

Dream Residential REIT

Environmental Policy

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1.0 Introduction

We believe that real estate can have a profound positive effect on a community and individual. By proactively focusing on such effects, we expect to improve the overall quality of life for our residents and contribute to creating healthy communities. Through the processes outlined in Dream Residential REIT's Environmental Policy (the "Policy"), we describe important business practices that help make our communities better, while increasing our focus on generating intentional and measurable environmental returns, aligning ourselves with applicable standards.

Dream operates in compliance with all applicable environmental laws, rules and regulations. Dream strives to make efficient use of resources, reduce pollution, reduce waste and reduce its impact on the environment.

2.0 Objectives

Dream Residential REIT ("Dream") has the following objectives as it relates to environmental sustainability:

- Protect the environment from impacts arising from our operations.
- Use natural resources and energy more efficiently to reduce emissions, and waste in our operations.
- Comply with applicable environmental laws and regulations in the jurisdictions in which we operate.
- Identify and implement commercially prudent measures to minimize the negative environmental impacts of our operations.
- Support environmental sustainability initiatives, and promote awareness with relevant stakeholder groups, such as employees, residents, and suppliers.

3.0 Environmental Management Approach

Dream's environmental management approach guides environmental performance and our commitment to continuous improvement. We have dedicated management tasked with supporting, managing and evaluating our efforts. The Director of Risk and Insurance and the Director of Property Services and Improvements help lead our environmental approach and are responsible for achieving compliance through adherence to applicable regulatory requirements.

Our teams report quarterly to the Chief Operating Officer on environmental risks and compliance with relevant environmental laws and regulations as well as opportunities for improvement and new policies and practices. In turn, the Chief Operating Officer reports to the Board of Trustees on environmental risks and compliance on a regular basis.

Dream strives to identify products, activities and services that minimize adverse impacts on the environment and to introduce them where most effective in our business.

External environmental audits are performed as part of our due diligence prior to acquiring a property and thereafter, on an as needed basis. We regularly do our own environmental reviews in respect of a property as part of our property management operations.

4.0 Energy Management

Dream recognizes energy conservation can play an important role in reducing greenhouse gas (“GHG”) emissions. Dream strives to reduce energy consumption through the use of efficient equipment and continuous improvement of property operations. In addition, we will assess opportunities for renewable energy or other energy conserving measures at our properties as part of our property management business planning.

Our Energy Management efforts extend to both our corporate level as well as property level operations under our direct operational control. This includes indoor and outdoor lighting, common area management, and our employee office areas. All measures are in addition to meeting applicable related legal requirements.

Dream strives to operate and maintain our properties in a manner which promotes energy conservation and efficiency. When applicable and where appropriate, Dream will:

- Obtain energy audits of assets that evaluate the current state of our properties.
- Recommend operational energy conservation measures
- Review and update Dream-controlled equipment and lighting schedules periodically to align with the requirements of the areas served.
- Review and adjust Dream-controlled HVAC settings periodically to reflect energy efficient operations.
- Conduct timely preventative maintenance to facilitate efficient equipment operation.
- When planning for end-of-life Dream-controlled equipment replacement, consider energy efficient and cost-effective options.

5.0 Climate Change and GHG Risk Management

5.1 Climate Change and GHG Risk Management

Risk management is integrated into the roles and responsibilities of managers across Dream’s operations, which report to the Managing Director of Multifamily Operations + Property Management and the Chief Operating Officer, who are responsible for the supervision of, identification of and, where appropriate, mitigation of material risks facing Dream. The Chief Operating Officer reports as needed, but at least annually, to the Governance, Compensation and Environmental Committee.

5.2 Climate Change-Related Risks

Dream will manage regulatory, reputational and/or market risks related to climate change. The Chief Operating Officer is responsible for addressing climate change-related physical risks and transition risks, under the Board’s oversight.

Dream is exposed to both transition and physical risks related to climate change. Transition risk is the risk that our properties will be subject to government regulations aimed at mitigating the impacts of climate change, such as GHG emissions reduction regulations, which could impose constraints on our operational flexibility or cause us to incur financial costs to comply with various reforms. We monitor those government regulations and evaluate how they may impact our business and plan accordingly.

We conduct analyses on a periodic basis to identify physical climate change-related risks in our portfolio and assess our level of resiliency. We periodically assess the physical climate change-related risk at each

property against the following hazards: flooding, hailstorm, wildfire, lightning, windstorm, earthquake and tornado.

5.3 Energy and Water Management Risk

Dream strives to manage and operate our properties in the most efficient way to mitigate risks associated with escalating utility costs, shifting regulations and resident preferences. Our proactive energy management practices, such as those listed in Section 4.0, support Dream's goal of mitigating the adverse impacts of new regulation, including compliance costs.

5.4 GHG Reduction program

Dream is committed to reducing Scope 1 and 2 GHG emissions to net zero by 2050, and is working to evaluate its Scope 3 GHG emissions and intends to set relevant targets when such evaluation has been finalized. Dream, with assistance from their Asset Managers, will develop property roadmaps and asset strategies to achieve this commitments.

Dream's Asset Managers will be monitoring and measuring the portfolio's Scope 1 and 2 GHG emissions as needed for their purposes. The majority of Dream's assets are garden style apartment buildings in which residents are responsible for the operational and financial control of their utilities. As part of this program, Dream intends to work with tenants to reduce tenant-controlled, scope 3, emissions through education and awareness for efficiency upgrades.

6.0 Water Management Programs and Water Risk Management

Dream strives to reduce its water footprint and make efficient use of potable water in its properties. Where applicable, we aim to reduce our water consumption by supporting the installation of low flow plumbing fixtures, controls on sprinkler systems and regular maintenance of pool systems. We intend to monitor the risks posed by water scarcity in the areas in which we operate. Water use is managed by the property teams under the oversight of the Managing Director of Multifamily Operations + Property Management and the Chief Operating Officer.

6.1 Strategies and Guidelines

a. Base Building and Resident Plumbing Fixtures

Where plans for a property include washroom renovations, Dream will evaluate installing water efficient fixtures. The following are the current water efficiency guidelines where a property is undergoing washroom renovations:

- The average flow rate for lavatory faucets should be ≤ 2.20 gpm.
- The average flow rate for showers should be ≤ 2.50 gpm per stall.
- The average flow rate for toilets should be ≤ 1.60 gpf.

b. Landscaping

Dream strives to reduce the amount of potable water used for landscape irrigation. Where appropriate, preference will be given to native and drought tolerant species to reduce the need for a permanent irrigation system. When that is not an option, drip irrigation will be considered over a sprinkler system. When sprinklers must be used, consideration will be given to a system that minimizes operation frequency through use of rain sensors and other water minimizing controls.

7.0 Acquisitions and Investments

As part of the acquisition process, investment opportunities are reviewed and evaluated by Dream's investment committee.

As part of this process, a due diligence checklist and Impact Investment Criteria checklist is presented to the investment committee outlining key environmental considerations, opportunities and risks, as well as information relating to existing green building certifications. We also aim to identify green building certification opportunities as well as opportunities for green building investments. This process involves assessments of building systems to determine the business case and payback associated with capital improvements required to enhance resource efficiency and add value to the investment. In addition, environmental site assessments are typically conducted by third-party vendors and reviewed ultimately by the COO and its environmental consultants during the due diligence period to identify, quantify, and manage potential environmental risks, such as property contamination.

8.0 Governance and Accountability

Dream's senior management and other employees recognize that communication, consultation, and ongoing feedback are important aspects of managing environmental matters effectively. This Policy will be reviewed and updated periodically to comply with applicable regulations. The Chief Operating Officer of Dream is accountable to Dream's Board for establishing, maintaining and overseeing the Policy. All Dream employees and officers are required to comply with this Policy, which will be included in Dream's Employee Handbook, and made available to all employees.

Endorsed and adopted by the Board of Trustees of the REIT on February 15, 2023.