

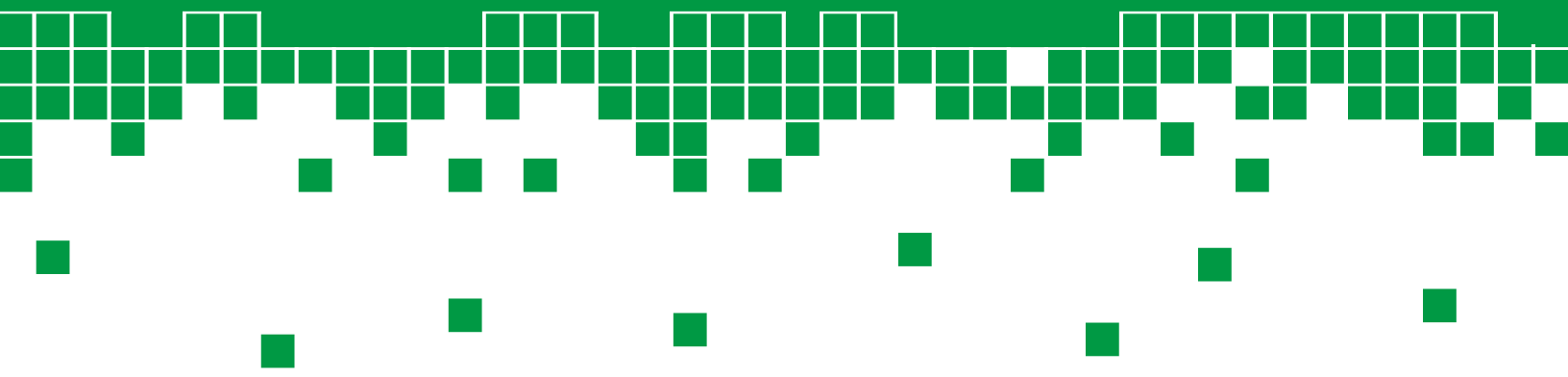


HOOPP

Healthcare of Ontario
Pension Plan



OUR EVOLVING APPROACH TO SUSTAINABILITY





OUR EVOLVING APPROACH TO SUSTAINABILITY

Our sustainability strategy is multidimensional. It addresses environmental, social and governance (ESG) factors and spans the real estate lifecycle, from acquisitions and developments to day-to-day operations and capital planning. Founded on industry best practice, our strategy applies responsible investment principles to real estate ownership and management. Building strong relationships with our stakeholders helps us to invest in and operate healthy, efficient and high-quality buildings that provide benefits to local economies, communities and have lower environmental impacts.

Global megatrends are driving constant evolution in the world and in our business. Changing demographics and regulations, and increased corporate focus on sustainability translate into new opportunities to serve our tenants better. Increasingly sophisticated

technology means we can understand our buildings better and run them more efficiently, reduce our environmental footprint and provide a great customer experience through increased engagement with occupants and visitors.

Our commitment to responsible investment and our members' expectations demand that we consider sustainability in our investments and that we are transparent and accountable.

To meet these challenges and seize opportunities, our approach to sustainability has and will continue to evolve.



ONE YORK (TORONTO, ONTARIO)

SCOPE OF HOOPP REAL ESTATE SUSTAINABILITY STRATEGY

- Programs and tools for our team and management partners
- Setting targets and measuring performance
- Focus on key performance indicators (our Pillar Scorecard)
- Recognition of strong performance and achievements
- Communication and disclosure



2016 SUSTAINABILITY HIGHLIGHTS

REDUCED ENERGY
CONSUMPTION BY
45M^{EKWH} -
THE SAME
AS THE ANNUAL
ENERGY USE OF
1,600
CANADIAN HOMES

DIVERTED
13%
MORE WASTE
FROM LANDFILLS

RECOGNIZED WITH
THE NAIOP REX
**GREEN AWARD
OF THE YEAR**
FOR LEAP CONFERENCE
AND AWARDS

REDUCED CARBON
FOOTPRINT BY
7.5%
EQUIVALENT TO
ANNUAL EMISSIONS OF
3,000 CARS

ENGAGED
MORE THAN
HALF
OF OUR TENANTS
ON ENERGY
CONSERVATION

12%
OF PORTFOLIO
GENERATED OR
PURCHASED
RENEWABLE ENERGY

BALANCED SCORECARD PERFORMANCE

The Pillar Scorecard is a key sustainability management tool. It shows performance on a set of indicators that reflect real estate sustainability best practice.

In 2016, we saw progress on several indicators. Most notably, our energy performance improved by 6% from 2015 and is now on par with REALpac's average intensity for office buildings. Since 2011, our energy consumption per square foot has decreased by 19%.





Water intensity also improved in 2016, decreasing more than 2.5% from 2015. Our 2016 water consumption per square foot is 23% lower than in 2011.

Waste diversion from landfill increased from 51% to 58% in 2016, meaning we sent 13% less waste to landfills. Our waste diversion rate in 2011 was 48%, or almost 20% lower.

Additionally, we decreased our greenhouse gas emissions by 7.5%.

However, there are areas where our performance was not as strong. Fewer tenant surveys were conducted in 2016, likely because many properties only survey tenants every two or three years. Additionally, in 2016, a smaller percentage of our active developments targeted LEED® Gold or equivalent certification. This can be attributed to a change in composition of our development portfolio in terms of property type and market over 2015 as well as the completion of developments that were targeting certification in 2015.

We will work to improve overall Pillar Scorecard performance by increasing engagement with managers to drive improvements in their sustainability policies, procedures and environmental performance as we roll out our new sustainability policy in 2017.

PILLAR	PILLAR INDICATOR	2014	2015	2016	PROGRESS
 ENERGY AND ATMOSPHERE	Energy performance (ekWh/sf)	28.5	27.5	25.8	●
	Renewable energy (% of GFA)	5%	11%	12%	●
	Greenhouse gas emissions (000s tCO ₂ e)	185	179	166	●
 RESOURCE STEWARDSHIP	Water consumption (Litres/sf)	63	66	64	●
	Waste diversion (average % diverted)	53%	51%	58%	●
	Construction and renovation waste policies (% of properties)	90%	72%	72%	●
	Sustainable procurement policy (% of properties)	60%	51%	50%	●
 ENGAGEMENT AND INNOVATION	Tenant engagement (% of properties)	95%	88%	91%	●
	Tenant satisfaction survey (% of properties)	44%	64%	43%	●
	Green leases (% of GFA)	53%	52%	51%	●
	Building ratings (% of GFA)	54%	61%	63%	●
	Sustainable development (% of new developments targeting LEED Gold or equivalent)	63%	56%	44%	●
 SOCIAL IMPACT	EHS system responsiveness	88%	93%	97%	●

All data provided by GreenCheck. Select 2014 and 2015 data points have been restated to reflect portfolio changes and increased data availability. Energy and water performance data is for office properties only.

LEGEND

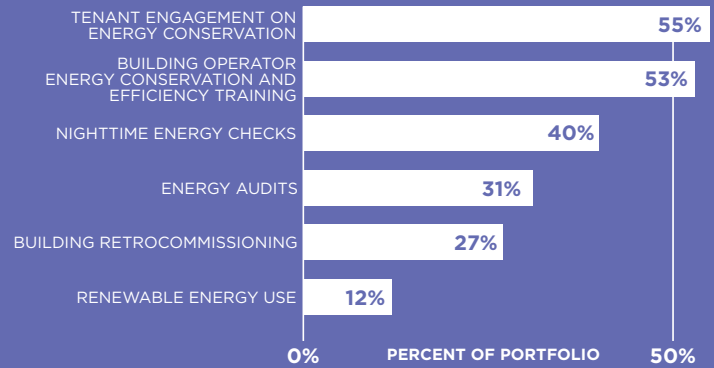
- Progress 2014–2016
- Maintained performance 2014–2016
- No progress 2014–2016

SAVING ENERGY IN BUILDINGS

Reducing energy use is more important than ever. Global commitments such as the Paris Agreement, along with federal and provincial regulation, set the expectation for significant energy and greenhouse gas reductions in all industries. As well, energy is a significant cost for our properties and tenants, and prices will continue to increase. Using less energy means that our properties and our tenants save money. Finally, returns on energy efficiency investments are increasing, which means there is a business case to reduce consumption by increasing efficiency.

We are actively managing our portfolio's energy use. In 2016, our Canadian portfolio set new five-year energy and greenhouse gas emissions reduction targets. We developed a roadmap and tools and supported properties throughout the target-setting process. By the end of 2021, we target an 8.5% energy consumption reduction and 19% greenhouse gas reduction for the HOOPP Real Estate portfolio compared to a 2015 baseline.

PROPERTY ENERGY CONSERVATION MEASURES

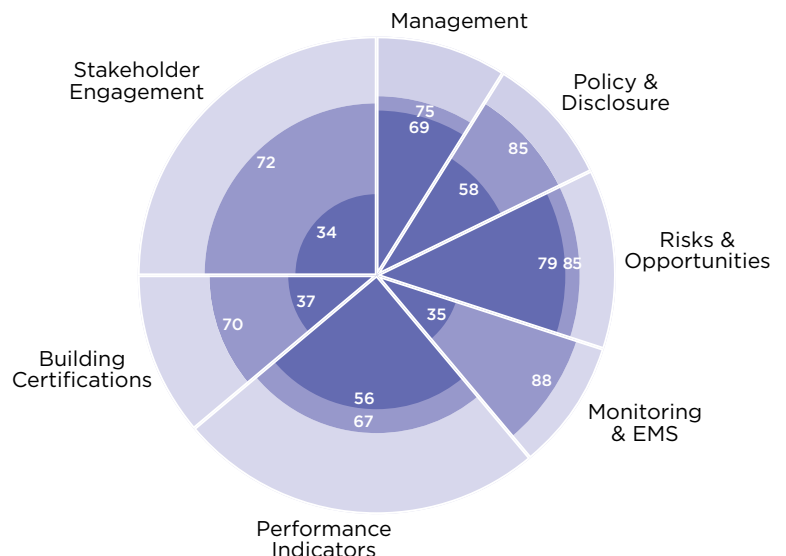


To meet these targets, HOOPP properties are using a variety of energy conservation approaches (see chart above). Together with our management partners, we are collaborating with tenants to collectively use less energy and training building managers on efficient operations. Properties are also identifying savings opportunities by conducting after-hours checks, technical audits and retrocommissioning to ensure buildings are functioning optimally. At select properties we are purchasing and generating renewable energy; we hope to do more of this over the next few years.

IMPROVING OUR GLOBAL SUSTAINABILITY RANKING

The Global Real Estate Sustainability Benchmark (GRESB) assesses sustainability practices and performance in the real estate sector. HOOPP is a GRESB investor member and has participated in the assessment since 2013. Over the last four years, we have increased performance on each of the seven benchmark aspects. This means that we have strengthened our approach to managing sustainability and that our environmental and social performance has improved.

HOOPP REAL ESTATE GRESB PERFORMANCE 2013 VS. 2016



LEGEND	
	2013 GRESB performance
	2016 GRESB performance
	Maximum GRESB performance

DRIVING INNOVATION WITH LEAP FORWARD

Our Leadership in Environmental Advancement Program (LEAP) consists of an annual conference and awards ceremony. LEAP convenes our investment and management partners to recognize and discuss leadership and strong performance in sustainability.

LEAP FORWARD



2016 LEAP FORWARD PITCH

LEAP benefits the HOOPP Real Estate portfolio, and also has a wider industry impact. Our management companies influence a significant share of the Canadian market through management mandates with other institutional owners. Best practices and ideas shared at LEAP help companies and properties outside our portfolio to advance their sustainability practices, pushing the industry

ahead as a whole. We are proud to say that the LEAP events have been recognized with both a Clean50 Top15 Project Award and a NAIOP REX Green Award of the Year.

A key part of the event is LEAP Forward, an innovation pitch that enables the HOOPP team to incubate and fund new sustainability technologies and programs. Each year, project teams present ideas to the HOOPP portfolio managers live at the LEAP Conference and the winning project is selected based on impact, cost effectiveness and replicability. Implementation progress and learnings are regularly shared among all managers.

The 2016 winning LEAP Forward project is to pilot co-generation technology at ATB Place in Edmonton. The co-generation units, which are similar to miniature power plants, use natural gas and harness excess heat to efficiently generate electricity and heat for the building. Implementing this technology is anticipated to reduce ATB Place's carbon footprint by about 20% and save \$10 million in energy costs over the next decade.



ATB PLACE (EDMONTON, ALBERTA)

MAKING DEVELOPMENTS MORE SUSTAINABLE

Each year HOOPP invests in numerous developments and redevelopments across our markets. In 2016, we saw the successful completion of several projects including two major mixed-use developments (One York Street in Toronto and Marine Gateway in Vancouver), two Canadian office buildings and four industrial properties in Europe.

Sustainability has become an inherent part of our strategy for developing high-quality assets with desirable qualities and long-term market relevance. The properties we develop are designed with the future in mind. To push for a strong focus on sustainability, we partner with a range of stakeholders to incorporate new thinking, optimize results and create lasting value for our members, tenants and local communities.

CASE STUDY

INTEGRATING SUSTAINABILITY FROM THE START - DEVONSHIRE MALL

Sustainable thinking captures the greatest value when we incorporate environmental and social considerations early in the development design process. In a recent redevelopment, Devonshire Mall, located in Windsor, Ontario, formed a multidisciplinary team of property operators, developers, leasing agents, architects, engineers, sustainability experts, LEED specialists and solar technology consultants. Team members worked together to generate creative ideas and learn about sustainable building features and their impacts from one another.

This integrated design process identified opportunities to incorporate sustainable building features from the project outset, increasing opportunity for innovation, securing financing and driving strong performance when the development is complete.

Devonshire Mall will have an electric vehicle charging centre, fed by a solar photovoltaic system. Additional rooftop solar panels will power the mall's common area during peak times and excess solar power can be sold to the grid. The mall will also be able to capture and use rainwater. Shoppers will be educated on its sustainability initiatives by way of dynamic interior displays.

DEVONSHIRE MALL REDEVELOPMENT (WINDSOR, ONTARIO)



ABOUT US

The Healthcare of Ontario Pension Plan (HOOPP) was formed in 1960 and is one of Canada's largest pension plans. HOOPP is dedicated to providing retirement security to more than 321,000 healthcare workers in Ontario by earning long-term stable returns from our investments.

Real estate is an important asset class in HOOPP's investment strategy. Our portfolio, valued at \$11.5 billion, totals 44 million square feet of assets in Canada, the U.S. and Europe. The HOOPP Real Estate team partners with third-party companies to develop, manage and operate our properties.

It was an active year for us in 2016. We committed more than \$1.5 billion in new investments and posted a 12.2% return.



Responsible investment

HOOPP considers environmental, social and governance (ESG) issues as an integral part of the investment decision-making process because it allows us to gain a more complete view of the potential risks and opportunities in an investment. Our approach to responsible investing uses ESG data and information alongside traditional fundamental analysis. This ensures that we meet our fiduciary obligations to our members by making investment decisions that ultimately serve their financial interests and retirement security. In our approach to being a responsible owner, once an investment is made we encourage better ESG practices by exercising our influence.

HOOPP has been a signatory to the Principles for Responsible Investment since 2011. The PRI Principles are reflected in our Responsible Investment Policy and are systematically applied in our real estate core processes through our sustainability program.

OUR AFFILIATIONS:



AWARDS AND ACHIEVEMENTS

Our programs and properties were recognized in 2016

- NAIOP Toronto Chapter Real Estate Excellence (REX) Green Award of the Year – LEAP Conference and Awards
- Urban Development Institute 2016 Award of Excellence – Mixed Use and Best in Show for Marine Gateway (Vancouver, BC)
- BOMA Toronto Earth Award – 25 York Street (Toronto, ON)

NAIOP REX GREEN AWARD OF THE YEAR

