



2020 ESG REPORT

ACCELERATING IMPACT. BUILDING A SUSTAINABLE FUTURE.





ABOUT THIS REPORT

This report pertains to KingSett Capital's Environmental, Social and Governance (ESG) Strategy and the performance of the KingSett Canadian Real Estate Income Fund (CREIF) LP ("Portfolio") during the 2020 calendar year (January 1, 2020 – December 31, 2020), unless otherwise stated. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. A GRI Content Index is located on our [ESG Microsite](#). The content of this ESG report is informed by the findings of a materiality assessment conducted in 2020. See page 5 for our materiality matrix and disclosure. For additional report boundaries, please see the [GRI Content Index](#).

KingSett received limited verification of selected environmental data, including carbon emissions performance disclosed in this report by an independent third party, Quinn & Partners in accordance with ISO 14064-3. A copy of the Verification Statement is available [here](#).

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OUR MESSAGE

ACCELERATING IMPACT. BUILDING A SUSTAINABLE FUTURE.

We are pleased to present our 2020 ESG Report. Despite the challenging year we have all experienced, we are pleased with the agility of our teams and partners in action; adapting to work-from-home requirements while continuing to drive performance. As we diligently worked to overcome new challenges associated with the COVID-19 pandemic, we accelerated our focus on several key drivers to lead us to a sustainable future, including health and well-being, community support, diversity and inclusion and a green recovery.

Throughout all of this, KingSett continues to grow. In 2020, \$6.7B of transactions were completed, including the privatization of Northview and the launch of a new Affordable Housing Fund. We engaged with our tenants, completed hundreds of lease amendments to cope with the events of the pandemic and prepared buildings for a safe return. We made real progress with our development program by advancing entitlements of several sites, and envisioning others to create a substantial multi-year plan. All of this activity was supported by our finance and corporate team, who critically kept stride with this growing complexity.

Our ESG commitment continues to progress. In 2020 these achievements included:

- › Ranked first in North America, second globally and achieved the highest score in Canada in GRESB
- › Launched the Rest Safe Program for front-line healthcare workers
- › Launched our Equity, Diversity and Inclusion Program
- › Achieved the Zero Carbon Building Certification for Scotia Plaza's 40 King St. W.
- › Began executing our Decarbonization Strategy, targeting a 28% reduction by 2025
- › Adopted world-class sustainable development standards like Passive House

As we look to the future, KingSett will strive to deliver on our core objective of providing sustainable premium risk weighted returns for all our stakeholders. We are excited to continue driving progress on climate change locally and globally, supporting our communities and developing assets in innovative and sustainable ways. Our governance structure and ESG Strategy ensure that our practices and policies drive prudent, innovative solutions that align with our stakeholder needs and help us provide value for our people, partners, tenants and communities.

Regards,

Jon Love,
Chief Executive Officer

Transparency **Respect**
Relationships
 Accountability **Humility**
 Integrity **Sustainability**

ABOUT KINGSETT

WHO WE ARE

Founded in 2002, KingSett Capital is Canada's leading private equity real estate investment firm headquartered in Toronto, building investment solutions for Canadian real estate investors.

125

EMPLOYEES AND GROWING CORPORATE OFFICES IN TORONTO, VANCOUVER AND MONTREAL

\$15.4B

ASSETS UNDER MANAGEMENT (AUM)
CREIF AUM \$8.4B

19M+

SQUARE FEET (SF) OF GROSS LEASABLE AREA (GLA)
CREIF 11M SF AND OVER
6,500 RESIDENTIAL UNITS

6

ASSET CLASSES

\$6.7B

OF TRANSACTIONS IN 2020

\$800M

OF EQUITY RAISED IN 2020 FOR FUTURE INVESTMENTS

700 UNIVERSITY, TORONTO, ON
BOMA BEST GOLD

WHAT WE DO

To date, KingSett has raised \$12 billion of equity for its Growth, Income, Urban and Mortgage strategies and currently owns interests in \$19 billion of assets.



KingSett is Canada's leading private equity real estate investment firm



KingSett Principals and employees co-invest with institutional and ultra high net worth investors



KingSett strives to achieve sustainable premium risk weighted returns



KingSett focuses on major Canadian markets



KingSett's core business functions include investments, asset management, development and mortgages

OUR MISSION

We live our values and empower our people to deliver sustainable premium risk weighted returns.

OUR VISION

To be Canada's most respected real estate investor.

our
edge

TEAM

members who are:

- Invested
- Accountable
- Diverse
- Driven

CULTURE

guided by:

- Values
- Clarity
- Intensity
- Collaboration

RESULTS

achieved through:

- Active Management
- Customer Focus
- Innovation
- Sustainability

RELATIONSHIPS

built with:

- Respect
- Integrity
- Transparency
- Humility

OUR ESG STRATEGY

KingSett believes in building value through actively managing the ESG risks and opportunities associated with the ownership, development and management of real estate across each asset's entire lifecycle.

Our ESG Strategy ("Strategy") focuses on doing what is right for our stakeholders and the environment. By consistently incorporating ESG into our decision-making processes we create value economically, ethically, socially and environmentally. Our Strategy outlines and communicates our commitment to acquire, develop and manage our assets responsibly and aligns with our mission, vision and core values.

CORE OBJECTIVES OF OUR ESG STRATEGY

1. Embed ESG considerations into our business planning and decision-making processes
2. Develop actionable plans to enhance building performance
3. Establish a roadmap to achieve the decarbonization strategy for the Company and the Portfolio
4. Set sustainable development guidelines and objectives
5. Enhance and evolve meaningful long-lasting relationships with stakeholders
6. Use our ESG Committee to update and evolve our Strategy

The importance of ESG as part of our overall business strategy was accelerated in 2020. The COVID-19 pandemic has reinforced the importance of a robust and integrated ESG Strategy to ensure that the effects felt by our tenants, investors, communities, partners and employees are minimized to the greatest extent possible. In 2020 we also accelerated our efforts on the need for improved social justice and racial equality in our communities.

SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs), a set of 17 goals that act as a blueprint for peace and prosperity for people and the planet. The SDGs established 2030 targets to address global challenges such as climate change, economic inequality, innovation, peace and justice, and sustainable consumption.

Through our business activities, we are committed to actively and positively contributing to the following SDGs. Our performance against these SDGs is highlighted throughout this report:

<p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>KingSett is committed to reducing energy use across our assets and helping the industry develop cleaner sources of energy</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>KingSett is committed to creating more sustainable, accessible and environmentally friendly buildings and communities for all</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>KingSett implements new and innovative technologies in our assets to enhance the user experience and building performance</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>KingSett is reducing the material consumption at our assets through the conscientious use of finite resources and minimizing waste generation</p>
<p>10 REDUCED INEQUALITIES</p>  <p>KingSett strives for equity for all, to make our society and business more successful and work diligently to leverage our resources to create a safe and inclusive workplace</p>	<p>13 CLIMATE ACTION</p>  <p>KingSett is committed to reducing our carbon emissions and strengthening the resilience of our assets</p>

MATERIALITY ASSESSMENT



In 2020, KingSett conducted extensive internal and external stakeholder consultations to understand what ESG topics matter most to our stakeholders and confirm our ESG efforts were aligned with our partners, customers and employees.

These discussions were to ensure strong alignment between KingSett and our stakeholders and address identified gaps. The results of 15 separate interviews and 93 surveys provide a roadmap for how we continue to drive value and improve asset and Portfolio ESG performance.

We received positive feedback across all stakeholder groups that KingSett is seen as an ESG leader. Our stakeholders are proud to call KingSett their partner, are eager to learn from what we have done and work together to meet our shared ESG objectives. While all 23 ESG topics identified were deemed important, the 20 topics identified as strategic and core in the materiality matrix form the basis of this report. We will continue to focus our efforts on all ESG topics as well as on new and emerging trends to unlock value and improve the resilience of our assets.

In 2020, we continued to achieve success across our key performance indicators (KPI), always striving to be seen as ESG leaders in the Canadian real estate market.

ENVIRONMENTAL	TARGET YEAR	TARGET OBJECTIVE	STATUS	SDG ALIGNMENT
Conduct Energy Assessments**	2021	100%	93%	
Reduce Energy Consumption*	2021	-8%	ACHIEVED	
Conduct Water Assessments**	2021	90%	ACHIEVED	
Reduce Water Consumption*	2021	-4%	ACHIEVED	
Set Portfolio Carbon Emissions Targets	2021	Y	ACHIEVED	
Conduct Indoor Air Quality (IAQ) Assessments**	2021	100%	93%	
Conduct Waste Assessments**	2021	90%	ACHIEVED	
Improve Waste Diversion*	2021	61%	57%	
Achieve Third-party Building Certifications	2021	95%	91%	
Office Properties Certified to LEED Gold or Higher	2021	80%	63%	
Implement Extreme Weather/Flood Resilience Plans	2021	100%	89%	
Conduct Risk Evaluations	2021	100%	ACHIEVED	

SOCIAL	TARGET YEAR	TARGET OBJECTIVE	STATUS	SDG ALIGNMENT
Implement Tenant Engagement Programs	2020	100%	ACHIEVED	
Implement Tenant Health and Well-being Programs**	2020	100%	ACHIEVED	
Implement Property Community Engagement Programs**	2020	100%	85%	
Provide ESG Training to Employees	2020	100%	ACHIEVED	

GOVERNANCE	TARGET YEAR	TARGET OBJECTIVE	STATUS	SDG ALIGNMENT
Maintain KingSett's GRESB Five Star Rating	ANNUAL	Y	ACHIEVED	
Review and Update Corporate Cyber Security Protocol	ANNUAL	Y	ACHIEVED	
Review and Update Corporate and Management Policies	ANNUAL	Y	ACHIEVED	
Implement Corporate Business Continuity Plan	2020	Y	ACHIEVED	

Northview residential assets are excluded from all Scorecard KPIs.

*Only includes office, retail, and multi-residential assets that were fully operational and have no major renovation or development work in progress. Target baseline year is 2017.

**Excludes industrial assets.

We are committed to challenging ourselves and the real estate industry to drive performance further than ever and deploy innovative practices that deliver top-line results for our stakeholders. In 2021, we will:

- E**
 - Continue to execute the Portfolio's decarbonization strategy at the property-level
 - Set science-based energy, water, waste and carbon emission targets for the Portfolio for 2022-2024
- S**
 - Enhance property-level accessibility and inclusion through the adoption of the Rick Hansen Foundation Accessibility Standard
 - Provide a monthly lunch-and-learn speaker series for the entire company covering topics including diversity and inclusion, mental health, technology and sustainability
 - Expand our internship program to include two participants recruited by the Black Business and Professional Association
 - Launch a mentorship program for young professionals from underrepresented communities
 - Identify additional investment opportunities for the Affordable Housing Fund
 - Partner with the Black North Initiative to support their homeownership bridging program
- G**
 - Evaluate becoming a signatory and reporting under the United Nations Principles for Responsible Investment
 - Expand ESG reporting in Quarterly Reports and Annual Board Reports
 - Conduct Property Manager governance surveys

ATRIUM, TORONTO, ON LEED EB: O&M GOLD

DECARBONIZATION STRATEGY

As part of our decarbonization strategy, we are systematically assessing each property's current energy-use makeup, setting targets and developing plans to decarbonize their operations. We will achieve these targets through deep retrofits, fuel-switching, increased tenant awareness and communication and we will offset the remaining emissions after all other possible actions have been taken.

In 2020, we set a target to decarbonize the Portfolio's Toronto Core Office properties and 1075 West Georgia (5.8M sf) by 2025, an action that will reduce the Portfolio's carbon emissions by 28%.

The next steps to accelerate our decarbonization target include:

- Finalizing the targets for the initial properties by verifying the property-specific strategies, capital costs, amortization schedules and lease agreements
- Refining the strategy for the remaining Toronto Core Office properties as we learn from the initial properties
- Ensuring new developments and properties undergoing redevelopment are decarbonized
- Conducting the same strategy for our multi-residential properties

ENVIRONMENTAL

There is an immediate urgency in the commercial real estate industry to focus on climate change and resource management. Buildings consume a significant amount of energy and water, generate waste, and emit carbon emissions; all of which have substantial environmental impacts. Managing resource consumption and monitoring impact is instrumental to improving environmental performance, increasing cost savings and contributing to the sustainable growth of the Portfolio.

In Canada, residential, commercial and industrial buildings account for 17% of Canada's GHG emissions.¹ In major cities like Toronto, these figures can be over 50%.² We believe that it is our environmental, social and fiduciary responsibility to improve the performance of our properties for our tenants, partners and communities.

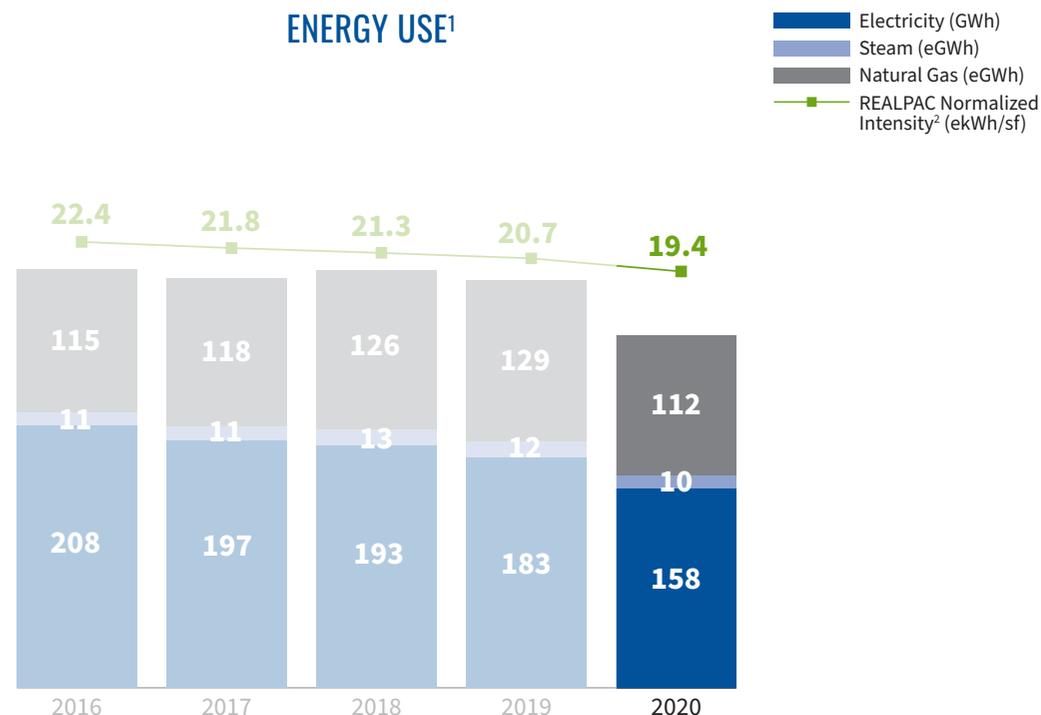
Our approach to managing the resources our properties and tenants rely on follows the basic principles of ISO 14001: Plan, Do, Check, Act. We establish management policies and measure and analyze performance data through data management systems, building assessments, real-time monitoring and surveys and set targets (Plan). We develop and execute these plans, which includes conservation measures, replacing existing systems and installing products with more environmentally friendly alternatives (Do). We monitor the impacts of projects and actions through energy audits, commissioning, follow-up assessments and real-time monitoring (Check). The results of these steps informs our overall strategies on the effectiveness of our actions, influences our management policies and helps us achieve our targets (Act).

¹ <https://sencanada.ca/en/newsroom/enev-reducing-ghg-canada-buildings/>

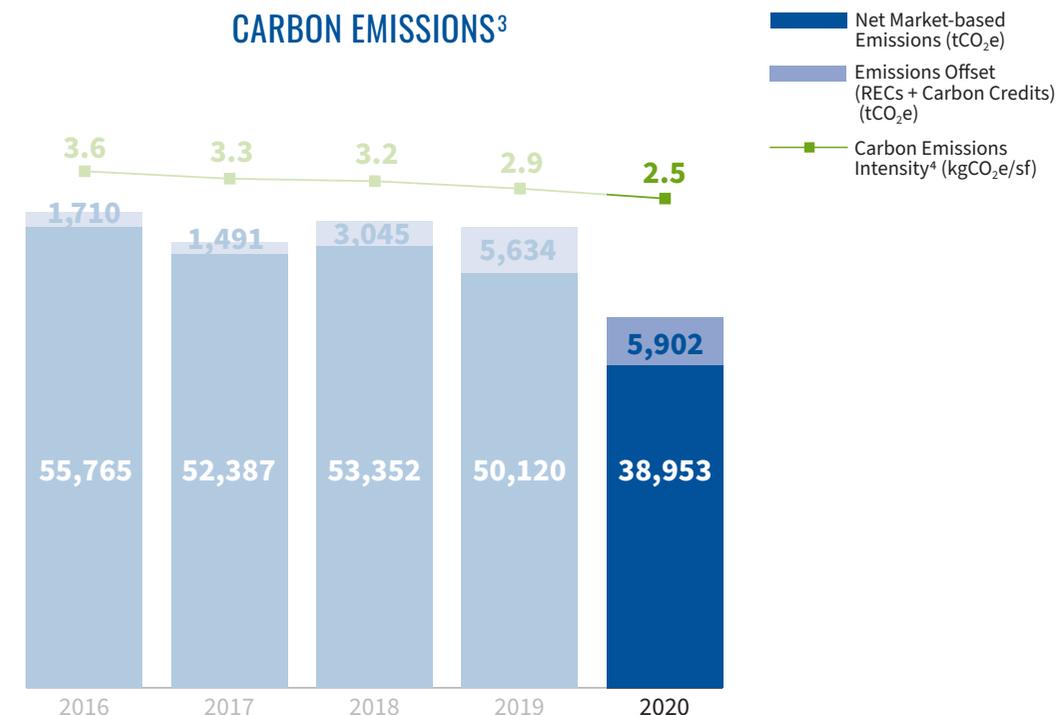
² <https://www.toronto.ca/wp-content/uploads/2020/02/92f8-TransformTO-Climate-Action-for-a-Healthy-Equitable-Prosperous-Toronto-Implementation-Update-2017-and-2018.pdf>



ENERGY USE¹



CARBON EMISSIONS³



KingSett and its property teams have been diligently driving energy performance at its properties to unlock value and reduce the environmental impact of the Portfolio. Due to the COVID-19 lockdowns and the transition to work-from-home, energy use was down significantly in 2020. This decrease was consistent across the office and retail assets, while residential properties had more varied performance results. This performance is the result of lower activity in buildings as well as actively managing building system schedules and setpoints. When energy use is normalized to reflect how management has improved performance, the overall portfolio energy use was reduced by 6% compared to 2019.

While the Portfolio has increased in size over time, active management, energy conservation measures and ongoing engagement with occupants have been valuable tools in achieving and maintaining reductions in carbon emissions year-over-year. Carbon emissions from the Portfolio were significantly impacted by the COVID-19 lockdowns, reducing total emissions by 20% compared to 2019. At the same time, we have been diligently increasing our renewable energy credit (“REC”) and carbon credit purchases to offset emissions at our properties and encourage development of renewable energy sources. As operations return to normal, we expect to see COVID-19 related reductions correct overtime and reductions related to the execution of our decarbonization strategy appear.

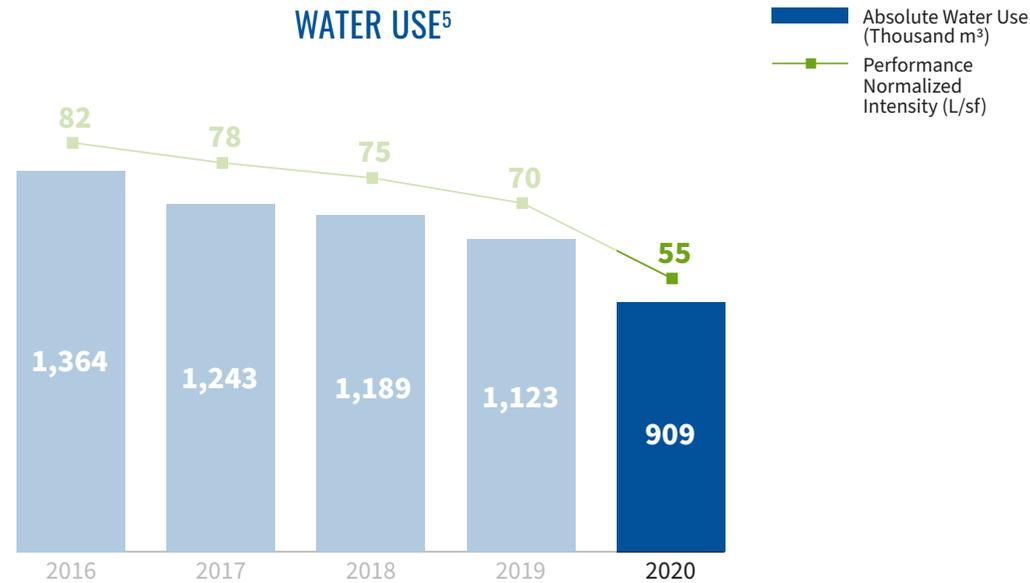
¹ Energy represents absolute energy use (eGWh).

² Energy intensity values have been normalized for vacancy, exceptional loads, occupant density and operating hours. These values exclude properties under development and/or major renovations. Target baseline year is 2017.

³ KingSett’s total 2020 location-based scope 1, 2, 3 carbon emissions were 44,855 tCO₂e. After accounting for REC purchases and carbon offsets, our market-based scope 1, 2, 3 carbon emissions were 38,953 tCO₂e. A breakdown of KingSett’s location-based and market-based Scope 1,2,3 carbon emissions from 2016-2020 is provided in the GRI Content Index.

⁴ Carbon Emission Intensity only represents emissions from energy.

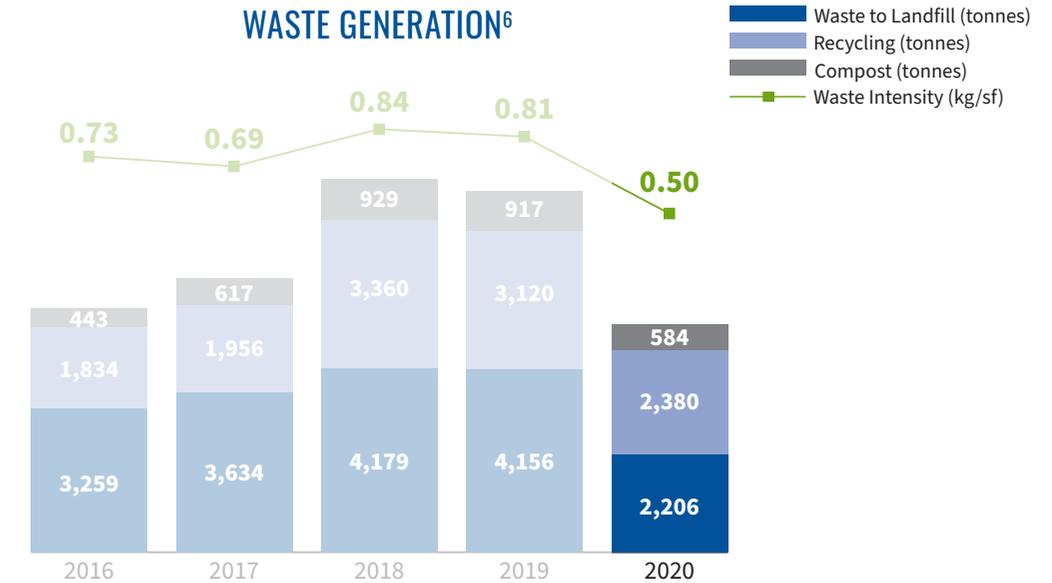
WATER USE⁵



The COVID-19 lockdown in Canada had a significant impact on water consumption across the Portfolio. While most buildings needed to keep mechanical systems operating which maintained a base level of energy consumption, water is directly tied to building occupancy. As a result, absolute water use decreased by 19% compared to 2019. When water use data is normalized to reflect how management has improved performance, the overall portfolio energy use was reduced by 21%. Our property teams continue to improve the water performance of their buildings by implementing water savings measures including leak detection technology, low-flow fixtures and ongoing occupant engagement.

⁵ Water intensity values have been normalized for weather and exclude properties under development and/or undergoing major renovations. Target baseline year is 2017.

WASTE GENERATION⁶



In 2020, 75% of the Portfolio had waste tracking in place, providing insight to property teams on waste generation trends and opportunities to improve management practices and reductions. Similar to water, the waste generation for properties is strongly correlated with building occupancy. Due to COVID-19, total Portfolio waste generation decreased by 37% compared to 2019 due to stay-at-home orders. In 2020, we achieved a 57% diversion rate.

The goal of KingSett's waste management program is to eliminate waste generation and its associated carbon emission at our properties. In 2020, we began reporting a waste intensity indicator to measure reductions by square feet, similar to energy, carbon emissions and water. A focus on waste intensities will help drive us to procure products with less disposable material, develop more communication and engagement strategies with tenants and be more vocal with government bodies on how to achieve a circular economy.

⁶ "Waste-to-Energy" is not included in the recycling stream totals.

The KingSett Sustainability Excellence (K-SE) Awards motivate, engage and acknowledge our property teams throughout the Portfolio who have achieved significant year-over-year operational savings and waste management improvements.



Climate change represents one of the most significant risks to the Canadian commercial real estate sector.

Weather unpredictability, the concerns of carbon (and other toxic chemical) emissions, the upfront cost of decarbonizing, the long-term cost of not decarbonizing, tenant comfort concerns, air quality concerns and the reputational risks of not acting quickly enough to combat climate change are just a few of the growing risks tied to climate change that property owners must be prepared to address.

While commercial real estate has one of the highest levels of exposure to climate change risk, it also has one of the largest opportunities to make significant positive change. At KingSett, we actively manage the risks and opportunities related to climate change and climate resilience across our properties to increase the long-term value of our assets. This is done through extensive stakeholder engagement, adoption of national and international carbon targets and standards and thoughtful investments to improve resilience. We are also assessing alternative low-carbon energy sources, like solar and wind, in Alberta and Saskatchewan to offset energy taken from the grid until electrification becomes sustainable.



Climate resilience is the ability to predict and respond to shocks and stressors related to climate change.

Climate resilience is often associated with acute events such as heavy downpours and wildfires, which have become more frequent and intense as the climate continues to change. However, it is equally important to incorporate planning for chronic events, like rising sea levels, worsening air quality and population migration. As carbon emission levels and toxic chemical exposure continue to rise, climate change will continue to accelerate.



KingSett is committed to improving the resilience of our assets to shocks and stressors brought on by transitional and physical climate-related risks. We have begun assessing the resilience of our assets to better understand the level of risk exposure they face. By doing so, property teams can implement mitigation measures and business continuity plans to ensure risks are reduced and that normal operations can be achieved swiftly after an event. We will conduct resilience assessments every five years for assets in the Portfolio to ensure response plans and implementation measures remain current and effective.

SUPPORTING RENEWABLE ENERGY ACROSS THE PORTFOLIO

Since 2014, KingSett has been supporting the development of renewable energy projects in Canada through the purchase of certified RECs. In 2020, 25% of the electricity consumption for the Portfolio was offset with RECs (a 60% increase from previous years), bringing the total to 142,760 MWh of RECs purchased since the program began. That is enough energy to power over 11,640 homes for one year. These RECs help fund renewable energy projects and community modernization efforts like [Municipalité de Franquelin run-of-river hydro project](#). Royalties from REC sales go directly to community purchases of fire emergency vehicles, sewage treatment plants, and more. The project includes an ecological flow in the bypass section, a fish-pass and various environmental studies related but not limited to fish spawning, bird habitat, water quality and wetlands.

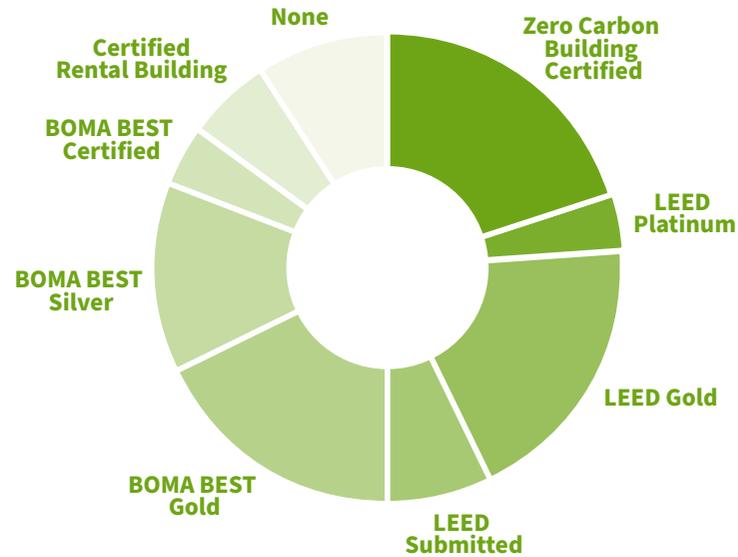


BUILDING CERTIFICATIONS

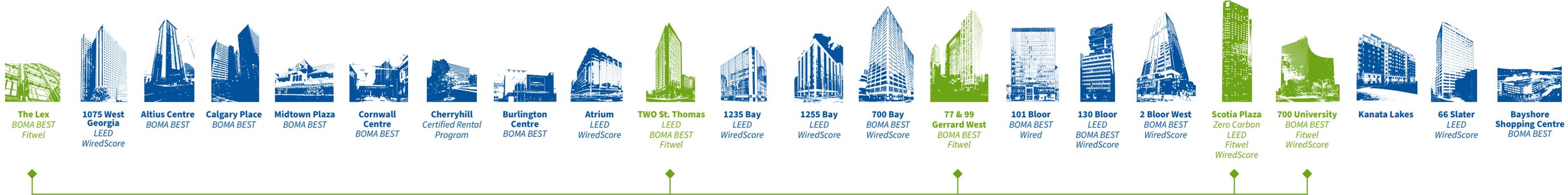
Building certifications provide a credible means for assessing the environmental performance and management of buildings through an externally recognized and verifiable framework.

KingSett is committed to adopting third-party building standards to validate our properties' ESG performance and show tenants and the surrounding communities the tangible positive impacts they provide.

PORTFOLIO BUILDING CERTIFICATIONS BY GROSS ASSET VALUE (GAV)

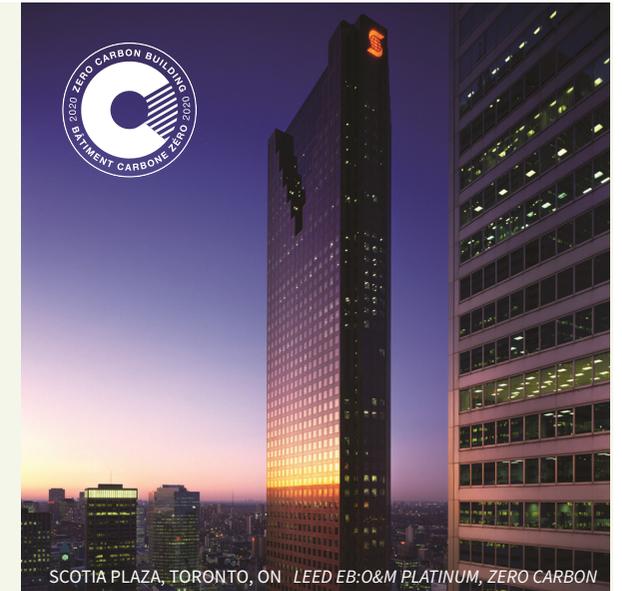


91%
BY GAV IS CERTIFIED TO A THIRD-PARTY BUILDING STANDARD



SCOTIA PLAZA ZERO CARBON CERTIFICATION

Scotia Plaza's 40 King St. W. made [national headlines](#) for being the largest building to achieve the Zero Carbon Building Certification in Canada. The certification, a key part of KingSett's Decarbonization Strategy, will reduce the building's carbon emissions from energy sources by over 40%, giving it a carbon emission intensity of 0.40 kgCO₂e/sf. This achievement is a result of a relentless drive towards efficiency by the property team, who reduced energy use by over 30% before fully electrifying the building's systems and purchasing carbon offsets for the remaining carbon emissions associated with the grid-electricity use and on-site waste generation. The Zero Carbon Building Certification is a pivotal step for delivering on KingSett's Strategy and is leading us on our path to zero carbon across the Portfolio.



SCOTIA PLAZA, TORONTO, ON LEED EB:O&M PLATINUM, ZERO CARBON

DRIVING HEALTH AND WELL-BEING

Occupant health and well-being has become a major driver in improving the quality of property spaces. As the redevelopment at 77 & 99 Gerrard West progressed toward completion, KingSett sought a way to emphasize the importance of tenant health and well-being within the newly built, and existing multi-residential tower. By focusing on building location and access, outdoor and shared spaces and emergency preparedness, both buildings achieved Fitwel Certification – a leading standard designed by the Centers for Disease Control and Prevention to support the physical, mental and social health and well-being of building occupants. The Portfolio now has five buildings that have achieved Fitwel Certification.



77 & 99 GERRARD WEST (RENDERING), TORONTO, ON FITWEL

66%

OF PROPERTIES BY GAV HOLD TWO OR MORE BUILDING CERTIFICATIONS

\$4.8B

BY GAV ACHIEVED WIRESCORE CERTIFICATION

63%

OF OFFICE PROPERTIES BY GAV ARE LEED O+M GOLD OR HIGHER

\$2.5B

BY GAV CERTIFIED TO FITWEL

Buildings have a significant impact on the environment and the communities around them making it important to develop them in a sustainable, healthy and resource-efficient way.

Focusing on the health and well-being of the people who work and live in our buildings and communities has never been more important. KingSett is committed to developing and redeveloping real estate in a manner that leaves the communities and the environment in a better state than they were before.

KingSett's Sustainable Development Policy and Guide provide clear pathways for each development to achieve the maximum benefits its site, surrounding community and technology can provide. This begins during the acquisition stage of a development site, all the way through to the property becoming occupied. Each development is assessed against the following building standards:



\$1.4B
PORTFOLIO
DEVELOPMENT
PIPELINE



ALL NEW
DEVELOPMENTS
TARGETING
**ZERO
CARBON**



We believe creating healthy, comfortable and efficient buildings that meet or exceed a zero-carbon balance is not just advantageous economically, it is the right thing to do. To deliver on our stakeholder commitments we adopt building standards with strict performance guidelines and ensure the user-experience drives development decisions.

Through our Smart Building Technology Strategy, we maximize efficiencies, reduce our environmental footprint, achieve dramatic cost savings and provide unique tenant offerings.

This creates competitive differentiation and top-line growth while future-proofing our assets. KingSett's entrepreneurial culture puts us in a position to capitalize on smart building technologies.

Smart technology is not a one-size-fits-all solution, but rather a methodical decision-making process that looks different for every asset. By utilizing the same process, methodology and tools to evaluate each property, every decision will play a foundational role in building a roadmap to help us achieve our smart building technology vision.

Since adopting our vision we have been busy building secure and converged networks in our buildings to allow for agile and safe implementation of technology.

TECHNOLOGY VISION STATEMENT

To enhance our strong entrepreneurial, innovative and value-based culture through measurable and sustainable investments in smart building technology, people and processes that drive sustainable premium risk weighted returns.

OUR FIVE STRATEGIC GOALS

 <p>Strengthen KingSett's technology position to deliver sustainable premium risk weighted returns</p>	 <p>Create spaces where technology enhances our customers' and communities' experiences to work, live and play</p>	 <p>Leverage our agility and passion to embrace new technology services and empower our people</p>	 <p>Leverage technology to enhance innovation, sustainable operations and efficiencies</p>	 <p>Maintain clarity and ongoing engagement with all stakeholders</p>
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EVOLUTION OF 'SMART' AT 2 BLOOR WEST

Since the rollout of its Smart Building Technology Strategy, KingSett has been upgrading building systems to use a single building owned network, called a Base Building Network (BBN). This network replaces the growing number of wiring and cables in buildings and aims to improve the maintenance and security of the building's systems. A BBN can easily add infrastructure as demand changes and provides greater security of resources in both a physical and cyber manner.

2 Bloor West is one of several properties that has been upgraded with a centralized BBN. In addition to adding fiber optic BBN infrastructure, several of the building systems have been integrated into the network including the Building Automation System, electrical submetering and access control systems.

By incorporating an analytics platform at the building, this system can access data from any of the systems that reside on it and use it with the goal of:

- › Reducing energy consumption and carbon emissions
- › Accelerating response to maintenance by identifying concerns before they cause tenant issues
- › Optimizing systems based on real time building utilization
- › Extending equipment life



SOCIAL

Owning and managing real estate requires a strong commitment to the people who call your asset their home, their office, their store.

KingSett is committed to being a good employer, business partner and corporate citizen. We do this by listening and working collaboratively, harnessing the diverse experiences and perspectives of our employees and working with our business partners to achieve mutually beneficial and sustainable outcomes. We have strong and robust communication platforms that put people at the centre of economic activity while preserving the welfare of all stakeholders.

At KingSett, we respect all people and value long-term relationships. Not only are these key components of how we do business, but they are enshrined in our core values. We ensure that direct and effective lines of communication are in place so that we can hear from the voices that matter most and tailor the value we offer to their needs.

Our engagement programs, both at the corporate and property level, are used for idea generation to solicit feedback and identify best practices to determine the impact of our efforts and ensure alignment with our core values. Soliciting feedback in different forms and from multiple stakeholders helps us ensure that our programs are tailored to both meet the needs of the community and unlock value for our assets.



KingSett's stakeholder engagement activities ensure relationships are built with respect, integrity, transparency and honesty. A key component in achieving this is ongoing communication and working collaboratively towards mutually beneficial outcomes.

We aim to build relationships with all our stakeholders. Doing so ensures that we fulfill our commitments and create shared value through our business activities.

KINGSETT ENGAGES STAKEHOLDERS ON ISSUES IN A VARIETY OF WAYS:

- › Our Management Committee and CREIF Advisory Board receive quarterly ESG updates that include Portfolio case studies and progress, and highlights on sustainability issues and trends
- › Our talent managers initiate a variety of new and ongoing social and employee development programs throughout the year
- › Property and asset managers review asset-specific sustainability dashboards prior to and during budget planning
- › We survey our tenants and employees biennially to help guide our efforts to increase satisfaction, communication and well-being
- › CREIF Investors and other stakeholders receive regular updates on progress towards achieving our targets
- › Social media posts highlight key corporate and asset achievements across all portfolios
- › We continuously engage within our industry, sharing best practices, new ideas and thought leadership
- › Our property teams engage with asset managers, tenants and communities in their day-to-day functions and hold tenant and community events throughout the year
- › Our annual ESG Report provides an in-depth review on ESG throughout the organization and holds us accountable for the commitments we make
- › We participate in a number of industry and community associations as members and board of directors to share best practices, ideas and guidance



THE VALUE IN CONDUCTING MATERIALITY ASSESSMENTS

KingSett conducted its first materiality assessment in 2020 to solicit opinions and insights from our stakeholders and align to the GRI Standard. The results of extensive stakeholder engagement efforts provided significant value to KingSett and identified opportunities to enhance our stakeholder relationships by collaborating and sharing our best practices. For external stakeholders, carbon emissions and climate change are the top issues and they are looking for solutions to decarbonize assets, achieve carbon neutrality and build climate resilience. Internally, there is a growing focus on social topics such as diversity and inclusion and employee engagement and well-being. We believe that communication and collaboration with our stakeholders is essential to advancing KingSett's ESG leadership position and maintaining stakeholder trust.

Ensuring our tenants are actively and effectively engaged is critical to executing a successful ESG Strategy. Understanding our tenant and occupant concerns, needs and goals helps KingSett to create successful and customized property-level programs.

KingSett conducts third-party tenant satisfaction surveys every two years to better understand our tenants' needs. The results of the survey help us identify opportunities to improve comfort, enhance satisfaction and drive sustainability performance across the Portfolio. Our property management partners review the responses and develop measures to improve the tenant experience. Due to the lockdowns throughout 2020 and 2021, we plan to conduct a tenant survey in 2022 when it is expected that most tenants will be back in their spaces.



WORK SAFE / SHOP SAFE / REST SAFE PROGRAM

In response to the COVID-19 pandemic, KingSett developed its custom re-opening program - Work Safe / Shop Safe / Rest Safe. The program's message "We're ready when you're ready" is aimed to instill confidence in our building's revised protocols and procedures to our tenants and the public.

KingSett's re-opening program was developed in consultation with industry peers, key tenants, property teams and industry associations such as BOMA Canada, ASHRAE, US CDC and the Toronto Financial District BIA, along with Toronto Public Health to all ensure guidelines, protocols and best practices were being followed. These efforts included:

- › **Preparing the building:** cleaning plans, pre-return inspections, HVAC & mechanical checks and necessary PPE
- › **Preparing the building workforce:** staff training and health screening for all staff and contractors
- › **Controlling access:** protocols for health and safety checks, shipping/receiving, elevators, visitor lobbies and adjusting travel access plans
- › **Implementing a social distancing plan:** specific plan for pinch points where social distancing will be difficult, including elevators, food courts and common areas
- › **Reducing touchpoints & increase cleaning:** increased frequency and visibility of all cleaning services, specifically at high-touch surfaces/locations and limit touchpoints where possible
- › **Increasing communication:** directional signage on floor and doors, lobby communication screens at building entry to promote key messages and direct electronic communication with customers/occupants



Using this program as a guide, each building developed their own unique re-opening plan to address the specific circumstances of the asset and asset class. Our property teams also assisted tenants in developing their return to office plans.

As KingSett continues to grow, we strive to ensure all employees continue to feel engaged and see the company as a great place to work. Engaged employees are more productive, more committed and more dedicated to their role and the company; helping us deliver on our core values.

We are focused on creating a workplace that is rich with culture, compassionate to people's needs and provides the necessary support for individuals to live a productive, happy and healthy life; both in and out of the office.

KingSett's Employee Professional Development Program ensures all individuals reach their full potential. This includes:

- › A Leadership Development Program, utilizing a detailed psychology assessment to determine individualized strengths and potential for development
- › A variety of workshops and team development programs
- › Offering coaching hours to be used by employees as needed
- › Sending up to four employees a year to a one-week Harvard Executive Course
- › Funding for professional designations
- › Tuition reimbursement program for the successful completion of continuing education courses
- › A summer internship program to help develop the skills of young and emerging professionals



In addition to the Employee Professional Development Program, our Employee Health and Well-being Program focuses on several strategies to support employees, such as:

- › Monthly lunch-and-learn speaker series touching on a variety of topics to provide employee support personally and professionally
- › Fresh fruit and healthy snacks for employees throughout the work week
- › Adjustable height desks, chairs and monitor arms at all workstations
- › Discounted gym membership available to all employees and their family members
- › Fully subsidized medical exam at a corporate wellness health clinic every two years
- › One-year top up of base salary for parental leave
- › Half-day office shut down on Fridays leading into the summer long weekends
- › Additional two-weeks of paid vacation time over the holiday break to spend with family, friends and loved ones

In 2020, senior management has been actively responding to feedback received from the 2019 employee satisfaction survey. In response, we have implemented a new Parental Leave Policy, planned renovations to improve accessibility, modernized the Toronto office bathrooms and rolled out a variety of technology enhancements. In addition, there has been increased communication of strategic planning and business development plans to employees, helping foster a better sense of community and sharing the company's strategic plan for the future.

There is a direct correlation between a company's culture and its ability to excel in its industry. KingSett's employees are the most valuable asset of the company. Our values are the foundation of the business and drive relationship-focused client services, leadership, teamwork and investment expertise.

KingSett's innovative and entrepreneurial spirit enables us to think outside of the box, unlock value for our stakeholders and stay ahead of our competitors. Our desire to innovate led to the recent achievement of certifying Scotia Plaza's 40 King St. W. to the Zero Carbon Building Standard. Given the right "challenge" from our executives, combined with the right people, we are able to play a role in shaping the future of real estate. The results have led to strong stakeholder support, industry recognition and a proven model that is being used to set aggressive decarbonization targets for more properties.

Innovation gets applied to all business functions at KingSett. Our investment, finance, mortgage, development and asset management departments are constantly looking for innovative solutions. These solutions vary from project to project and across each function, but all have the same underlying drive of being Canada's most respected real estate investor.

**WE PRIDE OURSELVES
ON HAVING A
STRONG
VALUES-BASED
CULTURE,
AND WE ENCOURAGE
AND VALUE MERIT AND
ACHIEVEMENT**

REST SAFE PROGRAM

As an example of KingSett's focus on the health and sustainability of our local community, and to show our support for frontline workers, we launched the Rest Safe Program in April 2020. The program provided relief to frontline healthcare workers who were caring for patients around the clock due to the COVID-19 pandemic. To give health professionals a safe place to rest, we partnered with St. Michael's Hospital, UHN and Mount Sinai Hospital to provide a total of 10,800 room nights to frontline healthcare workers, at no cost to them, at our Royal York Hotel and Courtyard Marriott Toronto properties. The program has since evolved to provide expecting high-risk mothers a safe and convenient room free-of-charge while waiting to be admitted to the hospital to deliver their baby.



As a commercial real estate company we have the responsibility to enhance the communities where we operate.

KingSett is committed to being a good corporate citizen and contributing to the communities where we live and do business through volunteerism, charitable events and activities organized locally at our properties. At the corporate level, our employees volunteer and participate in several industry associations that help create value for properties, communities and the wider real estate sector.

We enable our property teams to be active members of the communities they work in. By hosting events, providing public services not otherwise available and connecting with our communities, we create spaces people want to be in. In lieu of annual tenant appreciation events due to COVID-19, some of our downtown Toronto office buildings decided to give back to the community by donating to local charities. Over \$40,000 was donated to the Kiwanis Boys and Girls Club, Bond Place Shelter, Eva's, Redeemer Common Table Program, and the Daily Bread Foodbank.

FOCUS ON AFFORDABLE HOUSING

A key issue facing members of our community is housing affordability and the need to provide housing for people at all income levels. Over the past year, the issue of housing affordability in Canada has been accelerated by COVID-19. In August 2020 we announced the formation of the KingSett Affordable Housing LP ("AH Fund"), which was formed by key institutional investors and CREIF. The AH Fund's mandate is to develop or sponsor the development of affordable purpose-built rental properties to directly address housing affordability for those most in need. Its first acquisition was a site in Toronto that will have 50% of its units reserved for affordable housing, vastly exceeding the CMHC requirement.



85%
OF PROPERTIES
HAVE A COMMUNITY
ENGAGEMENT
PROGRAM

\$130,000
DONTATED TO A
VARIETY OF CHARITABLE
ORGANIZATIONS
BY KINGSETT

UNITED WAY CAMPAIGN OF GIVING

For the past six years, KingSett has supported the United Way by mobilizing employees and participating in the annual Campaign of Giving. The donations raised through the month of December help fund a network of 270 agencies in the GTA that support those who are most vulnerable, including FoodShare Toronto, Blue Door Shelter and Dixie Bloor Neighbourhood Drop-in Centre. Since 2015, KingSett and its employees have raised over \$250,000 for the United Way. These donations make significant impacts in the local community, helping drive change by giving critical resources to fight hunger, homelessness and social isolation. In 2020, in addition to the United Way campaign, KingSett donated 100 Essential Packages for both women and men to Street Haven and Dixon Hall.



We believe equity and diversity is one of our greatest strengths and that having diverse backgrounds, experiences and perspectives contributes to better decision making and a more successful business.

At KingSett, our vision is to be a catalyst for positive change, encouraging innovative, equitable and inclusive practices and incorporating these principles into our actions. This vision and our commitment to equity, diversity and inclusion has been included in our Diversity and Inclusion Policy.

WE ARE COMMITTED TO:

1. Developing an atmosphere where dialogue is both safe and encouraged, and where we can better learn about the culture, experience and values of our employees
2. Establishing a training program that helps employees better understand the value of equity, diversity and inclusion, and the harmful nature of racism, discrimination, and exclusion
3. Nurturing a corporate culture that utilizes constructive, inclusive language and actively seeks to mitigate bias

In 2020 we partnered with various industry organizations to address issues relating to anti-racism, diversity and inclusion in the real estate industry. Examples of these partnerships include joining the BOMA Toronto Diversity, Inclusion & Anti-Racism Advisory Council, joining CREED Council, and continuing our membership and support for Toronto CREW and REALPAC. In 2021, KingSett is partnering with the Black Business and Professional Association ("BBPA") to create two exciting new programs. The first is a new KingSett Mentorship Program, and the second is the expansion of our existing KingSett Internship Program to include two candidates recruited by the BBPA.

GENDER DIVERSITY	OVERALL COMPANY	SENIOR & EXECUTIVE MANAGEMENT
FEMALE	42%	14%
MALE	58%	86%

We acknowledge there is more to be done to improve our diversity practices. We will continue to evolve our practices by seeking diverse candidates when hiring, investing in talent development and keeping gender and diversity front of mind while advancing the careers of our employees.

COMPANY-WIDE UNCONCIOUS BIAS TRAINING

A key part of putting KingSett's Diversity and Inclusion Policy into action was for all employees to have mandatory training on unconscious bias. The objective of the training was to instill a strong knowledge of unconscious bias through three perspectives: systemic bias, through the individual, and through the organization. Employees were educated on unconscious bias in a safe, non-confrontational environment, taught to develop workplace appropriate strategies supporting employees to identify and eradicate bias, and empower participants to analyze different axes of intersectionality (e.g. race, gender, economic status, etc.). The results from the training provided employees with concrete steps to change behavior and overcome unconscious bias within the company.

100%
OF KINGSETT'S
EMPLOYEES
PARTICIPATED IN A
TRAINING PROGRAM ON
UNCONSCIOUS BIAS

GOVERNANCE

KingSett is committed to sound corporate governance principles and practices. Operating as a values-based organization has enabled us to embed responsible governance practices across the Portfolio. Providing strong oversight and accountability of the Strategy and performance associated with the ownership, development and management of real estate across the asset's entire lifecycle is a top priority. At the corporate level, KingSett is committed to embedding ESG best practices across its core functions. Integrating ESG into our decision-making process creates value economically, ethically, socially and environmentally and ensures the long-term success of our business.

Our approach to governing is characterized by:

- › Oversight of strategy and all conflicts by a series of independent Advisory Boards
- › Engagement of professional firms to provide insight and advice on corporate, tax, accounting, financing, ESG, insurance, technology, human resources and other business matters
- › Engagement of property management firms and joint venture or third-party partners to operate our properties and execute the Strategy
- › Independent audits of the financial statements and ESG metrics
- › Strong alignment with KingSett principals and employees, as KingSett principals and employees own approximately 7% to 11% of each KingSett-managed fund
- › Robust internal governance policies and corporate controls
- › Regular and transparent investor reporting, including ESG performance
- › Active risk management and asset management



KingSett takes an active role in identifying, managing and mitigating risks associated with owning, developing and managing real estate in Canada. Actively managing risk is a core responsibility and KingSett’s partners expect it to be conducted thoroughly. This is why it is clearly reflected in KingSett’s mission, providing sustainable premium risk weighted returns to its partners.

Our process for identifying and assessing risks, including ESG-related risks, is embedded into our day-to-day business operations. We take action to mitigate and monitor risks, particularly those risks that could significantly affect KingSett’s reputation, financial performance or business operations.

ESG risks, in particular climate change risks, continue to be a focus and concern for investors and our stakeholders. As discussed in the Environment section, KingSett is proactively taking steps to improve the resilience and energy efficiency of the Portfolio and manage the physical and transitional risks of climate change.

ESG COMMITTEE

The ESG Committee is chaired by our Chief Legal Officer and ESG Lead, and has representatives from a broad cross-section of the organization including the Chief Operating Officer, Chief Financial Officer, Development Group Head, Executive Vice President of Asset Management, Senior Vice President of Retail and Asset Resilience, Director of Mortgages, Underwriting and Funding, Director of Sustainability and Director of Building Technology.

KingSett’s ESG Committee covers all aspects of our core business functions: asset management, development, mortgages and investments. The Committee is responsible for:

Executing the core objectives of the Strategy	Making ESG relevant, compelling, and inspiring to internal and external stakeholders	Integrating the Strategy in all areas of business
Identifying business opportunities and risks	Ensuring that KPIs, targets and action plans support the advancement of the Strategy	Identifying and sharing best practices
Monitoring markets, clients, competitors and regulations	Overseeing risks related to climate change and building performance	

CYBERSECURITY AND DATA CONFIDENTIALITY

KingSett’s Technology Strategy Committee conducts an annual review of the Cybersecurity Protocol. This committee guides key business decisions, including implementing new enterprise reporting tools such as Yardi and Power BI. Our Cybersecurity Protocol applies several safety measures, including:

- › Robust network security
- › Encrypted critical database information
- › Adoption of market leading cyber risk mitigation applications
- › Periodic penetration testing
- › Email and other phishing tests
- › On-going employee cyber risk training
- › Insurance coverage including incident response



BUSINESS CONTINUITY

Prior to COVID-19, we adapted our business continuity plan to enable all KingSett employees to work remotely from home with no significant issues in the event of a major business disruption. This plan also included our network disaster recovery plan and procedures.

As part of our COVID-19 response, we formed the KingSett Restart Committee which was responsible for developing our Work-From-Office Plan to ensure a safe return to our offices for our employees. The Committee created safety protocols and oversaw a series of office enhancements and safety measures, including regular electrostatic disinfection, implementing COVID-19 safety standards and optimizing air flow and filtration.

HEALTH AND SAFETY

Health and safety is a significant risk in any real estate venture, and as a real estate owner we have a responsibility to ensure the health and safety of our employees, tenants, communities and partners. To manage our health and safety risks, KingSett partners with leading property management companies, developers and contractors to ensure that we meet or exceed the applicable health and safety requirements at our properties and development sites.

REFINED DATA RISK MANAGEMENT PLATFORM

In 2020, KingSett identified a need for a centralized repository to manage and store property level environmental reports such as Phase I and II Environmental Site Assessments and Building Condition Assessments. The objective was to find a software platform that our property management teams could use to not only warehouse all environmental reports conducted at our properties but also allow us to conduct questionnaires, view analytics at a portfolio level and assist with the insurance renewal process. After partnering with Refined Data, we were able to successfully onboard all our KingSett-insured properties and can now use the platform to identify property and site level risks found in these reports and act upon any recommendations.

In 2020, KingSett was recognized as a global leader in the GRESB Real Estate Assessment. KingSett ranked first in North America, second globally and achieved the highest score in Canada. We use third-party standards such as GRESB to demonstrate our ability to turn sustainability policies and goals into verifiable results.

KingSett Capital is a proud participant in GRESB and has participated in responding to the GRESB Real Estate Assessment since 2015. In 2020, we exceeded our most optimistic expectations and achieved multiple firsts for the company. We achieved the Five Star Rating for the third year in a row, were 1st in our peer group, 1st in our regional sector and 2nd globally. We also achieved the highest score out of all Canadian respondents, a testament to the dedication and focus of the internal and external stakeholders we work with.

GRESB is the global industry standard for ESG benchmarking. It assesses and compares the management attributes and performance across real estate companies (public, private and direct) globally. GRESB collects information on material ESG issues aligned with what investors and the industry care about. In 2020, over 1,200 companies participated in GRESB representing over US \$4.8 trillion assets under management.



G R E S B
REAL ESTATE
Sector Leader 2020

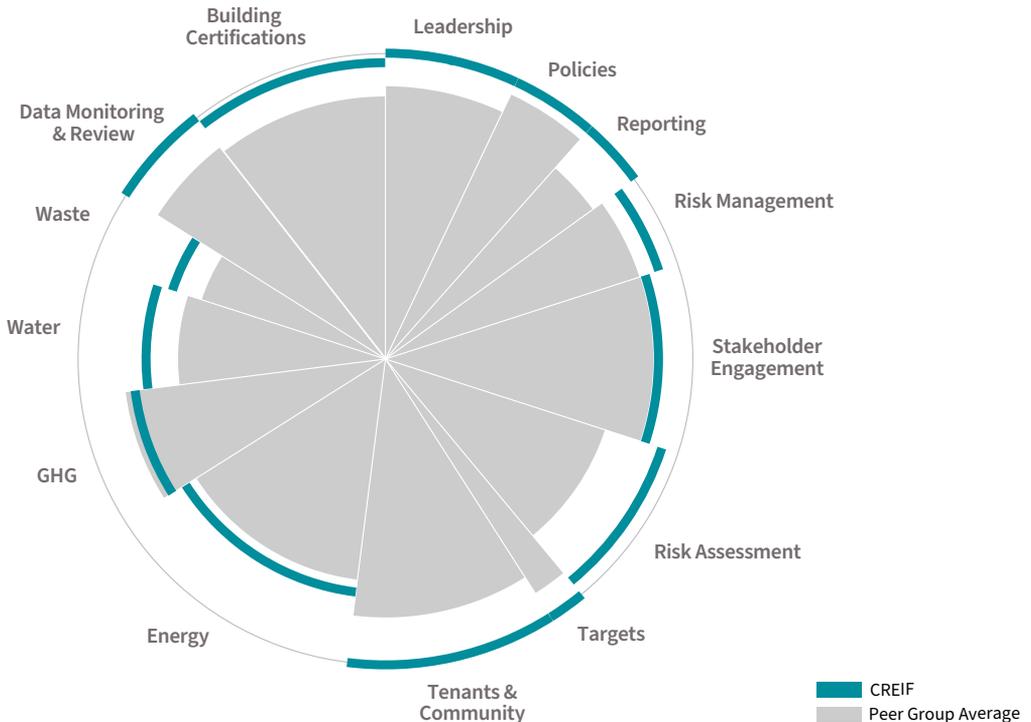
**HIGHEST SCORE
IN CANADA**

1ST
IN OUR PEER GROUP:
NORTH AMERICA | DIVERSIFIED
OFFICE | RETAIL | CORE

1ST
IN OUR REGIONAL SECTOR:
DIVERSIFIED
OFFICE | RETAIL | AMERICAS

2ND
**GLOBALLY:
DIVERSIFIED**
OFFICE | RETAIL | NON-LISTED | CORE

OUR GRESB PERFORMANCE



GLOSSARY

AUM

Assets Under Management

BBPA

Black Business and Professional Association

BOMA

Building Owners and Managers Association

BOMA BEST®

Building Owners and Managers Association
Building Environmental Standards

CMHC

Canada Mortgage Housing Corporation

CREED COUNCIL

Commercial Real Estate Equity and
Diversity Council

CREIF

KingSett Canadian Real Estate Income Fund LP

EMS

Environmental Management System

ESG

Environmental, Social, and Governance

GAV

Gross Asset Value

GLA

Gross Leasable Area

GRESB

Global Real Estate Sustainability Benchmark

GTA

Greater Toronto Area

IAQ

Indoor Air Quality

KPI

Key Performance Indicator

K-SE

KingSett Sustainability Excellence

LEED®

Leadership in Energy and Environmental Design

LEED O+M

LEED: Operations & Maintenance

PASSIVE HOUSE

High-efficiency building design standard

REALPAC

Real Property Association of Canada

REC

Renewable Energy Certificate

SDGs

Sustainable Development Goals

TORONTO CREW

Toronto Commercial Real Estate Women



**For more information about ESG
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