# DREAM UNLIMITED CORP. REPORTS SECOND 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, August 11, 2020, Dream Unlimited Corp. (TSX: DRM) ("Dream", "the Company" or "we")** today announced its financial results for the three and six months ended June 30, 2020 ("second quarter"). All share and per share amounts discussed herein reflect the share consolidation completed on July 6, 2020.

"As this was our first full quarter operating during the pandemic, our highest priority has been keeping our employees, contractors and customers safe," said Michael Cooper, President and Chief Responsible Officer. "We are now participating in the widespread reopening of our business including construction sites, our office and retail properties and our leisure businesses. We are pleased with the increased liquidity generated through the sale of our renewable power business and refinancing of the Distillery District. Our business has also expanded through the ground breaking of Alpine Park in Calgary and the acquisition of a 50% interest in an apartment portfolio in Dallas. Altogether, we continue to maintain a conservative balance sheet while we work to add best in class assets and build inclusive communities across our core markets."

A summary of our consolidated results for the three and six months ended June 30, 2020 is included in the table below.

| | | For the three months ended June 30, | | | | For the six months ended June 30, | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of Canadian dollars, except per share amounts)* | | **2020** | | 2019 | | **2020** | | 2019 |
| Revenue | **$** | **62,044** | $ | 76,044 | **$** | **238,499** | $ | 133,001 |
| Net margin | **$** | **6,253** | $ | 19,457 | **$** | **64,880** | $ | 38,425 |
| Net margin %[(1)] | | **10.1%** | | 25.6% | | **27.2%** | | 28.9% |
| Earnings (loss) before income taxes | **$** | **2,662** | $ | (11,567) | **$** | **235,441** | $ | (48,158) |
| Earnings (loss) for the period[(2)] | **$** | **10,776** | $ | (11,089) | **$** | **196,606** | $ | (44,613) |
| Basic earnings (loss) per share[(3)(4)] | **$** | **0.23** | $ | (0.21) | **$** | **4.07** | $ | (0.84) |
| Diluted earnings (loss) per share[(4)] | **$** | **0.22** | $ | (0.21) | **$** | **4.01** | $ | (0.84) |

| | | | | |
|---|---|---|---|---|
| | | **June 30, 2020** | | December 31, 2019 |
| Total assets | **$** | **2,927,837** | $ | 3,034,033 |
| Total liabilities | **$** | **1,419,496** | $ | 1,601,424 |
| Shareholders' equity (excluding non-controlling interest)[(5)] | **$** | **1,479,552** | $ | 1,410,960 |
| Total issues and outstanding shares[(4)] | | **47,377,751** | | 52,658,860 |

(1) Net margin % (see the "Non-IFRS Measures" section of our Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2020) represents net margin as a percentage of revenue.

(2) Earnings (loss) for the period for the three and six months ended June 30, 2020 includes a loss of $25.4 million and a gain of $148.8 million on Dream Alternatives units held by other unitholders, respectively (three and six months ended June 30, 2019 – losses of $35.9 million and $97.8 million, respectively). Refer to the "Additional Information – Consolidated Dream" section of our MD&A for results on a Dream standalone basis.

(3) Basic EPS is computed by dividing Dream's earnings attributable to owners of the parent by the weighted average number of Class A Subordinate Voting Shares and Class B common shares outstanding during the period post Share Consolidation. Refer to Management's discussion below on consolidated results for the three and six months ended June 30, 2020.

(4) Shares and per share amounts reflect the Share Consolidation for all periods presented. Refer to Note 2 of our condensed consolidated financial statements for the three and six months ended June 30, 2020 for further information.

(5) Shareholders' equity (excluding non-controlling interest) excludes $28.8 million of non-controlling interest as at June 30, 2020 ($21.6 million as at December 31, 2019).

In the second quarter, we successfully closed on the sale of our indirect interest in a renewable power portfolio to Potentia Renewables Inc. The sale generated pre-tax earnings of $34.2 million for Dream in the quarter, net of transaction costs, and provided $70.2 million in gross cash proceeds, which were received subsequent to period-end. The Company also completed the refinancing of the Distillery District, our 395,000 square foot ("sf") retail and commercial site in downtown Toronto, which provided an additional $42 million of liquidity for Dream. Proceeds from the transactions were used to pay down debt.

As of June 30, 2020, the Company had $378.1 million available under its revolving credit facilities and a conservative leverage position with a debt to total assets ratio of 27.0%. With the exception of Arapahoe Basin, our ski hill in Colorado, results for the quarter were minimally impacted by the ongoing COVID-19 pandemic. In response to government mandated closures, Arapahoe Basin was required to close from mid-March through May, resulting in a $5.8 million decline in second quarter net operating income from the prior year. We continue to work with our retail and commercial tenants on a case-by-case basis providing temporary rent deferrals and by participating in the Canada Emergency Commercial Rent Assistance program ("CECRA"), which provides qualifying small businesses a 75% rent abatement from landlords. Inclusive of retail in Western Canada, Dream's average monthly rent collection in the second quarter exceeded 88%. Our continued focus to maintain a strong balance sheet and allocate capital prudently has provided us with the flexibility to manage our business effectively during this uncertain time.

Basic earnings per share (“EPS”) for three and six months ended June 30, 2020 was $0.23 and $4.07, up from a loss per share of $0.21 and $0.84 in the comparative periods, which includes the consolidated results of Dream Hard Asset Alternatives Trust (TSX: DRA.UN) (“Dream Alternatives”). Earnings before income taxes after adjusting for fair value gains/losses taken on Dream Alternatives units held by other unitholders for the second quarter was $28.0 million, an increase of $3.7 million relative to the prior year. The increase was driven by earnings from the renewable power portfolio sale and lower interest costs, partially offset by the timing of condominium occupancies within certain equity accounted investments, reduced earnings from Arapahoe Basin and Dream Alternatives’ investment portfolio, and fair value losses recognized on our investment properties in the period.

Earnings before income taxes for the six-month period was $86.6 million, up from $49.6 million in the prior year after adjusting for fair value gains/losses on Dream Alternatives units. The increase was primarily due to the aforementioned factors, in addition to the sale of 480 acres in Glacier Ridge in the first quarter of 2020. Prior period results included fair value gains and distribution income from our previously held Dream Global REIT units, with no comparable activity in the current period.

**Highlights: Recurring Income**

- In the second quarter our recurring income segment generated revenue and net operating income of $19.8 million and $4.2 million, respectively, compared to $42.5 million and $21.8 million, respectively, in the prior period. The decrease was driven by the temporary closure of Arapahoe Basin and reduced income from Dream Alternatives’ portfolio due to prior year asset dispositions and loan repayments in line with the Trust’s strategic plan. Included in revenue for the quarter was $5.8 million relating to asset management and development contracts with Dream Industrial REIT, Dream Office REIT and our partnerships, which is expected to grow over time as we actively pursue new asset management opportunities.
- On July 8, 2020 we successfully closed on the acquisition of a 1,200-unit apartment portfolio located in Dallas, Texas for a gross purchase price of $178.0 million USD. The acquisition was funded through agency and mezzanine debt and cash on hand of $11.1 million USD. As of July 24, 2020, 95% of units across the five properties were occupied. Dream has a 50% interest in the portfolio, alongside our partner Pauls Corp.
- Across the Dream group platform, which includes assets held through the Company, Dream Alternatives and Dream Office REIT, we have approximately 6.9 million sf of gross leasable area (“GLA”) in stabilized retail and commercial properties, in addition to our recreational properties. As at August 11, 2020, the Company had a 26% interest in Dream Alternatives and 29% interest in Dream Office REIT.

**Highlights: Development**

- In the quarter, our development segment generated revenue and net margin of $42.3 million and $3.4 million, respectively, up by $8.7 million and $4.1 million from the prior year. The increase was primarily driven by higher acre sales volumes in Western Canada and the condominium occupancy mix, relative to the comparative period.
- On July 30, 2020, we officially broke ground on the first phase of Alpine Park within our master planned community, Providence, located in southwest Calgary. The first phases of Alpine Park, which have a 5-year development timeline, make up 136 acres and will comprise nearly 800 lots and 485 multi-family units upon completion. As at June 30, 2020, we have secured commitments from builders for the initial 36 acres, which will be built out over the next two years and translate into nearly 200 lot sales. Dream’s total landholdings within Providence is 1,600 acres.
- Final closings at Riverside Square, BT Towns, Canary Block and Kanaal at Zibi are expected to occur in the second half of 2020 and represent over 1,000 condominium units that took occupancy between May 2019 and June 2020. This will result in the collection of approximately $97 million in receivables and the repayment of over $88 million in construction facilities at Dream’s share. Refer to the “Summary of Dream’s Assets and Holdings” section of our MD&A for further details.
- Across the Dream group platform, we have approximately 5.0 million sf of GLA in retail or commercial properties and over 12,700 condominium or purpose-built rental units (at the project level) in our development pipeline.

**Share Capital & Return to Shareholders**

- Effective July 6, 2020, the Company completed a share consolidation ("the Share Consolidation") of all issued and outstanding Class A subordinate voting shares ("Subordinate Voting Shares") of Dream on the basis of one post-consolidation Subordinate Voting Share for every two pre-consolidation Subordinate Voting Shares, and all of the issued and outstanding Class B common shares ("Class B Shares") of Dream on the basis of one post-consolidation Class B Share for every two pre-consolidation Class B Shares. Upon completion of the Share Consolidation, the number of Subordinate Voting Shares issued and outstanding as of July 6, 2020 has been consolidated from 91,641,438 to 45,820,395, and the number of Class B Shares issued and outstanding has been consolidated from 3,114,845 to 1,557,356.

- In the six months ended June 30, 2020, the Company completed a substantial issuer bid ("SIB") and purchased for cancellation 5.0 million Subordinate Voting Shares at a price of $23.50 per share, adjusted for the Share Consolidation described above. Inclusive of the SIB and units repurchased through our normal course issuer bid, 5.4 million Subordinate Voting Shares were purchased for cancellation for total proceeds of $125.7 million in the six months ended June 30, 2020.

Select financial operating metrics for Dream's segments for the three and six months ended June 30, 2020 are summarized in the table below.

| | | | | | | | | **Three months ended June 30, 2020** |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of dollars except outstanding share amounts)* | | Recurring income | | Development | | Corporate and other | | Total |
| Revenue | **$** | **19,789** | **$** | **42,255** | **$** | **—** | **$** | **62,044** |
| % of total revenue | | **31.9%** | | **68.1%** | | **—%** | | **100.0%** |
| Net margin | **$** | **2,809** | **$** | **3,444** | **$** | **—** | **$** | **6,253** |
| Net margin (%)[1] | | **14.2%** | | **8.2%** | | **n/a** | | **10.1%** |

| | | | | | | | | **Six months ended June 30, 2020** |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of dollars except outstanding share amounts)* | | Recurring income | | Development | | Corporate and other | | Total |
| Revenue | **$** | **56,240** | **$** | **182,259** | **$** | **—** | **$** | **238,499** |
| % of total revenue | | **23.6%** | | **76.4%** | | **—%** | | **100.0%** |
| Net margin | **$** | **17,305** | **$** | **47,575** | **$** | **—** | **$** | **64,880** |
| Net margin (%)[1] | | **30.8%** | | **26.1%** | | **n/a** | | **27.2%** |

| | | | | | | | | **As at June 30, 2020** |
|---|---|---|---|---|---|---|---|---|
| Segment assets | **$** | **1,214,856** | **$** | **1,594,583** | **$** | **118,398** | **$** | **2,927,837** |
| Segment liabilities | **$** | **343,986** | **$** | **418,610** | **$** | **656,900** | **$** | **1,419,496** |
| Segment shareholders' equity | **$** | **870,870** | **$** | **1,147,184** | **$** | **(538,502)** | **$** | **1,479,552** |
| Book equity per share[2] | **$** | **18.38** | **$** | **24.21** | **$** | **(11.37)** | **$** | **31.23** |

| | | | | | | | | Three months ended June 30, 2019 |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of dollars except outstanding share amounts)* | | Recurring income | | Development | | Corporate and other | | Total |
| Revenue | $ | 42,518 | $ | 33,526 | $ | — | $ | 76,044 |
| % of total revenue | | 55.9% | | 44.1% | | —% | | 100.0% |
| Net margin | $ | 20,079 | $ | (622) | $ | — | $ | 19,457 |
| Net margin (%)[1] | | 47.2% | | n/a | | n/a | | 25.6% |

| | | | | | | | | Six months ended June 30, 2019 |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of dollars except outstanding share amounts)* | | Recurring income | | Development | | Corporate and other | | Total |
| Revenue | $ | 91,091 | $ | 41,910 | $ | — | $ | 133,001 |
| % of total revenue | | 68.5% | | 31.5% | | —% | | 100.0% |
| Net margin | $ | 42,787 | $ | (4,362) | $ | — | $ | 38,425 |
| Net margin (%)[1] | | 47.0% | | n/a | | n/a | | 28.9% |

| | | | | | | | | As at December 31, 2019 |
|---|---|---|---|---|---|---|---|---|
| Segment assets | $ | 1,133,201 | $ | 1,546,373 | $ | 354,459 | $ | 3,034,033 |
| Segment liabilities | $ | 255,863 | $ | 444,407 | $ | 901,154 | $ | 1,601,424 |
| Segment shareholders' equity | $ | 877,338 | $ | 1,080,317 | $ | (546,695) | $ | 1,410,960 |
| Book equity per share[2] | $ | 16.66 | $ | 20.52 | $ | (10.38) | $ | 26.79 |

[1] Net margin (%) is a non-IFRS measures. Refer to the "Non-IFRS Measures" section of our MD&A for further details.
[2] Book equity per share represents shareholders' equity divided by total number of share outstanding at period end.

**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.

**Conference Call**

Senior management will host a conference call on August 12, 2020 at 1:00 pm (ET). To access the call, please dial 1-888-465-5079 in Canada and the United States or 416-216-4169 elsewhere and use passcode 5776 154#. 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 conference call and the webcast will be available for 90 days.

**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 $8 billion of assets under management across three Toronto Stock Exchange ("TSX") listed trusts and numerous partnerships. We also develop land and residential assets in Western Canada for immediate sale. 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-IFRS Measures***

*Dream's 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, Dream discloses and discusses certain non-IFRS financial measures, including: net margin %, assets under management, net operating income and debt to total assets ratio, 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. Dream 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 comparable metrics determined in accordance with IFRS as indicators of Dream'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" section in Dream's MD&A for the three and six months ended June 30, 2020.*

***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, 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 uncertainties surrounding the COVID-19 pandemic and resulting disruptions; our development plans and proposals, including projected sizes, density, uses and tenants; development timelines; anticipated timing of closings of condominium unit sales, and resulting revenue and debt repayments; our pipeline of retail, commercial, condominium and mixed-use developments projects; anticipated levels of development, asset management and other management fees in future periods; and the expansion of our asset management business. 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, anticipated positive general economic and business conditions, including low unemployment and interest rates, 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, uncertainties surrounding the COVID-19 pandemic, employment levels, regulatory risks, mortgage rates and regulations, 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 August 11, 2020. 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).*