credit rating[3]
SNC-Lavalin Inc.	4	178,282[5]	8.0%	9.8%	4.2	BBB
TD Canada Trust	2	241,342	10.9%	9.1%	7.4	AA-
Government of Canada	1	109,592	4.9%	5.8%	11.9	AAA
Technicolor Creative Services	1	50,262	2.3%	3.0%	2.1	B+
Government of British Columbia	2	65,628	3.0%	3.0%	1.0[4]	AAA
Trader Corporation	1	48,318	2.2%	2.8%	1.4	N/A
Edward D. Jones & Co.	1	39,256	1.8%	2.7%	4.0	N/A
Parmalat Canada Inc.	1	45,941	2.1%	2.7%	7.7	BBB+
Livingston International Inc.	1	37,646	1.7%	2.3%	1.1	N/A
Smucker Foods of Canada	1	30,878	1.4%	1.4%	3.9	BBB
Total		**847,145**	**38.3%**	**42.6%**	**5.6**	

(1) GLA is stated at the Trust's owned share
(2) Annualized based on billing rates as of December 31, 2015
(3) Credit ratings were obtained from Standard & Poor's and Egan Jones, which may reflect the parent's or a guarantor's credit rating
(4) Approximately one half of the GLA shown has been renewed and will take effect in 2016
(5) Approximately 29,000 sq.ft. was vacated on January 1, 2016 in accordance with an early termination agreement

SUPPLEMENTAL INFORMATION

The table below provides supplemental information on our income properties portfolio as at December 31, 2015.

Property	Property type	City	Trust's ownership	Total GLA (in sq.ft.)	Owned share of total GLA (in sq.ft.)	Year built	Year renovated	Average tenant size (in sq.ft.)
GTA and Southwestern Ontario								
London City Centre	Office	London	60.0%	540,785	324,471	1974	in progress	26,798
Valhalla Executive Centre (300, 302 & 304 The East Mall)	Office	Toronto	50.1%	326,401	163,527	1973	in progress	10,277
50 Sussex Centre	Office	Mississauga	50.1%	350,525	175,613	1987		8,231
90 Sussex Centre	Office	Mississauga	50.1%	304,774	152,692	1989		13,388
West Metro Corporate Centre (185 The West Mall)	Office	Toronto	50.1%	297,292	148,944	1989	2006	13,698
West Metro Corporate Centre (191 The West Mall)	Office	Toronto	50.1%	158,260	79,289	1985		16,684
West Metro Corporate Centre (195 The West Mall)	Office	Toronto	50.1%	160,812	80,567	1984	2009	160,812
Commerce West (401/405 The West Mall)	Office	Toronto	60.0%	411,842	247,106	1985	2007	17,321
2810 Matheson Blvd.	Office	Mississauga	50.1%	139,035	69,656	1989		13,237
80 Whitehall Dr.	Office	Markham	60.0%	60,805	36,483	1990		30,403
6501-6523 Mississauga Rd.	Office	Mississauga	60.0%	84,725	50,835	1982		3,282
6531-6559 Mississauga Rd.	Office	Mississauga	60.0%	71,192	42,716	1978		2,572
2010 Winston Park Dr.	Office	Oakville	60.0%	79,137	47,483	1990		8,463
10 Lower Spadina Ave.	Office	Toronto	60.0%	60,255	36,153	1988		6,744
49 Ontario St.	Office	Toronto	60.0%	87,105	52,263	1972		43,553
Tillsonburg Gateway (680 Broadway St.)	Retail	Tillsonburg	50.1%	47,016	23,555	2003		11,754
55 Norfolk St. S.	Office	Simcoe	60.0%	12,887	7,733	1987	2000	12,887
349 Carlaw Ave.	Office	Toronto	100.0%	33,894	33,894	1967	2015	3,610
Western Canada								
Lansdowne Village	Retail	Kamloops	60.0%	190,665	114,399	1970	2008	5,586
Gateway Business Centre	Office	Victoria	60.0%	181,601	108,960	1999		24,511
1082 Stock Rd.	Industrial	Regina	50.0%	46,157	23,078	2012		46,157
1105 Pettigrew Ave.	Industrial	Regina	50.0%	12,234	6,117	1980	2012	12,234
363 Maxwell Cres.	Industrial	Regina	50.0%	23,415	11,707	1984	1997	23,415
1640 Broder St.	Industrial	Regina	50.0%	11,169	5,585	1989	1997	11,169
2190 Industrial Dr.	Industrial	Regina	50.0%	11,677	5,839	1989		11,677
125 McDonald St.	Industrial	Regina	50.0%	14,080	7,040	1975		4,693
Eastern Canada								
219 Laurier Ave. W.	Office	Ottawa	60.0%	187,783	112,670	1965		37,557
460 Two Nations Crossing	Office	Fredericton	60.0%	50,945	30,567	2008		50,945
Wedgewood Plaza	Retail	Halifax	65.0%	36,353	23,630	1994		2,693
				3,992,821	**2,222,572**			**11,893**

2.3 LENDING PORTFOLIO

Large financial institutions in Canada are focused on limited types of mortgage loans because of their restrictive lending criteria. The lack of competition from the large financial institutions for other loan types creates opportunities in mortgage financing. We invest in mortgages secured by all types of residential and commercial real estate property that represent an acceptable underwriting risk to the Trust. We typically finance properties in the commercial real estate sector with lower risk profiles and stabilized income properties. Working within our risk parameters, we also invest in higher-yielding development and construction loans, bridge loans, and mezzanine loans, where we are comfortable with the underlying security and covenant of the borrower.

We source our investments in traditional mortgages by working primarily with experienced Canadian mortgage brokerage firms. Since the Trust's Listing, including unfunded commitments, we have originated approximately $130 million of new loans at a weighted average effective interest rate of approximately 8.3%.

We record lending portfolio investments initially at fair value, including up-front lender fees. Subsequent to initial recognition, lending portfolio investments are measured at amortized cost using the effective interest rate method less any impairment losses. A lending portfolio investment is considered to be impaired if there has been a deterioration of credit quality subsequent to its initial recognition such that we no longer have reasonable assurance as to the timely collection of the full amount of principal and interest.

	Year ended	Three months ended		
For the periods ended	**December 31, 2015**	**December 31, 2015**	September 30, 2015	December 31, 2014
Lending portfolio interest income and lender fees	**$ 13,940**	**$ 3,503**	$ 3,683	$ 4,454
EBITDA	**11,501**	**3,433**	1,452	4,359
AFAD	**12,612**	**3,382**	3,182	4,234
AFAD per Unit	**0.17**	**0.05**	0.04	0.06

As at	**December 31, 2015**	September 30, 2015	December 31, 2014
Number of loans outstanding	**23**	24	30
Lending portfolio loan balance at amortized cost[1]	**$ 161,283**	$ 170,639	$ 213,572
Net assets attributable to Unitholders of the Trust	**161,194**	170,494	213,505
Adjusted net asset value per Unit	**2.22**	2.33	2.91
Security allocation (1st mortgages/other)	**66.6% / 33.4%**	62.1% / 37.9%	80.9% / 19.1%
Expected contractual repayments within the next 12 months (maturities and principal payments)	**$ 112,144**	$ 115,658	$ 133,143
Weighted average effective interest rate (period-end)	**7.8%**	8.8%	8.4%
Weighted average face interest rate (period-end)	**7.7%**	7.8%	7.8%
Weighted average remaining term to maturity (period-end) (years)	**0.80**	0.85	0.93

(1) Lending portfolio loan balances at amortized cost includes interest income receivable and differs from the net assets attributable to Unitholders of the Trust because it excludes loan services fees payable

AFAD from the lending portfolio for the three months ended December 31, 2015 were $3.4 million, an increase from the three months ended September 30, 2015 as a result of higher lender fee income. During the fourth quarter of 2015, the total lending portfolio balance decreased by $9.4 million mainly due to maturities and repayments of $23.1 million, partially offset by new loans and advances to existing loans facilities of $12.6 million. The decline in the lending portfolio loan balance outstanding as at December 31, 2015 when compared to September 30, 2015 had a minimal impact on AFAD in the fourth quarter of 2015 as the majority of the repayments occurred late in the fourth quarter.

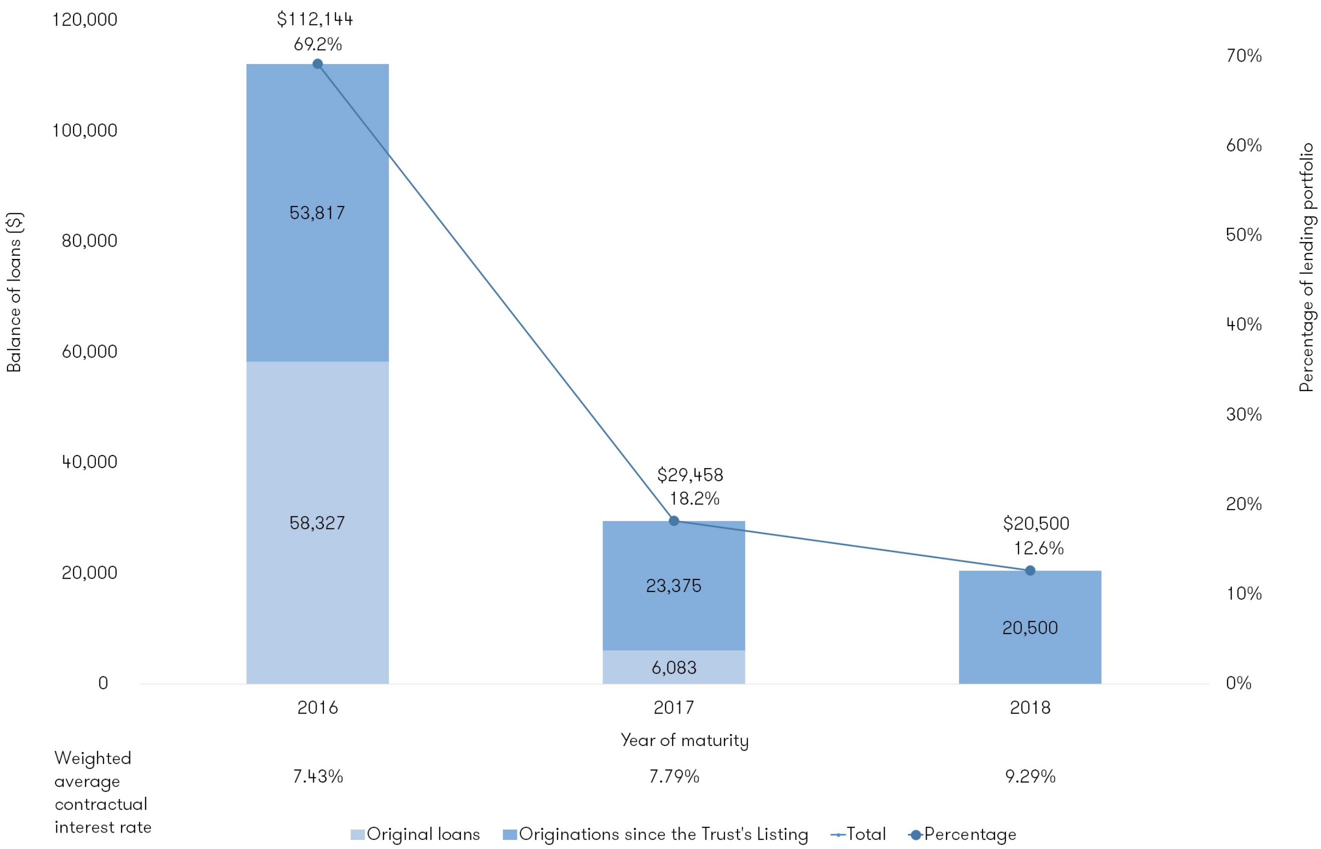
When compared to the three months ended December 31, 2014, AFAD from the lending portfolio for the three months ended December 31, 2015 were $0.9 million lower, mainly as a result of a decline in the overall lending portfolio loan balance.

AFAD for the year ended December 31, 2015 were $12.6 million. As at December 31, 2015, the lending portfolio consisted of 23 mortgages, real property loans and a corporate loan, aggregating to a total outstanding lending portfolio balance of $161.3 million. The decline of $52.3 million in the lending portfolio balance when compared to December 31, 2014 is a result of the strategic reallocation of capital to other operating segments.

Steady progress was made during the year in reducing the Trust's exposure to the original lending portfolio. Approximately 69% of the original lending portfolio has been repaid as at December 31, 2015, which includes many of the loans that were originally considered to be of higher risk, as compared to 61% as at September 30, 2015.

The portfolio remains reasonably liquid with a weighted average term to maturity of 0.80 years as at December 31, 2015 compared to 0.85 years as at September 30, 2015 and 0.93 years as at December 31, 2014. The weighted average effective interest rate as at December 31, 2015 was 7.8%, down from 8.8% as at September 30, 2015 and 8.4% as at December 31, 2014, mainly as a result of achieving full amortization of the net discount recognized on loans outstanding at the Trust's Listing and the full amortization of the lender fees. As at December 31, 2015, we have commitments to fund an additional $16.5 million of loans at a weighted average effective interest rate of approximately 7.3%. We continue to see a variety of lending opportunities that meet our criteria at attractive interest rates.

The chart below summarizes the maturity profile dates of the lending portfolio at contractual value:



The table below provides a continuity of the lending portfolio balance at amortized cost for the year ended December 31, 2015.

		Loan balance	Weighted average effective interest rate
Balance as at December 31, 2014	$	213,572	8.4%
Less: Regular principal repayments		(3,890)	7.1%
Less: Principal repayments at maturity and prepayments		(105,707)	7.4%
Less: Changes in accrued interest receivable		(28)	—
Less: Provision for lending portfolio losses		(2,011)	—
Add: Lending portfolio advances		55,083	7.9%
Add: Interest capitalized to lending portfolio balance		3,364	—
Add: Amortization of lender fees received and net discounts on assumed mortgages receivable		900	—
Balance as at December 31, 2015	**$**	**161,283**	**7.8%**
Add: Unfunded commitments as at December 31, 2015		16,480	7.3%(1)
Lending portfolio, including unfunded commitments as at December 31, 2015	**$**	**177,763**	**7.8%**

(1) Represents our estimate of weighted average effective interest rate on committed and unfunded lending portfolio investments as at December 31, 2015

The following table illustrates the number and proportion of the lending portfolio investments by property type based on amortized cost.

	December 31, 2015			December 31, 2014		
	No. of individual mortgages outstanding	**% of Total**	**Weighted average effective interest rate**	No. of individual mortgages outstanding	% of Total	Weighted average effective interest rate
Loans secured by development assets:						
Corporate loan/Other(2)	**1**	**14.8%**	**10.0%**	2	10.1%	10.0%
Land	**12**	**52.6%**	**7.5%**	10	27.2%	8.7%
Loans secured by income-producing assets:						
Hospitality	**4**	**7.7%**	**6.7%**	9	36.6%	6.8%
Industrial/Self storage	**2**	**12.1%**	**7.6%**	3	8.2%	7.8%
Multi-residential/Condominium	**—**	**—%**	**—%**	1	4.7%	9.0%
Retirement home	**1**	**7.3%**	**7.0%**	2	9.6%	12.9%
Retail	**2**	**3.3%**	**7.2%**	3	3.6%	6.7%
Office	**1**	**2.2%**	**9.5%**	—	—%	N/A
Total	**23**	**100.0%**	**7.8%**	30	100.0%	8.4%

(2) Includes an unsecured corporate loan outstanding to MMS Enterprise Holdings Inc. with an amortized cost, as at December 31, 2015, of $23.6 million. MMS Investments Inc. is the parent company of award-winning home builder Empire, which was established in 1993. The loan is guaranteed by Empire

Since the Trust's Listing, the strategic focus of the Asset Manager has been to diversify and reduce the risk profile of the Trust's original portfolio. Development loans have historically provided very attractive returns. We believe that we benefit from the Asset Manager's position as an active developer, such that our risk associated with originating development loans is reduced. Traditional real estate lending continues to be valuable by providing a base return while we seek opportunities with more desirable risk-adjusted returns. In addition, we believe that maintaining an allocation to traditional real estate lending provides more certain returns during times of economic uncertainty.

In the year ended December 31, 2015, one loan facility of $5.5 million was originated in the hospitality sector, of which $0.4 million was drawn on the loan as at December 31, 2015. Six hospitality loans totalling approximately $65 million were repaid, reducing exposure in the hospitality sector to a more reasonable proportion of 7.7% of the overall lending portfolio, down from 36.6% as at December 31, 2014.

2.4 DEVELOPMENT AND INVESTMENT HOLDINGS

As at December 31, 2015, our development and investment holdings segment consisted of approximately:

- $74 million of participating loans in seven primarily retail projects, currently in various stages of development, co-owned and managed by Villarboit Development Corporation ("Villarboit");
- $73 million of participating loans in two separate residential projects in the greater Toronto area ("GTA") that are currently in development, co-owned and managed by Empire Communities ("Empire");
- $14 million of equity value in two separate limited partnerships which hold interests in an income-producing property portfolio consisting of three shopping centres and one office building (the Bayfield Limited Partnership investments); and
- $3 million of equity value in Hotel PUR, a hotel property located in Québec City, Québec.

Sales of the Empire Lakeshore high-rise, condominium development and Brampton low-rise residential development continue to progress well with 85.6% and 91.2%, respectively, of available units either sold or presold as at December 31, 2015, compared to 75.5% and 50.0%, respectively, as at December 31, 2014. Two Villarboit retail developments, Pembroke and North Bay, were completed and became operational during the year ended December 31, 2015.

During the year ended December 31, 2015, we invested $2.6 million for an equity interest in Hotel PUR, a hotel in Québec City, Québec, and we sold our interest in the Castlepoint mixed use development for gross proceeds of $12.6 million, which resulted in a pre-tax gain of $3.1 million.

	Year ended	Three months ended		
For the periods ended	**December 31, 2015**	**December 31, 2015**	September 30, 2015	December 31, 2014
Results of operations				
AFAD – development assets	**$ 4,999**	**$ 1,088**	$ 1,499	$ 1,171
AFAD – gain on disposition of development asset	**3,112**	**—**	—	—
AFAD – income-producing	**829**	**274**	203	170
Total AFAD	**$ 8,940**	**$ 1,362**	$ 1,702	$ 1,341
AFAD per Unit	**$ 0.12**	**$ 0.02**	$ 0.02	$ 0.02
AFAD per Unit excluding gain on disposition	**0.09**	**0.02**	0.02	0.02

As at	**December 31, 2015**	September 30, 2015	December 31, 2014
Financial position			
Assets – under development and completed	**$ 147,630**	$ 145,833	$ 153,494
Assets – income producing – retail	**13,937**	14,286	15,222
Assets – equity accounted – Hotel PUR	**2,452**	2,716	—
Total net assets	**$ 164,019**	$ 162,835	$ 168,716
Adjusted net asset value per Unit	**2.26**	2.22	2.29
Development status			
Total retail GLA projected on completion (in millions of sq.ft.)	**1.2**	1.2	1.2
Percentage of retail GLA leased/preleased	**41.2%**	40.6%	39.8%
Total number of projected residential units	**1,970**	1,970	1,944
Percentage of projected residential units sold/presold	**87.6%**	81.7%	66.5%

AFAD for the three months ended December 31, 2015 were $1.4 million, a decrease of $0.3 million from the three months ended September 30, 2015, as a result of seasonal fluctuations in the results of Hotel PUR. Revenue earned from hotel operations fluctuates throughout the year and certain costs of operations are virtually fixed. Accrued interest earned on the Empire residential projects for the three months ended December 31, 2015 was $1.3 million and was reasonably consistent with accrued interest earned for each of the three months ended September 30, 2015 and December 31, 2014. Cash operating distributions from the Pembroke Villarboit and North Bay Villarboit developments and from the Bayfield LP investment are recognized in AFAD and were $0.3 million for the three months ended December 31, 2015, compared to $0.2 million for each of the three months ended September 30, 2015 and December 30, 2014.

AFAD for the year ended December 31, 2015 were $8.9 million and includes a pre-tax gain on disposition of the Castlepoint development project of $3.1 million. Excluding this pre-tax gain on disposition, AFAD for the year ended December 31, 2015 were $5.8 million and was comprised of $4.9 million of interest earned and accrued on the contractual value of the two Empire residential participating mortgage investments, operating cash distributions of $0.8 million received from the Bayfield LP and Pembroke and North Bay Villarboit investments and $0.1 million from Hotel PUR.

AFAD for the periods presented includes interest income earned and accrued on the contractual value of the two Empire residential participating mortgage investments based on the agreements' stated interest rates of 8.0% to 9.0%, which amounted to $1.3 million for the three months ended December 31, 2015, and $4.9 million for the year ended December 31, 2015 compared to $1.2 million for each of the three months ended September 30, 2015 and December 31, 2014. The accrued interest represents a conservative measure of the expected future cash return from the development projects and more appropriately reflects that returns are being earned over the development of the projects. These amounts included in AFAD represent only the interest portion of the return on these investments and do not include any estimate of the participation profit that the Trust expects to receive upon the completion of the projects pursuant to the participation agreements.

ASSETS — UNDER DEVELOPMENT AND COMPLETED — RESIDENTIAL AND RETAIL

Total residential and retail assets under development and completed are summarized in the following table.

	Investment values as at	
	December 31, 2015	December 31, 2014
Total residential assets under development	**$ 73,256**	$ 73,232
Total retail assets under development and/or completed	**74,374**	80,262
Total assets – under development and/or completed	**$ 147,630**	$ 153,494

Our ownership interest at fair value and key development measures for the residential assets under development are detailed in the following tables.

	Empire Brampton	Empire Lakeshore	Castlepoint	Total
Balance as at December 31, 2014	$ 22,308	$ 41,541	$ 9,383	$ 73,232
Advances	—	6	142	148
Fair value adjustments	6,577	2,824	—	9,401
Disposition or distribution/capital repayment	—	—	(9,525)	(9,525)
Balance as at December 31, 2015	**$ 28,885**	**$ 44,371**	**$ —**	**$ 73,256**

		% presold/sold	
As at	Range of dates for expected closings	**December 31, 2015**	December 31, 2014
Empire Lakeshore	Q1 2019 – Q2 2020	**85.6%**	75.5%
Empire Brampton	Q3 2017 – Q3 2018	**91.2%**	50.0%
Total residential assets under development/weighted average		**87.6%**	66.5%

Construction of the Empire Lakeshore two tower condominium development commenced in the second quarter of 2015 and is projected to be completed in 2020. During the third quarter of 2015, one of the towers within the development received approval to add an additional three floors to the building, bringing the total to 1,285 units from the initial 1,258 units. The Trust expects the increased density will slightly extend development timelines but will also enhance profitability of the overall project. As at December 31, 2015, Empire had sold 85.6% or 1,100 units across both towers of 1,285 total projected condominium units (75.5% or 950 units of 1,258 total projected units as at December 31, 2014).

The low-rise multi-phase residential development in Brampton continues to progress and actively sell residential homes. The first home closings occurred in the second quarter of 2015 with the final home closings projected to be in the third quarter of 2018. As at December 31, 2015, Empire had sold 91.2% of the 685 projected available units compared to 50.0% as at December 31, 2014, and, to date, closings have occurred on approximately 30% of these units. We continue to make progress in achieving our share of profitability from this development, which is expected to deliver an internal rate of return of approximately 20% to the Trust, based on the Trust's fair value as at December 31, 2015.

Our ownership interest and key development measures for the retail assets under development and completed are detailed in the following table at fair value.

	Villarboit – assets under development	Villarboit – completed and operational developments	Total
Balance as at December 31, 2014	$ 75,600	$ 4,662	$ 80,262
Advances	234	—	234
Fair value adjustments	(1,494)	—	(1,494)
Distribution or capital repayment	(3,771)	(857)	(4,628)
Transfer of completed and operational development	(8,393)	8,393	—
Balance as at December 31, 2015	**$ 62,176**	**$ 12,198**	**$ 74,374**

			December 31, 2015
	Range of dates for expected/actual completion	Total GLA (sq.ft.)	Total % in-place and committed occupancy
Villarboit – assets under development	Q1 2018 – Q2 2018[(1)]	877,078	21.2%
Villarboit – completed and operational developments	Q2 2015 – Q1 2017[(2)]	316,246	96.6%
Total retail assets under development and completed/weighted average		1,193,324	41.2%

(1) The final completion dates are estimated by the Asset Manager based on information provided by the retail development project manager regarding the expected completion dates and development status as at December 31, 2015 and are subject to change

(2) As at December 31, 2015, the completed developments' in-place occupancy rate of 96.6% includes leasable area where tenants are in place but are not yet paying rent. The dates presented represent the timing when all tenants become rent-paying within their respective development project

	GLA (in sq.ft.)							
City	**Total Expected**	**Pre-Leased**	**Occupied**	**Total % in-placed and committed occupancy**	**% Pre-Leased and Occupied**	**Site Acres**	**Status**	**Major Tenants**
Pembroke	64,491	—	64,491	64,491	100.0%	5 retail	Completed	Michaels, Winners, Sport Chek
North Bay	135,514	—	135,514	135,514	100.0%	11.5 retail	Completed	Bulk Barn, PetSmart, Michaels, Winners
Cornwall	116,241	—	105,521	105,521	90.8%	12 retail	Completed	Sport Chek, Michaels, Marks Work Warehouse
Brantford	142,810	—	74,945	74,945	52.5%	14 retail	Under development	Michaels, PetSmart, Bed Bath & Beyond
Owen Sound	203,789	—	93,732	93,732	46.0%	20 retail, 10 residential	Under development	Winners, Value Village, Dollar Tree
Niagara Falls	94,584	4,389	12,478	16,867	17.8%	11 retail, 4.5 residential	Under development	Starbucks, Pita Pit, Sunset Grill
Markham	435,895	—	—	—	—%	30 retail, 2 residential	Under development	N/A
	1,193,324	4,389	486,681	491,070	41.2%			

Villarboit is in active leasing discussions with respect to the retail development projects and has executed leases representing 41.2% of the developments' total projected GLA of 1.2 million sq.ft. During the three months ended December 31, 2015, a cash distribution of approximately $3.7 million was received on the participating loan on the North Bay retail development as financing was arranged upon project completion and lease-up, in addition to the $0.8 million distribution received from the Pembroke retail development during the second quarter of 2015. Cash operating distributions were $0.1 million for the year ended December 31, 2015.

During the three months ended December 31, 2015, notices of default were issued relating to four retail development participating loans with a carrying value of $62.2 million. The borrower was given 90 business days following the notices to cure the events of default. No incremental adjustment to the fair value of these assets was required as a result of issuing the notices of default. The Trust assumed a $2.4 million first mortgage facility on the Markham Villarboit retail development project, in which we have an approximately $37.0 million existing investment as at December 31, 2015.

ASSETS — INCOME PRODUCING — RETAIL

Our ownership interest and key development measures for the income producing development and investment holdings are detailed in the following table at fair value.

	Bayfield Retail	Bayfield Millwood	Total
Balance as at December 31, 2014	$ 6,118	$ 9,104	$ 15,222
Fair value adjustments	142	(494)	(352)
Distribution or capital repayment	(933)	—	(933)
Balance as at December 31, 2015	**$ 5,327**	**$ 8,610**	**$ 13,937**

		In-place occupancy	
	Total GLA (sq.ft.)	**December 31, 2015**	December 31, 2014
Bayfield LP investments – income-producing	1,154,490	**77.3%[1]**	90.4%

[1] In-place occupancy as at December 31, 2015 decreased from December 31, 2014 due to a large U.S. retail tenant vacating their space in one of the Bayfield enclosed malls. Subsequent to year end, a termination payment was received at the co-ownership level. These proceeds will be reinvested in the property to reposition the asset for future leasing

Cash operating distributions of $0.2 million were received during the three months ended December 31, 2015, reasonably consistent with each of the three months ended September 30, 2015 and December 30, 2014. For the year ended December 31, 2015, $0.7 million of cash operating distributions were received in addition to $0.9 million of capital proceeds received during the three months ended March 31, 2015 on the refinancing of a matured mortgage on one shopping centre asset.

ASSETS — EQUITY ACCOUNTED — HOTEL PUR

During the year ended December 31, 2015, we invested $2.6 million for an equity interest in Hotel PUR, as discussed on page 24. The investment is accounted for using the equity method. During the year ended December 31, 2015, the Trust's share of loss in this investment was $0.1 million. The investment balance as at December 31, 2015 was $2.5 million.

DEVELOPMENT AND INVESTMENT HOLDINGS CONTINUITY

The table below provides a continuity of the development and investment holdings portfolio balance for the year ended December 31, 2015.

	Villarboit	Empire	Castlepoint	Bayfield	Hotel PUR	Total
Balance as at December 31, 2014	$ 80,262	$ 63,849	$ 9,383	$ 15,222	$ —	$ 168,716
Advances	234	6	142	—	2,560	2,942
Fair value adjustments[2]	(1,494)	9,401	—	(352)	—	7,555
Disposition or distributions/capital repayment	(4,628)	—	(9,525)	(933)	—	(15,086)
Share of income from Hotel PUR	—	—		—	(108)	(108)
Balance as at December 31, 2015	**$ 74,374**	**$ 73,256**	**$ —**	**$ 13,937**	**$ 2,452**	**$ 164,019**

[2] Includes $620 of fair value losses included in other comprehensive income

Distributions from the participating mortgages, as described under the headings Villarboit Development Corporation, Empire Communities and Hotel PUR on Page 23 and Page 24 of this MD&A, are paid subject to the development projects' or investment's cash available for distribution. Additional distributions may not be received until after the development completion dates or the unit sale closing dates.

DEVELOPMENT AND INVESTMENT HOLDINGS FAIR VALUES

The fair values of the development and investment holdings retail and residential assets under development and completed as at December 31, 2015 are determined by discounting the expected cash flows from each participating mortgage based on its projected future operating income or unit sales. The Empire residential development assets valuations are calculated by discounting the projected future share of proceeds from sales of units at rates between 13.0% and 15.0%. The Asset Manager approximates the fair value of future operating income of the Villarboit retail development assets by calculating the value of the asset at the expected operational date using the direct cap rate method (cap rates used were in the range of 6.3% to 6.9%) and discounting this future value on the reporting date at rates of 15.0%, adjusted for our percentage interest in accordance with the participating mortgage agreements. Investments in two of the retail development assets, due to the uncertainty of development timelines, have been valued primarily based on the land appraisals as determined by an external valuator at the Trust's Listing date, and represent approximately 60% of the total Villarboit retail development holdings fair value as at December 31, 2015. In determining the discount rate, we consider market conditions, time to completion of the development, the percentage of space leased, units sold, and other publicly available information. The discount rates used were higher than the underlying interest rates of the participating mortgages of 8.0% to 13.0%, and reflect a risk premium due to the uncertainty regarding the timing of payments and the longer-term horizon of the developments.

The fair values of the Bayfield LP investment income-producing retail properties are determined using the direct cap rate method with cap rates between 6.4% and 7.5%.

The Hotel PUR investment is accounted for using the equity method of accounting.

The net fair value gain (excluding development and investment holdings classified as available-for-sale ("AFS")) of $5.5 million for the three months ended December 31, 2015 and $8.2 million for the year ended December 31, 2015 is mainly due to fair value increases on the residential developments as they progressed closer to completion.

DEVELOPMENT AND INVESTMENT HOLDINGS PARTNERS AND SUPPLEMENTAL INFORMATION

Villarboit Development Corporation

Villarboit is a Toronto-based developer of retail properties. The company is fully integrated, and is responsible for all primary aspects of our retail development projects, including acquisitions, site planning, construction and leasing, as well as property and asset management.(1)

The Villarboit investments are retail development projects that commenced in 2012 or later and are in various stages of leasing and construction. The investments consist of six non-recourse participating loan investments with initial terms of 10 years and one co-ownership interest. Our security under the participating loans ranges from an approximately 65% to 89% interest in the properties and does not have recourse to Villarboit directly. Our co-ownership investment consists of a 19.8% interest in the Brookdale Square retail property in Cornwall, Ontario. Investments structured as participating mortgages have a stated interest rate of up to 13%, and the co-ownership investment is expected to generate a cash return once the development is complete. Projected completion dates for the remaining developments range from the first quarter to the second quarter of 2018 (excluding projects fair valued based on land values). As at December 31, 2015, 41.2% (December 31, 2014 – 39.8%) of the total projected development GLA of 1.2 million sq.ft. had been committed or leased.

Empire Communities

Empire has established a tradition of creating prestigious, award-winning new homes, condominiums, and communities in the Greater Toronto, Hamilton, and Niagara regions, while earning a reputation for outstanding attention to detail and customer service. The company received recognition as Ontario's 2013 Green Builder of the Year. Past awards include The President's Award from the Ontario New Home Warranty Program for Outstanding Service and Achievement, the Ontario Community of the Year Award for its Wyndfield and Wyndance communities, and previous Green Builder of the Year Awards from the Hamilton-Halton Home Builders' Association and Building Industry and Land Development Association.(2)

The participating mortgage investments are in a high-rise condominium development and a detached/semi-detached/townhouse development being constructed by Empire, each in the form of a mortgage instrument and a participating agreement, which allows us to participate in a percentage of the profits of the development in excess of the proceeds of the mortgages. We expect to receive repayment of amounts owing under the mortgage instruments and our share of proceeds under the participating agreements from both Empire developments upon the respective completion dates. Upon receipt of all proceeds, we will retain no further ownership interest or security on these developments.

(1) Based on information disclosed on Villarboit's website at www.villarboit.com
(2) As disclosed on Empire's website at www.empirecommunities.com

Bayfield LP Investments

The Bayfield LP investments consist of limited partnership interests of less than 20% in two separate limited partnerships that own co-ownership interests in three shopping centres and one office tower. RioCan REIT has an ownership interest in these properties, and a subsidiary of RioCan REIT is the property manager of each of the retail properties. Cash distributions received from the Bayfield LP investments during the quarter were consistent with the annual target distribution rate as communicated by the limited partnerships' asset manager, Bayfield Realty Advisors.

Hotel PUR

The Trust has invested $2.6 million for an equity interest in Hotel PUR, an award-winning, full service hotel situated in the heart of the Saint-Roch District of Québec City, Québec. The investment was made in partnership with Global Edge Investments (“GEI”) Hospitality Inc., a North American hospitality investment company with development and asset management expertise in hotels, restaurants and on-line hospitality companies.(1) The hotel is managed by Crescent Hotels & Resorts, one of the top five leading third-party hotel management companies in North America.

We also entered into a commitment to fund up to $5.5 million on a second mortgage secured against the hotel at a rate of 10.2% for a term of two years with a one-year extension at the option of the borrower. As at December 31, 2015, $0.4 million was drawn on the loan. Proceeds of the loans will fund the capital investment in upgrading the guest rooms and common amenities of the hotel, and rebrand the hotel as a 4-star property.

(1) As disclosed on GEI's website at www.globaledgeinvestments.com

2.5 RENEWABLE POWER

As at December 31, 2015, our renewable power segment included five fully operational portfolios, consisting of two wind power portfolios and three rooftop solar portfolios. One ground mount solar portfolio is under construction and is expected to reach full commercial operation by the second quarter of 2016. Each portfolio consists of a number of projects as described more fully below. All projects have a 20-year, initial term government or regulated utility PPA, allowing the sale of generated electricity at a fixed contract rate above the market rate, resulting in stable and predictable rates for all electricity generated.

A summary of the renewable power segment's results is as follows:

	Year ended	Three months ended		
For the periods ended	**December 31, 2015**	**December 31, 2015**	September 30, 2015	December 31, 2014
Renewable power revenue	**$ 3,632**	**$ 2,493**	$ 627	$ 46
NOI	**2,823**	**1,898**	506	15
EBITDA	**2,779**	**1,898**	498	(19)
EBITDA margin %(1)	**76.5%**	**76.1%**	79.4%	N/A
AFAD	**$ 2,531**	**$ 1,688**	$ 465	$ (19)
AFAD per Unit	**0.03**	**0.02**	0.01	—

As at	**December 31, 2015**	September 30, 2015	December 31, 2014
Net assets attributable to Unitholders of the Trust(2)	**$ 105,031**	$ 97,719	$ 19,860
Total assets	**133,908**	127,719	31,747
Adjusted net asset value per Unit	**1.45**	1.33	0.27
Installed capacity (in construction) (MW)(3)(4)	**4.4**	15.6	16.4
Installed capacity (operational) (MW)(3)(4)	**16.0**	4.9	0.7

(1) For the Trust's definition of the non-IFRS measure of EBITDA margin please refer to Section 5 of this MD&A under the heading Non-IFRS Measures
(2) Net assets attributable to the Unitholders of the Trust as at December 31, 2015, September 30, 2015 and December 31, 2014 represents total Unitholders' equity excluding non-controlling interests
(3) Installed capacity (MW) is the amount of electrical power in megawatts that the renewable power facilities currently held are capable of generating once operational
(4) Prorated based on the Trust's ownership percentage or economic interest

The renewable power segment's AFAD for the three months ended December 31, 2015 of $1.7 million increased by $1.2 million compared to the three months ended September 30, 2015, as a result of a full quarter of AFAD contribution from the United Kingdom Wind power portfolio acquired late in the third quarter of 2015 and from the Nova Scotia Wind power portfolio which became operational late in the fourth quarter of 2015. We had $133.9 million of total renewable power assets as at December 31, 2015, up $6.2 million or an increase of 4.8% since September 30, 2015, mainly due to funding of existing projects under construction.

AFAD for the year ended December 31, 2015 were $2.5 million. During the year ended December 31, 2015, seven rooftop solar power projects, one ground mount solar power project, and the Trust's Nova Scotia Wind power portfolio became operational. In addition, the Trust acquired a portfolio of U.K. distributed wind power projects during the year ended December 31, 2015. In aggregate, this represents 16.0 MW of operational installed capacity, a significant increase when compared to the December 31, 2014 operational installed capacity of 0.7 MW, which included three rooftop solar power projects in Ontario. Net assets attributable to Unitholders of the Trust were $105.0 million, up from $19.9 million at December 31, 2014. This is consistent with the construction and acquisition of renewable power assets during 2015.

Once the ground mount solar portfolio is fully operational, which is expected to occur by the end of the second quarter of 2016, the total power installed operational capacity will increase to 20.4 MW at the Trust's share. We expect approximately $0.10 per Unit of annual AFAD contribution from our renewable power investments, once the projects are fully operational.

Due to the seasonal nature of the renewable power segment, we expect some variability in electricity generated, which will result in fluctuations in the quarterly results. The operational results for the year ended December 31, 2015 are within the scope of management's expectations.

RENEWABLE POWER PROJECTS

Below is a summary of our renewable power projects as at December 31, 2015:

	Economic interest	Installed capacity (MW)[(1)(2)]	Weighted average remaining PPA (years)	Estimated/actual commercial operational date	Carrying value[(3)]	Debt financing, net of fees	For the year ended December 31, 2015	
							Revenue	EBITDA
Operational projects								
Ontario Rooftop Solar	100%	3.1	19.0	Q2 2014 – Q3 2015	$ 13,576	$ —	$ 1,402	$ 1,070
United Kingdom Wind	91%	2.0	18.6	Q2 2013 – Q2 2015	16,548	—	766	568
Nova Scotia Wind	80%	10.5	19.8	Q4 2015	34,930	14,534	1,447	1,137
Ontario Ground Mount Solar	100%	0.4	19.9	Q4 2015	5,379	—	17	4
Projects under construction – solar								
Ontario Ground Mount Solar[(4)]	100%	4.4	20.0	Q1 2016 – Q2 2016	50,088	—	—	—
Total		**20.4**	**19.6**		**$ 120,521**	**$ 14,534**	**$ 3,632**	**$ 2,779**

(1) Installed capacity (MW) is the maximum amount of electrical power in megawatts that the renewable power projects held by the Trust are capable of generating once operational

(2) Prorated based on the Trust's ownership percentage or economic interest

(3) Carrying values represents the total renewable power assets as reflected on the financial statements and is presented at 100%, including the non-controlling interest percentages and construction costs payable, and are net of accumulated amortization where applicable

(4) Our investment in the Ontario Ground Mount Solar power projects is expected to generate a return in line with our renewable power segment weighted average expected yield of approximately 12% over the life of the project

Ontario Rooftop Solar comprises three rooftop solar portfolios located in Ontario with an installed capacity of 3.1 MW. The portfolio, which consists of ten rooftop solar power projects, was fully operational and income-producing as at December 31, 2015. The assets are unlevered as at December 31, 2015.

The Trust's operational rooftop solar portfolio as at December 31, 2015 is summarized below:

- Three solar rooftop projects with an installed capacity of 0.6 MW: The solar panels are built on top of industrial and commercial buildings, located in Ottawa, Brockville and Niagara-on-the-Lake, Ontario. The Feed-in-Tariff ("FIT") 1.0 contracts allow for the sale of solar electricity to the Ontario Independent Electricity System Operator ("IESO") for a term of 20 years.
- Four solar rooftop projects with an installed capacity of 1.5 MW: The solar panels are built on top of industrial buildings owned by DIR in Mississauga and North York, Ontario. Three assets commenced commercial operation during the second and third quarters of 2015. Each project has a FIT 2.1 contract that allows for the sale of solar electricity to the IESO for a term of 20 years.
- Three solar rooftop projects with an installed capacity of 1.0 MW: The solar panels are built on top of industrial buildings located in Cambridge, Ontario. The assets commenced commercial operation during the third quarter of 2015 with FIT 2.1 contracts that allow for the sale of solar electricity to the IESO for a term of 20 years.

Ontario Ground Mount Solar is a portfolio of ten ground mount solar power projects located in Ontario with an installed capacity of 4.8 MW. During the three months ended December 31, 2015, one ground mount solar power project became operational. The remaining projects are currently under construction and are expected to become operational during the first and second quarters of 2016. Each project has a 20-year PPA with the IESO through the FIT program.

Nova Scotia Wind is a wind power portfolio consisting of eight turbines located in Nova Scotia with a total capacity of 13.2 MW. The Trust owns on a stabilized equity basis an 80.0% economic interest in this portfolio, representing an installed capacity at share of 10.5 MW. The portfolio is divided into three projects each of which have a 20-year PPA with Nova Scotia Power Inc. ("NSPI") through the Community Feed-in-Tariff ("COMFIT") program. The portfolio became fully operational during the fourth quarter of 2015. The construction was partially funded with construction financing as described in this section of the MD&A under the heading Renewable Power Financing.

United Kingdom Wind was acquired during the third quarter of 2015 for $16.5 million, including transaction costs. The Trust owns an economic interest of approximately 91% of the portfolio based on the form and structure of the investment. This wind power portfolio is located in the U.K., consists of 25 fully operational distributed-scale wind turbines and is managed by a local operator who holds an economic interest of approximately 9%. Each of the turbines has a FIT accreditation which provides for payments from local utilities within the U.K. that are indexed to inflation, for a remaining term of approximately 20 years as guaranteed by the Office of Gas and Electricity Markets (“OFGEM”), the U.K. government regulator for the electricity and downstream natural gas markets. The assets are unlevered as at December 31, 2015.

RENEWABLE POWER FINANCING

We intend to secure third-party project financing for most of our renewable power projects to reduce the capital requirements for project construction and to increase the return on equity invested when it is beneficial to the Trust's economics. For projects that have a utility-grade PPA[(1)] in place, lenders will commonly provide long-term debt financing that matches the amortization term to that of the PPA. We will generally target a leverage ratio in the range of 65% to 80% as projects become operational or when the minimum investment thresholds are met on multiple projects of a smaller scale.

Financing is typically available on a fixed-rate, non-recourse basis, fully amortizing over the term of the loan. The stability of cash flows from renewable power assets can support obtaining financing terms, which may include a leverage ratio of up to 80%.

For larger renewable power projects, our strategy is to secure debt financing during or immediately after construction to enhance returns and reduce capital requirements. For smaller renewable power projects, such as rooftop solar, our strategy is to initially fund construction with 100% equity and secure debt financing at a later date once enough projects have been aggregated in order to reduce financing costs and obtain economies of scale.

During the year ended December 31, 2015, we secured 20-year, non-recourse financing against the Nova Scotia Wind power project and received the first tranche of financing of $15.0 million at a fixed rate of 4.70%. The second tranche of up to another $15.0 million is expected to be secured, subject to various conditions, per the loan agreement by the end of the second quarter of 2016.

In order to provide an effective hedge of the interest rate on the long-term debt for our Ontario Ground Mount Solar portfolio, we entered into various bond forward contracts with a major Canadian bank for a total value of $48.0 million during the year ended December 31, 2015. The notional $48.0 million value represents approximately 80% of the expected debt available to be placed on the portfolio following the commercial operation dates and is expected to be placed during the first and second quarters of 2016. The purpose of the hedge was to mitigate interest rate volatility risk, fix the expected economic return on this project, and lock in project financing at an attractive effective rate of approximately 4.8% for approximately 20 years on the hedged amount. During the year ended December 31, 2015, the fair value position of the hedge, net of income taxes, was a loss of $1.1 million, which was included in other comprehensive income on the consolidated statements of comprehensive income.

RENEWABLE POWER FAIR VALUE

The Trust records its renewable power wind and solar assets at cost less accumulated depreciation within its consolidated financial statements. In determining Adjusted NAV, the Trust intends to reflect at fair value the renewable power projects developed by the Trust once they become operational and long-term financing is arranged in 2016. The Trust deems this information as relevant to users as the risk profile of the asset decreases when a renewable power project under construction becomes operational. For the year ended December 31, 2015, there was no fair value adjustment reflected in the Adjusted NAV on the renewable power assets. In 2016, the Trust expects to include in the Adjusted NAV the fair value increments related to the renewable power assets, as the aforementioned milestones are achieved.

RENEWABLE POWER TAX ATTRIBUTES

The Canadian Income Tax Act makes available “green” energy tax incentives to the renewable energy sector. Certain pre-development and soft costs that are not normally deductible, known as Canadian renewable and conservation expenses (“CRCE”), are deductible against other sources of income in the year they are incurred. Non-CRCE project costs that are not otherwise currently deductible are included in the cost of the depreciable property and are eligible for maximum tax depreciation rates of between 30% and 50%, which can be used to help offset income once the project becomes operational.

[(1)] Utility-grade PPA is a power purchase obligation with a counterparty with an investment grade credit rating of at least BBB- (S&P and Fitch) or Baa3 (Moody’s)

2.6 OTHER ITEMS IN NET INCOME

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended December 31, 2015 were $3.4 million, relatively unchanged from the prior year and prior quarter. For the year ended December 31, 2015, general and administrative expenses were $13.9 million.

INCOME TAX EXPENSE

For the three months ended December 31, 2015, the effective income tax rate was 21.7%, compared to 2.4% for three months ended December 31, 2014 mainly as a result of rate differences. The effective income tax rate was 25.2% for the year ended December 31, 2015, below the weighted average statutory Canadian tax rate of 26.5% mainly as a result of rate differences.

INTEREST EXPENSE

Interest expense for the three months ended December 31, 2015 was relatively unchanged when compared to the three months ended December 31, 2014. Marginally higher mortgage payable balances and the cessation of interest capitalization on renewable power projects becoming operational were offset by lower effective interest rates.

Interest expense for the three months ended December 31, 2015 was $2.3 million, marginally higher than the $2.1 million for the three months ended September 30, 2015.

2.7 RELATED PARTY TRANSACTIONS

The Trust and its subsidiaries enter into transactions with related parties that are disclosed in Note 26 to the consolidated financial statements. Pursuant to the management agreement entered into with DAM, the asset management fees were $11.0 million for the year ended December 31, 2015 and $2.4 million for the three months ended December 31, 2015 (three months ended December 31, 2014 – $2.6 million). In addition, the Trust incurred expense recoveries relating to financing arrangements and other of $1.8 million for the year ended December 31, 2015 and $0.6 million for the three months ended December 31, 2015.

During the fourth quarter of 2015, we acquired a 100% interest in an office property for $8.7 million, including transaction costs of $0.3 million. This building has a total GLA of 33,894 sq.ft. and leases with a weighted average remaining lease term of 2.4 years. The property was acquired on an unencumbered basis and was financed subsequent to the year ended December 31, 2015 through a $4.5 million five-year interest only fixed rate mortgage at 3.55%. A subsidiary of DAM had a partial interest in the property prior to acquisition and DAM will provide property management services for this property. The purchase price of the initial transaction was determined by reference to an independent appraisal.

During 2014, the Trust acquired a portfolio of rooftop solar power projects from DAM. The assets were purchased at DAM's carrying value of $2.4 million, which was determined to represent a fair transaction value to the Trust by an independent valuator.

2.8 SELECTED ANNUAL INFORMATION

For the periods ended December 31,		Year ended 2015		Six months ended 2014
TOTAL INCOME	**$**	**90,222**	$	36,146
TOTAL EXPENSES		**56,036**		26,169
Fair value adjustments to income properties		**(9,334)**		(3,780)
OPERATING INCOME (LOSS)		**24,852**		6,197
Other interest income		**549**		457
Share of loss from equity accounted investment		**(108)**		—
Gain on acquisition		**—**		127,158
Reorganization related costs		**—**		(12,013)
EARNINGS BEFORE INCOME TAX EXPENSE		**25,293**		121,799
TOTAL INCOME TAX EXPENSE		**6,363**		2,052
NET INCOME		**18,930**		119,747
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**(1,977)**		525
TOTAL COMPREHENSIVE INCOME	**$**	**16,953**	$	120,272
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Unitholders	**$**	**16,999**	$	120,278
Non-controlling interest		**(46)**		(6)
TOTAL COMPREHENSIVE INCOME	**$**	**16,953**	$	120,272

As at December 31,		2015		2014
Total assets	**$**	**997,555**	$	997,260
Total non-current liabilities		**239,536**		177,428
Total Unitholders' equity		**693,167**		712,207
Total equity		**695,060**		714,162
Annualized distribution amount per Unit		**0.40**		0.40
Units outstanding		**72,562,487**		73,666,978

The financial data derived from the consolidated financial statements have been prepared in accordance with IFRS and are presented in Canadian dollars. Consistent with the discussion under the Basis of Presentation section of this MD&A, the results of operations for the first six months of 2014 are excluded from the table above.

The financial results for the first six months of 2014 represent the results for ROI Canadian High Income Mortgage Fund ("CHIM" or the "Acquiror Fund"), one of the seven funds previously managed by ROI whose assets were indirectly acquired in connection with the Trust's Listing (as described in Note 33 of the consolidated financial statements for the year ended December 31, 2015). In accordance with the relevant IFRS pronouncements, CHIM was selected as the Acquiror Fund for accounting purposes, thus its financial results represent the historical financial results of the Trust for periods prior to the Trust's Listing (July 8, 2014) in the consolidated financial statements. Results prior to the Trust's Listing are excluded from the MD&A as the historical results of the Acquiror Fund for the period prior to the Trust's Listing are not comparable to the financial results and the business of the Trust subsequent to the Trust's Listing, due to the factors outlined in the Basis of Presentation section of this MD&A.

3. DISTRIBUTION MEASURES

In any given period, actual distributions paid and payable may differ from cash generated from operating activities primarily as a result of timing of payments and receipts as well as the impact of leasing incentives and costs, which fluctuate with lease maturities, renewal terms and the type of asset being leased and changes in non-cash working capital. These short-term fluctuations are funded from our cash and cash equivalents on hand and, if necessary, with our existing credit facilities. The Trust determines the distribution rate by, among other considerations, its assessment of cash flow as determined using adjusted cash generated from operating activities (a non-IFRS measure), which excludes the fluctuations in non-cash working capital and investment in lease incentives and initial direct leasing costs.

Similarly, total comprehensive income contains a number of non-cash items, the effects of which are shown in the table below. The Trust anticipates that, in any given period, distributions paid and payable will vary from total comprehensive income as total comprehensive income includes non-cash items such as fair value adjustments to financial instruments and deferred income tax expense. Accordingly, the Trust does not use total comprehensive income as a proxy for distributions.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between cash generated from operating activities and distributions paid and payable, as well as the differences between total comprehensive income and distributions paid and payable, in accordance with the guidelines. As the Trust uses adjusted cash generating from operating activities (a non-IFRS measure) in determining its cash available for distribution, the following table also outlines the differences between adjusted cash generated from operating activities and total distributions.

For the periods ended December 31, 2015	Three months ended	Year ended
Total comprehensive income	**$ 3,043**	**$ 16,953**
Add (deduct):		
Fair value adjustment, derivative financial liabilities hedges[(1)]	**316**	**1,122**
Deferred income tax expense	**(299)**	**3,124**
Adjusted total comprehensive income	**$ 3,060**	**$ 21,199**
Cash generated from operating activities	**$ 8,569**	**$ 31,373**
Add (deduct):		
Investment in lease incentives and initial direct leasing costs	**1,803**	**5,985**
Change in non-cash working capital	**(1,471)**	**(2,019)**
Adjusted cash generated from operating activities	**$ 8,901**	**$ 35,339**
Distributions paid and payable	**$ 7,304**	**$ 29,386**
Shortfall of adjusted total comprehensive income over distributions paid and payable	**(4,244)**	**(8,187)**
Excess of adjusted cash generated from operating activities over distributions paid and payable	**1,597**	**5,953**
Shortfall of total comprehensive income over distributions paid and payable	**(4,261)**	**(12,433)**
Excess of cash generated from operating activities over distributions paid and payable	**1,265**	**1,987**

(1) Net of tax recovery of $114 for the three months ended December 31, 2015 and $406 for the year ended December 31, 2015, and reclassified to net income over the term of the hedged item

For the three months ended December 31, 2015 and year ended December 31, 2015, the cash generated from operating activities exceeded the Trust's distributions paid and payable by $1.3 million and $2.0 million, respectively. Including adjustments for investments in lease incentives and initial direct leasing costs, and the change in non-cash working capital there is an excess of adjusted cash generated from operating activities from the Trust's distributions paid and payable of $1.6 million for the three months ended December 31, 2015 and $6.0 million for the year ended December 31, 2015.

For the three and year ended December 31, 2015, the Trust's distributions paid and payable exceeded total comprehensive income by $4.3 million and $12.4 million, respectively. For the year ended December 31, 2015, approximately $4.2 million of the distribution shortfall was driven by the combination of fair value losses on debt forward contract hedges and deferred taxes. These are non-cash items in the period that are not reflective of the Trust's ability to pay distributions. The remaining shortfall of $8.2 million, which is equal to the shortfall of adjusted total comprehensive income over distributions paid and payable, represents returns of capital rather than returns of operating income. The Asset Manager believes that the current level of distributions is sustainable given that the total comprehensive income is expected to increase as our newly acquired and recently completed renewable power projects contribute to comprehensive income, as the renewable power projects currently under construction become operational and as the Trust reinvests proceeds from renewable power financing in accordance with the Trust's investment strategy and target returns. For the year ended December 31, 2015, the average cash balance held within the Trust was a relatively high amount of approximately $50 million.

4. LIQUIDITY AND CAPITAL RESOURCES

Our financial position is summarized below:

As at		December 31, 2015		September 30, 2015		December 31, 2014
Consolidated financial position						
Net assets attributable to Unitholders of the Trust	**$**	**693,167**	$	701,107	$	712,207
Adjusted net asset value per Unit		**9.64**		9.67		9.75
Total assets		**997,555**		1,004,317		997,260
Total contractual debt (face value of debt)		**269,404**		264,831		250,822
Units outstanding – end of period		**72,562,487**		73,214,376		73,666,978

The Trust's primary sources of financing are cash generated from operating activities, lending activities, credit facilities, mortgage financing and refinancing, and renewable power project financing. Our primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, debt principal repayments, interest payments, property acquisitions, mortgage lending, investments in development and investment holdings, and investments in renewable power assets. It is the Trust's objective to meet all of our ongoing obligations with current cash, cash flows generated from operating activities, cash from maturing lending portfolio investments, conventional mortgage refinancing and, as growth requires and when appropriate, new equity or debt issues.

SUMMARY OF DEBT

We maintain adequate levels of liquidity to ensure that we can meet distribution objectives and react quickly to potential investment opportunities. Financing activities relating to the mortgage payable balances secured against the income properties and to the construction loan facility secured against a renewable power asset are summarized below:

As at		December 31, 2015		September 30, 2015		December 31, 2014
Mortgages payable	**$**	**254,404**	$	249,831	$	250,822
Unamortized balance of premium on mortgages payable		**2,623**		2,988		4,262
Construction loan facility		**15,000**		15,000		—
Deferred financing fee on mortgages payable and construction loan facility		**(1,003)**		(920)		—
Total debt payable (per consolidated financial statements)	**$**	**271,024**	$	266,899	$	255,084

A discussion regarding each of our operating segments is included in the respective operating segments' review.

The KPIs of our debt are as follows:

As at		December 31, 2015		September 30, 2015		December 31, 2014
Weighted average effective interest rate (period-end)[1]		**3.2%**		3.2%		3.3%
Weighted average face rate of interest (period-end)[1]		**3.8%**		3.9%		4.0%
Total debt due over the next 12 months	**$**	**33,977**	$	47,040	$	76,597
Debt-to-gross book value[2]		**27.0%**		26.4%		25.2%
Debt – average term to maturity (years)		**2.9**		2.8		2.2

We currently use cash flow performance and debt level indicators to assess our ability to meet our financing obligations. Our current interest coverage ratio[3] for the year ended December 31, 2015 is 3.5 times, demonstrating our ability to more than adequately cover interest expense requirements.

(1) Weighted average effective interest rate is calculated as the weighted average face rate of interest, net of amortization of debt premiums and financing costs of interest-bearing debt weighted by the size of the respective interest bearing debt instruments in the portfolio
(2) Our debt-to-gross book value as at December 31, 2015 is calculated as the contractual debt payable divided by the gross asset value of the Trust
(3) For the Trust's definition and reconciliation of the non-IFRS measure of interest coverage ratio, please refer to Section 5 of this MD&A under the heading Non-IFRS Measures

As at December 31, 2015, our cash balance was $20.8 million. For the year ended December 31, 2015, interest was received on cash balances at rate of 1.15%. After reserving for current payables, operating requirements and funds held in co-tenancy bank accounts, the cash deficit would be $2.7 million, excluding borrowing available from our revolving credit facility, which had a maximum availability of $45.8 million as at December 31, 2015. The Trust is therefore well positioned to fund future commitments, acquisitions and other working capital requirements. We expect to use expected proceeds of financing from our newly acquired income property, from the Ontario Ground Mount Solar portfolio and from the Nova Scotia Wind project to fund future investment opportunities. Our debt-to-gross book value is 27.0%, which is a conservative position and provides opportunities to the Trust to grow using additional financing in the future.

DEBT STRATEGY

Our strategy is to maintain a balanced debt profile, taking into account market conditions and the financial characteristics of each income property and renewable power asset. Our debt strategy is to obtain asset level financing on a fixed rate basis, with a term to maturity that is appropriate in consideration of the cash flow characteristics of each asset. Our preference is to have staggered debt maturities to mitigate interest rate risk and limit refinancing exposure in any particular period. We also intend to enter into long-term loans at fixed rates when borrowing conditions are favourable.

DEBT MATURITIES

The existing mortgages payable are characterized by a staggered maturity profile. The following table sets out the principal repayments and maturity balances on the mortgages payable and the construction loan facility to be repaid each year.

Debt maturities	Outstanding balance due at maturity	Scheduled principal repayments	Total maturity balance and principal repayments	% of Total debt maturities and principal repayments	Weighted average effective interest rate on balance due at maturity	Weighted average face rate on balance due at maturity
2016	$ 26,698	$ 7,279	$ 33,977	12.7%	3.4%	4.1%
2017	68,836	6,702	75,538	28.0%	3.1%	4.8%
2018	63,393	4,443	67,836	25.2%	3.0%	3.3%
2019	—	3,599	3,599	1.3%	—%	—%
2020	55,663	3,370	59,033	21.9%	3.2%	3.1%
2021 and thereafter	14,903	14,518	29,421	10.9%	4.7%	4.9%
Subtotal	229,493	39,911	269,404	100.0%	3.2%	3.8%
Unamortized balance of debt premiums and deferred financing costs	—	—	1,620			
Total	**$ 229,493**	**$ 39,911**	**$ 271,024**			

FINANCING ACTIVITIES

The Trust's financing activities for the three months ended December 31, 2015 are presented in the consolidated statements of cash flows. These financing activities include regular principal repayments, distributions paid, the repurchase of Units pursuant to the normal course issuer bid, and the refinancing of matured mortgages payable. The construction loan facility is described under the heading Renewable Power Financing in this MD&A.

During the year, we entered into bond forward contracts for our ground-mount solar power project. The objective of entering into these contracts is to mitigate the interest rate risk and the resulting impact of the interest and principal payments due to the lender over the term of the project financing. These contracts are also discussed under the heading Renewable Power Financing in this MD&A.

REVOLVING CREDIT FACILITY

A demand revolving credit facility (the "facility") is available up to a formula-based maximum not to exceed $50.0 million. The facility is in the form of a rolling one-month Bankers' Acceptance ("BA") rate, and bears interest at the BA rate plus 2.0% or at the bank's prime rate (2.7% as at December 31, 2015) plus 1.0%, payable monthly. The facility is secured by a general security agreement on all assets of Dream Alternatives Lending Services LP and Dream Alternatives Master LP.

During the third quarter of 2015, the facility was renewed and extended to July 31, 2017. This renewal includes an amendment to the formula-based maximum calculation. As at December 31, 2015 and December 31, 2014, no amounts were drawn on the facility, and $4.2 million (December 31, 2014 – $Nil) of letters of credit were issued against the facility. Available liquidity under the facility as at December 31, 2015 was $45.8 million (December 31, 2014 – $50.0 million).

OUR EQUITY

As at December 31, 2015, the Trust had 72,562,487 Units outstanding and a Unitholders' equity balance of $693.2 million. The number of Units outstanding declined from December 31, 2014 as a result of the repurchase of Units pursuant to the normal course issuer bid as more fully discussed below.

	December 31, 2015		December 31, 2014	
As at	Number of Units	Amount	Number of Units	Amount
Unitholders' equity	**72,562,487**	**$ 596,541**	73,666,978	$ 606,150
Retained earnings		**98,078**		105,532
Accumulated other comprehensive income		**(1,452)**		525
Total Unitholders' equity	**72,562,487**	**$ 693,167**	73,666,978	$ 712,207
Non-controlling interests		**1,893**		1,955
Total equity		**$ 695,060**		$ 714,162

The following table summarizes the changes in the outstanding Units:

	Units
Total Units outstanding on December 31, 2014	**73,666,978**
Units issued pursuant to the DRIP	217,247
Deferred Units exchanged for Trust Units	7,916
Repurchases under the normal course issuer bid	(1,329,654)
Total Units outstanding on December 31, 2015	**72,562,487**
Units issued pursuant to the DRIP	51,831
Repurchases under the normal course issuer bid	(195,398)
Total Units outstanding on February 22, 2016	**72,418,920**

As described in Note 14 of the consolidated financial statements, the Trust has a Deferred Unit Incentive Plan ("DUIP") that provides for the granting of deferred trust units and income deferred trust units to trustees, officers, employees and affiliates and their service providers (including the Asset Manager). As at December 31, 2015 there were 190,158 deferred trust units and income deferred trust units outstanding (December 31, 2014 – 98,556 units outstanding).

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN ("DRIP")

We have a DRIP entitling Unitholders to reinvest all cash distributions made by us into additional Units. Participants electing to reinvest cash distributions in Units pursuant to the DRIP will receive a further "bonus" distribution equal to 4% of the amount of each cash distribution they reinvest, on which further distributions are also reinvested in Units. Participants may also purchase additional Units pursuant to the optional cash purchase feature of the DRIP, subject to a minimum investment amount of one thousand dollars and a maximum investment amount of two hundred and fifty thousand dollars per calendar year. Participants in the DRIP will not receive a bonus distribution of Units in connection with any optional cash purchases. The Trust may amend, suspend or terminate the DRIP at any time.

DISTRIBUTIONS

The distributable cash flow and amount of monthly distributions to Unitholders are determined by the Board of Trustees of the Trust (the "Trust Board") based on distributions received from Dream Alternatives Master LP, net of general and administrative expenses, operating and other expenses, and income tax expenses. The Asset Manager forecasts the distributable cash flow from the Trust's operating segments to help the Trust Board determine the targeted annual distribution amount.

NORMAL COURSE ISSUER BID

On December 23, 2014, the TSX accepted the Trust's Notice of Intention to make a normal course issuer bid (the "prior bid"), which commenced on December 30, 2014 and remained in effect until its expiry date of December 29, 2015. Under the bid, the Trust had the ability to purchase for cancellation up to a maximum of 7,280,818 Units (representing 10% of the Trust's public float of 72,808,178 Units as at December 19, 2014).

On January 6, 2016, the TSX accepted the Trust's Notice of Intention to renew the prior bid (the "current bid"), which commenced on January 8, 2016 and will remain effective until earlier of January 7, 2017 or the date on which the Trust has purchased the maximum number of Units permitted under the current bid. Under the current bid, the Trust has the ability to purchase for cancellation up to a maximum of 7,029,230 Units (representing 10% of the Trust’s public float of 70,292,303 Units at the time of entering the current bid through the facilities of the TSX). Daily purchases under the current bid are limited to 14,222 Units, other than purchases pursuant to applicable block purchase exceptions.

As at December 31, 2015, under the prior bid terminated on December 29, 2015, the Trust purchased for cancellation 1,329,654 Units for a total cost of $8.1 million, including 716,954 Units purchased at a total cost of $4.1 million during the three months ended December 31, 2015. For the period to February 22, 2016, 1,525,052 Units have been purchased under the prior and current bids at a total cost of $9.1 million.

Unitholders may obtain a copy of the Form 12 - *Notice of Intention to make a Normal Course Issuer Bid* filed by the Trust with the TSX in connection with the current bid, without charge, by contacting the Trust.

RECONCILIATION OF NET INCOME TO FAD AND AFAD FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
Net income (loss)	$ (1,905)	$ 948	$ 3,433	$ 6,282	$ (4,466)	**$ 4,292**
Add (deduct):						
Amortization of lease incentives	167	—	—	—	—	**167**
Depreciation of renewable power assets	—	720	—	—	—	**720**
Amortization of intangible assets	—	16	—	—	—	**16**
Amortization of lender fees received	—	—	(51)	—	—	**(51)**
Fair value adjustments in development and investment holdings	—	—	—	(5,524)	—	**(5,524)**
Fair value adjustments to income properties	7,542	—	—	—	—	**7,542**
Deferred income taxes expense	—	—	—	—	(299)	**(299)**
Non-controlling interests	—	76	—	—	—	**76**
Share of losses from equity accounted investments	—	—	—	264	—	**264**
Share of FAD of equity accounted investments	—	—	—	(185)	—	**(185)**
FAD[2]	$ 5,804	$ 1,760	$ 3,382	$ 837	$ (4,765)	**$ 7,018**
Add (deduct):						
Straight-line rent	(55)	—	—	—	—	**(55)**
Amortization of deferred financing costs	28	—	—	—	—	**28**
Interest earned on residential development and investment holdings[3]	—	—	—	1,273	—	**1,273**
Cash operating distributions received excluding return of capital, net of amounts reallocated to net income	—	—	—	(748)	—	**(748)**
Amortization of mortgages payable premium	(365)	—	—	—	—	**(365)**
Deferred unit compensation expense	—	—	—	—	95	**95**
Normalized initial direct leasing costs and lease incentives	(615)	—	—	—	—	**(615)**
Normalized capital expenditures on renewable power	—	(72)	—	—	—	**(72)**
AFAD	**$ 4,797**	**$ 1,688**	**$ 3,382**	**$ 1,362**	**$ (4,670)**	**$ 6,559**

RECONCILIATION OF CASH GENERATED FROM OPERATING ACTIVITIES TO AFAD FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

	Total
Cash generated from operating activities	**$ 8,569**
Add (deduct):	
Initial direct leasing costs and lease incentives	1,803
Investments in development and investment holdings	103
Change in non-cash working capital	(1,471)
Non-controlling interest	76
Interest added to lending portfolio balance	778
Interest earned on residential development and investment holdings[3]	1,273
Return of capital distributions received from development and investment holdings	(3,700)
Share of FAD from equity accounted investment	(185)
Normalized initial direct leasing costs and lease incentives	(615)
Normalized capital expenditures on renewable power	(72)
Foreign exchange translation on amortization of renewable power assets	—
AFAD	**$ 6,559**

[1] Includes other Trust amounts not specifically related to the segments
[2] For the Trust's definition of the non-IFRS measure of funds available for distribution ("FAD"), please refer to Section 5 of this MD&A under the heading Non-IFRS Measures
[3] Interest earned on residential development and investment holdings includes accrued interest on the Empire residential developments as discussed in Section 2.4 Development and Investment Holdings

RECONCILIATION OF TOTAL INCOME TO ADJUSTED TOTAL INCOME, NOI, AND EBITDA FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
TOTAL INCOME	$ 15,048	$ 2,493	$ 3,503	$ 6,546	$ —	**$ 27,590**
Less: Fair value gains, net, in development and investment holdings	—	—	—	(5,524)	—	**(5,524)**
Cash distributions received from development and investment holdings completed developments	—	—	—	104	—	**104**
Share of losses from equity accounted investment	—	—	—	(264)	—	**(264)**
ADJUSTED TOTAL INCOME	15,048	2,493	3,503	862	—	**21,906**
EXPENSES						
Income properties operating	7,357	—	—	—	—	**7,357**
Renewable power operating	—	1,331	—	—	—	**1,331**
Less: Depreciation and amortization of renewable power and intangible assets	—	(736)	—	—	—	**(736)**
TOTAL EXPENSES	7,357	595	—	—	—	**7,952**
NET OPERATING INCOME	7,691	1,898	3,503	862	—	**13,954**
NOI margin %	51%	76%	100%	N/A	N/A	**64%**
General and administrative	2	—	70	—	3,304	**3,376**
EBITDA	7,689	1,898	3,433	862	(3,304)	**10,578**
EBITDA margin %	51%	76%	98%	N/A	N/A	**48%**
Fair value gains in development and investment holdings	—	—	—	5,524	—	**5,524**
Cash operating distributions received excluding return of capital, net of amounts reallocated to net income	—	—	—	(104)	—	**(104)**
Depreciation and amortization on renewable power and intangible assets	—	(736)	—	—	—	**(736)**
Interest expense	(2,052)	(214)	—	—	(51)	**(2,317)**
Other interest income	—	—	—	—	81	**81**
Fair value losses in income properties	(7,542)	—	—	—	—	**(7,542)**
EARNINGS (LOSSES) BEFORE INCOME TAX EXPENSE	(1,905)	948	3,433	6,282	(3,274)	**5,484**
INCOME TAX EXPENSE (RECOVERY)						
Current	—	—	—	—	1,491	**1,491**
Deferred	—	—	—	—	(299)	**(299)**
TOTAL INCOME TAX EXPENSE	—	—	—	—	1,192	**1,192**
NET INCOME (LOSS)	(1,905)	948	3,433	6,282	(4,466)	**4,292**
OTHER COMPREHENSIVE INCOME (LOSS)						
Fair value loss in debt forward contract hedges (net of tax recovery of $114)	—	—	—	—	(316)	**(316)**
Fair value loss in development investment holdings available-for-sale (net of tax recovery of $162)	—	—	—	(1,067)	—	**(1,067)**
Unrealized foreign currency translation gains	—	125	—	—	9	**134**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	—	125	—	(1,067)	(307)	**(1,249)**
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (1,905)	$ 1,073	$ 3,433	$ 5,215	$ (4,773)	**$ 3,043**

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

RECONCILIATION OF NET INCOME TO FAD AND AFAD FOR THE YEAR ENDED DECEMBER 31, 2015

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
Net income (loss)	$ 13,192	$ 1,603	$ 11,501	$ 12,201	$ (19,567)	**$ 18,930**
Add (deduct):						
Amortization of lease incentives	500	—	—	—	—	**500**
Depreciation of renewable power assets	—	938	—	—	—	**938**
Amortization of lender fees received	—	—	(122)	—	—	**(122)**
Amortization of intangible assets	—	16	—	—	—	**16**
Provision for lending portfolio losses, net of tax	—	—	2,011	—	(533)	**1,478**
Fair value adjustments in development and investment holdings	—	—	—	(8,175)	—	**(8,175)**
Fair value adjustments to income properties	9,334	—	—	—	—	**9,334**
Gain on disposition of development and investment holdings, net of tax	—	—	—	(3,112)	790	**(2,322)**
Deferred income taxes expense	—	—	—	—	3,124	**3,124**
Non-controlling interests	—	46	—	—	—	**46**
Share of losses from equity accounted investment	—	—	—	108	—	**108**
Share of FAD from equity accounted investment	—	—	—	104	—	**104**
FAD	$ 23,026	$ 2,603	$ 13,390	$ 1,126	$ (16,186)	**$ 23,959**
Add (deduct):						
Straight-line rent	(340)	—	—	—	—	**(340)**
Amortization of deferred financing costs	32	—	—	—	—	**32**
Gain on disposition of development and investment holdings, net of tax	—	—	—	3,112	(790)	**2,322**
Interest earned on residential development and investment holdings[2]	—	—	—	4,895	—	**4,895**
Cash operating distributions received excluding return of capital, net of amounts reallocated to net income	—	—	—	(193)	—	**(193)**
Amortization of lending portfolio discount	—	—	(778)	—	—	**(778)**
Amortization of mortgages payable premium	(1,639)	—	—	—	—	**(1,639)**
Deferred unit compensation expense	—	—	—	—	401	**401**
Acquisition fees and initial set-up costs	—	—	—	—	150	**150**
Normalized initial direct leasing costs and lease incentives	(2,438)	—	—	—	—	**(2,438)**
Normalized capital expenditures on renewable power	—	(72)	—	—	—	**(72)**
AFAD	$ 18,641	$ 2,531	$ 12,612	$ 8,940	$ (16,425)	**$ 26,299**

RECONCILIATION OF CASH GENERATED FROM OPERATING ACTIVITIES TO AFAD FOR THE YEAR ENDED DECEMBER 31, 2015

	Total
Cash generated from operating activities	**$ 31,373**
Add (deduct):	
Initial direct leasing costs and lease incentives	5,985
Investments in development and investment holdings	382
Change in non-cash working capital	(2,019)
Gain on disposition	3,112
Reversal of tax recovery on provision for lending portfolio losses included in change in non-cash working capital	(533)
Proceeds from disposition	(12,637)
Interest added to lending portfolio balance	3,364
Interest earned on residential development and investment holdings[2]	4,895
Non-controlling interest	46
Return of capital distributions received from development and investment holdings and AFS investments	(5,413)
Share of FAD from equity accounted investment	104
Acquisition fees and non-recurring costs	150
Normalized initial direct leasing costs and lease incentives	(2,438)
Normalized capital expenditures on renewable power	(72)
AFAD	**$ 26,299**

(1) Includes other Trust amounts not specifically related to the segments

(2) Interest earned on residential development and investment holdings includes accrued interest on the Empire residential developments as discussed in Section 2.4 under the heading Development and Investment Holdings

RECONCILIATION OF TOTAL INCOME TO ADJUSTED TOTAL INCOME, NOI, AND EBITDA FOR THE YEAR ENDED DECEMBER 31, 2015

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
TOTAL INCOME	$ 60,341	$ 3,632	$ 13,940	$ 12,309	$ —	**$ 90,222**
Less: Fair value gains, net, in development and investment holdings	—	—	—	(8,175)	—	**(8,175)**
Cash distributions received from development and investment holdings completed developments	—	—	—	148	—	**148**
Share of losses from equity accounted investment	—	—	—	(108)	—	**(108)**
ADJUSTED TOTAL INCOME	60,341	3,632	13,940	4,174	—	**82,087**
EXPENSES						
Income properties operating	29,860	—	—	—	—	**29,860**
Renewable power operating	—	1,763	—	—	—	**1,763**
Less: Depreciation and amortization of renewable power and intangible assets	—	(954)	—	—	—	**(954)**
TOTAL EXPENSES	29,860	809	—	—	—	**30,669**
NET OPERATING INCOME	30,481	2,823	13,940	4,174	—	**51,418**
NOI margin %	51%	78%	100%	N/A	N/A	**63%**
Provision for lending portfolio losses	—	—	2,011	—	—	**2,011**
General and administrative	2	44	428	—	13,396	**13,870**
EBITDA	30,479	2,779	11,501	4,174	(13,396)	**35,537**
EBITDA margin %	51%	77%	83%	N/A	N/A	**43%**
Fair value gains in development and investment holdings	—	—	—	8,175	—	**8,175**
Cash operating distributions received excluding return of capital, net of amounts reallocated to net income	—	—	—	(148)	—	**(148)**
Depreciation and amortization on renewable power and intangible assets	—	(954)	—	—	—	**(954)**
Interest expense	(7,953)	(222)	—	—	(357)	**(8,532)**
Other interest income	—	—	—	—	549	**549**
Fair value losses in income properties	(9,334)	—	—	—	—	**(9,334)**
EARNINGS (LOSSES) BEFORE INCOME TAX EXPENSE	13,192	1,603	11,501	12,201	(13,204)	**25,293**
INCOME TAX EXPENSE						
Current	—	—	—	—	3,239	**3,239**
Deferred	—	—	—	—	3,124	**3,124**
TOTAL INCOME TAX EXPENSE	—	—	—	—	6,363	**6,363**
NET INCOME (LOSS)	13,192	1,603	11,501	12,201	(19,567)	**18,930**
OTHER COMPREHENSIVE INCOME (LOSS)						
Fair value loss in debt forward contract hedges (net of tax recovery of $406)	—	—	—	—	(1,122)	**(1,122)**
Fair value loss in development investment holdings available-for-sale (net of tax recovery of $127)	—	—	—	(836)	—	**(836)**
Unrealized foreign currency translation (loss) gain	—	(28)	—	—	9	**(19)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	—	(28)	—	(836)	(1,113)	**(1,977)**
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 13,192	$ 1,575	$ 11,501	$ 11,365	$ (20,680)	**$ 16,953**

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

RECONCILIATION OF ADJUSTED NET ASSET VALUE
AS AT DECEMBER 31, 2015

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
ASSETS						
NON-CURRENT ASSETS						
Income properties	$ 520,395	$ —	$ —	$ —	$ —	**$ 520,395**
Lending portfolio	—	—	47,947	—	—	**47,947**
Development and investment holdings	—	—	—	161,567	—	**161,567**
Renewable power assets	—	120,521	—	—	—	**120,521**
Other non-current assets	1,143	1,944	—	—	—	**3,087**
Equity accounted investment	—	—	—	2,452	—	**2,452**
	521,538	122,465	47,947	164,019	—	**855,969**
CURRENT ASSETS						
Lending portfolio	—	—	113,336	—	—	**113,336**
Amounts receivable	198	3,691	—	—	582	**4,471**
Prepaid expenses	659	337	—	—	—	**996**
Restricted cash	—	2,019	—	—	—	**2,019**
Cash	5,544	5,396	—	—	9,824	**20,764**
TOTAL ASSETS	$ 527,939	$ 133,908	$ 161,283	$ 164,019	$ 10,406	**$ 997,555**
LIABILITIES						
NON-CURRENT LIABILITIES						
Mortgage payable	221,483	—	—	—	—	**221,483**
Construction loan facility	—	14,534	—	—	—	**14,534**
Deferred income taxes	—	—	—	—	3,021	**3,021**
Deferred unit incentive plan	—	—	—	—	498	**498**
CURRENT LIABILITIES						
Mortgages and note payable	35,007	310	—	—	—	**35,317**
Derivative financial liabilities	—	—	—	—	1,531	**1,531**
Amounts payable and accrued liabilities	8,646	12,140	89	—	217	**21,092**
Distributions payable	—	—	—	—	2,420	**2,420**
Income tax payable	—	—	—	—	2,599	**2,599**
NON-CONTROLLING INTERESTS	—	1,893	—	—	—	**1,893**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE TRUST	262,803	105,031	161,194	164,019	120	**693,167**
Unamortized balance of premium on mortgages payable	2,623	—	—	—	—	**2,623**
Deferred income taxes payable	—	—	—	—	3,021	**3,021**
Deferred unit incentive plan payable	—	—	—	—	498	**498**
ADJUSTED NET ASSET VALUE	**$ 265,426**	**$ 105,031**	**$ 161,194**	**$ 164,019**	**$ 3,639**	**$ 699,309**
ADJUSTED NET ASSET VALUE PER UNIT	**$ 3.66**	**$ 1.45**	**$ 2.22**	**$ 2.26**	**$ 0.05**	**$ 9.64**

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

5. NON-IFRS MEASURES

We have presented certain non-IFRS measures because we believe these non-IFRS measures represent our ability to earn and pay cash distributions to Unitholders and to evaluate the Trust's performance. These non-IFRS measures do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of the Trust's performance and may not be comparable to similar measures presented by other income trusts.

Investors are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS.

"Adjusted cash generated from operating activities" When the Trust determines its cash available for distribution, it considers adjusted cash generated from operating activities which includes cash generated from operating activities and excludes fluctuations in non-cash working capital, and investment in lease incentives and initial direct leasing costs. The Trust funds its working capital needs and investments in lease incentives and initial direct leasing costs with cash and cash equivalents on hand and our credit facilities. This non-IFRS measurement does not represent cash generated from (utilized in) operating activities (as per consolidated financial statements), as defined by IFRS. A reconciliation of cash generated from operating activities to adjusted cash generated from operating activities is included in the Distribution Measures section of the MD&A.

"Adjusted funds available for distribution ("AFAD")" This non-IFRS measurement is an important measure used by the Trust as an indicator to evaluate the Trust's rate of distribution while preserving the long-term value of the business. It does not represent cash flow from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund our needs.

AFAD is calculated as funds available for distribution adjusted for the following items. AFAD includes a deduction for an estimated amount of normalized initial direct leasing costs and lease incentives that we expect to incur based on our current portfolio and expected average leasing activity. Our estimates of initial direct leasing costs and lease incentives are based on our expected renewals and new leasing activity multiplied by the average normalized cost per square foot that we expect to incur, adjusted for properties that have been acquired or sold. Our calculation of AFAD includes a deduction for normalized capital maintenance costs related to operational renewable power assets. AFAD also includes adjustments to remove the impact of one time or non-recurring expenses, if any. Our calculation of AFAD excludes the impact of certain non-cash items such as straight-line rent, amortization of deferred financing costs, premiums and discounts, and deferred unit compensation expense. Our calculation of AFAD includes interest income earned on the Empire residential participating mortgage investments based on the stated interest rates in the agreements. The interest accrual represents a conservative measure of the expected future cash return from the development projects and more appropriately reflects returns that are being earned over time to the completion dates. The amounts included in AFAD represent the interest only portion of the return on these investments and do not include the Trust's estimate of the participation profit that it expects to receive upon completion of the project pursuant to the participation agreements. AFAD includes gains on disposition of development and investment holdings investments, and cash operating distributions received from development and investment holdings.

AFAD has been reconciled to net income and can be found on pages 35 and 37 of this MD&A under the headings Reconciliation of Net Income to FAD and AFAD for the Three Months Ended December 31, 2015 and Reconciliation of Net Income to FAD and AFAD for the Year Ended December 31, 2015.

Reconciliations of AFAD to cash generated from operating activities can be found on pages 35 and 37 of this MD&A under the headings Reconciliation of Cash Generated from Operating Activities to AFAD for the Three Months Ended December 31, 2015 and Reconciliation of Cash Generated from Operating Activities to AFAD for the Year Ended December 31, 2015.

"Adjusted total comprehensive income" is total comprehensive income adjusted for the fair value adjustment related to the derivative financial liabilities hedge and deferred income tax expense as they relate to non-cash items in the period that are not reflective of the Trust's ability to pay distributions. A reconciliation of this non-IFRS measure is included in the Distribution Measures section of the MD&A.

"Adjusted net asset value ("Adjusted NAV")" represents the net assets attributable to Unitholders of the Trust, including adjustments to remove deferred income taxes payable or receivable, Deferred Unit Incentive Plan payable, and the unamortized balance of the net lending portfolio discount and mortgages payable premiums that are included in net assets on the Trust's consolidated statements of financial position. The net lending portfolio discount and mortgages payable premiums represent the current unamortized balance of fair market value adjustments recorded for these instruments at the Trust's Listing date. Since we intend to hold the lending portfolio investments and mortgages payable to maturity, this historical fair value adjustment is removed for the calculation of the adjusted net asset value. This non-IFRS measurement is an important measure used by the Trust in evaluating the Trust's and Asset Manager's performance. A reconciliation of adjusted net asset value can be found on page 39 of this MD&A under the heading "Reconciliation of Adjusted Net Asset Value as at December 31, 2015."

"Adjusted net asset value ("NAV") per Unit" represents the adjusted net asset value attributable to Unitholders of the Trust divided by the number of Units outstanding at the end of the period. This non-IFRS measurement is an important measure in evaluating the Trust's and Asset Manager's performance. A reconciliation of adjusted net asset value per Unit can be found on page 39 of this MD&A under the heading Reconciliation of Adjusted Net Asset Value as at December 31, 2015.

"Adjusted total income" is defined by the Trust as the total income from income properties, renewable power projects, lending portfolio investments, share of income (losses) from equity accounted investment, and operating cash distributions received from development and investment holdings completed developments. This non-IFRS measurement is an important measure used by the Trust in evaluating operating performance. Reconciliations of adjusted total income can be found on pages 36 and 38 of this MD&A under the headings Reconciliation of Total Income to Adjusted Total Income, NOI, and EBITDA for the Three Months Ended December 31, 2015 and Reconciliation of Total Income to Adjusted Total Income, NOI, and EBITDA for the Year Ended December 31, 2015.

"Annualized AFAD return on average net assets" is AFAD for the applicable period divided by the total average net assets of the Trust. Total average net assets is calculated as the average of the opening and ending net asset balances of the respective periods. For periods less than 12 months, AFAD is annualized. For example, quarterly results are multiplied by four to derive the annualized AFAD, except where otherwise noted. The measure is not adjusted to reflect the timing of when the AFAD were earned or for fluctuations in the balance of the average net assets over the period. This non-IFRS measurement is an important measure used by the Trust in evaluating the Trust's operating performance.

"Comparative properties NOI" includes NOI of same properties owned in the current and prior comparative period and excludes lease termination fees, property one-time adjustments, straight-line rents, and amortization of lease incentives. As at December 31, 2015, the comparative properties NOI includes the 19 income properties co-owned with Dream Office REIT and excludes the 6 income properties co-owned with Dream Industrial REIT and the recently wholly owned acquired office property. This non-IFRS measurement is an important measure used by the Trust in evaluating the performance of the same properties owned in the current and comparative periods. A reconciliation of comparative properties NOI can be found on page 12 of this MD&A under the heading Net Operating Income.

"Debt-to-gross book value" represents the contractual balance of debt payable for the Trust or operating segment divided by the total assets of the Trust or operating segment as at the applicable reporting date. This non-IFRS measurement is an important measure used in the management of our debt levels. A calculation of debt-to-gross book value can be found on page 31 of this MD&A under the heading Summary of Debt.

"EBITDA" is defined by the Trust as net income (loss) adjusted for interest, income taxes, depreciation and amortization of renewable power and intangible assets, fair value adjustments on income properties and development and investment holdings, and non-recurring and/or non-cash items. This non-IFRS measurement is an important measure used by the Trust to assess our ongoing business operations while eliminating the impact of financing methods, capital structure and income tax rates. Reconciliations of EBITDA can be found on pages 36 and 38 of this MD&A under the headings Reconciliation of Total Income to Adjusted Total Income, NOI, and EBITDA for the Three Months Ended December 31, 2015 and Reconciliation of Total Income to Adjusted Total Income, NOI, and EBITDA, for the Year Ended December 31, 2015.

"EBITDA margin" is a calculation of EBITDA divided by adjusted total income.

"Expected yield" is a measure of the return on investments determined as the cash flow generated from the respective group of assets, net of operating expenses, and net of debt service costs related to such group of assets, as a percentage of the total stabilized equity investment in the respective group of assets. The stabilized equity investment value is calculated as the expected funded equity at the reporting date net of debt financing expected to be secured against the respective group of assets. This non-IFRS measurement is an important measure used by the Trust in evaluating the income-producing capability of investments.

"Funds available for distribution ("FAD")" is defined by the Trust as net income excluding depreciation and amortization of lease incentives, renewable power assets, intangible assets and lender fees received, fair value adjustments, provisions for lending portfolio losses, deferred income taxes, gain on dispositions, and the net income allocated to non-controlling interests. The results of equity accounted investments are also adjusted to exclude the impact of depreciation expense. This non-IFRS measurement is an important measure used by the Trust to evaluate cash-based operating performance on invested capital and includes adjustments to remove the effect of certain non-cash and non-recurring items; however, it does not represent net income or cash flow from operating activities, as defined by IFRS, is not necessarily indicative of cash available to fund our needs, and may differ from the definition of funds from operations used by the Real Property Association of Canada ("REALPAC").

FAD has been reconciled to net income and can be found on pages 35 and 37 of this MD&A under the headings Reconciliation of Net Income to FAD and AFAD for the Three Months Ended December 31, 2015 and Reconciliation of Net Income to FAD and AFAD for the Year Ended December 31, 2015.

"Interest coverage ratio" the Trust believes this non-IFRS measurement is an important measure in determining our ability to cover interest expense based on our operating performance. Interest coverage ratio, as shown below, is calculated as FAD plus current income tax expense, interest expense and deferred unit compensation expense, less straight-line rent and amortization of discount of assumed mortgage receivable, all divided by interest expense on total debt excluding deferred financing and mark-to-market adjustments.

The table below calculates the interest coverage ratio based on the amounts per the consolidated financial statements:

	Year ended	Three months ended		
For the periods ended	**December 31, 2015**	**December 31, 2015**	September 30, 2015	December 31, 2014
FAD	**$ 23,959**	**$ 7,018**	$ 6,272	$ 5,600
Add (deduct):				
Current income tax expense	**3,239**	**1,491**	(141)	834
Interest expense	**8,532**	**2,317**	2,111	2,163
Deferred unit compensation expense	**401**	**95**	91	82
Straight-line rent	**(340)**	**(55)**	(105)	(83)
Amortization of lending portfolio discount	**(778)**	**—**	(257)	(213)
Total	**35,013**	**10,866**	7,971	8,383
Interest expense incurred, at contractual rate	**$ 10,139**	**$ 2,682**	$ 2,558	$ 2,589
Interest coverage ratio (times)	**3.45**	**4.05**	3.12	3.24

"Net assets attributable to Unitholders of the Trust" refers to the net difference between total assets and total liabilities less the amount of assets and liabilities attributable to non-controlling interests. This non-IFRS measurement is an important measure in evaluating the Trust's and Asset Manager's performance. A reconciliation of net assets attributable to Unitholders of the Trust can be found on page 39 of this MD&A under the heading Reconciliation of Adjusted Net Asset Value as at December 31, 2015.

"Net operating income ("NOI")" is defined by the Trust as adjusted total income less operating expenses as presented in the consolidated statements of comprehensive income. This non-IFRS measurement is an important measure used by the Trust in evaluating operating performance. Reconciliations of NOI to net income can be found on pages 36 and 38 of this MD&A under the headings Reconciliation of Total Income to Adjusted Total Income, NOI, and EBITDA for the Three Months Ended December 31, 2015 and Reconciliation of Total Income to Adjusted Total Income, NOI, and EBITDA for the Year Ended December 31, 2015.

"NOI margin" is a calculation of NOI divided by adjusted total income.

"Stabilized Equity Investment" is calculated as the expected funded equity at the reporting date, net of debt financing expected to be secured against the respective group of assets. This non-IFRS measurement is an important measure used by the Trust since it incorporates the impact of expected debt financing when assessing expected yields from the respective investments.

"Stabilized NOI" for an individual property is defined by the Trust as income property revenues less income property operating expenses adjusted for items such as average lease-up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. This non-IFRS measurement is an important measure used by the Trust in determining the fair value of individual income properties.

6. QUARTERLY FINANCIAL INFORMATION

The table below summarizes our quarterly information since July 31, 2014.

	2015				2014(1)	
	Q4	Q3	Q2	Q1	Q4	Q3
Total income	**$ 27,590**	$ 20,162	$ 23,688	$ 18,782	$ 14,163	$ 21,983
Add (deduct):						
Fair value (gain) loss, net, in development and investment holdings	**(5,524)**	(401)	(2,126)	(124)	5,293	(2,751)
Cash distributions received from development and investment holdings completed developments	**104**	33	11	—	—	—
Share of income from equity accounted investments	**(264)**	120	36	—	—	—
Adjusted total income	**$ 21,906**	$ 19,914	$ 21,609	$ 18,658	$ 19,456	$ 19,232
Net income (loss)	**$ 4,292**	$ 3,193	$ 7,114	$ 4,331	$ (2,926)	$ 122,673
Add (deduct):						
Amortization of lease incentives	**167**	131	122	80	49	29
Depreciation of renewable power assets	**720**	122	62	34	31	10
Amortization of intangible assets	**16**	—	—	—	—	—
Amortization of lender fees received	**(51)**	(24)	(24)	(23)	(13)	(1)
Provision for lending portfolio losses, net of tax recovery of $533	—	1,478	—	—	—	—
Fair value adjustments in development and investment holdings	**(5,524)**	(401)	(2,126)	(124)	5,293	(2,751)
Fair value adjustments to income properties	**7,542**	511	1,348	(67)	3,780	—
Gain on disposition of development and investment holdings, net of tax expense of $790	—	—	(2,322)	—	—	—
Deferred income taxes expense	**(299)**	1,159	1,047	1,217	(907)	2,057
Gain on acquisition	—	—	—	—	112	(127,270)
Acquisition related costs	—	—	—	—	181	11,832
Non-controlling interests	**76**	(30)	—	—	—	—
Share of income from equity accounted investments	**264**	(120)	—	—	—	—
Share of FAD from equity accounted investments	**(185)**	253	—	—	—	—
FAD	**$ 7,018**	$ 6,272	$ 5,221	$ 5,448	$ 5,600	$ 6,579
Add (deduct):						
Straight-line rent	**(55)**	(105)	(114)	(66)	(81)	(126)
Amortization of deferred financing costs	**28**	4	—	—	—	—
Gain on disposition	—	—	3,112	—	—	—
Income tax expense on gain of disposition	—	—	(790)	—	—	—
Interest earned on residential development and investment holdings	**1,273**	1,246	1,207	1,169	1,171	1,064
Cash operating distributions received excluding return of capital, net of amounts reallocated to net income	**(748)**	203	182	170	170	170
Amortization of lending portfolio discount	—	(257)	(255)	(266)	(213)	(157)
Amortization of mortgages payable premium	**(365)**	(447)	(407)	(420)	(426)	(430)
Lender fees received during the quarter	—	—	—	—	101	21
Deferred unit compensation expense	**95**	91	132	83	82	65
Acquisition fees and initial set-up costs	—	—	150	—	509	—
Normalized initial direct leasing costs and lease incentives	**(615)**	(621)	(604)	(598)	(623)	(606)
Normalized capital expenditures for renewable power	**(72)**	—	—	—	—	—
AFAD	**$ 6,559**	$ 6,386	$ 7,834	$ 5,520	$ 6,290	$ 6,580
AFAD per Unit (basic and fully diluted)	**$ 0.09**	$ 0.09	$ 0.11	$ 0.08	$ 0.09	$ 0.09
AFAD per Unit (basic and fully diluted) excluding the after tax disposition gain	**$ 0.09**	$ 0.09	$ 0.08	$ 0.08	$ 0.09	$ 0.09

(1) Prior Comparative Results are excluded from the MD&A as discussed more fully in Section 10 of this MD&A

The quarterly results of operations of the Trust are impacted by the underlying seasonal nature of the certain operating segments. The financial results of the renewable power portfolio are subject to seasonal factors with solar irradiation highest during the summer months and wind production generally best during the winter months. The results of our equity accounted investment in Hotel PUR are also impacted by seasonal factors as the hospitality industry is seasonal in nature with demand lower in December through March, than during the remainder of the year.

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

The Trust does not have a Chief Executive Officer or a Chief Financial Officer. The President and Chief Responsible Officer and Chief Financial Officer of DAM (the "Certifying Officers") are responsible for the design of the Trust's disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109") and the Trust's internal control over financial reporting ("ICFR") (as defined by NI 52-109).

During the year ended December 31, 2015, the Trust implemented the Internal Control - Integrated Framework (2013) (COSO Framework), as published by the Committee of Sponsoring Organizations of the Treadway Commission. There were no changes in the Trust's ICFR during the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Trust's ICFR.

As at December 31, 2015, the financial year-end, the Certifying Officers, together with other members of management, have evaluated the design and effectiveness of the Trust's DC&P. Based on that evaluation, the Certifying Officers have concluded that, as at December 31, 2015, the DC&P are adequate and effective in order to provide reasonable assurance that material information has been accumulated and communicated to management, to allow timely decisions of required disclosures by the Trust and its consolidated subsidiary entities, within the required time periods.

The Trust's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Using the COSO Framework, the Certifying Officers, together with other members of management, have evaluated the design and effectiveness of the Trust's ICFR. Based on that evaluation, the Certifying Officers have concluded that the Trust's IFCR was effective as at December 31, 2015.

8. RISKS AND RISK MANAGEMENT

Dream Alternatives is exposed to various risks and uncertainties, many of which are beyond our control. The following is a review of material factors that may impact our business operations. Additional risks and uncertainties are described in our 2015 Annual Report and our current Annual Information Form, which are posted on our website at www.dreamalternatives.ca and on SEDAR at www.sedar.com. The occurrence of any of such risks could materially and adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make cash distributions to Unitholders. Although we believe that the risk factors described below and in our Annual Information Form are the most material risks that we will face, they are not the only risks. Additional risk factors not presently known to us or that we currently believe are immaterial could also materially adversely affect our investments, future prospects, cash flows, results of operations or financial condition and our ability to make cash distributions to Unitholders and thereby adversely affect the value of our Units.

RISKS INHERENT IN THE REAL ESTATE INDUSTRY MAY ADVERSELY AFFECT OUR FINANCIAL PERFORMANCE

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

These factors and risks could cause fluctuations in the value of the real estate and real estate related assets and investments owned by us or in the value of the real estate securing mortgages and other loans we issue. These fluctuations could materially adversely affect us.

The income-producing properties in our investment portfolio generate income through rent payments made by our tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than those of the existing lease. The Trust's income and funds available for distribution to its Unitholders would be adversely affected if we were unable to lease a significant amount of the available space in the particular property 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. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to us, which may adversely affect us.

RISKS INHERENT IN CERTAIN OF OUR INVESTMENTS MAY ADVERSELY AFFECT OUR FINANCIAL PERFORMANCE

Our investments include direct and indirect investments in real estate, mortgages and other loans, renewable power projects, and securities of private companies, each of which can be relatively illiquid. While investments in illiquid assets have the potential to produce above-average growth opportunities, they may be difficult to value or sell at the time and price preferred by the owner. Accordingly, there is a risk that we would be unable to dispose of our illiquid assets in a timely way in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain of our assets, including certain types of real estate. The costs of holding certain of our assets, including real estate, are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of rental income. In such circumstances, it may be necessary for us to dispose of properties, or interests in properties, at discounted prices in order to generate sufficient cash for operations and making distributions. Where we are unable to dispose of illiquid assets, or we are forced to sell such assets at a discounted price, our ability to make cash distributions, our financial results and the value of our Units may be adversely affected.

The illiquidity of certain of our investments may also delay or prevent the repositioning of our portfolio as we currently intend, and such delays or inability to implement these plans could materially adversely affect our financial results and the value of our Units.

INVESTMENTS IN CERTAIN ASSETS CARRY CREDIT RISK AND COUNTER PARTY RISK

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

While we intend to diversify our investments to ensure that we do not have excessive concentration in any single borrower or counterparty, or related group of borrowers or counterparties, The Trust currently holds various lending instruments and investments with the same counterparty or related counterparties within its lending portfolio and development and investment holdings portfolio – see Note 30 to the consolidated financial statements. A change in the financial condition of a single borrower or counterparty or related group of borrowers or counterparties to which the Trust has concentrated exposure could significantly and adversely affect the overall performance of the Trust.

Our renewable power operations are highly dependent upon parties to certain agreements fulfilling their contractual obligations, including counterparties to PPAs, construction, operating and maintenance agreements and other key suppliers. An inability or failure of any such party to meet its contractual commitments or a failure or refusal to accept delivery of power by counterparties to our PPAs or FIT contracts may have a material adverse effect on our renewable power business as it may not be possible to replace the agreement with an agreement on equivalent terms and conditions. In addition, should one or more of our key suppliers or contractors be unable to meet their contractual obligations, we could experience construction delays, increases in construction costs and losses of revenue. Failure of any key supplier or contractor to meet its contractual obligations may lead to potential defaults under our PPAs.

RISKS RELATED TO LENDING PORTFOLIO

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

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

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

THE NATURE OF OUR INVESTMENTS MAY EXPOSE US TO SECTOR, CONCENTRATION AND OTHER SIMILAR RISKS

While our intention is to diversify our investments, our current investments are relatively concentrated in a limited number of market sectors or asset types or in a limited number of issuers. An investment in the Trust may therefore involve greater risk and volatility than an investment in an issuer with a broader portfolio of assets since the performance of one particular industry, market or issuer could significantly and adversely affect the overall performance of the Trust.

COMPETITION FOR INVESTMENT OPPORTUNITIES MAY ADVERSELY AFFECT OUR FINANCIAL PERFORMANCE

Our performance depends on our ability to source or acquire assets including mortgage and corporate loans, real estate, renewable power projects and other investment opportunities at favourable yields or potential rates of return. We will compete with other investors, managers, corporations, institutions, developers, and owners of real estate for investment opportunities in the financing and/or acquisition of assets, including real estate and real estate and other lending. Certain competitors may have a higher risk tolerance, greater financial and other resources, and greater operating flexibility than us, allowing these competitors to more aggressively pursue investment opportunities. Accordingly, we may be unable to acquire sufficient real property, real property lending assets, renewable power projects, or other assets or investment opportunities at favourable yields or terms or at all.

WE MAY NOT BE ABLE TO SOURCE SUITABLE INVESTMENTS

Our strategy involves investing and reinvesting in suitable investment opportunities, pursuing such opportunities, consummating investments and, in the case of real estate assets and renewable power projects, effectively operating and leasing such properties. There can be no assurance as to the pace of growth through investments and/or acquisitions or that we will be able to acquire assets on an accretive basis, and as such, there can be no assurance that distributions to Unitholders will increase in the future.

ENVIRONMENTAL RISKS

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

We have formal policies and procedures which cause DAM to review and monitor environmental exposure. These policies include the requirement to conduct a Phase I environmental site assessment, or review a current Phase I, before we acquire real properties or originate any real estate lending.

FOREIGN EXCHANGE RISKS

The Trust's foreign exchange exposure mainly relates to fluctuations in the British pound against the Canadian dollar of the net investment in the United Kingdom Wind project. The Trust does not hedge this exposure.

WE MAY INCUR SIGNIFICANT CAPITAL EXPENDITURES AND OTHER FIXED COSTS

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. This may include expenditures to fulfill mandatory requirements for energy efficiency. In order to retain desirable rentable space and to generate adequate revenue over the long term, the condition of the properties in which we have an interest must be maintained or, in some cases, improved to meet market demand. Maintaining or upgrading a rental property in accordance with market standards can entail significant costs, which we may not be able to pass on to our 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.

If the actual costs of maintaining or upgrading a property in which we have an interest exceed our estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if we are not permitted to raise rents due to legal constraints, we will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of our properties is located or similar properties located in the vicinity of one of our properties are substantially refurbished, the net operating income derived from and the value of such property could be reduced.

Any failure to undertake appropriate maintenance and refurbishment work in response to the factors described above 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 to terminate existing leases. Any such event could have a material adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on Units.

FINANCING RISKS, LEVERAGE AND RESTRICTIVE COVENANTS MAY LIMIT OUR ABILITY FOR GROWTH

Ownership of certain of our assets and the industries in which we operate are capital intensive. We will require access to capital to maintain the real estate and other assets in which we have an interest, as well as to fund our growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. Our access to third-party financing will be subject to a number of factors, including general market conditions; the market's perception of our growth potential; our current and expected future earnings; our cash flow and cash distributions, and cash interest payments; and the market price of our Units. Our failure to access required capital could materially adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the Units and our ability to implement our growth strategy.

A significant portion of our financing is debt. Accordingly, we are subject to the risks associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest, and that, on maturities of such debt, we may not be able to refinance the outstanding principal under such debt or that the terms of such refinancing will be more onerous than those of the existing debt. If we are unable to refinance debt at maturity on terms acceptable to us or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses and could alter our debt-to-equity ratio or be dilutive to Unitholders. Such losses could have a material adverse effect on our financial position or cash flows.

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

SENSITIVITY TO INTEREST RATES

When concluding financing agreements or extending such agreements, we will depend on our ability to agree on terms, including in respect of interest payments and amortization that do not restrict our ability to pay distributions. In addition, we may enter into future financing agreements with variable interest rates if the current historical low level of interest rates continues. Given the historically low interest rates, there is a risk that interest rates will increase. An increase in interest rates could result in a significant increase in the amount paid by us to service debt, resulting in a decrease in distributions to Unitholders, and could materially adversely affect the trading price of the Units. In addition, increasing interest rates may put competitive pressure on the levels of funds available for distributions paid by us to Unitholders, increasing the level of competition for capital faced by us, which could have a material adverse effect on the trading price of the Units.

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

In addition, the market price for our Units and the value of our mortgage portfolio at any given time may be affected by the level of interest rates prevailing at such time. Our income includes interest payments on the mortgages comprising our lending portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of our mortgages are based), we may find it difficult to make additional mortgages bearing rates sufficient to achieve our investment objectives and to support our rate of distributions. A decline in interest rates could depress the housing market, which may affect our investment holding mortgage investments in condominium and home development. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect our ability to maintain our distributions at a consistent level. As well, if interest rates increase, the value of our lending portfolio may be negatively impacted.

GOVERNMENT AND REGULATORY RISKS

We are subject to laws and regulations governing the development, ownership, operation and leasing of certain of our assets, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect). Any changes in the laws to which we are subject could materially adversely affect the distributions received by the Trust from Dream Alternatives Master LP or by Unitholders from the Trust. It is not possible to predict whether there will be any further changes in any regulatory regime to which we are subject or the effect of any such change on our investments.

The construction 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 expenditures to achieve or maintain compliance or could adversely affect our ability to generate and deliver power. If we fail to meet regulatory requirements, we may become subject to enforcement action and the operation of our facilities could be adversely affected or be subject to fines, penalties or additional costs, or revocation of our permits or licenses.

The profitability of any wind or solar power 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 and solar power facilities. Should the current governmental regulations or incentive programs be modified, our renewable power business may be materially adversely affected.

AN INVESTMENT IN THE TRUST IS SUBJECT TO CERTAIN CANADIAN TAX RISKS

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of "mutual fund trusts" will not be changed in a manner that adversely affects Unitholders. If we cease to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations applicable to us would be materially and adversely different in certain respects, including that Units may cease to be qualified investments for Plans.

Although we are of the view that all expenses to be claimed by us will be reasonable and deductible and that the cost amount and capital cost allowance claims of entities indirectly owned by us will have been correctly determined, there can be no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the CRA will agree with our determinations. If the CRA successfully challenges the deductibility of such expenses, our taxable income will increase or change.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by us are able to deduct depreciation, interest and loan expenses relating to our investments for purposes of the Tax Act.

We will endeavour to ensure that Units continue to be qualified investments for Plans; however, there can be no assurance that this will occur. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

JOINT VENTURE RISKS

Many of our investments, including certain renewable power projects, mortgage loans, property developments and income properties, are 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.

INSURANCE RISKS

We carry, or cause to be carried, general liability, umbrella liability and excess liability insurance with limits which are typically obtained for similar operations in Canada and otherwise acceptable to the Trust Board on the recommendation of DAM. For the property risks we cause "All Risks" property insurance, including, but not limited to, flood, earthquake and loss of rental income insurance (with at least a 24 month indemnity period), to be carried. We also cause boiler and machinery insurance, covering all boilers, pressure vessels, HVAC systems and equipment breakdown, to be carried. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure at this time. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We may carry, or may cause to be carried, title insurance on certain of our real estate assets but will not necessarily insure all titles. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

RELIANCE ON DAM FOR MANAGEMENT SERVICES

We rely on DAM with respect to the asset management of our investments. Consequently, our ability to achieve our investment objectives depends in large part on DAM and its ability to properly advise us. Although the management agreement we have entered into with DAM (the "management agreement") does not have a fixed term, DAM has the right to terminate the management agreement with 180 days' prior written notice if Dream Alternatives Master LP and/or the Trust defaults in the performance or observance of any material term, condition or agreement of the management agreement in a manner that results in material harm and such default continues unremedied for a period of 60 days. The management agreement may also be terminated in other circumstances, such as upon the occurrence of an event of default or insolvency of DAM within the meaning of such agreement. Accordingly, there can be no assurance that DAM will continue to be our Asset Manager. If DAM should cease for any reason to be our Asset Manager, our ability to meet our objectives and execute our strategy may be adversely affected. We may be unable to duplicate the quality and depth of management available to DAM by becoming a self-managed Trust or by hiring another asset manager. In addition, the cost of obtaining substitute services may be greater than the fees we will pay DAM under the management agreement.

We depend on the management and administration services provided by DAM under the management agreement. DAM personnel and support staff that provide services to us under the management agreement are not required to have as their primary responsibility the management and administration of the Trust or Dream Alternatives Master LP or to act exclusively for either of us, and the management agreement does not require that the services we receive be provided to us by any specific individuals employed by DAM. Any failure to effectively manage our operations or to implement our strategy could materially adversely affect us.

RELIANCE ON DREAM ALTERNATIVES MASTER LP TO PROVIDE US WITH THE FUNDS NECESSARY TO PAY DISTRIBUTIONS AND MEET OUR FINANCIAL OBLIGATIONS

The Trust's sole material asset is its limited partnership interest in Dream Alternatives Master LP. The cash distributions to Unitholders are dependent on the ability of Dream Alternatives Master LP to pay distributions in respect of its LP A Units. The ability of Dream Alternatives Master LP to pay distributions or make other payments or advances to us may be subject to contractual restrictions contained in any instruments governing the indebtedness of Dream Alternatives Master LP or investments held by it. The ability of Dream Alternatives Master LP to pay distributions or make other payments or advances is also dependent on the ability of Dream Alternatives Master LP's subsidiaries to pay distributions or make other payments or advances to Dream Alternatives Master LP. The Trust depends on distributions and other payments from Dream Alternatives Master LP and, indirectly, its subsidiaries and investments, to provide the Trust with the funds necessary to pay distributions to its Unitholders and to meet its financial obligations.

9. SIGNIFICANT ACCOUNTING POLICIES

9.1 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Dream Alternatives' critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 4 to the consolidated financial statements.

9.2 FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Dream Alternatives' future accounting policy changes are described in Note 5 to the consolidated financial statements.

10. BASIS OF PRESENTATION

This "MD&A" is a discussion of the operating results, cash flows and financial position of Dream Alternatives and should be read in conjunction with the audited consolidated financial statements of Dream Alternatives for the year ended December 31, 2015, prepared in accordance with IFRS.

When we refer to terms such as "we", "us", and "our", we are referring to the Trust, Dream Alternatives Master LP and its subsidiaries.

The financial results for the first six months of 2014 (the "Prior Comparative Results") represent the results for ROI Canadian High Income Mortgage Fund ("CHIM" or the "Acquiror Fund"), one of the seven funds previously managed by ROI whose assets were indirectly acquired in connection with the Trust's Listing (as described in Note 33 of the consolidated financial statements for the year ended December 31, 2015). IFRS requires the selection of one acquiror after considering the facts and circumstances of the transactions if the entity acquiring control of a group of entities does not meet the definition of a business. The Trust did not meet the definition of a business at the date of the Trust's Listing because it did not have operating assets, it did not have any established business processes, and it did not create any outputs. CHIM was selected as the Acquiror Fund for accounting purposes because its unitholders, as a group, received the largest portion of voting rights in the combined entity (i.e., the Trust) after the Trust's Listing, thus its financial results represent the historical financial results of the Trust for periods prior to the Trust's Listing (July 8, 2014) in the consolidated financial statements.

The Prior Comparative Results are excluded from the MD&A as the historical results of the Acquiror Fund for the period prior to the Trust's Listing are not comparable to the financial results and the business of the Trust subsequent to the Trust's Listing, due to CHIM's ownership of only a small proportion of the total combined investment value of all seven funds that were indirectly acquired by the Trust pursuant to the July 8, 2014 reorganization. The Asset Manager also believes that the inclusion of CHIM's historical results in the comparative figures would provide limited benefit to users due to the difference in the accounting presentation of CHIM as an investment entity from the accounting presentation of the Trust, which includes the consolidation of limited partnerships, as discussed in Note 33 of the consolidated financial statements for the year ended December 31, 2015. Furthermore, the majority of assets owned by CHIM prior to the Trust's Listing date consisted of a portfolio of publicly traded securities pledged as security against the forward contract, and they are not comparable to the assets and segmented results and balances of the Trust. The presentation of CHIM's management fees in the Prior Comparative Results would provide limited comparability to the asset management fees of the Trust due to the execution of the management agreement between DAM and the Trust upon the Trust's indirect acquisition of the assets of the ROI funds on July 8, 2014. Due to these limitations, comparative information for the Trust's measures and its results prior to July 8, 2014 have been excluded from the MD&A.

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements relating to the Trust's objectives, strategies to achieve those objectives, the Trusts' beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, in each case, that are not historical facts as well as statements regarding expected yield on investments; expected increases to AFAD and return on net assets; expected increase in our comprehensive income; expected AFAD and cash yield on renewable power projects once operational; expected future debt financing; expected stabilized equity investments; expected yield on stabilized equity; net amounts expected to be received from debt financing; timing of funding of committed loans;

projected gross leasable area of our retail development projects; expected rent commencement, expected future cash flows; timing of distributions or future cash return from our development and investment holdings portfolio; projected units of residential development projects; expected commencement and completion dates of our retail, residential, and renewable power development and construction projects; expected average leasing activity and occupancies of our income properties; expected contractual repayments; expected internal rate of return; expected completion date for our development and investment holdings projects; expected cash generated from operating activities; expected repayments and expected share of proceeds of our retail development; expected electricity generation; expected renewals and new leasing activity; expected yields; expected returns; expected development costs in our retail and residential development projects; expected future cash returns from our development and investment holdings projects; expected closing dates for our development and investment holdings projects; expected future financing proceeds; expected gross asset value to be invested; and expected sources and timing of financing for our renewable power projects in the development and construction stage. Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "project", "budget" or "continue" or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. The assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein as well as assumptions relating to general and local economic and business conditions; the regulatory environment; the real estate market in general; the financial condition of tenants and borrowers; interest and mortgage rates; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions and renewable power projects; and the development, construction and operation of our real estate and renewable power projects on anticipated terms.

All the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions; there can be no assurance that actual results will be consistent with these forward-looking statements. Factors or risks that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general economic conditions; changes to the regulatory environment; environmental risks; local real estate conditions, including the development of properties in close proximity to the Trust's properties and changes in real estate values; timely leasing of vacant space and re-leasing of occupied space upon expiration; dependence on tenants' and borrowers' financial condition; the uncertainties of acquisition activity; the ability to effectively integrate acquisitions; dependence on our partners in the development, construction and operation of our real estate and renewable power projects; uncertainty surrounding the development and construction of new projects and delays and cost overruns in the design, development, construction and operation of projects; adverse weather conditions and variability in wind conditions and solar irradiation; our ability to execute strategic plans and meet financial obligations; interest and mortgage rates and regulations; inflation; availability of equity and debt financing; foreign exchange fluctuations; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of February 22, 2016. Dream Alternatives does not undertake to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our web site at www.dreamalternatives.ca.

Certain market information has been obtained from CBRE, Canadian Market Statistics, Fourth Quarter 2015, Third Quarter 2015, and Fourth Quarter 2014, as well as Standard & Poor's and Egan Jones, publications prepared by independent, third-party commercial firms that provide information relating to the real estate industry. Although we believe this information is reliable, the accuracy and completeness of this information is not guaranteed. We have not independently verified this information and make no representation as to its accuracy.

Average market rent disclosed in the MD&A is the Asset Manager's best estimate of the net rental rate that would be achieved in the event of a unit becoming vacant in a non-arm's length lease after a reasonable marketing period with an inducement and lease term appropriate for the particular space. Market rent by property is determined on a quarterly basis by our Asset Manager's leasing and portfolio management teams. The basis of calculating market rents depends on leasing deals that are completed for similar space of comparable properties in the area. Market rents may differ by property or by suite within the property, and are dependent upon a number of factors. Some of the factors considered include the condition of the space, the location within the building, the amount of office build-out required for the suites, appropriate lease term, and normal tenant inducements. On a quarterly basis, market rental rates are compared against the external appraisal information that is gathered for our properties and/or other comparable properties managed by the Asset Manager, as well as other external market data sources. The current estimated market rents are at a point in time and are subject to change based on future market conditions.

In addition, certain disclosures incorporated by reference into this report including, but not limited to, information regarding our largest tenants and development and investment holdings' development partners were obtained from publicly available information. We have not independently verified any such information.

11. ADDITIONAL INFORMATION

Additional information relating to Dream Hard Asset Alternatives Trust is available on SEDAR at www.sedar.com. The Trust's voting Units trade on the Toronto Stock Exchange under the symbol "DRA.UN".

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Asset Manager of Dream Hard Asset Alternatives Trust prepares the Annual Report, which includes the consolidated financial statements, the notes thereto and management's discussion and analysis. These financial statements have been prepared in accordance with International Financial Reporting Standards, using the Asset Manager's best estimates and judgments when appropriate.

The Board of Trustees is responsible for ensuring that the Asset Manager fulfills its responsibility for financial reporting and internal control. The audit committee, which comprises Trustees, meets with the Asset Manager as well as the external auditors to satisfy itself that the Asset Manager is properly discharging its financial responsibilities and to review its consolidated financial statements and the report of the auditors. The audit committee reports its findings to the Board of Trustees, which approves the consolidated financial statements.

PricewaterhouseCoopers LLP, the independent auditors, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards. The auditors have full and unrestricted access to the audit committee, with or without the Asset Manager present.

Michael J. Cooper	**Pauline Alimchandani**
Portfolio Manager	Chief Financial Officer

Toronto, Ontario, February 22, 2016

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Dream Hard Asset Alternatives Trust

We have audited the accompanying consolidated financial statements of Dream Hard Asset Alternatives Trust and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dream Hard Asset Alternatives Trust and its subsidiaries as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 22, 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)	Note	**December 31, 2015**	December 31, 2014
ASSETS			
NON-CURRENT ASSETS			
Income properties	6	**$ 520,395**	$ 499,264
Lending portfolio	7	**47,947**	80,159
Development and investment holdings	8	**161,567**	168,716
Renewable power assets	9	**120,521**	25,881
Other non-current assets	10	**3,087**	2,740
Equity accounted investment	11	**2,452**	—
		855,969	776,760
CURRENT ASSETS			
Lending portfolio	7	**113,336**	133,413
Amounts receivable	12	**4,471**	6,026
Prepaid expenses		**996**	904
Restricted cash	9	**2,019**	—
Cash		**20,764**	80,157
TOTAL ASSETS		**$ 997,555**	$ 997,260
LIABILITIES			
NON-CURRENT LIABILITIES			
Mortgages payable	13	**$ 221,483**	$ 176,851
Construction loan facility	9	**14,534**	—
Deferred income taxes	24	**3,021**	430
Deferred unit incentive plan	14	**498**	147
		239,536	177,428
CURRENT LIABILITIES			
Mortgages and note payable	13	**35,317**	78,543
Derivative financial liabilities	15	**1,531**	—
Amounts payable and accrued liabilities	16	**21,092**	23,770
Distributions payable	17	**2,420**	2,455
Income tax payable	24	**2,599**	902
TOTAL LIABILITIES		**302,495**	283,098
UNITHOLDERS' EQUITY			
Unitholders' equity	18	**596,541**	606,150
Retained earnings		**98,078**	105,532
Accumulated other comprehensive (loss) income	19	**(1,452)**	525
TOTAL UNITHOLDERS' EQUITY		**693,167**	712,207
Non-controlling interests	9	**1,893**	1,955
TOTAL EQUITY		**695,060**	714,162
TOTAL LIABILITIES AND EQUITY		**$ 997,555**	$ 997,260

See the accompanying notes to the consolidated financial statements
Commitments and contingencies (Note 28)

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

David Kaufman
Chair

James Eaton
Trustee

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, *(in thousands of Canadian dollars)*	Note	**2015**	(Notes 33, 34) 2014
INCOME			
Income properties revenue		**$ 60,341**	$ 29,896
Renewable power revenue		**3,632**	226
Lending portfolio interest income and lender fees		**13,940**	8,566
Fair value adjustments and operating cash distributions in development and investment holdings	8	**9,197**	963
Gain on disposition of development and investment holdings	8	**3,112**	—
TOTAL INCOME		**90,222**	39,651
EXPENSES			
Income properties, operating	20	**29,860**	14,549
Renewable power, operating	21	**1,763**	85
Interest expense	22	**8,532**	4,358
Provision for lending portfolio losses	7	**2,011**	—
General and administrative	23	**13,870**	9,745
TOTAL EXPENSES		**56,036**	28,737
Fair value adjustments to income properties	6	**(9,334)**	(3,780)
OPERATING INCOME		**24,852**	7,134
Other interest income		**549**	457
Share of loss from equity accounted investment	11	**(108)**	—
Gain on acquisition	33	**—**	127,158
Reorganization related costs	33	**—**	(12,441)
Increase in net assets attributable to holders of redeemable units	33	**—**	(509)
EARNINGS BEFORE INCOME TAX EXPENSE		**25,293**	121,799
INCOME TAX EXPENSE			
Current income tax expense	24	**3,239**	902
Deferred income tax expense	24	**3,124**	1,150
TOTAL INCOME TAX EXPENSE		**6,363**	2,052
NET INCOME		**18,930**	119,747
OTHER COMPREHENSIVE INCOME (LOSS)			
Fair value adjustments to derivative financial liabilities hedges, net of tax		**(1,122)**	—
Fair value adjustments to development and investment holdings available-for-sale, net of tax		**(836)**	525
Unrealized foreign currency translation loss		**(19)**	—
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**(1,977)**	525
TOTAL COMPREHENSIVE INCOME		**$ 16,953**	$ 120,272
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Unitholders		**$ 16,999**	$ 120,278
Non-controlling interests	9	**(46)**	(6)
TOTAL COMPREHENSIVE INCOME		**$ 16,953**	$ 120,272

See the accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars, except for number of Units)	Note	Number of Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interests	Total
Balance at July 8, 2014	33	29,986,752	$ 301,082	$ —	$ —	$ —	$ 301,082
Units issued in business combination	33	42,630,987	295,006	—	—	—	295,006
Public offering of Trust Units	33	1,000,000	10,000	—	—	—	10,000
Net income for the year		—	—	119,753	—	(6)	119,747
Other comprehensive income		—	—	—	525	—	525
Distributions paid and payable	17	—	—	(14,221)	—	—	(14,221)
Distribution Reinvestment Plan	18	49,239	333	—	—	—	333
Issue costs, net of deferred tax		—	(271)	—	—	—	(271)
Contribution by non-controlling interests		—	—	—	—	1,961	1,961
Balance at December 31, 2014		**73,666,978**	**$ 606,150**	**$ 105,532**	**$ 525**	**$ 1,955**	**$ 714,162**
Net income for the year		—	—	**18,976**	—	**(46)**	**18,930**
Other comprehensive loss		—	—	—	**(1,977)**	—	**(1,977)**
Distributions paid and payable	17	—	—	**(29,386)**	—	—	**(29,386)**
Distribution Reinvestment Plan	18	**217,247**	**1,349**	—	—	—	**1,349**
Deferred units exchanged for Trust Units	14	**7,916**	**50**	—	—	—	**50**
Cancellation of Trust Units	18	**(1,329,654)**	**(11,008)**	**2,956**	—	—	**(8,052)**
Distributions to non-controlling interests		—	—	—	—	**(16)**	**(16)**
Balance at December 31, 2015		**72,562,487**	**$ 596,541**	**$ 98,078**	**$ (1,452)**	**$ 1,893**	**$ 695,060**

See the accompanying notes to the consolidated financial statements
Refer to Note 33 under the heading “Net assets attributable to holders of redeemable units” for details of balances prior to July 8, 2014

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,			(Notes 33, 34)
(in thousands of Canadian dollars)	Note	**2015**	2014
Generated from (utilized in) operating activities			
Net income for the year		**$ 18,930**	$ 119,747
Non-cash items:			
Amortization and depreciation	27	**(1,053)**	(1,107)
Other adjustments	27	**(13)**	(123,961)
Change in non-cash working capital	27	**2,019**	4,823
Investment in lease incentives and initial direct leasing costs	6, 27	**(5,985)**	(5,088)
Receipts from investment holdings post-Closing		**—**	6,787
Investment in development and investment holdings	8	**(382)**	(1,447)
Distributions received from development and investment holdings and available-for-sale investments	8	**5,220**	887
Proceeds from disposition of development and investment holdings asset	8	**12,637**	—
Generated from operating activities		**31,373**	641
Generated from (utilized in) investing activities			
Investments in building improvements	6, 27	**(5,386)**	(1,868)
Acquisition of properties, including transaction costs	6	**(17,915)**	—
Investments in renewable power assets	9, 27	**(98,823)**	(19,271)
Lending portfolio additions, net of lender fees	7	**(55,083)**	(54,607)
Principal repayments received from lending portfolio	7	**109,597**	59,764
Investment in equity accounted investment	11	**(2,560)**	—
Proceeds from sale of development and investment holdings prior to acquisition on July 8, 2014		**—**	57,521
(Utilized in) generated from investing activities		**(70,170)**	41,539
Generated from (utilized in) financing activities			
Additions to construction loan facility, net and note payable	9, 13	**14,534**	310
Changes in restricted cash balance related to construction loan facility	9	**(2,019)**	—
Mortgages borrowings	13	**92,980**	—
Financing costs	13	**(569)**	—
Lump sum repayments of mortgages payable	13	**(83,805)**	—
Mortgages repayments	13	**(5,593)**	(2,195)
Distributions paid on Units	17	**(28,072)**	(11,433)
Trust Units repurchased and cancelled	18	**(8,052)**	—
Units issued for cash	33	**—**	10,000
Unit issue cost		**—**	(369)
Redemptions and distributions paid on Acquiror Fund units		**—**	(48,275)
Cash recognized on consolidation of limited partnerships	33	**—**	25,127
Cash acquired from business combination	33	**—**	62,434
(Utilized in) generated from financing activities		**(20,596)**	35,599
(Decrease) increase in cash		**(59,393)**	77,779
Cash, beginning of year		**80,157**	2,378
Cash, end of year		**$ 20,764**	$ 80,157

See the accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. ORGANIZATION

Dream Hard Asset Alternatives Trust ("Dream Alternatives" or the "Trust") is an open-ended trust established under the laws of the Province of Ontario by a Declaration of Trust dated April 28, 2014, amended and restated on July 8, 2014. The consolidated financial statements of Dream Alternatives include the accounts of Dream Alternatives and its consolidated subsidiaries. The Trust was formed by and is managed by Dream Asset Management Corporation ("DAM" or the "Asset Manager"). Financial results prior to July 8, 2014 (the "Trust's Listing") represent the results for ROI Canadian High Income Mortgage Fund ("CHIM" or "Acquiror Fund"), one of the seven funds previously managed by Return On Innovation Advisors Ltd. ("ROI Capital") whose assets were indirectly acquired in connection with the reorganization (the "Reorganization") as described in Note 33.

The Trust's registered office is 30 Adelaide Street East, Suite 301, Toronto, Ontario, Canada, M5C 3H1. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DRA.UN". Dream Alternatives' consolidated financial statements for the year ended December 31, 2015 were authorized for issuance by the Board of Trustees on February 22, 2016, after which date they may only be amended with the Board of Trustees' approval.

The equity of the Trust is described in Note 18; however, for simplicity, throughout the notes, reference is made to the following:

"Units" meaning Trust voting units, and
"Unitholders" meaning holders of Trust voting units.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

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

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

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Trust and its subsidiaries. All intercompany transactions have been eliminated in these consolidated financial statements.

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

Amendments to IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12"), and IAS 27, "Separate financial statements – Investment entities" ("IAS 27"), define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These investments require an investment entity to measure those subsidiaries at fair value through profit or loss ("FVTPL"), in accordance with IFRS 9, "Financial Instruments", in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. The Trust adopted these amendments effective January 1, 2013 and is not considered to be an investment entity effective from the date of Closing (see Note 33).

NON-CONTROLLING INTERESTS

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Net income and comprehensive income of subsidiaries is recognized directly in equity attributable to non-controlling interests and owners of the Trust within equity. Changes in the Trust's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

JOINT ARRANGEMENTS

The Trust may enter into joint arrangements through joint operations and joint ventures. Joint arrangements are contractual arrangements that give two or more parties joint control of the arrangement. Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement, whereas a joint venture is a joint arrangement whereby the parties that have joint control only have rights to the net assets of the arrangement.

The Trust, through its subsidiaries, is a co-owner in several properties that are subject to joint control and has direct rights to the income property, and obligations for the liabilities relating to the co-ownership. Therefore these joint arrangements are considered to be joint operations. For these properties, the Trust recognizes its proportionate share of the assets, liabilities, revenue and expenses of these co-ownerships in the respective lines in the consolidated financial statements.

Interests in joint ventures are accounted for using the equity method of accounting. The Trust's equity accounted investments are initially recognized at cost and the carrying amount is adjusted for the Trust's proportionate share of post-acquisition profits and losses and reduced for distributions received from the investment. The Trust's share of post-acquisition profit or loss is recognized in its share of net income from equity accounted investments in net income in the consolidated statements of comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Dilution gains and losses arising from changes in the Trust's interest in equity accounted investments are recognized in the statement of comprehensive income. If the Trust's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Trust has incurred legal or constructive obligations, or made payments on behalf of the equity accounted investment.

SEGMENT REPORTING

A reportable operating segment is a distinguishable component of the Trust that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) that is subject to risks and rewards that are different from those of other reportable segments. The Trust's primary format for segment reporting is based on business segments. The business segments: income properties, renewable power, lending portfolio, and development and investment holdings, are based on the Trust's management and internal reporting structure. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Portfolio Manager of Dream Alternatives. The operating segments derive their revenue primarily from rental income, lessees, power sales, interest income and loan fees.

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

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all years presented unless otherwise stated (see Notes 33 and 34).

INCOME PROPERTIES

Income properties are initially recorded at cost, including related transaction costs in connection with asset acquisitions, and include office, retail and industrial properties held to earn rental income and/or for capital appreciation. After initial recognition, income properties are carried at fair value, determined based on available market evidence at the consolidated statements of financial position dates. The Asset Manager estimates the fair value of each income property using the most appropriate valuation methodology determined for each property on a highest and best use basis, which may include the overall capitalization method, the discounted cash flow method or, in certain circumstances, land values. Related fair value gains and losses are recorded in net income in the statements of comprehensive income in the period in which they arise. The fair value of each income property is based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the consolidated balance sheet dates, less future estimated cash outflows in respect of such properties. To determine fair value, the Trust first considers whether it can use current prices in an active market for a similar property in the same location and condition that is subject to similar leases and other contracts. The Trust has concluded that there is insufficient market evidence on which to base income property valuation using this approach, except for those properties valued using land values; therefore, it uses the income approach for the remaining properties. The income approach is one in which the fair value is estimated by capitalizing the net rental income that the property can reasonably be expected to produce over its remaining economic life. The income approach is derived from two methods: the overall capitalization rate method, whereby the net operating income is capitalized at the requisite overall capitalization rate, and/or the discounted cash flow method, in which the income and expenses are projected over the anticipated term of the investment plus a terminal value discounted using an appropriate discount rate. Each property is subject to an appraisal by an independent valuator approximately once every three years.

Initial direct leasing costs incurred in negotiating and arranging tenant leases are added to the carrying amount of income properties. Lease incentives, which include costs incurred to make leasehold improvements to tenants' space and cash allowances provided to tenants, are added to the carrying amount of income properties and are amortized on a straight-line basis over the term of the lease as a reduction of income properties' revenue.

LENDING PORTFOLIO

The lending portfolio is comprised of fixed-interest-rate amortizing and interest-only mortgage and loan investments that the Trust intends on holding until maturity, which are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, the lending portfolio investments are measured at amortized cost using the effective interest rate method, less any impairment losses. The lending portfolio investments are assessed on each reporting date to determine whether there is objective evidence of impairment. A lending portfolio investment is considered to be impaired if there has been a deterioration of credit quality subsequent to its initial recognition such that the Trust no longer has reasonable assurance as to the timely collection of the full amount of principal and interest.

An impairment loss in respect of a specific lending portfolio investment is calculated as the difference between its carrying amount including accrued interest and the present value of the estimated future cash flows discounted at the investment's original effective interest rate. Losses are recognized in net income in the statements of comprehensive income and reflected in an allowance account against the lending portfolio investment. When a subsequent event causes the amount of an impairment loss to decrease, the decrease in impairment loss is reversed through net income in the statements of comprehensive income. A provision for lending portfolio losses represents the Asset Manager's best estimate of impaired lending portfolio investments at each reporting date. Judgment is required as to the timing of designating a lending portfolio as impaired and the amount of any provision required.

The Trust recognizes interest, lender fees and other income from the lending portfolio in the consolidated statements of comprehensive income using the effective interest rate method. Interest and other income include the Trust's share of any fees received, as well as the effect of any premium or discount received on the mortgage. The effective interest rate method discounts the future cash payments and receipts through the expected life of the lending portfolio mortgage or loan to its carrying amount.

DEVELOPMENT AND INVESTMENT HOLDINGS

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

DEVELOPMENT AND INVESTMENT HOLDINGS AVAILABLE-FOR-SALE

Development and investment holdings available-for-sale (“AFS Investments”) consist of two limited partnership interests and one co-ownership interest. The Trust’s ownership interest in the two limited partnerships is less than 20%. The limited partnerships own interests in three shopping centers and one office tower. The co-ownership interest is a less than 20% interest in a commercial retail development. These AFS Investments are not subject to control, joint control or significant influence and are non-derivative financial instruments that have been classified as AFS Investments because they do not qualify for classification in any other financial instrument category. The Trust does not intend to sell these investments at the present time. AFS Investments are financial assets that do not earn contractual cash flows nor qualify as FVTPL. AFS Investments are initially recognized at the cost of acquisition, including directly attributable transaction costs, and are subsequently carried at their fair value. They are classified as development and investment holdings on the consolidated statements of financial position and fair value adjustments are reflected in other comprehensive income (“OCI”) on the consolidated statements of comprehensive income. Realized gains on sale are recognized in net income in the consolidated statements of comprehensive income.

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Trust's foreign operations are measured using the currency of the primary economic environment in which the foreign operations are conducted ("the functional currency"). The functional currency of the Trust's foreign operations located in the United Kingdom is the British pound. The functional currency of the Trust and Canadian operations is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars, which is the Trust's presentation currency.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the Trust's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the exchange rates effective at the financial statement reporting date for monetary assets and liabilities denominated in foreign currencies, if any, are recognized in the consolidated statements of comprehensive income.

FOREIGN OPERATIONS

The results and financial position of the foreign operations are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income in the consolidated statements of comprehensive income.

RENEWABLE POWER ASSETS

Renewable power assets consist of tools and equipment related to the Trust's investments in renewable power projects and are measured at cost less accumulated depreciation and impairment charges, if any. Cost includes expenditures that are directly attributable to the acquisition and construction of the asset including interest costs paid or accrued during construction. Annual depreciation rates estimated by the Trust are listed in the table below. The depreciation methods, residual values, and estimates of the useful lives of its renewable power assets are reviewed by management at least annually.

Asset class	Depreciation method and period
Solar power equipment	
Solar modules, inverters and racking	4%, straight line
Wind power equipment	
Wind generation equipment, electrical system, foundations and roads	4% to 5%, straight line

On sale or retirement, renewable power assets and their related accumulated depreciation are removed from the consolidated statements of financial position, and any related gain or loss is reflected in net income in the consolidated statements of comprehensive income.

The cost of replacing a component of an item of renewable power assets is recognized in the carrying amount of the item if it is probable that the Trust will receive future economic benefits from the replacement components, and if the cost of the components can be measured reliably. The carrying amount of the replaced component is derecognized.

INTANGIBLE ASSETS

Intangible assets are related to provincial government contracts to supply wind power at rates above fixed price contracts and are recorded at cost less accumulated amortization and impairment charges, if any. Amortization takes place over the contractual term of the agreements related to the assets, which are 20 years on a straight-line basis. These intangible assets are classified as other non-current assets on the consolidated statements of financial position.

IMPAIRMENT OF RENEWABLE POWER ASSETS AND INTANGIBLE ASSETS

Renewable power assets and intangible assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds the greater of the value-in-use or fair value less costs to sell.

For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows. The amount of the loss is recognized in the consolidated statements of comprehensive income within operating expenses. The carrying amount is reduced by the impairment loss directly. If, in a subsequent year, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in net income in the consolidated statements of comprehensive income.

IMPAIRMENT OF EQUITY ACCOUNTED INVESTMENTS

The Trust assesses, at each reporting date, whether there is objective evidence that its interest in an equity accounted investment is impaired. If impaired, the carrying value of the Trust's share of the underlying assets of the equity accounted investment balance is written down to its estimated recoverable amount, which is the greater of its value-in-use or fair value less costs to sell, with any differences charged to net income in the consolidated statements of comprehensive income.

ASSET RETIREMENT OBLIGATIONS

The Trust is subject to certain legal and constructive obligations associated with the retirement of renewable power assets, which are recorded as liabilities when those obligations have occurred and are measured as the present value of the expected costs to settle the liability, discounted at the current pre-tax rate specific to the liability. The liability is accreted up to the date the liability will be incurred, with a corresponding charge to interest expense. The carrying amount of long-term provisions is reviewed quarterly, with changes in the estimates of timing or amount of cash flows added to or deducted from the cost of the related asset.

REVENUE RECOGNITION

Revenue from income properties, lending portfolio, and renewable power assets is recognized as it is earned to the extent that it is probable that the economic benefits will flow to the Trust and that the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable.

INCOME PROPERTIES

The Trust accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its income properties. Revenues from income properties include base rents, recoveries of operating expenses including property taxes, percentage participation rents, lease termination fees, parking income, and incidental income. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in other non-current assets, is recorded for the difference between the rental revenue recognized and the contractual amount received. Recoveries from tenants are recognized as revenues in the period in which the corresponding costs are incurred and collectability reasonably assured. Percentage participation rents are recognized on an accrual basis once tenant sales revenues exceed contractual thresholds. Other revenues are recorded as earned.

LENDING PORTFOLIO

Mortgage interest and fees revenues are recognized in the consolidated statements of comprehensive income using the effective interest method. Mortgage interest and fees revenues include the discount or premium incurred by the Trust at the time the mortgages were acquired, if any. The effective interest method derives the interest rate that discounts the estimated future cash payments and receipts over the expected life of the mortgages to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and transaction costs paid or received, including the incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

RENEWABLE POWER ASSETS

Revenue from renewable power assets is determined based on the amount of energy generated at the contract rates and is recognized on an accrual basis when the energy produced is received by the client. Several power-generating sites are eligible for additional payments under government programs designed to provide additional fees based on the supply of renewable energy. These amounts are related to energy generated and are based on the megawatt hours ("MWh") of electricity supplied. These amounts are recorded as revenue in the period in which the energy is generated. Amounts are determined based on a spot amount or fixed amount per MWh generated, depending on the location of where the energy is produced.

BUSINESS COMBINATIONS

The purchase method of accounting is used for acquisitions meeting the definition of a business. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquiror, the liabilities incurred by the acquiror to former owners of the acquiree, and the equity interests issued by the acquiror.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair values irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Trust's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Trust's share of the net assets acquired, the difference is recognized directly in profit or loss for the year as a gain on acquisition. Any transaction costs incurred with respect to the business combination are expensed in the period incurred.

LEASES

Leases that substantially transfer all the benefits and risks of ownership of property and equipment to the Partnership, or otherwise meet the criteria for capitalizing a lease under IFRS, are accounted for as finance leases. An asset is recognized at the time a finance lease is entered into together with its related long-term obligation. Property and equipment recognized under finance leases are amortized on the same basis under income properties or renewable power assets. Payments on operating leases are expensed on a straight-line basis.

DISTRIBUTIONS

Distributions to Unitholders are recognized as a liability in the period in which the distributions are approved by the Board of Trustees and are recorded as a reduction to retained earnings.

INCOME TAXES

The Trust follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

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

UNIT-BASED COMPENSATION PLAN

As described in Note 14, the Trust has a Deferred Unit Incentive Plan ("DUIP") that provides for the granting of deferred Trust Units and income deferred Trust Units to Trustees, officers, employees and affiliates and their service providers (including the Asset Manager). Unvested deferred Trust Units are recorded as a liability, and compensation expense is recognized over the vesting period at amortized cost based on the fair value of the Units. Once vested, the liability is re-measured at each reporting date at amortized cost, based on the fair value of the corresponding Units, with changes in fair value recognized in net income in the statements of comprehensive income.

CASH

Cash excludes cash subject to restrictions that prevent its use for current purposes. Excluded from cash are amounts held for repayment of tenant security deposits, as required by various lending agreements. These security deposits are included in accounts payable. Cash as at December 31, 2015 included cash of $7,470 (December 31, 2014 – $6,518) held in bank accounts that require both the Trust's and third parties' approval prior to distribution.

FINANCIAL INSTRUMENTS

DESIGNATION OF FINANCIAL INSTRUMENTS

The following summarizes the Trust's classification and measurement of financial assets and financial liabilities:

	Classification	Measurement
Financial assets		
Lending portfolio	Loans and receivables	Amortized cost
Development and investment holdings	Fair value through profit or loss	Fair value
Development and investment holdings available-for-sale	Available for sale	Fair value
Amounts receivable	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Cash	Loans and receivables	Amortized cost
Financial liabilities		
Mortgages and note payable	Other liabilities	Amortized cost
Construction loan facility	Other liabilities	Amortized cost
Derivative financial liabilities	Designated as cash flow hedge	Fair value
Amounts payable and accrued liabilities	Other liabilities	Amortized cost
Distributions payable	Other liabilities	Amortized cost

The accounting policies for the lending portfolio, development and investment holdings, and development and investment holdings available-for-sale have been discussed previously.

FINANCIAL ASSETS

The Trust classifies its non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as loans and receivables. Loans and receivables are initially measured at fair value, less any related transaction costs, and are subsequently measured at amortized cost.

Amounts receivable are initially measured at fair value and are subsequently measured at amortized cost less a provision for impairment. A provision for impairment is established when there is objective evidence that collection will not be possible under the original terms of the contract. Indicators of impairment include payment delinquency and significant financial difficulty of the tenant. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statements of comprehensive income within income properties operating expenses. Bad debt write-offs occur when the Trust determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against income properties' operating expenses in the consolidated statements of comprehensive income. Trade receivables that are less than three months past due are not considered impaired unless there is evidence collection is not possible. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire or the Trust transfers substantially all risks and rewards of ownership.

FINANCIAL LIABILITIES

The Trust classifies its financial liabilities on initial recognition as other liabilities measured at amortized cost. Financial liabilities are initially recognized at fair value less related transaction costs. Financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in net income in the consolidated statements of comprehensive income over the expected life of the debt.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

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

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

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

INTEREST EXPENSE

Interest expense includes interest on mortgages payable secured by income properties, amortization of ancillary costs incurred in connection with the arrangement of borrowing, interest on the revolving loan facility, interest on the construction loan facility and amortization of fair value adjustments on assumed mortgages payable.

CAPITALIZATION OF BORROWING COSTS

The Trust capitalizes borrowing costs that are directly attributable to qualifying assets by determining whether the borrowings are general or specific to a project. Interest is capitalized during periods of active development and construction, starting from the commencement of development until the date all activities necessary to prepare the asset for its intended use are complete. Interest on general borrowings that are directly attributable to an asset is capitalized based upon a weighted average cost of borrowing. Borrowing costs are capitalized to qualifying assets that necessarily take a substantial period of time to prepare for their intended use or sale. The Trust considers a substantial period of time to be a period longer than six months to complete.

EQUITY

The Trust presents Units as equity, notwithstanding the fact that the Trust's Units meet the definition of a financial liability. Under IAS 32, the Units are considered a puttable financial instrument because of the holder's option to redeem Units, generally at any time, subject to certain restrictions, at a redemption price per Unit equal to the lesser of 90% of a 20-day weighted average closing price prior to the redemption date or 100% of the closing market price on the redemption date. The total amount payable by Dream Alternatives in any calendar month will not exceed $50 unless waived by Dream Alternatives' Board of Trustees at their sole discretion. The Trust has determined that the Units can be presented as equity and not financial liabilities because the Units have all of the following features, as defined in IAS 32 (hereinafter referred to as the "puttable exemption"):

- Units entitle the holder to a pro-rata share of the Trust's net assets in the event of its liquidation. Net assets are those assets that remain after deducting all other claims on the assets.
- Units are the class of instruments that are subordinate to all other classes of instruments because they have no priority over other claims to the assets of the Trust on liquidation and do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments.
- All instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- Apart from the contractual obligation for the Trust to redeem the Units for cash or another financial asset, the Units do not include any contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Trust, and it is not a contract that will or may be settled in the Trust's own instruments.
- The total expected cash flows attributable to the Units over their lives are based substantially on the net income and the changes in the recognized net assets and unrecognized net assets of the Trust over the life of the Units.

Units are initially recognized at the fair value of the consideration received by the Trust. Any transaction costs arising on the issuance of Units are recognized directly in Unitholders' equity as a reduction of the proceeds received.

PROVISIONS

Provisions for legal claims are recognized when the Trust has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

ACCOUNTING FOR LEVIES IMPOSED BY GOVERNMENT

IFRIC 21, "Levies" ("IFRIC 21"), provides guidance on accounting for levies in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

4. THE CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the consolidated financial statements requires the Asset Manager to make judgments, estimates and assumptions that affect the amounts reported. The Asset Manager bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the results of which form the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

CRITICAL ACCOUNTING JUDGMENTS

The following are the critical accounting judgments used in applying the Trust's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

FINANCIAL STATEMENT PRESENTATION

An investment entity, as defined under IFRS 10, is an entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services; commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and measures and evaluates the performance of substantially all of its investments on a fair value basis. Following the Reorganization (Note 33), the Trust determined that it does not qualify as an investment entity under IFRS 10 because it will act as an active partner in its investments to enhance returns by holding and developing its investment properties, real estate lending investments and other investments over the long term. In addition, the Trust does not have an exit strategy for substantially all of its investments, specifically its income properties and renewable power assets and does not evaluate the performance of substantially all of its investments on a fair value basis, both of which are key elements of an investment entity. As the Trust is not considered to be an investment entity, the real estate and renewable power assets owned through interests in limited partnerships have been consolidated in the financial statements of the Trust and, accordingly, are reflected as income properties and renewable power assets along with the associated assets and liabilities and revenues and expenses.

JOINT ARRANGEMENTS AND SUBSIDIARIES

The Trust holds investments in various assets, and its ownership interest in these investments is established through diverse structures. Significant judgment is applied in assessing whether the investment structure results in control, joint control or significant influence over the operations of the investment, or whether the Trust's investment is passive in nature. For joint arrangements, judgment is applied in determining whether the Trust has an interest in the net assets of the arrangement or a direct interest in the underlying assets and a direct obligation for the underlying liabilities of the arrangement. The Trust considers the contractual rights and obligations of the arrangement, and other relevant factors, in determining the appropriate accounting treatment for its investments.

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

INCOME PROPERTIES AND AFS INVESTMENTS

Critical judgments are made in respect of the fair values of income properties and AFS Investments. The fair values of these investments are reviewed regularly by the Asset Manager with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The independent valuators are experienced, nationally recognized and qualified in the professional valuation of office, retail and industrial buildings in their respective geographic areas. Judgment is also applied in determining the extent and frequency of independent appraisals. At each annual reporting period, a select number of income properties, determined on a rotational basis, are valued by qualified valuation professionals. For income properties not subject to independent appraisals, internal valuations are prepared by the Asset Manager and reviewed during each reporting period.

For income properties, the Asset Manager makes judgments with respect to whether lease incentives provided in connection with a lease enhance the value of the leased space, which determines whether or not such amounts are treated as tenant improvements and added to income properties. Lease incentives, such as cash, rent-free periods and lessee- or lessor-owned improvements, may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of income properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Judgment is also applied in determining whether certain costs are additions to the carrying amount of the income property.

DEVELOPMENT AND INVESTMENT HOLDINGS

Critical judgments are made in determining the fair value of development and investment holdings. The fair value of these investments is reviewed by the Asset Manager regularly with reference to the applicable local market conditions and in discussion with the development's construction management company. The Trust makes judgments with respect to the completion dates of the developments, the leasing and management cost assumptions for the buildings and/or unit sales in order to determine the Trust's interest and participating income. Development and investment holdings are valued using a discounted cash flow model calculated based on future interest and participating profit payments as determined by the Asset Manager and project managers' estimates of unit sales proceeds and/or net operating income of the development properties. Investments in participating mortgages on commercial real-estate developments are valued using the direct capitalization rate method, where this future value is then discounted back to the reporting date, except for two participating mortgages which have been valued primarily based on land values due to the uncertainty of the development timelines.

DEPRECIATION OF RENEWABLE POWER ASSETS

The Trust makes estimates and assumptions when determining the annual depreciation rates, residual values, and the useful lives of its depreciable assets. The assets' depreciation rates are detailed in Note 3.

BUSINESS COMBINATIONS

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

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

IMPAIRMENT
The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to amounts receivable, equity accounted investments, lending portfolio and renewable power assets. Such estimates and assumptions primarily relate to the timing and amount of future cash flows.

IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"), requires management to use judgment in determining if the Trust's financial assets are impaired. In making this judgment, the Trust evaluates, among other factors, the duration and extent to which the fair value of the investment is less than its carrying amount, and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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

ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires the Trust to make estimates and assumptions that affect the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of total comprehensive income for the period. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the consolidated financial statements relate to the following:

VALUATION OF INCOME PROPERTIES, DEVELOPMENT AND INVESTMENT HOLDINGS AND AFS INVESTMENTS
The fair values of income properties, development and investment holdings and AFS Investments is dependent on estimates regarding stabilized or forecasted net operating income ("NOI") and capitalization and discount rates applicable to those assets. The determination of stabilized or forecasted NOI incorporates various assumptions including those regarding contractual rents, expected future market rents, renewal rates and maintenance costs. Capitalization and discount rates reflect market uncertainties and are based on the location, size and quality of the asset and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of income properties, development and investment holdings and AFS Investments may change materially.

VALUATION OF FINANCIAL INSTRUMENTS
The Trust makes estimates and assumptions relating to the fair value measurement and disclosure of the development and investment holdings, AFS Investments, lending portfolio and mortgages payable. The fair values of development and investment holdings are determined based on discounted cash flows and the direct capitalization rate method using discount rates and cap rates that reflect current market conditions for instruments with similar terms and risks. The fair values of AFS Investments are determined by applying cap rates, which reflect current market conditions for properties with similar terms and risks, to the Asset Manager's assessment of stabilized NOI. There are no quoted prices in an active market for the lending portfolio investments. The Trust determines fair value based on its assessment of the current lending market for lending portfolio investments having the same or similar terms, in consultation with the manager and servicer of the lending portfolio, and other publicly available information. The critical assumptions underlying the fair value measurements and disclosures include the market interest rates for mortgages, discount rates for development and investment holdings and stabilized NOI for AFS Investments.

For certain financial instruments, including cash, amounts receivable, amounts payable and accrued liabilities, deposits, and distributions payable, the carrying amounts approximate fair values due to their immediate or short-term maturity.

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS
Assumptions are made to estimate the fair value of derivative financial liabilities and to assess the effectiveness of the hedging arrangement. The basis of valuation and assessment of effectiveness for the Trust's derivatives is set out in Note 31; however, the fair values reported may differ from how they are ultimately recognized if there is volatility in interest rates between the valuation date and settlement date.

5. FUTURE ACCOUNTING POLICY CHANGES

REVENUE RECOGNITION

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), provides a comprehensive revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

FINANCIAL INSTRUMENTS

The final version of IFRS 9, "Financial Instruments" ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 introduces a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The entity's own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Lastly, a third measurement category for financial assets – "fair value through other comprehensive income" will exist. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

FINANCIAL INSTRUMENTS – DISCLOSURES

IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7"), has been amended by the IASB to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective for periods beginning on or after January 1, 2018. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

PRESENTATION OF FINANCIAL STATEMENTS

IAS 1, "Presentation of Financial Statements" ("IAS 1"), was amended by the IASB to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of accounting policies. The amendment gives guidance that information within the consolidated balance sheets and statements of comprehensive income should not be aggregated or disaggregated in a manner that obscures useful information, and that disaggregation may be required in the statements of comprehensive income in the form of additional subtotals as they are relevant to understanding the entity's financial position or performance. The amendments to IAS 1 are effective for periods beginning on or after January 1, 2016. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

ACQUISTIONS OF INTERESTS IN JOINT OPERATIONS

IFRS 11, "Joint Arrangements" ("IFRS 11"), has been amended to require the application of IFRS 3 to transactions where an investor obtains an interest in a joint operation that constitutes a business. The amendment to IFRS 11 is effective for periods beginning on or after January 1, 2016. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

LEASES

IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

6. INCOME PROPERTIES

The Trust's income properties initially consisted of a portfolio of co-owned commercial real estate properties with Dream Office REIT acquired pursuant to the Reorganization. During 2015, the Trust acquired a portfolio of co-owned commercial real estate properties with Dream Industrial REIT ("DIR") and an office property in which a subsidiary of DAM had a partial interest prior to the acquisition. Both co-owned portfolios are accounted for as joint operations and the office property is wholly-owned by the Trust. Changes in the Trust's proportionate share of the income properties during the years ended December 31, 2015 and 2014 were as follows:

For the years ended December 31,		2015		2014
Balance, beginning of period (2014 – Note 33)	**$**	**499,264**	$	272,603
Additions:				
Property acquisitions pursuant to business combination (Note 33)		**—**		223,493
Acquisition of properties including transaction costs		**18,677**		—
Building improvements		**6,199**		2,000
Lease incentives and initial direct leasing costs		**6,089**		5,026
Deductions:				
Amortization of lease incentives		**(500)**		(78)
Fair value adjustments to income properties		**(9,334)**		(3,780)
Balance, end of period	**$**	**520,395**	$	499,264

The Trust's accounting policy is to measure income properties at fair value using the income approach, which is derived from two methods: overall capitalization rate method and discounted cash flow method or, in certain limited circumstances, it is based on land values. Income properties have been reduced to $547 (December 31, 2014 – $207) related to straight-line rent receivables, which have been reclassified to other non-current assets.

The key valuation metrics used to determine the fair value of income properties include capitalization rates ("cap rates") of 5.5% to 7.8% (December 31, 2014 – 6.0% to 7.8%) and a discount rate of 5.8% to 8.5% (December 31, 2014 – 7.0% to 8.8%). The lower end of the cap rate range declined to 5.5% from 6.0% in the prior year and pertains to a property located in downtown Ottawa for which a 15 year government tenant lease was secured and is in line with local market indicators.

Generally, under the overall capitalization rate method, an increase in stabilized NOI will result in an increase in fair value of an income property. The fair values of income properties are most sensitive to cap rate changes. An increase in the cap rate will result in a decrease to the fair value of an income property. The cap rate magnifies the effect of a change in stabilized NOI, with a lower rate resulting in a greater impact on the fair value of an income property than a higher rate. Under the discounted cash flow method, an increase in cash flows will result in an increase in the fair value of an income property. An increase in the discount rate will result in a decrease in the fair value of an income property. The discount rate magnifies the effect of a change in cash flows, with a lower discount rate resulting in a greater impact on the fair value of an income property.

If the cap rate were to increase by 25 basis points ("bps"), the value of income properties would decrease by $17,600. If the cap rate were to decrease by 25 bps, the value of income properties would increase by $19,000.

Five of the 19 income properties co-owned with Dream Office REIT, with a value of $161,672, were valued by an external appraiser during the year ended December 31, 2015. The six income properties co-owned with DIR, acquired for $9,953 including transaction costs of $378, were valued by an external appraiser pursuant to the acquisition in the second and third quarters of 2015. The office property acquired for $8,724, including transaction costs of $324, during the fourth quarter of 2015 was also subject to an external appraisal. In total, income properties with a value of $180,349 were appraised during the year ended December 31, 2015.

INCOME PROPERTIES ACQUISITIONS

INDUSTRIAL

During the year ended December 31, 2015, the Trust acquired a 50% co-ownership interest in a portfolio of six industrial commercial real estate properties located in Regina, Saskatchewan. The acquisition is structured as a 50/50 co-ownership with Dream Industrial REIT (TSX: DIR.UN), whose asset manager is also DAM. The purchase price, including transaction costs, was $9,953. The acquisition was initially funded through cash on hand, net of the assumed non-cash working capital. A five-year term mortgage of $6,250 at a fixed rate of 3.25% was also obtained during the year ended December 31, 2015.

OFFICE

During the year ended December 31, 2015, the Trust acquired a 100% ownership interest in 349 Carlaw Avenue, an office property located in Toronto, Ontario. The purchase price, including transaction costs, was $8,724. A subsidiary of DAM had a partial interest in the property prior to acquisition. DAM will continue to provide property management services for this property. The purchase price of the initial transaction was determined by reference to an independent appraisal.

The consideration paid for the income properties acquisitions during the year ended December 31, 2015 consisted of:

	Industrial	Office	**Total**
Cash (including transaction costs)	$ 9,319	$ 8,596	**$ 17,915**
Assumed non-cash working capital	601	54	**655**
Transaction costs payable	33	74	**107**
Total consideration	$ 9,953	$ 8,724	**$ 18,677**

7. LENDING PORTFOLIO

The table below provides a continuity of the lending portfolio for the years ended December 31, 2015 and December 31, 2014:

For the years ended December 31,	**2015**	2014
Balance, beginning of period (2014 – Note 33)	**$ 213,572**	$ 40,485
Activity:		
Lending portfolio additions pursuant to business combination (Note 33)	**—**	175,267
Lending portfolio advances	**55,083**	54,839
Discount on lending portfolio additions	**—**	(110)
Changes in accrued interest balance	**(28)**	1,220
Provision for lending portfolio losses	**(2,011)**	—
Interest capitalized to lending portfolio balance	**3,364**	1,387
Amortization of lending portfolio discount	**778**	370
Lender fees received, net of amortization	**122**	(122)
Principal repayments at maturity and contractual repayments and prepayments	**(109,597)**	(59,764)
Balance, end of period	**161,283**	213,572
Less: Current portion	**113,336**	133,413
Non-current portion of lending portfolio	**$ 47,947**	$ 80,159

Lending portfolio investments are secured by real property or have recourse to a corporate borrower, bear interest at fixed rates, with a weighted average effective interest rate of 7.8% at December 31, 2015 (December 31, 2014 – 8.4%), and mature between 2016 and 2018. At December 31, 2015, the unamortized balance of the lending portfolio discount was $Nil (December 31, 2014 – $778) and the balance of accrued interest receivable was $1,192 (December 31, 2014 – $1,220). At December 31, 2015, $56,693 (December 31, 2014 – $64,837) of lending portfolio investments contained a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without a prepayment penalty.

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

2016	$ 112,144
2017	29,458
2018	20,500
Total principal repayments	$ 162,102
Provision for lending portfolio losses	(2,011)
Accrued interest balance	1,192
Total lending portfolio balance as at December 31, 2015	**$ 161,283**

One loan, with an adjusted balance of $7,000, was in default as at December 31, 2015 (December 31, 2014 – $8,252). The Trust initiated sale proceedings during the year on the underlying real estate property and recognized a provision of $2,011 and a related income tax recovery of $533 during the year ended December 31, 2015.

8. DEVELOPMENT AND INVESTMENT HOLDINGS

The table below provides a continuity of development and investment holdings for the years ended December 31, 2015 and December 31, 2014:

	Development and investment holdings	AFS Investments	Development and investment holdings total
Balance as at July 8, 2014 (Note 33)	$ 89,048	$ 7,651	$ 96,699
Acquisitions (Note 33)	70,888	9,293	80,181
Advances	1,447	—	1,447
Distributions received	(6,787)	(887)	(7,674)
Fair value adjustments	(2,542)	605	(1,937)
Balance as at December 31, 2014	**$ 152,054**	**$ 16,662**	**$ 168,716**
Advances	**382**	**—**	**382**
Distributions received	**(4,628)**	**(933)**	**(5,561)**
Dispositions	**(9,525)**	**—**	**(9,525)**
Fair value adjustments	**8,175**	**(620)**	**7,555**
Balance as at December 31, 2015	**$ 146,458**	**$ 15,109**	**$ 161,567**

Development and investment holdings consist of eight long-term development loans (December 31, 2014 – nine long-term development loans) secured by real property, with interest rates of between 8.0% and 13.0% (December 31, 2014 – 8.0% and 13.0%) and remaining terms of five to seven years, as determined by the underlying cash flows of the developments. The Trust has entered into agreements to allow the Trust to participate in the remaining profits of the developments after the payment of interest and an equal return to the equity partners is paid. On June 30, 2015, the Trust disposed of a development loan for proceeds of $12,637 and recognized a gain of $3,112 over its carrying value of $9,525.

During the fourth quarter of 2015, notices of default were issued relating to four retail development loans with a carrying value of $62,176. The borrowers of these retail developments were given 90 business days following the notices to cure the events of default. No incremental adjustment to the fair value of these assets was required as a result of issuing the notices of default.

The Trust's available-for-sale ("AFS") investments include two limited partnerships and one co-ownership investment with interests of less than 20%. Fair value losses in AFS holdings for the year ended December 31, 2015 were $620 before deferred income tax recoveries of $82 (December 31, 2014 – fair value gains of $605 before income tax expense of $80). Unrealized gains or losses in AFS investments will be reclassified to net income in the statements of comprehensive income upon sale of the underlying instruments.

Fair value gains in development and investment holdings for the year ended December 31, 2014 of $963 include fair value gains of $3,505 recognized by the Acquiror Fund up to July 8, 2014, and a fair value loss of $2,542 for the subsequent period.

DEVELOPMENT AND INVESTMENT HOLDINGS VALUATIONS

Development and investment holdings consist of residential assets under development, retail assets under development and retail assets completed and operational. The fair values of residential assets under development are calculated by discounting the projected future share of proceeds from sales of units at rates between 13.0% and 15.0% (December 31, 2014 – 13.0 % to 15.0%). The fair value of retail development assets estimates the value of the assets at the date the project is expected to be operational using the direct cap rate method and cap rates in the range of 6.3% to 6.9% (December 31, 2014 – 6.3% to 6.9%) and discounts these future values to the reporting date at rates of 15.0% (December 31, 2014 – 15.0%), adjusting for the percentage interest in accordance with the participating mortgage agreements. Investments in two of the retail development assets with a carrying value of $43,841, due to the uncertainty of development timelines, have been valued primarily based on the land values as determined by an external valuator at the Trust's Listing date.

Generally, an increase in expected interest and participating profit in the form of cash flows will result in an increase to the fair value of development and investment holdings. The fair values of development and investment holdings are most sensitive to discount and cap rates. An increase in the discount rate will result in a decrease to the fair value of the development and investment holdings. The discount rate magnifies the effect of a change in cash flows, with a lower discount rate resulting in a greater impact on the fair value of investments. An increase in the cap rate will result in a decrease in the fair value of a development and investment holding's participating loan. The cap rate magnifies the effect of a change in stabilized NOI, with a lower rate resulting in a greater impact on the fair value of a development and investment holding's participating loan than a higher rate.

If the discount rates were to increase by 25 bps, the value of development and investments holdings would decrease by $750. If the discount rates were to decrease by 25 bps, the value of development and investment holdings would increase by $760. If the cap rates were to increase 25 bps, the value of development and investment holdings would decrease by $4,300. If the cap rates were to decrease 25 bps, the value of development and investment holdings would increase by $4,280.

AFS INVESTMENTS VALUATIONS

The fair value assessment of AFS Investments is determined by assessing the fair value of the income properties held within the limited partnerships and co-ownership using the direct cap rate method, with cap rates of 6.4% to 7.5% (December 31, 2014 – 6.4% to 7.5%).

Generally, an increase in stabilized NOI will result in an increase in the fair value of an AFS Investment. An increase in the cap rate will result in a decrease in the fair value of an AFS Investment. The fair values of the AFS Investment are most sensitive to cap rate changes. The cap rate magnifies the effect of a change in stabilized NOI, with a lower rate resulting in a greater impact on the fair value of an AFS Investment than a higher rate.

If the cap rate were to increase by 25 bps, the value of AFS Investments would decrease by $780. If the cap rate were to decrease by 25 bps, the value of AFS Investments would increase by $840.

9. RENEWABLE POWER ASSETS

Renewable power assets consist of tools and equipment related to the Trust's investments in renewable power projects.

The table below provides a continuity of renewable power assets for the years ended December 31, 2015 and December 31, 2014.

	Equipment		
	Solar power	Wind power	Total
Balance as at July 8, 2014	$ —	$ —	$ —
Additions and acquired renewable power assets during the period	11,318	14,604	25,922
Depreciation of renewable power assets	(41)	—	(41)
Balance as at December 31, 2014	**$ 11,277**	**$ 14,604**	**$ 25,881**
Additions and acquired renewable power assets during the period	**58,096**	**37,482**	**95,578**
Depreciation of renewable power assets	**(330)**	**(608)**	**(938)**
Balance as at December 31, 2015	**$ 69,043**	**$ 51,478**	**$ 120,521**

As at December 31,	**2015**	2014
Gross book value	**$ 121,500**	$ 25,922
Accumulated depreciation	**(979)**	(41)
Total renewable power assets	**$ 120,521**	$ 25,881

SOLAR POWER PROJECTS AND NON-CONTROLLING INTEREST

Seven rooftop solar power projects were under construction at the beginning of 2015 and all were declared commercially operational in 2015. Together with the three rooftop projects that were commercially operational as at December 31, 2015, all ten of the Trust's rooftop solar power projects were fully operational as at December 31, 2015. In addition, one ground-mount solar power project was declared commercially operational in the fourth quarter of 2015. The non-controlling partners in our rooftop solar power projects are unrelated parties. The aggregate non-controlling interest of all rooftop solar power projects of $81 (December 31, 2014 – $Nil) is recorded on the consolidated statements of financial position.

During the year ended December 31, 2014, the Trust acquired a portfolio of three Ontario operational rooftop solar power projects from DAM and accounted for the transaction as an asset acquisition. The portfolio was acquired at DAM's carrying value.

During the year ended December 31, 2014, the Trust also entered into a transaction to acquire a portfolio of four Ontario ground-mount solar power projects under construction. Subsequently in the first quarter of 2015, the Trust acquired an additional six Ontario ground-mount solar power projects under construction.

WIND POWER PROJECTS AND NON-CONTROLLING INTEREST

The Trust invested in a wind power portfolio consisting of eight turbines, with an installed capacity of 13.2 MW, in the Province of Nova Scotia in 2014. The Trust, indirectly through a subsidiary on a stabilized equity basis, has a 80% economic interest in the wind power portfolio and also has control over the project's general partner. The non-controlling partner's 20% economic interest is owned by an unrelated party and is reflected as a non-controlling interest on the consolidated statements of financial position in the amount of $1,842 (December 31, 2014 – $1,955). The assets and liabilities and results of operations of the limited partnership have been consolidated in the Trust's consolidated financial statements. The wind power portfolio was declared commercially operational in the fourth quarter of 2015.

During the year ended December 31, 2015, the Trust invested in a portfolio of 25 fully operational distributed-scale wind turbines located in the United Kingdom ("U.K.") for total consideration of $16,520, including cash paid of $15,698, transaction costs incurred, and consideration payable. The acquisition was accounted for as an asset acquisition. The Trust, indirectly through a subsidiary, acquired an economic interest of approximately 91% based on the form of investment made in the subsidiary. The portfolio is managed by an unrelated local operator who owns an economic interest of approximately 9%, which, based on the form of investment, is limited to a certain share of operating income which is included in non-controlling interest.

CONSTRUCTION LOAN FACILITY AND RESTRICTED CASH

The Trust closed the first tranche of project financing for its Nova Scotia wind power portfolio during the first quarter of 2015. The financing was secured at a fixed rate of 4.7%, on a non-recourse basis, and amortizes over a 20-year term commencing in 2016. The construction loan facility ("facility") balance of $14,534 (December 31, 2014 – $Nil) is net of deferred financing fees of $466, and principal repayments begin in November 2016.

The proceeds received from the facility are held in escrow and will be released to the project as approved draw requests are provided to the lender. The balance of available funds held in escrow under this facility under the first tranche as at December 31, 2015 is $2,019, and is presented as restricted cash. The facility provides the Trust with a second tranche of financing up to an additional $15,000 subject to various conditions per the loan agreement.

The scheduled principal repayments and maturities for the construction loan facility are as follows:

Debt maturities		Outstanding balance
2016	$	**154**
2017		**629**
2018		**643**
2019		**657**
2020		**672**
2021 and thereafter		**12,245**
Subtotal	$	**15,000**
Deferred financing fees		**(466)**
Total	$	**14,534**

10. OTHER NON-CURRENT ASSETS

As at December 31,		**2015**		2014
Deposits and other	$	**612**	$	589
Intangible assets, net of amortization – wind power contract		**1,928**		1,944
Straight-line rent receivable		**547**		207
Total	$	**3,087**	$	2,740

Deposits largely represent amounts provided by the Trust in connection with utility deposits. Intangible assets are net of $16 of accumulated amortization as at December 31, 2015 (December 31, 2014 – $Nil).

11. EQUITY ACCOUNTED INVESTMENT

During the second quarter of 2015, the Trust invested $2,560 for a 50% equity interest in a hospitality asset located in Québec City, Québec. The acquisition was made in partnership with Global Edge Investment ("GEI"), the owner of the other 50% interest in the hotel. The investment is accounted for using the equity method of accounting. A net loss of $108 was recognized during the year, resulting in a carrying value of $2,452 as at December 31, 2015.

12. AMOUNTS RECEIVABLE

As at December 31,	**2015**	2014
Trade receivables	**$ 2,244**	$ 3,048
Less: Provision for impairment of trade receivables	**(525)**	(335)
Other amounts receivable	**2,752**	3,313
Total	**$ 4,471**	$ 6,026

Other amounts receivable are net of credit adjustments aggregating $253 (December 31, 2014 – $889).

The movement in the provision for impairment of trade receivables during the year ended December 31, 2015 was as follows:

For the years ended December 31,	**2015**	2014
Balance, beginning of year	**$ 335**	$ —
Provision for impairment of trade receivables	**394**	—
Provision for impairment of trade receivables (2014 – assumed on Reorganization)	**—**	509
Recovery of impaired trade receivables	**(146)**	(23)
Receivables written off during the period as uncollectible	**(58)**	(151)
Balance, end of year	**$ 525**	$ 335

The carrying value of amounts receivable approximates fair value as the Trust expects to realize on these amounts within the next 12 months. As at December 31, 2015, trade receivables of approximately $125 (December 31, 2014 – $915) were past due but not considered impaired as the Trust has ongoing relationships with these tenants and the aging of these trade receivables is not indicative of expected default.

The Trust leases office, retail and industrial properties to tenants under operating leases. Minimum rental commitments including non-cancellable tenant operating leases over their remaining terms are as follows:

As at December 31,	**2015**
No more than 1 year	**$ 26,725**
1–5 years	**74,139**
5+ years	**49,901**
Total	**$ 150,765**

13. DEBT

MORTGAGES AND NOTE PAYABLE

Mortgages payable are secured by charges on specific income properties, bear interest at a weighted average face rate of 3.8% (December 31, 2014 – 4.0%) and mature between 2016 and 2028. The weighted average effective interest rate of mortgages payable is 2.9% at December 31, 2015 (December 31, 2014 – 3.0%).

As at December 31,		2015		2014
Mortgages payable	$	**254,404**	$	250,822
Note payable		**310**		310
Unamortized balance of premiums		**2,623**		4,262
Unamortized balance of deferred financing costs		**(537)**		—
Total	$	**256,800**	$	255,394
Less: Current portion		**35,317**		78,543
Total non-current mortgages payable	$	**221,483**	$	176,851

The scheduled principal repayments and maturities for mortgages payable are as follows:

		Outstanding balance
2016	$	**33,823**
2017		**74,909**
2018		**67,193**
2019		**2,942**
2020		**63,403**
2021 and thereafter		**12,134**
Total	$	**254,404**

Total lump sum and regular mortgages payable principal repayments made during the year ended December 31, 2015 were $89,398, and included three mortgages refinanced in the fourth quarter of 2015 totalling $12,415, which were scheduled to mature in the first quarter of 2016.

During the year, the Trust entered into $92,980 of mortgages payable at a weighted average interest rate of 3.0% and term of 4.7 years, respectively. Deferred financing costs incurred were $569.

The note payable consists of a promissory note with a principal balance of $310. This note bears interest at 12.0% per annum, and interest is payable quarterly. The note matured in 2015 and repayment of the outstanding principal and accrued interest will be arranged in early 2016.

REVOLVING LOAN FACILITY

A revolving loan facility is available up to a formula-based maximum not to exceed $50,000, in the form of rolling one-month banker acceptances (“BA”) bearing interest at the BA rate plus 2.0%, or at the bank’s prime rate (2.7% as at December 31, 2015; 3.0% as at December 31, 2014) plus 1.0%, and is effectively secured by a general security agreement over all assets of the Trust through its subsidiaries, Dream Alternatives Lending Services LP and Dream Alternatives Master LP. As at December 31, 2015, no amounts were drawn on the revolving loan facility (December 31, 2014 – $Nil). The guarantor, Dream Alternatives Master LP, was in compliance with all covenants at December 31, 2015.

During the year ended December 31, 2015, the demand revolving credit facility was renewed and extended to July 31, 2017 and included an amendment to the formula-based maximum calculation, as described above. As at December 31, 2015, funds available under this facility were $45,768, as determined by the formula-based maximum calculation, net of $4,232 of letters of credit issued against the facility.

14. DEFERRED UNIT INCENTIVE PLAN

The deferred unit incentive plan ("DUIP") provides for the grant of deferred Trust Units ("DTUs") to Trustees, officers and employees as well as affiliates and their service providers, including the Asset Manager. DTUs are granted at the discretion of the Trustees and receive distributions in the form of income deferred Trust Units as they are declared and paid by the Trust. Once granted, each DTU and the related distribution of income deferred Trust Units from such DTUs vest evenly over a three-year or five-year period on the anniversary date of the grant. Subject to an election option available for certain participants to postpone the receipt of Units, such Units will be issued immediately on vesting. As at December 31, 2015, up to a maximum of 3.0 million DTUs were issuable under the DUIP. Distributions on the unvested DTUs are paid in the form of Units converted at the market price on the date of distribution.

The movement in the DUIP balance was as follows:

		Total
Balance, July 8, 2014	$	—
Compensation expense		153
Re-measurements of carrying value of deferred trust units		(6)
Balance, December 31, 2014	**$**	**147**
Compensation expense		**492**
Trust Units issued		**(50)**
Re-measurements of carrying value of deferred trust units		**(91)**
Balance, December 31, 2015	**$**	**498**

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

	2015	2014
Units outstanding, beginning of period	**98,556**	—
Granted	**95,148**	95,797
Distributions paid in Units	**10,548**	2,759
Vested	**(7,921)**	—
Cancelled	**(6,173)**	—
Units outstanding, end of period	**190,158**	98,556

During the year ended December 31, 2015, $492 (December 31, 2014 – $153) of compensation expense was recorded related to the DTUs and included in general and administrative expenses. For the same period, a fair value gain adjustment of $91 (December 31, 2014 – $6) was recognized and included in general and administrative expenses, representing the re-measurement of the DUIP liability during the period. As at December 31, 2015, 8,916 (December 31, 2014 – Nil) DTUs that vested remained unexercised.

15. DERIVATIVE FINANCIAL LIABILITIES

On January 14, 2015, the Trust entered into various sale agreements for bond forward purchase contracts with a major Canadian bank for a total notional value of $48,000 at a weighted average forward rate of approximately 4.8%, representing approximately 80% of the debt expected to be placed on an Ontario ground-mount solar power portfolio currently under construction. The project will be financed upon completion, which is anticipated to occur between the first and second quarters of 2016. On October 30, 2015, these forward sale agreements were extended to coincide with the anticipated project completion dates. The purpose of the hedge is to mitigate the interest rate risk and the resulting impact to the amount of interest and principal payments due to the lender over the term of the project financing. The Trust has assessed the hedge to be a highly effective cash flow hedge and has recognized the fair value changes of the derivative financial liability in other comprehensive income in the statements of comprehensive income.

As at December 31, 2015, the Trust recognized a derivative financial liability of $1,531, and for the year ended December 31, 2015, fair value losses were $1,122 (net of a deferred income tax recovery amount of $406). There was no hedge ineffectiveness to be recorded in net income in the statements of comprehensive income for the year ended December 31, 2015. The realized gains or losses recognized on settlement of the hedge will be reclassified to net income over the term of the project financing.

16. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31,		2015		2014
Accrued liabilities and other payables	$	**18,360**	$	20,275
Accrued interest		**845**		851
Rent received in advance		**1,887**		2,644
Total	$	**21,092**	$	23,770

17. DISTRIBUTIONS PAYABLE

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

The following table provides details of the distribution payments:

For the years ended December 31,		2015		2014
Paid in cash	$	**28,072**	$	11,433
Paid by way of reinvestment in Units		**1,349**		333
Less: Payable at beginning of year		**(2,455)**		—
Add: Payable at end of year		**2,420**		2,455
Total for the year ended December 31,	$	**29,386**	$	14,221

On December 17, 2015, the Trust announced a cash distribution of $0.033 per Unit for the month of December 2015. The monthly distribution for December 2015 was paid on January 15, 2016.

On January 19, 2016, the Trust announced a cash distribution of $0.033 per Unit for the month of January 2016. The monthly distribution for January 2016 was paid on February 15, 2016.

18. UNITHOLDERS' EQUITY

DREAM ALTERNATIVES UNITS

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

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

The STUs may only be issued to holders of exchangeable securities and entitle the holder to exchange the exchangeable securities for Units. The STUs have a nominal redemption value, entitle the holder to vote at the Trust level and do not receive distributions. At December 31, 2015, there were no STUs issued and outstanding.

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

The Distribution Reinvestment and Unit Purchase Plan ("DRIP") allows holders of Units, other than Unitholders who are resident of or present in the United States, to elect to have all cash distributions from Dream Alternatives reinvested in additional Units. Unitholders who participate in the DRIP receive an additional distribution of Units equal to 4% of each cash distribution that was reinvested. For the year ended December 31, 2015, 217,247 Units were issued under the DRIP (December 31, 2014 – 49,239 Units).

NORMAL COURSE ISSUER BID

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

The Trust received acceptance of its Notice of Intention to renew its prior normal course issuer bid from the TSX on January 6, 2016. The bid commenced on January 8, 2016 and will remain in effect until the earlier of January 7, 2017 or the date on which the Trust has purchased the maximum number of Units permitted under the bid. Under the bid, the Trust has the ability to purchase for cancellation up to a maximum of 7,029,230 Units (representing 10% of the Trust's public float of 70,292,303 Units at the time of entering the bid through the facilities of the TSX). Subsequent to year-end, 195,398 Units were purchased at a total cost of $1,043 inclusive of transaction costs.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Fair value adjustments to derivative financial liabilities hedge, net of tax	Fair value adjustments to development and investment holdings available-for-sale, net of tax	Unrealized foreign currency translation loss	**Total**
Balance at July 8, 2014	$ —	$ —	$ —	$ —
Other comprehensive income during the period	—	525	—	525
Balance at December 31, 2014	**$ —**	**$ 525**	**$ —**	**$ 525**
Other comprehensive loss during the period	**(1,122)**	**(538)**	**(19)**	**(1,679)**
Reallocation of cash distributions received to net income	—	**(298)**	—	**(298)**
Balance at December 31, 2015	**$ (1,122)**	**$ (311)**	**$ (19)**	**$ (1,452)**

20. INCOME PROPERTIES OPERATING EXPENSES

For the years ended December 31,	**2015**	2014
Income properties operating costs	**$ 19,385**	$ 9,588
Realty tax expense	**9,251**	4,400
Salary and other compensation	**1,224**	561
Total	**$ 29,860**	$ 14,549

21. RENEWABLE POWER OPERATING EXPENSES

For the years ended December 31,	**2015**	2014
Renewable power operating costs	**$ 604**	$ 36
General office and other	**205**	8
Depreciation and amortization on renewable power assets	**954**	41
Total	**$ 1,763**	$ 85

22. INTEREST EXPENSE

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

For the years ended December 31,		2015		2014
Interest expense incurred, at contractual rate of debt and other bank charges	$	**10,139**	$	5,214
Amortization of mortgages payable premiums		**(1,639)**		(856)
Amortization of deferred financing charges		**32**		—
Total	$	**8,532**	$	4,358

The amortization of mortgages payable premiums is amortized to interest expense over the expected life of the debt using the effective interest rate method. In addition to the above interest expense, interest costs of $404 (2014 – $13) were capitalized to renewable power assets under construction.

23. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31,		2015		2014
Salary and other compensation	$	**1,851**	$	818
Trust, service and professional fees		**1,396**		1,327
General office and other		**492**		415
Asset management fees		**10,131**		7,185
Total	$	**13,870**	$	9,745

Asset management fees for the year ended December 31, 2014 of $6,950 consisted of fees paid to DAM of $5,067 for the period from July 8, 2014 to December 31, 2014 and fees paid to ROI Capital by the Acquiror Fund of $1,883 for the period from January 1, 2014 to July 7, 2014 (Note 33).

24. INCOME TAXES

During the year ended December 31, 2015 the Trust recognized an income tax expense amount of $6,363 (December 31, 2014 – $2,052), the major components of which include the following items:

For the years ended December 31,		2015		2014
Current income tax (recovery) expense:				
Current income taxes with respect to profits in the period	$	**3,373**	$	902
Current tax adjustments in respect of prior periods		**(134)**		—
Current income tax expense	$	**3,239**	$	902
Deferred income taxes:				
Origination and reversal of temporary differences	$	**2,913**	$	1,150
Expense (recovery) arising from previously unrecognized temporary differences		**210**		—
Impact of changes in income tax rates		**1**		—
Deferred income tax expense	$	**3,124**	$	1,150
Total income tax expense	$	**6,363**	$	2,052

The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.5% (December 31, 2014 – 26.5%) as illustrated in the table below. Cash paid for income taxes for the period ended December 31, 2015 was $1,542 (December 31, 2014 – $Nil).

For the years ended December 31,		**2015**		2014
Earnings before income tax expense for the period	**$**	**25,293**	$	121,799
Earnings not subject to tax		**(313)**		—
Total taxable earnings before income tax expense	**$**	**24,980**	$	121,799
Income tax expense:				
Tax at statutory rate of 26.5% (December 31, 2014 – 26.5%)	**$**	**6,620**	$	32,276
Effect on taxes of:				
Non-deductible expenses		**130**		433
Non-taxable revenue – gain on acquisition		—		(33,708)
Rate differences		**(879)**		250
Conversion of mezzanine debt receivables to partnership units		—		3,525
Other items		**492**		(724)
Total income tax expense	**$**	**6,363**	$	2,052

The movement in the deferred income tax assets and liabilities during the year ended December 31, 2015 and the net components of the Trust's net deferred income tax liabilities are illustrated in the following table:

	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other	**Total**
Balance as at July 8, 2014	$ —	$ —	$ —	$ —	$ —	$ —
(Charged) credited to:						
Deferred tax asset assumed on acquisition of Acquiree Funds (Note 33)	606	—	96	—	—	702
Earnings (loss) for the period	(4,331)	(176)	(113)	1,261	2,209	(1,150)
Other comprehensive income	—	—	—	(80)	—	(80)
Retained earnings – issuance costs	—	—	—	—	98	98
Balance, December 31, 2014	**$ (3,725)**	**$ (176)**	**$ (17)**	**$ 1,181**	**$ 2,307**	**$ (430)**
(Charged) credited to:						
Earnings for the period	**(3,203)**	**(658)**	**(352)**	**1,545**	**(456)**	**(3,124)**
Other comprehensive income	—	—	—	**127**	**406**	**533**
Balance, December 31, 2015	**$ (6,928)**	**$ (834)**	**$ (369)**	**$ 2,853**	**$ 2,257**	**$ (3,021)**

At December 31, 2015, the Trust had capital losses of $329 (December 31, 2014 – $Nil). Deferred income tax assets have not been recognized in respect of these losses as it is not probable that the Trust will be able to utilize all the losses against taxable profits in the future.

25. SEGMENTED INFORMATION

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

For the years ended December 31, 2015 and December 31, 2014, other interest income, tax expense, and the majority of general and administrative expenses were not allocated to the segment expenses as these costs are not specifically managed on a segmented basis.

SEGMENTED RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2015

For the year ended December 31, 2015	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
INCOME						
Income properties revenue	$ 60,341	$ —	$ —	$ —	$ —	**$ 60,341**
Renewable power revenue	—	3,632	—	—	—	**3,632**
Lending portfolio interest income and lender fees	—	—	13,940	—	—	**13,940**
Fair value adjustments in development and investment holdings	—	—	—	9,197	—	**9,197**
Gain on disposition of development and investment holdings	—	—	—	3,112	—	**3,112**
TOTAL INCOME	60,341	3,632	13,940	12,309	—	**90,222**
EXPENSES						
Income properties, operating	29,860	—	—	—	—	**29,860**
Renewable power, operating	—	1,763	—	—	—	**1,763**
Interest expense	7,953	222	—	—	357	**8,532**
Provision for lending portfolio losses	—	—	2,011	—	—	**2,011**
General and administrative	2	44	428	—	13,396	**13,870**
TOTAL EXPENSES	37,815	2,029	2,439	—	13,753	**56,036**
Fair value adjustments to income properties	(9,334)	—	—	—	—	**(9,334)**
OPERATING INCOME (LOSS)	**13,192**	**1,603**	**11,501**	**12,309**	**(13,753)**	**24,852**
Other interest income	—	—	—	—	549	**549**
Share of loss from equity accounted investment	—	—	—	(108)	—	**(108)**
EARNINGS (LOSS) BEFORE INCOME TAX EXPENSE	13,192	1,603	11,501	12,201	(13,204)	**25,293**
INCOME TAX EXPENSE						
Current tax expense	—	—	—	—	3,239	**3,239**
Deferred tax expense	—	—	—	—	3,124	**3,124**
TOTAL INCOME TAX EXPENSE	—	—	—	—	6,363	**6,363**
NET INCOME (LOSS)	13,192	1,603	11,501	12,201	(19,567)	**18,930**
OTHER COMPREHENSIVE INCOME (LOSS)						
Fair value adjustments in derivative financial liabilities hedges, net of tax	—	—	—	—	(1,122)	**(1,122)**
Fair value adjustments in development and investment holdings available-for-sale, net of tax	—	—	—	(836)	—	**(836)**
Unrealized foreign currency translation loss	—	(28)	—	—	9	**(19)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	—	(28)	—	(836)	(1,113)	**(1,977)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 13,192**	**$ 1,575**	**$ 11,501**	**$ 11,365**	**$ (20,680)**	**$ 16,953**

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

SEGMENTED RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2014

For the year ended December 31, 2014	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
INCOME						
Income properties revenue	$ 29,896	$ —	$ —	$ —	$ —	**$ 29,896**
Renewable power revenue	—	226	—	—	—	**226**
Lending portfolio interest income and lender fees	—	—	8,566	—	—	**8,566**
Fair value adjustments in development and investment holdings	—	—	—	(2,542)	3,505	**963**
TOTAL INCOME	29,896	226	8,566	(2,542)	3,505	**39,651**
EXPENSES						
Income properties, operating	14,549	—	—	—	—	**14,549**
Renewable power, operating	—	85	—	—	—	**85**
Interest expense	4,261	—	—	—	97	**4,358**
General and administrative	—	36	183	—	9,526	**9,745**
TOTAL EXPENSES	18,810	121	183	—	9,623	**28,737**
Fair value loss in income properties	(3,780)	—	—	—	—	**(3,780)**
OPERATING INCOME (LOSS)	**7,306**	**105**	**8,383**	**(2,542)**	**(6,118)**	7,134
Other interest income	—	—	—	—	457	**457**
Gain on acquisition	—	—	—	—	127,158	**127,158**
Reorganization related costs	—	—	—	—	(12,441)	**(12,441)**
Increase in net assets attributable to holders of redeemable units	—	—	—	—	(509)	**(509)**
EARNINGS (LOSS) BEFORE INCOME TAX EXPENSE	7,306	105	8,383	(2,542)	108,547	**121,799**
INCOME TAX EXPENSE						
Current tax expense	—	—	—	—	902	**902**
Deferred tax expense	—	—	—	—	1,150	**1,150**
TOTAL INCOME TAX EXPENSE	—	—	—	—	2,052	**2,052**
NET INCOME (LOSS)	7,306	105	8,383	(2,542)	106,495	**119,747**
OTHER COMPREHENSIVE INCOME						
Fair value adjustment in development and investment holdings available-for-sale, net of tax	—	—	—	525	—	**525**
TOTAL OTHER COMPREHENSIVE INCOME	—	—	—	525	—	**525**
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 7,306**	**$ 105**	**$ 8,383**	**$ (2,017)**	**$ 106,495**	**$ 120,272**

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

SEGMENTED ASSETS AND LIABILITIES – AS AT DECEMBER 31, 2015

As at December 31, 2015	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
ASSETS						
NON-CURRENT ASSETS						
Income properties	$ 520,395	$ —	$ —	$ —	$ —	**$ 520,395**
Lending portfolio	—	—	47,947	—	—	**47,947**
Development and investment holdings	—	—	—	161,567	—	**161,567**
Renewable power assets	—	120,521	—	—	—	**120,521**
Other non-current assets	1,143	1,944	—	—	—	**3,087**
Equity accounted investments	—	—	—	2,452	—	**2,452**
	521,538	122,465	47,947	164,019	—	**855,969**
CURRENT ASSETS						
Lending portfolio	—	—	113,336	—	—	**113,336**
Amounts receivable	198	3,691	—	—	582	**4,471**
Prepaid expenses	659	337		—	—	**996**
Restricted cash	—	2,019	—	—	—	**2,019**
Cash	5,544	5,396	—	—	9,824	**20,764**
TOTAL ASSETS	$ 527,939	$ 133,908	$ 161,283	$ 164,019	$ 10,406	**$ 997,555**
LIABILITIES						
NON-CURRENT LIABILITIES						
Mortgages payable	$ 221,483	$ —	$ —	$ —	$ —	**$ 221,483**
Construction loan facility	—	14,534	—	—	—	**14,534**
Deferred income taxes	—	—	—	—	3,021	**3,021**
Deferred units incentive plan	—	—	—	—	498	**498**
	221,483	14,534	—	—	3,519	**239,536**
CURRENT LIABILITIES						
Mortgages and note payable	35,007	310	—	—	—	**35,317**
Derivative financial liabilities	—	—	—	—	1,531	**1,531**
Amounts payable and accrued liabilities	8,646	12,140	89	—	217	**21,092**
Distributions payable	—	—	—	—	2,420	**2,420**
Income tax payable	—	—	—	—	2,599	**2,599**
TOTAL LIABILITIES	$ 265,136	$ 26,984	$ 89	$ —	$ 10,286	**$ 302,495**

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

SEGMENTED ASSETS AND LIABILITIES – AS AT DECEMBER 31, 2014

As at December 31, 2014	Income properties	Renewable power	Lending portfolio	Development and investment holdings	Other[1]	Total
ASSETS						
NON-CURRENT ASSETS						
Income properties	$ 499,264	$ —	$ —	$ —	$ —	**$ 499,264**
Lending portfolio	—	—	80,159	—	—	**80,159**
Development and investment holdings	—	—	—	168,716	—	**168,716**
Renewable power assets	—	25,881	—	—	—	**25,881**
Other non-current assets	658	2,082	—	—	—	**2,740**
	499,922	27,963	80,159	168,716	—	**776,760**
CURRENT ASSETS						
Lending portfolio	—	—	133,413	—	—	**133,413**
Amounts receivable	2,493	3,135	—	—	398	**6,026**
Prepaid expenses	878	12	—	—	14	**904**
Cash	6,518	637	—	—	73,002	**80,157**
TOTAL ASSETS	$ 509,811	$ 31,747	$ 213,572	$ 168,716	$ 73,414	**$ 997,260**
LIABILITIES						
NON-CURRENT LIABILITIES						
Mortgages payable	$ 176,851	$ —	$ —	$ —	$ —	**$ 176,851**
Deferred income taxes	—	—	—	—	430	**430**
Deferred units incentive plan	—	—	—	—	147	**147**
	176,851	—	—	—	577	**177,428**
CURRENT LIABILITIES						
Mortgages and note payable	78,233	310	—	—	—	**78,543**
Amounts payable and accrued liabilities	8,656	9,622	67	—	5,425	**23,770**
Distributions payable	—	—	—	—	2,455	**2,455**
Income tax payable	—	—	—	—	902	**902**
TOTAL LIABILITIES	$ 263,740	$ 9,932	$ 67	$ —	$ 9,359	**$ 283,098**

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

26. RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

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

ASSET MANAGEMENT AGREEMENT

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

- Base annual management fee calculated and payable on a monthly basis, equal to 1.00% of the gross value of the initial assets at the Trust's Listing, 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 the Trust or a subsidiary having an expected term of less than five years;
    (b) 1.00% of the principal amount of any loan originated by the Trust 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 the Trust or a subsidiary represented by all other investments, assets or projects; and
- Disposition fee equal to 0.25% of the gross sale proceeds of any asset (including all indebtedness) sold by the Trust or any subsidiary represented by loans, investments, assets or projects disposed of during the 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 and excluding the regular and scheduled repayment of loans.

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

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

For the years ended December 31,	**2015**	2014
Base annual management fee	**$ 9,691**	$ 4,769
Acquisition/origination fee and disposition fees	**1,293**	298
Expense recoveries relating to financing arrangements and other	**1,764**	1,698
	$ 12,748	$ 6,765

Fees paid to DAM for the year ended December 31, 2014 include only those incurred from July 8, 2014, the date the Trust entered into the Management Agreement.

AMOUNTS DUE TO RELATED PARTIES

Amounts payable and accrued liabilities at December 31, 2015 included $822 (December 31, 2014 – $953) related to the Management Agreement. Total amounts payable and accrued liabilities due to DAM at December 31, 2015 were $1,303 (December 31, 2014 – $4,835).

TRANSACTIONS WITH DAM

During 2014, the Trust acquired a portfolio of rooftop solar power projects from DAM. The Assets were purchased at DAM's carrying value of $2,414, which was determined to represent a fair transaction value to the Trust by an independent valuator.

During the fourth quarter of 2015, the Trust acquired a 100% interest in an office property for $8,724, including transaction costs of $324. This building has a total GLA of 33,894 sq.ft. and leases with a weighted average remaining lease term of 2.4 years. A subsidiary of DAM had a partial interest in the property prior to acquisition. DAM will continue to provide property management services for this property. The purchase price of the initial transaction was determined by reference to an independent appraisal.

27. SUPPLEMENTARY CASH FLOW INFORMATION

Amortization and depreciation includes:

For the years ended December 31,		2015		2014
Lease incentives	$	**500**	$	78
Lender fees		**(122)**		—
Lending portfolio discount		**(778)**		(370)
Deferred financing costs		**32**		—
Renewable power assets		**938**		41
Intangible assets – wind power contract		**16**		—
Mortgages payable premiums		**(1,639)**		(856)
Total	$	**(1,053)**	$	(1,107)

Other adjustments include:

For the years ended December 31,		2015		2014
Straight-line rent adjustment	$	**(340)**	$	(207)
Gain on disposition of development and investment holdings asset		**(3,112)**		—
Gain on acquisition		**—**		(127,158)
Share of loss from equity accounted investment		**108**		—
Fair value gains on development and investment holdings		**(8,175)**		(963)
Fair value loss on income properties		**9,334**		3,780
Interest capitalized on lending portfolio balance		**(3,364)**		(1,387)
Deferred unit compensation expense		**401**		147
Provision for lending portfolio losses		**2,011**		—
Deferred income taxes		**3,124**		1,150
Interest and dividend income received included in fair value adjustments in development and investment holdings		**—**		168
Increase in net assets attributable to holders of redeemable units		**—**		509
Total	$	**(13)**	$	(123,961)

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

For the years ended December 31,		2015		2014
Lending portfolio interest income accrual	$	**28**	$	(1,220)
Other non-current assets		**(23)**		(589)
Amounts receivable		**1,555**		(3,025)
Prepaid expenses		**(92)**		23
Amounts payable and accrued liabilities		**(1,146)**		8,732
Income tax payable		**1,697**		902
Total	$	**2,019**	$	4,823

During the year ended December 31, 2015 cash interest paid was $9,779 (December 31, 2014 – $4,279), investments in building improvements include non-cash transactions of $813 (December 31, 2014 – $132), non-cash investments in lease incentives and initial direct leasing costs were $104 (December 31, 2014 – settlement of $62 payables), and investments in renewable power assets include the settlement of $3,232 (December 31, 2014 – $6,651) of payables.

28. COMMITMENTS AND CONTINGENCIES

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

PROPERTY MANAGEMENT AGREEMENT

The Trust's co-owned Office Portfolio and Industrial Portfolio are property managed by Dream Office Management Corp. (“DOMC”) and Dream Industrial Management Corp. ("DIMC"), respectively. The Trust's wholly owned office property is managed by DAM. DOMC is owned by Dream Office REIT, the co-owner of the Trust’s Office Portfolio. DIMC is owned by Dream Industrial REIT, the co-owner of the Trust’s Industrial Portfolio. Pursuant to the property management agreements, DOMC, DIMC and DAM will perform property management services including tenant administration, leasing services, accounting, etc., for a fee of 3.0% to 3.5% of income property revenues. The property management agreement can be terminated upon an unremedied default by the property manager, DOMC, DIMC or DAM, or if there is a change in the ownership of the property.

For the year ended December 31, 2015, the Trust paid $2,041 (year ended December 31, 2014 – $992) to DOMC and DIMC pursuant to the property management agreements. Amounts payable and accrued liabilities as at December 31, 2015 included $39 (December 31, 2014 – $24) related to this property management agreement.

SERVICES AGREEMENT

The Trust entered into a services agreement (the “Service Agreement”) with DOMC on July 8, 2014. The Service Agreement is for a one-year term and will be automatically renewed for further one-year terms unless and until the Service Agreement is terminated in accordance with its terms or by mutual agreement of the parties. The Service Agreement was renewed on July 8, 2015. Pursuant to the Service Agreement, DOMC provides administrative and support services including the use of office space, office equipment, communication services and computer systems, and the provision of personnel in connection with accounts payable, human resources, taxation and other services. DOMC receives a monthly fee sufficient to reimburse it for all the expenses incurred in providing these services.

For the year ended December 31, 2015, the Trust paid one month in arrears of $534 (year ended December 31, 2014 – $211) to DOMC pursuant to the Service Agreement. Amounts payable and accrued liabilities as at December 31, 2015 included $50 (December 31, 2014 – $50) related to this Service Agreement.

COMMERCIAL MORTGAGE SERVICING AGREEMENT

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

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

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

OTHER COMMITMENTS

At December 31, 2015, the Trust had committed to invest $16,480 in five lending portfolio investments.

The Trust has entered into an agreement to purchase power generation equipment and related services for US $16,624. As at December 31, 2015, approximately 80% of the contract price (US $13,299) has been paid in accordance with the payment terms. The agreement contains termination clauses that would require the Trust to remit additional punitive payments, based on a percentage of the original contract price at various dates. As at December 31, 2015, if the contract had been terminated by the Trust, a termination payment of approximately US $3,325 would have been required.

The Trust has various land lease agreements in the U.K. for lease periods of up to 22 years. The total commitment remaining is £3,119 (approximately CAD $6,365) as at December 31, 2015, and the annual commitments are £156 (approximately CAD $318) in 2016 and thereafter.

The Trust has entered into various land rights agreements with different parties, which provide the Trust with road access and land use rights to operate turbines for periods ranging from four to 25 years at a cost of $72 per year, with optional renewal terms for additional periods totalling 50 years. The cost will escalate every five years based on the Nova Scotia Consumer Price Index ("CPI"). The Trust also entered into perpetual grants of easement with various parties, as well as an easement for a period of 20 years, which allow transmission lines of the Trust to cross over part of the grantors' properties at a cost of $6 per year, to be adjusted every five years based on the Nova Scotia CPI.

Rooftop lease agreements are agreements which the Trust has entered into with six building owners. These agreements provide the Trust with rooftop access, as well as the rights to operate solar panels on rooftops which the Trust does not own. These agreements are typically 20-year contracts with renewal options available.

The Trust enters into operations and maintenance agreements related to its renewable power assets.

The Trust's commitments, including the U.K. land lease obligations in Canadian dollars as discussed above, are outlined in the table below**:**

	Rooftop lease agreements	Land right and easement	Operational and maintenance contracts	Total
2016	$ 241	$ 396	$ 625	**$ 1,262**
2017	241	396	625	**1,262**
2018	241	396	609	**1,246**
2019	241	396	554	**1,191**
2020	241	396	153	**790**
2021 and thereafter	4,158	8,039	2,249	**14,446**
Total	$ 5,363	$ 10,019	$ 4,815	**$ 20,197**

29. CAPITAL MANAGEMENT

The primary objectives of the Trust's capital management are to ensure it remains within its quantitative banking covenants and to establish a credit rating.

The Trust's capital consists of debt, including mortgage payables, revolving credit facilities and a construction loan facility, and Unitholders' equity. The Trust's objectives in managing capital are to ensure that adequate operating funds are available to maintain consistent and sustainable Unitholder distributions, to fund leasing costs and capital expenditure requirements, and to provide the resources needed to acquire new properties, originate new real estate lending, acquire development properties and acquire renewable power assets.

Various debt, equity and earnings distribution ratios are used to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the interest coverage ratio and net debt-to-gross book value. Other significant indicators include the weighted average interest rate, average term to maturity of debt and variable debt as a proportion of total debt. These indicators assist the Trust in assessing that the debt level maintained is sufficient to provide adequate cash flows for Unitholder distributions and capital expenditures, and for evaluating the need to raise funds for further expansion. Various mortgages and the revolving credit facility have debt covenant requirements that are monitored by the Trust to ensure there are no defaults. These covenants include loan-to-value ratios, interest coverage ratios and debt service coverage ratios. These covenants are measured at the subsidiary limited partnership level, and all have been complied with.

The Trust's equity consists of Units in which the carrying value is impacted by earnings, Unitholder distributions and Unit repurchases pursuant to its normal course issuer bid. The Trust endeavors to make annual distributions to Unitholders. Amounts retained in excess of the distributions are used to fund leasing costs, capital expenditures, other investments as the Trust sees fit, and working capital requirements. The Asset Manager monitors distributions through various ratios to ensure adequate resources are available. These ratios include the proportion of distributions paid in cash, DRIP participation ratio, and total distributions as a percent of funds available for distribution.

During the period ended December 31, 2015, the Trust did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

30. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. The Trust has exposure to interest rate risk primarily as a result of its variable-rate debt payable included in mortgages payable. There are no variable-rate mortgages or loans within the lending portfolio. In addition, there is interest rate risk associated with the Trust's fixed-rate debt payable due to the expected requirement to refinance such debts in the year of maturity. The Trust is exposed to the variability in market interest rates on maturing debt payable and lending portfolio investments to be renewed. Variable-rate debt payable at December 31, 2015 was approximately 15.4% (December 31, 2014 – 45%) of the Trust's total debt payable. In order to manage exposure to interest rate risk, the Trust endeavors to maintain an appropriate mix of fixed and variable rate debt, manage maturities of fixed rate debt, match the nature of the debt with the cash flow characteristics of the underlying asset and undertake hedging strategies when appropriate.

The following interest rate sensitivity table outlines the potential impact of a 1% change in the interest rate on fixed rate assets and liabilities maturing within one year and variable-rate financial assets and liabilities held at the consolidated statements of financial position date. A 1% change is considered a reasonable level of fluctuation on variable-rate financial assets and liabilities.

		Interest rate risk			
		-1%		1%	
As at December 31, 2015	Amounts	Income	Equity	Income	Equity
Financial assets					
Cash[1]	$ 20,764	$ (208)	$ (208)	$ 208	$ 208
Fixed-rate debt receivable due to mature in the next 12 months	112,144	(1,121)	(1,121)	1,121	1,121
Financial liabilities					
Fixed-rate debt payable due to mature in the next 12 months and total variable debt	27,114	271	271	(271)	(271)
Derivative financial liability	48,000(2)	—	(2,982)	—	2,718

(1) At December 31, 2015, interest was received on cash balances at a rate of 1.15%. Cash is short term in nature; therefore the current balance may not be representative of the balance for the rest of the year

(2) Notional amount

Foreign exchange risk is the risk that an investment's value will fluctuate due to changes in currency exchange rates. The Trust's functional and presentation currency is the Canadian dollar. The Trust's exposure to foreign exchange risk at December 31, 2015 includes the Trust's British pound investment in a wind power subsidiary operating in the United Kingdom. The Trust's investment in the U.K. wind power subsidiary is exposed to foreign exchange risk related to its invested equity and operating profits received by the Trust. The U.K. wind power investment is described in detail in Note 9. The effect of changes in foreign exchange rates is recognized in Other Comprehensive Income.

Credit risk related to income properties and AFS Investments arises from the possibility that tenants in income properties may not fulfill their lease or contractual obligations. The Trust mitigates its credit risks by attracting tenants of sound financial standing and by diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. Credit risk related to the lending portfolio and development and investment holdings arises from the possibility that a borrower may not be able to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Trust. The Trust mitigates risk by actively monitoring the mortgage and loan investments and initiating recovery procedures, in a timely manner, when required.

The maximum exposure to credit risk at December 31, 2015 was the fair value of the Trust's development and investment holdings and the contractual value of its lending portfolio, including interest receivable, which totalled $324,861. The Trust has recourse under these investments in the event of default by the borrower, in which case, the Trust would have a claim against the underlying collateral. Cash, deposits and restricted cash carry minimal credit risk as all funds are maintained with highly reputable lenders.

The Trust also holds various instruments with the same counterparty or related counterparties within its lending and development and investment holdings portfolios. As at December 31, 2015, the Trust had approximately $32,972 of loans and $73,256 of development and investment holdings assets with the same counterparty or related counterparties. An additional $8,049 was advanced subsequent to December 31, 2015 pursuant to the terms of an existing agreement. We are actively engaged with discussions with the counterparty and closely monitor progress of the underlying investments.

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they become due. The Trust manages construction loans, lending portfolio advances, maturities of mortgages payable, and monitors the repayment dates to ensure sufficient capital will be available to cover obligations as they become due.

31. FAIR VALUE MEASUREMENTS

Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Trust maximizes the use of observable inputs. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Trust's policy is to recognize transfers between fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the years ended December 31, 2015 and 2014.

The following tables summarize fair value measurements recognized in the consolidated financial statements by class of asset or liability and categorized by level according to the significance of the inputs used in making the fair value measurements.

		Fair value		
As at December 31, 2015	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Recurring measurements				
Income properties	**$ 520,395**	**$ —**	**$ —**	**$ 520,395**
Development and investment holdings	**161,567**	**—**	**—**	**161,567**
Derivative financial liabilities	**1,531**	**—**	**—**	**1,531**

		Fair value		
As at December 31, 2014	Carrying value	Level 1	Level 2	Level 3
Recurring measurements				
Income properties	$ 499,264	$ —	$ —	$ 499,264
Development and investment holdings	168,716	—	—	168,716

Financial instruments carried at amortized cost are noted below:

		Fair value		
As at December 31, 2015	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Fair values disclosed				
Lending portfolio	**$ 161,283**	**$ —**	**$ —**	**$ 160,158**
Mortgages payable	**256,490**	**—**	**—**	**258,162**
Construction loan facility	**14,534**	**—**	**—**	**14,534**

		Fair value		
As at December 31, 2014	Carrying value	Level 1	Level 2	Level 3
Fair values disclosed				
Lending portfolio	$ 213,572	$ —	$ —	$ 212,653
Mortgages payable	255,084	—	—	256,451

At December 31, 2015, amounts receivable, cash, restricted cash, deposits, notes payable, amounts payable and accrued liabilities, and distributions payable were carried at amortized cost, which approximates fair value due to their short-term nature.

INCOME PROPERTIES AND AFS INVESTMENTS

The Trust's accounting policy as indicated in Note 3 is to estimate the fair value of each income property using the most appropriate valuation methodology determined for each property on a highest and best use basis, which may include the overall capitalization method, the discounted cash flow method or, in certain circumstances, land values. Income properties and AFS Investments are measured at fair value using the income approach, which is derived from two methods: overall capitalization rate method and discounted cash flow method, which results in these measurements being classified as Level 3 in the fair value hierarchy. Valuations of these income properties are most sensitive to changes in discount rates and capitalization rates. In applying the overall capitalization rate method, the stabilized net operating income ("stabilized NOI") of each property is divided by an appropriate capitalization rate ("cap rate").

The key assumptions in the valuation of income properties are as follows:

- Cap rate – based on actual location, size and quality of the properties and taking into account any available market data at the valuation date.
- Stabilized NOI – revenues, less property operating expenses adjusted for items such as market rental rates, average lease-up costs, long-term vacancy rates, non-recoverable capital expenditures, straight-line rents and other non-recurring items.
- Discount rate – reflecting current market assessments of the uncertainty in the amount and timing of cash flows.
- Terminal rate – taking into account assumptions regarding vacancy rates and market rents.
- Cash flows – based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

Income properties are valued on a highest and best use basis. For all of the Trust's income properties, the current use is considered the highest and best use.

INCOME PROPERTIES VALUATION PROCESS

The Trust is responsible for determining the fair value measurements included in the consolidated financial statements. DAM, in its capacity as Asset Manager for the Trust, provides the Trust with a valuation of each income property every quarter, as calculated by the respective property managers. The valuations team is headed by an experienced valuator. From time to time, DAM engages independent, professionally qualified valuators who hold a recognized relevant professional qualification and have recent experience in the locations and categories of the income properties to complete valuations of selected properties. DAM's objective is to have each property valued by an independent valuator at least once every three years. For properties subject to an independent valuation report, the valuations team verifies all major inputs to the valuations and reviews the results with the independent valuators. Discussion of valuation processes, key inputs and results are held between the Trust and the valuations team at least once every quarter, in line with the Trust's quarterly reporting rules. Changes in Level 3 fair values are analyzed at each reporting date during the quarterly valuation discussions between the Trust and the valuations team.

LENDING PORTFOLIO

There are no quoted prices in an active market for the lending portfolio investments. The Trust determines fair value based on its assessment of the current lending market for lending portfolio investments of the same or similar terms in consultation with CMSC, the manager and servicer of the lending portfolio, and other publicly available information.

MORTGAGES PAYABLE

The fair value of mortgages payable as at December 31, 2015 was determined by discounting the expected cash flows of each mortgage payable using an assessment of the market interest rate ranging from 2.6% to 3.8%. The market interest rates were determined using the Government of Canada benchmark bond yield for instruments with corresponding maturity dates, plus a credit spread in accordance with the Trust's assessment of credit risk. In determining the adjustment for credit risk, the Trust considered market conditions, the value of the properties that the mortgage is secured by and other indicators of the Trust's creditworthiness.

DEVELOPMENT AND INVESTMENT HOLDINGS

The fair value of residential development and investment holdings at December 31, 2015 was determined by discounting the expected cash flows of each participating mortgage's unit sales discounted at rates between 13.0% and 15.0%. The fair value of commercial real estate (retail) development and investment holdings was determined using the direct capitalization method, using rates of between 6.3% and 6.9%, and this future value was then discounted to December 31, 2015 at the rate of 15.0%. In determining the discount rate and cap rate, the Trust considered market conditions, time to completion of the development, the market cap rate, the percentage of space leased on units sold, and other publicly available information.

DERIVATIVE FINANCIAL LIABILITIES

The fair value of derivative financial liabilities is calculated using the Government of Canada benchmark bond yield corresponding with the maturity dates applicable to bond forward contracts and the committed hedged debt payable. The effectiveness of the hedging arrangement is assessed using a regression analysis of the impact of interest rate changes on the valuation of the hedging agreement in relation to the underlying debt subject to the hedging arrangement.

32. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, (i) an additional $8,049 was advanced pursuant to the terms of an existing long-term development loan agreement, (ii) financing in the form of a $4,500, five-year interest-only fixed rate mortgage at 3.55% was obtained regarding the wholly owned, newly acquired office property, and (iii) a lending portfolio investment with an outstanding balance of $11,759 went into default as a result of failing to make a scheduled payment.

33. FORMATION OF THE TRUST, ACQUISITION OF INITIAL ASSETS AND SIGNIFICANT TRANSACTIONS AND OTHER INFORMATION OF THE ACQUIROR FUND PRIOR TO REORGANIZATION

In connection with DAM's formation of the Trust, DAM contributed $10.00 in cash to the Trust for one Unit. On July 4, 2014, the Trust filed a prospectus to qualify Units for distribution in connection with the reorganization and other transactions (the "Reorganization") contemplated by the amended and restated purchase agreement between Return On Innovation Advisors Ltd. ("ROI Capital"), other entities related to ROI Capital, and DAM as of July 4, 2014 (the "Purchase Agreement"). On July 8, 2014 ("Closing"), pursuant to the Reorganization, 72,617,739 Units were distributed through a series of transactions to unitholders of each of ROI Canadian High Income Mortgage Fund, ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (collectively, the "Distributing ROI Funds"), which were managed by ROI Capital. In connection with the Reorganization, the Trust indirectly acquired the assets of the Distributing ROI Funds, together with the assets of the associated ROI Private Trust, ROI Private Capital Trust and ROI Strategic Capital Trust (the "Initial Assets"), and assumed the related property-specific debt in consideration for the issuance of Units on July 8, 2014 to the Distributing ROI Funds. On Closing, the Trust also assumed all of the outstanding liabilities of the Distributing ROI Funds relating to the Initial Assets acquired. Also on Closing, in accordance with the Purchase Agreement, $10,000 was used by ROI Capital to purchase 1,000,000 Units at an agreed upon price of $10.00 per Unit ("Primary Distribution"). Additionally, the one Unit issued to DAM on April 28, 2014 was redeemed for $10.00. Concurrent with completion of the Reorganization, the Trust, along with Dream Alternatives Master LP ("DAMLP"), a subsidiary of the Trust, and its subsidiaries entered into a management agreement with DAM, replacing the existing management agreement with ROI Capital.

Pursuant to the transactions outlined above, including the Reorganization, the Trust directly or indirectly acquired various real estate-related assets from the ROI Funds. Under IFRS 3, "Business Combinations" ("IFRS 3"), the ROI Funds each met the definition of a business. However, the Trust itself did not meet the definition of a business prior to Closing and, accordingly, could not be the acquiror for accounting purposes in this transaction. Under IFRS 3, the entity that obtains control of the acquirees is required to be identified as the acquiror. Where there is no clear acquiror, IFRS 3 requires selection of one acquiror after considering the facts and circumstances of the transactions. The Trust considered which of the Distributing ROI Funds' owners, as a group, received the largest portion of the voting rights in the combined entity at Closing. Accordingly, the Trust identified ROI Canadian High Income Mortgage Fund as the acquiror fund ("CHIM" or "Acquiror Fund"), for accounting purposes, to acquire the assets of ROI Canadian Mortgage Income Fund, ROI Canadian Real Estate Fund and ROI Institutional Private Placement Fund (the "Acquiree Funds"). In these financial statements of the Trust, the Acquiror Fund is considered the predecessor business and its financial results have formed the history of the Trust for periods prior to Closing.

The accounting policies used in the preparation of the financial results of the Acquiror Fund prior to Closing include those required for investment entities as defined under International Financial Reporting Standards ("IFRS"). As an investment entity, interests in all investments, including controlled subsidiaries, joint arrangements and associates, were recorded at fair value, rather than on a consolidated basis or an equity-accounted-for basis. The Acquiror Fund held certain real estate investments through limited partnerships that were carried at fair value, with changes in fair value recorded in net income. As the Trust is not considered to be an investment entity, these limited partnerships have been consolidated in the financial statements of the Trust from Closing and, accordingly, the real estate assets held by these limited partnerships are reflected as income properties along with the associated assets and liabilities, and revenues and expenses. The financial results of the Acquiror Fund relating to periods prior to July 8, 2014, which represent the history of the Trust, were prepared in accordance with the significant accounting policies as disclosed in Note 34. Accordingly, users of the consolidated financial statements are cautioned that the historical results of the Acquiror Fund in the comparative figures and for the periods prior to Closing are not representative of the presentation of the financial results and the business of the Trust subsequent to the Reorganization due to: (1) the difference in the accounting presentation of the Acquiror Fund as an investment entity compared to the accounting presentation of the Trust subsequent to the Reorganization, which includes the consolidation of limited partnerships, as discussed above; and (2) the results presented are only those of the Acquiror Fund, one of the seven funds acquired in the Reorganization, which owned a significantly lower proportion of the Initial Assets than the combined Initial Assets of all seven funds that are reflected in the financial results subsequent to the Reorganization.

On Closing, 29,986,752 Units of the Trust were distributed to unitholders of the Acquiror Fund. As a result, the residual interest in the Acquiror Fund, which was presented on the statement of financial position as "Net assets attributable to holders of redeemable units", was transferred to Unitholders' equity of the Trust. The Units issued were measured at $301,082, the carrying value of the net assets of the Acquiror Fund on July 8, 2014, which was determined as the carrying value of the identifiable net assets of the Acquiror of $310,631 (see "Net assets attributable to holders of redeemable units" below), less the Acquiror Fund's existing interest in ROI Canadian Real Estate Fund ("CRE Fund") of $9,549, which was eliminated on the Reorganization. The assets and liabilities of the limited partnerships have been recognized based upon the carrying value of the Acquiror Fund's investment in the limited partnerships prior to the Reorganization. Upon the Reorganization on July 8, 2014, the Trust became a taxable SIFT Trust and, accordingly, recognized a deferred tax asset of $737 on the consolidated statements of financial position and a deferred tax recovery on the consolidated statements of comprehensive income in respect of differences between the tax and accounting bases related to the Acquiror Fund's assets and liabilities.

Pursuant to the Reorganization, the Acquiror Fund settled a forward purchase and sale contract ("Forward Contract") with a Canadian chartered bank (the "Counterparty") on July 7, 2014. Upon termination of the Forward Contract, the Acquiror Fund tendered a portfolio of publicly traded common shares in exchange for the series A units of the ROI Private Trust held by the Counterparty. The following table details the impact, by balance sheet account, of the Trust's settlement of the Forward Contract resulting in the acquisition of the ROI Private Trust units and the accounting impact of consolidation of the limited partnership interests of the ROI Private Trust upon determining that the Trust did not qualify as an investment entity under IFRS 10, "Consolidated Financial Statements" ("IFRS 10") on July 8, 2014:

	Acquiror Fund balance at Closing	Settlement of Forward Contract	Total Acquiror Fund net assets (investment entity accounting)	Consolidation of limited partnerships	Total Acquiror Fund net assets (consolidated basis)
Income properties	$ —	$ —	$ —	$ 272,603	$ 272,603
Lending portfolio	—	—	—	40,485	40,485
Development and investment holdings	292,389	(261,344)	31,045	58,003	89,048
Development and investment holdings available-for-sale	—	—	—	7,651	7,651
Investment in CRE Fund	9,549	—	9,549	—	9,549
ROI Private Trust units	—	261,344	261,344	(261,344)	—
Amounts receivable	377	—	377	1,612	1,989
Prepaid expenses	—	—	—	519	519
Cash	8,503	—	8,503	25,127	33,630
Income properties debt assumed	—	—	—	(140,514)	(140,514)
Accounts payable and accrued liabilities assumed	(187)	—	(187)	(4,142)	(4,329)
Total carrying value of identifiable net assets	$ 310,631	$ —	$ 310,631	$ —	$ 310,631
Less: Investment in CRE Fund					(9,549)
Carrying value of Units issued					$ 301,082

The Acquiror Fund is assumed, for accounting purposes, to have completed a business combination and acquired the Acquiree Funds. The identifiable assets and liabilities of the Acquiree Funds have been recognized initially at fair value. On Closing, 42,630,987 Units of the Trust were distributed to unitholders of the Acquiree Funds. The Units issued were measured at the fair value of $6.92 per Unit, based on the weighted average trading price of the Trust's Units from July 8, 2014 to August 6, 2014 (the "Trading Value"). The excess of the fair value of the net identifiable assets and liabilities of the Acquiree Funds acquired over the fair value of the Units issued was reflected in the consolidated statements of comprehensive income as a "gain on acquisition" of $127,158. The gain on acquisition is due to the weighted average Trading Value of $6.92 per Unit being less than the per Unit net asset value ("NAV") of the Distributing ROI Funds and Initial Assets of $10.00 per Unit at Closing. Pursuant to the acquisition of the Acquiree Funds, a deferred tax asset of $702 was recognized, in respect of differences between the tax and accounting bases related to the Acquiree Funds' assets and liabilities, as part of the identifiable net assets and liabilities of the Acquiree Funds acquired on July 8, 2014 in exchange for Units of the Trust.

The following are the recognized amounts of identifiable assets acquired and liabilities assumed of the Acquiree Funds:

As at July 8, 2014	Acquiree Funds	Fair value of previously held interest in the CRE Fund	Acquiree Funds including previously held interest in the CRE Fund
Income properties	$ 216,468	$ 7,025	$ 223,493
Lending portfolio	174,233	1,034	175,267
Development and investment holdings	69,591	1,297	70,888
Development and investment holdings available-for-sale	9,100	193	9,293
Deferred tax assets	702	—	702
Amounts receivable	832	—	832
Prepaid expenses	408	—	408
Cash	62,434	—	62,434
Income properties debt assumed	(117,621)	—	(117,621)
Accounts payable and accrued liabilities assumed	(3,532)	—	(3,532)
Total identifiable net assets and liabilities	$ 412,615	$ 9,549	$ 422,164
Fair value of Units issued			(295,006)
Gain on acquisition of Acquiree Funds			$ 127,158

Acquisition-related costs relating to the Reorganization comprise transaction costs of $12,441, which were recorded as an expense in the consolidated statements of comprehensive income.

SIGNIFICIANT TRANSACTIONS AND OTHER INFORMATION OF THE ACQUIROR FUND PRIOR TO THE REORGANIZATION

NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

Changes in the Acquiror Fund's net assets attributable to holders of redeemable units during the period are as follows:

For the period ended July 8	2014
Net assets attributable to holders of redeemable units – January 1, 2014	$ 356,528
Increase in net assets attributable to holders of redeemable units	509
Distributions to unitholders	
From return of capital	(89,490)
Redeemable unit transactions	
Units issued on reinvestment of distributions	43,084
Net assets attributable to holders of redeemable units – July 8, 2014	$ 310,631

FORWARD CONTRACT

Prior to the Reorganization, the Acquiror Fund participated in a forward purchase and sale contract with a Canadian chartered bank (the "Counterparty"). The Acquiror Fund purchased and pledged to the Counterparty the publicly traded common share portfolio. Under the terms of the Forward Contract, the Counterparty agreed to pay the Acquiror Fund an amount equal to the redemption proceeds of the number of units of ROI Private Trust (the "Reference Fund") specified in the Forward Contract, in exchange for the Fund's common share portfolio at fair market value. The common share portfolios subject to the Forward Contract were agreed to between the Fund and the Counterparty and were pledged to the Counterparty as security for the Fund's obligations under the Forward Contract. In order to permit the Fund to pay monthly distributions, redemptions of units, operating expenses or other liabilities of the Fund, the terms of the Forward Contract provided that the Forward Contract could be settled in whole or in part at any time prior to the settlement date by the Fund, either in cash or by tendering to the Counterparty securities in the common share portfolio at the Fund's discretion.

On July 7, 2014, the Acquiror Fund settled the forward purchase and sale contract with the Counterparty. Upon termination of the Forward Contract, the Acquiror Fund tendered the portfolio of publicly traded common shares in exchange for the Series A units of the ROI Private Trust held by the Counterparty. The value of the ROI Private Trust units recognized on settlement of the Forward Contract was $261,344 and was determined using the Asset Manager's assessment of fair value of the ROI Private Trust's investments on July 8, 2014.

MANAGEMENT AND PERFORMANCE FEES

ROI Capital was responsible for the day-to-day management of the Acquiror Fund for the period prior to Closing. In consideration, ROI Capital received a management fee from the Acquiror Fund.

During the period ended July 8, 2014, the Acquiror Fund incurred $1,883 in management fees, with $Nil in outstanding fees payable for the period ended July 8, 2014.

SERVICE FEES

ROI Capital paid each registered dealer whose clients held units a service fee equal to 0.50% per annum of the average daily NAV of the Acquiror Fund for each unit held by the clients of such registered dealer at the end of a given month, in each case accrued daily and paid monthly up to Closing.

34. ACQUIROR FUND – POLICIES FOR FINANCIAL RESULTS PRIOR TO REORGANIZATION

Certain of the financial statement balances of the Acquiror Fund have been reclassified to conform to the Trust's financial statement presentation. The significant accounting policies followed by the Acquiror Fund as presented in the comparative results for the period prior to July 8, 2014 were as follows:

INVESTMENT AND FINANCIAL INSTRUMENTS

The Acquiror Fund's financial instruments consisted primarily of short-term investments, marketable securities, private investments, interest and dividends receivable, receivable for investment sold, distributions payable, redemptions payable, payable for investments purchased, accrued expenses and unrealized gain on the Forward Contract. The Acquiror Fund recognized financial instruments at fair value upon initial recognition.

ROI Capital determined that the Acquiror Fund met the definition of an "investment entity" and, as a result, it measured subsidiaries, other than those which provided services to the Acquiror Fund, at fair value through profit or loss ("FVTPL"). Subsidiaries which provided services to the Acquiror Fund were consolidated. An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgments that the Acquiror Fund made in determining that it met this definition were that its objective and business purpose were to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value was the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

The Acquiror Fund's financial instruments, including private investments, marketable securities, associates, joint ventures and short-term investments, were designated at FVTPL. The Forward Contract was a derivative asset and therefore was classified as a "held for trading" financial asset measured at FVTPL. On cash settlement, the fair value of the Forward Contract equaled the difference between the fair value of the Acquiror Fund's common share portfolio and the NAV of ROI Private Trust (the "Reference Fund"), as specified in the Forward Contract.

Amounts receivable represented loans and receivables, and were initially recognized at fair value and subsequently measured at amortized cost, which approximated fair value due to their short-term nature.

The Acquiror Fund's units contained multiple contractual obligations in addition to the ongoing redemption obligation and, therefore, were classified as financial liabilities presented at the value of the net assets to which unitholders were entitled, which also represented the annual redemption amount. In the Trust's financial statements, the Acquiror Fund's units have been described in the consolidated statements of financial position as "Net assets attributable to holders of redeemable units".

Amounts payable and accrued liabilities and distributions payable were designated as other financial liabilities and were measured at amortized cost, which approximated fair value due to their short-term nature.

The Acquiror Fund's accounting policies for measuring the fair value of its investments and derivatives were identical to those used in measuring its NAV for transactions with unitholders of the Acquiror Fund, except for marketable securities, which were recorded at fair value, established as the last bid price for the security on the recognized exchange on which it was principally traded for financial reporting but used closing prices for transactional NAV.

FAIR VALUE MEASUREMENT

Marketable securities held in the common share portfolio were recorded at fair value, established as the last bid price for the security on the recognized exchange on which they were principally traded. Where securities were not traded on that date, a valuation adjustment could have been applied by the Asset Manager of the Acquiror Fund acting in good faith.

Investments that were not publicly traded or other assets for which no public market existed were valued at estimated fair value. The fair values of investments were determined using an appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; independent valuations of the business; contractual rights relating to the investment; public market comparable transactions and recent multiples, where applicable; current market yields; macroeconomic conditions and other pertinent considerations. The process of valuing private investments for which no published market or market observable factors existed is subject to inherent uncertainties, and the resulting values may differ from values that would have been used had a readily available market existed for those investments. These differences could be material to the fair value of the investments.

Securities and other assets for which market quotations were, in the opinion of the Asset Manager, inaccurate, unreliable, not reflective of all available material information or not readily available were valued at their fair value, as determined by the Asset Manager. Fair value represents the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation procedures relating to private trust investments included preparation by management (ROI Capital), on at least a quarterly basis, of a comprehensive report that included a recommendation for the carrying value of the private investments.

INVESTMENT TRANSACTIONS, INCOME RECOGNITION AND TRANSACTION COSTS

Investment transactions were accounted for on the trade date.

Interest received by the Acquiror Fund was accounted for on an accrual basis. Dividend income was recognized on the ex-dividend date. Realized gains and losses from the sale of investments and unrealized appreciation (depreciation) in the value of investments were calculated with reference to the average cost of the related investments, which excluded brokerage commissions, other trading expenses and any premiums paid or discounts received on the purchase of fixed income securities.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Acquiror Fund were recognized in the statements of comprehensive income as they arose.

INCOME TAXES

The Acquiror Fund was a mutual fund trust and a specified investment flow-through trust ("SIFT") pursuant to the Income Tax Act (Canada) and became subject to SIFT tax commencing in fiscal 2013. All of the Acquiror Fund's net income for tax purposes and sufficient net capital gains realized in any period were required to be distributed to unitholders such that no income tax was payable by the Acquiror Fund. As a result, the Acquiror Fund did not record income taxes.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements required management of the Acquiror Fund (ROI Capital) to make estimates and assumptions that affected the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates and those differences could be significant. The most significant estimates were made on the valuation of private investments.

The most significant judgments made in preparing the Acquiror Fund's financial statements related to the determination that the Acquiror Fund was an investment entity, such that its objective and business purpose was to invest in loans or participating interests in real estate assets solely for the purpose of generating investment income and that fair value was the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. Similarly, the Acquiror Fund was required to make significant judgments about whether or not the business of the Acquiror Fund was to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39.

DEVELOPMENT AND INVESTMENT HOLDINGS

Development and investment holdings consist of a portfolio of publicly traded common shares as well as interests in a portion of the income properties and lending portfolio investments that were shared with the other Distributing ROI Funds. The portion of the income properties and lending portfolio investments not previously owned were acquired by the Acquiror Fund in the Reorganization, as described in Note 33.

Trustees

Directors

Ind. Independent
1 Member of the Audit Committee of the Trust Board
2 Member of Audit Committee of the GP Board
3 Member of the Governance, Compensation and Environmental Committee of the GP Board
4 Chair of the Board

Corporate Information

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1 888 453-0330
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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing symbol: DRA.UN

For more information please visit **www.dreamalternatives.ca**

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

The purpose of our Distribution Reinvestment and Unit Purchase Plan ("DRIP") is to provide Unitholders with a convenient way of investing in additional units without incurring transaction costs such as commissions, service charges or brokerage fees. By participating in the Plan, you may invest in additional units in two ways:

Distribution reinvestment: Unitholders will have cash distributions from Dream Alternatives Trust reinvested in additional units as and when cash distributions are made. If you register in the DRIP, you will also receive a "bonus" distribution of units equal to 4% of the amount of your cash distribution reinvested pursuant to the Plan. In other words, for every $1.00 of cash distributions reinvested by you under the Plan, $1.04 worth of units will be purchased.

Cash purchase: Unitholders may invest in additional units by making cash purchases.

To enrol, contact:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Attention: Dividend Reinvestment Services
Or call their Customer Contact Centre at
1 800 564-6253 (toll free)
or (514) 982-7555

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