



DREAM UNLIMITED CORP. REPORTS THIRD QUARTER RESULTS

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.

TORONTO, November 10, 2022, Dream Unlimited Corp. (TSX: DRM) (“Dream”, “the Company” or “we”) today announced its financial results for the three and nine months ended September 30, 2022 (“third quarter”).

“2022 has brought an exceptional amount of uncertainty, nonetheless our business continues to perform well and we continue to identify new opportunities that we expect to increase our profits, continually improve our asset quality and make our Company progressively safer,” said Michael Cooper, Chief Responsible Officer. “We have been able to add significant developments to our best-in-class pipeline, including Quayside and LeBreton Flats Library Parcel, while executing on current projects under construction on time and on budget. Our asset management platform continues to grow, with assets under management⁽¹⁾ over \$17 billion as of quarter end, and our stabilized properties, including Arapahoe Basin, the Distillery District and our multi-family residential rental portfolio, are performing well. Given the uncertainty of the stock market and our strong liquidity, we have declared our first special dividend to reward our shareholders for making the choice to continue to hold our stock. We expect to use our NCIB over the next 12 months as well.”

A summary of our consolidated results for the three and nine months ended September 30, 2022 is included in the table below.

	For the three months ended September 30,		For the nine months ended September 30,	
<i>(in thousands of dollars, except per share and outstanding share amounts)</i>	2022	2021	2022	2021
Revenue	\$ 55,057	\$ 46,066	\$ 176,076	\$ 175,800
Net margin	\$ 6,628	\$ 2,151	\$ 35,406	\$ 25,881
Net margin (%) ⁽¹⁾	12.0%	4.7%	20.1%	14.7%
Earnings before income taxes	\$ 106,501	\$ 34,189	\$ 254,816	\$ 30,526
Earnings for the period	\$ 96,742	\$ 34,572	\$ 215,656	\$ 30,344
Basic earnings per share	\$ 2.27	\$ 0.79	\$ 5.06	\$ 0.68
Diluted earnings per share	\$ 2.20	\$ 0.77	\$ 4.90	\$ 0.66
	September 30, 2022		December 31, 2021	
Total assets	\$ 4,004,403		\$ 3,488,674	
Total liabilities	\$ 2,375,134		\$ 2,066,461	
Total equity	\$ 1,629,269		\$ 1,422,213	
Total issued and outstanding shares	42,587,702		42,836,031	

Earnings before income taxes after adjusting for fair value adjustments taken on Dream Impact Trust units held by other unitholders⁽¹⁾ for the three months ended September 30, 2022 was \$82.7 million, an increase of \$66.4 million relative to the prior year. The increase is primarily due to a gain on land settlement and fair value gains on our multi-family purpose built rental portfolio, partially offset by lower earnings from our equity accounted investments and higher interest expense.

Earnings before income taxes after adjusting for fair value adjustments taken on Dream Impact Trust units held by other unitholders⁽¹⁾ for the nine months ended September 30, 2022 was \$172.5 million, up from \$51.8 million in the comparative period due to the aforementioned factors and condominium occupancies at Canary Commons in the first half of 2022.

Earnings before income taxes for the three and nine months ended September 30, 2022 increased by \$72.3 million and \$224.3 million, respectively, due to the aforementioned operational results and fair value changes in the Dream Impact Trust units held by other unitholders.

As of November 9, 2022 the Company has available liquidity⁽²⁾ of \$279.0 million, up from \$221.1 million as of June 30, 2022.

Subsequent to the third quarter, the Company’s Board of Directors approved a special dividend of \$0.50 per Subordinate Voting Share and Class B Share, payable to shareholders on December 30, 2022.

Subsequent to quarter end, the Company entered into an agreement under which a joint venture between a leading global sovereign wealth fund and Dream Industrial REIT will acquire Summit Industrial Income REIT (“Summit”) in an all-cash transaction valued at approximately \$5.9 billion, including the assumption of certain debt. The transaction is expected to close in the first quarter of 2023, subject to customary conditions, including Summit unitholders, court, and regulatory approvals. A subsidiary of Dream will be the asset manager for the joint venture.

Highlights: Recurring Income

- In the third quarter, revenue and net operating income⁽¹⁾ derived from recurring income sources increased to \$34.4 million and \$9.9 million, respectively, up by \$21.2 million and \$3.8 million over the comparative period. The increase is primarily due to our portfolio of multi-family rental properties in the GTA and Ottawa/Gatineau acquired over the past 12 months, increased fee earning assets under management⁽¹⁾ and stronger performance at Broadview Hotel and Gladstone House, our boutique hotels in Toronto.
- Revenue for the three and nine months ended September 30, 2022 includes \$10.1 million and \$36.2 million, respectively, in asset management fee revenue, an increase of \$1.6 million and \$7.0 million, respectively, from the comparative period. The increase in the current year is largely driven by the growth in asset management base from the addition of Dream Residential REIT to the Company's asset management platform and acquisitions and development activity at Dream Industrial REIT.
- In the third quarter, we secured \$110 million in commitments for the second close of Dream Impact Fund, our open-ended fund dedicated exclusively to impact investing. With this close, Dream Impact Fund has approximately \$255 million of equity for investment in high quality, high impact projects.
- In the third quarter, Dream Impact Fund and Dream Impact Trust closed on the acquisition of 70 Park, a 210-unit multi-family rental property located next to the Port Credit GO station and in close proximity to the Company's Brightwater development, for a purchase price of \$105.5 million.
- We continue to see strong leasing activity across our Canadian multi-family portfolio, with in-place and committed occupancies of 94% as of September 30, 2022, inclusive of 70 Park, up from 84% as of June 30, 2022.
- On October 23, 2022, Arapahoe Basin opened for the 2022/2023 season, marking the longest ski and ride season in Colorado. The ski hill's three restaurants, rental shop and retail stores also opened on October 23, 2022 and will remain open until the end of the ski season. Seasons passes are over 85% sold as of today.
- Year-to-date results include \$35.3 million in equity accounted earnings on our 36% interest in Dream Office REIT, consistent with the comparative period. In addition, the year-to-date earnings include \$5.6 million in equity accounted earnings on our 12% interest in Dream Residential REIT from its operations since it launched on May 6, 2022. As at November 9, 2022, the Company had a 12% interest in Dream Residential REIT, a 31% interest in Dream Impact Trust and a 38% interest in Dream Office REIT, inclusive of interests held by Dream's Chief Responsible Officer.
- For the second consecutive year, both Dream Impact Trust and Dream Office REIT have achieved a five-star GRESB rating, placing both companies in the top 20% global benchmark. The strong ratings were attributed to strong performance in leadership, policies, reporting, targets and data monitoring & review. Annual participation in the GRESB assessment provides us with the opportunity for a third-party assessment of our progress on achieving our impact/ESG related goals across the Dream platform.
- As of September 30, 2022, assets under management⁽¹⁾ totalled over \$17 billion, up nearly \$3 billion since year end, and included a combined 63% in the industrial and residential rental asset classes and 31% located outside of Canada. Fee earning assets under management⁽¹⁾ totalled \$11 billion as of quarter end, up \$2 billion since year end.
- Across the Dream group platform, which includes assets held through the Company, Dream Impact Trust, Dream Impact Fund, Dream Office REIT and Dream Residential REIT, we have over 8,600 units and 14.0 million sf of gross leasable area ("GLA") in stabilized rental, retail and commercial properties, in addition to our recreational properties. Over the next four years, we expect to add an additional 3,053 units and 2.8 million sf of rental, retail and commercial GLA to our recurring income portfolio, including West Don Lands Blocks 8 and 3/4/7, Canary Block 10, three buildings at Zibi and LeBreton Library Flats.

Highlights: Development

- In the three months ended September 30, 2022, our development business generated \$20.7 million in revenue and incurred negative net margin of \$1.8 million, down slightly from the comparative period. Results for the quarter were driven by our sales mix in Western Canada and were in line with management's expectation.
- As of November 9, 2022, we have secured commitments for an additional 650 lots and 25 acres across our communities in Saskatchewan and Alberta that we expect to contribute to earnings in the fourth quarter.
- On October 27, 2022, the city of Ottawa's planning committee approved two towers at our LeBreton Library Flats site, granting us an exemption to the city's 25 storey height limit. The 31 and 36 storey towers will deliver 608 rental units, including 250 units designated as affordable, and will be the largest net zero carbon residential community in Canada upon completion in 2026.

- Across the Dream group platform, we have approximately 4.0 million sf of GLA in retail or commercial properties and nearly 21,400 condominium or purpose-built rental units (at the project level) in our development pipeline. For further details on our development pipeline, refer to the “Summary of Dream’s Assets & Holdings” section of our MD&A.

Share Capital & Return to Shareholders

- In the nine months ended September 30, 2022, 0.4 million Subordinate Voting Shares were purchased for cancellation by the Company at an average price of \$39.53 under a normal course issuer bid (“NCIB”) for total proceeds of \$14.9 million (year ended December 31, 2021 - 2.4 million Subordinate Voting Shares at an average price of \$25.29).
- Dividends of \$4.3 million and \$12.8 million were declared and paid on our Subordinate Voting Shares and Class B Shares in the three and nine months ended September 30, 2022 (three and nine months ended September 30, 2021 - \$3.1 million and \$9.2 million, respectively).

Select financial operating metrics for Dream’s segments for the three and nine months ended September 30, 2022 are summarized in the table below.

	For the three months ended September 30, 2022			
<i>(in thousands of dollars, except outstanding share amounts)</i>	Recurring income	Development	Corporate and other	Total
Revenue	\$ 34,401	\$ 20,656	\$ —	\$ 55,057
% of total revenue	62.5%	37.5%	—%	100.0%
Net margin	\$ 8,396	\$ (1,768)	\$ —	\$ 6,628
Net margin (%) ⁽¹⁾	24.4%	n/a	n/a	12.0%

	For the nine months ended September 30, 2022			
Revenue	\$ 125,280	\$ 50,796	\$ —	\$ 176,076
% of total revenue	71.2%	28.8%	—%	100.0%
Net margin	\$ 43,997	\$ (8,591)	\$ —	\$ 35,406
Net margin (%) ⁽¹⁾	35.1%	n/a	n/a	20.1%

	As at September 30, 2022			
Segment assets	\$ 2,269,124	\$ 1,611,535	\$ 123,744	\$ 4,004,403
Segment liabilities	977,263	596,349	801,522	2,375,134
Segment shareholders' equity	1,291,861	1,015,186	(677,778)	1,629,269
Shareholders' equity per share ⁽⁴⁾	\$ 29.91	\$ 23.48	\$ (15.13)	\$ 38.26

	For the three months ended September 30, 2021			
<i>(in thousands of dollars, except outstanding share amounts)</i>	Recurring income	Development	Corporate and other	Total
Revenue	\$ 21,176	\$ 24,890	\$ —	\$ 46,066
% of total revenue	46.0%	54.0%	—%	100.0%
Net margin	\$ 2,130	\$ 21	\$ —	\$ 2,151
Net margin (%) ⁽¹⁾	10.1%	0.1%	n/a	4.7%

	For the nine months ended September 30, 2021			
Revenue	\$ 80,883	\$ 94,917	\$ —	\$ 175,800
% of total revenue	46.0%	54.0%	—%	100.0%
Net margin	\$ 25,506	\$ 375	\$ —	\$ 25,881
Net margin (%) ⁽¹⁾	31.5%	0.4%	n/a	14.7%

	As at December 31, 2021			
Segment assets	\$ 1,885,019	\$ 1,575,453	\$ 28,202	\$ 3,488,674
Segment liabilities	739,363	558,870	768,228	2,066,461
Segment shareholders' equity	1,145,656	1,016,583	(740,026)	1,422,213
Shareholders' equity per share ⁽⁴⁾	\$ 26.75	\$ 23.73	\$ (17.28)	\$ 33.20

Conference Call

Senior management will host a conference call on November 10, 2022 at 5:00 pm (ET). To access the call, please dial 866-455-3403 in Canada or 647-484-8332 elsewhere and use passcode 43612340#. To access the conference call via webcast, please go to Dream's website at www.dream.ca and click on Calendar of Events in the News and Events section. A taped replay of the webcast will be archived for 90 days.

Other Information

Information appearing in this press release is a select summary of results. The financial statements and MD&A for the Company are available at www.dream.ca and on www.sedar.com.

About Dream Unlimited Corp.

Dream is a leading developer of exceptional office and residential assets in Toronto, owns stabilized income generating assets in both Canada and the U.S., and has an established and successful asset management business, inclusive of \$17 billion of assets under management⁽¹⁾ across four Toronto Stock Exchange ("TSX") listed trusts, our private asset management business and numerous partnerships. We also develop land and residential assets in Western Canada. Dream expects to generate more recurring income in the future as its urban development properties are completed and held for the long term. Dream has a proven track record for being innovative and for our ability to source, structure and execute on compelling investment opportunities. A comprehensive overview of our holdings is included in the "Summary of Dream's Assets and Holdings" section of our MD&A.

Dream Unlimited Corp.

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Non-GAAP Measures and Other Disclosures

In addition to using financial measures determined in accordance with IFRS, we believe that important measures of operating performance include certain financial measures that are not defined under IFRS. Throughout this press release, there are references to certain non-GAAP financial measures and other specified financial measures, including those described below, which management believes are relevant in assessing the economics of the business of Dream. These performance and other measures are not standardized financial measures under IFRS, and may not be comparable to similar measures disclosed by other issuers. However, we believe that they are informative and provide further insight as supplementary measures of financial performance, financial position or cash flow, or our objectives and policies, as applicable.

Non-GAAP Financial Measures

"**Consolidation and fair value adjustments**" represents certain IFRS adjustments required to reconcile Dream standalone and Dream Impact Trust results to the consolidated results as at and for the three and nine months ended September 30, 2022 and 2021. Consolidation and fair value adjustments relate to business combination adjustments on acquisition of Dream Impact Trust on January 1, 2018 and related amortization, elimination of intercompany balances including the investment in Dream Impact Trust units, adjustments for co-owned projects, fair value adjustments to the Dream Impact Trust units held by other unitholders, and deferred income taxes.

"**Earnings before income taxes after adjusting for fair value on Dream Impact Trust units held by other unitholders**" represents the Company's pre-tax earnings excluding the impact from the volatility of Dream Impact Trust's share price.

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Earnings before income taxes	\$ 106,501	\$ 34,189	\$ 254,816	\$ 30,526
Less: Adjustments related to Dream Impact Trust units	23,846	17,918	82,290	(21,237)
Earnings before income taxes after adjusting for fair value on Dream Impact Trust units held by other unitholders	\$ 82,655	\$ 16,271	\$ 172,526	\$ 51,763

"**Net operating income**" represents revenue less direct operating costs and is equal to gross margin as per Note 26 of the consolidated financial statements. Net operating income excludes general, administrative and overhead expenses, and amortization, which are included in net margin per Note 26 of the consolidated financial statements. This non-GAAP measure is an important measure used to assess the profitability of the Company's recurring income segment. Net operating income for the recurring income segment for the three and nine months ended September 30, 2022 and 2021 is calculated as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 34,401	\$ 21,176	\$ 125,280	\$ 80,883
Less: Direct operating costs	(24,502)	(17,393)	(76,049)	(50,430)
Less: Selling, marketing, depreciation and other indirect costs	(1,503)	(1,653)	(5,234)	(4,947)
Net margin	\$ 8,396	\$ 2,130	\$ 43,997	\$ 25,506
Add: Depreciation	1,275	1,026	3,671	3,527
Add: General and administrative expenses	228	627	1,563	1,420
Net operating income	\$ 9,899	\$ 3,783	\$ 49,231	\$ 30,453

Supplementary and Other Financial Measures

"**Assets under management ("AUM")**" is the respective carrying value of gross assets managed by the Company on behalf of its clients, investors or partners under asset management agreements, development management agreements and/or management services agreements at 100% of the client's total assets. All other investments are reflected at the Company's proportionate share of the investment's total assets without duplication. Assets under management is a measure of success against the competition and consists of growth or decline due to asset appreciation, changes in fair market value, acquisitions and dispositions, operations gains and losses, and inflows and outflows of capital.

"**Available liquidity**" represents Dream's standalone corporate cash and revolving debt facilities, including the operating line – Western Canada and margin loan, to cover the Company's capital requirements including acquisitions.

"**Fee earning assets under management**" represents assets under management that are managed under contractual arrangements that entitle the Company to earn asset management revenue calculated as the total of: (i) 100% of the purchase price of client properties, assets and/or indirect investments subject to asset management agreements; (ii) 100% of the carrying value of gross assets of the underlying development project subject to development management agreements; and (iii) 100% of the carrying value of specific Dream Office REIT redevelopment properties subject to a development management addendum under the shared services agreement with Dream Office REIT, without duplication.

"**Net margin %**" is an important measure of operating earnings in each business segment of Dream and represents net margin as a percentage of revenue.

Forward-Looking Information

This press release may contain forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding our objectives and strategies to achieve those objectives; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, expected net proceeds from sales or transactions, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general; as well as specific statements in respect of our development plans and proposals for current and future projects, including projected sizes, density, GLA, timelines, units at completion and uses, including the projects that we expect to be completed and added to our recurring income segment over the next four years; the expectation that recurring income generation will increase as urban development properties are completed and held for the long term; the expected growth of our asset management platform; the expectation that Dream will continue to identify new opportunities that will increase its profits, improve asset quality and make Dream safer; the commitments for 650 lots and 25 acres in Saskatchewan and Alberta and expectation that the latter will contribute to earnings; Dream's and the Dream group platform's development pipeline, including LeBreton Flats and Quayside; expectations regarding our sustainability targets, including in respect of the Dream platform, Dream LeBreton becoming Canada's largest net zero carbon residential community and reaching its affordability targets; and our overall financial performance, profitability and liquidity for future periods and years. 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 Dream's control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include, but are not limited to: the nature of development lands held and the development potential of such lands, our ability to bring new developments to market, general economic and business conditions remaining in line with expectations, including low unemployment, interest rates and inflation remaining in line with management expectations, positive net migration, oil and gas commodity prices, our business strategy, including geographic focus, anticipated sales volumes, performance of our underlying business segments and conditions in the Western Canada land and housing markets. Risks and uncertainties include, but are not limited to, general and local economic and business conditions, the impact of the COVID-19 pandemic on the Company and uncertainties surrounding the COVID-19 pandemic, including government measures to contain the COVID-19 pandemic employment levels, risks associated with unexpected or ongoing geopolitical events, including disputes between nations, terrorism or other acts of violence, international sanctions and the disruption of movement of goods and services across jurisdictions, inflation or stagflation, regulatory risks, mortgage and interest rates and regulations, risks related to a potential recession in certain of the jurisdictions in which we operate and the effect inflation and any such recession may have on market conditions and lease rates, environmental risks, consumer confidence, seasonality, adverse weather conditions, reliance on key clients and personnel and competition. All forward-looking information in this press release speaks as of November 10, 2022. Dream 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 filings with securities regulators filed on SEDAR (www.sedar.com).

Endnotes:

- ⁽¹⁾ For the definition of the following specified financial measures: assets under management, fee earning assets under management, net margin (%), net operating income, debt to total assets ratio, earnings before income taxes after adjusting for fair value adjustments taken on Dream Impact Trust units held by other unitholders, adjusted EBITDA, consolidation and fair value adjustments, refer to the “Non-GAAP Measures and Other Disclosures” section of this press release.
- ⁽²⁾ For the definition of the following capital management measure: available liquidity, refer to the “Non-GAAP Measures and Other Disclosures” section of this press release
- ⁽³⁾ Earnings for the three and nine months ended September 30, 2022 includes a gain of \$23.8 million and \$82.3 million, respectively, on Dream Impact Trust units held by other unitholders (three and nine months ended September 30, 2021 – gain of \$17.9 million and a loss of \$21.2 million, respectively). Refer to the “Additional Information – Consolidated Dream” section of our MD&A for results on a Dream standalone basis
- ⁽⁴⁾ Shareholders’ equity per share represents shareholders’ equity divided by total number of shares outstanding at period end.