



Sustainable Impact Investing: 1 Cheap Stock for All Value Investors

Description

Dream Impact Trust ([TSX:MPCT.UN](https://www.dreamimpacttrust.com/TSX:MPCT.UN)), formerly Dream Hard Asset Alternatives Trust with the ticker TSX:DRA.UN, focuses on investments that generate both [strong financial returns](#) and provide positive social and economic impacts in North American communities. As Canada's first publicly traded impact investment vehicle, impact investing is the intention of creating measurable, positive social and environmental change, while generating attractive market returns.

Impact investing is one of the [fastest-growing segments](#) of the \$3.2 trillion sustainable investing market. The company's mandate to be a pure-play impact investment vehicle and the assets held in both operating segments, recurring income and development, corresponds to Dream's impact verticals. These verticals are aligned with the widely recognized and accepted sustainable development goals.

Sustainable long-term goals

The company's goal is to provide attainable and affordable housing by investing in mixed-income communities that are transit-oriented and located close to employment opportunities and offer a relatively lower cost of living. Dream has invested a significant amount of money to develop sustainable real estate that optimizes energy use, limits greenhouse gas emissions, and reduces water use and waste.

As the owner and developer of real estate, Dream is focused on developing and operating properties in a manner that contributes to the betterment of North American communities by incorporating affordable and attainable housing, fostering inclusivity, and managing resource efficiency to minimize environmental harm to communities, while pursuing sustainable market returns. From an impact perspective, Dream benchmarks the company's performance on an annual basis against specific targets that conforms to principles set out by reputable third parties.

Profitable recurring income segment

Recurring income is important to the company's business, as it provides stable returns to fund ongoing

fixed operating costs, interest, and distribution. As Dream builds an extensive development pipeline, the company has stated that it intends to hold high-quality assets for the long term, which will further contribute to the company's sources of recurring income.

Over time, as it retains best-in-class developed income properties, Dream's portfolio should comprise of approximately 70% of recurring income assets. As of December 31, 2020, the company's lending portfolio consisted of corporate and real property loans, aggregating to a total outstanding lending portfolio balance of \$23.2 million.

Diverse property mix

Dream's recurring income segment comprises of the company's lending portfolio and income properties. The company's lending portfolio includes investments in mortgages and loans secured by all types of residential and commercial real estate properties that represent an acceptable underwriting risk to Dream. Working within specific risk parameters, Dream also invests in higher-yielding development and construction loans, bridge loans, and mezzanine loans.

The company's income properties consist of one office property and three wholly-owned properties as well as certain equity accounted investments that are income producing with future redevelopment potential. As of December 31, 2020, Dream's income properties had an equity value of approximately \$124.2 million and a gross asset value of \$212.4 million. In total, these properties comprised approximately 0.8 million square feet of gross leasable area in Ontario, largely within the downtown Toronto area.

Overall, the company appears to be a great way for retail investors to get exposed to impact investing.

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