Invest **Soundly + Sustainably**

2017 Sustainability Report Summary
A remarkable change is taking shape in our communities across North America that is fundamentally changing the way society interacts with private and public spaces. No longer does the public consider buildings and their surrounding spaces as inanimate commercial assets, or passive structures with a singular purpose. Today, we look at the buildings that shape our communities as part of a living, breathing ecosystem relied upon to address the challenges that climate change brings to our increasingly fragile environment. Our buildings, and the spaces that frame them, are alive and have a very meaningful impact – positive or negative – on our communities.

This changing perception of buildings as living assets in a functioning, sustainable society has created new expectations from people of all ages and walks of life. We are seeing a virtuous circle in real estate, where buildings with leading environmental, social and governance (ESG) strategies outperform comparable assets without strong sustainability practices. Indeed, Bentall Kennedy’s investment thesis and property management principles are deeply informed by this developing understanding of what society expects from its built environments. The title of our 2017 Sustainability Report, Invest Soundly + Sustainably, is a reflection of how we see the world, and how we put these words into action.

Since 2012, our robust energy management initiatives have generated more than $22.9 million in utility cost savings. Moreover, for six consecutive years, Bentall Kennedy has been ranked by the Global Real Estate Sustainability Benchmark (GRESB) as among the top firms around the globe for our commitment to sustainable investing. This achievement enhances our corporate performance – and our ability to deliver for our clients – by encouraging continuous innovation, increasing property occupancy and income, reducing risk of obsolescence, and strengthening tenant loyalty – all while reducing emissions to protect our environment. Over the years, we have observed a growing link between leading sustainability practices and higher tenant satisfaction, lower energy and operation costs, and thus stronger overall performance. A study published in the Institutional Investor’s Journal of Portfolio Management analyzed the North American office portfolio that Bentall Kennedy manages for our clients. Our model of the value impact based on three key findings of that study (rental rate premiums, fewer
rent concessions, and occupancy rate premiums) suggests an 8-10% asset value premium for green buildings. Put simply, leading ESG practices result in stronger and more sustainable performance and a healthier environment and local community.

Energy efficiency and green building certifications are now acting as the foundation of the next stage in our journey, taking our commitment to sustainability beyond the walls of our buildings, and embracing our role as co-creators of communities. While protecting the environment is a vital part of sustainability, so too is the preservation and growth of communities we invest in. Choosing and creating vibrant communities is more than a by-product of our strategy – it is a cornerstone of our investment approach. Companies are competing more intensely than ever for talented employees, who choose to live, work and play in walkable communities that offer a sustainable lifestyle.

Bentall Kennedy is investing in the future with an emboldened commitment to leading the way in sustainability. Our commitment looks beyond the building and into the surrounding community spaces that impact our quality of life. Working closely with our clients and tenants, Bentall Kennedy has a strong conviction that we will help generate tremendous economic value while giving new life and purpose to the structures that will contribute to the sustainability of our cities for generations to come.

Gary Whitelaw
Chief Executive Officer, Bentall Kennedy Group
OUR APPROACH TO SUSTAINABILITY: INVEST SOUNDLY + SUSTAINABLY

WHY | PORTFOLIO

Sustainable investing is the foundation of our client strategies and is designed to generate stable, long-term performance.

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WHO | PEOPLE

INVESTOR
We incorporate sustainability factors into our investment strategy to maximize value, mitigate risk and support stable, long-term returns.

TENANT
We create stronger tenant-landlord relationships by enabling tenants to achieve their sustainability objectives and operate within superior environments.

EMPLOYEE
We attract, engage and retain top talent. We implement Blue Team initiatives to instill a culture of sustainability and equip our employees with training and resources.

COMMUNITY
We protect our environment and give back to our local communities through employee volunteering.

WHAT | PROCESS

ASSESS
We rigorously assess sustainability risk and opportunity through extensive risk management systems.

BENCHMARK
We track property-level sustainability data to inform budget decisions, drive business performance and enhance reporting.

CERTIFY
We are global leaders in accredited third party certification programs like LEED, BOMA BEST, IREM and ENERGY STAR.

REPORT
We disclose sustainability performance and practices to GRI, GRESB, CDP and UN PRI to demonstrate our commitment to transparency and industry leadership.

HOW | PERFORMANCE

GUIDE
We provide best practice guidance and training on key sustainability topics to support our tenants and employees in driving building performance.

MONITOR
We monitor building data and provide the information necessary to drive business decisions through our sustainability data management system.

MEASURE
We measure energy usage and drive continuous building performance improvement through the Target Setting Program.

MANAGE
We have an ISO 14001 certified Environmental Management System to ensure successful implementation of programs and demonstrate our commitment to continuous improvement.
As companies compete more intensely than ever for employees, we focus on high-growth and urban communities that attract young educated talent. Within these communities, higher Walk Scores and proximity to transit hubs can enhance long-term relevancy of building locations. Through operational excellence, amenities, and active engagement, we strive to create an environment that encourages tenant loyalty. We do this to enhance value for our clients, be it through more engaged tenants who are more likely to renew, or through lower operating costs that encourage tenant retention and offer the potential for higher rents.
Proof is in the Certificate

Green building certification creates a virtuous circle that generates the potential for higher value, more satisfied tenants, and forestalls obsolescence for our investor clients.

As the findings from our green office building certification study revealed, it is not only the certificate that generates higher value — it is the actual environment we create that has investment value.

The outcomes of certification show this in the form of higher rents, higher tenant satisfaction scores, higher renewal rates and fewer rent concessions — and not surprisingly, less energy use.

As of 2016, 77% of our portfolio is green building certified (based on asset value). We continue to innovate and increase the coverage of building certifications across our portfolio to deliver higher income and value through our Volume Programs: LEED for Existing Buildings: Operations & Maintenance (LEED EB:O&M), BOMA BEST Portfolio, and IREM Certified Sustainable Property.

For many commercial tenants, the real value of occupying green buildings is in the promise of increased productivity of their employees. Green buildings provide a suitable framework for advancing health and well-being goals. For example, when Bentall Kennedy acquired Latham Square, a boutique office building in Oakland, a key element of the asset acquisition was to invest in new lifestyle amenities. This included a lobby renovation as well as a street level office to retail conversion to create in-building amenities. The building is on track to achieve LEED EB:O&M Platinum certification later this year, and presents an opportunity to enhance value through creative office conversion, amenity creation, and sustainability improvements in an emerging, transit-oriented urban environment.

Lotham Square, Oakland, CA
Owner: Bentall Kennedy’s Value Added Fund

TOTAL

68% of the U.S. portfolio is LEED, BOMA BEST and/or IREM certified (based on asset value)

82% of the Canadian portfolio is LEED and/or BOMA BEST certified (based on asset value)

BOMA BEST

$17.4B in assets are BOMA BEST certified

75% of the total Canadian portfolio is BOMA BEST certified (based on asset value)
Buildings with sustainable features and certifications are increasingly attracting innovative financing structures that can reduce the financing costs associated with building acquisition.

A case in point: The Octagon, a 500-unit apartment building on New York City’s Roosevelt Island, includes solar and fuel cell technologies to minimize emissions and utilizes waste by-products for heating. It is one of the first apartment buildings in the world to be powered and heated by a fuel cell. The site includes an ecological park, playground, bike paths and express bus service to subway and tram lines. Upon completion, the property earned LEED New Construction Silver certification and has recently attained the IREM Certified Sustainable Property designation.

Consequently, The Octagon qualified for the Fannie Mae Multifamily Green Financing Program in 2016, resulting in an approximately 25 basis point reduction in the interest rate of the 10-year loan used to refinance the property. On a present value basis, the savings are estimated at $3.4 million USD.

### LEED
- $11B in assets, across 28.0 million square feet are LEED certified
- 60% of the Canadian office portfolio is LEED certified (based on asset value)

### IREM
- 75% of the U.S. multi-family portfolio has IREM Certified Sustainable Property designations (based on asset value)
Reducing Risk

We are looking at emerging issues like climate change and wellness, so that the buildings we invest in today can thrive tomorrow.

Mitigation
According to the United Nations Environment Programme (UNEP), buildings consume 40% of global energy, making greenhouse gas (GHG) emissions the most material environmental impact of a real estate company. We track and analyze energy, water, and waste data to identify conservation opportunities, strategically focus on capital improvements and innovation, and drive performance.

Resilience
Our approach to climate change resiliency goes beyond emergency preparedness. Extreme weather events impact building costs and performance. Through strategic planning that assesses critical vulnerabilities to the built environment, we seek to proactively address climate risks at the property and portfolio levels, and communicate insights to our tenants and investors.

Beyond the Building
Urban live-work-play communities attract young, educated talent with conveniences like bike paths, health-oriented facilities, and access to transit. We invest in these neighborhoods because companies pursuing this pool of employees are following talent to these markets.

Within the Building
Tenants gravitate toward buildings with green credentials and amenities. Workplaces with high indoor air quality, natural light, thermal comfort, as well as amenity spaces like fitness centers, bike storage and shower facilities help reduce absenteeism, enhance job satisfaction, and support higher productivity.
ENHANCING VALUE

We mitigate portfolio obsolescence risk and minimize property operating costs through energy and GHG management, water usage and waste reduction strategies.

Our success with these strategies translates into measurable benefits for tenants and investors. We focus on reducing energy and water intensity (the energy and water used in a building on a per square foot basis) to drive down costs. Across our portfolio, we experienced a 2.8% decrease in GHG emissions intensity over the past year, normalized for weather, occupancy and exceptional tenant load impacts, and excluding Renewable Energy Credit or Carbon Offset purchases.

We have a formalized energy management approach through our Target Setting Program, which drives sustained improvement by systematically identifying energy efficiency opportunities and tracking performance at the building-level. Properties that participated in the three year cycle that started in 2013 reduced energy usage by 14.2% on average, avoiding 9,337 tons of GHG emissions and saving $9.5 million in energy costs over three years. Rigorous data on energy, water and waste helps us make informed decisions about where efficiencies can be made.

Through Bentall Kennedy’s sustainability data management system, we evaluate, benchmark, and explore opportunities for performance improvements. In 2016, we continued to deliver Energy Efficiency Certificate Program training, to empower property management and operations teams with the tools and analytics to deliver continuous improvements.

For more detailed data, including actual (not normalized) emissions reported in accordance with the GHG Protocol for buildings under Bentall Kennedy’s operational control, please visit cr.bentallkennedy.com/environment.
An Open Ear to Tenant Feedback

Incorporating feedback from our tenants supports our drive for continuous improvement. In 2016, we sought input from all Canadian office, industrial and retail tenants and US office, industrial, retail, medical office and multi-family tenants via our tenant surveys.

In-depth interviews revealed valuable insights into tenants’ sustainability priorities. For example, for many, a green building was proxy for good quality which established a higher set of expectations for how well the building should operate.

The interviews also validated our focus on amenities that support tenant wellness programs. It is notable that this feedback came from all levels — including CFOs, Presidents, HR Directors and others with decision-making authority. This way the input is more directly tied to future planning decisions.

The 2016 survey identified the opportunity to further educate tenants about how we can help them achieve their sustainability goals. We are well positioned to do that through our tenant engagement initiatives.

STRENGTHENING TENANT LOYALTY

We strive to engage our tenants as part of a community within our buildings by enabling them to achieve their sustainability objectives.

An Open Ear to Tenant Feedback

80% of tenants who are aware of green buildings certifications like LEED and BOMA BEST say that these are very or somewhat important

67% of tenants expressed awareness of Bentall Kennedy environmental practices and programs

59% of tenants are implementing environmental practices and programs in their workspace

77% of office tenants are aware of green building programs

55% of industrial tenants who are aware of green building programs consider cost savings and healthier work environments to be key sustainability drivers

U.S.

CANADA
since 2010, tenant awareness of building’s environmental practices and programs has more than doubled from 29% in 2010 to 60% in 2016

over half of the retail tenants have implemented environmental practices and programs in their workplaces. 85% of these tenants have waste programs in place

84% of office tenants who are aware of building certifications such as LEED and BOMA BEST feel they are very or somewhat important

60%

55%

ForeverGreen Engages Tenants on Sustainability

Our award-winning Tenant Engagement Program, ForeverGreen, is implemented in all asset types across North America, including a variation for multi-family properties, called ForeverGreen@Home. Resources such as posters and newsletters are created to equip both property managers and tenants with actionable content around monthly sustainability themes.

In 2016, we took a new spin on the resources, and launched the ForeverGreen Film Festival theme, where monthly sustainability topics were depicted as feature films with Bentall Kennedy positioned as the Director, the building as the location where the film is set, and acted out by the tenants, who are the stars of the show.

Playing off movie themes like “Phantom of the Outlet” and “A Sustainable Mind,” we use humor and visual impact to create messages that can influence occupant behavior. ForeverGreen provides a platform for collaboration between property managers and tenants by equipping them with tools to achieve their energy and water efficiency, waste reduction, and health and well-being goals. We continue to provide innovative resources to help tenants create sustainable, healthy workplaces and homes.

A sample of monthly movie-themed posters from our “ForeverGreen Film Festival” campaign on display at Bentall Kennedy properties across North America
ENRICHING COMMUNITIES

A shared goal of sustainability strengthens the cities and neighborhoods where we invest.

In today’s digital world, people increasingly seek authentic experiences in the communities where they live, work and play. Real estate plays a central role in the creation of vibrant communities, and the reverse is also true — the vitality and growth of a neighborhood is a determining factor in a building’s success.

We see value in investing in buildings that provide shared spaces for people to gather and connect, because a strong sense of community within a building creates happy and loyal tenants. At Bentall Kennedy, we strive to deliver this sense of community through tenant engagement initiatives, and the work of property management teams that exceed the expectations of our clients and tenants alike.

In Richmond, B.C., a common goal brought together tenants and the property management team at Airport Executive Park. They expanded an on-site community garden started three years earlier by an employee of the park’s largest tenant.

Tenants volunteer to grow vegetables and donate the harvest to the Richmond Food Bank, meeting a community need while giving volunteers an outlet for outdoor activity. Organic waste such as weeds are placed in a worm farm to be converted to a natural fertilizer, and water consumption is minimized by the use of cisterns that divert rainwater from storm drains.

The garden design was inspired to address the issue of declining bee populations. The garden is pollinated by bees from two hives donated by Bridge Facility Services. The bees also produce honey that will be eventually sold, with the proceeds going to charity. The innovative program provides an outlet for employees to collaborate, and in turn builds community spirit for our tenants.

“Super Green” Project Builds Relationships

AIRPORT EXECUTIVE PARK

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ENGAGING EMPLOYEES

We create sustainable workplaces to attract and retain top-talent employees.

Our people are always on the lookout for new ways to enhance tenant experience in the buildings we manage, and many of the best ideas involve sustainability. With the right skills and tools, they can help drive operational excellence. In 2016, we provided training on energy efficiency, health & safety, and green building certification programs to support them.

Leading by Example with Sustainable Workplace Certification

Bentall Kennedy’s Carlson Court office in Etobicoke, ON was among the first in Canada to be certified under BOMA BEST Sustainable Workplace, a certification standard for office tenants. Last year we broke new ground again, certifying our offices in San Francisco, Bethesda, Boston, Seattle and Chicago — the first five BOMA BEST certified workplaces in the U.S. Altogether, seven of our North American offices today have earned BOMA BEST Sustainable Workplace certification. In each office, Blue Teams set and monitor sustainability goals, and work with fellow employees to meet or exceed those goals.

For more information about our team please visit: cr.bentallkennedy.com/employees

New Corporate Office Combines WELL and LEED Elements in a Live-Work-Play Zone

All the ingredients of healthy and sustainable workplaces come together in Bentall Kennedy’s new corporate office at One York in Toronto, a LEED Platinum building.

Situated in a prime live-work-play neighborhood, the space provides our employees with the same rich experience we strive to give tenants, with sustainability features such as:

- An open concept design with abundant natural light and outside air circulation
- Workstations that include sit-stand desks and adjustable chairs
- A wellness room for employees to relax and refresh

In addition to pursuing LEED CI certification, we are also seeking WELL certification, which recognizes leadership in workplace health and well-being and productivity.
OUR MISSION

Our mission states our overarching purpose – an enduring view of what we seek to accomplish. For our employees and owners, it sets forth a consistent challenge and serves as a common standard to which we all hold ourselves accountable. For our clients and tenants, it sets out the fundamental commitments that we make to them.

Stewards of Capital

We will be outstanding stewards of our clients’ capital and their individual beneficiaries’ retirement savings

Strategic Investing

We will invest and manage our clients’ real estate assets strategically and responsibly

Exceeding Expectations

We will exceed our clients’ and tenants’ expectations as their preferred and most trusted partner, fiduciary and service provider

ABOUT US

Bentall Kennedy, a Sun Life Investment Management company, is one of the largest global real estate investment advisors and one of North America’s foremost providers of real estate services.

Bentall Kennedy serves the interests of more than 550 institutional clients with expertise in office, retail, industrial and multi-residential assets throughout Canada and the U.S.

Bentall Kennedy is a member of UN PRI and a recognized Responsible Property Investing leader ranked among the top firms around the globe in the Global Real Estate Sustainability Benchmark (GRESB) for the sixth consecutive year since GRESB was launched.

VALUES

1. We always put clients’ interests first

2. We are a recognized global leader in the real estate industry in Environmental, Social and Governance practices and Responsible Property Investing

3. We value our tenants and strive to establish long-term relationships
ABOUT THE REPORT

View the full report and send us your feedback at cr.bentallkennedy.com

All data contained in this report is presented as of December 31, 2016. Published June 2017. Unless otherwise noted, all references to dollars are in Canadian dollars. Bentall Kennedy includes Bentall Kennedy (Canada) Limited Partnership and Bentall Kennedy (U.S.) Limited Partnership. Nothing in these materials is (or should be considered to be) financial, investment or other advice on which reliance should be placed.

These materials are not intended to, and do not, constitute an offer to buy or sell any securities noted or referenced herein, as any such securities will only be offered and sold in compliance with applicable securities laws. Non-ESG questions relating to MEPT/MEPT Edgemoor LP should be directed to Edgemoor Partners LLC, a registered broker-dealer in the U.S. with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). Edgemoor Partners LLC is exempt from registration in Canada. Bentall Kennedy reports on both actual and normalized environmental data.

The 2017 Sustainability Report Summary includes normalized data only for energy, greenhouse gases and water which has been adjusted for weather, occupancy and exceptional tenant loads and only includes properties managed for the duration of the period.

Please refer to our full report, located online at cr.bentallkennedy.com for actual environmental data.

Bentall Kennedy has engaged KPMG LLP (KPMG) to provide limited assurance over selected performance indicators in our Report, including actual environmental data, for the year ended December 31, 2016, located online at cr.bentallkennedy.com. Normalized environmental data, as presented in the Sustainability Report Summary, has been excluded from KPMG’s assurance scope. The full scope of KPMG’s engagement and their assurance report can be found at cr.bentallkennedy.com/assurance.

The complete Corporate Responsibility (CR) report consists of this Sustainability Report Summary and the CR website.

For a full list of GRI referenced standards and CRESS guidelines used in developing the report please see:

cr.bentallkennedy.com/Downloads/GRIIndex

About the report

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Bentall Kennedy ranked 1st overall in Canada, and 2nd among its peer group globally in the 2016 Global Real Estate Sustainability Benchmark (GRESB)