



2002-2022

20 YEARS

BUILDING RELATIONSHIPS,
DELIVERING RESULTS

2021 ESG Report

Taking Action.
Building Value.





99 GERRARD WEST, TORONTO, ON LEED NC GOLD (SUBMITTED)

This report pertains to KingSett Capital’s Environmental, Social and Governance (ESG) Strategy and the performance of the KingSett Canadian Real Estate Income Fund LP (CREIF) (“Portfolio”) during the 2021 calendar year (January 1, 2021 – December 31, 2021), 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 10 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 [🔗](#).

COVER PHOTO: ATRIUM, TORONTO, ON LEED O&M GOLD

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Our ESG Evolution



2014

- ▶ Hired first full-time employee dedicated to ESG
- ▶ Implemented building management programs
- ▶ Launched the KingSett Sustainability Excellence Awards



2015

- ▶ Published first ESG Report
- ▶ Completed inaugural GRESB submission
- ▶ Set first round of ESG performance targets across the Portfolio
- ▶ Launched the KingSett Leadership Development Program



2016 - 2018

- ▶ Executed the Portfolio-wide LED retrofit program
- ▶ Expanded the Employee Medcan Program
- ▶ Set reduction targets for the first time across the Portfolio
- ▶ Achieved 5 Stars for GRESB submission



2019

- ▶ Set new ESG targets
- ▶ Expanded the Innovation Award amount to \$50,000
- ▶ Launched Smart Building Technology Strategy
- ▶ Conducted third-party Employee Engagement survey



2020

- ▶ Achieved the largest Zero Carbon Building Certification in Canada with Scotia Plaza's 40 King St W
- ▶ Achieved GRESB Sector Leader Recognition in North America
- ▶ Launched EDI Policy and incorporated mandatory training for all employees



2021

- ▶ Achieved Global Sector Leader Recognition in GRESB
- ▶ Launched interactive ESG website
- ▶ Developed decarbonization strategies for 40% of the CREIF Portfolio
- ▶ Conducted EDI survey

Taking Action.
Building Value.

OUR MESSAGE

This marks our eighth year of releasing an annual ESG report. Despite ongoing challenges, our teams and partners continued to build sustainable value. With the lifting of lockdowns, we were able to come together in person and accelerate several of our programs that will lead us to a more sustainable, healthy and inclusive future.

Our ESG journey has seen significant evolution since we began in 2014. Since then, we achieved global recognition for our sustainability programs and the performance of our assets, certified the largest Canadian office building to the Zero Carbon Building standard, set aggressive carbon reduction targets and built robust social and governance programs.

In 2021, we executed \$5B in transactions throughout our Funds and launched our Residential Development Fund, focusing on creating quality homes in core markets to address the housing shortage. We solidified our sustainable development program pursuits, expanded our employee engagement activities and completed our second round of Portfolio ESG targets. All of this was achieved by having diverse teams committed to our Vision.



(EXECUTIVE COMMITTEE, LEFT TO RIGHT) SCOTT COATES, WILLIAM (BILL) LOGAR, ANNA KENNEDY, JON LOVE, ROB KUMER, SCOTT FISCHER, DAVID VERNON



EXECUTED
DECARBONIZATION
STRATEGY ON
1.5M sf



DECARBONIZATION
WORK COMMENCING
IN 2022 ON
600k sf

DECARBONIZATION STRATEGY

We expanded Phase 1 of our Decarbonization Strategy and are developing roadmaps for Phases 2 and 3.

PHASE 1 COVERS:

40%
OF THE CREIF
PORTFOLIO
(5.3M sf) BY 2027

ELIMINATING:

2.3M
m³ OF NATURAL GAS
AND
30M
LBS OF STEAM

EQUIVALENT TO:

AVOIDING
7,700
TONNES
OF CARBON
EMISSIONS

TAKING
1,700
CARS OFF
THE ROAD
EVERY YEAR

Our commitment to ESG continues to build value and deliver results.
In 2021 we:

- ▶ Ranked first globally in GRESB for our peer group
- ▶ Reduced carbon emissions by 32% since 2016
- ▶ Became an approved CMHC mortgage lender
- ▶ Committed to geothermal energy at two developments
- ▶ Achieved 80% of our ESG targets set in 2018
- ▶ Assessed the accessibility of 7.6M sf of spaces

We are optimistic about the future and the opportunities ahead of us as we emerge from this pandemic stronger together. We remain committed to delivering on our core objective of providing sustainable premium risk weighted returns for all our stakeholders. Our ESG Strategy ensures our projects align with our stakeholders' goals and we will continue to do what is right for our people, partners, tenants and communities.





Regards,







Jon Love
Chief Executive Officer

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

PORTFOLIO PERFORMANCE HIGHLIGHTS:

-  **4%** Reduction in energy use since 2020
-  **8%** Reduction in carbon emissions since 2020
-  **3%** Reduction in water use since 2020
-  **20%** Reduction in waste generation since 2020

SOCIAL & GOVERNANCE HIGHLIGHTS:

-  Conducted our first EDI survey to understand our employee base, create new programs and set a baseline for future comparison
-  Advanced growth of the Affordable Housing Fund
-  Held monthly Lunch & Learns on topics including Unconscious Bias, First Nations Reconciliation and Mental Health & Resilience
-  Launched the KingSett Mentorship Program with 20 participants in partnership with the Black Business and Professional Association
-  Conducted stakeholder risk assessments across our key property management groups

Future Actions

We are committed to challenging ourselves and the real estate industry to advance ESG performance and deploy innovative practices that deliver results for our stakeholders.

In 2022, we will:

E

- ▶ Execute property-level decarbonization strategies across the Portfolio
- ▶ Establish decarbonization strategies for multi-residential properties
- ▶ Adopt the Science Based Targets initiative (SBTi) methodology for energy and emissions
- ▶ Track and consolidate Growth Fund performance data for 50% of assets and investigate opportunities for decarbonization

S

- ▶ Expand our internship program to include participants recruited by the Black Business and Professional Association and set up an internship program focused on Indigenous groups
- ▶ Expand our mentorship program for young professionals from underrepresented communities
- ▶ Conduct Employee Engagement and Tenant Satisfaction surveys
- ▶ Respond to learnings from Equity, Diversity and Inclusion (EDI) survey

G

- ▶ Become a UN Principles for Responsible Investment (PRI) Signatory
- ▶ Create a sustainability linked loan agreement for the Portfolio's revolving credit facility
- ▶ Conduct a Portfolio-level resilience assessment to identify at-risk assets
- ▶ Pilot a thematic investing approach in our mortgage lending business
- ▶ Undertake risk assessment reviews of key third-party vendors

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.

130

**EMPLOYEES
AND GROWING**

Corporate offices in
Toronto, Vancouver
and Montreal

\$19B

**ASSETS UNDER
MANAGEMENT
(AUM)**

CREIF AUM \$8.5B

18M+

**SQUARE FEET
OF GROSS LEASABLE
AREA (GLA)**

CREIF 11M sf and over
6,400 residential units

6

**ASSET
CLASSES**

\$5B

**OF TRANSACTIONS
IN 2021**

\$540M

**OF EQUITY RAISED
IN 2021 FOR FUTURE
INVESTMENTS**

OUR EDGE

Our values driven culture
creates our edge

Team

MEMBERS WHO ARE...

Diverse, Invested,
Accountable, Driven

Culture

GUIDED BY...

Values, Clarity,
Intensity, Collaboration

Relationships

BUILT WITH...

Respect, Integrity,
Transparency, Humility

Results

ACHIEVED THROUGH...

Active Management,
Customer Focus,
Innovation, Sustainability

WHAT WE DO

To date, KingSett has raised \$13.4 billion in equity for its Growth, Income, Urban, Mortgage and Affordable Housing strategies. KingSett has \$17 billion of assets under management in a portfolio of \$19 billion.



KingSett creates customized real estate investment opportunities with a proven track record for generating profitability and value



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



KingSett delivers sustainable premium risk weighted returns for our investors



KingSett combines deep market credibility with an entrepreneurial mindset to deliver results that meet investors' unique needs



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

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



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 lifecycle.

Our ESG Strategy (“Strategy”) focuses on doing what is right for our stakeholders and the environment.

By 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 and responsible investing considerations into all our business processes
2. Set meaningful reduction targets and execute net-zero carbon strategies
3. Adhere to our sustainable development guidelines and objectives
4. Identify, assess and manage physical and transition climate risks and opportunities
5. Drive positive social change in our communities and partner with charities and NGOs
6. Leverage a multi-disciplinary ESG Committee to guide the evolution of our Strategy
7. Maintain alignment with third-party governance standards

Sustainable Development Goals

Our Strategy positions us to contribute to the UN Sustainable Development Goals (SDGs) most relevant to our business.

Doing so gives us the opportunity to positively impact the broader environments and communities in which we do business and enhance and strengthen our impact wherever possible.

GOALS

OUR COMMITMENTS



KingSett is committed to reducing energy use across our assets and helping the industry develop cleaner sources of energy

- ▶ Investigate opportunities for direct investment in renewable energy
- ▶ Enhance energy efficiency through deep retrofits



KingSett strives for equity for all, to make our society and business more successful and works diligently to create a safe and inclusive workplace

- ▶ Advance growth of KingSett's Affordable Housing Fund
- ▶ Empower and promote greater diversity in our company and our industry



KingSett is committed to creating more sustainable, accessible and environmentally friendly buildings and communities for all

- ▶ Develop and retrofit our properties to ensure inclusive and sustainable urbanization
- ▶ Improve the quality of air within our assets and minimize emissions



KingSett seeks to reduce the material consumption at our assets through the conscientious use of finite resources and minimizing waste generation

- ▶ Purchase environmentally friendly products with cradle-to-cradle capabilities and lower embodied carbon
- ▶ Reduce all forms of waste generated at our assets



KingSett is committed to reducing our carbon emissions and strengthening the resilience of our assets

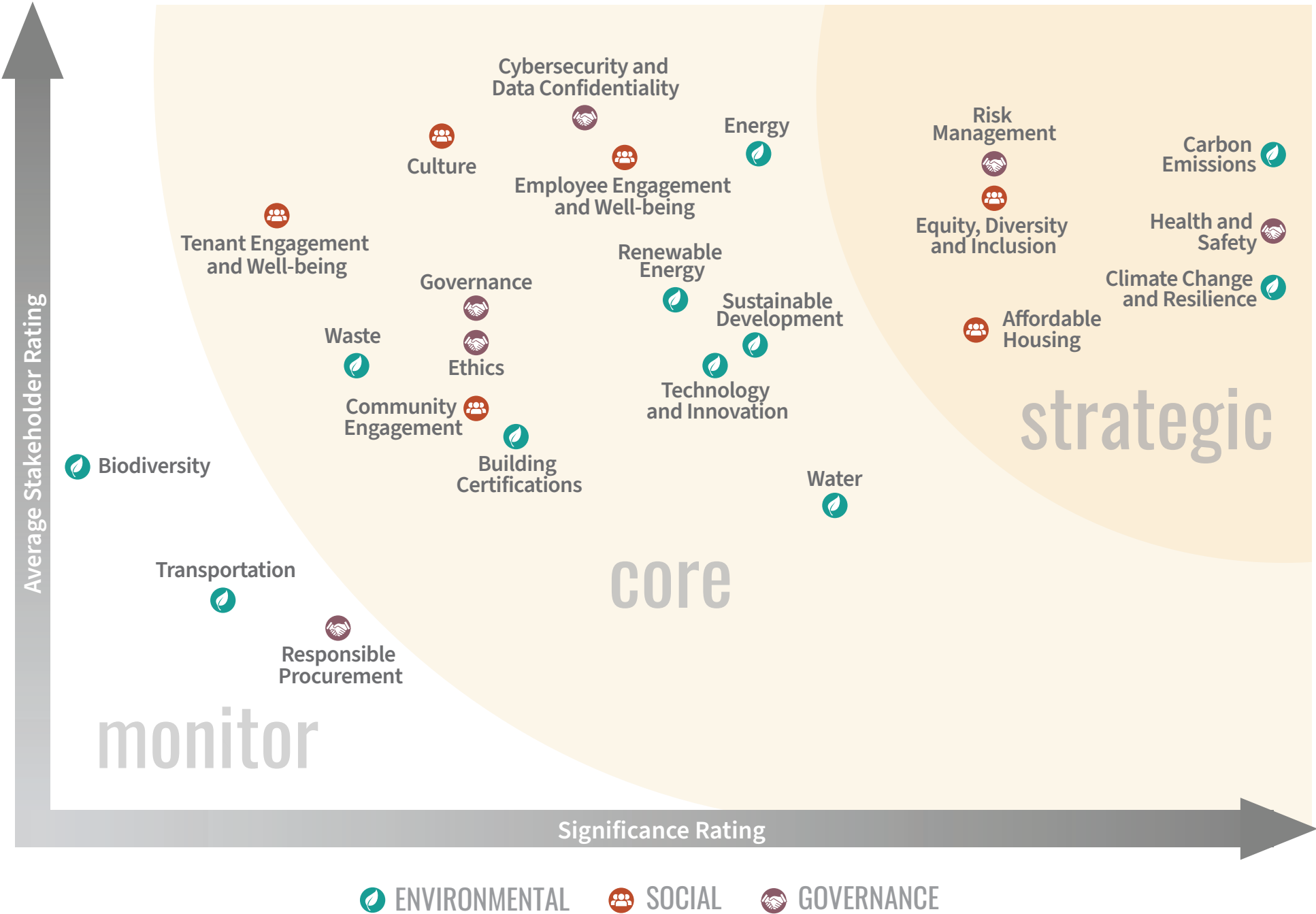
- ▶ Assess and enhance the resilience and adaptive capacity of our assets to climate-related hazards
- ▶ Expand and execute decarbonization strategies across the business

Materiality Assessment

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

The results of 15 separate interviews and 93 surveys provide a roadmap for how we continue to drive value and improve ESG performance. The learnings from this exercise shaped our ESG approach and objectives in 2021.

Feedback from our stakeholders confirmed that KingSett is seen as an ESG leader. Our stakeholders are proud to partner with us and are eager to 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 form the basis of our Report. We will continue to focus on new and emerging trends to unlock value and improve the resilience of our assets and will re-evaluate our materiality assessment by 2025.



2021 marks the end of our second round of key performance indicators (KPIs). We set aggressive targets to challenge ourselves and have been recognized as ESG leaders as a result.



ENVIRONMENTAL - 75%

E

9 of 12
TARGETS
ACHIEVED

Missed targets:

- ▶ Waste Diversion: 54% (target 61%)
- ▶ Office Certified to LEED Gold: 70% (target 80%)
- ▶ Flood Resilience Plans: 89% (target 100%)

We will continue to set aggressive environmental targets across the Portfolio and corporately

ENVIRONMENTAL

E

- ▶ Adopt SBTi Methodology for Energy and Emissions
- ▶ Improve Energy Efficiency
- ▶ Execute Phase 1 of Decarbonization Strategy
- ▶ Execute Phase 2 and 3 of Decarbonization Strategy
- ▶ Reduce Waste Output
- ▶ Reduce Water Consumption
- ▶ Achieve Third-Party Building Certifications
- ▶ Track Environmental Performance of Non-Core Funds

SOCIAL - 75%

S

3 of 4
TARGETS
ACHIEVED

Missed target:

- ▶ Community Engagement Program: 85% (target 100%)

As a result of the pandemic, some community engagement programs and events were cancelled

SOCIAL

S

- ▶ Provide ESG Training to All Employees
- ▶ Implement Tenant Engagement App
- ▶ Improve Tenant Well-Being and Satisfaction
- ▶ Maintain Satisfaction Score from Employee Engagement Survey
- ▶ Improve EDI Survey Score

GOVERNANCE - 100%

G

4 of 4
TARGETS
ACHIEVED

Achieving global recognition status in GRESB was our most significant governance achievement

GOVERNANCE

G

- ▶ Maintain GRESB 5 Stars
- ▶ Achieve and Maintain PRI Signatory Status
- ▶ Publish a Responsible Investing Policy
- ▶ Implement Extreme Weather/Flood Resilience Plans

Affordable Housing Fund

Our objective in creating the KingSett Affordable Housing LP (“AH Fund”) was to have a positive impact on Canada’s affordable housing issues, producing exceptional communities and delivering scalable economics.

In 2020, we announced the launch of the AH Fund, formed by key institutional investors and CREIF. The goal of the AH Fund is to provide stable, risk weighted returns while delivering high quality, affordable housing for those most in need in Canada’s rental markets. In 2021, the AH Fund completed its first acquisition; a new development site in Toronto with units reserved for affordable housing and a geothermal renewable energy system. When built, the development will be carbon neutral. We remain excited for the AH Fund’s potential, with several additional assets and portfolios in the pipeline.



VALHALLA VILLAGE (RENDERING), TORONTO, ON

Royal York Hotel



2023 TARGETS



85%
EMISSIONS
REDUCTION



66%
ENERGY USE
REDUCTION



36%
ENERGY COST
REDUCTION

ROYAL YORK HOTEL, TORONTO, ON

Opened in 1929, the iconic Royal York Hotel is located in the heart of Toronto, comprises over 1,300 rooms and includes a variety of food and beverage options, including the newly renovated Clockwork Bar, Reign Restaurant and the Library Bar.

In 2021, we commissioned a Zero Carbon Deep Retrofit Study and uncovered significant opportunities to decarbonize the hotel and its operations. By decarbonizing, the hotel will improve its climate resilience and achieve reductions of over 85% in carbon emissions, 66% in energy consumption and 36% in energy costs. It is also now on an accelerated path to achieve net-zero emissions by the end of 2023.

Supporting Healthcare Workers

During the pandemic, the hotel partnered with various hospitals to host front-line healthcare workers at no-charge for over 10,000 room nights so they could care for patients around the clock while protecting their families from potential exposure.

Mortgage Lending



Every asset, project and investment opportunity is unique. At KingSett we tailor solutions to meet our stakeholders' needs.


APPROVED
CMHC ASSURED
MORTGAGE
PROVIDER


+\$4 BILLION
IN LOAN
COMMITMENTS
ACROSS CANADA

TYPES OF LOANS OFFERED:

BRIDGE | LAND | CONSTRUCTION | TERM | CMHC

KingSett creates bespoke financing solutions for a wide range of projects and properties. We currently have more than \$4 billion of loan commitments across all asset classes in Canada.

KingSett is seeking to develop responsible investing best practices in our fixed income and lending business. One way to do so is through a thematic investing approach. Thematic investing addresses a specific environmental or social problem, involves actively targeting companies or projects that address these issues and focuses on predicting long-term trends. This approach enables investors to target specific initiatives that can change the industry's approach.

KingSett's Mortgage Investments Strategy aims to include holistic ESG integration throughout the investment process and is working to align with the PRI approach to responsible investment in private debt.

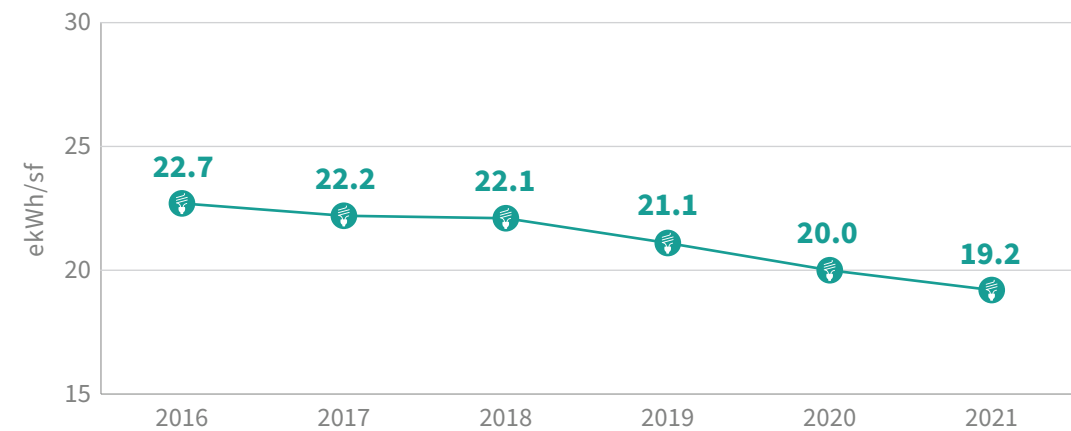
RESPONSIBLE INVESTMENT APPROACH	IN PLACE	DETAILS
Negative Screening	No	In 2022, we are introducing a negative screening section for each mortgage investment
Positive Screening	Yes	We have begun to target specific segments and ESG market leaders
Thematic Investing	No	We are identifying two key investment themes for 2022 and are seeking investments that align with these themes
Impact Investing	Yes	We are open to providing impact-linked pricing on loans that outperform on ESG
ESG Integration Throughout Investment	Yes	We complete an ESG analysis and assign a rating for each mortgage investment throughout the credit cycle
Engagement	Yes	We engage directly with each borrower and/or strategic partner on the ESG performance of each mortgage investment we make
Reporting	Yes	We provide regular ESG reporting to senior management and are developing ESG reporting for stakeholders

Environmental

Despite significant changes to our lives in Canada and globally, the built environment remains a crucial pillar in our daily lives. It is where we live, work, shop and enjoy the company of others. It is imperative that we take immediate action to significantly reduce, and ultimately eliminate the negative impacts that buildings have on the environment.

While Canada represents less than 2% of the global carbon emissions, we have one of the highest rates of carbon emissions🏠 and energy consumption per capita🏠. Residential, commercial and industrial buildings account for 17% of Canada's carbon emissions🏠 and in major cities like Toronto, these figures can be over 50%🏠. As such, we have a duty to help advance the global effort to achieving long-term emission reduction commitments.

NORMALIZED ENERGY INTENSITY^{1,2}



**ENERGY
REDUCTION
TARGET
ACHIEVED**

15%
REDUCTION
SINCE 2016

317,000
eMWh OF ENERGY
CONSUMED IN 2021
(4% REDUCTION
VS 2020)

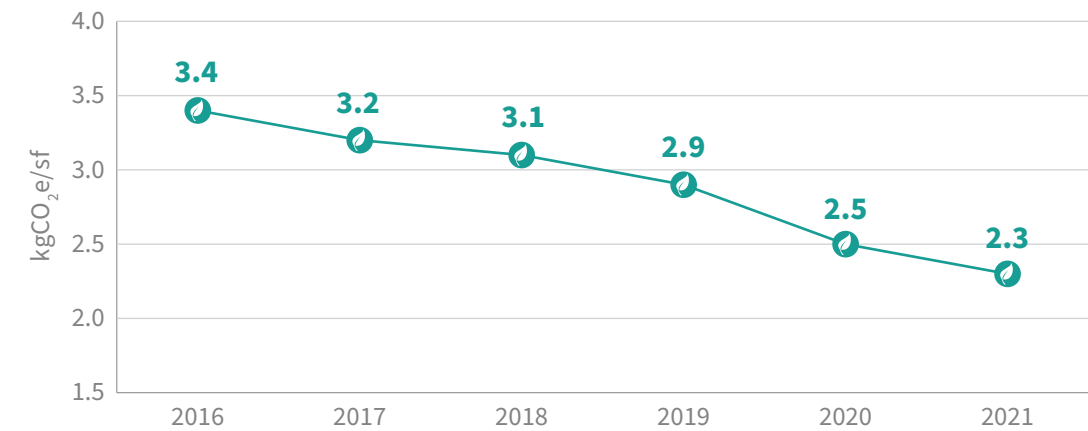
In 2021, our properties remained focused on reducing the environmental impacts and delivering value to our partners and tenants.

We continued to optimize and adapt our building operations to new and challenging environments and execute capital improvements such as recommissioning mechanical systems and upgrading building automation system controls.

The COVID-19 pandemic impacted all asset classes in different ways. Across our office assets, operators adjusted the way the building mechanical systems perform, achieving an additional 4% reduction on top of the 7% reduced in 2020. Multi-residential properties saw no net increase in energy use despite work from home orders extending through 2021. As our retail assets reopened, the teams kept energy use equal to 2020. Overall, the Portfolio achieved a 4% reduction in energy use and achieved the reduction target set in 2018.

¹ 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.
² Excludes industrial and Northview assets.

CARBON EMISSION INTENSITY³



32%
REDUCTION
SINCE 2016

41,450
tCO₂e EMITTED
IN 2021
(8% REDUCTION
VS 2020)

DECARBONIZE
40%
OF CREIF
GLA BY
2027

As a result of the ongoing enhancements our property teams implemented to building operations, we continued to see a decrease in our Portfolio's carbon emissions.

Operational improvements, cleaner grid electricity and the purchase of RECs and carbon offset credits all contributed to an 8% reduction in carbon emissions intensity year-over-year, and a 33% reduction since 2016.

As society continues to place a stronger emphasis on managing and reducing carbon emissions, our Decarbonization Strategy will be a key program that delivers value for our stakeholders and helps us meet our short and long-term carbon emission targets. It is our goal to eliminate emissions across 40% of the Portfolio by 2027 and continue to expand the strategy's coverage every year.

After accounting for REC purchases and carbon offsets, our market-based scope 1, 2, 3 carbon emissions were 41,450 tCO₂e. KingSett's total 2021 location-based scope 1, 2, 3 carbon emissions were 49,731 tCO₂e. A breakdown of KingSett's location-based and market-based Scope 1, 2, 3 carbon emissions from 2016-2021 is provided in the GRI Content Index.
³ Carbon Emission Intensity represents market-based emissions from energy only.

Decarbonization Strategy

At KingSett we define a decarbonization strategy as a property-level roadmap for management teams to achieve carbon reductions of over 50% from baseline.

To deliver on our decarbonization strategies we are assessing each property's current energy use makeup and capital budget plans, setting targets and developing plans to decarbonize operations.

Each property has their own specific requirements that create its decarbonization strategy, driven primarily by energy and carbon assessments.

The goal of the decarbonization strategy is consistent across asset classes and includes fuel switching, electrification, deep energy retrofits and increased tenant awareness and communication. Once decarbonization has been completed, carbon offsets are purchased for the remainder of the property's emissions.

A property must first meet three key requirements before a decarbonization strategy can be executed:

- ▶ The asset type must be able to support the capital cost of decarbonization
- ▶ The local electrical grid must have a small carbon footprint in order to support electrification
- ▶ The property's infrastructure must be at or near end-of-life (looking out 5-10 years in the budget cycle) to avoid costly retrofits, write-offs and missed opportunities

PHASE 1 (2020-2027)

- 1
 - ▶ In 2021, we expanded Phase 1 of the Decarbonization Strategy to decarbonize 40% of the Portfolio's square footage by 2027, equivalent to 7,700 tonnes of emissions
 - ▶ This will be achieved by eliminating 2.3M m³ of natural gas and 30M lbs of steam per year across over 70% of the office portfolio
 - ▶ All development projects will target a zero-carbon balance
 - ▶ In markets where decarbonization is not yet achievable, we are committed to reducing the emissions from electricity consumption using RECs

PHASE 2

- 2
 - ▶ Expand decarbonization strategies to remaining office properties
 - ▶ Develop and execute plans to decarbonize multi-residential properties
 - ▶ Pursue deep retrofit and energy efficiency opportunities to reduce consumption

PHASE 3

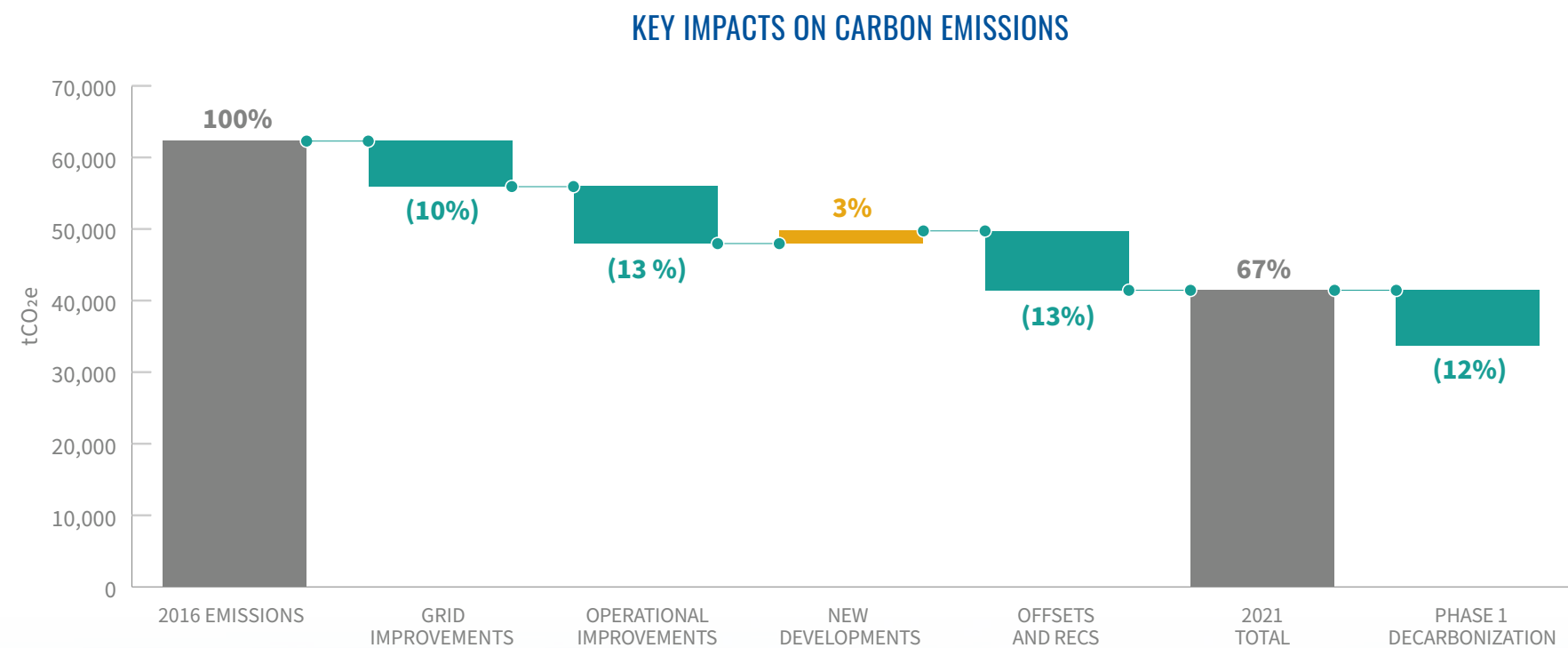
- 3
 - ▶ Determine alternative energy solutions in Alberta and Saskatchewan
 - ▶ Analyze direct investment opportunities in renewable energy projects

Carbon Emission Reductions

It is critical to understand the sources and impacts of carbon emissions in commercial real estate.

Doing so enables us to establish and execute our decarbonization strategies across the Portfolio.

There are many factors that can help or hinder a portfolio’s ability to successfully decarbonize. While electrical grid emissions are outside a building owner's control, operational improvements, impacts of new developments and the purchase of offsets and RECs can all be used to significantly reduce carbon emissions and meet decarbonization targets.



2016 EMISSIONS

Total carbon emissions of the Portfolio, covering energy and water consumption and waste generation.

GRID IMPROVEMENTS

Changes in carbon emissions coming from grid electricity.

OPERATIONAL IMPROVEMENTS

Reduction in carbon emissions due to operational improvements and energy efficiency projects executed at the property.

NEW DEVELOPMENTS

Carbon emissions from new developments that become operational.

OFFSETS AND RECS

As we execute our decarbonization strategies, carbon offsets are purchased for remaining emissions. In markets where decarbonization is not achieved, RECs are purchased.

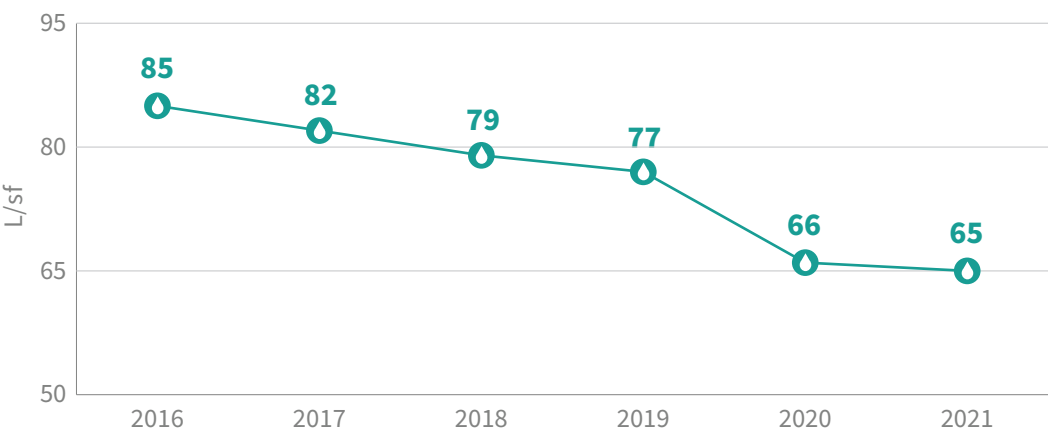
2021 TOTAL

Total carbon emissions of the Portfolio.

PHASE 1 DECARBONIZATION

The expected carbon emission reductions by executing Phase 1 of the decarbonization strategy.

NORMALIZED WATER INTENSITY⁴



WATER REDUCTION TARGET ACHIEVED

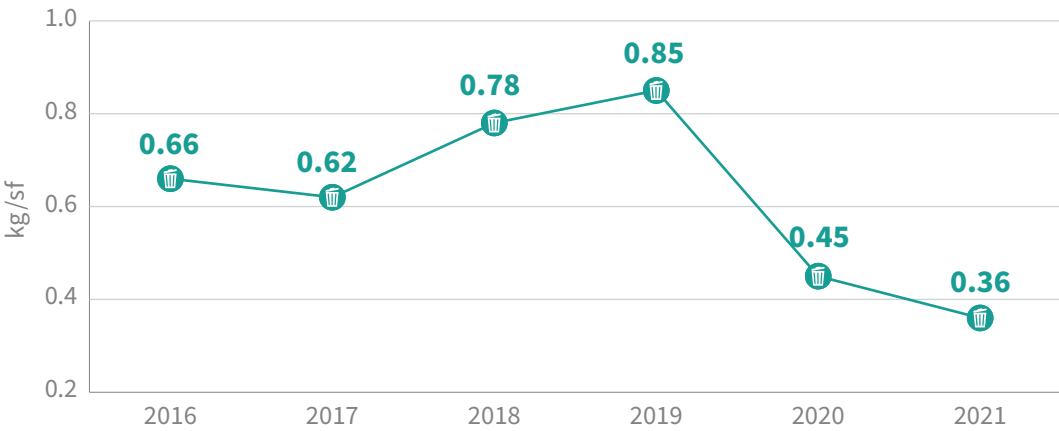
24%
REDUCTION SINCE 2016

1,200,000
m³ OF WATER CONSUMED IN 2021
(5% REDUCTION VS 2020)

As pandemic restrictions remained in place in 2021, we saw similar results to 2020 for water use across the Portfolio.

Water use has a direct correlation to building occupancy which has led to varied impacts across our asset classes. While the decrease in water consumption for our office properties was influenced by lower occupancy, operations teams continued to adjust schedules and system setpoints resulting in a 6% year-over-year decrease. Due to continued engagement from property teams and the installation of low-flow fixtures, our multi-residential properties reduced consumption by 3%. Retail saw an increase in water use compared to 2020 as more retailers and food and beverage providers began to resume operations in the second half of the year.

WASTE INTENSITY



45%
REDUCTION SINCE 2016

3,790
TONNES OF WASTE AND RECYCLING GENERATED IN 2021
(20% REDUCTION VS 2020)

54%
DIVERSION RATE

61%
WASTE DATA COVERAGE
(15% INCREASE SINCE 2016)

Waste generation across the Portfolio saw similar trends to 2020.

Similar to water, waste is significantly influenced by building occupants. This resulted in continued decreases in waste generation at office and retail properties but increased figures for multi-residential properties, where available.

Waste is the most difficult utility for owners and managers to control and reduce. It is highly dependent on the vendors and suppliers that properties must engage with, government regulation and both public and private waste management bodies who receive, sort and dispose of all waste streams. Waste reduction relies on individual occupants to make key decisions when faced with the disposal of used items. We continue to work with all our stakeholders to make progress towards a circular economy.

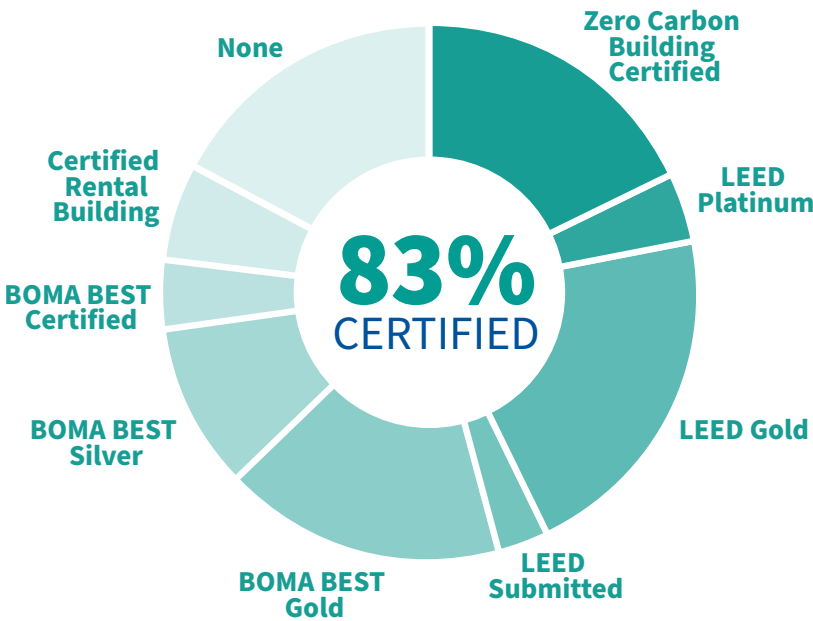
⁴ Water intensity values have been normalized for weather and exclude properties under development and/or undergoing major renovations.

Building Certifications

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

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

PORTFOLIO BUILDING CERTIFICATIONS BY GROSS ASSET VALUE (GAV)



7.7M
SF WITH COVID
RESPONSE
CERTIFICATION

COVID-19 RESPONSE CERTIFICATIONS

To help safely reopen our buildings throughout the ongoing COVID-19 pandemic, KingSett focused on two major health and well-being certifications: Fitwel Viral Response and WELL Health and Safety. These certifications enabled us to safeguard occupant health and mitigate the spread of infectious disease. Both certifications prioritize the health and well-being of everyone that enters a space by monitoring air and water quality with regular inspections, implementing enhanced cleaning protocols and janitorial services, and implementing Legionella Management and Business Continuity Plans.

63%
OF PROPERTIES BY
GAV HOLD TWO OR
MORE BUILDING
CERTIFICATIONS







\$4.7B
BY GAV ACHIEVED
WIREScore
CERTIFICATION

70%
OF OFFICE PROPERTIES
BY GAV ARE LEED O+M
GOLD OR HIGHER

K-SE Awards

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

Excellence in...

	ENERGY REDUCTION	CARBON EMISSIONS REDUCTION	WATER REDUCTION	WASTE REDUCTION
OFFICE	 SCOTIA PLAZA 100 YONGE 19% REDUCTION	 SCOTIA PLAZA 100 YONGE 23% REDUCTION	101 Bloor 34% REDUCTION	2 Bloor West 53% REDUCTION
RETAIL	 MIDTOWN 5% REDUCTION	 MIDTOWN 0% REDUCTION	Burlington CENTRE 20% REDUCTION	BAYSHORE 35% REDUCTION
MULTI- RESIDENTIAL	 GERRARD WEST 6% REDUCTION	8 St. Thomas 16% REDUCTION	8 St. Thomas 15% REDUCTION	 Innovation Award Profile BAYSHORE MAPSTED LOCATION SERVICES APP

Congratulations to the 2021 winners!

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

KingSett is committed to developing and redeveloping real estate in a manner that leaves the communities and the environment in a better state than before.

KingSett’s Sustainable Development Policy and Guide create clear pathways for each development to achieve the maximum benefits that its site, technology and surrounding community can provide. This begins during acquisition and continues all the way through development to occupancy and stabilized operation.

We believe creating healthy, comfortable and efficient buildings that meet or exceed the Zero Carbon Building standard is not just economically advantageous, it is the right thing to do for our communities and planet. To deliver on our stakeholder commitments, we adopt building standards with strict performance guidelines and ensure the user experience drives development decisions.

Each development is assessed against the following building standards:



\$1.8B
PORTFOLIO
DEVELOPMENT
PIPELINE



1.6M
SF INSTALLING
GEOTHERMAL OR
DISTRICT ENERGY

GOING DEEP TO UNLOCK CARBON NEUTRALITY

To meet KingSett’s long-term carbon targets it is imperative for developments to focus on adding as little operational and embodied carbon emissions as possible. Geothermal offers the ability to eliminate significant amounts of carbon emissions, avoid on site combustion fuels, mitigate physical and transition climate risks and safeguard assets from volatile commodity markets. Geothermal energy is a renewable energy source that is consistently and continuously produced in the ground. Water is used to bring heat up from the ground in the winter and cooling in the summer. We are currently planning to install geothermal systems at two new developments.

Social

KingSett is committed to being a good employer, business partner and corporate citizen. We do this by listening and working collaboratively and harnessing the diverse experiences and perspectives of our employees. We have strong social management programs that put people at the centre of economic activity and preserve the welfare of all stakeholders.

Equity, diversity and inclusion is not just a key component of how we do business, it is enshrined in our Core Values. We have robust platforms in place which enable us to hear from the voices that matter most.

Our engagement programs, at the corporate and property level, are used to generate ideas, solicit feedback, identify best practices and determine the impact of our efforts. Receiving feedback in different forms and from multiple stakeholder groups helps ensure our programs are designed to meet the needs of our communities and enhance the performance of our assets.



Equity, Diversity and Inclusion

We believe equity and diversity are among our greatest strengths.

At KingSett, diverse backgrounds, experiences and perspectives contribute to better decision making and a more successful business.

Our vision is to be a catalyst for positive change, encouraging innovative, equitable and inclusive principles and incorporating these principles into our actions. This vision and our commitment to equity, diversity and inclusion is captured in our EDI 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 EDI 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 2021, we conducted our first EDI survey through an independent third-party to better understand the diversity and needs of our employees. The results of the survey and the feedback we received has been carefully reviewed by KingSett’s Management Committee and will be used for annual benchmarking and program development.


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





There is a direct correlation between a company's culture and its ability to excel in its industry.


MONTHLY
COMPANY WIDE
LUNCH & LEARNS


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

At KingSett, our employees are our most valuable asset, and our values are the foundation of the business which drive relationship focused client services, leadership, teamwork and investment expertise.

KingSett's innovative and entrepreneurial spirit enables us to think outside of the box, create value for our stakeholders and stay ahead of our competitors. The right "challenge" from our executives, combined with the right people, means we are able to play a role in shaping the future of real estate. Our actions lead to strong stakeholder support, industry recognition and a proven model that is being used to set a high standard for others in the market.

Innovation is embedded in all business functions at KingSett. Our 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.

EMPLOYEE HEALTH AND WELL-BEING

KingSett has always understood the importance of employee physical and mental health and well-being. As the pandemic lockdowns continued into 2021, there was a greater need for initiatives to ensure our employees were staying engaged and active. The year kicked off with the KingSett Home Fitness Program - a weekly fitness class held over Zoom and led by a personal trainer. Employees of all ages and skill levels were encouraged to participate for the physical and mental health and resilience benefits of exercise.

BOND-ING WITH KINGSETT

In the fall of 2021, KingSett was a proud sponsor of the "Come Bond With Us" initiative, a pre-screening of the newest James Bond movie in support of a chosen charity. This gave all KingSett employees the opportunity to participate in an in-person team building event in support of Jack.org, an organization that makes resources available to youth struggling with mental health challenges by training and empowering young leaders across the country. The event raised money and awareness for a worthy cause and brought our employees together outside of the office for the first time in over a year.

Employee Engagement and Well-Being



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, committed and dedicated to their role and the company, helping us deliver on our Core Values.

We are focused on creating a workplace that is 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.



100%
OF EMPLOYEES
RECEIVED
PROFESSIONAL OR
CAREER TRAINING



87%
OVERALL
EMPLOYEE
SATISFACTION
SCORE

KingSett’s Employee Professional Development Program strives to ensure that all individuals reach their full potential. The program 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
- ▶ Coaching hours to be used by employees as needed
- ▶ A one-week Harvard Executive Course for up to four employees per year
- ▶ Funding for professional designations
- ▶ A 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

Our Employee Health and Well-being Program focuses on several strategies to support employees:

- ▶ Monthly Lunch & Learn speaker series covering a variety of topics to support employees personally and professionally
- ▶ Fresh fruit and other 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 and every year for those over 50
- ▶ One-year top up of base salary for parental leave
- ▶ Half-day office closure on Fridays leading into the summer long weekends
- ▶ Two weeks off over the holiday break to spend with family, friends and loved ones

Tenant Engagement and Well-Being

Ensuring our tenants are actively and effectively engaged is critical to executing a successful ESG strategy.



Understanding our tenants' and occupants' 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 improve sustainability performance. Our property management partners review the responses and develop programs to improve the tenant experience.

WORK SAFE / SHOP SAFE / REST SAFE PROGRAMS

In response to the COVID-19 pandemic, KingSett adopted standards like Fitwel Viral Response and WELL Health and Safety, and developed a custom re-opening program - Work Safe / Shop Safe / Rest Safe.

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, Toronto Public Health and the Toronto Financial District BIA, to ensure all guidelines, protocols and best practices were being followed. These efforts included:



- ▶ Preparing the building for occupants
- ▶ Training the building workforce on new protocols
- ▶ Controlling access
- ▶ Implementing social distancing plans
- ▶ Reducing touchpoints and increased cleaning
- ▶ Increasing communication to tenants and visitors

Each building developed their own unique re-opening plan to address the specific circumstances of the asset based on the program.

LEADING THE WAY IN TENANT ENGAGEMENT

As tenants began their return to office in mid-2021, a new opportunity presented itself to leverage technology and improve tenant communication and engagement by launching the mobile app, Lane. This customized app provides users with up to date building communications, marketing for retailers, and community and wellness events and initiatives. It also acts as a portal for booking meeting spaces, submitting maintenance requests and viewing all building level policies and procedures. By receiving ongoing feedback through the app, we will be able to create a more seamless tenant experience in our buildings and the surrounding communities.





We are driven to enhance the communities where we operate.

PARTNERING WITH FUTURE LEADERS

KingSett partnered with Junior Achievement Central Ontario to create a real estate version of their World of Choices program. A career exploration webinar led by seven KingSett employees spoke to high school students on what it is like to work at KingSett and the career opportunities available in commercial real estate. The program concluded with the introduction of the Innovation Challenge; a team project to create their own redevelopment vision of Atrium. All teams were provided two mentoring sessions before virtually presenting their solutions to a judging panel. This program was a unique and valuable learning opportunity that was well received by both students and teachers.

AFTER PARTICIPATING IN THIS PROGRAM:

96%
OF STUDENTS
FOUND THE
MENTORING
SESSIONS
MEANINGFUL

95%
OF STUDENTS
FELT MORE
CONFIDENT
COLLABORATING
IN A VIRTUAL
SETTING

74%
OF STUDENTS
BETTER
UNDERSTAND THE
IMPORTANCE OF
MENTORSHIP AND
NETWORKING

BURLINGTON CENTRE, BURLINGTON, ON BOMA BEST SILVER

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 local activities 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 2021, KingSett expanded its partnership with the Black Business and Professional Association to grow its collaborative programs. The first was a new KingSett Mentorship Program, and the second was the expansion of our existing KingSett Internship Program to include two candidates they have recruited.



OVER
\$325,000
RAISED BY KINGSETT
FOR THE UNITED WAY
CAMPAIGN OF GIVING
SINCE 2015



LAUNCHED
KINGSETT
MENTORSHIP
PROGRAM



7.6M
SF CERTIFIED TO
AN ACCESSIBILITY
STANDARD

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 Company.

Providing strong oversight and accountability of the Strategy and performance associated with the ownership, development and management of real estate across an asset's lifecycle is a top priority. At the corporate level, KingSett is committed to embedding ESG best practices across its core functions.

Our approach to governing is composed of:

- ▶ Oversight of strategy and all conflicts by a number of independent Advisory Boards
- ▶ Engagement of professional firms to provide insight and advice across the business
- ▶ 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
- ▶ Incorporating third-party standards such as GRESB, GRI and PRI
- ▶ Robust internal governance policies and corporate controls
- ▶ Regular and transparent investor reporting, including ESG performance
- ▶ Active risk and asset management





In 2021, KingSett was recognized as a global leader in the GRESB Real Estate Assessment.



KingSett ranked first in North America and first globally, solidifying its ESG leadership status in real estate. 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 responded to the Assessment since 2015. In 2021, we continued to lead the commercial real estate market and out-perform our previous achievements. We achieved a 5 Star Rating for the fourth year in a row, were first in our peer group for the second year in a row, and for the first time, we were recognized first globally within our peer group of non-listed core funds. We also scored second in Canada and third across the Americas in our Developments Benchmark Report.

1ST


Globally: **DIVERSIFIED**
OFFICE | RESIDENTIAL | NON-LISTED | CORE

2ND

In our **Regional Sector**: **DIVERSIFIED**
OFFICE | RESIDENTIAL | AMERICAS

1ST

In our **Peer Group**:
NORTH AMERICA | DIVERSIFIED
OFFICE | RESIDENTIAL | CORE



ABOUT GRESB

GRESB (Global Real Estate Sustainability Benchmark Report) 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 2021, GRESB represented over US \$5.7 trillion AUM.

Stakeholder Engagement

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 we fulfill our commitments and create shared value through our business activities.

Kingsett engages stakeholders in a variety of ways:

REGULAR UPDATES

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

EMPLOYEE DEVELOPMENT

Our talent managers initiate a variety of new and ongoing social and employee development programs throughout the year

DASHBOARDS

Property and asset managers review asset-specific sustainability dashboards prior to and during budget planning

SURVEYS

We survey our tenants and employees to help guide our efforts to increase satisfaction, communication and well-being

TARGETS

CREIF Investors and other stakeholders receive regular updates on progress towards achieving our targets

SOCIAL MEDIA

Social media posts highlight key corporate and asset achievements across all portfolios

THOUGHT LEADERSHIP

We continuously engage within our government and industry, sharing best practices, new ideas and thought leadership

ENGAGEMENT

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

REPORTING

Our annual ESG Report provides an in-depth review on ESG throughout the organization and holds us accountable for the commitments we make

INDUSTRY PARTICIPATION


We participate in a number of industry and community associations as members and board of directors to share best practices, ideas and guidance



ESG Committee



KingSett’s ESG Committee is comprised of members of our core business functions and 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	

Risk Management

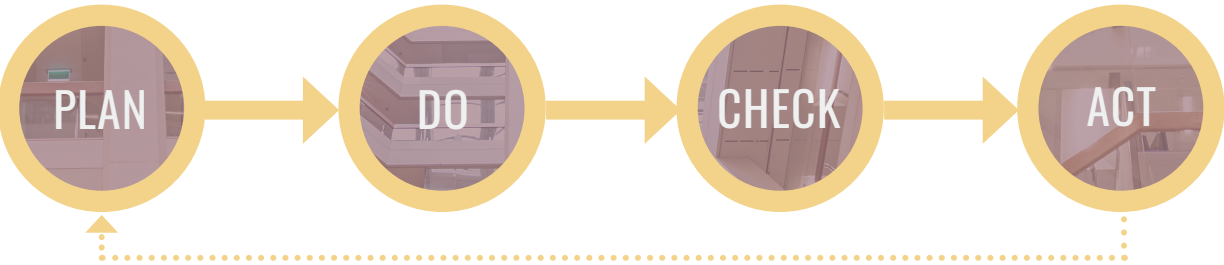
We take an active role in identifying and mitigating risks associated with owning, developing and managing real estate in Canada.

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 that could significantly affect KingSett’s reputation, financial performance or business operations.

ESG risks, in particular climate change, continue to be a growing concern for investors and stakeholders. We proactively take steps to improve the resilience and energy efficiency of the Portfolio and manage the physical and transition risks of climate change.

Our Strategy’s approach to managing the resources our properties and tenants rely on follows the basic principles of ISO 14001.



We establish policies and measure and analyze performance data through management systems, assessments, real-time monitoring, surveys and target setting	We develop and execute these plans, including conservation measures, replacing existing systems and installing products with environmentally friendly alternatives	We monitor the impacts of projects and actions through energy audits, commissioning, follow-up assessments and real-time monitoring	The results of these steps inform our strategies on the effectiveness of our actions, influences our policies and helps us achieve our targets
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Climate change represents one of the most significant risks to the Canadian commercial real estate sector.

CLIMATE CHANGE AND RESILIENCE

Commercial real estate has one of the highest levels of exposure to climate change risk and has one of the largest opportunities to make significant positive change.

At KingSett, we actively manage the risks and opportunities related to climate change across our assets to increase their long-term value and resilience. This is done through extensive stakeholder engagement, adoption of national and international carbon targets and standards and investments to improve physical resilience. We are also assessing alternative low-carbon energy sources for our properties in Alberta and Saskatchewan to displace energy taken from the grid.

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

KingSett is committed to improving the resilience of our assets brought on by transition and physical climate-related risks. We have begun assessing our assets to better understand the level of risk exposure. This enables property teams to implement mitigation measures and business continuity plans to ensure risks are reduced and that normal operations can be resumed swiftly after an event.



KINGSETT SUPPORTS MUNICIPAL, NATIONAL AND INTERNATIONAL COMMITMENTS TO ACHIEVE NET ZERO EMISSIONS



89% OF PROPERTIES HAVE FLOOD RESILIENCE PLANS

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. 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



100% OF EMPLOYEES RECEIVE CYBER SECURITY TRAINING TWICE A YEAR

STAKEHOLDER RISK ASSESSMENT REVIEWS

In 2021, KingSett’s Management Committee identified key relationships across the majority of our AUM. The objective was to engage these stakeholders to ensure the services being provided met KingSett’s privacy, security, operational, business continuity/disaster recovery, sustainability and employment standards. We also wanted to confirm that adequate internal controls were in place for safeguarding KingSett’s AUM and ensure that risk associated with our third-party providers were assessed on a periodic basis.

KingSett focused on its property management companies and received clear feedback that our property managers were meeting or exceeding our standards across the AUM. The program is expanding in 2022 to focus on our key development stakeholders. Each year a new stakeholder group will be identified for surveys and interviews to ensure alignment with our standards and the program will reset every five years.

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.

ASHRAE

American Society of Heating, Refrigerating and Air-Conditioning Engineers

AUM

Assets Under Management

BOMA

Building Owners and Managers Association

BOMA BEST®

Building Owners and Managers Association
Building Environmental Standards

CMHC

Canada Mortgage Housing Corporation

CREIF

KingSett Canadian Real Estate Income Fund LP

EDI

Equity, Diversity and Inclusion

ESG

Environmental, Social, and Governance

GAV

Gross Asset Value

GLA

Gross Leasable Area

GRESB

Global Real Estate Sustainability Benchmark

KPI

Key Performance Indicator

K-SE

KingSett Sustainability Excellence

LEED®

Leadership in Energy and Environmental Design

LEED O+M

LEED: Operations & Maintenance

PRI

UN Principles for Responsible Investment

REALPAC

Real Property Association of Canada

REC

Renewable Energy Certificate

SDGs

Sustainable Development Goals

US CDC

United States Centre for Disease Control and Prevention



20 YEARS
BUILDING RELATIONSHIPS,
DELIVERING RESULTS

**For more information about ESG
at KingSett, please contact:**

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