dream impact trust MPCT.UN-TSX

DREAM IMPACT TRUST REPORTS THIRD QUARTER RESULTS AND CONTINUED EXECUTION OF ITS IMPACT STRATEGY

This press release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained within this press release. All dollar amounts in our tables are presented in thousands of Canadian dollars, except unit and per unit amounts, unless otherwise stated.

TORONTO, November 1, 2021, DREAM IMPACT TRUST (TSX: MPCT.UN) ("Dream Impact", "we", "our" or the "Trust") today reported its financial results for the three ("third quarter") and nine months ended September 30, 2021.

“Just over twelve months ago, we formally announced the repositioning of the Trust to be a pure play impact vehicle,” said Michael Cooper, Portfolio Manager. “Since the announcement of our impact strategy, we've taken the following steps to maximize profits and do social good. We have deployed capital to acquire commercial and multi-family residential buildings to accelerate the growth of the Trust and will continue to seek out opportunities to increase our portfolio of income generating assets over the near term, including continued construction on our existing developments. In addition to publishing our inaugural impact report last spring, we’ve obtained independent third-party verifications to support our Impact Management System, Impact Financing Framework and other sustainability frameworks, to reinforce the transparency and thoughtfulness of our approach. We are starting to see the significance of our work being recognized externally, and were honoured to have Harvard Business School create a business case, "Dream: Impact Through Real Estate" to help teach impact investing at Harvard and many other business schools."

In the third quarter, the Trust entered the multi-family residential asset class, acquiring a 33% interest in 912 units for total proceeds of $378.2 million (or 304 units for $126.1 million at the Trust’s share). The assets, referred to as Weston Common and 262 Jarvis, were purchased alongside Dream Unlimited and Dream Impact Fund, and were over 90% occupied as of September 30, 2021. Weston Common is a two-tower 841-unit, multi-family apartment building which includes 42,800 sf of commercial space that is 98.5% leased and an 8,800 sf community hub. 262 Jarvis is a 71-unit, Art Deco style apartment building located near Ryerson University in downtown Toronto. Through these assets, the Trust will pursue various initiatives aligned with our core impact verticals. In addition to Weston Common and 262 Jarvis, the Trust and Dream Unlimited have an additional 228 multi-family units in Toronto under contract, pending normal course due diligence procedures.

On August 3, 2021, the Trust closed on a private placement of impact convertible unsecured debentures (“impact debentures”) with Fairfax Financial Holdings Limited and/or certain of its controlled affiliates, for gross proceeds of $30 million. Proceeds from the impact debenture issuance were immediately deployed towards the acquisition of Weston Common and 262 Jarvis, in line with the Trust’s Impact Financing Framework announced on July 6, 2021. The issuance marked a significant milestone for the Trust, as this was the first impact-dedicated debenture offering in Canada.

Subsequent to September 30, 2021, the Trust received a rating from GRESB, the Global Real Estate Sustainability Benchmark. Dream Impact received a five-star rating, a score of 90/100, placing the Trust in the top 20% of globally assessed companies. We are pleased with the verification result as this was the first GRESB assessment done for the Trust, and will look to integrate further sustainability opportunities across our portfolio.

Selected financial and operating metrics for the three and nine months ended September 30, 2021 are summarized below:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Condensed consolidated results of operations				
Net income (loss)	**$ 2,154**	$ (47)	**$ (5,509)**	$ 1,471
Cash generated from operating activities	**4,305**	6,148	**10,185**	8,704
Net income (loss) per unit[1]	**0.03**	—	**(0.08)**	0.02
Cash generated from operating activities per unit[1]	**0.07**	0.09	**0.16**	0.13
Distributions declared and paid per unit	**0.10**	0.10	**0.30**	0.30
Units outstanding – end of period	**64,939,362**	64,682,490	**64,939,362**	64,682,490
Units outstanding – weighted average	**65,066,259**	65,792,982	**64,934,850**	67,959,617

During the third quarter, the Trust reported net income of $2.2 million relative to a marginal net loss in the comparative period. The increase in earnings was primarily driven by net fair value adjustments in the period, including fair value gains on developments within equity accounted investments, and foreign exchange fluctuations, partially offset by the timing of condominium occupancies, reduced income contribution from our lending portfolio related to scheduled repayments and increased fees driven by the Trust's portfolio growth.

Due to the composition of the Trust's portfolio, we expect fluctuations in earnings from period to period until our development pipeline is further built out. For details on project occupancies and development timelines, refer to Section 1.4 "Summary of Portfolio Assets" and Section 10.1 "Summary of Impact Investments" of the Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2021.

As at September 30, 2021, the Trust had $45.0 million of cash-on-hand. The Trust's debt-to-asset value[1] as at September 30, 2021 was 19.9%, an increase relative to 13.6% as at December 31, 2020, driven by the issuance of convertible debentures and financing obtained in relation to income properties acquired during the period. The Trust's debt-to-total asset value, inclusive of project-level debt[1] and assets within our development segment, including equity accounted investments, was 51.1% as at September 30, 2021, compared to 44.1% as at June 30, 2021, due to the aforementioned impact debenture issuance. Throughout the year, the Trust has utilized cash-on-hand and pursued sustainable-linked financing with favourable terms, such as the impact debentures, to acquire high-quality assets and create unitholder value for the long term.

Development

During the third quarter, the development segment generated net income of $4.2 million, compared to a net loss of $0.5 million in the prior year. The increase in earnings was primarily attributable to fair value gains on certain investments within our equity accounted investments that have reached significant milestones. Additionally, the increase in earnings was driven by foreign exchange fluctuations related to the appreciation of the U.S. dollar in the current period on the Trust's investment in the Virgin Hotels Las Vegas ("U.S. hotel"), partially offset by the timing of condominium occupancies at Zibi in the prior year.

During the three and nine months ended September 30, 2021, fair value gains of $1.3 million and $4.8 million, respectively (at the Trust's share), were recognized within various blocks at the Zibi development, as certain buildings near completion and achieve development and leasing milestones. This includes Aalto Suites, Zibi's 162-unit, 15-storey residential rental building, which commenced leasing subsequent to the quarter, and the Natural Sciences Building, a 186,000 sf commercial building leased to the Federal Government of Canada. The Trust expects that approximately 25% of available units at Aalto Suites will be ready for occupancy by the end of the year with the remaining units by Spring 2022. The building represents the Trust's first affordable purpose-built rental at Zibi, in which over 95% of units will be affordable, in line with our impact verticals. The Natural Sciences Building is on track for tenant occupancy in the fourth quarter this year. To date, the Trust has invested $88.5 million in the Zibi development, including transaction costs, and holds a 50% interest.

During the three and nine months ended September 30, 2021, the Trust contributed $0.8 million and $7.6 million, respectively, to its developments. We anticipate further capital investments in the range of $80 million to $90 million for our development projects over the next two years.

Subsequent to the third quarter, Canary Block 10 secured a $90.0 million green loan ($22.5 million at the Trust's share). The proceeds of the construction loan will be applied towards achieving certain sustainability initiatives including LEED Gold-level certification.

Recurring Income

During the three months ended September 30, 2021, the recurring income segment generated net income of $1.2 million compared to $2.1 million in the prior year. The decrease was primarily due to reduced income contribution from the lending portfolio as a result of scheduled repayments in the prior year and fair value adjustments on income properties.

Over the next 12 months, the Zibi development will have three blocks completed, including Aalto Suites, the Natural Sciences Building and Block 208, a 33,000 sf commercial building that is approximately 80% leased. This is in addition to 15 Rue Jos-Montferrand, which had first tenant occupancy earlier this year. These buildings combined will add 273,000 sf of commercial GLA and 162-multi-family residential units to the Trust's recurring income segment by the end of 2022.

Subsequent to the quarter, the Trust acquired a 40% interest in 34 Madison, an 8,000 sf commercial building in the Annex neighbourhood of downtown Toronto, for $1.4 million, including transaction costs, at the Trust's share. This is the Trust's first investment with the Black Tusk Group, a real estate asset management firm that is minority founded and led.

Other[2]

In the third quarter, the Other segment generated a net loss of $3.3 million compared to a net loss of $1.6 million in the prior year. The variance was primarily related to higher fees incurred due to growth of the Trust's portfolio and fluctuations related to income tax expense due to the composition of earnings in each period.

As previously disclosed, earlier this year the Trust renewed its arrangement to satisfy the management fees payable to DAM in units of the Trust converted at the most recent year-end NAV per unit[1] as determined and reported by the Trust ($8.99 per unit as at December 31, 2020), and recorded for accounting purposes based on the trading price on the date of settlement. The amended management agreement permits the Trust to settle its asset management fee in units of the Trust until December 31, 2023. Subsequent to September 30, 2021, the Trust settled its management fee for the third quarter of 2021 with the issuance of 450,300 units.

Unit Buyback Activity

From the inception of the Trust's unit buyback program in December 2014 to November 1, 2021, the Trust has repurchased 15.0 million units for cancellation, for a total cost of $93.5 million.

As at November 1, 2021, the Trust's asset manager, DAM, owns 18.2 million units of the Trust, inclusive of 1.3 million units acquired under the Trust's distribution reinvestment plan, 3.3 million units acquired in satisfaction of the asset management fees and the remainder acquired on the open market for DAM's own account. In aggregate, DAM owns approximately 28% of the Trust as at November 1, 2021.

Cash Generated from Operating Activities

Cash generated from operating activities for the three months ended September 30, 2021 was $4.3 million compared to $6.1 million in the prior year. The change year over year was driven by the timing of proceeds received from investment holdings and changes in non-cash working capital.

The table below provides a summary of the Trust's portfolio as at September 30, 2021:

As at	**September 30, 2021**	December 31, 2020
Development	**$ 292,455**	$ 276,725
Recurring income	**229,811**	169,040
Other[2]	**(6,640)**	94,112
Total debt payable	**135,053**	88,392
Total assets	**677,171**	648,514
Cash	**44,980**	110,671

Footnotes

(1) For the Trust's definition of the following non-IFRS measures: debt-to-asset value, debt-to-total asset value inclusive of project-level debt, net income (loss) per unit, cash generated from operating activities per unit, NAV, and NAV per unit, please refer to the cautionary statements under the heading "Non-IFRS Measures" in this press release and the Non-IFRS Measures and Other Disclosures section of the Trust's MD&A.

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

About Dream Impact

Dream Impact is an open-ended trust dedicated to impact investing. Impact investing is the intention of creating measurable positive, social and environmental change in our communities and for our stakeholders, while generating attractive market returns. Dream Impact's underlying portfolio is comprised of exceptional real estate assets reported under two operating segments: development and recurring income, that would not be otherwise available in a public and fully transparent vehicle, managed by an experienced team with a successful track record in these areas. The objectives of the Trust are to create positive and lasting impacts for our stakeholders through our three impact verticals: environmental sustainability and resilience, attainable and affordable housing, and inclusive communities; balance growth and stability of the portfolio, increasing cash flow, unitholders' equity and NAV[1] over time; leverage access to an experienced management team and strong partnerships in order to generate attractive returns for investors; provide investors with a portfolio of high-quality real estate development opportunities, concentrated in core geographic markets; and provide predictable cash distributions to unitholders on a tax-efficient basis. For more information, please visit: www.dreamimpacttrust.ca.

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Non-IFRS Measures

The Trust's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this press release, as a complement to results provided in accordance with IFRS, the Trust discloses and discusses certain non-IFRS financial measures, including debt-to-asset value, debt-to-total asset value inclusive of project-level debt, net income (loss) per unit, cash generated from operating activities per unit, and NAV, as well as other measures discussed elsewhere in this release. These non-IFRS measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. The Trust has presented such non-IFRS measures as management believes they are relevant measures of our underlying operating performance and debt management. Non-IFRS measures should not be considered as alternatives to unitholders' equity, net income, total comprehensive income or cash flows generated from operating activities, or comparable metrics determined in accordance with IFRS as indicators of the Trust's performance, liquidity, cash flow and profitability. For a full description of these measures and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to the "Non-IFRS Measures and Other Disclosures" section in the Trust's MD&A for the three and nine months ended September 30, 2021.

Forward-Looking Information

This press release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "could", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", or "continue", or similar expressions suggesting future outcomes or events. Some of the specific forward-looking information in this press release may include, among other things, statements relating to the Trust's objectives and strategies to achieve those objectives, our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth and drivers thereof, results of operations, performance, business prospects and opportunities, market conditions, acquisitions or divestitures, leasing transactions, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, litigation and the real estate and lending industries in general, in each case, that are not historical facts; as well as statements regarding: our development and acquisition pipelines; the Trust's focus on impact investing and expectations; the Trust's impact benchmarking strategy and its ability to achieve its impact and sustainability goals; the Trust's plans and proposals for current and future development projects, including projected sizes, densities, uses, costs, timing for expected zoning approvals, development milestones and their expected sustainability impact; development timelines, including commencement of construction and/or revitalization of our development projects and completion and occupancy dates; and the anticipated growth in our recurring income segment and its effect on the Trust's operating cash flows and distributions; and the Trust's ability to identify income generating assets for acquisition. 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 that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to: adverse changes in general economic and market conditions; the impact of the novel coronavirus (COVID-19 and variants thereof) pandemic on the Trust; the risk of adverse global market, economic and political conditions and health crises; risks inherent in the real estate industry; risks relating to investment in development projects; impact investing strategy risk; risks relating to geographic concentration; risks inherent in investments in real estate, mortgages and other loans and development and investment holdings; credit risk and counterparty risk; competition risks; environmental and climate change risks; risks relating to access to capital; interest rate risk; the risk of changes in governmental laws and regulations; tax risks; foreign exchange risk; acquisitions risk; and leasing risks. Our objectives and forward-looking statements are based on certain assumptions with respect to each of our markets, including that the general economy remains stable; the gradual recovery and growth of the general economy continues over the remainder of 2021; that no unforeseen changes in the legislative and operating framework for our business will occur; that we will meet our future objectives, priorities and growth targets; that we receive the licenses, permits or approvals necessary in connection with our projects; that we will have access to adequate capital to fund our future projects, plans and any potential acquisitions; that we are able to identify high quality investment opportunities and find suitable partners with which to enter into joint ventures or partnerships; that we do not incur any material environmental liabilities; interest rates remain stable; there will not be a material change in foreign exchange rates; conditions within the real estate market remain consistent; and competition for and availability of acquisitions remains consistent with the current climate. All forward-looking information in this press release speaks as of November 1, 2021. The Trust does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law. Additional information about these assumptions and risks and uncertainties is disclosed in the Trust's filings with securities regulators filed on the System for Electronic Document Analysis and Retrieval (www.sedar.com), including its latest annual information form and MD&A. These filings are also available at the Trust's website at www.dreamimpacttrust.ca.