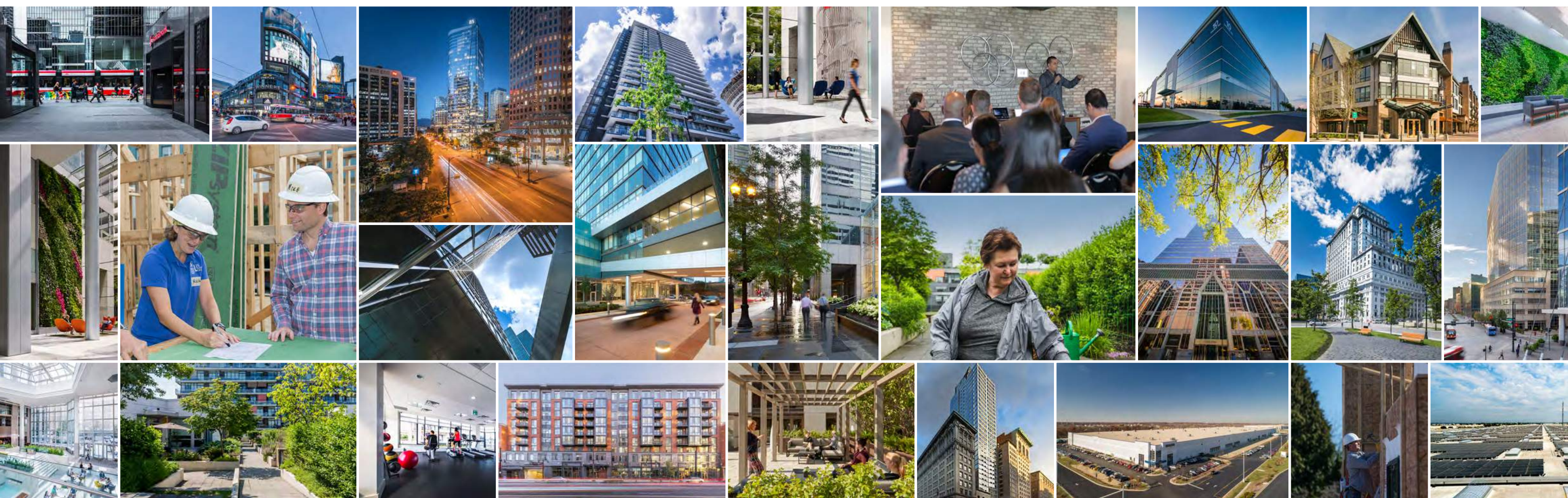


2019

CORPORATE RESPONSIBILITY SUMMARY



2018 HIGHLIGHTS

**WE MANAGE ENVIRONMENTAL, SOCIAL AND
GOVERNANCE RISK TO GENERATE
LONG-TERM VALUE FOR OUR CLIENTS**



Ranked 1st in Canada and 2nd globally on the 2018
Global Real Estate Sustainability Benchmark
(GRESB) in the Diversified category



A+ rating from United Nations Principles for
Responsible Investment (UN PRI)



10 years as an ENERGY STAR Partner of the
Year award winner for leadership in energy
efficiency and management



2018 GLOBE Climate Leadership Award -
Large Business Innovator Category



CEO'S MESSAGE

WALKING THE TALK ON SUSTAINABILITY

The path toward a more sustainable future will be shaped by the actions that we take in the built environment. As real estate investment managers and stewards of millions of hard-working people's retirement savings, we are aware of the impact of our decisions today on the well-being of cities and communities tomorrow. But *tomorrow* isn't an indeterminate reference to a distant timeframe beyond our conception. Tomorrow is in our lifetimes. With real estate accounting for one-third of all global carbon emissions, the responsibility is ours to *walk the talk on sustainability*.

In 2018, we invested in a comprehensive review of our assets under management to determine their resilience to climate risks. The increasing occurrence of severe weather events has added another variable that must be assessed in evaluating "value-at-risk" as we develop and implement steps to safeguard our clients' investments in real property against the elements. Taking this action toward resiliency now means that the futures of hundreds of communities and hundreds of thousands of tenants who are connected to the buildings we manage will be better served for years to come.

The real estate industry has become fertile ground for technology disruption and exciting innovations are emerging that offer new possibilities for sustainability in the built environment. Nowhere has our enthusiasm for innovation received more encouragement than from our parent company, Sun Life Financial, for which we manage over USD \$18 billion of combined real estate assets and debt across North America. With their support and co-investment, we are piloting solutions in waste management, energy efficiency, and leading the charge by achieving the first ever zero carbon certification in Canada for an existing office building. We are also leveraging the in-house ingenuity of our employees to bring eco-friendly ideas forward and put them into action, such as new technology solutions for organic waste management.

Together, we are discovering dual purpose in our sustainability initiatives, which enable us to benefit our tenants and local communities while also demonstrating our commitment to being responsible stewards of our clients' long-term capital.

This past year, we elevated our global voice by serving as Co-Chair of the United Nations Environment Programme Finance Initiative – Property Working Group (UNEP FI PWG). In this leadership capacity, Bentall Kennedy's Sustainability team is learning, sharing and advocating with our industry peers around the world to demonstrate that ESG-informed investment strategies are important to delivering value for long-term investors. By further deepening our expertise in sustainable investing, we are positioning our core real estate funds and client accounts in Canada and the U.S. to prudently respond to climate change and to appeal to the ESG-conscious investor of the future.

We have crafted this year's report with action in mind — presenting the numbers that speak to the outcomes we are delivering for that not-too-distant tomorrow. As part of our commitment to walking the talk on sustainability, we continue to examine our own footprint and keep pace with advances that enable us to do better for our clients, tenants and other stakeholders. I invite you to join us on the path!

Gary Whitelaw
Chief Executive Officer
Bentall Kennedy Group

OPERATIONAL EFFICIENCY

DATA ANALYTICS

Our approach to operational efficiency combines data management and stakeholder engagement to identify opportunities to lower energy and water consumption, waste and greenhouse gas (GHG) emissions.

These efforts directly reduce costs and add value for our tenants and investors across our managed property portfolios.



Centrepointhe Chino II – Bldg. 5, 14701 Yorba Avenue, Chino, CA
Owner: Bentall Kennedy's U.S. Core Fund

⚡ ENERGY

USD \$12.1M/CAD \$16M
utility costs avoided as a result of energy efficiency measures (2014-2018)

121.6M kWh
cumulative electricity savings (2014-2018), equivalent to taking **18,261** passenger vehicles off the road

8.6%
reduction in normalized energy use intensity across our portfolio (2014-2018)

💧 WATER

10.5%
decrease in normalized water consumption across our U.S. office portfolio equivalent to the volume of **70** Olympic swimming pools (2014-2018)

☁ GHG

11.8%
reduction in normalized GHG emissions intensity across our Canadian portfolio (2014-2018)

7.8%
reduction in normalized GHG emissions intensity across our U.S. portfolio (2014-2018)

CARBON NEUTRAL
we achieved carbon neutrality for all of our corporate offices' energy use

♻ WASTE

20%
cost reduction across our Canadian portfolio through the rollout of our waste management approach compared to 2017

OPERATIONAL EFFICIENCY

DATA ANALYTICS

SUSTAINABILITY ANALYTICS

Our sustainability data management system, Eco Tracker, provides the energy, water and waste analytics necessary to identify savings opportunities.

TARGET SETTING

Our Target Setting Program is a formalized approach to reducing energy consumption, greenhouse gas emissions and energy costs across our office, residential and enclosed retail portfolios.

BENCHMARKING

Our Annual Benchmarking Survey informs budget decisions to improve sustainability outcomes in the following areas: energy, water, waste, green building certifications, tenant engagement, and health & well-being.

USD **\$9.4 M /**
CAD **\$12.5 M**

saved in energy costs over 5 years
by participating properties

100% of properties enrolled in our sustainability data management system completed the Benchmarking Survey. This represents assets valued at:

USD **\$27.2 B /**
CAD **\$37.1 B**

BUILDING CERTIFICATIONS

82%

of our portfolio was green building certified in 2018 (based on asset value), an increase of **4%** compared to 2017

12

Bentall Kennedy properties were among the first in Canada to achieve **ENERGY STAR** certification

Fitwel Champion

Bentall Kennedy is a **Fitwel Champion**, a demonstration of our commitment to helping our tenants and residents advance their health and well-being goals

LEED

USD **\$12.2B /**
CAD **\$14.6B**

in LEED
certified assets

BOMA BEST

USD **\$16.4B /**
CAD **\$17.6B**

in BOMA BEST
certified assets

IREM

USD **\$5.6B /**
CAD **\$7.7B**

in IREM
certified assets

ENERGY STAR

USD **\$7.9B /**
CAD **\$9.4B**

in ENERGY STAR
certified assets

Sun Life Financial Centre, Ottawa, ON
Co-Owners: Sun Life Assurance Company of Canada
and Bentall Kennedy Prime Canadian Property Fund

RESILIENCE

CLIMATE RISK ANALYSIS PORTFOLIO PLANNING

Our approach to climate resilience incorporates a value-at-risk analysis that informs our planning at both the portfolio and asset level.

Actively managing climate risk means the buildings invested in today can thrive tomorrow.

Skyrise, Mississauga, ON
Owner: Sun Life Assurance Company of Canada

FUTURE-PROOFING OUR PORTFOLIO

Bentall Kennedy has quantified the exposure of our total managed portfolio to climate risk, determining the total dollar value-at-risk (VaR) at the client portfolio level and the individual asset level.



The outcomes from this project are used to inform climate risk mitigation strategies that influence future transactions, asset management and operational activities.

SPOTLIGHT

Task Force on Climate-Related Financial Disclosures (TCFD)

Bentall Kennedy is one of the original participants in the United Nations Environment Programme Finance Initiative (UNEP FI) TCFD Real Estate pilot group. The group is using climate-related scenarios to analyze climate risks for real estate portfolios.



The insights gained by this group will contribute to a harmonized industry-wide approach to the adoption of the TCFD recommendations.

TCFD | TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES



INNOVATION

EMPLOYEE IDEATION PILOT PROJECTS RESEARCH

Our approach to innovation draws on market-leading ideas that position our buildings competitively in the marketplace.

Enhanced operational efficiencies through forward-looking solutions mean better risk management and greater value for our clients.



Bentall Kennedy employees at a training session

SUSTAINABILITY INNOVATION LAB

Together with Sun Life Financial, Bentall Kennedy established the Sustainability Innovation Lab in late 2017 to encourage initiatives that deliver sustainability outcomes and long-term value creation.

The Lab enables three streams of ideation:

1. Piloting large-scale projects
2. Development of continuous improvement projects
3. Investments in research that deepen our understanding of the sustainability value proposition

SPOTLIGHT

EMPLOYEE-LED PILOT PROJECT

The Lab draws on employees' ideas designed to enhance the performance of our buildings, reduce risk of obsolescence, strengthen tenant loyalty, and protect the environment.

The first pilot project from the Sustainability Innovation Lab was the Zero Carbon Building (ZCB) Performance certification for 100 Murray Street in Ottawa. The project team quantified the embodied carbon impact of the LEED EB: O&M Gold certified building and created a zero carbon transition plan.

RESEARCH STUDY

We believe that our focus on driving better sustainability performance at our buildings is directly translating into greater value for our clients.

Research commissioned by Bentall Kennedy in 2015 suggests that office buildings with green certifications benefit from lower operating costs, higher renewal rates and tenant satisfaction, and increased asset value premiums compared to their uncertified peers.

In 2018, we followed up on the study to further analyze 15 years of sustainability performance data across our managed North American office portfolio. The results provide compelling evidence that buildings with environmentally focused building interventions such as utility data monitoring, green building certifications, and tenant engagement programs result in reduced energy consumption and in turn lower operating costs.

1ST EXISTING BUILDING TO ACHIEVE ZERO CARBON BUILDING (ZCB) PERFORMANCE CERTIFICATION IN CANADA

100 MURRAY STREET, OTTAWA



TENANT EXPERIENCE

TENANT ENGAGEMENT
HEALTH & WELL-BEING
ACTIVE NEIGHBORHOODS

We find that assets that are close to transit, amenity rich, and that have sustainability features continue to be attractive to occupants.

By providing healthier and more vibrant spaces, we strive to create an environment that promotes tenant productivity and retention.

Lower vacancy rates mean better value for our clients.



200 W. Madison, Chicago, IL
Owner: Bentall Kennedy's U.S. Core Fund

TENANT ENGAGEMENT

82% of properties participate in our ForeverGreen tenant engagement program (based on floor area). Through this program, property managers, tenants and residents are equipped with actionable information that encourages them to reduce their environmental footprint and live a healthier lifestyle.

HEALTH & WELL-BEING

96% of our office portfolio (based on floor area) includes health and well-being amenities such as access to views of nature, access to fitness centers or wellness events for occupants.

Bentall Kennedy's Health & Well-being Training Program:

We developed this program to equip our teams with tools that enable them to make informed decisions to address client and tenant demands.

ACTIVE NEIGHBORHOODS

High Walk Scores and proximity to transit hubs can enhance the long-term relevancy of a building's location. We consider Walk Scores across the properties in our portfolio to reduce risk of locational obsolescence and to meet growing tenant and resident demand.

Walk Score is a number between 0 and 100 that measures the walkability of an address. A high Walk Score indicates a walkable neighborhood with access to amenities, which may include public transit.

Average Walk Score of our residential portfolio:

84

Walker's Paradise



CORPORATE CARING

CHARITABLE GIVING
VOLUNTEERING
SUSTAINABLE WORK
ENVIRONMENTS

Our actions extend beyond our buildings - we are proud, active citizens in the communities where we operate.

Through our Corporate Caring programs, we empower employees to participate in the betterment of communities across Canada and the United States.



Bentall Kennedy employees at the Habitat for Humanity Event in Seattle, WA



GIVING BACK

We contribute our time and resources to charitable organizations and deepen partnerships with community groups by fundraising and volunteering.

USD **\$385,104 /**
CAD **\$525,167**

in total corporate donations in 2018



BLUE TEAM NETWORK

Our Blue Team Network spans 12 cities across North America. From participating in WWF-Canada's CN Tower Climb to hosting Earth Day challenges and meditation classes, this dedicated group of employees set sustainability objectives and challenge their colleagues to contribute to a healthier and more sustainable work environment.



TENURE IN TREES

Launched in 2018, our Tenure in Trees program values the time our employees work at Bentall Kennedy. For each year of every full-time employee's tenure, a single tree is planted that **sequesters 2.5 lbs. of CO₂, and produces 260 lbs. of oxygen; enough for two human beings annually.**



2.5 lbs

OF SEQUESTERED CO₂
FROM THE ATMOSPHERE

260 lbs

OF OXYGEN, ENOUGH
FOR 2 HUMAN BEINGS ANNUALLY

THOUGHT LEADERSHIP

INDUSTRY ADVOCACY GLOBAL RESEARCH

*We drive sustainability
action through engagement
with the global commercial
real estate industry.*

INDUSTRY ADVOCACY

Our employees are members and leaders of industry associations including BOMA, CaGBC, USGBC, ULI, NAIOP, NAREIM and UNEP FI. Through our involvement, we work with our peers to advance sustainable investing practices and environmental, social and governance (ESG) performance of the global commercial real estate industry.

SPOTLIGHT

KEY FINDINGS

93%

of investors, including fund
and asset managers, include
ESG criteria in real estate
investment decisions

90%

plan to further analyze ESG
criteria over the next 12 months

85%

are highly or very highly
motivated to use ESG
criteria to lower risk

83%

have experienced an increase
in investor demand for
sustainability disclosure

GLOBAL ESG REAL ESTATE INVESTMENT STUDY

As Co-Chair of the UNEP FI Property Working Group
and a member of the Investment Committee,
we advance a global mandate to drive adoption
of sustainability in real estate investment and
property management.

In 2018-2019, Bentall Kennedy, UNEP FI and the
Real Property Association of Canada (REALPAC)
conducted an ESG survey of global real estate
investors and fund/asset managers representing
over \$1 trillion USD of assets under management.
This survey was one of the largest ever conducted
of its kind, and it revealed a near consensus view
on the importance of weighing ESG criteria in real
estate investment decision-making.

1900 16th Street, Denver, CO
Owner: Bentall Kennedy's U.S. Core Fund



ABOUT BENTALL KENNEDY

Bentall Kennedy, a Sun Life Investment Management company, is a leading global real estate investment advisor and one of North America's foremost providers of real estate services. Bentall Kennedy serves the interests of more than 530 institutional clients with expertise in office, retail, industrial and multi-residential assets throughout Canada and the U.S. Bentall Kennedy's Investment Management group has approximately \$37 billion (USD) / \$50 billion (CAD) of assets under management (as of March 31, 2019). Bentall Kennedy is one of the largest real estate services providers in Canada, managing more than 60 million square feet on behalf of third-party and investment management clients (as of March 31, 2019). Bentall Kennedy is a member of UN PRI and a

ABOUT THE REPORT

This report is intended for institutional investors only. It is not for retail use or distribution to individual investors. The information in this report is not intended to provide specific financial, tax, investment, insurance, legal or accounting advice. Investors should consult with their professional advisors before acting upon any information contained in this report.

All data contained in this report is presented as of December 31, 2018. Published May 2019. Environmental data included in this report has been normalized for weather and occupancy. Unless otherwise noted, all references to dollars are in Canadian dollars. References to "our portfolio" or "our buildings" refer to the properties for which Bentall Kennedy provides investment management or property management services.

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 Edgemoor LP should be directed to Sun Life Institutional Distributors (U.S.) 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). Sun Life Institutional Distributors (U.S.) LLC relies on an exemption from securities registration in Canada. Non-ESG questions relating to the Multi-Employer Property Trust should be directed to NewTower Trust Company.