MPCT.UN-TSX

DREAM IMPACT TRUST REPORTS FOURTH QUARTER RESULTS AND ANNOUNCES SUSPENSION OF DISTRIBUTION UNTIL FURTHER COMPLETION OF INCOME PROPERTIES

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, February 12, 2024, DREAM IMPACT TRUST (TSX: MPCT.UN) ("Dream Impact", "we", "our" or the "Trust") today reported its financial results for the three months ("fourth quarter") and year ended December 31, 2023.

Over the course of 2023, the Trust made steady progress on the build-out of its multi-family portfolio. We accomplished important milestones, with over 900 units (at 100% asset level) added to our recurring income segment as we achieved first tenant occupancies at Maple House and Aalto II. The Trust's active development projects have progressed well over the year, and we are on track to finish construction on an additional 1,300 purpose-built rental units by the end of 2025. This is significant for the Trust as our recurring income properties provide meaningful impact and stable cash flows to support our fixed operating costs and we are de-risking the business as we work through our best-in-class development pipeline.

The Trust's projects under construction today require limited incremental equity, if any, to complete. These projects include: Cherry House (855 rental units), Forma East (864 condominium units), Birch House (444 rental and condominium units) and active phases at Brightwater (approximately 500 condominium/town home units). While further capital investments may be made to bring new projects online, these will be evaluated on a case-by-case basis.

With the current economic and geopolitical uncertainty, the Trust remains focused on creating value within our business and maintaining sufficient liquidity. These uncertainties have made it more challenging to commence development on land that we are carrying. We are pleased to have secured attractive financing on LeBreton and expect our site to be under development in March. We are also progressing on achieving the prerequisites for other projects although some development starts have been delayed due to market conditions.

We continue to pursue partnership opportunities for the re-development of 49 Ontario Street, the Trust's wholly owned 88,000 square feet ("sf") commercial building located in downtown Toronto and adjacent to a future Ontario line subway stop. The Trust achieved rezoning for the site earlier in 2023 for approximately 809,000 sf of residential gross floor area (or approximately 1,250 residential units) and 68,000 sf of non-residential space.

Subsequent to year-end, the Trust launched the sales process for two commercial assets located in downtown Toronto, comprising 95,000 sf in total. These potential dispositions are expected to provide additional liquidity and help reduce the Trust's exposure to the asset class, which will lessen over time as we continue to own and build-out our multi-family development pipeline.

Since 2019, the management fees payable to Dream Asset Management Corporation ("DAM"), a subsidiary of Dream Unlimited Corp. ("Dream"), the Trust's asset manager, have been settled by the delivery of units of the Trust, which has supported our overall liquidity objectives. The current arrangement to satisfy these fees expired on December 31, 2023. Dream has communicated its intent to the Trust, subject to necessary unitholder approvals, to renew the fee arrangement effective January 1, 2024 demonstrating their strong alignment with the Trust's overall strategy. In aggregate, DAM owns 34.9% of the Trust as at February 12, 2024. Information on the proposed fee arrangement will be included in the Trust's management information circular for its upcoming 2024 annual meeting.

To further bolster the Trust's liquidity position, the Board of Trustees of the Trust ("the Board") has decided to suspend the Trust's monthly distribution. In doing so, the Trust expects to retain an additional $11 million annually to grow its income property portfolio, reducing risk for the business and increasing free cash flow over the long-term, and allowing us to better support the interest on our land loans. As we get land under development and complete build-to-hold projects currently under construction, the Board will re-evaluate the distribution.

"Although the year had its challenges, we are pleased with the progress we have made," said Michael Cooper, Portfolio Manager. "Dream Impact's operating environment continues to face headwinds, as interest rates remain high and the market remains volatile from broader geopolitical influences. Despite this, we have seen significant progress across the build-out of our multi-family portfolio, which is integral for the stability of our recurring income segment. We believe the Trust's development portfolio represents some of the best opportunities within the Canadian real estate market, and we are proactively taking steps to manage the Trust's capital to weather further market uncertainty should it arise. Dream's ownership in the Trust demonstrates its strong commitment to the ongoing success of this vehicle."

Selected financial and operating metrics for the fourth quarter and year ended December 31, 2023 are summarized below:

	Three months ended December 31,		Year ended December 31,	
(in thousands of dollars, except per Unit amounts)	**2023**	2022	**2023**	2022
Consolidated results of operations				
Net income (loss)	**$ (19,706)**	$ (44,863)	**$ (44,144)**	$ (43,554)
Net income (loss) per unit[1]	**(1.13)**	(2.69)	**(2.57)**	(2.64)
Distributions declared and paid per unit[3]	**0.16**	0.40	**0.80**	1.60
Units outstanding – end of period	**17,571,967**	16,760,628	**17,571,967**	16,760,628
Units outstanding – weighted average	**17,459,097**	16,686,724	**17,171,777**	16,479,232

As at	**December 31, 2023**	December 31, 2022
Consolidated financial position		
Total assets	**$ 707,426**	$ 724,169
Total liabilities	**278,769**	245,437
Total unitholders' equity	**428,657**	478,732
Total unitholders' equity per unit[1]	**24.39**	28.56

During the fourth quarter, the Trust reported a net loss of $19.7 million relative to $44.9 million in the prior year. The fluctuation was primarily a result of the composition of fair value adjustments on multi-family and commercial properties year over year, driven by project milestones and valuation assumptions reflecting market conditions, and the Trust's net tax position in each period. Included in comparative results was a fair value loss on the Trust's investment in the Virgin Hotels Las Vegas (the "U.S. Hotel") in 2022. Further described in the Trust's segmented results discussion below.

Liquidity Update

As at December 31, 2023, the Trust had total liquidity[1] of $22.9 million, comprised of cash-on-hand and funds available under the Trust's credit facility. As at December 31, 2023, the Trust's debt-to-asset value[1,2] was 38.6%, an increase compared to 37.0% at September 30, 2023 driven by fluctuations in fair value adjustments. For further details refer to the "Capital Resources and Liquidity" section of the Trust's MD&A for the three months and year ended December 31, 2023.

In 2024, the Trust's only anticipated debt maturities relate to certain equity accounted investments. Approximately 70% of this debt is expected to be repaid from condominium unit closing proceeds or is in advanced discussions with lenders for renewals. The remaining maturities will become due in the latter half of the year and relate to the Trust's non-core passive investments which we believe carries limited refinancing risk due to the low leverage at the respective investment levels.

Recurring Income

In the fourth quarter, the Trust's recurring income segment generated a net loss of $18.3 million compared to net income of $16.9 million in the prior year. The largest factor impacting earnings for this segment was the net impact of fair value adjustments. Current period results included net fair value losses of $18.0 million driven by cap rate and discount rate expansion across both multi-family and office assets, which is consistent with general market trends. While comparative results included fair value losses as well, they were offset by a $29.0 million fair value gain on 49 Ontario Street supported by a third-party appraisal in 2022. As net income increases from higher rental rates, we would expect the fair value losses recognized on the Trust's multi-family portfolio may be reversed.

Multi-family rental properties

During the fourth quarter and year ended December 31, 2023, same property NOI[1] was $1.4 million and $5.2 million, compared to $1.4 million and $3.9 million in the prior year periods. Growth in same property NOI was primarily driven by higher occupancies and rental growth throughout the portfolio. The Trust anticipates that NOI from multi-family rental units will add meaningful income to recurring income as they stabilize over the next two years.

Over the fourth quarter, tenant occupancies have continued to progress well at Maple House and Aalto II at rental rates in line with budget. As these assets reached substantial construction completion in the period, they were transferred from the development segment to recurring income in the quarter.

Maple House is the first multi-family rental building in Canary Landing (previously West Don Lands) located in downtown Toronto. As of February 9, 2024, over 40% of units in the 770-unit building were leased. The Trust has a 25% interest in Canary Landing. Aalto II is the second multi-family rental building at Zibi located in Gatineau, Quebec. As of February 9, 2024, approximately 40% of the 148-unit building had been leased. As both developments were financed through CMHC's Rental Construction Financing Initiative, take-out financing risk has been mitigated and in-place debt will become non-recourse as the assets stabilize over the next 12 to 24 month period.

As of December 31, 2023, approximately 80% the Trust's debt relating to its multi-family rental portfolio was government affiliated and carried a weighted average interest rate of 2.8% and time to maturity of 5.3 years.

Commercial
During the fourth quarter, NOI from commercial properties[1] was $2.7 million, consistent with prior year. Overall occupancy for the Trust's commercial portfolio as at December 31, 2023 held relatively consistent with prior quarter and was up relative to prior year to date due to NOI contribution from completed blocks at Zibi.

Development
During the fourth quarter, the development segment reported a net loss of $4.7 million, compared to net income of $0.5 million in the prior year after adjusting for the fair value loss on the U.S. Hotel in 2022. The fluctuation relative to the prior year was driven by fair value gains on Maple House in 2022, partially offset by occupancy income from Phase I at Brightwater generated during the fourth quarter. As previously noted, Maple House was transferred to the Trust's recurring income segment in the fourth quarter.

For complete details on the Trust's development pipeline, please refer to the section titled "Development and Investment Holdings" in the Trust's MD&A for the three months and year ended December 31, 2023.

Other[2]
In the fourth quarter, the other segment generated earnings of $3.3 million relative to a loss of $3.2 million in the prior year. The change in the other segment was primarily due to a higher tax recovery as a result of the composition of earnings and fluctuations on the asset management and deferred compensation expenses in relation to the Trust's unit price.

Distribution
Effective February 12, 2024, the Board decided to suspend the Trust's monthly distributions, and distribution reinvestment and purchase plan ("DRIP"), beginning with the Trust's distribution that would have otherwise been declared for the month of February 2024 and would have otherwise been payable to unitholders in March 2024. The last distribution declared prior to the suspension will be paid on February 15, 2024.

Footnotes

(1) Net income (loss) per unit, total unitholders' equity per unit, total liquidity, debt-to-asset value, NOI - commercial properties, and NOI - multi-family rental, Same Property NOI - multi-family rental, are supplementary financial measures. Please refer to the cautionary statements under the heading "Specified Financial Measures and Other Measures" in this press release and the "Specified Financial Measures and Other Disclosures" section of the Trust's MD&A for the three months and year ended December 31, 2023.

(2) Debt-to-asset value is a non-GAAP ratio, which calculated as total debt payable, a non-GAAP financial measure, divided by the total asset value of the Trust as at the applicable reporting date. The most directly comparable financial measure to total debt payable is total debt.

(3) Distributions declared and paid per unit include the impact of the Unit consolidation.

Conference Call
Senior management will host a conference call on Monday, February 12, 2024 at 5:00 pm (ET). To access the call, please dial 1-800-319-4610 (toll free) or 416-915-3239. To access the conference call via webcast, please go to the Trust's website at www.dreamimpacttrust.ca and click on Calendar of Events in the News and Events section. A taped replay of the conference call and the webcast will be available for 90 days.

About Dream Impact
Dream Impact is an open-ended trust dedicated to impact investing. Dream Impact's underlying portfolio is comprised of exceptional real estate assets reported under two operating segments: development and investment holdings, 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 Dream Impact 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, while generating attractive returns for investors. For more information, please visit: www.dreamimpacttrust.ca.

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Specified Financial Measures and Other Measures

The Trust's consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). In this press release, as a complement to results provided in accordance with IFRS Accounting Standards, the Trust discloses and discusses certain specified financial measures, including total liquidity, debt-to-asset value, total debt payable, net income (loss) per unit, NOI — commercial properties, NOI — multi-family rental, Same Property NOI - multi-family rental and debt-to-total asset value, as well as other measures discussed elsewhere in this release. These specified financial measures are not defined by or recognized measures under IFRS Accounting Standards, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. The Trust has presented such specified financial measures as management believes they are relevant measures of our underlying operating performance. Specified financial 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 Accounting Standards as indicators of the Trust's performance, liquidity, cash flow and profitability. Certain additional disclosures such as the composition, usefulness and changes as applicable are expressly incorporated by reference from the Trust's MD&A for the three months and year ended December 31, 2023 dated February 12, 2024 in the section titled "Specified Financial Measures and Other Disclosures", subsection "Non-GAAP Ratios", heading "Debt-to-asset value", subsection "Supplementary Financial Measures and Other Measures", headings "Net income (loss) per unit", "total liquidity", "NOI — commercial properties", "NOI – multi-family rental", and "Same Property NOI - multi-family rental" and subsection "Non-GAAP Financial Measures", heading "Total debt payable",. which has been filed and is available on SEDAR+ under the Trust's profile.

"Total debt payable" is defined by the Trust as the balance due at maturity for its debt instruments. Total debt payable is a non-GAAP measure and is included as part of the definition of debt-to-asset value, a non-GAAP ratio. Total debt payable is an important measure used by the Trust in evaluating the amount of debt leverage; however, it is not defined by IFRS Accounting Standards, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. Total debt payable is reconciled to total debt, the most directly comparable financial measure, below.

As at	**December 31, 2023**	December 31, 2022
Total debt	**$ 270,056**	$ 220,889
Unamortized discount on host instrument of convertible debentures	**820**	1,086
Conversion feature	**(7)**	(449)
Unamortized balance of deferred financing costs	**2,196**	2,789
Total debt payable	**$ 273,065**	$ 224,315

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", "timeline", "potential", "strategy", "targets", "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; the Trust's leasing activities and the expected results thereof; our review of all our assets and capital allocation strategy and the expected results thereof; our expectation to finish construction on an additional 1,300 purpose built rental units by the end of 2025; expectations regarding the Trust's disposition of commercial assets and their expected impact on the Trust's asset class exposure and liquidity; expectations for the Trust to renew the fee arrangement with DAM, its asset manager in 2024; the Trust's expectations regarding its distribution policy; the Trust's expectations regarding upcoming debt maturities; the Trust's income generation expectations in relation to Maple House; the status of the Trust's ongoing active development projects and the projected completion dates; remaining occupancies; Brightwater's construction status including units and GLA under construction; the Trust's objectives of creating positive and lasting impacts for our stakeholders through our three impact verticals; environmental sustainability and resilience, attainable and affordable housing, and inclusive communities, while generating attractive returns for investors; expectations for multi-family assets to add meaningful income to the Trust's recurring income segment; expected project stabilization timelines; the expectation that development income will fluctuate and not contribute meaningfully to earnings until development milestones and occupancy are achieved; and the Trust's plans and proposals for current and future development and redevelopment projects, construction initiation, rezoning, completion and occupancy dates, number of units, square footage and planned GLA. 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; liquidity risk; financing and risks relating to access to capital; interest rate risks; public health risks; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, terrorism or other acts of violence, and international sanctions; inflation; the disruption of free movement of goods and services across jurisdictions; 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; the risk that corporate activities and reviews will not have the desired impact; acquisitions risk; and leasing risks. Our objectives and forward-looking statements are based on certain assumptions, including that the general economy remains stable; the gradual recovery and growth of the general economy continues in 2024; that no unforeseen changes in the legislative and operating framework for our business will occur; that there will be no material change to environmental regulations that may adversely impact our business; 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; there will not be a material change in foreign exchange rates; that the impact of the current economic climate and global financial conditions on our operations will remain consistent with our current expectations and that inflation and interest rates will not materially increase beyond current market expectations; our expectations regarding the availability and competition for acquisitions remains consistent with the current climate.

All forward-looking information in this press release speaks as of February 12, 2024. 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.sedarplus.ca), including its latest annual information form and MD&A. These filings are also available at the Trust's website at www.dreamimpacttrust.ca.