

ESG – What it is and why it matters?

ESG management refers to the integration of environmental, social and governance factors into investment decision-making. Investors increasingly see ESG as a proxy for good management and a contributing factor to long term value preservation and creation across asset classes. In real estate, ESG integration demonstrates strong risk management, contributes to higher returns and helps “future-proof” a portfolio.

ESG management supports risk management

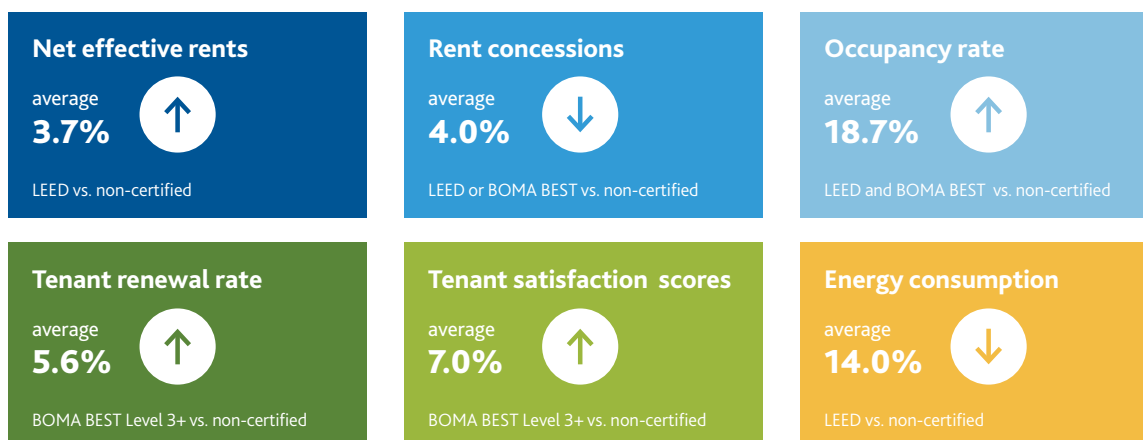
The real estate industry is increasingly subject to changing market trends, customer demands and new regulations. ESG management helps real estate investors to:

- ▶ Comply with and stay ahead of regulations
- ▶ Mitigate increases in utility and operating costs
- ▶ Keep pace with competitors and avoid obsolescence
- ▶ Address changing customer preferences and expectations
- ▶ Adapt to and minimise the physical effects of climate change

Sustainable real estate achieves higher returns

Largely due to tenant demand, green building certification in 10 global markets has increased from 6.4% in 2007 to 18.6% in 2016. Certified buildings now represent over 50% of leasable space in major Canadian cities and 28% in the top 30 US markets.¹

A recent study from the Journal of Portfolio Management examined green building certifications (LEED, BOMA BEST, ENERGY STAR) in Canada and the US and found that over a ten-year period, buildings certified to select standards outperformed non-certified buildings on several key business metrics. For example, net effective rents average 3.7% higher in LEED certified buildings than in similar non-certified properties.²



ESG management helps “future-proof” a portfolio

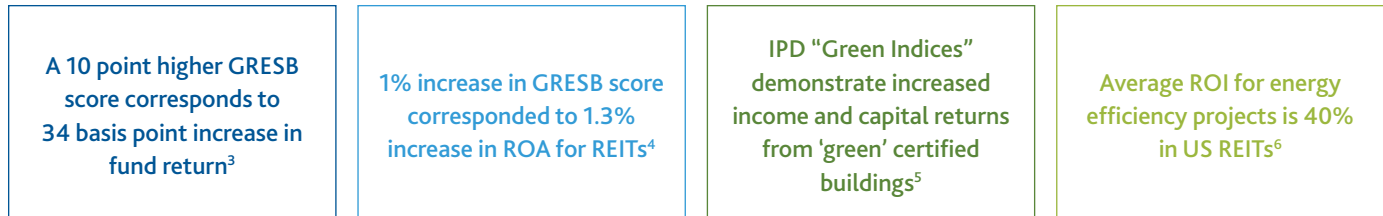
Funds that manage ESG factors tend to outperform those that don’t. According to studies done in the past four years, there is a link between enhanced returns and the degree to which ESG considerations are integrated into fund management (as measured by the Global Real Estate

¹ International Green Building Adaption Index, 2018

² Journal of Portfolio Management, 2015

Sustainability Benchmark, or GRESB, the international standard for assessing ESG management for real estate funds and REITs). Increasing oversight, raising employee awareness, introducing tools and implementing tracking and reporting practices – all of these help organisations integrate value-add ESG considerations into investment and asset management decisions.

Example real estate ESG study findings

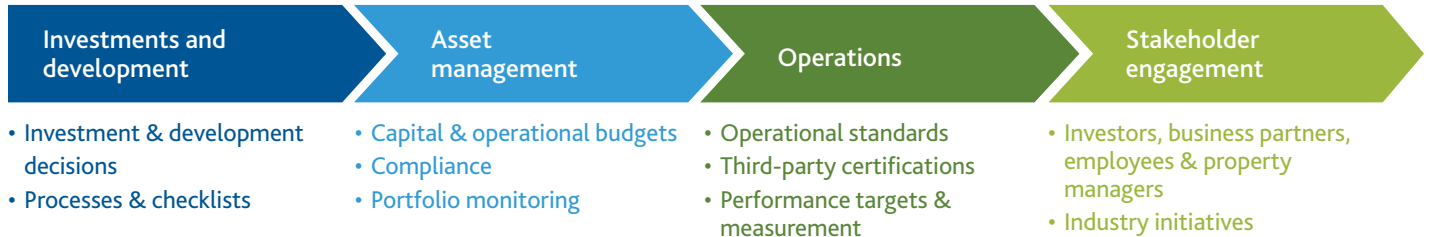


Our Vision

Fiera Real Estate aspires to be among global leaders in ESG integration. We aim to provide enhanced income and capital appreciation to investors through best-in-class portfolio ESG performance.

Our Approach

Fiera Real Estate incorporates ESG into our investment management process to deliver long-term stable returns to our clients. We integrate ESG into all areas of the investment life cycle, including:



Governance

Fiera Real Estate's President chairs our Executive Sustainability Committee which includes representatives from across the organisation. The Committee oversees our ESG strategy and is responsible for setting, implementing and monitoring progress towards our vision. Our Sustainability Policy outlines our commitments and how we integrate ESG throughout the investment life cycle. We report annually and benchmark performance through the GRESB assessment and PRI reporting framework.

Environmental

Reducing our environmental impact helps us manage risk and lowers our operating costs. To ensure compliance and identify risk, we conduct environmental, health and safety site assessments every three years at CORE Fund properties. We use an online platform to track compliance and to identify and address risks. We use this same platform to monitor property and portfolio ESG performance, identify opportunities for greater efficiencies and benchmark our performance.

Fiera Real Estate works with our managers to implement operational best practices and to invest in efficiency initiatives to reduce costs. We pursue third-party building certifications to validate and provide performance assurance to clients.

³ TIAS Business School, Netherlands, 2017

⁴ University of Cambridge, UK, 2014

⁵ IPD, 2016

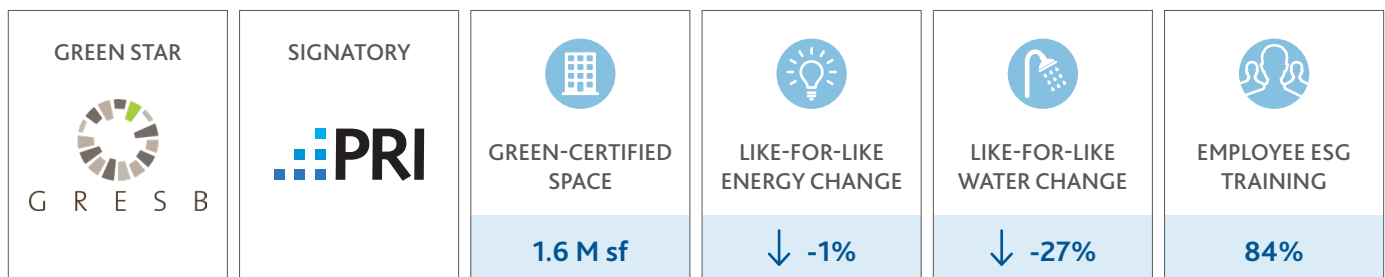
⁶ National Association of Real Estate Trusts, 2014

Social

Fiera Real Estate continually works to engage our stakeholders on ESG. To date we have:

- ▶ Developed ESG communications for investors and property managers
- ▶ Trained employees and property managers on ESG management
- ▶ Engaged suppliers and service providers on sustainable products and offerings
- ▶ Supported local organisations and provided educational opportunities for students

Performance highlights



2017 CORE Fund performance

Looking forward

- ▶ Participate in GRESB annually
- ▶ Improve data availability to find more energy and water reduction opportunities
- ▶ Implement third-party green building certifications, where appropriate
- ▶ Provide training to our employees and property managers on best-in-class sustainability practices
- ▶ Set environmental performance targets

The information provided herein does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. There is no representation or warranty as to the current accuracy of, nor liability for, decisions based on such information. Past performance is no guarantee of future results. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether such securities may be lawfully sold in their jurisdiction.

Any references within this document pertaining to 'Fiera Real Estate Limited' also refer to Fiera Real Estate.