

Impact Financing Framework

June 2021 (amended May 2022)



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Section 1: Introduction

Dream Unlimited Corp. (TSX: DRM) ("Dream", or the "Company") is an asset manager, owner and developer of real estate. Founded in 1994, Dream has emerged as one of Canada's leading real estate companies with approximately C\$10 billion of assets under management across three TSX-listed trusts and numerous partnerships as of March 31, 2021. Dream focuses on developing large-scale, urban and suburban communities across Canada and managing income-producing properties across Canada, the United States and Europe. Since inception, Dream has delivered excellent financial returns by focusing on building better communities. Dream always invest with purpose, embracing creativity, passion, and innovation in all that it does. As a member of the Global Impact Investing Network ("GIIN") and a signatory of the Operating Principles for Impact Management, to further demonstrate its commitment to creating impact, Dream introduced two dedicated impact investing vehicles: Dream Impact Trust (TSX: MPCT.UN) and Dream Impact Fund. On May 3rd, 2021, Dream released its Inaugural Impact Report inclusive of its internal Impact Management System. Dream Impact Trust and Dream Impact Fund are both managed by Dream, share the same Impact Management System, and co-own several assets.

Dream Impact Trust (TSX: MPCT.UN) ("MPCT"), formerly Dream Hard Asset Alternatives Trust, is an open-ended real estate impact investing vehicle that was established in 2014. MPCT is managed by Dream Asset Management Corporation, a subsidiary of Dream.

As at March 31, 2022, MPCT had over C\$700 million in total assets and 80% of NAV qualified under MPCT's definition of an impact investment. MPCT's impact portfolio includes: West Don Lands, a LEED Gold, 30% affordable purpose-built multi-family rental apartment community in Toronto's downtown east end; Canary District Block 10, which includes the first Indigenous Hub in Canada, serving the needs of Toronto's First Nations community and the broader city; Brightwater, a 72-acre waterfront development in Mississauga's Port Credit area that will be transformed into a complete, vibrant, and diverse community; and Zibi, a 34-acre mixed-use waterfront community in Gatineau / Ottawa, which will be the first designated "One Planet Master-Planned Community" in the country, making it one of Canada's most sustainable neighborhoods. Over the next few years, MPCT's strategy is to invest in new impact investment opportunities, wind-down or exit remaining non-impact investments, and redeploy proceeds and increase financial flexibility from build-to-sell assets.

i. Scope

This Framework defines how Impact Investing Instruments are set up within Dream and MPCT from date of publication. For the purpose of this document, MPCT is included as part of Dream, while Dream Impact Fund, Dream Office REIT and Dream Industrial REIT are excluded (Dream Industrial REIT is subject to its own Financing Framework).

Potential Impact Investing Instruments include Green, Social and Sustainability Bonds, Green Loans, Social Loans, or other financial instruments (herein referred to as the "Impact Investing Instruments") to which an eligible asset or project, or a group of those, are allocated.

Dream may eventually update this Framework by including additional affiliates or managed entities, and commits that any new version will keep or improve current levels of transparency and reporting (with the corresponding review by external consultants and SPO providers) and that it will be publicly disclosed on its website.

ii. Dream's Impact Footprint and Initiatives

Dream has a long history of building better communities. The Company has generated strong financial returns by creating unique, inclusive assets which have lasting positive impacts on the lives of our residents, customers and stakeholders. Sustainability is ingrained in how Dream runs its business internally and externally. It is integral to Dream's purpose to Build Better Communities that align with the Company's values. For over two decades, Dream has been working to make its communities better while maximizing returns for investors. Dream aims to continue this strategy, while increasing its focus on Impact Investing

Dream's profitable and impactful investment strategy is increasingly being recognized by governments and the investing community. Real estate can play a significant role in addressing inequality and climate change. Dream believes that opportunities for double-bottom line investments, which focus on profit and purpose, will become increasingly available for organizations like Dream that have demonstrated the commitment and experience to execute and achieve the highest impact for all stakeholders. By sharpening the Company's focus on these opportunities, Dream believes that it can continue to build a financially successful business that contributes positively to social and environmental outcomes.

Dream Impact Trust

As the owner and developer of real estate, MPCT is focused on developing and operating properties in a manner that contributes to the betterment of its communities by incorporating affordable and attainable housing, fostering inclusivity, and managing resource efficiency to minimize environmental harm to communities, while pursuing sustainable market returns. Guided by Dream Impact Management System's core activities of intentionality, measurement, verification and focus on addressing one or more of its three impact verticals, as a city builder, MPCT is uniquely positioned to assist in delivering the best for its communities,

MPCT's investments will address one or more of MPCT's three "impact verticals", which are aligned with the United Nations Sustainable Development Goals ("SDGs"). Each vertical is integral to MPCT's strategy of building complete communities and reflects a component of UN SDG 11 – Sustainable Cities and Communities. Through successfully supporting UN SDG 11, MPCT will also support the achievement of several other UN SDGs. MPCT's impact verticals are as follows:

1. **Environmental Sustainability and Resilience:** Develop sustainable real estate that optimizes energy use, limits greenhouse gas emissions, and reduces water use and waste while also creating resiliency against natural disasters and major climatic events.
2. **Attainable and Affordable Housing:** Invest in mixed-income communities that are transit-oriented, located close to employment opportunities, and support an overall lower relative cost of living with high quality of life.
3. **Inclusive Communities:** Intentionally design and program communities that are safe and inclusive for everyone. This includes creating spaces that encourage mental and physical health, and wellness.

iii. Framework Background

To further demonstrate Dream's commitment to creating positive impact and ensure that cities are more inclusive, safe, resilient, and sustainable, Dream has established an Impact Financing Framework under which Dream and MPCT may issue Impact Investing Instruments including Green, Social and Sustainability Bonds, Green Loans, Social Loans, or other financial instruments (herein referred to as the "Impact Investing Instruments").

The Issuer's projects and investments will address one or more of its "impact verticals", guided by Dream's Impact Management System ("DIMS"). DIMS's three core activities are intentionality, measurement, and verification. Dream, under the DIMS, will measure and assess the impact each investment creates on a consistent basis across the portfolio with a focus on three main components: Impact Pathways, Secondary Pathways and Negative Pathways.

Dream's Impact Pathways are the internal systems used to measure the impact each investment creates. They will allow investments to be benchmarked against one another and against their target scores and evaluate whether a new acquisition will meet impact requirements. Secondary pathways are an extension of the impact pathways, and are meant to better illustrate the benefits that the assets have on individuals, families, and the communities in which Dream operates. These benefits are based on primary research, conducted by MPCT, and secondary research, based on peer reviewed academic papers. Negative pathways are the negative externalities that Dream's business activities may have on people and the environment. For each of the income properties and development projects, the focus is on delivering both social and environmental benefits while mitigating the potential negative effects Dream's operations may cause.

Section 2: Impact Financing Framework

Dream's Impact Financing Framework (the "Framework") is aligned with ICMA's 2021 Green Bond Principles ("GBP")¹, 2021 Social Bond Principles ("SBP")², 2021 Sustainability Bond Guidelines ("SBG")³, the Loan Market Association's 2021 Green Loan Principles ("GLP")⁴ and 2021 Social Loan Principles ("SLP")⁵. This Framework addresses the four core components and recommended project categories of the GBP, SBP, GLP and SLP:


- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting

This Framework addresses each of the above components in support of Dream Unlimited's impact investing initiatives.

i. Use of Proceeds

Proceeds raised under this framework will be used to finance and/or refinance new and/or existing eligible projects (the "Eligible Impact Investments") with a lookback period of 36 months. Eligible Projects are investments and expenditures made by Dream and MPCT, beginning with the issuance date of any Impact Investing Instruments (i.e., including Green, Social and Sustainability Bonds, Green Loans, Social Loans) or in the 36 months prior to any such issuance, in eligible green projects and / or social projects (as defined herein).

Eligible Impact Projects may be financed in part or in whole by the Issuer, and will fall within the following eligible project categories:

Impact Vertical: Environmental Sustainability, Health, and Resilience		
ICMA Project Categories	Eligibility Criteria for Impact Investments	UN SDGs Alignment
Green Buildings	<p>Acquisition, construction, development and/or refurbishment of residential, retail, commercial and associated office spaces that have received or are expected to receive at least one of the following classifications (or other equivalent certifications):</p> <ul style="list-style-type: none"> ▪ LEED: (Gold or Platinum) ▪ BREEAM: (Excellent or Outstanding) ▪ BOMA BEST: Gold or Platinum ▪ ENERGY STAR: Score greater than 85 ▪ Other equivalent internationally and/or nationally recognized certifications <p>MPCT targets to have 100% of all income properties to achieve Green Building Certifications by 2025.</p>	







¹ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>



² <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>

³ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>




⁴ <https://www.lsta.org/content/guidance-on-green-loan-principles-glp/>

⁵ <https://www.lsta.org/content/social-loan-principles-slp/>





<p>Energy Efficiency</p>	<p>Investments or expenditure in systems or equipment that reduce energy consumption or improve energy efficiency by at least 20% in properties, including, but not limited to:</p> <ul style="list-style-type: none"> ▪ Energy efficiency heating and cooling systems (i.e. heat recovery systems), including ventilation, air conditioning (HVAC), refrigeration, and electrical equipment and software systems ▪ District heating and cooling systems that are fully (100%) powered by renewable energy ▪ LED and other energy efficiency lighting ▪ Smart meters, load control systems, sensors or building information systems ▪ Energy storage systems and smart grids ▪ Energy efficient roof improvements and sustainability-oriented construction materials (i.e. roof insulation, green roofing, low carbon concrete) 	  
<p>Sustainable Water and Wastewater Management</p>	<p>Investments in systems or equipment that minimize water consumption or improve water-use efficiency, including:</p> <ul style="list-style-type: none"> ▪ Projects for collection, treatment, recycling or reuse of water, rainwater or wastewater ▪ Installation of water efficient products or technologies or xeriscaping/drought-tolerant landscaping (i.e. water metering/monitoring systems) 	 
<p>Biodiversity and Conservation</p>	<p>Investments or projects dedicated to promoting ecological restoration aimed at preserving biodiversity and native ecosystems (i.e., development of green areas and green spaces, such as community gardens, parks and green roofs)</p>	  
<p>Pollution Prevention and Control</p>	<p>Expenditure and/or investments in the construction, development, operation, acquisition and maintenance of land, facilities, systems or equipment used for:</p> <ul style="list-style-type: none"> ▪ Collection, treatment/remediation, recycling or reuse of emissions, waste, hazardous waste or contaminated soil, including onsite composting and processes and infrastructure that facilitate recycling practices 	  
<p>Adaptability and Resilience to Climate Change</p>	<p>Measures that build adaptability and resilience against natural disasters, such as expenditures related to design, construction, maintenance and upgrades of buildings/assets, including feasibility studies, for adapting to more frequent and extreme weather events caused by climate change. These can include projects to build structural resilience energy storage, storm water waste management or other equivalent climate resilience projects</p>	  

Clean Transportation	<p>Expenditure and investments in clean transportation solutions that positively impact communities who use or are located near our properties or would improve connectivity or promote multi-modal transportation and non-motorized methods resulting in a reduction in greenhouse gas emissions, including:</p> <ul style="list-style-type: none"> ▪ Infrastructure or charging station to accommodate electric vehicles (i.e. e-scooters) or non-motorized transport such as cycling, walking, vehicle sharing ▪ Infrastructure programs to support transit, car-sharing and ride-sharing initiatives 	 
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Impact Vertical: Attainable and Affordable Housing

ICMA Project Categories	Eligibility Criteria for Impact Investments	UN SDGs Alignment
Affordable Housing	<p>Expenditure related to the acquisition, development, construction, renovation, programming of the communities, and maintenance of affordable housing, meeting the statutory definition and relevant eligibility criteria as set out in applicable local regulation¹. Example projects may include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Financing structures to support the preservation and development of housing units <p>Target population: Low to moderate income household making between 30% and 80% of the area's median household income (AMI) or in accordance with affordable requirement as approved under other housing programs/initiatives (federal, provincial, territorial, municipal)</p> <p><i>Definitions will vary based on the local context:</i></p> <ol style="list-style-type: none"> (1) For Canada, this would be in alignment with the Statistics Canada definition of the Canadian Index of Multiple Deprivation or the Canadian Mortgage and Housing Corporation's Investment in Affordable Housing program (2) For the US, this would be in alignment with the Community Reinvestment Act (CRA) (Title 12, Chapter 1, Part 25 of the Code of Federal Regulations). Under the CRA, a low-income community means there is a median family income of less than 50% of the AMI. A moderate-income community means that the median family income is at least 50% and less than 80% of the area median income 	  

Impact Vertical: Inclusive Communities

ICMA Project Categories	Eligibility Criteria for Impact Investments	UN SDGs Alignment
Socioeconomic advancement and empowerment	<p>Projects that promote the socioeconomic development and advancement of underserved or vulnerable communities. Example projects may include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Financing for Indigenous or minority-owned small and medium businesses (SMBs) (e.g., First Nations) ▪ Dream Difference Social Procurement programs, providing fair, merit-based opportunities to trades, contractors and service providers from underserved communities <p>Target Population: Underserved, vulnerable, and equity seeking communities, that experiences economic disadvantages, discrimination, and barriers to equal opportunity. An equity-seeking community is a group that experiences discrimination or barriers to equal opportunity, including women, Indigenous, Black, Asian, Hispanic-Latino communities, persons with disabilities, newcomers/new immigrants, LGBTQ+ people, visible minorities/racialized people, and other groups the federal, provincial, territorial, and municipal, identifies as historically underrepresented.</p> <p><i>Dream's definition of underserved or vulnerable communities is aligned with the City of Toronto's official definition of underserved, vulnerable, and equity seeking communities</i></p>	   

Employment Generation

Expenditures focused on promoting economic opportunity and equity for under-represented communities, supporting local economic development and job creation/retention. Example projects may include, but are not limited to:

- Creating opportunities for employees to participate in upskilling programs focused on enable careers transitions and development
- Training to help improve marginalized youth and workers to access off-reserve education and employment opportunities
- Inclusive Community Programming to promote inclusivity, diversity, and address the specific needs of our residents, tenants, from underserved and underrepresented communities.

Target Population: Underserved, vulnerable, and equity seeking communities, that experiences economic disadvantages, discrimination, and barriers to equal opportunity. An equity-seeking community is a group that experiences discrimination or barriers to equal opportunity, including women, Indigenous, Black, Asian, Hispanic-Latino communities, persons with disabilities, newcomers/new immigrants, LGBTQ+ people, visible minorities/racialized people, and other groups the federal, provincial, territorial, and municipal, identifies as historically underrepresented.

Dream's definition of underrepresented communities is aligned with the City of Toronto's official definition of underserved, vulnerable, and equity seeking communities



ii. Process for Project Evaluation and Selection

The Issuer's Investment Committee will be responsible for evaluating and approving eligibility of projects for sustainable financing, in accordance with the evaluation criteria set out in this Impact Financing Framework. The Investment Committee is a cross-departmental committee chaired by the Issuer's Chief Responsible Officer and made up of senior executives overseeing the following relevant departments: Impact and Sustainability, Finance, Development, and Asset Management. The Issuer's Committee will meet annually to review and approve eligible projects, existing allocation of proceeds, review of post-issuance External Verification Report and resolution of issues, and monitor evolution of market best practices and development of the impacting investing class, refine approach and impact framework accordingly. Eligible projects are approved by consensus.

As a leading Canadian real estate developer, Dream and MPCT will endeavor to align to market best practice standards in the jurisdictions in which we operate. The Issuer's Investment Committee reviews the identified eligible projects against the Impact Financing Framework to confirm eligibility and approves the projects for inclusion in the Impact Projects Register. Eligible projects will be added to the Impact Projects Register which will be made publicly available on the Issuer's website. The Issuer's loan review group has a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant projects as well as analyzing and monitoring, where required, potential meaningful risks.

iii. Management of Proceeds

The Issuer will track net proceeds generated and allocated under this framework. Net proceeds will be deposited to the Issuer's general account and, in accordance with the Green Bond Principles and Social Bond Principles, the Issuer will allocate an amount equal to these net proceeds to approved eligible projects listed in the Impact Projects Register. The Issuer will aim to disburse all proceeds within 24 months. Pending allocation to Eligible Impact Investments, net proceeds of Impact Investing Instruments will be managed in accordance with the Issuer's normal liquidity management practices including repayment of existing indebtedness, held in cash or cash equivalents, short-term deposits or other instruments.

All relevant information regarding generation and allocation of proceeds under this framework will be kept in the Issuer's Impact Projects Register.

iv. Reporting

The Issuer will report on impact and allocation of proceeds in its Annual Report, made publicly available on the Issuer's website, until full allocation of net proceeds. The report will include the following:

- Net proceeds generated under the Impact Financing Framework
- Allocation of proceeds by project category

- A list of eligible projects financed with amount allocated and a brief summary
- Expected impact metrics by project, where feasible
- Outstanding amount of net proceeds at the end of the reporting period

Below are examples of impact metrics that may be reported on for certain projects where this is feasible.

Eligible Project Category	Example Impact Metric(s)
Environmental Sustainability and Resilience	<ul style="list-style-type: none"> ▪ Contaminations removed (tonnes) ▪ Estimated annual greenhouse gas (GHG) emissions reduced or avoided (tCO2e) ▪ Annual energy savings (MWh/m2) ▪ Utility costs saved across the development (\$) ▪ Amount of water recycled and/or reduced (m3 or %) ▪ Green spaces built (% or square meters) ▪ Diversion of waste from landfill (tonnes) ▪ Improvement in air quality and air flow ▪ Number of impact leases developed and / or completed ▪ Electric vehicle charging stations installed (#) ▪ New clean transportation infrastructure (km)
Attainable and Affordable Housing	<ul style="list-style-type: none"> ▪ Number of affordable and accessible units completed or under development ▪ Number of people with access to safe, affordable and sustainable housing ▪ Demographic of individuals receiving the affordable/accessible units ▪ Discount to market rent (%)
Inclusive Communities	<ul style="list-style-type: none"> ▪ Number of partnerships with Indigenous/minority groups ▪ Number of Indigenous or other minority businesses supported ▪ % of construction hours worked by women and equity-seeking groups ▪ Number of inclusive community programs/events held and participation & satisfaction rates

External Review

Second-Party Opinion

This Impact Financing Framework is reviewed by DNV to verify alignment with ICMA's 2021 Green Bond Principles GBP, 2021 Social Bond Principles, 2021 Sustainability Bond Guidelines, the Loan Market Association's 2021 Green Loan Principles and 2021 Social Loan Principles; the second opinion is made publicly available on Dream's website. If the Framework is subject to change, an updated second party opinion will be procured.

Post Issuance Verification

The allocation of proceeds and impact metrics contained in the Annual Report will align with Dream's Impact Management System. As a signatory to the Operating Principles for Impact Management, Dream's Impact Management System will be verified by a third party; the results of the third-party verification will be made publicly available on Dream's website.

Feedback

Please provide your comments, feedback, and queries to impactfeedback@dream.ca

Forward Looking Disclaimer

This Framework may contain forward-looking information within the meaning of applicable securities legislation, including statements relating to Dream Unlimited Corp. (TSX: DRM) and Dream Impact Trust (TSX: MPCT.UN), (collectively referred to as the “Dream Group of Companies”) and their objectives and strategies to achieve those objectives, 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: the Dream Group of Companies future diversity, inclusion and advancement programs; Dream Impact Trust’s environmental and social goals; Dream Impact Trust’s impact management system; plans and proposals for current and future development and redevelopment projects, including projected sizes, densities, uses, costs, timing for expected zoning approvals, development milestones and their expected sustainability impact; and the overall effect of our impact initiatives. 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 our 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) pandemic on the Dream Group of Companies; changes to the regulatory environment; environmental risks; local real estate conditions, including the development of properties in close proximity to our properties and changes in real estate values; timely leasing of vacant space and re-leasing of occupied space upon expiration; dependence on tenants’ and borrowers’ financial condition; the uncertainties of acquisition activity; the ability to effectively integrate acquisitions; dependence on our partners in the development, construction and operation of our real estate projects; uncertainty surrounding the development and construction of new projects and delays and cost overruns in the design, development, construction and operation of projects; our ability to execute on our strategic plans and meet financial obligations; interest and mortgage rates and regulations; inflation; availability of equity and debt financing and foreign exchange fluctuations. All forward-looking information in this Framework. The Dream Group of Companies 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) by each member of the Dream Group of Companies. These filings are also available at the websites of each member of the Dream Group of Companies, which can be reached through www.dream.ca.

Appendix

List of Current Dream Unlimited Corp Issuers

Dream Impact Trust

