MPCT.UN-TSX

DREAM IMPACT TRUST REPORTS SECOND QUARTER 2024 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. All dollar amounts in our tables are presented in thousands of Canadian dollars, except unit and per unit amounts, unless otherwise stated.

TORONTO, August 6, 2024, DREAM IMPACT TRUST (TSX: MPCT.UN) ("Dream Impact", "we", "our" or the "Trust") today reported its financial results for the three and six months ended June 30, 2024 ("second quarter").

During the second quarter, the Trust completed the disposition of a non-core investment and repatriated capital from two long-term loans outstanding for $9.7 million. The Trust also went firm on sales agreements for 10 Lower Spadina and 349 Carlaw, which are anticipated to close in the third quarter of 2024. Including these sales and activity during the period, the Trust has secured cash proceeds of $42.0 million, exceeding our goals for the year.

The Trust's operations are concentrated in the National Capital Region and in Toronto. We are continuing to develop our land in the National Capital Region into apartments at reasonable returns and leasing up our completed buildings. However, in Toronto, condominium developments have been reduced significantly as sales activity in the overall market are at a low. Broadly speaking, developments in Toronto have been increasingly challenging as a result of higher development, construction and interest costs. As a result, the Trust has focused its efforts at reducing exposure to condominium projects and advancing its efforts on our affordable/market rental properties.

"In the first half of the year, we've made positive progress on the Trust's liquidity and operational goals," said Michael Cooper, Portfolio Manager. "We completed three condominium buildings in the GTA, continued leasing two buildings at Zibi and Maple House for a total of 1,080 units, and progressed on construction that is expected to deliver another 1,500 residential units over the next 24 months. We are proactively managing risk across the business, as we work towards a larger multi-family asset mix while reducing our exposure to office and non-core investments over time. By redeploying capital from the sale of non-core assets and certain office buildings, we are securing our liquidity position and able to move through our development pipeline to minimize risk. We have made significant progress on the construction financing for 49 Ontario and are working through partnership opportunities so that the $700.0 million development will advance and we will repay the land loan."

Selected financial and operating metrics for the three and six months ended June 30, 2024 are summarized below:

	Three months ended June 30,		Six months ended June 30,	
(in thousands of dollars, except per Unit amounts)	**2024**	2023	**2024**	2023
Condensed consolidated results of operations				
Net loss	**$ (4,756)**	$ (8,663)	**$ (10,178)**	$ (12,020)
Net income (loss) per unit[1]	**(0.27)**	(0.51)	**(0.57)**	(0.71)
Units outstanding – end of period	**17,972,778**	17,131,410	**17,972,778**	17,131,410
Units outstanding – weighted average	**17,784,395**	17,074,075	**17,753,305**	16,984,710

As at	**June 30, 2024**	December 31, 2023
Condensed consolidated financial position		
Total assets	**$ 706,795**	$ 707,426
Total liabilities	**285,310**	278,769
Total unitholders' equity	**421,485**	428,657
Total unitholders' equity per unit[1]	**23.45**	24.39

In the second quarter, the Trust reported a net loss of $4.8 million compared to $8.7 million in the prior year. The change in earnings was attributable to net fair value adjustments on certain commercial properties and completed developments year over year ($5.7 million), occupancy income from condominiums at Brightwater ($3.5 million), and recoveries achieved from the Trust's interest in the Vegas hotel ($2.8 million). Partially offsetting this was a loss on disposition of the Trust's investment in 100 Steeles ($5.6 million), as further described in our segmented discussion, and higher interest expense within the Trust's equity accounted investments ($1.0 million).

Similarly, during the six months ended June 30, 2024, the Trust reported a net loss of $10.2 million compared to $12.0 million in the prior year. Included in the six months ended June 30, 2024, was a gain on the sale of a non-core investment.

Liquidity Update

As at June 30, 2024, the Trust had total liquidity[1] of $21.8 million, comprised of cash-on-hand and funds available under the Trust's credit facility. As at June 30, 2024, the Trust's debt-to-asset value[2] was 39.7% an increase from 39.1% as at March 31, 2024, driven by drawings on corporate level debt, the net impact of fair value adjustments, partially offset by cash proceeds from non-core investments received in the period. For further details refer to the "Capital Resources and Liquidity" section of the Trust's management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2024.

The Trust had previously reported that $105.7 million of debt at its proportionate share from equity accounted investments would come due in 2024. The Trust made steady progress over the quarter relating to these maturities, repaying $57.7 million of construction debt with the proceeds from condominium unit closings at IVY Condos and by executing extensions for $17.0 million of debt relating to certain office properties until mid-2026. The remaining debt maturing in 2024 relates to passive investments with low leverage and is currently in the process of being extended.

Recurring Income

In the second quarter, the Trust's recurring income segment generated a net loss of $5.2 million an improvement compared to a $9.5 million loss in the prior year. The fluctuation was driven by net fair value adjustments, in addition to an early lease termination fee recognized in the current period. Excluding fair value adjustments, net income for the segment was $0.5 million, up slightly from prior year.

During the three months ended June 30, 2024, the Trust sold its 37.5% investment in a leasehold interest in 100 Steeles, a 59,000 square feet ("sf") income property located in Vaughan, Ontario that was slated for redevelopment. The Trust initially acquired the leasehold interest in 2018. Since then, market conditions have changed significantly and the land freehold purchase price was no longer considered economical. The Trust sold its interest for a nominal amount, recognizing a fair value loss of $5.6 million, to save on further capital spend needed to exercise the purchase option to acquire the land and develop the site.

In the second quarter, fair values were held relatively flat across the multi-family portfolio. The Trust recognized a modest cap rate expansion in the period on the Zibi commercial assets. Prior year results included increased fair value losses on the Trust's commercial properties located in the GTA.

Multi-family rental properties

During the three and six months ended June 30, 2024, same property NOI[1] was $1.5 million and $2.9 million, compared to $1.7 million and $3.2 million in the prior year. Current period results included higher operating expenses from property taxes and bad debt expenses, partially offset by rental growth on the turnover of units.

Leasing continues to steadily progress at Aalto II, Zibi Block 206 and Maple House at Canary Landing, with stabilization expected on these assets, by the end of 2025. As at June 30, 2024, in place and committed occupancy was 62.8% at Aalto II, 32.7% at Zibi Block 206, and 62.9% at Maple House at Canary Landing.

Construction continues to progress well at Birch House and Cherry House at Canary Landing which are expected to be completed by the end of 2024 and 2026, respectively. Combined, these assets are expected to add 1,093 rental units to the Trust's downtown Toronto portfolio, of which 257 units are expected to be designated as affordable (at 100% asset level).

Debt from the Trust's multi-family portfolio carries a weighted average term of 4.9 years at a weighted average interest rate of 2.8%.

Commercial

During the three and six months ended June 30, 2024, NOI from commercial properties[1] was $4.3 million and $7.0 million compared to $2.9 million and $5.5 million in the prior year. Included in current period results was an early lease termination fee with no comparable activity in prior year, partially offset by a decrease in revenue due to lease expires. Lease termination fees are included in the Trust's income property revenue.

Development

During the second quarter, the development segment reported a net loss of $2.5 million compared to $0.8 million in the prior year. The fluctuation was driven by cost to complete adjustments on IVY Condos and increased interest expense. Partially offsetting this was occupancy income from Brightwater I and II condos in the current period.

As of June 30, 2024, all remaining inventory at Brightwater I and approximately 90% of Brightwater II had occupied. There are currently 264 units under construction which will be completed over the next two years. As at August 6, 2024, approximately 48,000 sf of retail and commercial tenants have opened for business, which includes Farm Boy, Rexall, and BMO.

During the second quarter, the Trust broke ground on construction for Dream LeBreton. Dream LeBreton is adjacent to the light rail station and is in close proximity to the Zibi development. Upon completion in 2027, the net zero carbon development will comprise 608 multi-family rental units, including an affordable component. The Trust has a 33.3% ownership interest and to date has invested $6.4 million into the development. Subsequent to June 30, 2024, first draws were made on the government affiliated construction loan secured with a fixed interest rate carrying a ten-year term. The financing is sufficient to cover the budgeted costs of the development, including contingencies.

Subsequent to June 30, 2024, Toronto City Council approved zoning for phase 1 of the Quayside development. The development is expected to create 2,800 residential units, including 458 affordable rental housing units as part of a 2.1 million sf mixed-use community.

Income from this segment will fluctuate period to period and not contribute meaningfully to earnings until development milestones are achieved and/or project inventory is available for occupancy. While mindful of our capital spend and liquidity needs, on a strategic basis we continue to make advancements for select assets in the pre-development stage. Most notably, we are continuing to work through financing opportunities for the re-development of 49 Ontario St., which will better position the Trust to identify partnership opportunities to develop the site which allows for 800,000 sf of residential density. Further updates will be provided as milestones are achieved.

Other

In the second quarter, the other segment recognized net income of $3.0 million compared to $1.6 million in the prior year. The increase was driven by recoveries achieved from the sale of the Trust's interest in the Virgin Hotel Las Vegas, partially offset by a lower income tax recovery driven by the composition of earnings in each period.

For similar reasons, during the six months ended June 30, 2024, the other segment recognized net income of $2.1 million compared to a net loss of $0.1 million in the prior year. In addition, the increase was driven by asset management fee expenses and the deferred compensation recovery, which fluctuated based on the Trust's unit price in each period. During the second quarter, unitholders approved the amended management agreement with DAM to settle with a fixed number of units of the Trust in 2024, with extension options available annually through 2026.

Footnotes

(1) Net income (loss) per unit, total unitholders' equity per unit, total liquidity, NOI - commercial properties, and 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 and six months ended June 30, 2024.

(2) Debt-to-asset value is a non-GAAP ratio, which is 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.

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 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 condensed 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, 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 and six months ended June 30, 2024, dated August 6, 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", 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		**June 30, 2024**		December 31, 2023
Total debt	**$**	**278,176**	$	270,056
Unamortized discount on host instrument of convertible debentures		**687**		820
Conversion feature		**—**		(7)
Unamortized balance of deferred financing costs		**1,817**		2,196
Total debt payable	**$**	**280,680**	$	273,065

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; expectations regarding the Trust's disposition of commercial assets and their expected impact on the Trust's asset class exposure and liquidity; the Trust's expectations regarding upcoming debt maturities; the status of the Trust's ongoing active development projects and the projected completion dates; remaining occupancies; Brightwater's and Dream LeBreton's construction status including units and GLA under construction; 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 August 6, 2024, unless otherwise noted. 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.com), including its latest annual information form and MD&A. These filings are also available at the Trust's website at www.dreamimpacttrust.ca.