



ENVIRONMENT

Building Certifications

In 2019, we continued our leadership in building certifications through the following programs:

LEED | BOMA BEST

IREM Certified Sustainable Property | ENERGY STAR

PAGE 1 : Building Certifications

PAGE 2-3: LEED

PAGE 3-4: BOMA BEST

PAGE 4: IREM

PAGE 4-5: ENERGY STAR certification and benchmarking

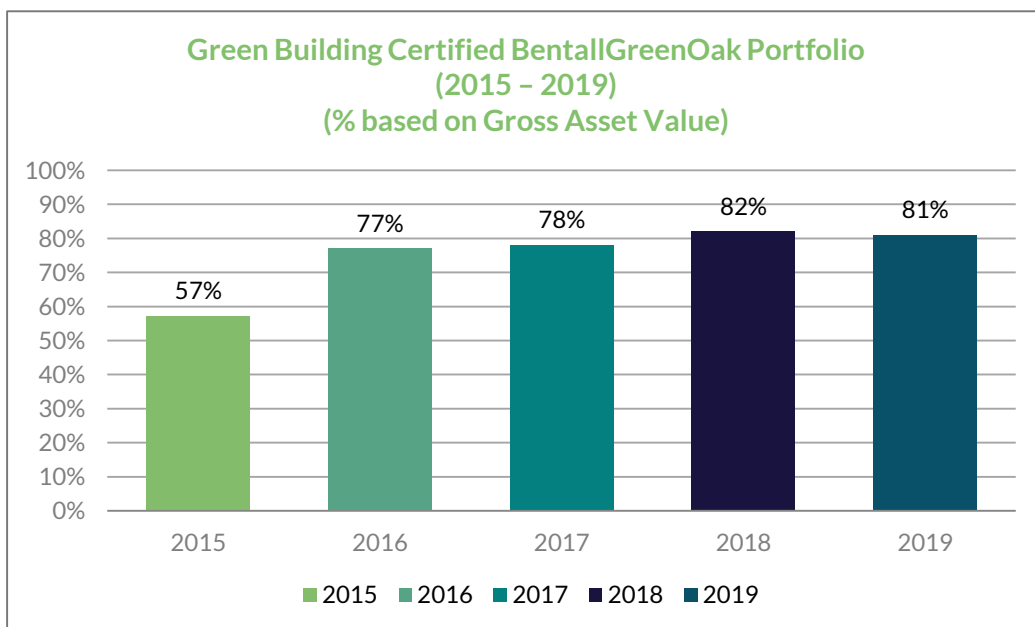
PAGE 6: Green building certification study

Certification Scheme	Total Number
LEED (Canada & U.S.) ¹	154 [^]
BOMA BEST (Canada & U.S.) ¹	502 [^]
IREM (U.S.) ²	62 [^]
ENERGY STAR (Canada & U.S.) ¹	81 [^]

[^] Indicates data assured by KPMG

¹Reflects the number of buildings certified

²Reflects the number of certificates issued



NOTE: Green Building Certifications include LEED, BOMA BEST & IREM Certified Sustainable Property.



LEED® (Leadership in Energy and Environmental Design)

We certify buildings to LEED rating systems in both Canada and the U.S. There are several LEED rating systems, and the most relevant rating systems for our portfolio address Building Design & Construction (BD+C): New Construction (NC) and Core and Shell (C&S), and Existing Buildings: Operations and Maintenance (EB:O&M). BentallGreenOak's award-winning LEED EB: O&M Volume program across North America is a multi-year program that enables us to increase the coverage of building certifications across our portfolio more efficiently, and at a reduced cost.

CAD \$16.7 billion / USD \$12.8 billion in assets, across 34.1 million square feet are LEED certified.

LEED Type	Number of LEED Buildings	Square Feet	Asset Value (CAD)
LEED BD+C: NC or C&S			
Platinum	1	932,267	\$818,430,727
Gold	28	4,152,623	\$2,957,812,624
Silver	28	8,192,341	\$2,911,866,597
Certified	27	4,287,836	\$1,082,259,138
LEED EB:O&M			
Platinum	12	4,406,050	\$2,434,570,678
Gold	33	9,686,944	\$5,175,510,176
Silver	13	1,833,241	\$743,330,855
Certified	5	862,348	\$345,660,401
LEED BD+C: C&S + LEED EB:O&M			
Core & Shell - Gold + EB:O&M - Platinum	1	51,595	\$20,697,916
Core & Shell - Gold + EB:O&M - Gold	5	921,080	\$628,532,938
LEED ND			
Platinum	1	338,885	\$203,692,045
Total			
Total Certified	154^	34,632,354	\$16,807,099,608
Percentage of Total Portfolio (all asset types)		16%	23%

Note: Total Certified number does not sum because assets that hold both LEED BD+C: C&S and LEED EB: O&M certifications are only counted once in the Total Certified values to avoid double-counting



	Square Feet (% of office portfolio)	Asset Value (CAD) (% of office portfolio)
LEED Certified Office – Canada	12,653,157 (51%)	\$6,576,165,685 (57%)
LEED Certified Office – US	8,181,046 (67%)	\$4,833,539,342 (76%)
LEED Certified Office – Canada & U.S.	20,834,203 (56%)	\$11,409,705,028 (64%)

BOMA BEST

The BOMA BEST Certification program is delivered through the Building Owners and Managers Association (BOMA) of Canada and its affiliates (www.bomabest.com). This program is designed for existing buildings. Properties can achieve BOMA BEST certification through the Single Stream program (valid for 3 years), or the Portfolio Program (renewed annually).

In Canada, based on asset value:

- 70% of retail portfolio is BOMA BEST certified
- 65% of the industrial portfolio is BOMA BEST certified
- 64% of total Canadian portfolio is BOMA BEST certified

In 2015, the BOMA BEST Portfolio Program was introduced to provide a cost effective yet rigorous method for continuous BOMA BEST certification. The program creates a common platform across all asset types, drives continuous improvement, and is intended to reduce the administrative workload for property management and operations teams.

By the end of 2019, 502^ buildings had been certified through the BOMA BEST Portfolio Program.

As of 2019, a total of 114 U.S. industrial buildings were BOMA BEST certified.

BOMA BEST certified as portion of Canadian portfolio by asset type			
	# of Buildings	% by Square Footage	% by Asset Value
Industrial	151	63%	65%
Office	91	66%	64%
Retail	115	67%	70%
Residential	28	51%	48%
Mixed use	3	98%	96%
Total	388	64%	64%



IREM certified sustainable property

BentallGreenOak introduced the Institute of Real Estate Management's (IREM) Certified Sustainable Property (CSP) certification program in 2016 to the U.S. office, retail and multi-family portfolios.

As of 2019, a total of 62^ IREM CSP certifications across the portfolio were achieved.

This certification program is an effective way to drive meaningful operational improvements and enhance tenant experience at the property level. Tenants are increasingly associating environmental performance with quality, so the IREM certification presents a prime opportunity to demonstrate the value of exceptional real estate management.

ENERGY STAR

The ENERGY STAR program was introduced by the U.S. Environmental Protection Agency in 1992 as a voluntary market-based partnership to reduce greenhouse gas emissions and other pollutants associated with energy use. Buildings that receive an ENERGY STAR score of 75 or higher are eligible to apply for ENERGY STAR Certification for exemplary performance. A score of 75 or higher indicates buildings that are in the top quartile of energy performance. The certification must be achieved each year and verified externally.

37% of the BentallGreenOak office portfolio in the U.S. has achieved ENERGY STAR certification based on asset value.

In 2018, Natural Resources Canada introduced the ENERGY STAR certification program to office properties in Canada. 12 BentallGreenOak buildings were among the first in Canada to achieve this recognition.

ENERGY STAR Certified – North America 2019			
	Number of Buildings	Square Feet	Asset Value (CAD)
Certified Office - US (% of Total U.S. Office)	19	4,472,273 (31%)	\$2,901,055,444 (37%)
Certified Office - Canada (% of Total Canadian Office)	40	8,867,997 (33%)	\$4,058,075,931 (33%)
Certified Industrial - US (% of Total U.S. Industrial)	20	2,809,065 (9%)	\$488,616,049 (9%)
Certified Multi-Family Residential - US (% of Total U.S. Multi-Family Residential)	3	391,898 (5%)	\$207,776,000 (4%)
Total Certified (% Total Portfolio)	<u>81^</u>	16,492,600 (13%)	\$7,639,623,424 (19%)

[CRE 8]



Green building certification study

Our ground-breaking research finds green office buildings deliver

We strive to reduce operating expenses from utility use and waste generation while at the same time improve environmental performance and efficiency of our buildings. One approach we have prioritized is green building certifications such as LEED, ENERGY STAR and BOMA BEST. A first of its kind report was commissioned by BentallGreenOak on the financial effects of green building certifications on commercial office buildings. The article, titled “Green Certification and Building Performance: Implications for Tangibles and Intangibles”, was published in the September 2015 Special Real Estate Issue of Institutional Investor’s Journal of Portfolio Management. The study was conducted by Dr. Nils Kok of Maastricht University in the Netherlands and Dr. Avis Devine of the University of Guelph in Canada. The research methodology included analyzing 10 years of actual rent data from office properties within the BentallGreenOak portfolio: 143 assets in the U.S. and 148 assets in Canada, representing a total of 58 million square feet.

An illustration of the value impact from three key research findings suggests an 8–10% higher asset value for green buildings.

Current Value Estimate
in Non-Certified Buildings

\$65.7M



3 Key Research Findings

1 Rental Rate Premium
in U.S. LEED certified buildings*

3.7% ↑

2 Rent Concessions in Canadian LEED
& BOMA BEST certified buildings**

4% ↓

3 Occupancy Rate Premium
in U.S. LEED certified buildings*

4% ↑

Current Value Estimate
in Certified Buildings

\$72.3M



ASSUMPTIONS

Year one market rent assumption: \$30 psf
Tenant Improvements: \$30 psf (new tenants) /
\$15 psf (renewals) calculated on a 75%
retention ratio
General Vacancy: 7%

COMMON ASSUMPTIONS

Lag Time: 8 months
Commissions: \$5 psf (new deals) /
\$2.50 psf (renewals)
100,000 sf office building; 10 tenants renting
10,000 sf each; Lease expiries and renewals
spread evenly over 10-year investment time
horizon; reversion of NOI in year 11
Discount rate of 6% applied to future income
Terminal capitalization rate: 5%

MODIFIED ASSUMPTIONS

Year one market rent assumption: \$31.11 psf
Tenant Improvements: \$28.80 psf (new
tenants) / \$14.40 psf (renewals) calculated
on a 80.6% retention ratio
General Vacancy: 3.28%

The illustration above shows the hypothetical change in value of a hypothetical property using a Bentall Kennedy valuation model that is based on a discounted cash flow approach. This is a hypothetical illustration for the purpose of estimating a possible value impact of the changes in rental rates, rent concessions, and occupancy rates correlated to green building certification in the study. It does not present actual increases in value or potential future increases in value of actual investments. The increase of value shown is at a point in time based on changes to assumptions in the valuation model, and does not represent a rate of return. Bentall Kennedy believes that the assumptions about market conditions that factor into the model are reasonable for an office property located in North America, but market conditions vary by geographic area and could differ significantly from these assumptions. There can be no assurance that an investment in green certification would have a similar impact on an actual building. The model further does not reflect fees, transaction costs and other expenses that would decrease the return on an actual investment.

*In Canada, LEED data less robust
**In U.S., BOMA BEST not available