



Operating Principles for Impact Management

Dream Unlimited Corp. | May 31, 2024

The concepts behind impact investing are ingrained in our 25 + year history as a real estate developer and asset manager. Our mission has long been to build better communities for people to live, work and play in, and our three core impact verticals, discussed below, will allow us to pursue our mission with greater focus. Each vertical is aligned with various United Nations Sustainable Development Goals (“SDGs”); our goal as an organization is to align most closely with SDG 11, Sustainable Cities and Communities.

Dream Unlimited Corp. (“Dream”) is a leading developer of exceptional office and residential assets in Toronto and Ottawa. We also own stabilized income-generating assets in Canada, the United States, and Europe, as well as a successful asset management business. Overall, Dream has CAD\$24 billion¹ of assets under management across five Toronto Stock Exchange listed trusts and numerous partnerships. Furthermore, we develop residential assets in Western Canada for immediate sale. Dream has a proven track record of being innovative, and we are recognized for our ability to source, structure, and execute compelling investment opportunities.

Dream Unlimited Corp. (the “Signatory”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”).

This Disclosure Statement applies to the following assets or business lines (the “Covered Assets”):

- Dream Impact Trust (~95% of the portfolio)¹;
- Dream Impact Fund (100% of the portfolio)¹;
- Dream Office REIT (~63% of the portfolio)¹; and
- Dream Unlimited (~60% of the portfolio)¹.

The total Covered Assets in alignment with the Impact Principles was US\$2.9 billion¹.

In this Disclosure Statement, we provide specific commentary aligned with each of the 9 Operating Principles for Impact Management.

“Meaghan Peloso”

Meaghan Peloso
Chief Financial Officer, Dream Unlimited Corp.

¹ Based on total assets as at December 31, 2023.

Principle 1**Define strategic impact objective(s), consistent with the investment strategy.**

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the United Nations Sustainable Development Goals (“UN SDGs”), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Dream’s impact qualifying assets are governed by three core impact verticals. These verticals are:

- Environmental Sustainability and Resilience;
- Attainable and Affordable Housing; and
- Inclusive Communities.

All three verticals were established to address social and environmental issues facing the communities in which we operate. The themes behind our verticals are supported by numerous stakeholders, including, but not limited to, various levels of government, lenders, investment partners, customers, and the community.

As a real estate developer and manager, we have the potential to support many of the SDGs. However, we believe our ESG and Impact Frameworks position us to contribute to the SDGs that are most closely connected to our core business activities and where we can intentionally measure our impact. At Dream, we are focused on building safe, resilient, inclusive, and sustainable cities. Therefore, we view SDG 11: Sustainable Cities and Communities as our overarching goal with several other SDGs supporting asset level projects and initiatives within our impact investing strategy.

Given our asset profile and the depth of our development pipeline, we believe we can achieve scale through the completion of our developments, retrofits to our existing assets, and implementation of programming through partnerships across our assets. For each investment, we identify impact pathways that describe the impact-related activities for that asset and links the outputs and outcomes of each pathway to a relevant UN SDG, SDG targets, and impact vertical. The impact pathways help us understand, evaluate, and communicate the impact we are having. We have compiled a wide-ranging evidence base through research and experience, supporting our confidence that our investment strategy will deliver the impact we seek.

Principle 2

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Dream sets impact objectives for all impact assets in the portfolio and, where possible, aggregates metrics to monitor impact at the portfolio level, by reporting on Key Performance Indicators (“KPIs”) that are common across many of our impact investments.

Dream’s Impact Management System is our intentional approach to identifying, managing, and measuring our impact assets in a systematic way, incorporating industry leading methodologies from established frameworks. It was developed to ensure impact considerations are integrated throughout all phases of the investment lifecycle – from due diligence to investment completion or stabilization, with annual reviews in place to ensure impact initiatives stay on track.

By policy for both Dream Impact Fund and Dream Impact Trust (TSX: MPCT.UN), all new investments must contribute to Dream’s impact objectives. We have developed an acquisition checklist to evaluate potential new investments based on financial criteria and impact criteria and utilize the checklist during the due diligence process. Only investments that qualify on both financial and impact criteria will be considered as impact investments. Impact pathways for recurring income assets are completed during the due diligence phase and are formally scored with our in-house impact scoring system (further discussed under Principle 4) at closing. For development acquisitions, preliminary impact pathways are identified during due diligence with final pathways revised during the development entitlement process. An impact strategy section is included in our Investment Committee materials, and utilizing the pathways we identify how a potential investment compares with existing investments in the portfolio, and how it contributes to our impact objectives. These analyses are reviewed by the Investment Committee as part of the acquisition approval process.

For recurring income assets, pathways set at acquisition are expected to be consistent with the eventual impact outcome. For development projects, we expect the pathways to evolve throughout the planning process, as zoning is achieved, and pre-development work is completed. However, the Impact Management System continues to be used to ensure impact considerations are reflected through each of the development steps and reporting stages. Strategic briefs for each development project discuss impact objectives alongside construction and financial considerations.

Staff are incentivized to achieve both our Environmental, Social, and Governance (“ESG”), impact, and financials goals. In respect to ESG and impact objectives and performance, the Chief Responsible Officer is the highest-level executive with oversight over ESG and impact matters. As part of Dream’s ESG and Impact Frameworks, ESG and impact considerations are aligned to executives’ goals, where applicable, which naturally cascade into the broader team goals.

Principle 3

Establish the Manager’s contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Dream’s in-house scoring system incorporates an evaluation of Dream’s specific contribution towards the impact created by each investment. Dream’s Impact Management System is aligned with Impact Frontier’s Five Dimensions of Impact (What, Who, How Much, Contribution, and Risk).

Dream’s contribution is assessed separately for each impact pathway on a scale ranging from Low to Medium to High, each of which corresponds to a numerical multiplier in our scoring system. Investments receive a higher contribution score if the impact outcome is unlikely to be achieved without Dream’s investment, and a lower score, if the impact outcome is likely to have occurred regardless of Dream’s involvement. Some guiding questions used to determine the score are ‘How essential was Dream in achieving the impact?’ and ‘Would the outcome have happened anyway?’

Construction rules (often referred to as “codes”) and regulatory requirements are the main tool we use for consideration of contribution. For example, performing capital upgrades to a recurring income asset to bring it up to, or maintain it at code, receives a low contribution score. By contrast, building a net zero carbon master-planned community with affordable housing receives a high contribution score, as it goes above common development practices.

Principle 4**Assess the expected impact of each investment, based on a systematic approach.**

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Dream has developed an in-house Impact Management System, which includes scoring assets, that can be applied to all impact investments. The Impact Management System and scoring has been thoroughly reviewed by various teams inside Dream to ensure it is internally consistent and practically applicable. The framework Dream developed utilizes the Five Dimensions of Impact (What, Who, How Much, Contribution, and Risk).

The Impact Management System has been specifically designed to measure the impact that each of our investments creates – whether recurring income assets or development projects - consistently across the portfolio. The scoring system is applied to each pathway for all impact assets, and the score for all pathways is aggregated to arrive at an investment's total net impact score. Each pathway also has associated KPIs that align with reporting and disclosures across Dream's entities. The KPIs are aggregated to summarize our impact at a portfolio level and are reported annually in our Impact Report. In Dream's Impact Management System, these pathways are referred to as Impact Pathways. For an asset to be considered an impact asset it has at a minimum three unique impact pathways, that cross at least two of the three impact verticals.

For each of Dream's impact verticals, we have also considered and researched indirect impacts, which we refer to as "secondary pathways." These are not scored but are intended to illustrate more fully our assets' benefits to stakeholders. Secondary pathways are assessed based on peer reviewed research, which itself is selected based on its applicability to Dream's context.

A third key aspect of our Impact Management System is our assessment of negative pathways, which are further discussed under Principle 5.

Principle 5**Assess, address, monitor, and manage potential negative impacts of each investment.**

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (“ESG”) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Dream has long acknowledged the environmental harm that can flow from irresponsibly building and operating real estate assets. While responsibility to its stakeholders has been part of Dream’s DNA since its founding, Dream’s ESG management practices were established prior to the company’s inaugural ESG report in 2015. Dream believes there is significant overlap between negative impacts and ESG risks.

Dream’s ESG risk management helps us continuously identify and mitigate risks that could impact our companies. It requires collaboration with numerous teams across Dream and understanding of the potential risks that arise during acquisition, investments, developments, and operations. In the acquisition and development stages, ESG risk management includes evaluating risks and opportunities using due diligence checklists to review a comprehensive set of risks, tailored for each investment opportunity. Across Dream, risk management is overseen by the applicable governance committee of each company, with the Risk and Insurance team reporting annually to Board committees at each entity.

Since formalizing Dream’s ESG Framework in 2021, we have integrated the ESG Framework across Dream companies. We focused on generating intentional and measurable environmental and social returns and further embedding ESG throughout our business. The four Framework Pillars of Best Places, Future Ready, Strong Relationships, and Operational Excellence demonstrate our integrated approach and reflect a similar strategy for our impact assets. We encourage readers to review Dream’s ESG Framework, approach and outcomes detailed in our [2023 Sustainability Report](#). Additionally, in 2023 Dream Unlimited Corp. formally published our [Responsible Investment Policy](#) outlining our approach to incorporating ESG factors into the selection and management of our investments.

As part of the Impact Management System, established ESG processes are utilized, and we have developed a tool to help evaluate the materiality of negative pathways. We have also developed an approach to ranking them based on the severity of the problem, relevance to Dream’s operations, and mitigation efforts needed. This has helped us understand the potential negative impacts of our business and develop mitigation strategies, where possible. We have identified three primary negative pathways, all of which overlap with ESG risks previously identified and reported on. These are: greenhouse gas emissions related to cement manufacturing; waste as a construction by-product; and the energy, water, and waste profile of buildings over their lifespans.

The negative pathways are not yet formally integrated into our ESG due diligence and monitoring framework, however, we are working to expand our negative impact management strategy to manage the negative impacts of our activities at the individual asset level over time.

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Impact metrics, targets, and KPIs are defined for all impact investments to capture the outputs and outcomes of our impact pathways. Dream collects and reports on data related to impact KPIs annually in our [Impact Reports](#). This process is collaborative and integrated with our ESG team as they simultaneously collect data for Dream's annual Sustainability Report.

For recurring income assets, expectations are set for each investment by measuring the investment's baseline at acquisition (e.g., by performing a baseline energy audit), and annual targets for improvement are set. For development projects, the baseline is zero, as developments go through the planning phase, targets for stabilization following construction completion are set. This is done by incorporating impact and ESG industry standards, and in many cases, consider how we can surpass these industry standards.

Impact objectives are considered during the annual business planning process for Dream assets and further described under Impact Principle 8. We continue to improve our systems to ensure that impact goals and objectives are reviewed and addressed during that time. If any impact scores, outputs, or outcomes differ from expectations, the Impact team will engage with the relevant asset manager to determine next steps to resolve the underperformance, and work to ensure any changes are reflected, where needed, through the Impact Management System and impact score.

During our formal reporting process, data is compiled at the request of the Impact team and is reviewed and disclosed on an annual basis in Dream's Impact Report. For each of our impact assets, the relevant team (e.g. the sustainability team) within Dream is responsible for providing all impact pathway-relevant performance data and trend analysis, where applicable.

Dream continues to expand and develop our impact portfolio and management strategy. We keep up to date with globally recognized standards and frameworks for impact related KPIs, such as IRIS+, and ensure that our KPIs, while specific to real estate and the uniqueness of each asset, are documented and aligned with these standards and methodologies. Additionally, we seek to further integrate our impact KPIs with our Sustainability metrics and reporting, increasing cohesion and consistency across Dream.

Principle 7

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Over 90% of our Covered Assets are considered long-term investments which we do not plan to exit in normal course. We are building and acquiring to hold and intend to retain and operate the assets over the course of their lifecycle, which reflects our long-term commitment to impact. For example, our Canary Landing development is build-to-hold. We intend to own and operate the apartment rentals over the 99-year term of our land lease. This will allow us to ensure that all impact initiatives are kept in place over this time period.

For investments where we do propose to exit, we will have built-in impact-delivering features that will remain for the life of the structure, due to the long-term nature of real estate assets. These features could include energy efficiency and lighting features, barrier-free access, and water-saving technology.

For build-to-sell assets, we acknowledge that we may have very little control over impact attributes that will depend on the purchaser, which are primarily impact attributes related to our inclusive communities vertical. For assets where an exit is anticipated, we intend to explore partnerships with local non-profit organizations and business improvement associations, to ensure the physical real estate continues to be a venue for fostering inclusion. In the future, we intend to build out our exit management approach to sustain impact under our three impact verticals after exiting, where applicable.

Principle 8**Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.**

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Dream is committed to reviewing and continuously improving our Impact Management System. This is a collaborative process that includes the portfolio and asset management teams, the sustainability team, the development teams, and senior management, led by our dedicated Impact team.

Dream undertakes a comprehensive review of its Impact Management System on an annual basis. This annual review covers the impact pathways for each investment, progress against impact KPIs, secondary pathways, impact performance on a portfolio basis, and the Impact Management System itself.

The impact pathways will be reviewed for each recurring income and development asset. We will compare target impact outcomes and scores from the prior year pathways to actuals, in cases where pathways are complete. For pathways that are not yet complete, we will assess if we are still on track to achieve the target impact outcomes and scores by our stated timeline. Discrepancies between expected and actual impact will be discussed annually, along with potential causes and remediations.

Throughout the year we monitor industry developments and incorporate changes, if relevant, into our Impact Management System for the following year. This includes capturing potential lessons learned from new initiatives, standardizing scoring across the portfolio, and the development and management of key metrics.

We continue to build-out our secondary pathway evidence base by reviewing the research conducted and compiled by Dream throughout the year. This helps to confirm whether our existing impact pathways remain the best way to achieve our impact under our three verticals, or if they should be modified. Additionally, we plan to focus on the mitigation and management of our negative pathways and further develop our plans to measure our negative impacts into our impact management system.

The annual review process culminates with a report to the Governance, Environmental and Nominating Committee summarizing all aspects of the review process noted above. The intention is that any necessary changes to our Impact Management System are proposed, discussed, and implemented promptly following the annual review and sign off.

As part of our commitment to continuous learning and integrating feedback, we have a regularly monitored email, 'impactfeedback@dream.ca', which is available to contact at any time.

Principle 9**Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.**

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement re-affirms the commitment and alignment of Dream’s investment processes to the Impact Principles and is updated annually.

In April 2024, Dream engaged BlueMark, to independently verify the alignment of Dream’s impact management practices with the Operating Principles for Impact Management. BlueMark’s assessment findings cover both areas of strength and areas for improvement, as reflected in the disclosed [Verifier Statement](#). The independent verification was conducted over Dream’s assets that were in alignment with the Operating Principles for Impact Management as of December 31, 2023. Dream will continue to conduct verification every 3 years, unless there are significant changes to our practices that warrant a more frequent review. Therefore, Dream plans to conduct the next independent verification in alignment with our disclosure statement published in 2027.

[BlueMark](#) is the leading provider of independent impact verification and intelligence for the impact and sustainable investing market. BlueMark’s verification methodologies draw on a range of industry standards, frameworks, and regulations, including the Impact Management Project, the Operating Principles for Impact Management, the Principles for Responsible Investment, SDG Impact, and the Sustainable Finance Disclosure Regulation.

Disclaimer

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other



third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

Forward-Looking Information

This disclosure statement 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, including in respect of impact and environmental, social and governance ("ESG") matters; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events; our impact management system and our plans, targets, commitments, and initiatives in respect of such system, including our expectation that such system can be applied to all impact investments and our goal of improving such system; our development pipeline, including in respect of planning, zoning, pre-development work and other matters; our retrofit and programing plans for existing assets; expectations regarding our partnerships with third parties; expectations regarding our impact pathways, including the benefits to be derived therefrom, their implementation in respect of recurring income assets and development projects, and our monitoring initiatives in respect of such pathways; our view that our investment strategy will deliver impact; our intention to conduct annual reviews in connection with our impact management system; our ability to implement our impact initiatives in respect of our investments and improve our systems in respect of impact matters; our ESG, impact and financial goals; our annual reporting of KPIs, and other reporting and remediation initiatives and commitments; our belief that there is overlap between negative impact and ESG risks; our ability to identify and mitigate ESG risks; our ability to evaluate the materiality of negative pathways and rank same, and expand our negative impact management strategy to manage such negative impacts on an individual asset basis; our commitment to review, mitigate and manage negative pathways and mitigation strategies on an annual basis; our intention to set certain improvement targets; our intention to expand and develop our impact portfolio and management strategy; our ability to keep up to date with standards and frameworks for impact-related KPIs and ensure that our KPIs are documented and aligned with such standards; our goal of integrating our impact KPIs with our sustainability metrics and reporting; our plan to hold 90% of our covered assets; our intention to own and operate West Don Lands' apartment rentals, and expectations that our impact initiatives will take place over the lifetime of our 99-year land lease term; our intention to explore partnerships with non-profit organizations and business associations to advance inclusion in respect of assets where we expect to divest; our plan to explore impact mandates in sale agreements; our goal of building our secondary pathway evidence base and to measure negative pathways; and our engagement of a third party to conduct verifications on the alignment of our impact management practices with the Operating Principles for Impact Management. 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 Unlimited Corp.'s ("Dream") 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, interest rates and inflation remaining in line with management expectations, 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, the impact of the COVID-19 pandemic on Dream and uncertainties surrounding the COVID-19 pandemic, including government measures to contain the COVID-19 pandemic employment levels, risks associated with unexpected or ongoing geopolitical events, including disputes between nations, terrorism or other acts of violence, international sanctions and the disruption of movement of goods and services across jurisdictions, inflation or stagflation, regulatory risks, mortgage and interest rates and regulations, risks related to a potential economic slowdown in certain of the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates, environmental risks, consumer confidence, seasonality, adverse weather conditions, reliance on key clients and personnel and competition.

All forward-looking information in this disclosure statement speaks as of May 31, 2024. 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) under Dream's profile.