



2012 ENERGY STAR® Award Application

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CONFIDENTIAL

GROSS LEASE
(w/Base Amounts)

THIS LEASE (this "Lease") is made as of _____, 200__, by and between
"Landlord" _____, and
"Tenant" _____.

Green Agency Ratings: Any one or more of the following ratings, as same may be in effect or amended or supplemented from time to time: The U.S. EPA's Energy Star® rating and/or Design to Earn Energy Star, the Green Building Initiative's Green Globes™ for Continual Improvement of Existing Buildings (Green Globes™-CIEB), the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, LEED EBOM (existing buildings operations and maintenance) and any applicable substitute third party or government mandated rating systems.

1.1 Plans and Specifications

1.1.1 **[NOTE: THIS IS DRAFTED FOR A LANDLORD BUILD-OUT WITH ALLOWANCE; NEEDS TO BE MODIFIED FOR A TENANT BUILD-OUT]** If there are no Plans and Specifications attached as Exhibit C to this Lease, then Tenant's Architect shall prepare the Plans and Specifications for the Tenant Improvements. The Plans and Specifications shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed, provided that such Plans and Specifications comply with the requirements of this paragraph 2.4. Tenant acknowledges and agrees that the Tenant Improvements must be designed consistent with the Landlord's sustainability practices and certain Green Agency Ratings (as determined by Landlord), specifically the SMACNA "IAQ Guidelines for Occupied Buildings under Construction" 1995, Chapter 3. Tenant further agrees to engage a third party LEED or Green Globe Accredited Professional or similarly qualified professional with respect to the design and construction of the Tenant Improvements. Tenant agrees that [Landlord will seek and Tenant will maintain] [Tenant will seek and maintain] LEED for Commercial Interiors certification with respect to the Tenant Improvements, and that [Landlord] [Tenant] will register the Premises with the U.S. Green Building Council prior to completion of the Plans and Specifications. If the Plans and Specifications or any amendment thereof or supplement thereto shall require changes in the Building shell, the cost of the Building shell work caused by such Plans and Specifications, amendment or supplement, shall be charged against Tenant. The preceding sentence shall not be construed as requiring that Landlord must approve any Plans and Specifications which specify changes in the Building shell. If Building shell work is permitted by Landlord, the cost thereof shall include all architectural and/or engineering fees and expenses in connection therewith.

1.1.2 Tenant shall not use or operate the Premises in any manner that will cause the Building or any part thereof not to conform with Landlord's sustainability practices or the certification of the Building issued pursuant to any Green Agency Rating.

1.2 Sustainable Building Operations

1.2.1 This Building is or may become in the future certified under certain Green Agency Ratings or operated pursuant to Landlord's sustainable building practices, as

same may be in effect or modified from time to time. Landlord's sustainability practices address, without limitation, whole-building operations and maintenance issues including chemical use; indoor air quality; energy efficiency; water efficiency; recycling programs; exterior maintenance programs; and systems upgrades to meet green building energy, water, Indoor Air Quality, and lighting performance standards. All of Tenant's construction and maintenance methods and procedures, material purchases, and disposal of waste must be in compliance with minimum standards and specifications as outlined by the Green Agency Ratings, in addition to all Governmental Requirements.

1.2.2 Tenant shall use proven energy and carbon reduction measures, including energy efficient bulbs in task lighting; use of lighting controls; daylighting measures to avoid overlighting interior spaces; closing shades on the south side of the building to avoid over heating the space; turning off lights and equipment at the end of the work day; and purchasing ENERGY STAR® qualified equipment, including but not limited to lighting, office equipment, commercial and residential quality kitchen equipment, vending and ice machines; and purchasing products certified by the U.S. EPA's Water Sense® program.

1.3 Recycling and Waste Management: Tenant covenants and agrees, at its sole cost and expense: (a) to comply with all present and future Governmental Requirements regarding the collection, sorting, separation, and recycling of garbage, trash, rubbish and other refuse (collectively, "trash"); (b) to comply with Landlord's recycling policy, as stated in the Rules and Regulations (as such policy may be amended or supplemented from time to time), as part of Landlord's sustainability practices where it may be more stringent than applicable Governmental Requirements, including without limitation, recycling such categories of items designated by Landlord and transporting such items to any recycling areas designated by Landlord; (c) to sort and separate its trash and recycling into such categories as are provided by Governmental Requirements or Landlord's then-current sustainability practices; (d) that each separately sorted category of trash and recycling shall be placed in separate receptacles as directed by Landlord; (e) that Landlord reserves the right to refuse to collect or accept from Tenant any waste that is not separated and sorted as required by Governmental Requirements, and to require Tenant to arrange for such collection at Tenant's sole cost and expense, utilizing a contractor satisfactory to Landlord; and (f) that Tenant shall pay all costs, expenses, fines, penalties or damages that may be imposed on Landlord or Tenant by reason of Tenant's failure to comply with the provisions of this paragraph 2.11.

Operating Costs (net of Property Taxes): All expenses paid or incurred by Landlord for maintaining, operating, owning and repairing any or all of the Land, Building, Premises Parking Area, related improvements, and the personal property used in conjunction with such Land, Building, Premises and related improvements, except for Property Taxes. Included are all expenses paid or incurred by Landlord for: (a) utilities, including electricity, water, gas, sewers, fire

sprinkler charges, refuse collection, Telecommunication Services, cable television, steam, heat, cooling or any other similar service and which are not payable directly by tenants in the Building; (b) supplies; (c) cleaning, painting and janitorial services (including window washing), interior and exterior landscaping and landscaping maintenance (including irrigating, trimming, mowing, fertilizing, seeding and replacing plants), snow removal and other services; (d) access control services, if any; (e) insurance premiums and applicable insurance deductible payments by Landlord; (f) property management fees; (g) compensation (including employment taxes and fringe benefits) of all persons and business organizations who perform duties in connection with any service, repair, maintenance, replacement or improvement or other work included in this subparagraph (not above the level of manager, and to the extent that employees of Landlord or employees of Manager or Landlord's Agents are not assigned exclusively to the Building, then Operating Costs shall include only the portion of their salaries, wages and other personnel costs that Landlord allocates on a rational basis to the Building); (h) license, permit and inspection fees; (i) assessments and special assessments due to deed restrictions, declarations or owners associations or other means of allocating costs of a larger tract of which the Land is a part; (j) rental of any machinery or equipment; (k) audit fees and accounting services related to the Building, and charges for the computation of the rents and charges payable by tenants in the Building (but only to the extent the cost of such fees and services are in addition to the cost of the property management fee); (l) the cost of repairs or replacements; (m) charges under maintenance and service contracts to unrelated third parties; (n) legal fees and other expenses of legal or other dispute resolution proceedings (other than those incurred in lease disputes with tenants); (o) maintenance and repair of the roof and roof membranes, (p) costs incurred by Landlord for compliance with any and all changes, modifications or supplements to any Governmental Requirements that are effective or enacted after the Effective Date, or to increase the efficiency of any electrical, mechanical or other system servicing the Building or the Land; (q) elevator service and repair, if any; (r) business taxes and license fees relating to the Building and not the ownership entity; (s) any other expense or charge which in accordance with generally accepted accounting and management principles would be considered an expense of maintaining, operating, owning or repairing the Building; (t) insurance endorsements or insurance policies purchased in order to repair, replace and re-commission the Building for re-certification pursuant to any Green Agency Rating (or, in the event the Building has not achieved any certification under any Green Agency Rating, such insurance that is purchased in order to facilitate rebuilding the building upon a casualty so as to achieve such certification) or support achieving energy and carbon reduction targets; (u) all costs of maintaining, managing, reporting, commissioning, and recommissioning the Building or any part thereof that was designed and /or built to be sustainable and conform with any Green Agency Rating, and all costs of

applying, reporting and commissioning the Building or any part thereof to seek certification under any Green Agency Rating; and (v) the amortization of costs of capital improvements in accordance with the next sentence. Costs associated with capital improvements installed or constructed by Landlord other than in the initial construction of the Building, whether such were constructed or installed before or after the Effective Date, shall be amortized with interest thereon at the Prime Rate plus two (2) percentage points over the estimated useful life of the capital improvement as reasonably determined by Landlord, but only the annual amortization of principal and interest attributable to the Lease Term shall be an Operating Cost. The capital improvements referred to in the previous sentence shall include (A) the cost of fixtures, furniture, energy-saving and other equipment owned by Landlord and used on site in connection with the Building (including, without limitation, equipment used to maintain other equipment and all tools) and (B) capital expenditures incurred in good faith either to (i) reduce Operating Costs or (ii) to comply with the requirements of any law, order or regulation of any governmental, quasi-governmental, public or other authority not applicable to the Building as of the Effective Date.

1.3.1 Tenant shall not install any supplemental HVAC, space heaters or other utilities or energy-intensive equipment (“Supplemental Utilities Equipment”) in the Premises without Landlord’s prior written consent. In the event that Landlord consents in writing to such installation, Tenant shall be responsible, all at its sole cost and expense, for the installation, maintenance, and repair of any of Supplemental Utilities Equipment, and, at Landlord’s election, shall remove same from the Premises upon the expiration or termination of the Lease Term at Tenant’s sole cost and expense. Tenant agrees that it will maintain and repair any Supplemental Utilities Equipment, and major components thereof, in first-class condition, and any such equipment will be operated on sensors or timers that limit the operation of such Supplemental Utilities Equipment to hours of occupancy in the areas immediately adjacent to the occupying personnel. Tenant shall, at its sole cost and expense, enter into a regularly scheduled preventative maintenance/service contract with a maintenance contractor or the seller of any such Supplemental Utilities Equipment, and upon Landlord’s reasonable request, Tenant will provide Landlord with reasonable evidence of such maintenance and repair. Upon Landlord’s request, at reasonable times and upon prior notice to Tenant (except in the event of an emergency, where no notice is required) Landlord shall have the right to inspect, on not less than a monthly basis, the aforementioned Supplemental Utilities Equipment and major components provided Landlord shall use commercially reasonable efforts to minimize Landlord’s interference with Tenant’s business. Tenant shall not permit any Supplemental Utilities Equipment to disturb or interfere with any of the Building’s systems or any other tenant in the Building, and Tenant will remove, at Tenant’s sole cost and expense, any such Supplemental Utilities Equipment at Landlord’s direction in the event of such disturbance or interference. Landlord reserves the right to separately submeter (or cause Tenant to separately submeter) any Supplemental Utilities

Equipment, all at Tenant's sole cost and expense. Notwithstanding anything herein to the contrary, in the event that any Supplemental Utilities Equipment is required to be removed from the Premises by Tenant pursuant to the terms of this paragraph 3.5.5, Landlord may perform such removal at its election, and Tenant shall reimburse Landlord for any costs relating thereto, or in the event that Tenant performs such removal, Tenant shall be responsible to Landlord for any damage caused to the Premises or Building in connection therewith.

1.3.2 Tenant shall be required to submit to Landlord any electricity consumption data and costs in a format deemed reasonably acceptable by Landlord.

1.4 Maintenance and Repairs by Tenant. Except as is expressly set forth as Landlord's responsibility pursuant to the paragraph captioned "Maintenance and Repair by Landlord," and except as included in the janitorial services set forth in Exhibit F, Tenant shall at Tenant's sole cost and expense keep, clean and maintain the Premises in good condition and repair, including interior painting, cleaning of the interior side of all exterior glass, plumbing and supplemental utility and HVAC fixtures and installations within the Premises (as approved by Landlord in writing), carpets and floor coverings, all interior wall surfaces and coverings (including tile and paneling), window replacement (only if Tenant or Tenant's Agent caused the window to crack or shatter), exterior and interior doors, roof penetrations and membranes in connection with any permitted Tenant installations on the roof, light bulb replacement (which lighting purchases must comply with Landlord's sustainability practices and shall be reported to Landlord in a format suitable to Landlord) and interior preventative maintenance. All maintenance and repairs made by Tenant must comply with Landlord's sustainability practices and any applicable Green Agency Rating, as the same may change from time to time. If Tenant fails to maintain or repair the Premises in accordance with this paragraph, then Landlord may, but shall not be required to, enter the Premises upon twenty-four (24) hours prior written notice to Tenant (or immediately without any notice in the case of an emergency) to perform such maintenance or repair at Tenant's sole cost and expense. Tenant shall pay to Landlord the cost of such maintenance or repair plus a ten percent (10%) administration fee within ten (10) Business Days of written demand from Landlord.

1.5 Tenant Alterations. Without the prior written consent of Landlord, which may be withheld or conditioned in Landlord's sole discretion, Tenant shall not make any alterations, additions or improvements in or to the Premises, or make changes to locks on doors, or add, disturb or in any way change any floor covering, wall covering, fixtures, plumbing, wiring or Telecommunication Facilities (individually and collectively, "Tenant Alterations") Tenant shall deliver to Landlord full and complete plans and specifications for any proposed Tenant Alterations that require Landlord's consent under this paragraph 4.4. All such plans and specifications shall be subject to Landlord's consent, not to be unreasonably withheld, conditioned or delayed. If the Landlord's consent is given, such Tenant Alteration shall be performed at Tenant's expense and, at Landlord's

election, shall be removed by Landlord or by Tenant under Landlord's supervision, at Tenant's expense, upon the expiration or termination of the Lease Term. Tenant shall pay to Landlord all reasonable costs incurred by Landlord for any architectural, engineering, supervisory and/or legal services in connection with any such Tenant Alterations, including, without limitation, Landlord's review of plans and specifications. Without limiting the generality of the foregoing, Landlord may require Tenant (if Landlord has elected to require Tenant to perform the Tenant Alterations) for the duration of such work at Tenant's sole cost and expense, to obtain and provide Landlord with proof of insurance coverage and a payment and performance bond, in forms, amounts and by companies acceptable to Landlord. Should Tenant make any Tenant Alterations without Landlord's prior written consent or without satisfaction of any conditions established by Landlord, Landlord shall have the right, in addition to and without limitation of any right or remedy Landlord may have under this Lease, or at law or in equity, to require Tenant to remove some or all of Tenant Alterations so made, or at Landlord's election, Landlord may remove such Tenant Alterations and restore the Premises at Tenant's expense. In addition, Landlord may require the removal of any Tenant Alterations upon the expiration or termination of the Lease, at Tenant's sole cost and expense, and Tenant shall be liable for any damage in connection therewith. All Tenant Alterations shall be (a) completed in accordance with the plans and specifications approved by Landlord (if Landlord's approval of same is required above); (b) completed in accordance with all Governmental Requirements; (c) carried out promptly in a good and workmanlike manner; (d) of all new materials; and (e) free of defect in materials and workmanship. Any and all Tenant Alterations that affects at least fifty percent (50%) of the Premises will be performed in accordance with Landlord's sustainability practices, (as same may be in effect or amended or supplemented from time to time) and any Green Agency Ratings, as the same may change from time to time. Tenant further agrees to engage a qualified third party LEED or Green Globe Accredited Professional or similarly qualified professional during the design phase through implementation of any Tenant Alterations covered by the preceding sentence, in order to review all plans, material procurement, demolition, construction and waste management procedures to ensure they are in full conformance to Landlord's sustainability practices, as aforesaid, and Tenant agrees to seek and maintain LEED for Commercial Interiors certification for such Tenant Alterations. Tenant shall pay for all damage to the Premises, Building and Land caused by Tenant or Tenant's Agents as a result of the Tenant Alterations. Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Agents from any Claims arising as a result of the Tenant Alterations or any defect in design, material or workmanship of any Tenant Alterations. Nothing contained in this paragraph or the paragraph captioned "Tenant's Work Performance" shall be deemed a waiver of the provisions of the paragraph captioned "Mechanic's Liens."

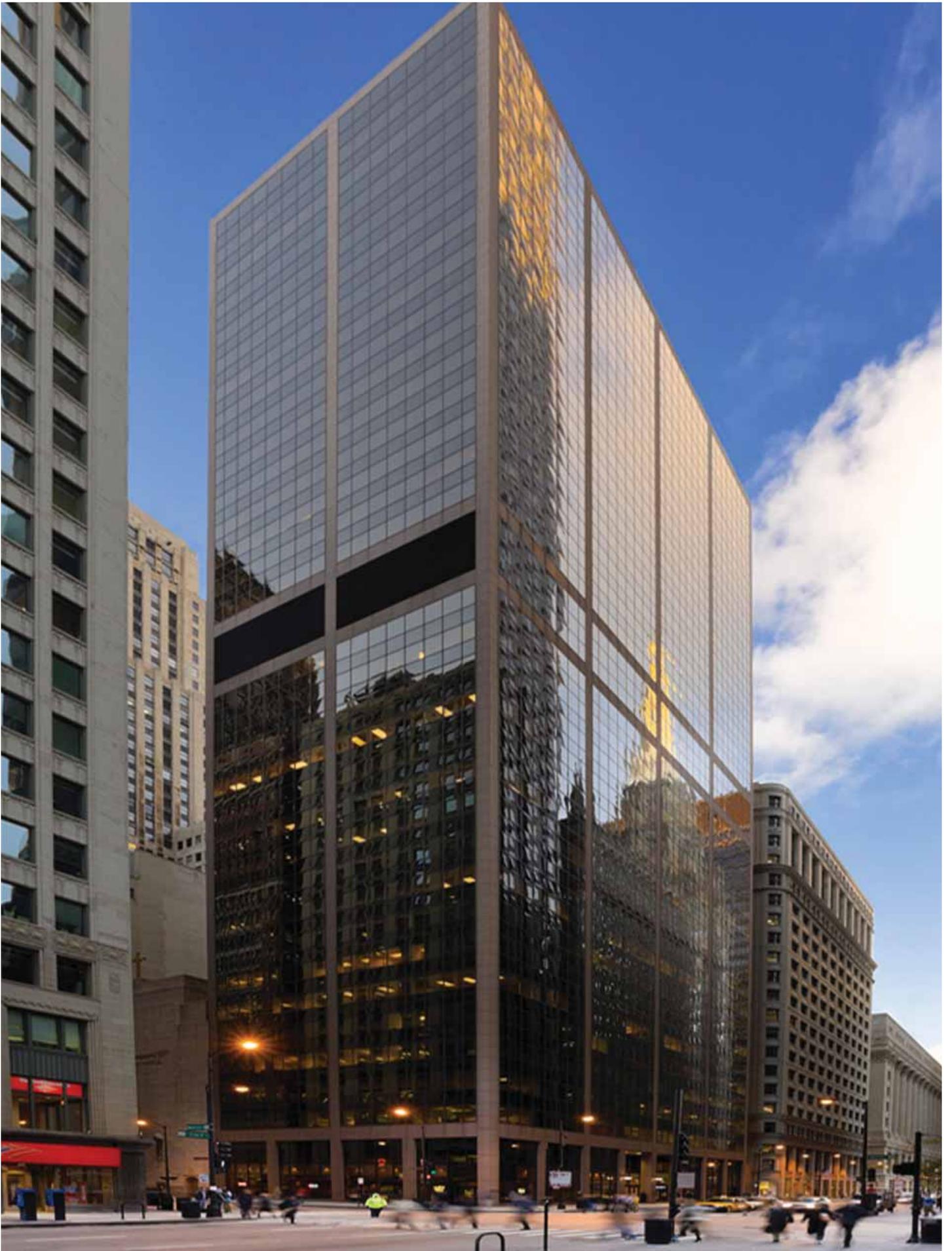
(f) The proposed assignee or subtenant has a proposed use or operation in the Premises which may or will cause the Building or any part thereof not to conform with the environmental and green building clauses in this Lease.

(g) **Sustainability Practices.** The Building is or may become certified under a Green Agency Rating (as hereinafter defined) or operated pursuant to Landlord's sustainable building practices, as the same may be in effect or modified from time to time. Landlord's sustainability practices address, without limitation, whole-building operations and maintenance issues including chemical use, indoor air quality, energy efficiency, water efficiency, recycling programs, exterior maintenance programs, and systems upgrades to meet green building energy, water, indoor air quality, and lighting performance standards. Tenant shall not use or operate the Premises in any manner that will cause the Building or any part thereof not to conform with Landlord's sustainability practices or the certification of the Building by a Green Agency Rating, provided that Tenant has received a copy of Landlord's sustainability practices and/or the Building's certification requirements by a Green Agency Rating. Landlord reserves the right to change electricity providers for the Building at any time and to purchase green or renewable energy. Provided that Tenant has received a copy of Landlord's sustainability practices and/or the Building's certification requirements by a Green Agency Rating, all construction, maintenance and repairs made by Tenant shall comply with Landlord's sustainability practices and with the minimum standards and specifications as outlined by the Green Agency Rating in addition to all Governmental Requirements. Tenant shall endeavor to use proven energy and carbon reduction measures, including energy efficient bulbs in task lighting; use of lighting controls; daylighting measures to avoid overlighting interior spaces; closing shades on the south side of the Building to avoid over-heating the space; turning off lights and equipment at the end of the work day; and purchasing Energy Star qualified equipment, including but not limited to lighting, office equipment, kitchen equipment, vending and ice machines; and purchasing products certified by the U.S. EPA's WaterSense program. Notwithstanding the foregoing that may be to the contrary, nothing herein shall require Tenant to replace any of its fixtures, equipment or machinery currently installed in the Premises. As used herein, "Green Agency Rating" means any one or more of the following ratings, as the same may be in effect or amended or supplemented from time to time: the U.S. EPA's Energy Star rating and/or Design to Earn Energy Star, the Green Building Initiative's Green Globes for Continual Improvement of Existing Buildings (Green Globes-CIEB), the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, LEED EBOM (existing buildings operations and maintenance) and any applicable substitute third party or government mandated rating systems.



Sustainable Tenant Improvement Manual





Introduction

Bentall Kennedy is one of North America's largest full-service registered real estate investment advisors, and foremost providers of real estate services to a select number of public, corporate and Taft-Hartley retirement systems, life insurance companies, foundations, trusts, high net worth families, sovereign wealth funds and major university endowments. Throughout its history, Bentall Kennedy has brought superior value-added results to some of the country's largest institutional investors as well as open-ended commingled funds and closed partnerships.

Bentall Kennedy has developed this Sustainable Tenant Improvement ("TI") Manual as a means to promote sustainable best practices throughout its portfolio. The Sustainable TI Manual provides minimum design standards and construction practices that are required of all TIs, as well as additional recommended sustainable standards to consider, where feasible, when building out office space.

The manual was developed through a collaborative process to provide a framework to enhance the sustainability of all of Bentall Kennedy's real estate investments on behalf of its clients, in support of the organization's commitment to Responsible Property Investing ("RPI"). RPI considers the environmental and social ramifications of property investment, development, and property operations in addition to financial considerations.

This manual is intended for multiple audiences and should help asset managers, property managers, and tenants to make the right sustainable choices when evaluating TIs for first and second generation office space, including choices related to water, energy, materials, and the indoor environment. In this way, the TI process can accomplish two goals – satisfying tenant needs while at the same time upgrading building infrastructure and performance with each TI.

The manual was developed with office space in mind, but may be applicable to other types of properties such as industrial parks and retail space. However, each measure would need to be carefully evaluated for applicability to space types other than offices.

How to Use This Manual

Asset managers, property managers/engineers, leasing agents, construction managers, and members of design/construction teams should use this manual as a tool to initiate discussion, educate tenants, and facilitate the implementation of sustainable TIs. When bidding out TI projects, the manual should be provided to contractors, architects, and other responsible parties. It may be appropriate to include some of the requirements and recommendations in various project documents such as the construction contract and work letter.

Where possible, sample products that meet the given sustainability criteria are identified. Bentall Kennedy does not recommend or require any specific products or manufacturers as long as the sustainability requirements are met. However, Bentall Kennedy suggests using proven companies that provide market-leading services and products. The project team (i.e., property manager, construction manager, architect etc.), in consultation with the Bentall Kennedy asset manager, should select the most appropriate sustainable option for the building, given financial, environmental, and social considerations. Property managers may wish to develop tailored lists of vendors that have already been successfully used at the building, or at other buildings within their market.

Key

The following symbols are used throughout the manual:

Level of Importance: _____

 Building standard requirements to which Bentall Kennedy requires that all TIs adhere

 Additional design standards and construction practices, which are recommended by Bentall Kennedy but not required

Responsibility: _____

Regardless of whose ultimate responsibility it is to implement the specifics of any particular measure in this manual, the project team will drive implementation. The property manager and engineer must coordinate with the other responsible parties identified below, sharing the information in this manual and providing other guidance and encouragement.

- T Tenant
- C Contractor
- A/ID Architect/Interior Designer
- MEP Mechanical, Electrical, & Plumbing Engineer
- CA Commissioning Agent

Cost: _____

The following symbols indicate an approximate cost range relative to the market average for a typical TI. However, the actual cost impacts will vary across markets and are often affected by the size and/or magnitude of the TI. Property and asset management teams should use this scale as a gauge for early discussions, but should assess the costs and benefits of each item considering payback, return on investment, tenant interest, and other intangibles, as project specifics are defined.

- \$ Minor or no additional cost
- \$\$ Some additional cost
- \$\$\$* Some additional cost, but will generate cost savings and have a payback
- \$\$\$\$ High additional cost
- \$\$\$\$* High additional cost, but will generate cost savings and have a payback

	
REQUIRED	
RESPONSIBILITY	MEP
COST	\$
DIFFICULTY	
LEED CI	WEp1
LEED EB: O&M	WEp1

 RECOMMENDED	
RESPONSIBILITY	MEP
COST	\$
DIFFICULTY	☞
LEED CI	WEp1
LEED EB: O&M	WEp1

Difficulty:

The following symbols indicate approximate, relative levels of effort (e.g., additional time, research, or consulting expertise required) beyond other, less sustainable practices.

- ☞ No Added Effort or Difficulty
- ☞☞ Moderate Added Effort or Difficulty
- ☞☞☞ High Added Effort or Difficulty

LEED Certification Considerations:

The requirements and considerations in this manual are intended to align with Leadership in Energy and Environmental Design (“LEED”) standards developed by the U.S. Green Building Council (“USGBC”). Use of this manual will enhance the feasibility of certification under either LEED for Commercial Interiors (“LEED CI”) for the TI, or LEED for Existing Buildings: Operations and Maintenance (“LEED EB: O&M”) for the building as a whole. Where applicable, this manual identifies the LEED CI 2009 or LEED EB: O&M 2009 credit corresponding to each requirement or consideration. (There may also be a relationship to LEED for Core & Shell credits, but this manual does not address the Core & Shell rating system.)

Bentall Kennedy does not require TIs to be LEED certified and recognizes that LEED certification is not practical for all TIs or buildings. Therefore, this manual does not provide complete LEED requirements and calculations. Project teams interested in pursuing LEED certification should obtain copies of the LEED CI 2009 reference guide to obtain specific LEED CI details and to explore additional sustainable features beyond the contents of this manual. The USGBC’s LEED CI and LEED EB: O&M checklists are attached separately.

Some features within this manual may already be included in the base building design, and others may align with improvements being made to the base building in pursuit of LEED EB: O&M certification. If the building is likely to pursue LEED EB: O&M, property and asset managers may want to take advantage of the TI as an opportunity to upgrade building performance and achieve related LEED EB: O&M credits.

The required measures in this manual are a significant step toward LEED CI certification, providing approximately 5 of 7 LEED CI prerequisites and 14 of 40 points required for minimum certification (with adherence to the detailed LEED CI calculation and documentation requirements). Bentall Kennedy encourages project teams to carefully consider the suggestions in this manual, and determine whether any of them may be cost-effective for a specific TI in order to move the project closer to LEED CI certification levels. As a point of reference, implementing all of the required and suggested items in this manual (plus one basic prerequisite), along with providing the required LEED calculations, would facilitate LEED CI certification at the Silver level.

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Checklist

!/+		Status/Notes
Water Efficiency		
!	Reduce Water Use by 20%	
Energy and Atmosphere		
!	Achieve Minimum Energy Performance	
!	Manage Refrigerants	
!	Reduce Lighting Power by 15%	
*	Reduce Lighting Power by 20-35%	
!	Install Lighting Controls	
!	Use 90% ENERGY STAR Appliances	
*	Sub-Meter Tenant Energy Use	
*	Sub-Meter Systems	
*	Practice Commissioning	
*	Purchase Green Power	
Materials and Resources		
!	Install Recycling Station(s)	
!	Divert 50% of Construction Waste	
*	Divert 75% of Construction Waste	
!	Use 10% Recycled Content	
*	Use 20% Recycled Content	
*	Reuse Interior Components	
*	Reuse Materials	
*	Reuse Furniture and Furnishings	
*	Use Regionally Manufactured Products	
*	Use Regionally Extracted Materials	
*	Use Rapidly Renewable Materials	
*	Use Certified Wood	
Indoor Environmental Quality		
!	Achieve Minimum IAQ	
!	Create an IAQ Construction Plan	
*	Create an IAQ Pre-Occupancy Plan	
!	Use Low-Emitting Adhesives/Sealants	
!	Use Low-Emitting Paints/Coatings	
!	Use Low-Emitting Flooring Systems	
!	Use Low-Emitting Composite Wood	
*	Use Low-Emitting System Furniture & Seating	
!	Design HVAC Systems for Thermal Comfort	
*	Provide Individual Comfort Control	
*	Provide Individual Lighting Control	
*	Control Indoor Pollutant Sources	
*	Provide Daylight	
*	Provide Views to the Outdoors	
Sustainable Sites		
*	Install Bicycle Storage & Changing Rooms	

Water Efficiency

Water fixtures and equipment in buildings built prior to 1990 are most likely inefficient and contribute to high water use. Reducing potable water use is an important aspect of sustainable property operations, and is especially important in markets where water is becoming more scarce and/or costly. Upgrading or replacing existing fixtures, and carefully selecting new fixtures, will produce significant water and energy savings and protect regional water resources, typically at a low installation cost. Even newer buildings may contain fixtures that can be upgraded to lower-flow models.



REQUIRED

RESPONSIBILITY	MEP
COST	\$
DIFFICULTY	FB
LEED CI	WEp1
LEED EB: O&M	WEp1 ⁱ

Reduce Water Use by 20%

Although many TIs will not include restrooms, when the opportunity arises, install low-flow/dual-flush toilets and urinals, as well as low-flow faucets and aerators. Many existing fixtures can be upgraded at a low cost with aerators or flush valves. TIs must achieve 20% water reduction below the baseline, which is calculated from federal minimum standard flow and flush rates.

Draw from the suggested list below to achieve a combination of fixture flow rates that will achieve the 20% reduction requirement while providing satisfactory performance (baselines are provided in parentheses):

- Toilets: 1.28 gallons per flush (“gpf”) or dual flush 0.8/1.6 gpf (1.6)
- Urinals: waterless or 0.5 gpf (1.0)
- Showerheads: 1.5-2.0 gallons per minute (“gpm”) (2.5)
- Restroom faucets/aerators: 0.5 gpm (0.5ⁱⁱ)
- Kitchen faucets/aerators: 0.5-2.0 gpm (2.2)

Metered faucets should use no more than 0.25 gallons per cycle.

Look for the EPA WaterSense label on products, and visit the WaterSense Web site to find products and rebates: www.epa.gov/watersense/

Product Suggestions:

- American Standard: www.americanstandard-us.com/microsite/waterefficiency/productListing.aspx
- Delta: www.deltafaucet.com
- Grohe: www.grohewatercare.com/bath.htm
- Kohler Triton Faucet; Kohler Steward Waterless Urinal: www.us.kohler.com/index.jsp
- Moen Envi Showerhead: www.moen.com
- NEOPERL: www.neoperl.com
- Niagara: www.niagaraconservation.com/Aerators.html and www.niagaraconservation.com/Showerheads.html
- Oxygenics: www.oxygenics.com/fivestar-shower.php
- Sloan: www.waterefficiency.com/products.html
- Toto: www.whytology.com/products.html
- Zurn: www.zurn.com/operations/ecovantage/pages/home.asp



ⁱ The baselines and requirements provided in this manual align with LEED CI requirements. Baselines and requirements vary for LEED EB: O&M. If the building is pursuing LEED EB: O&M certification, please refer to the LEED EB: O&M reference guide for calculations and specifications.

ⁱⁱ The 2009 version of the LEED CI rating system has reduced the baseline flow rate for a public restroom faucet to 0.5 gpm. Most projects find that 0.5 gpm is an acceptable flow rate, but reducing the rate further may have a negative effect on performance.

Energy and Atmosphere

A number of components within a TI affect energy consumption over time. In addition to design and construction best practices, tenant equipment selection can contribute to a high-performance work space. The following requirements and recommendations will help reduce energy consumption and costs, while providing a comfortable working environment for occupants.



REQUIRED

RESPONSIBILITY	MEP
COST	\$\$\$*
DIFFICULTY	PP
LEED CI	EAp2
LEED EB: O&M	EAp2

Achieve Minimum Energy Performance

Achieve a minimum level of energy efficiency, in support of the building's collective efforts to achieve an ENERGY STAR rating of at least 69 (the minimum for LEED EB: O&M certification). A combination of efficient space design; lighting; heating, ventilation, and air conditioning ("HVAC"); and office equipment/appliances is necessary to achieve minimum performance.

Design the TI project to comply with ASHRAE Standard 90.1-2007 (including lighting and HVAC). This includes the mandatory provisions (Sections 5.4, 6.4, 7.4, 8.4, 9.4 and 10.4), and either the prescriptive requirements (Sections 5.5, 6.5, 7.5 and 9.5) or performance requirements (Section 11) of the ASHRAE standard. The standard covers measures related to the insulation and sealing of the building envelope; and minimum efficiency of and controls for HVAC, lighting, and water heating equipment. Visit www.ashrae.org to obtain a copy of the standard.

In addition, provide interior layouts that allow maximum daylight into the space, consider thermal comfort of the prospective occupants, and do not impede airflow.

Additional energy performance requirements for lighting and equipment, the other two components of the associated LEED prerequisite, are provided on pages 14-17.

Manage Refrigerants

The building industry is phasing out ozone-depleting chlorofluorocarbons (“CFCs”) in heating, ventilation, air conditioning, and refrigeration (“HVAC&R”) systems. Implement any of the following strategies that apply to the particular TI:

- When installing new systems and products or replacing existing systems as part of the tenant’s scope of work, the new systems must not contain CFCs. Consider also excluding hydrochlorofluorocarbons (“HCFCs”) from new installed systems. HCFCs are a less hazardous choice than CFCs but also have environmental impacts.
- When reusing existing HVAC&R systems in the tenant’s scope of work, inventory equipment and identify any that use CFC-based refrigerants, with the goal of phasing out the CFC-based refrigerant in the future.

Small HVAC&R units, standard refrigerators, small water coolers and any other cooling equipment that contains less than 0.5 pounds of refrigerant are exempt.

Depending on the volume of refrigerant used in the HVAC&R system, an additional LEED credit may be achievable under the Innovation in Design category.

REQUIRED	
RESPONSIBILITY	MEP
COST	\$
DIFFICULTY	⌘
LEED CI	EAp3
LEED EB: O&M	EAp3



REQUIRED

RESPONSIBILITY	A/ID, MEP
COST	\$
DIFFICULTY	⌘
LEED CI	EAc1.1
LEED EB: O&M	EAc1

Reduce Lighting Power by 15%

Lighting consumes an enormous amount of energy and also creates heat that must be addressed (i.e., cooled) by the HVAC system, requiring additional energy use. Design lighting systems to have a connected lighting power density 15% below that allowed by ASHRAE 90.1-2007. For office space, the ASHRAE allowance is 1.1 watts/SF, so a 15% reduction equates to a lighting power density of approximately 0.935 watts/SF.

Strategies to consider include:

- Use electronic ballasts and high-efficiency lamps. Efficient lamps may include:
 - » 25- or 28-watt T8 fluorescent tubes instead of typical 40-watt T12 fluorescents
 - » Compact fluorescent lights (“CFLs”) or cold-cathode compact fluorescents (CCFLs) instead of typical incandescent or halogen bulbs in any shape or size
 - » Light-emitting diode (“LED”) lamps instead of typical MR-16s
- Provide lower ambient light, but better task lighting, enabling the light to go where it is most needed and avoiding lighting large areas when only small areas need the most light.
- Maximize the availability of natural light by using open office floor plans that give all employees access to light and views.



Look for the ENERGY STAR label on CFLs, LEDs, and many types of lighting fixtures. Search for efficient lighting at www.energystar.gov/lighting.

Reduce Lighting Power by 20-35%

Consider improving lighting energy efficiency further through good lighting design. The approximate equivalent watts per square foot for each level of reduction are listed below:

- 20% Reduction: 0.88 watts/SF
- 25% Reduction: 0.825 watts/SF
- 30% Reduction: 0.77 watts/SF
- 35% Reduction: 0.715 watts/SF



RECOMMENDED

RESPONSIBILITY	A/ID, MEP
COST	\$\$\$*
DIFFICULTY	⌘⌘
LEED CI	EAc1.1
LEED EB: O&M	EAc1



REQUIRED

RESPONSIBILITY	A/ID, MEP
COST	\$\$\$*
DIFFICULTY	🔧🔧
LEED CI	EAc1.2
LEED EB: O&M	EAc1

Install Lighting Controls

Lighting controls are a cost-effective energy efficiency solution. Because the need for lighting varies with occupancy and daylight levels, lighting controls save energy by turning off or dimming lights when they are not needed. They also enhance occupant comfort by not over-lighting spaces.

Daylight-responsive controls (also known as photosensors or photocells) sense the amount of daylight present and turn off or dim lights when they are not needed. Occupancy or motion sensors detect movement in a space and respond by either keeping the lights on (when movement is detected) or turning off or dimming lights (when the space is unoccupied). Combination daylight/occupancy sensors are also available.

Choose at least one of the following three strategies:

- Install daylight-responsive controls in regularly occupied spaces that are within 15 feet of windows and under skylights.
- Install daylight responsive controls for 50% of the lighting load.
- Install occupancy sensors for 75% of the lighting load.

Ensure that occupancy sensor “time to off” is set as low as possible – e.g., 3-5 minutes, rather than the pre-set 30-45 minutes.

Product Suggestions:

- Douglas Lighting Control: www.douglaslightingcontrol.com
- Hubbell Lighting: www.hubbellighting.com/greenwise/Control.php
- Leviton: www.leviton.com/OA_HTML/ibeCCtpSctDspRte.jsp?section=15550&minisite=10025
- Lutron: <http://lutron.com/products>
- Sensor Switch: www.sensorswitch.com/OnlineCatalog.aspx
- Wattstopper: www.wattstopper.com

Use 90% ENERGY STAR Appliances

ENERGY STAR products use less energy than typical models. Specify ENERGY STAR qualified equipment and appliances for 90% of the installed equipment and appliances that are eligible for the ENERGY STAR. This includes:



- **Office equipment:** computers, monitors, printers, scanners, copiers, fax machines, digital duplicators, servers, external power adapters, mailing machines, and water coolers
- **Appliances:** refrigerators, freezers, and dishwashers
- **Electronics:** TVs, DVD players, and combination units
- **Commercial food service equipment**

The project team may want to consider including this requirement in the lease, if it is not already specified.

Though the corresponding LEED CI credit requires all appliances and equipment installed at the time of occupancy to be included in the credit calculation, equipment that is being reused from another location is exempt from Bentall Kennedy's requirement. Also excluded from this requirement are HVAC, lighting, and building envelope products, which all should be encompassed in the overall energy efficiency strategy for the TI.

Almost all leading brands carry ENERGY STAR qualified products. Product listings can be found at www.energystar.gov/products.

Wherever Bentall Kennedy controls the purchase and installation of appliances and equipment, those purchases will also meet the minimum standard of 90% being ENERGY STAR qualified.

REQUIRED	
RESPONSIBILITY	T, A/ID
COST	\$
DIFFICULTY	⌘
LEED CI	EAc1.4
LEED EB: O&M	EAc1, MRc2



RECOMMENDED

RESPONSIBILITY	MEP
COST	\$\$
DIFFICULTY	⌘
LEED CI	EAc3
LEED EB: O&M	EAc3.2

Sub-Meter Tenant Energy Use

Unless the tenant occupies 100% of the building, consider installing sub-metering equipment so that the tenant has accurate data on their energy use within the tenant space. Also consider negotiating a lease where energy costs are paid by the tenant and not included in the base rent.



RECOMMENDED

RESPONSIBILITY	MEP
COST	\$\$
DIFFICULTY	⌘
LEED CI	EAc3
LEED EB: O&M	EAc3.2

Sub-Meter Systems

For tenants that occupy a significant portion (e.g., more than 75%) of the total building, it may make sense to install continuous metering to isolate and analyze energy performance of the following systems:

- Lighting systems and controls
- Constant and variable motor loads
- Variable frequency drive (“VFD”) operation
- Chiller efficiency at variable loads (kW/ton)
- Cooling load
- Air and water economizer and heat recovery cycles
- Air distribution static pressures and ventilation air volumes
- Boiler efficiencies
- Building-related process energy systems and equipment
- Indoor water riser and outdoor irrigation systems

Engage a qualified contractor to assist with the metering system design and installation.

Practice Commissioning

At a minimum, the engineer and/or contractor should perform basic testing and balancing if any changes are made to HVAC systems during the TI, and should perform a basic tune-up of affected building systems prior to occupancy.

Also consider performing fundamental or enhanced commissioning, as appropriate. Fundamental commissioning is a prerequisite for LEED certification; enhanced commissioning can add value for large TIs that involve complex systems. The larger the size of the TI in relation to the size of the building, the more important and valuable commissioning is, especially where complex systems are being installed.

Consider engaging a designated commissioning authority and include commissioning requirements for HVAC, lighting, hot water, and renewable energy (if applicable) in contract documents. Refer to the LEED CI or LEED EB: O&M reference guide for details about the commissioning process if pursuing LEED certification. A brief overview of the activities associated with fundamental and enhanced commissioning is as follows:

Task	Fundamental Commissioning	Enhanced Commissioning
Designate Commissioning Authority (“CA” or “CxA”)	Required	Required
Document Owner’s Project Requirements (“OPR”)	Required	Required
Develop Basis of Design	Required	Required
Incorporate commissioning requirements into construction documents	Required	Required
Conduct commissioning design review prior to mid-construction documents	N/A	Required
Develop/implement a commissioning plan	Required	Required
Review contractor submittals applicable to systems being conditioned	N/A	Required
Verify installation and performance of commissioned systems	Required	Required
Develop systems manual for commissioned systems	N/A	Required
Verify that requirements for training are completed	N/A	Required
Complete summary commissioning report	Required	Required
Review building operation within 10 months after substantial completion	N/A	Required



RECOMMENDED

RESPONSIBILITY	CA
COST	
Fundamental	\$\$\$*
Enhanced	\$\$\$\$*
DIFFICULTY	
Fundamental	PP
Enhanced	PPPP
LEED CI	EAp1, EAc2
LEED EB: O&M	EAp1, EAc2



RECOMMENDED

RESPONSIBILITY	T
COST	\$
DIFFICULTY	⌘
LEED CI	EAc4
LEED EB: O&M	EAc4

Purchase Green Power

Where not procured by Bentall Kennedy, tenants are encouraged to purchase green power that has met Green-e certification requirements. Green power is produced off-site from renewable energy sources such as solar, wind, geothermal, biomass, or low impact hydropower, and delivered to the grid. Purchasing green power helps to reduce the negative impacts of fossil fuel use and support the creation of a robust infrastructure for clean, renewable energy. It also ensures that energy consumed at the building comes from renewable sources, even if not directly produced on site.

Purchasing green power can be done several ways:

- Purchase through the local utility’s green power program, if available
- Buy green power through a Green-e certified power marketer
- Purchase RECs (Renewable Energy Certificates)

Green power purchase costs vary by market and type.

A general suggested guideline is purchasing 50% of power for the first two years of tenancy from a green power source. To estimate the amount of green power to purchase, complete the following calculation:

Project area X expected energy use per SF per year X duration = Suggested purchase amount

e.g., 10,000 sf X 8 kWh/sf/yr X 2 years = 160,000 kWh

For a listing of green power sources, see: www.green-e.org/energy



Materials and Resources

Selecting materials that are harvested and manufactured sustainably or are reused or salvaged from a previous use conserves natural resources, frequently with no additional cost. Sustainable materials are often more durable, and can also contribute to an elegant, aesthetically pleasing space. In addition to choosing sustainable materials, establish procedures to recycle construction and demolition waste as well as future occupant waste, in turn, continuing the “reduce-reuse-recycle” process.



REQUIRED

RESPONSIBILITY	T
COST	\$
DIFFICULTY	FB
LEED CI	MRp1
LEED EB: O&M	MRc7

Install Recycling Station(s)

Provide designated containers and spaces for sorting and storing recyclables within the tenant space. To be the most effective, containers should be provided wherever waste receptacles are provided, and should be clearly labeled as to the recyclable materials they accept. Upon occupying the building, tenants should educate their employees on proper use of the recycling program.

Coordinate with the building's recycling program as far as the accepted recyclables, whether they can be commingled or must be separated, etc. If there is no base building recycling program in place, coordinate with Bentall Kennedy and the property manager to implement one.

At a minimum, provide recycling of paper, cardboard, glass, plastics, and metals. Also consider providing recycling containers for ongoing purchases such as toner cartridges, batteries, electronics, and food waste.

Divert 50% of Construction Waste

Instruct the contractor to divert at least 50% (by weight or volume) of construction waste from disposal in landfills. This will encourage the flow of products to be recycled, reduce the strain on overflowing landfills, and reduce the need for virgin materials to be used in the manufacture of new products.

Construction waste management and diversion should be addressed in construction specifications and contracts. Strategies include sending materials to recycling facilities, donating materials to organizations such as Habitat for Humanity or local schools, and reusing materials on site.

Demolition waste created through TI construction activities can contribute to the 50% threshold. Bentall Kennedy will endeavor to achieve at least a 50% diversion rate for demolition waste.

	
REQUIRED	
RESPONSIBILITY	C
COST	\$
DIFFICULTY	Ⓜ
LEED CI	MRc2
LEED EB: O&M	MRc9ⁱⁱⁱ

Additional Resources for Developing Construction Waste Management Plans:

- California Integrated Waste Management Board C&D Recycling Toolkit for Contractors: www.ciwmb.ca.gov/ConDemo/Toolkit/default.htm
- Construction Materials Recycling Association database of recyclers: www.cdrecycling.org/find.html and Master Specifications for C&D recycling: www.ciwmb.ca.gov/ConDemo/Specs/CMRA.htm
- Recycling C&D Wastes: A Guide for Architects and Contractors: www.mass.gov/dep/recycle/reduce/cdrguide.pdf and other resources from Massachusetts: www.mass.gov/dep/recycle/reduce/managing.htm
- Resource Venture construction waste management guidelines and fact sheets: www.resourceventure.org/green-your-business/green-building/construction-waste-management/construction-waste-management
- Seattle/King County Contractors' Guide for job-site recycling and waste prevention: www.recyclecddebris.com/rCDd/Resources/Documents/CSRContractorsGuide.pdf
- Whole Building Design Guide database of recyclers: www.wbdg.org/tools/cwm.php and CWM resource page: www.wbdg.org/resources/cwmgmt.php

ⁱⁱⁱ 50% is the minimum diversion rate to earn a LEED CI credit. For LEED EB: O&M, the threshold is different (70%, by volume, of base building elements). If the building is pursuing LEED EB: O&M certification, please refer to the LEED reference guide for credit requirements.



RECOMMENDED

RESPONSIBILITY	C
COST	\$
DIFFICULTY	☞☞
LEED CI	MRc2
LEED EB: O&M	MRc9

Divert 75% of Construction Waste

Instruct the contractor to divert a greater proportion (at least 75% by weight or volume to earn an additional LEED CI credit) of construction waste from disposal in landfills. Refer to the requirements and strategies above or in the LEED CI or LEED EB: O&M reference guides.

Use 10% Recycled Content

Using products with recycled content drives the market for these products, reduces landfill waste, promotes natural resource conservation, and uses less energy and water than the processing and production of virgin materials.

Recycled content may include post-consumer and/or pre-consumer materials. Post-consumer material is defined as waste material generated by households or facilities in their role as end-users of the product, which can no longer be used for its intended purpose (such as plastic bottles or aluminum cans). Pre-consumer material is defined as material diverted from the waste stream during the manufacturing process. An example of this is sawdust from a lumber mill that a manufacturer purchases to use in its composite wood products.

Select materials, including furniture and furnishings^v, with recycled content such that:

(post-consumer recycled content) +1/2 (pre-consumer recycled content) = at least 10% of total value of all materials used for the project

The recycled content value of a material or product is determined by weight. The recycled fraction of the assembly is then multiplied by the cost of assembly to determine the recycled content value. Mechanical, electrical and plumbing components cannot be included in this calculation.

Product Suggestions:

- 3-Form: www.3-form.com/about-path_to_zero-usgbc_leed.php
- Armstrong BioBased Tile: www.armstrong.com/commflooringna/products/biobased-tile
- Armstrong Ultima Ceiling: www.armstrong.com/commceilingsna/
- Bentley Price Broadloom: www.bentleyprincestreet.com
- Coverings Etc.: www.coveringsetc.com
- LG Floors: www.lgfloors-usa.com
- PaperStone: www.paperstoneproducts.com
- Tandus Carpet Tile: www.tandus.com

^{iv}For all items in this manual that correspond to LEED EB: O&M MRc3, the requirements are different from the associated LEED CI credit. This manual aligns to the LEED CI credit requirement in most cases. LEED EB: O&M MRc3 requires a combination of strategies such that 50% of total purchases (by cost) for facility alterations and additions are considered sustainable. Please refer to the LEED EB: O&M reference guide for specific calculations if the building is pursuing certification.

^vFurnishings consist of miscellaneous items such as casework, countertops, window treatments, entrance mats/rugs, planters, and waste receptacles; whereas furniture refers to standard items such as seating, work stations, and tables.

	
REQUIRED	
RESPONSIBILITY	A/ID, C
COST	\$
DIFFICULTY	Ⓜ
LEED CI	MRc4
LEED EB: O&M	MRc3 ^{iv}

Directories of Green Building Products and Materials:

- BuildingGreen.com – search for products by LEED credit:
www.buildinggreen.com/menus/leedList.cfm
- California Recycled Content Products Directory: www.ciwmb.ca.gov/rcp
- EPA Environmentally Preferable Purchasing: www.epa.gov/opptintr/epp/
- Good to Be Green: www.goodtobegreen.com
- Green Building Pages – search by LEED credit:
www.greenbuildingpages.com/manufacturers/ProductSearch.php
- Green Depot: www.greendepot.com
- Green2Green: www.green2green.org
- Greener Building: www.greenerbuilding.org
- Oikos: http://oikos.com/green_products/index.php

Use 20% Recycled Content

Use materials, including furniture and furnishings, with recycled content such that the sum of post-consumer recycled content plus one-half of the pre-consumer recycled content constitutes at least 20% of the total value of all the materials in the project. Refer to the requirements and strategies above and in the LEED CI or LEED EB: O&M reference guides.



RECOMMENDED

RESPONSIBILITY	A/ID, C
COST	\$
DIFFICULTY	☞☞
LEED CI	MRc4
LEED EB: O&M	MRc3

Reuse Interior Components

Reusing as much as possible of the existing building components can mitigate some of the environmental impacts of TIs by conserving resources, extending the life of the existing building, reducing waste, and minimizing the negative environmental impacts of transporting new materials.

To achieve the corresponding LEED credit, maintain 40% (one point) or 60% (two points) by area of the existing non-structural floors, walls, and ceilings of the tenant space.



RECOMMENDED

RESPONSIBILITY	A/ID, C, T
COST	\$
DIFFICULTY	☞☞
LEED CI	MRc1.2
LEED EB: O&M	None



RECOMMENDED

RESPONSIBILITY	A/ID, C
COST	\$
DIFFICULTY	☆☆
LEED CI	MRc3.1
LEED EB: O&M	MRc3

Reuse Materials

Reuse salvaged or refurbished materials from this or other projects in order to reduce the demand for virgin materials and reduce waste. Consider salvaged materials such as beams and posts, flooring, paneling, doors and frames, cabinetry, brick, and decorative items.

To earn the corresponding LEED CI credits, use 5% (one point) or 10% (two points) reused materials. Percentages are based on cost. Materials reused from the site also count toward the LEED CI credit for diverting construction waste (MRc2).

Materials Exchange Networks:

- Building Materials Reuse Association Directory: www.bmra.org
- California Materials Exchange: www.ciwmb.ca.gov/CalMAX/
- Green Building Resource Guide Salvaged Building Materials Exchange: www.greenguide.com/exchange/index.html
- Reuse Development Organization: www.redo.org/SearchRedo.aspx
- Used Building Materials Exchange: www.build.recycle.net

Many providers of useful salvaged materials will be local or regional, rather than national, organizations, so look for providers in your area.



RECOMMENDED

RESPONSIBILITY	A/ID, T
COST	\$
DIFFICULTY	☆☆
LEED CI	MRc3.2
LEED EB: O&M	None

Reuse Furniture and Furnishings

Use salvaged, reused, or refurbished furniture and furnishings from this and other projects. Consider items such as case pieces, seating, filing systems, decorative lighting, and accessories.

To earn the corresponding LEED CI credit, reused items must constitute 30% of the total furniture and furnishings budget.

Product Suggestions:

- Davies Office Refurbishing: www.daviesoffice.com
- OMWorkspace: www.omworkspace.com

Many providers of salvaged furniture and furnishings are local or regional, rather than national, companies, so be certain to explore the many providers that may be available in your area.

Use Regionally Manufactured Products

Using products manufactured locally or regionally decreases the project's environmental footprint by reducing the transportation required to deliver products to the building, while supporting the local/regional economy. To earn the corresponding LEED CI credit, a minimum of 20% of the combined value of construction and Division 12 (Furniture) materials and products must be manufactured regionally (within 500 miles).



RECOMMENDED

RESPONSIBILITY	A/ID, C
COST	\$
DIFFICULTY	☞☞
LEED CI	MRc5
LEED EB: O&M	None

Use Regionally Extracted Materials

Using products manufactured and extracted locally can further decrease the project's environmental impacts. To earn the corresponding LEED credit, a minimum of 10% of the combined value of construction and Division 12 (furniture) materials and products must be extracted, harvested or recovered, as well as manufactured, within 500 miles of the project. Salvaging the project's own materials may also contribute to the corresponding LEED CI credit (MRc5).



RECOMMENDED

RESPONSIBILITY	A/ID, C
COST	\$
DIFFICULTY	☞☞
LEED CI	MRc5
LEED EB: O&M	MRc3



RECOMMENDED

RESPONSIBILITY	A/ID, C
COST	\$\$
DIFFICULTY	☞☞
LEED CI	MRc6
LEED EB: O&M	MRc3

Use Rapidly Renewable Materials

Use building products made from rapidly renewable materials (those harvested on a 10-year or shorter cycle). These may be available for little to no cost premium and can include:

- Wool carpet in place of carpet made from synthetic materials
- Bamboo or cork flooring in place of hardwood
- Linoleum flooring in place of vinyl
- Cotton batt insulation in place of fiberglass
- Wheatboard, strawboard, or sunflower seed board in place of typical composite wood

A reasonable goal, which qualifies for the corresponding LEED CI credit (MRc6), is for the value of rapidly renewable materials to equal at least 5% of the total materials cost. This includes construction materials, furniture and furnishings, and other products.

Product Suggestions:

- Armstrong linoleum products: www.armstrong.com/resflram/na/linoleum/en/us/
- Columbia Bamboo Plywood: www.columbiaforestproducts.com
- Eco-Friendly Flooring: www.ecofriendlyflooring.com
- Ecofinishes: www.ecofinishes.com
- EnvironBiocomposites engineered panel products: www.environbiocomposites.com
- Expanko Cork Flooring: www.expanko.com
- Forbo Flooring Systems linoleum products: www.forbo-flooring.com
- Globus Cork: www.corkfloor.com
- GreenSage bamboo products: www.greensage.com
- Kirei bamboo and wheatboard products: www.kireiusa.com
- Plyboo bamboo products: www.plyboo.com
- Sustainable Flooring bamboo and cork products: www.sustainableflooring.com

Also refer to the Directories of Green Building Products listed for “Use 10% Recycled Content” on page 26.

Use Certified Wood

In order to encourage sustainable management of forests, the Forest Stewardship Council (“FSC”) developed a certification system that provides internationally recognized standards and accreditation services to companies, organizations, and communities involved in forestry. The FSC certification ensures that wood products do not come from protected natural forests or habitats and were not treated with highly hazardous pesticides. Refer to www.fsc.org for more information.

Consider choosing FSC-certified wood when installing new wood-based products and materials. To earn the corresponding LEED CI credit, the project must use a minimum of 50% certified wood products out of all new wood-based products including construction materials and furniture/furnishings.

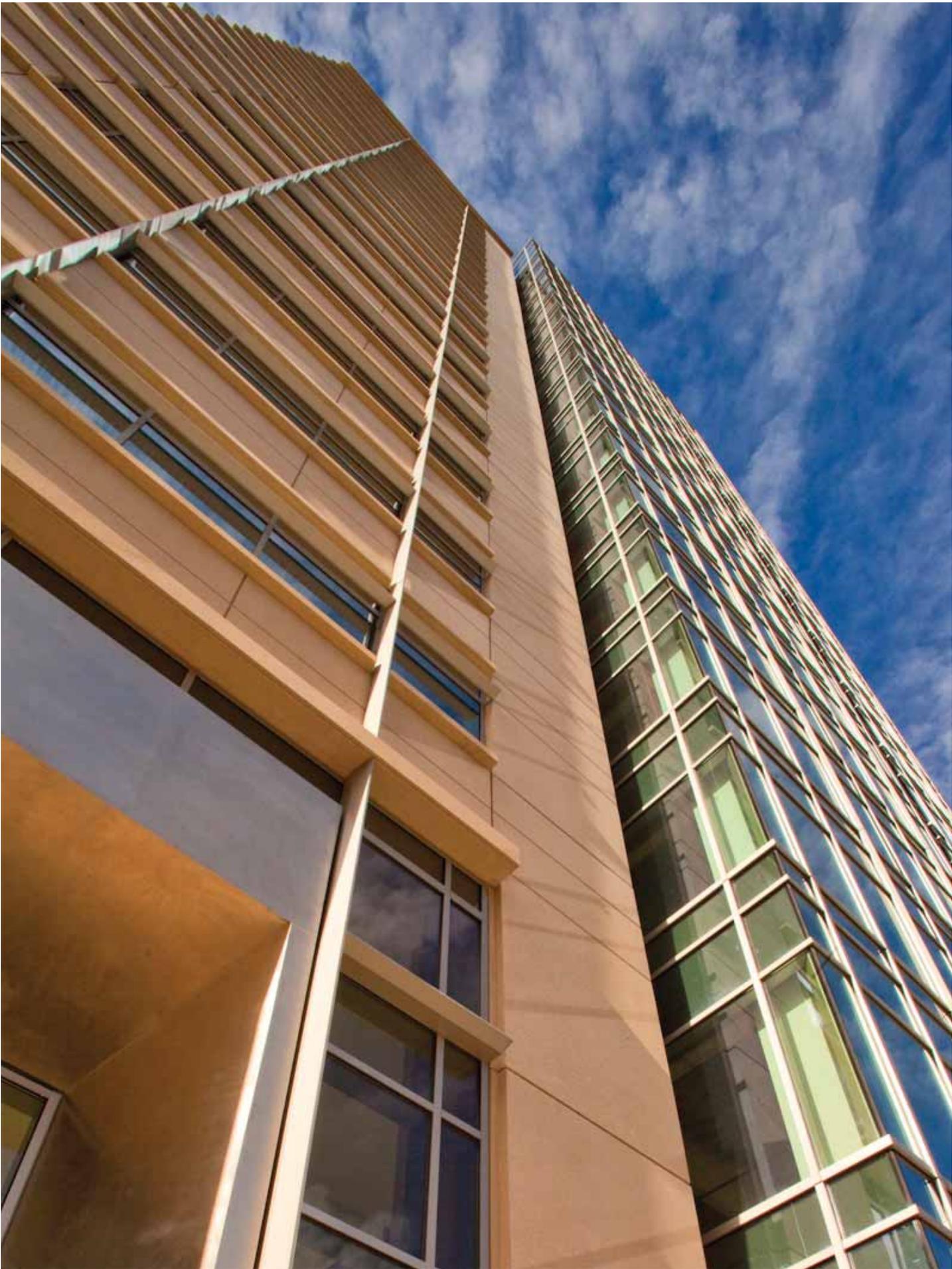
Product Suggestions:

- DuroDesign FSC flooring: www.duro-design.com
- Eco-Friendly Flooring: www.ecofriendlyflooring.com/woods.html
- Knoll FSC Modular Office Furniture: www.knoll.com
- Neil Kelly FSC Cabinets: www.neilkellycabinets.com
- Sustainable Flooring:
www.sustainableflooring.com/index.php?index=certified



RECOMMENDED

RESPONSIBILITY	A/ID, C
COST	\$\$
DIFFICULTY	PP
LEED CI	MRc7
LEED EB: O&M	MRc3



Indoor Environmental Quality

Indoor environmental quality (“IEQ”) is important for occupant health, well being, and comfort. Building systems, space design, finish materials, workplace procedures, cleaning and maintenance practices, and TI construction practices can have a negative effect on IEQ. However, it is relatively simple and cost-effective to mitigate potential negative effects by instituting a plan for Indoor Air Quality management during construction; using environmentally sensitive paints, adhesives, treated woods, and cleaning products; and providing effective air distribution and ventilation systems. Be sure to balance IEQ and energy efficiency, as the two can be synergistic but also have the potential to work against each other when it comes to air distribution and ventilation.



REQUIRED

RESPONSIBILITY	MEP
COST	\$
DIFFICULTY	Ⓜ
LEED CI	IEQp1
LEED EB: O&M	IEQp1

Achieve Minimum IAQ

A major component of overall indoor environmental quality, Indoor Air Quality (“IAQ”) is especially important to occupant health. Design the ventilation systems to meet the minimum requirements of Section 4 through 7 of ASHRAE Standard 62.1-2007, Ventilation for Acceptable Indoor Air Quality. Modify or maintain the existing building outside-air ventilation distribution system to supply at least the outdoor air ventilation rate required by ASHRAE. If that is not possible, document the applicable space and system constraints, and achieve the maximum possible cubic feet per minute (“cfm”) with a minimum of 10 cfm per person.



REQUIRED

RESPONSIBILITY	C
COST	\$
DIFFICULTY	Ⓜ
LEED CI	IEQ3.1
LEED EB: O&M	IEQ1.5

Create an IAQ Construction Plan

Construction generates dust and off-gassing of harmful chemicals, but much of this can be avoided with a plan for IAQ management during construction. Ensure that the contractor develops and implements an IAQ construction plan that meets the following requirements:

- 2007 Sheet Metal and Air Conditioning Contractors National Association (“SMACNA”) IAQ Guidelines for Occupied Buildings under Construction (www.smacna.org/).
- Protect on-site and installed absorptive materials from moisture damage.
- Use MERV 8 filters at each return air grille if air handlers are to be used during construction. Replace all filtration media prior to tenant occupancy.

Create an IAQ Pre-Occupancy Plan

Many construction materials off-gas after installation. Post-construction cleaning of tenant spaces can also be harmful, especially if solvents are used. One way to mitigate these IAQ risks is to develop an IAQ Pre-Occupancy Plan and implement it after installation of all finishes, furniture and fixtures; after completion of building cleaning; and before occupancy. The plan should include one of the following two measures:

- Install new filtration media and flush out the building by supplying 14,000 cubic feet (“cf”) of air per square foot of space, while maintaining a temperature of at least 60 degrees F and relative humidity no higher than 60%.
- Through air testing (conducted in accordance with testing protocols of the EPA Compendium of Methods for the Determination of Air Pollutants in Indoor Air), air contaminants should not exceed the specified amounts in the table below.

Contaminant	Maximum Concentration
Formaldehyde	27 parts per million
Particulates (PM10)	50 micrograms per cu. meter
Total Volatile Organic Compounds (TVOC)	500 micrograms per cu. meter
4-Phenylcyclohexene (4-PHC)	6.5 micrograms per cu. meter
Carbon Monoxide	9 ppm and no greater than 2 ppm above outdoor levels



RECOMMENDED

RESPONSIBILITY	MEP, C
COST	\$\$
DIFFICULTY	☞☞
LEED CI	IEQc3.2
LEED EB: O&M	IEQc1.5



REQUIRED

RESPONSIBILITY	C
COST	\$
DIFFICULTY	⌘
LEED CI	IEQ4.1
LEED EB: O&M	MRc3

Use Low-Emitting Adhesives/Sealants

Over time, materials including adhesives, treated wood, foam, and plastic can release air contaminants, including Volatile Organic Compounds (“VOCs”). This off-gassing can cause respiratory issues and other illnesses.

To promote good IAQ, use building materials and products that conform to the standards in the table below. The VOC contents of a product can be readily obtained from its Material Safety Data Sheet (“MSDS”), provided by the manufacturer.

Architectural Applications	VOC Limit [g/L less water]	Specialty Applications	VOC Limit [g/L less water]
Indoor Carpet Adhesives	50	PVC Welding	510
Carpet Pad Adhesives	50	CPVC Welding	490
Wood Flooring Adhesives	100	ABS Welding	325
Rubber Floor Adhesives	60	Plastic Cement Welding	250
Subfloor Adhesives	50	Adhesive Primer for Plastic	550
Ceramic Tile Adhesives	65	Contact Adhesive	80
VCT & Asphalt Adhesives	50	Special Purpose Contact Adhesive	250
Drywall & Panel Adhesives	50	Structural Wood Member Adhesive	140
Cove Base Adhesives	50	Sheet Applied Rubber Lining Operations	850
Multipurpose Construction Adhesives	70	Top & Trim Adhesive	250
Structural Glazing Adhesives	100		
Substrate Specific Applications	VOC Limit [g/L less water]	Sealants	VOC Limit [g/L less water]
Metal to Metal	30	Architectural	250
Plastic Foams	50	Nonmembrane Roof	300
Porous Material (except wood)	50	Roadway	250
Wood	30	Single-Ply Roof Membrane	450
Fiberglass	80	Other	420

Sealant Primers	VOC Limit [g/L less water]
Architectural Non Porous	250
Architectural Porous	775
Other	750
Aerosol Adhesives	VOC weight (g/L minus water)
General purpose mist spray	65% VOCs by weight
General purpose web spray	55% VOCs by weight
Special purpose aerosol adhesives (all types)	70% VOCs by weight

The source for the VOC limits for non-aerosol adhesives is the South Coast Air Quality Management District (SCAQMD) Rule 1168. For aerosol adhesives, the source is the Green Seal Standard for Commercial Adhesives, GS-36.



REQUIRED

RESPONSIBILITY	C
COST	\$
DIFFICULTY	☞
LEED CI	IEQ4.2
LEED EB: O&M	MRc3

Use Low-Emitting Paints/Coatings

Many paint and stain manufacturers have developed high-quality, cost-competitive products that are either water-based or contain a reduced quantity of VOCs, further enhancing IAQ. Use paints and coatings that meet following standards:

Paints	VOC Limit [g/L]
Flat	50
Non-flat	150
Anti-corrosive/anti-rust	250
Clear Wood Finishes	VOC Limit [g/L]
Varnish	350
Lacquer	550
Sealers	VOC Limit [g/L]
Waterproofing sealers	250
Sanding sealers	275
All other sealers	200
Shellacs	VOC Limit [g/L]
Clear	730
Pigmented	550
Stains	VOC Limit [g/L]
All stains	250
Shellacs	VOC Limit [g/L]
Clear	730

Source: Green Seal Standard GS-11, Paints; Green Seal Standard GS-03, Anti-Corrosive Paints (www.greenseal.org)

Source: South Coast Air Quality Management District (SCAQMD) Rule 1113, Architectural Coatings

Product Suggestions:

- AFM SafeCoat: www.afmsafecoat.com
- Benjamin Moore: www.benjaminmoore.com/ecoadvantage
- Find a certified paint through Green Seal: www.greenseal.org/findaproduct/paints_coatings.cfm
- Sherwin Williams: www.sherwin-williams.com/pro/sherwin_williams_paint/product_specifications/leed/index.jsp

Use Low-Emitting Flooring Systems

Many carpeting and flooring manufacturers now offer high-quality, cost-competitive products with lower off-gassing potential. Pre-finished wood flooring that has been given time to off-gas is also recommended. Flooring products should conform to the following standards:

Option A:

- All carpet must meet the requirements of the Carpet and Rug Institute (“CRI”) Green Label Plus program (www.carpet-rug.org/commercial-customers/green-building-and-the-environment/green-label-plus/index.cfm), and carpet cushion must meet the requirements of the CRI Green Label program (www.carpet-rug.org/commercial-customers/green-building-and-the-environment/green-label-plus/cushion.cfm).
- All carpet adhesive must have less than 50 g/L VOC content. Other flooring adhesives and finishes must meet the requirements of Low-Emitting Adhesives/Sealants and Paints/Coatings detailed above.
- All hard flooring must be certified as compliant with FloorScore standards (www.rfci.com/int_FS-ProdCert.htm). This includes vinyl, linoleum, laminate, wood, ceramic, rubber, and wall base.

Option B:

All flooring products must meet the testing and product requirements of the California Department of Public Health Standard Practice for the Testing of Volatile Organic Emissions from Various Sources Using Small-Scale Environmental Chambers (www.cal-iaq.org/VOC/), including 2004 Addenda.

Look for synergies among different sustainable elements when purchasing flooring. In addition to low VOC content, sustainable carpeting and wood flooring may be made with recycled content or rapidly renewable materials. Further, look for manufacturers that offer recycling or take-back programs for used flooring products, and consider purchasing carpeting with easily replaceable tiles so that specific worn areas can be replaced as needed. Metropolis Magazine has produced a helpful carpet matrix with examples of brands that meet various environmental criteria:

www.metropolismag.com/PDF_files/2997/SB2_10_07.pdf.

Other product suggestions include:

- InterfaceFLOR: www.interfaceflor.com
- LG Floors: www.lgfloors-usa.com
- Mannington Commercial: www.manningtoncommercial.com

 REQUIRED	
RESPONSIBILITY	A/ID, C
COST	\$
DIFFICULTY	☞
LEED CI	IEQ4.3
LEED EB: O&M	MRc3



REQUIRED

RESPONSIBILITY	A/ID, C
COST	\$\$
DIFFICULTY	☞☞
LEED CI	IEQ4.4
LEED EB: O&M	MRc3

Use Low-Emitting Composite Wood

Traditionally, composite wood and agricultural fiberboards (e.g., low-, medium-, and high-density fiberboards) are manufactured with binders and resins containing formaldehyde, a known carcinogen. Select composite wood and fiberboard with no added urea-formaldehyde resins wherever these materials are used in the TI, including casework, millwork, and finish panel construction.

Product Suggestions:

- Crystal Cabinets: www.crystalcabinets.com/GreenProducts.htm
- Harring Doors: www.harringdoors.com/leed.html
- Kellogg Cabinets: www.kelloggcabinets.com
- The Millenium Collection: www.millenniumdoors.com/environmental.html
- Neil Kelly Cabinets: www.neilkellycabinets.com
- Pentco: www.pentco.com/page131.htm
- TRS Cabinet Company: www.trscabinets.com/www/prd/home.html
- TruStile Doors: www.trustile.com/techinfo/green.asp?cid=184

When purchasing materials such as composite wood, looking for synergies among different sustainable elements can enable a project to cost-effectively achieve higher levels of sustainability. Many of the products suggested above also include pre-consumer recycled content, may be made with low-VOC adhesives and sealants, and may contain FSC-certified wood, aiding in efforts to achieve other LEED CI credits.

Use Low-Emitting System Furniture & Seating

The materials used in furniture systems (e.g., fiberboard, synthetic fabrics, adhesives, and finishes) can emit VOCs and other harmful substances. To mitigate these potential effects, consider having all systems furniture and seating that has been manufactured, refurbished, or refinished within one year prior to occupancy meet one of the possible standards below. Salvaged/reused furniture greater than one year old is excluded from the associated LEED CI credit requirements, as is occasional furniture.

- **OPTION A:** Greenguard Indoor Air Quality Certified (www.greenguard.org/Default.aspx?tabid=109), which indicates that a product meets performance-based standards for low chemical and particle emissions
- **OPTION B:** Indoor air contaminant concentrations less than or equal to the limits in the table below.

Chemical Contaminant	Emission Limits Systems Furniture	Emission Limits Seating
TVOC	0.5 mg/m ³	0.25 mg/m ³
Formaldehyde	50 parts per billion	25 parts per billion
Total Aldehydes	100 parts per billion	50 parts per billion
4 – Phenylcyclohexene (4-PCH)	0.0065 mg/m ³	0.00325 mg/m ³



RECOMMENDED

RESPONSIBILITY	A/ID, T
COST	\$\$
DIFFICULTY	☞☞
LEED CI	IEQc4.5
LEED EB: O&M	None



REQUIRED

RESPONSIBILITY	MEP
COST	\$\$
DIFFICULTY	☞☞
LEED CI	IEQ7.1
LEED EB: O&M	None

Design HVAC Systems for Thermal Comfort

Comfortable building occupants are healthier and more productive. A well-designed HVAC system is able to meet comfort criteria (air temperature, radiant temperature, air speed, and relative humidity) under normal operating conditions. Evaluate these criteria together and coordinate system design with the requirements of “Achieve Minimum IAQ Performance” in order to meet ASHRAE Standard 55-2004, and demonstrate design compliance in accordance with the Section 6.1.1 documentation. Visit www.ashrae.org to obtain a copy of the standard.



RECOMMENDED

RESPONSIBILITY	MEP
COST	\$\$\$
DIFFICULTY	☞☞☞
LEED CI	IEQc6.2
LEED EB: O&M	None

Provide Individual Comfort Control

Building occupants have a wide range of preferred thermal comfort zones. By allowing individuals to adjust their thermal conditions (including temperature and ventilation), tenants can provide improved comfort and satisfaction for their employees.

If pursuing this LEED CI credit, provide temperature and ventilation controls to 50% of occupants, and provide control systems for all shared and multi-occupant spaces (such as conference rooms). Individual controls may include thermostats, diffusers, radiant panels, or operable windows.

This suggestion should be balanced with the energy efficiency goals of the building, since allowing individuals to control temperatures and ventilation has the potential to impact HVAC operations and the associated energy usage. Integrating occupancy sensors into the thermal comfort controls – so that the systems can automatically be set back when the space is unoccupied – can help avoid a potential energy consumption increase.

Provide Individual Lighting Control

Building occupants have different lighting needs at different times. Providing the appropriate level of lighting for different tasks reduces energy use, compared to centrally-controlled overhead lighting, which lights the entire tenant space for the task requiring the highest lighting level. Individual lighting controls also increase occupant satisfaction and comfort with light levels.

Consider providing individual lighting controls for at least 90% of occupants to enable adjustments to suit individual task needs and preferences. This can be achieved cost-effectively through task lighting at individual workstations and offices, allowing the amount of overhead lighting provided to be reduced.

In addition, consider providing separate lighting system controls for all shared multi-occupant spaces (e.g., conference rooms) to enable adjustments. To achieve the greatest level of energy efficiency in combination with controllability, evaluate this suggestion in conjunction with the requirement “Install Lighting Controls” on page 16.



RECOMMENDED

RESPONSIBILITY	A/ID, MEP
COST	\$\$
DIFFICULTY	☞☞
LEED CI	IEQc6.1
LEED EB: O&M	IEQc2.2

Control Indoor Pollutant Sources

It is important to minimize the pollutants that enter the building from the outside, as well as those that are created within it. Consider implementing the following control measures:

- If the tenant space has entrances leading to the exterior, install walk-off grilles or grates to prevent dirt and particulates from entering the building.
- Provide contaminant drains plumbed for appropriate disposal of hazardous liquid waste in spaces where chemical concentrate mixing occurs for maintenance or laboratory purposes.
- Where hazardous gases or chemicals may be present or used (including janitorial, copying, and printing rooms), provide segregated areas with self-closing doors and deck-to-deck partitions. Also provide separate outside exhausting at a rate of at least 0.5 cfm/SF, with no air recirculation, maintaining a negative pressure compared with the surrounding spaces. (This consideration may add costs to the project.)
- Consider providing regularly occupied areas of the tenant space with new MERV 13 or better air filtration media prior to occupancy.



RECOMMENDED

RESPONSIBILITY	C
COST	\$\$
DIFFICULTY	☞☞
LEED CI	IEQc5
LEED EB: O&M	IEQc3.5 ^{iv}

^{iv} The suggestions in this manual align with the LEED CI credit. The LEED EB: O&M credit requires the first two bullet points to be implemented. Please refer to the LEED reference guides for details.



RECOMMENDED

RESPONSIBILITY	A/ID
COST	\$\$\$
DIFFICULTY	RRR
LEED CI	IEQc8.1
LEED EB: O&M	IEQc2.4

Provide Daylight

Several studies have shown a strong connection between access to daylight and employee health and productivity. Open office planning and design is one method for providing ample daylighting to all occupants. Consider locating open work spaces and offices around the perimeter of the tenant space, providing the majority of employees with access to windows, and locating non-regularly-occupied areas (such as conference rooms, employee kitchens, and break rooms) in the interior. Other strategies to consider include lower partition heights, interior glazing, and high ceiling reflectance values. Provide sunlight redirection, interior shading devices, and/or glare control devices to ensure daylight effectiveness.

If pursuing certification via either LEED CI or LEED EB: O&M, please see the reference guide for required daylight thresholds and methods for demonstrating compliance.

Provide Views to the Outdoors

Design the space to maximize occupants' views to the outdoors, providing a direct line of sight to vision glazing from regularly occupied areas wherever possible. Utilize many of the same strategies as the item "Provide Daylight" above, including lower partition heights and interior glazing.

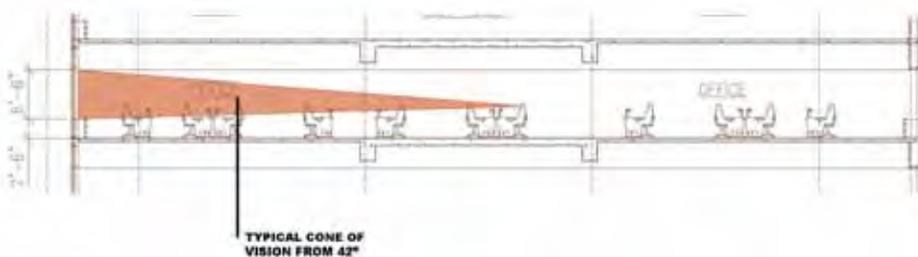
If pursuing certification via either LEED CI or LEED EB: O&M, please refer to the reference guide for methods for demonstrating compliance with the view requirements.

Typical Plan and Section Diagram of View Access Analysis



RECOMMENDED

RESPONSIBILITY	A/ID
COST	\$
DIFFICULTY	☞☞☞
LEED CI	IEQc8.2
LEED EB: O&M	IEQc2.4





Sustainable Sites

The location and configuration of a building have a significant impact on commuting, energy efficiency, occupant well-being, and conservation of natural resources. Buildings sited sustainably give occupants the opportunity to carpool, utilize public transportation, and use less energy and water.

Although TIs rarely involve site work and infrastructure scope, consider reducing negative impacts to the local site and surroundings. Under both the LEED CI and EB: O&M rating systems, site-related credits (including simply being located in a LEED certified base building) can supplement the Sustainable TI Manual requirements and recommendations to aid in achieving certification.



RECOMMENDED

RESPONSIBILITY	A/ID, C
COST	\$\$
DIFFICULTY	☞☞
LEED CI	SSc3.2
LEED EB: O&M	None

Install Bicycle Storage & Changing Rooms

To encourage the use of alternatives to single occupant automobiles, consider incorporating secure bike storage and showers/changing rooms into the TI. Many racks and hanger systems are available for efficient bicycle storage. In shower rooms, consider supplying lockers as well.

A suggested guideline is to provide secure bicycle storage for 5% of employees, and to provide showers for 0.5% of employees.

Product Suggestions:

- Dero Space Saver Bike Rack: www.dero.com/commercial_racks.html
- DuMor Bike Racks: www.dumor.com/bike-racks.shtml

Closing Comments

Additional Considerations

Bentall Kennedy encourages project teams and tenants to explore further opportunities for incorporating sustainability into TIs, above and beyond the minimum requirements in this manual. In support of the principles of Responsible Property Investing, Bentall Kennedy welcomes creativity in identifying and implementing strategies such as:

- Implementing enough of the suggested items in this manual to qualify for LEED CI certification
- Collaborating with property and asset managers to implement measures that will further the building's progress toward LEED EB: O&M certification
- Pursuing exceptional performance beyond the minimum thresholds identified (e.g., achieving water reductions of greater than 20%, which could qualify the project for additional LEED CI credits)
- Developing sustainability programs for ongoing operational activities, including green cleaning, Integrated Pest Management, occupant education/communication, and enhanced operations and maintenance of equipment

By implementing its own LEED CI Gold certified TI in 2008, Bentall Kennedy learned that it is possible to achieve a highly efficient, green TI with very little added cost. The following measures, among others, were included in Bentall Kennedy's TI:

- Energy efficient lighting, occupancy sensors and task lighting, resulting in 35% less energy consumed
- Low- and no-flow restroom fixtures, which has reduced water consumption by over 40%
- FSC certified wood
- Purchase of Green-e certified green power
- Use of low-VOC paints, carpets, and sealants
- Bicycle storage, showers, and changing rooms
- Improved access to daylighting and views

Future Updates

The requirements and considerations in this manual are subject to market conditions. Further, sustainable building technologies and practices are constantly evolving; this manual will be updated periodically as the market advances. Bentall Kennedy welcomes feedback from project teams. Please email cgunter@BentallKennedy.com with comments.

Acknowledgments



BetterBricks is the commercial building initiative of the Northwest Energy Efficiency Alliance (NEEA), which is supported by Northwest electric utilities. Through BetterBricks, NEEA advances ideas to accelerate energy savings in new and existing commercial buildings. BetterBricks education & training, online resources and recognition of industry leaders guide and inspire building professionals to embrace best practices, improve energy performance and achieve their sustainability goals. Visit www.BetterBricks.com to connect to these powerful energy ideas and more.



Deborah Cloutier and Alison Drucker of JDM Associates collaborated with Bentall Kennedy and BetterBricks on the development of the Sustainable Tenant Improvement Manual. JDM Associates is an energy management and environmental consulting firm specializing in real estate. JDM focuses on linking sustainability with financial performance, using cost-effective strategies that are good for the environment and the bottom line. More information about JDM Associates is available at www.jdmgmt.com.



NBBJ is a global architecture, planning and design firm that helps companies and organizations create innovative places. The firm is a leader in using design as a tool to achieve its client's business goals and accomplish change across multiple dimensions—behavioral, relational, organizational, and performance. NBBJ's client roster includes Fortune 500 companies, leading public and civic organizations worldwide and US News & World Report top hospitals. Together, NBBJ's employees and clients have designed communities, buildings, products, environments and digital experiences across the globe that enhance people's lives, improve businesses' bottom lines and contribute to a more sustainable and livable world. NBBJ sees energy efficiency and high-performance sustainable solutions as inherent to good design and they are a signatory of the progressive goals of the 2030 Challenge.

Appendix



LEED 2009 for Commercial Interiors

Project Checklist

Project Name

Date

		Possible Points: 21	
Y	N	?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1 to 5
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2

		Possible Points: 11	
Y	N	?	
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

		Possible Points: 37	
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<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 to 10
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2 to 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5

		Possible Points: 14	
Y	N	?	
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1 to 2
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1

		Possible Points: 17	
Y	N	?	
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		Possible Points: 6	
Y	N	?	
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		Possible Points: 4	
Y	N	?	
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		Possible Points: 110	
Y	N	?	
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Certified 40 to 49 points Silver 50 to 59 points Gold 60 to 79 points Platinum 80 to 110



LEED 2009 for Existing Buildings: Operations & Maintenance

Project Checklist

Project Name

Date

0 0 0 Sustainable Sites Possible Points: 26

Y	N	?			
			Credit 1	LEED Certified Design and Construction	4
			Credit 2	Building Exterior and Hardscape Management Plan	1
			Credit 3	Integrated Pest Management, Erosion Control, and Landscape Management Plan	1
			Credit 4	Alternative Commuting Transportation	3 to 15
				Reduce by 10%	3
				Reduce by 13.75%	4
				Reduce by 17.5%	5
				Reduce by 21.25%	6
				Reduce by 25%	7
				Reduce by 31.25%	8
				Reduce by 37.5%	9
				Reduce by 43.75%	10
				Reduce by 50%	11
				Reduce by 56.25%	12
				Reduce by 62.5%	13
				Reduce by 68.75%	14
				Reduce by 75%	15
			Credit 5	Site Development—Protect or Restore Open Habitat	1
			Credit 6	Stormwater Quantity Control	1
			Credit 7.1	Heat Island Reduction—Non-Roof	1
			Credit 7.2	Heat Island Reduction—Roof	1
			Credit 8	Light Pollution Reduction	1

0 0 0 Water Efficiency Possible Points: 14

Y	N	?			
Y			Prereq 1	Minimum Indoor Plumbing Fixture and Fitting Efficiency	
			Credit 1	Water Performance Measurement	1 to 2
				Whole building metering	1
				Submetering	2
			Credit 2	Additional Indoor Plumbing Fixture and Fitting Efficiency	1 to 5
				Reduce by 10%	1
				Reduce by 15%	2
				Reduce by 20%	3
				Reduce by 25%	4
				Reduce by 30%	5
			Credit 3	Water Efficient Landscaping	1 to 5
				Reduce by 50%	1
				Reduce by 62.5%	2
				Reduce by 75%	3
				Reduce by 87.5%	4
				Reduce by 100%	5
			Credit 4	Cooling Tower Water Management	1 to 2
				Chemical Management	1
				Non-Potable Water Source Use	2

0	0	0
Y	N	?

Energy and Atmosphere

Possible Points: **35**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Prereq 1	Energy Efficiency Best Management Practices	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Prereq 2	Minimum Energy Efficiency Performance	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Prereq 3	Fundamental Refrigerant Management	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 1	Optimize Energy Efficiency Performance	1 to 18
		<input type="checkbox"/>		ENERGY STAR Rating of 71 or 21st Percentile Above National Median	1
		<input type="checkbox"/>		ENERGY STAR Rating of 73 or 23rd Percentile Above National Median	2
		<input type="checkbox"/>		ENERGY STAR Rating of 74 or 24th Percentile Above National Median	3
		<input type="checkbox"/>		ENERGY STAR Rating of 75 or 25th Percentile Above National Median	4
		<input type="checkbox"/>		ENERGY STAR Rating of 76 or 26th Percentile Above National Median	5
		<input type="checkbox"/>		ENERGY STAR Rating of 77 or 27th Percentile Above National Median	6
		<input type="checkbox"/>		ENERGY STAR Rating of 78 or 28th Percentile Above National Median	7
		<input type="checkbox"/>		ENERGY STAR Rating of 79 or 29th Percentile Above National Median	8
		<input type="checkbox"/>		ENERGY STAR Rating of 80 or 30th Percentile Above National Median	9
		<input type="checkbox"/>		ENERGY STAR Rating of 81 or 31st Percentile Above National Median	10
		<input type="checkbox"/>		ENERGY STAR Rating of 82 or 32nd Percentile Above National Median	11
		<input type="checkbox"/>		ENERGY STAR Rating of 83 or 33rd Percentile Above National Median	12
		<input type="checkbox"/>		ENERGY STAR Rating of 85 or 35th Percentile Above National Median	13
		<input type="checkbox"/>		ENERGY STAR Rating of 87 or 37th Percentile Above National Median	14
		<input type="checkbox"/>		ENERGY STAR Rating of 89 or 39th Percentile Above National Median	15
		<input type="checkbox"/>		ENERGY STAR Rating of 91 or 41st Percentile Above National Median	16
		<input type="checkbox"/>		ENERGY STAR Rating of 93 or 43rd Percentile Above National Median	17
		<input type="checkbox"/>		ENERGY STAR Rating of 95+ or 45th+ Percentile Above National Median	18
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 2.1	Existing Building Commissioning—Investigation and Analysis	2
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 2.2	Existing Building Commissioning—Implementation	2
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 2.3	Existing Building Commissioning—Ongoing Commissioning	2
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 3.1	Performance Measurement—Building Automation System	1
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 3.2	Performance Measurement—System-Level Metering	1 to 2
		<input type="checkbox"/>		40% Metered	1
		<input type="checkbox"/>		80% Metered	2
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 4	On-site and Off-site Renewable Energy	1 to 6
		<input type="checkbox"/>		3% On-site or 25% Off-site Renewable Energy	1
		<input type="checkbox"/>		4.5% On-site or 37.5% Off-site Renewable Energy	2
		<input type="checkbox"/>		6% On-site or 50% Off-site Renewable Energy	3
		<input type="checkbox"/>		7.5% On-site or 62.5% Off-site Renewable Energy	4
		<input type="checkbox"/>		9% On-site or 75% Off-site Renewable Energy	5
		<input type="checkbox"/>		12% On-site or 100% Off-site Renewable Energy	6
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 5	Enhanced Refrigerant Management	1
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Credit 6	Emissions Reduction Reporting	1

0 0 0			Materials and Resources		Possible Points: 10
Y	N	?			
Y			Prereq 1	Sustainable Purchasing Policy	
Y			Prereq 2	Solid Waste Management Policy	
			Credit 1	Sustainable Purchasing—Ongoing Consumables	1
			Credit 2.1	Sustainable Purchasing—Durable Goods	1 to 2
				40% of Electric	1
				40% of Furniture	1
			Credit 3	Sustainable Purchasing—Facility Alterations and Additions	1
			Credit 4	Sustainable Purchasing—Reduced Mercury in Lamps	1
			Credit 5	Sustainable Purchasing—Food	1
			Credit 6	Solid Waste Management—Waste Stream Audit	1
			Credit 7	Solid Waste Management—Ongoing Consumables	1
			Credit 8	Solid Waste Management—Durable Goods	1
			Credit 9	Solid Waste Management—Facility Alterations and Additions	1

0 0 0			Indoor Environmental Quality		Possible Points: 15
Y	N	?			
Y			Prereq 1	Minimum IAQ Performance	
Y			Prereq 2	Environmental Tobacco Smoke (ETS) Control	
Y			Prereq 3	Green Cleaning Policy	
			Credit 1.1	Indoor Air Quality Best Management Practices—Indoor Air Quality Management Program	1
			Credit 1.2	Indoor Air Quality Best Management Practices—Outdoor Air Delivery Monitoring	1
			Credit 1.3	Indoor Air Quality Best Management Practices—Increased Ventilation	1
			Credit 1.4	Indoor Air Quality Best Management Practices—Reduce Particulates in Air Distribution	1
			Credit 1.5	Indoor Air Quality Best Management Practices—Facility Alterations and Additions	1
			Credit 2.1	Occupant Comfort—Occupant Survey	1
			Credit 2.2	Controllability of Systems—Lighting	1
			Credit 2.3	Occupant Comfort—Thermal Comfort Monitoring	1
			Credit 2.4	Daylight and Views	1
			Credit 3.1	Green Cleaning—High Performance Cleaning Program	1
			Credit 3.2	Green Cleaning—Custodial Effectiveness Assessment	1
			Credit 3.3	Green Cleaning—Purchase of Sustainable Cleaning Products and Materials	1
			Credit 3.4	Green Cleaning—Sustainable Cleaning Equipment	1
			Credit 3.5	Green Cleaning—Indoor Chemical and Pollutant Source Control	1
			Credit 3.6	Green Cleaning—Indoor Integrated Pest Management	1

0 0 0			Innovation in Operations		Possible Points: 6
Y	N	?			
			Credit 1.1	Innovation in Operations: Specific Title	1
			Credit 1.2	Innovation in Operations: Specific Title	1
			Credit 1.3	Innovation in Operations: Specific Title	1
			Credit 1.4	Innovation in Operations: Specific Title	1
			Credit 2	LEED Accredited Professional	1
			Credit 3	Documenting Sustainable Building Cost Impacts	1

0	0	0	Regional Priority Credits	Possible Points: 4
Y	N	?		
			Credit 1.1 Regional Priority: Specific Credit	1
			Credit 1.2 Regional Priority: Specific Credit	1
			Credit 1.3 Regional Priority: Specific Credit	1
			Credit 1.4 Regional Priority: Specific Credit	1
0	0	0	Total	Possible Points: 110
Certified 40 to 49 points Silver 50 to 59 points Gold 60 to 79 points Platinum 80 to 110				

Exhibit 23



[About Us](#) [Canada](#) [USA](#) [Contact Us](#) [Client Login](#) [Leasing](#) [Français](#)



Bentall Kennedy is one of North America's largest real estate investment advisors. We are also Canada's largest property manager, providing comprehensive real estate services to our clients. Bentall Kennedy serves the interests of more than 500 clients across 142 million square feet of office, retail, industrial, residential and hotel properties throughout North America. As a leader in Responsible Property Investing, we are committed to best-in-class environmental, social and governance practices in developing, leasing and managing commercial real estate.

Recent Transactions

 **200 West Madison Office**
Chicago, IL
\$218,000,000
Square Feet: 928,040
Date Closed: 9 / 2011

[See all our recent transactions](#)

News & Press

October 11, 2011 - Bentall Kennedy Releases 2010 Corporate Sustainability Report: Leading Through Action. [Read More](#)

September 6, 2011 - Bentall Kennedy ranked 1st in Americas and 5th globally for ESG performance in Commercial Real Estate. [Read More](#)

August 29, 2011 - bcIMC to launch sustainable new office development at 745 Thurlow, Vancouver. [Read More](#)

[Read all news](#)

Find Out More

About our North American-wide approach to investment and real estate service.

[Contact Us](#)

Bentall Kennedy ranked 1st in Americas and 5th globally for ESG performance in Commercial Real Estate.

TORONTO, September 6, 2011 Bentall Kennedy, one of North America's largest independent real estate investment advisors, earned the top spot on the Global Real Estate Sustainability Benchmark (GRESB).... [Read More](#)





Responsible Property Investing

“Responsible Property Investing is a strategic approach that considers the environmental impact and social implications of real estate investments and operations, and hinges on the principles of sound and transparent governance. Being proactive in this regard allows us to better address risk and enhance asset value over the long-term.” — Gary Whitelaw, CEO, Bentall Kennedy



CZC-0553-1807-2011

Bentall Kennedy LP operational emissions have been confirmed and offset by Carbonzero

GRESB
Green Star 2011

Bentall Kennedy's approach to Responsible Property Investing (RPI) is market-leading, comprehensive and adaptable to individual client portfolio performance objectives. Our integration of [environmental](#), [social](#) and [governance](#) (ESG) considerations into real estate investment management aims to enhance our performance as a fiduciary and strengthen our ability to add value to our clients' assets.

The principles of RPI are firmly embedded in our business practices and form a central part of our investment strategy. They are also fundamental to ongoing asset and property management, as well as client reporting. Our focus on RPI is supported by dedicated senior staff and internal resources in Canada and the US, and a corporate culture of conservation and sustainability. Our commitment to addressing real estate's environmental and social impacts is reflected in the strategic relationships we establish with clients, customers and service providers, and the partnerships we forge in the communities where we do business.

Bentall Kennedy is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and the UN Environmental Programme Finance Initiative (UNEP FI). Ongoing collaboration with like-minded organizations, including the RPI Center at Harvard University, enables us to continue to advance our ESG practices. We are also active in many organizations and industry associations that support RPI. We share best practices, successes, challenges and lessons learned through our experience with our peers, and speak regularly at industry conferences in North America and abroad.



- > [2010 Corporate Sustainability Report](#)
- > [Leading Through Action](#)
- > [Bentall Kennedy's 2011 PRI Reporting and Assessment Survey Response](#)
- > [Bentall Kennedy LP operational emissions have been confirmed and offset by Carbonzero](#)

- > [Top ranking fund manager in Americas for ESG Performance](#)
- > [Read the full report](#)
- > [View our Corporate Sustainability Policy](#)
- > [Learn about our awards](#)
- > [View related news coverage](#)

Predecessor company publications

- > [Bentall Corporate Responsibility and Sustainability Report 2009](#)
- > [Jantzi Sustainability / Bentall Assessment](#)
- > [Kennedy RPI Report 2010](#)
- > [Canadian Property Management Magazine - Bentall Sustainability Supplement](#)



About Us

Organization and Capabilities
Operating Groups
Organization

Approach and Philosophy

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Board of Directors

Responsible Property Investing

Environmental
Social
Governance

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Environmental

Our belief in the importance of Responsible Property Investing (RPI) directly affects how we manage our corporate activities and positively influences our delivery of asset management, leasing, property management and development services. Bentall Kennedy actively engages with our employees, clients, investors, tenants and communities on environmental matters, and we are diligent in working to reduce use of energy and water, as well as waste and greenhouse gas emissions.

Greening Our Company

We recognize that our corporate activities carry an environmental burden and choose to lead by example. Bentall Kennedy is committed to being a carbon neutral company and we disclose our emissions publicly. Our carbon neutrality is achieved through employee engagement activities, including our Caught Green Handed and Urban Forest Restoration programs, and the purchase of green power and carbon offsets. We provide our employees ongoing sustainable education, professional accreditation and technical training opportunities with a view to ensuring those involved with our real estate portfolios understand and adhere to the principles of RPI.

Greening our Portfolio

Sustainably developed and managed assets create value and mitigate risk. They offer a means to reduce operating costs and reduce functional obsolescence, and often have a competitive leasing advantage, resulting in quicker lease-up and greater tenant retention. To meet environmental goals, Bentall Kennedy employs a range of sustainable policies, processes and technologies.

Property development emphasizes innovative, market-leading green building design and construction practices. To date, we have certified or are in the process of certifying six million square feet of new development and redeveloped projects representing \$1.8 billion in value under the Leadership in Energy and Environmental Design (LEED®) rating systems and programs.

Property operations leverage new technologies to advance our RPI practices, including customized, proprietary software tools that track and measure key performance indicators. In managing our performance, we focus on increasing energy and water efficiency, and reducing waste and emissions. Purchasing decisions across our managed portfolio consider environmental criteria and utilize green specifications. Sustainable practices are communicated to tenants through education and training, green leases and our green tenant improvement design guide.

Asset sustainability, transparency, quality control and market differentiation are all enhanced by third-party recognition. These include certifications under the Building Owners and Managers Association Building Environmental Standards (BOMA BEST) program in Canada and the LEED® for Existing Buildings rating system administered by US and Canadian Green Building Councils in their respective jurisdictions. Bentall Kennedy also participates in the US Environmental Protection Agency's ENERGY STAR® program. More than 43.4 million square feet in some 325 buildings collectively valued at \$9.6 billion have been certified under these initiatives.

FOREVERGREEN
Responsible Property Management

> www.bentallkennedy.com/ForeverGreen



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Sustained Excellence – Energy Management

FOR FURTHER INFORMATION:

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cgunter@bentallkennedy.com

Maria Vargas
(202) 343-9178
vargas.maria@epa.gov

EPA Awards Bentall Kennedy 2011 ENERGY STAR[®] Sustained Excellence Award

*Bentall Kennedy earns prestigious award for the first time, after being
Partner of the Year in 2009 and 2010*

Seattle, WA, (April 12, 2011) – The U.S. Environmental Protection Agency (EPA) has awarded Bentall Kennedy the prestigious 2011 ENERGY STAR Sustained Excellence Award for outstanding energy management, ongoing emissions reductions, and commitment to maximizing energy efficiency across its portfolio. Bentall Kennedy's accomplishments will be recognized today at an awards ceremony in Washington, D.C.

"Bentall Kennedy has earned EPA's highest ENERGY STAR award - the 2011 Sustained Excellence Award," said Elizabeth Craig, Acting Director of EPA's Office of Atmospheric Programs. "Bentall Kennedy's long term leadership and commitment to energy efficiency demonstrates the types of accomplishments that we can all achieve in reducing greenhouse gas emissions and protecting our global environment. We look forward to their continued partnership and leadership."

"Bentall Kennedy actively works to reduce energy use and CO₂ emissions annually through its strong partnership with ENERGY STAR" said Mike McKee, CEO of Bentall Kennedy (US). "Increasing energy efficiency across our real estate portfolio not only reduces operating expenses for Bentall Kennedy's clients and tenants, but improves building operating performance; increasing overall asset value."

Bentall Kennedy (US), a 2009 and 2010 ENERGY STAR Partner of the Year recipient (as Kennedy Associates), will be honored for its comprehensive energy management program and ongoing efforts to save energy and reduce operating costs across its commercial real estate portfolio. The result of a very competitive process, the Sustained Excellence award highlights the improved performance of the Bentall Kennedy US portfolio. The award recognizes Bentall Kennedy's strategic use of energy audits and retrofits, its new medical office building sustainability program, ongoing promotion of ENERGY STAR, and deployment of technical tools to improve monitoring, analysis, and reporting.

An institutional real estate advisor to the Multi-Employer Property Trust and select public, corporate, university endowments and Taft-Hartley retirement systems in the US, Bentall Kennedy's monthly benchmarking activities resulted in a 5.4 percent reduction in portfolio 2010 energy use (145 million kbtu's) representing almost \$1 million in estimated savings (\$4 million since 2007), and the reduction of nearly 8,000 metric tons of CO₂. Bentall Kennedy has received the ENERGY STAR label for US assets representing \$1.6 billion in value and achieved 27% higher portfolio-wide energy efficiency than the national average during 2010.

About Bentall Kennedy

Bentall Kennedy is one of North America's largest real estate investment advisors and one of its foremost providers of real estate services. Bentall Kennedy serves the interests of more than 400 clients across 130 million square feet of office, retail, industrial, and hotel properties totaling \$23 billion throughout Canada and the US. Bentall Kennedy has a 100-year track record of delivering superior returns and a reputation for integrity, innovation, and creating value. Bentall Kennedy has been recognized as a global leader in Responsible Property Investing. As part of our fiduciary framework, we seek to enhance asset performance by addressing the environmental, social, and governance aspects of developing, owning, and managing commercial real estate. For more information, visit www.bentallkennedy.com.

About ENERGY STAR

ENERGY STAR was introduced by EPA in 1992 as a voluntary, market-based partnership to reduce greenhouse gas emissions and other pollutants associated with energy use. Today, the ENERGY STAR label can be found on more than 60 kinds of products as well as new homes and buildings. Last year alone, Americans, with the help of ENERGY STAR, saved \$18 billion on their utility bills and prevented greenhouse gas equivalent to those of 34 million cars. Products, homes and buildings that have earned the ENERGY STAR prevent emissions by meeting strict energy-efficiency specifications set by the EPA. For more information, go to energystar.gov.

###



FOR IMMEDIATE RELEASE

Bentall Kennedy Releases 2010 Corporate Sustainability Report: Leading Through Action

Toronto, October 11 - The Bentall Kennedy group of companies, one of North America's largest real estate investment advisors, announced today the release of its annual corporate sustainability report, Leading Through Action. The report publishes details on the company's environmental and social performance as well as governance practices.

"We are proud to share the many ways we were leading through action in 2010," said Gary Whitelaw, CEO of the Bentall Kennedy group of companies. "Our commitment to sustainability deepens as we grow Bentall Kennedy. This, our second CSR report outlines how we deliver on our commitment to sustainability and responsible property investing."

Leading Through Action was completed using the Global Reporting Initiative™ (GRI™) framework for sustainability reporting. Bentall Kennedy self-declared the report a GRI™ Level B, which means that in addition to disclosures on company profile and management approach, the report includes disclosures on 20 performance indicators addressing topics such as environmental performance, health and safety, labour practices, and workforce diversity.

Bentall Kennedy has continued to demonstrate its commitment to environmental sustainability in the real estate sector by certifying over 70 million square feet of property through industry green building standards such as LEED, BOMA BEST and ENERGY STAR.

On September 1st, 2011 the Global Real Estate Sustainability Benchmark (GRESB) Foundation announced the results of their 2011 survey: Bentall Kennedy was named the highest-ranking fund manager in the Americas and fifth globally for our ESG performance in commercial real estate.

###

To obtain a copy of Bentall Kennedy's sustainability report, Leading Through Action, please visit www.bentallkennedy.com.

For further information, contact Nada Sutic nsutic@bentallkennedy.com (416) 813-3641 or Jennifer Arnold jarnold@bentallkennedy.com (416) 681-2726.

###

About Bentall Kennedy

Bentall Kennedy is one of North America's largest real estate investment advisors and one of its foremost providers of real estate services. Bentall Kennedy serves the interests of more than 500 clients across 142 million square feet of office, retail, industrial, hotel, and apartment properties totaling \$26 billion throughout Canada and the U.S. Bentall Kennedy has a 100-year track record of delivering superior returns and a reputation for integrity, innovation and creating value. Bentall Kennedy is a member of UN PRI and is a recognized global leader in Responsible Property Investing.

For more information, visit www.bentallkennedy.com.

LEADING THROUGH ACTION



Bentall
Kennedy

*Corporate
Sustainability*

2010
REPORT

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EXECUTIVE STATEMENTS

Reshaping Our Future

On December 1, 2010, Bentall LP merged with Kennedy Associates Real Estate Counsel LP and a new company came to life – Bentall Kennedy. This union completed a strategic partnership that began in 2006 based on mutual values of fiduciary excellence and client focus, and our deep commitment to responsible property investing and sustainability.

In this, our first Corporate Sustainability Report for the Bentall Kennedy group of companies, we are building on the previous reports from our predecessor companies, combining data where sensible and highlighting information and practices that are unique to each. We are proud to communicate our shared values with you.

While we have a great deal in common, it is never a simple task to integrate two established organizations. Still in the midst of change, we are working diligently to come together to realize value and efficiency for our clients, tenants, and employees. We are committed to further harmonizing our management systems between Canada and the U.S., to deliver superior and consistent service to our clients and tenants.

Corporate sustainability encompasses the environmental, social, and governance practices which touch all aspects of our company. We recognize that commercial real estate has distinct environmental and social impacts. With a portfolio of 135 million square feet of our clients' real estate assets across North America, we have a vital responsibility to influence these impacts – buildings use natural resources, and generate waste and emissions. But these also represent an opportu-

nity to effect positive change – the built environment can enhance communities and create a sense of place, while providing a healthy environment where people work and live.

Bentall Kennedy's commitment to Responsible Property Investing (RPI) aims to improve the built environment by incorporating key environmental and social factors within the investment and management of our clients' real estate portfolios. We believe that building a responsible property portfolio means recognizing the risks related to climate change and property as an asset class. They include rising resource costs, new regulations on energy use and emissions, changing tenant preferences, and rising insurance costs to address natural disasters that may be related to climate change, among others.

It is a challenge and a privilege to evolve as an organization, to learn, to create new tools, to come together and stay ahead of the pack. At Bentall Kennedy, change, growth, and innovation have been a part of who we are for the past 100 years, and it is a culture we share with our clients, tenants, and employees. I hope you enjoy this report, and I welcome your feedback and comments.



Gary Whitelaw
*Chief Executive Officer
Bentall Kennedy group
of companies*

A handwritten signature in black ink that reads "Gary Whitelaw".

Leadership in Sustainability

Our path to sustainability is an ongoing journey at Bentall Kennedy, and leadership in this area is a part of our strategic plan. Leadership is important to all of our stakeholders.

Our employees are integral to our success. For the fourth year in a row, we were recognized as one of Canada's 50 Best Employers. We were also named to the list of Top 30 Green Employers, an achievement that helps us in the ongoing competition for talent.

When it comes to our communities, the efforts of employees and their involvement at our properties across the country is a point of pride. Our collective effort during Hands-Up Canada raised \$85,000 for Canadian Paralympic athletes and earned Bentall Kennedy two notable awards.

In 2010, we continued to lead through action in sustainability and environmental performance. We reduced our corporate carbon footprint by 16%, and lowered the overall intensity of energy consumption in our property management portfolio by 6%. As well, we continued to demonstrate our commitment to building and operating green buildings through increased adoption of LEED and BOMA BEST certifications.

While there are limited details about the future of carbon regulations in Canada, programs like the Western Climate Initiative's cap-and-trade program will affect commercial fuel sources starting in 2015. By integrating environmental, social and governance considerations into our decision-making, we believe we are well-positioned for the growing preferences of tenants and investors for sustainability, and for potential shifts in climate change policy and considerations.

We will continue to work with clients to deliver high-performance property operations and to execute strategies aligned with their goals and objectives.



Remco Daal
*President and Chief
Operating Officer
Bentall Kennedy
(Canada) LP*

A handwritten signature in dark ink, appearing to read 'R. Daal', written in a cursive style.

Positive Approach, Positive Results

Our long-standing commitment to sustainability did not waver as we transitioned through one of the worst commercial real estate recessions within the U.S. We sought strategic, cost-effective and innovative ways to improve the performance and position of our portfolio.

This approach, and our leadership in promoting Responsible Property Investing (RPI) within our industry, expanded our market and provided additional opportunities for external recognition. During 2010, many of our existing office buildings were part of a unique volume-certification pilot project with the USGBC. We were the only investment advisor to receive the ENERGY STAR Partner of the Year Award in 2010, recognizing our ongoing commitment to sound energy management principles and, ultimately, reduction of energy use. Our actions included deployment of on-site renewable energy generation and other sustainable operations, as well as best practices and technologies in maintenance.

The impact of our RPI initiatives on our clients' real estate portfolios was also a great success in 2010. Sustainable buildings within our portfolio realize lower operating costs, and, thus, position

our properties effectively in the marketplace. Large companies that want to attract the most talented employees continue to seek out green buildings and amenities with greater sophistication and precision.

In 2010, U.S. federal climate-change regulations were not introduced, though there was greater global recognition of the risks associated with climate change, and increasing adoption of regulations at state and municipal levels. We have unique opportunities to preempt or mitigate these risks through the use of new technology, and enhanced performance tracking and reporting. Our goal is to strategically position our clients' assets for long-term value creation and market differentiation.



Mike McKee
Chief Executive Officer
Bentall Kennedy (US) LP

A handwritten signature in black ink that reads "Mike McKee". The signature is written in a cursive, slightly stylized font.



*Lighton Plaza, Overland Park, KS.
Owner: Multi-Employer Property Trust.*

ABOUT US

INTEGRATING

Our Business

Real estate investment advisory and management services.

Portfolio Under Management

Commercial real estate assets totalling

135 million sqft

in North America valued at more than

\$24 billion

North American Presence

14 offices in Canada and the United States.

Corporate headquarters: Toronto, Ontario.

Achievements

Recognized in North America and internationally for our efforts.

We're Bentall Kennedy – one of North America's largest independent real estate investment advisors.

Today we serve the interests of more than 400 clients who own office, retail, industrial, residential and hotel properties across North America. Our international clients include public and private pension funds, life insurance companies, endowments, foundations, trusts, high-net-worth families and sovereign wealth funds.

Our company evolved in 2010 by extending Bentall LP's ownership interest in U.S.-based Kennedy Associates Real Estate Counsel LP to complete a full merger of the two companies, now under the umbrella of Bentall Kennedy.

In Canada, Bentall Kennedy (Canada) LP provides a full spectrum of real estate investment and management services. They include property management, leasing, development and asset management.

In the U.S., Bentall Kennedy (US) LP delivers investment management services, and we work with proven market-leading service partners to address other aspects of real estate management and development.

Bentall Kennedy also maintains an ownership interest in Landon Butler and Company, a U.S. investor relations and marketing firm.

Bentall Kennedy is privately owned by senior management, by the British Columbia Investment Management Corporation, and by SITQ, a subsidiary of Caisse de dépôt et placement du Québec.

Bentall Kennedy has a strong foundation of values: robust governance, proactive advancement

of sustainability, an engaged, entrepreneurial and collegial culture, a focus on client service, and our highly disciplined fiduciary approach to investment strategies. Our vision is to be in the top echelon of real estate advisory and services platforms in North America.

We endeavour to excel at meeting the needs of our clients and tenants, and our five-year strategic plan maintains this focus on delivering high quality service. We uphold a culture that attracts the industry's best talent as we deliver our services, continue to expand our base of clients, and grow the size of the portfolio. Our commitment to and leadership in sustainability is an integral part of our strategic plan, which includes promoting and applying Responsible Property Investing (RPI) principles.

Our approach to RPI is comprehensive and tailored to meet the objectives of individual client portfolios. Our focus on RPI is carried out by dedicated senior staff and supported by a corporate culture of conservation and sustainability.

Bentall Kennedy is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and a member of the United Nations Environment Programme Finance Initiative (UNEP-FI). By collaborating with these member organizations, including the UNEP-FI Property Working Group and the RPI Center at Harvard University, we continue to advance our integration of environmental, social and governance (ESG) considerations into all aspects of our real estate investment and management activities.

Portfolio Highlights

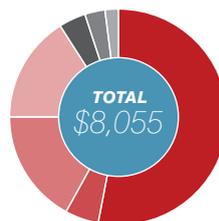
Value of Assets Under Management by Type (\$ millions)

Canadian Investment



8,855	Office
3,063	Retail
3,060	Industrial
703	Residential
532	Development

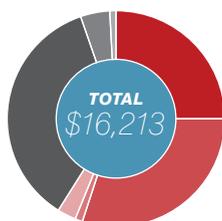
U.S. Investment



4,296	Office
417	Retail
1,345	Industrial
1,293	Residential
297	Hotel
236	Medical Office
171	Development

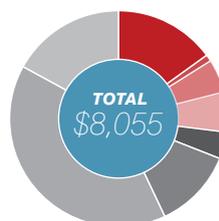
Value of Assets Under Management by Region (\$ millions)

Canadian Investment



4,079	British Columbia
4,897	Alberta
56	Saskatchewan
418	Manitoba
5,963	Ontario
771	Quebec
29	Nova Scotia

U.S. Investment



1,169	Northeast
59	Southeast
395	Southwest
505	Mountain
354	West N. Central
963	East N. Central
3,247	Pacific
1,363	Mideast

Total Assets Under Management

Value of Assets Under Management (\$ millions)

2009



2010



Area of Assets Under Management ('000,000 sqft)

2009



2010



All figures as at December 31, 2010, unless otherwise noted.

OUR APPROACH TO SUSTAINABILITY

We have a deep and ongoing commitment to sustainability in all aspects of our day-to-day business operations, as well as in our corporate activities.

In 2010, this was reflected in Kennedy's sustainability policy and Bentall's sustainability strategy. We began the process of bringing these elements into a single framework, which recognizes that our business activities have environmental and social implications and requires that we mitigate these through adoption of best practices aligned with Corporate Social Responsibility (CSR) and Responsible Property Investing (RPI) principles.

Our approach to environmental performance management includes policies, programs and management tools to monitor and measure performance. Our goal is to identify areas for improvement, take corrective actions, monitor progress and continually improve.

Strategies and best practices are in place for new development activities, acquisitions and existing assets. We assess new and existing properties using environmental and social key performance indicators. Our actions look to minimize the risk of future declines in asset value by avoiding building obsolescence created by regulatory require-

ments, energy price fluctuations, changing tenant preference, and evolving investor sentiment.

At the corporate level, our commitment to sustainability and social responsibility is reflected in our commitment to be carbon-neutral corporately. We will be disclosing our greenhouse gas emissions and related calculations in 2010 as a part of the Carbon Disclosure Project, as was done in 2009 in the U.S.

We have the necessary resources to support the implementation of our strategies and best practices, and to ensure that we stay at the leading edge of sustainability. In addition to ensuring that we budget for sustainability initiatives and make sustainability a part of everyone's role, we have dedicated human resources. Several mid-level and high-level positions include sustainability initiatives as a significant part of their responsibilities. We have several cross-departmental committees, including our Corporate Responsibility and Sustainability Committee, ENERGY STAR Committee, RPI Committee, and property-focused committees that address eco-efficiency and social responsibility. Our sustainability professionals and committees are empowered to make positive change and they ultimately report to senior management.

Our goal is to identify areas for improvement, take corrective actions, monitor progress and continually improve.

AWARDS AND ACHIEVEMENTS IN 2010

Bentall Kennedy had many achievements in 2010 in both of our predecessor companies and throughout the portfolio.



*US Bank Centre, Seattle, WA
Owner: City Centre Associates.
Energy Star labelled in 2010 with a score of 85,
and pursuing LEED EB:O&M certification.*



*1075 North Service Road West, Oakville, ON
Owner: British Columbia Investment Management
Corporation. Certified BOMA BEST Level 4 in 2010.*

- Named on the 2010 list of the 50 Best Employers in Canada.
- Named one of the Top 30 Green Employers in Canada.
- Named 2010 Energy Star Partner of the Year in the U.S.
- Certified 37 additional buildings to LEED in Canada and the U.S.
- The first investment advisor in the U.S. to participate in the LEED:EB:O&M volume certification program, and certified 28 buildings in the U.S.
- Certified 92 additional buildings to BOMA BEST in Canada.
- Placed in the top quartile of our peer set for ESG performance for each of the six PRI principles, based on the Kennedy Associates UN PRI submission in 2010, which addressed 2009 operations.
- Awarded the 2010 Communitas Award for Hands-Up Canada. Awarded by the Association of Marketing and Communications Professionals, the international Communitas Awards honour exceptional philanthropy, ethical and sustainable business practices in businesses, organizations and individuals.



*Broadway Tech Centre, Vancouver, BC.
Owner: British Columbia Investment Management Corporation.*

OUR ENVIRONMENT

INFLUENCING

Corporate Environmental Performance

Corporate carbon footprint across North America dropped by 16% from 2009.

Green Building Certifications

130 buildings

achieved BOMA BEST or LEED certification in 2010.

Portfolio Environmental Performance

Portfolio grew by 3%

GHG emissions dropped by 4%

CANADA

Portfolio grew by 5%

GHG emissions stayed flat

US

We work hard to minimize the environmental impact of all our operations, as well as our investment decisions.

We recognize that the path to sustainability is an ongoing journey, and we continually improve our environmental stewardship efforts and our environmental performance. Our strategy includes policies, processes, programs and the implementation of best practices. We invest in programs and tools to measure, monitor and verify our progress and results. We review and update our environmental strategies and

plans on an ongoing basis to make sure that we have the right tools and resources in place to achieve our environmental performance objectives.

Our continual improvement approach enables us to achieve our environmental goals, and then set new ones to take us further. We are always progressing on a path to achieve greater levels of sustainability.

CORPORATE PERFORMANCE AND FRAMEWORK

In 2010, we continued to lead through action in our corporate operations. We maintained such initiatives as waste reduction and recycling, sustainable products purchasing, and the reduction of carbon emissions through employee engagement activities. We maintained carbon neutrality for our corporate operations by both reducing our emissions and purchasing carbon offsets.

We offset our corporate carbon footprint (covering Scopes 1-3) by purchasing Green-e or EcoLogo certified renewable energy credits, to ensure that new green power is added to the grid. We also purchased carbon emission offsets through Renewable Choice, and for the second year in a row, through Carbonzero to support energy efficiency projects for social housing in Montreal.

In 2010, we continued with the tools and initiatives used to achieve corporate environmental performance in 2009. They include:

- Caught Green Handed, to raise employee awareness and environmental engagement.
- One-Minute Carbon Calculator, to allow employees to determine their own carbon footprint at work.

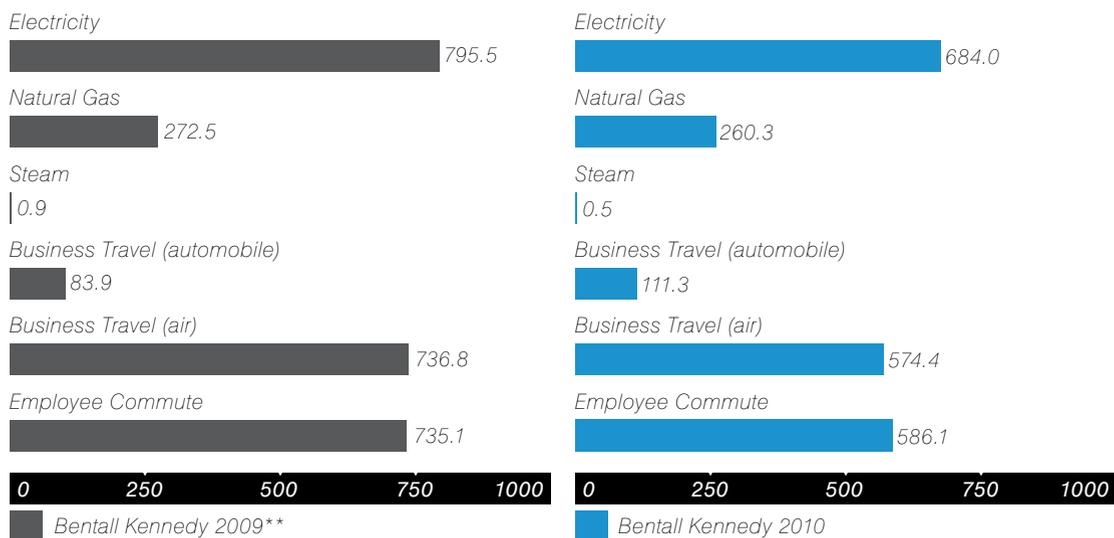
- Commuter challenges to encourage sustainable modes of transportation for employees.
- Default double-sided printing, and power-saving settings on monitors and computers.
- RideShare website to support carpooling.
- Corporate responsibility committees to develop strategies for improvement and employee engagement.

Measuring our performance. Our corporate carbon footprint has been the primary metric we use to measure our performance. Compared with 2009, the 2010 footprint dropped by 16%, and when we include the increased purchase of renewable energy credits, it is 26% lower.

A significant reduction from 2009 levels came in employee commuting. The reduction can be attributed to several factors, including employee engagement activities that reduced commuting and a decrease in the number of employees in the U.S. offices in 2010.

We believe that the 2010 values for emissions from business travel via automobile are a more accurate reflection of our carbon footprint, with the increase being representative of a change in policies in

GHG Emissions from Corporate Operations* (tCO₂e)



	Bentall Kennedy 2009**	Bentall Kennedy 2010	Change (%)
Subtotal	2,624.7	2,216.6	-15.5
Renewable Energy Credits	-519.8	-660.6	27.1
Total	2104.9	1,556.0	-26.1

* The footprint for our corporate operations includes our primary and regional offices and associated corporate employees only.

**The 2009 CO₂ footprint has been adjusted using emission factors to correspond with those used for calculating the 2010 CO₂ footprint in the energy utilities and automobile emissions. As well, Employee Commute for 2009 has been restated to reflect a more accurate consideration of the number of days employees were away from the office.

Canada regarding how we compensate for automobile travel and more precise data collection.

We will continue to improve the quality of our data collection on both employee commuting and business travel via automobile.

Challenges. We face several challenges with finding effective ways to reduce our corporate carbon footprint and are looking to further reduce our commuting footprint. Some corporate employees require their vehicles for site visits and other business, and, thus, they drive to work. Most of our corporate offices are located in central business districts and are well serviced by transit. However, a few offices are in suburban areas, and some city regions have limited transit infrastructure. For many employees, there are both business reasons and personal reasons to commute via single-occupancy vehicles, and that mode may be best suited

to an individual's needs. Despite these challenges, we have achieved a reduction in carbon emissions from employee commuting compared with 2009.

Automobile travel has increased, and while air travel decreased, business travel overall still contributes significantly to GHG emissions. Some departments gain great value from in-person meetings, which may result in increased travel needs. We are continuing our efforts to conduct business to the fullest extent possible using video and web conferencing.

Additional metrics. We recognize that the carbon footprint alone does not provide a complete picture of environmental performance. Metrics we plan to use in the future will include ongoing paper use, sub-metered electricity use, where feasible, and waste diversion or capture rates.



CASE STUDY

GIVING A PUSH TO PEDAL POWER

In an effort to promote and encourage sustainable modes of transportation, we participate in an annual Commute Challenge during Bike to Work Month in the U.S. each May. For eight consecutive years, we've challenged employees to reduce their carbon footprint and increase their health and well-being by riding a bike to work in May.

In the greater Seattle area, our Suits on Wheels team competes in the local Group Health Commute Challenge each year against teams from organizations including the City of Seattle, Boeing, the Gates Foundation, and Microsoft. Suits on Wheels team members commit to biking to work as many days as possible. Beyond Seattle, we challenged all U.S. employees to commit to taking a "green" mode of commuting, such as public transit, biking, using a low-emission vehicle, and

carpooling five times during the month. Prizes were awarded for the top participants in different commuting categories. Our 2010 Commute Challenge resulted in more than 17,000 green commuting miles during May, up by 13% from 2009.

Since 2008, our Bike to Work Month participants have biked more than 5,000 miles to and from work, burning an estimated 150,000 calories and helping to reduce our corporate carbon footprint.



PORTFOLIO PERFORMANCE AND FRAMEWORK

By their nature, buildings affect their environments – changing the landscape, defining new skylines, becoming a destination and, thus, altering traffic patterns, and of course, using energy and water and generating waste.

Energy use and the related GHG emissions represent the most material impacts of buildings. It's estimated that the commercial real estate sector accounts for 13% of greenhouse gas emissions in Canada, and 14% of end-use energy consumption.* In the United States, the commer-

cial sector accounts for 19% of CO2 emissions from fossil fuel combustion.**

The buildings in our portfolio are also places that deliver economic and social value. They are the places where tens of thousands of North Americans work, live and shop. The development of new buildings creates jobs and benefits for construction workers and tax revenue for local jurisdictions. Our goal is to reduce the environmental impact of our buildings, as we deliver and increase their economic and social value.

* National Round Table on the Environment and Economy (NRTEE) & Sustainable Technology Development Canada, "Geared for Change: Energy Efficiency in Canada's Commercial Building Sector," 2008.

www.nrtee-trnee.com/eng/publications/commercialbuildings/commercial-buildings-report-eng.pdf

**U.S. Environmental Protection Agency, "Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2009," April 2011. <http://epa.gov/climatechange/emissions/usinventoryreport.html>

Management Framework and Tools

We have fiduciary responsibility for our client's real estate portfolios – for both the short term and the long term. We strive to improve the sustainability of their buildings in an effort to maintain and enhance asset values through reduced operating expenses, increased occupant satisfaction and improved tenant recruitment and retention.

In 2010, a sustainability policy at Kennedy Associates and a rolling three-year sustainability strategy at Bentall addressed environmental, social and governance concerns. We began integrating these into a single framework in 2010 to continue to guide all our business operations, including the acquisition of existing buildings, new development, and ongoing property operations.

In investment management, an RPI checklist for new development and acquisitions is one of the tools used to guide the decision-making process. For new acquisitions, we consider the presence of or opportunity for third-party certifications and review energy performance in addition to evaluating investments against other ESG metrics. The results are incorporated into assessments for client approval, along with

other investment considerations, including financial returns.

For new development projects, we look to achieve third-party certification to improve asset sustainability, transparency, quality control and market differentiation. We strive to construct buildings that improve occupant well-being through the use of low-emitting materials, providing natural lighting and access to amenities such as bike storage, fitness facilities, restaurants, retail and other services.

For ongoing property operations, we have programs, plans and best practices that help us meet environmental goals and ensure healthy and productive indoor environmental quality for building occupants and visitors. These practices address such issues as energy, water, waste, purchasing, and green cleaning.

In the U.S., our primary business is investment management, and we use third-party property managers and leasing services across the majority of the portfolio, while in Canada, we offer a vertically integrated platform with both investment and property management services.

We directly and indirectly (through third-party managers, where applicable) adopt and direct the following programs and tools to implement, demonstrate and monitor environmental performance.

- Third-party environmental certifications, including BOMA BEST, LEED, and ENERGY STAR. In 2010, nearly 130 buildings achieved BOMA BEST or LEED certification.
- Energy management tracking and measurement, including monthly energy, water and emissions benchmarking through the U.S. Environmental Protection Agency's (EPA) ENERGY STAR Portfolio Manager, and other tools that may be used by third-party property managers in the U.S.

- EcoTracker, our proprietary software, offers a single management and reporting system for energy utilities, water, and waste for our Canadian property portfolio. It allows for real-time and historical views of performance at the property level.
- EcoModeller, a new tool that was integrated with the EcoTracker platform in 2010, allows us to model the impact of implementing energy-saving or water-saving measures and predict the energy or water reductions, cost savings, and greenhouse gas emission reductions.

- Green cleaning practices, which are in place throughout the portfolio and specified as part of all cleaning contracts.
- Waste management programs to reduce, reuse and recycle. In 2010, we were successful in adding organic waste diversion at several properties.
- Adoption of green lease provisions that promote sustainable property operations and tenant engagement on sustainability issues.
- Sustainable tenant improvement guides and toolkits. These resources were developed to establish sustainable base standards, highlight best practices, and provide strategies and technical assistance. The standards apply to the build-out or remodelling of space to address energy, water, waste, materials, and indoor environmental quality.
- BORIS – the Bentall Kennedy Online Risk Information System – a proprietary tool for environmental management, regulatory compliance and due diligence. BORIS allows

us to actively identify potential risks across our portfolio; and proactively mitigate risks before they materialize. In 2010, BORIS was utilized across our full portfolio in Canada and in our property-managed assets in Washington State. Our third-party managers are provided with a series of guidelines and standards, and are required to immediately inform us of any environmental matters.

- ForeverGreen, a platform for communicating sustainability and environmental engagement initiatives to tenants, as well as other forms of tenant outreach, training and education and green building marketing.

These practices are used to provide consistency in our North American operations.

Annual business plans for all real estate assets highlight operations, initiatives, and activities that further energy conservation and environmentally sensitive practices. They provide an ESG framework for our asset and property management teams and an important means of promoting transparency in sustainable reporting for our clients.

Environmental Concerns in Urban Areas

There are many environmental concerns affecting urban areas, including water, wastewater and stormwater management, air quality, land use planning, and transportation, among others. The built environment plays a role in these often inter-related and complex issues, which creates an opportunity and obligation for us to make positive change at the buildings we manage.

Transportation demand. There is a fundamental need for our tenants to commute to and from work, and as urban populations continue to grow, transportation demand management is a mounting challenge.

Healthy communities should include feasible travel options beyond the single-occupancy vehicle,

including walking, cycling, carpooling, and public transit. The use of car-sharing programs and low-emission vehicles also helps to reduce the environmental impacts of transportation. While we do not typically direct land-use planning, we do affect the built environment through our development choices and can facilitate and encourage alternative means of transportation in certain instances. We provide bike racks, and in many cases we also provide shower facilities, which make it easier for occupants to choose cycling. We offer preferred parking for low-emission vehicles and carpools, and we have worked with car-sharing companies to have their vehicles available at select sites. We are part of public ride-sharing programs in several cities, including Greater Vancouver with Jack Bell Ride-Share, and in Mississauga we participate with Smart Commute.

Where properties have a joint tenant-management green committee, the groups work together to find ways to shift behaviour further toward alternative commuting options.

Urban heat island. Microclimates are created in urban areas by the surfaces of the built environment, including buildings and roads. In urban centres, where buildings and roads are clustered together, these collective microclimates contribute to an overall urban heat island. The hard and often dark-coloured surfaces of cities absorb the sun's radiation during the day, and then re-radiate it at night as they cool, thus keeping the urban

environment warmer than rural areas. In addition, this increased heat load results in larger cooling requirements and energy use in our buildings.

One of the ways that we can both reduce our summer cooling loads and help to reduce the urban heat island is by using white roofing materials, which reflect much of the sun's heat. The high reflectivity both reduces the cooling load for a building, and helps to reduce the degradation of the roof resulting from ultraviolet radiation. In addition, green roofs combat urban heat island effects, while serving to increase oxygen in the air.



CASE STUDY

A COOL WHITE ROOF IN WATERLOO

Westmount Place, Waterloo, ON Owner: Sun Life Assurance Company of Canada.

At Westmount Place, the existing roofing system was due for replacement in 2010, and the EcoWhite roof was selected for its many benefits. As a result of the high reflectivity of the roof, both the summertime cooling requirements and the urban heat island impacts are reduced. With insulation foam that is high in long-term thermal resistance, the roof has an insulating value of R19, while a standard new built-up roof is typically at R12. In addition, the roofing material has an enhanced resistance to erosion, punctures, tears, abrasion damage, microbial growth and wind uplift – all of which ensure that the energy-efficiency benefits will persist for many years

beyond a conventional roof. When life-cycle thinking was applied, the EcoWhite roof was a clear winner.



Using white roofing materials is one of the best ways we can help to reduce the urban heat island.

Building Certifications

Certifying or labelling buildings in our portfolio, under established industry programs, reassures us and our stakeholders that our practices and programs are achieving positive results and proven benchmarks. It has the additional benefit of providing recognition for our buildings.

BOMA BEST. The BOMA BEST Certification program (BEST stands for Building Environmental Standards) is

delivered through the Building Owners and Managers Association (BOMA) of Canada and its affiliates (www.bomabest.com). This program is geared specifically to existing buildings, and through it we have certified office, retail and industrial properties. The certification is valid for three years. At the end of 2010, 278 buildings in Canada held a BOMA BEST certification, up by 44 buildings and 2.4 million square feet over 2009.

BOMA BEST Certifications

Certification by Level	Number of Buildings	Square Footage	Asset Value (\$)
BOMA BEST Level 1	107	12,315,597	2,026,190,000
BOMA BEST Level 2	76	7,106,309	1,652,977,000
BOMA BEST Level 3	90	14,124,075	4,062,872,000
BOMA BEST Level 4	5	808,677	208,840,000
Total	278	34,354,658	7,950,878,000



ENERGY STAR. The ENERGY STAR program was introduced by the U.S. Environmental Protection Agency in 1992, as a voluntary, market-based partnership to reduce greenhouse gas emissions and other pollutants associated with energy use. We have 93 office buildings and 46 industrial buildings in the U.S. benchmarked each month through ENERGY STAR's Portfolio Manager. The number of buildings benchmarking is down

slightly from 161 in 2009. Many managed properties in the U.S. are also ENERGY STAR labelled, and use EcoTracker on an ongoing basis. Buildings that receive an ENERGY STAR score of 75 receive an ENERGY STAR label for exemplary performance. A score of 75 indicates 25% greater energy efficiency than the U.S. national average or a score of 50. The label must be achieved each year and verified externally.

Energy Star 2010

	Number of Buildings	Square Footage	Asset Value (\$)
Benchmarked and Labelled	68	12,910,896	2,209,274,000
Benchmarked Only	71	8,863,087	1,213,055,000
Total in Energy Star	139	21,773,983	3,422,329,000



LEED. There are several LEED rating systems, which stands for Leadership in Energy and Environmental Design. The most relevant rating systems for our portfolio address new construction (NC), core and shell (CS), and existing buildings

operations and management (EB:O&M). Buildings that are certified and those that are targeted for certification are shown below. The number of buildings involved in LEED has increased from a total of 61 in 2009, to 107 buildings in 2010.

LEED Certified or Pending by Rating System

	Number of Buildings		Square Footage		Asset Value (\$)	
	Canada	U.S.	Canada	U.S.	Canada	U.S.
LEED: NC or LEED: CS	16	14	2,527,203	3,963,687	935,384,000	1,127,021,000
LEED: EB:O&M	30	46	9,425,413	9,089,192	2,993,140,000	1,966,463,000
LEED: ND		1		338,885		136,664,000
Total	46	61	11,952,616	13,391,764	3,928,524,000	3,230,148,000



CASE STUDY

HIGH PERFORMANCE IN EXISTING BUILDINGS

Bentall Kennedy was one of 11 partners with the USGBC involved in developing the LEED EB:O&M volume certification program in the U.S.

LEED EB:O&M volume certification has enabled us to expand and standardize sustainable best practices across our U.S. office portfolio and improve operational performance cost-effectively. The LEED EB:O&M volume program encompasses procedures, policies, and processes that are implemented portfolio-wide in a scalable manner. The program also includes training and education, energy audits, technical testing/analysis and strategic retrofits.

In 2010, we were successful in the simultaneous certification of 28 buildings through the LEED EB:O&M volume program, including six Gold, 17 Silver, and five Certified.

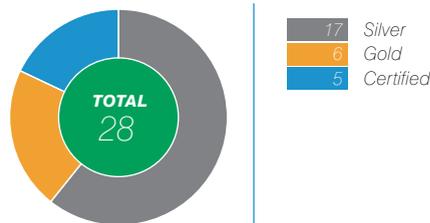
Our LEED EB: O&M certified buildings represent approximately 5.9 million sqft of Class A office space in nine U.S. markets and more than \$1.2 billion in assets under management. We are the first U.S. investment advisor and the largest single owner, on behalf of our client MEPT, to participate in the program.

In addition, we expect to receive final certification of an additional 17 office buildings during the first half of 2011, representing almost 2.3 million sqft and \$400 million in value.

Key LEED EB:O&M performance highlights from the first group of 28 certified buildings include:

- Average ENERGY STAR score of 85, or 35% greater energy efficiency than the national U.S. average.
- \$974,500 in estimated landlord and tenant energy savings*.
- A 37% reduction in water use, resulting in 13.4 million gallons saved annually and more than \$100,000 in operational cost savings.
- Purchase of 18.4 million kWh hours of Green-e Certified renewable energy credits.

LEED EB:O&M Volume Program 2010



* This is an estimated value based on total kWh of actual, normalized reduction in use from start to finish of the certification from ENERGY STAR Portfolio Manager and pricing from DOE.

Performance Data

In 2010, our Canadian portfolio had net growth of just under 3% measured by square footage, while our U.S. portfolio grew by over 5%, with new developments that came online. The performance data is adjusted to reflect the portion of the year for which these new assets used resources and

generated emissions. The data reflect the office, retail, medical, and multi-residential assets in the portfolio for which we have high-quality data. Our analysis has shown that these properties represent more than 90% of the energy consumption and GHG emissions for our managed portfolio.

Total Area Change (sqft) Over 2009	Canada	U.S.
2009 Square Footage	32,762,483	19,537,067
Net Developments / Demolitions	961,031	1,015,166
2010 Square Footage	33,723,514	20,552,233
Growth	2.9%	5.2%

GHG emissions are calculated using a client-level financial control approach, in accordance with the World Resources Institute/World Business Council for Sustainable Development GHG Protocol. All data are reported in an aggregate format to respect the privacy of our clients.

occupant density, or weather. GHG emissions are calculated based on actual consumed energy, as derived from utility billing information, and using the most recent emissions factors by province and state, as published by Natural Resources Canada and the Environmental Protection Agency.

Some adjustments have been made to the 2009 data to ensure comparability with 2010 data. Data have been adjusted for property acquisitions and dispositions, and to use consistent emission factors for the GHG emissions. However, no adjustments have been made to reflect vacancy,

While there has been a reduction in GHG emissions over the previous year despite growth in the portfolio, we note that a milder winter in 2010 played a significant role, coupled with our initiatives and efforts in energy efficiency and excellence in building management practices.

Total Annual Greenhouse Gas Emissions* (tCO₂e)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Natural Gas	63,464	58,022	-8.6	11,420	10,866	-4.9
Oil	887	807	-9.1			
Direct	64,352	58,828	-8.6	11,420	10,866	-4.9
Electricity*	161,582	158,105	-2.2	143,373	144,484	0.8
Steam	1,965	1,693	-13.8	34	14	-59.1
Chilled Water	167	202	20.8	379	320	-15.6
Indirect	163,714	160,001	-2.3	143,786	144,818	0.7
Total	228,066	218,829	-4.1	155,206	155,683	0.3

* Many properties also purchase renewable energy credits, which are not reflected. We are updating our systems to be able to better reflect this information in the future.

Total Annual Energy Consumption (ekWh)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Natural Gas	344,922,791	320,049,911	-7.2	61,128,226	58,163,901	-4.8
Oil	3,477,397	3,161,612	-9.1			
Direct	348,400,187	323,211,523	-7.2	61,128,226	58,163,901	-4.8
Electricity	635,583,957	632,288,620	-0.5	301,532,683	302,422,261	0.3
Steam	8,217,228	7,072,475	-13.9	148,611	60,740	-59.1
Chilled Water	829,115	1,001,367	20.8	275,796	232,889	-15.6
Indirect	644,630,488	640,362,462	-0.7	301,957,090	302,715,890	0.3
Total	993,030,488	963,573,985	-3.0	363,085,316	360,879,791	-0.6

Total Annual Water Consumption* (m³)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Total Consumption	3,044,730	3,031,213	-0.4	1,692,853	1,649,980	-2.5

* Note: All water consumption is from regionally based water authorities. Water used through rain/grey water capture systems is not included.

Energy consumption dropped by 3% in the Canadian portfolio and 0.6% in the U.S. portfolio, even as both portfolios grew in size.

Total Annual Waste by Material (kg)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Waste to Landfill	15,301,288	14,399,078	-5.9	10,822,916	10,728,629	-0.9
Waste to Energy	1,374,654	1,076,159	-21.7			
Recycling	8,211,826	8,065,016	-1.8	3,909,719	4,051,285	3.6
Organics Diversion	692,075	865,006	25.0	494,125	390,688	-20.9
Wood	208,483	205,453	-1.5			
Metal/Steel	106,416	66,271	-37.7	3,752	191	
Other Recycled	510,937	340,591	-33.3	7,765	7,167	
Total Waste Stream	26,405,679	25,017,573	-5.3	15,238,276	15,177,959	-0.4



Renewable energy reduces carbon emissions and pollutants, which is why Bentall Kennedy evaluates, promotes, and where feasible, deploys renewable energy within our real estate portfolio. We seek specific opportunities where government or utility incentives are available to ensure both financial and environmental goals can be met.

Hits

Several renewable energy projects and programs have been adopted using various approaches.

On-site renewables in multi-family developments. We have installed renewable energy at



*The Octagon Park, New York, NY
Owner: Multi-Employer Property Trust.*

- LEED Silver rating.
- One of the largest residential solar arrays in New York - 50-kilowatt (kW) installation (approximately enough power for seven families of four).
- 400 kW fuel cell provides enough electricity for the building load and heat to supplement hot water heating. Installation in 2010, coming online in 2011.
- With the incentives available, and an estimated \$225,000 in annual utility savings, a 4.5-year payback is expected.

two multi-family developments. These are the first and only apartment buildings to be powered by a fuel cell globally. The phosphoric acid fuel cells are virtually emission-free and produce efficient on-site power.



*360 State Street, New Haven, CT
Owner: Multi-Employer Property Trust.*

- LEED Platinum rating.
- 400 kW fuel cell provides all common-area and retail-space electricity (65 per cent of capacity), with the remaining 35 per cent being sold to the local utility, which, in turn, resells to the building's residents.
- 90% of all waste heat is used for domestic hot water and space heating.
- The payback is anticipated to be five years with incentives, and an estimated \$300,000 of annual savings and additional revenue generated from the sale of fuel cell power.

Solar roof leases in Southern California. We have successfully executed two solar roof leases with Southern California Edison (SCE), the electricity provider to the greater Los Angeles area. SCE's mandate is to install 250 megawatts



(MW) of solar power capacity on 150 commercial buildings in Southern California. Renewable energy generated by the arrays is sold into the grid by SCE.

Centrepointe Chino II, Chino, CA
Owner: Multi-Employer Property Trust.

- Lease executed in 2009.
- 1MW of power on 234,000 sqft of industrial roof space, operational in 2010.

Haven Gateway, Ontario, CA
Owner: Multi-Employer Property Trust.

- Lease executed in 2010.
- Solar array slated to be operational in 2011 will generate an estimated 1.5 MW of power.

Misses

In some cases, our experience has been that development of renewable energy generation is not feasible due to constraints beyond financial feasibility.

Feed-in-Tariffs in Ontario. The Feed-in-Tariff (FIT) program, funded by the Ontario Power Authority (OPA), provides incentives for renewable energy and requires all contracts to have a 20-year contract term. After completing a comprehensive risk analysis, we concluded that the best potential approach to pursue rooftop solar installations was to lease the roof space to a solar company that would manage the solar array and contract directly with the OPA.

We then completed an evaluation of our Ontario portfolio to determine the viability of a solar array installation per building. We began by looking at the size and age of the roof. Large roofs were preferable to maximize the incentives available. We considered roofs less than five years old and ones that needed replacement, so that the roofs were likely to outlast the life of the required 20-year contract. After evaluating close to 200 of our clients' industrial properties, less than one-third met the

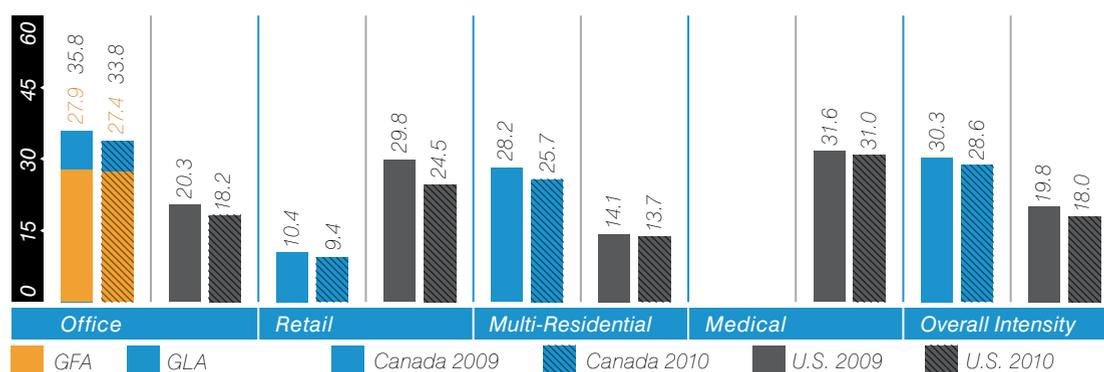
building size and age of roof criteria. The next level of screening considered the structural capacity of the building. Typically a solar array requires five to seven pounds per square foot of capacity. Of the original group of buildings reviewed, less than 15% had potential as a site for a solar array.

Presentations were made to our clients for consideration, along with a report on the risks and opportunities. The outcome: a fairly minimal revenue stream was not sufficient to overcome the risks, which included the potential for uneven wear and tear of the roof due to differences in sun and shade from the solar panels and the limited future flexibility for tenant and operational rooftop requirements over a 20-year contract term.

While on-site renewable energy remains cost-prohibitive in most markets without government incentives, we expect to see opportunities for the use and generation of renewable energy in the future, as the cost of renewable technology and infrastructure continues to fall, and the price of non-renewable energy continues to rise.

Showing the intensity of resource use allows us to compare between properties and asset types. Annual consumption or emissions are divided by the square footage of a building.

Energy Intensity by Asset Type (ekWh/sqft/yr)



	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office (GLA)	35.8	33.8	-5.7	20.3	18.2	-10.3
Office (GFA)	27.9	27.4	-1.8			
Retail	10.4	9.4	-10.4	29.8	24.5	-17.9
Multi-Residential	28.2	25.7	-8.8	14.1	13.7	-3.2
Medical				31.6	31.0	-2.0
Overall Intensity	30.3	28.6	-5.7	19.8	18.0	-8.8

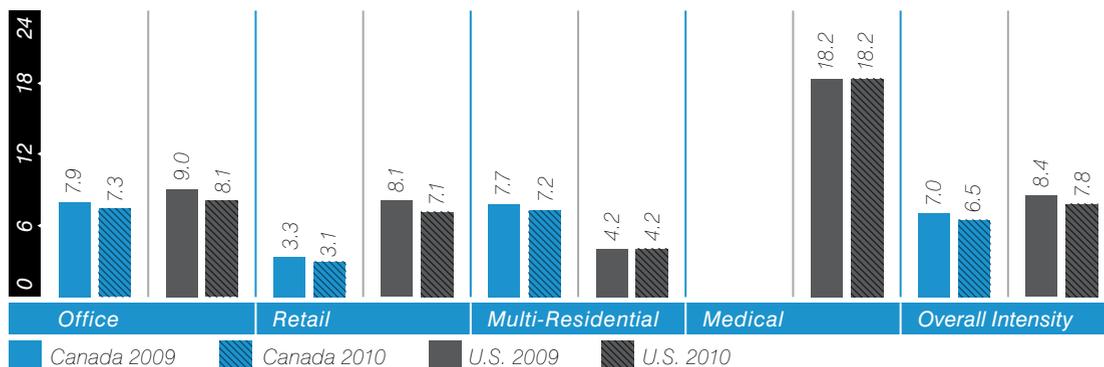
All values are unadjusted for vacancy, occupant density and weather. GLA – Gross Leasable Area is a smaller area and does not reflect the entire building. GFA – Gross Floor Area includes the whole floor area of the building. The energy intensity values shown here reflect the 84% of the Canadian office buildings for which a GFA value is available.

Why the difference between the Canadian and U.S. portfolio energy intensity values?

Available benchmarks indicate that our portfolio is in line with or better than the industry. In Canada, the Real Property Association of Canada (REALpac) completed a benchmarking survey of office properties using 2009 data. It indicates an average normalized energy intensity of 28.7 ekWh/sqft/yr, based on GFA. The REALpac data set is normalized for weather, occupancy and intensive tenant

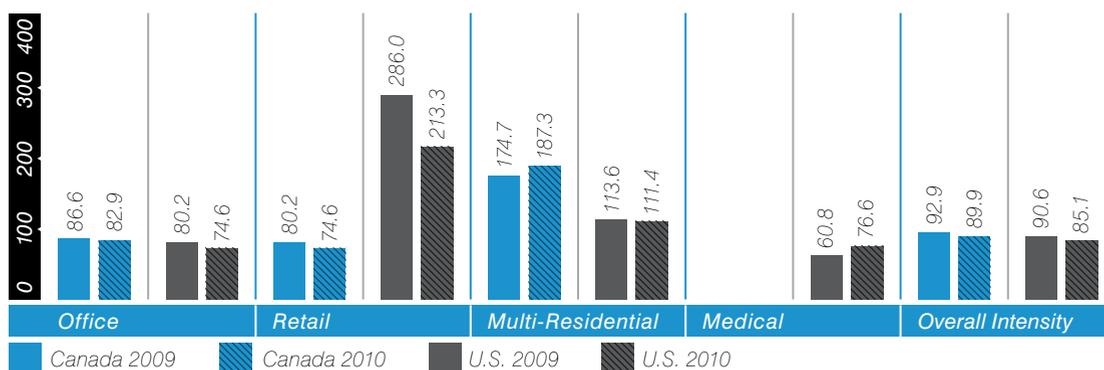
loads, while our data shown here are not normalized. The office buildings in our portfolio that were part of the REALpac data set had an average normalized energy intensity of 28.0 ekWh/sqft/yr. BOMA Canada's data set in the *BOMA BEST Energy and Environmental Report 2010* shows the average non-normalized energy intensity of BOMA BEST certified office buildings as 31.9 ekWh/sqft/yr. The average energy intensity of commercial buildings according to Natural Resources Canada is 36.7 ekWh/sqft/yr, based on the *2007 Commercial and Institutional Consumption of Energy Survey*.

GHG Intensity by Asset Type (tCO₂e/1000sqft/yr)



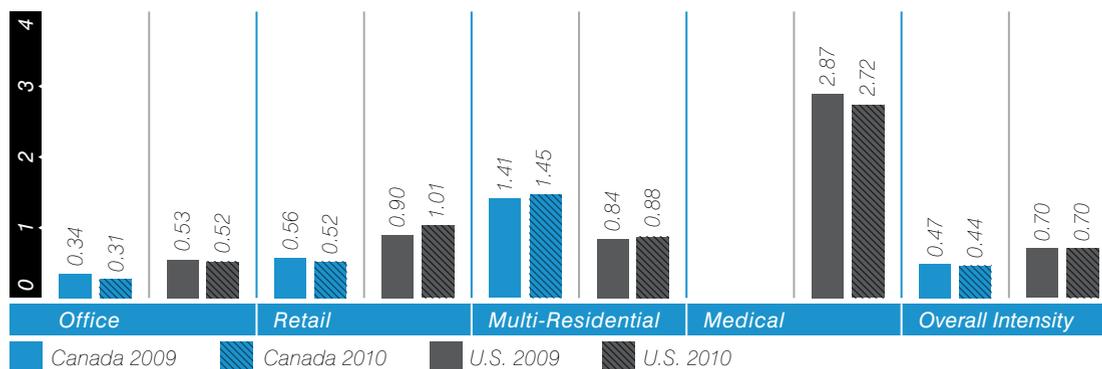
	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office	7.9	7.3	-7.3	9.0	8.1	-10.1
Retail	3.3	3.1	-6.4	8.1	7.1	-13.1
Multi-Residential	7.7	7.2	-6.7	4.2	4.2	-1.6
Medical				18.2	18.2	0.4
Overall Intensity	7.0	6.5	-7.1	8.4	7.8	-8.0

Water Intensity by Asset Type (L/sqft/yr)



	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office	86.6	82.9	-4.2	80.2	74.6	-6.9
Retail	80.2	74.6	-7.0	286.0	213.3	-25.4
Multi-Residential	174.7	187.3	7.2	113.6	111.4	-1.9
Medical				60.8	76.6	25.9
Overall Intensity	92.9	89.9	-3.3	90.6	85.1	-6.1

Waste Intensity by Asset Type (kg/sqft/yr)



	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office	0.34	0.31	-9.4	0.53	0.52	-2.3
Retail	0.56	0.52	-6.8	0.90	1.01	11.5
Multi-Residential	1.41	1.45	2.7	0.84	0.88	5.2
Medical				2.87	2.72	-5.4
Overall Intensity	0.47	0.44	-5.9	0.70	0.70	-0.9

The waste management performance for the portfolio has improved slightly in Canada and dropped slightly in the U.S. Challenges in the waste industry include the variability between regions in availability of diversion options and facilities, and that waste haulers are not always able to provide the weight of materials collected. We are working

with our suppliers to improve upon this situation, and to expand our best practices across North America. We have continued to expand our waste data tracking since we began monitoring in 2007. The integrity of data is continually improving, so we can monitor and measure our progress and the impact of our best practices.

Waste Diversion Rates (%)

	Canada 2009	Canada 2010	U.S. 2009	U.S. 2010
Office	50	51	26	26
Retail	43	44	66	58
Multi-Residential	10	12	36	36
Medical			13	17
Overall Rate	42	42	29	29

Figures in the preceding tables may not sum due to rounding.



CASE STUDY

REDUCING WASTE FROM ROOFING PROJECTS

100 Colonnade Road, Ottawa, ON Owner: British Columbia Investment Management Corporation.
8005-8045 Dixie Road, Mississauga, ON Owner: Concert Properties.
250 Chrysler Drive, Brampton, ON Owner: Westpen Properties Ltd.

Replacing and fixing roofs is common practice as they approach the end of their useful life. Recognizing that roof replacement can generate a lot of waste material, we began to look for ways to reduce the waste sent to landfill many years ago. Since 2006, we have been specifying a unique method, wherever feasible, reducing waste and costs while still maintaining a quality re-roofing program.

Working with our roofing contractors, we identified that a roof membrane could be peeled away from the insulation, preserving the insulation for continued use.

In 2010, we were able to preserve insulation in more than 60% of the roofing projects in Ontario. These include projects at 8005-8045 Dixie Road and 250 Chrysler Drive, and along with two other projects, this added up to 161,000 sqft, with a savings of \$167,000, and preventing some 515 m³ of waste weighing more than 73 tonnes from going to landfill.

From 2006 through 2009, we replaced 435,000 sqft of roof utilizing this application. Cost savings of \$445,000 were realized, and 1,400 m³ of material weighing more than 197,000 tonnes was

diverted from landfill. That's the equivalent of six tractor trailers full of waste!

Several factors are considered to determine if peeling the membrane is the right approach when re-roofing, such as the absence of a vapour barrier, the existing type of insulation and the insulating value.

At 100 Colonnade Road in Ottawa it was initially deemed that the extruded polystyrene insulation would not allow for the membrane of this 55,000 sqft roof to be peeled. Through intensive co-operation between Bentall Kennedy and the contractor, a unique and innovative method of separating the interplies of the built-up roof system from the base layer felts was devised.

The results were that the insulation was salvaged, a watertight assembly was maintained during re-roofing, 35,400 kg of material were prevented from going to landfill, and there was a cost savings of \$200,000. Because 100 Colonnade is a single-storey office building, the added benefit of a less intensive roof replacement was that it minimized disturbance to the tenants, so the work could be completed during standard working hours, thus saving on labour costs.





CASE STUDY

SUCCEEDING IN RETAIL WASTE DIVERSION

Pacific Place, Seattle, WA Owner: Multi-Employer Property Trust.

Capilano Mall, North Vancouver, BC Owner: British Columbia Investment Management Corporation.

Diverting waste materials from landfill can be complicated and challenging because of the education and behavioural changes needed. This is particularly true at shopping centres, where property staff, many retail tenants and, of course, a host of shoppers must work together for a program to succeed.

Pacific Place, Seattle. This 320,000 sqft upscale shopping centre is located in Seattle's central business district. A unique partnership was created with two regional recycling companies in a comprehensive waste management program called Erasing Waste at Pacific Place. The program has three components: shopper awareness, tenant and employee training, and installation of recycling containers.



2008, almost 2,300 tons of waste has been diverted from local landfills, further reducing Pacific Place's carbon footprint.

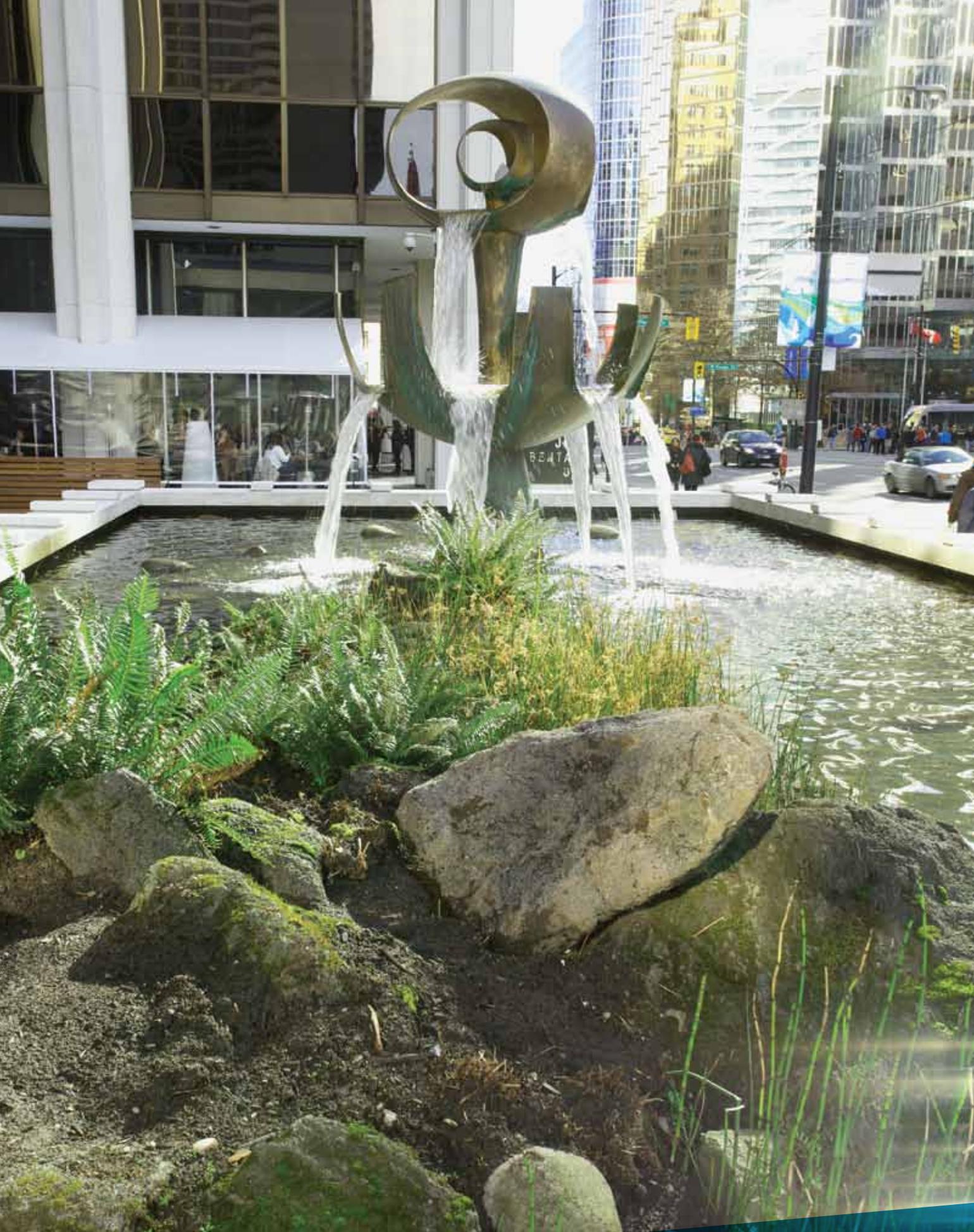
Capilano Mall, North Vancouver. This retail mall includes approximately 423,000 sqft of space. After reviewing the mall's waste stream, our management team chose a targeted approach to waste diversion and developed a program to divert organic waste from food court tenants' waste stream. All of the food court tenants were keen to participate.

Since the organics program was implemented in August 2010, the waste diversion rate has been steadily increasing, and averaged 56% since implementation, up from 47% earlier in the year.



To make recycling easier for shoppers and tenants, recyclable material is collected in public areas and stores, and organic material is collected at restaurants and coffee service areas within the mall. In 2010, the program achieved an average waste diversion rate of 58%, diverting more than 340 tons of recycling and 288 tons of food waste from landfill. Since the program's inception in

The environmental benefits far outweigh the marginally higher costs of organics diversion and the management and tenants are very pleased with the results of the program. In fact, the efforts at Capilano Mall have inspired one of the tenants, a grocery store, to implement a similar program across its chain of more than 30 stores in British Columbia. We also anticipate building on these successes in the future.



Bentall Centre, Vancouver, BC.
Owner: SITQ and Great West Life Assurance Company.

Exhibit 26



Bentall
Kennedy

PRIVATE AND CONFIDENTIAL

Environmental Social Governance Leadership

Recent News...September 1, 2011

Global Real Estate Sustainability Benchmark (GRESB)

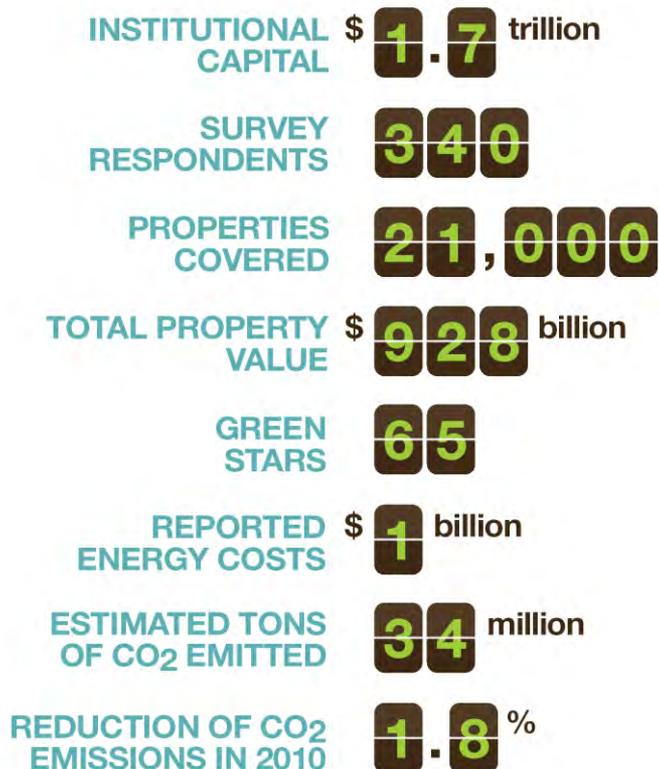


- The GRESB is an initiative of the world's largest institutional investors with the goal of increasing transparency in environmental and social practices in the property sector.
- The 2011 report is based on a survey of 340 of the world's largest property funds. The survey captures over 50 science-based data points that gather information on sustainable management practices, implementation and measurement of energy consumption, water consumption, waste collection, recycling, CO₂ emissions, and on employee training programs and remuneration policies.
- **Bentall Kennedy** was recognized as the highest-ranking fund manager in the Americas.
- **Bentall Kennedy** was ranked #5 on the GRESB's "Global Top Ten" list.

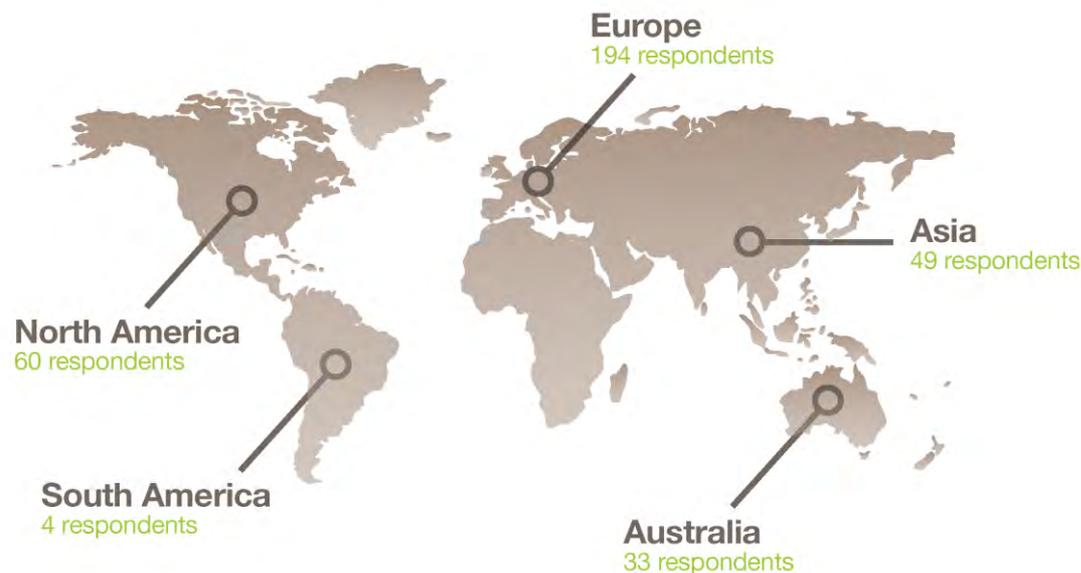


Global Real Estate Sustainability Benchmark Survey 2011

KEY FIGURES



RESPONDENTS PER REGION



Top-5 Private Funds

Fund	Fund Manager	Score	MP*	IM*
1. Multi-Employer Property Trust	Bentall Kennedy Group	83	95	78
2. Bentall Kennedy Group - North America	Bentall Kennedy Group	83	97	77
3. Oxford Properties Group	OMERS	78	90	73
4. -	Principal Real Estate Investors	75	86	70
5. USAA Commingled Portfolio	USAA Real Estate Company	61	65	60
Regional Average		34	44	29

*MP: Management & Policy

*IM: Implementation & Measurement



The GRESB Model of Environmental Performance

Bentall Kennedy Group - North America

Overall score **83** %

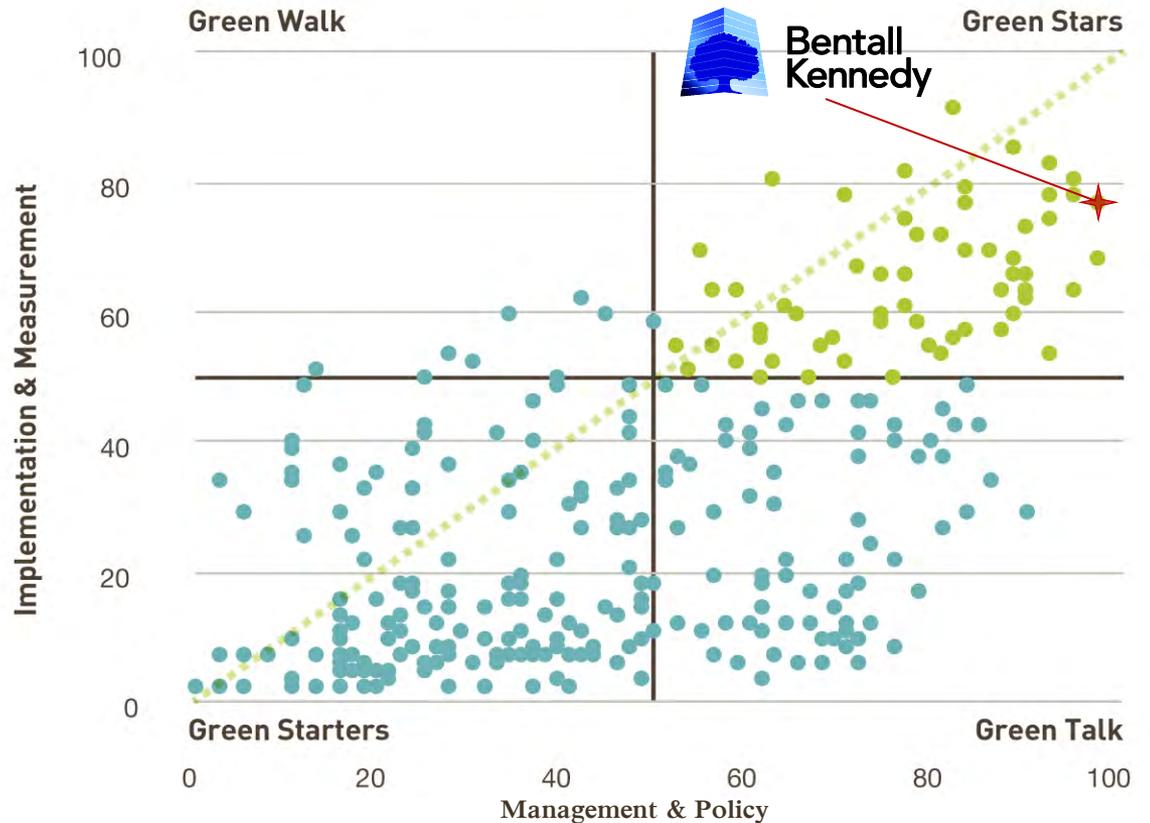


Green Star

Per sustainability dimension:

1. Management Your score 88% (Region 41%)
2. Policy & Disclosure Your score 100% (Region 38%)
3. Strategy & Analysis Your score 100% (Region 50%)
4. Social Factors Your score 95% (Region 28%)
5. Monitoring & Environmental Your score 64% (Region 30%)
6. Performance Indicators Your score 75% (Region 27%)
7. Certification Your score 77% (Region 33%)
8. New Development Your score 81% (Region 23%)

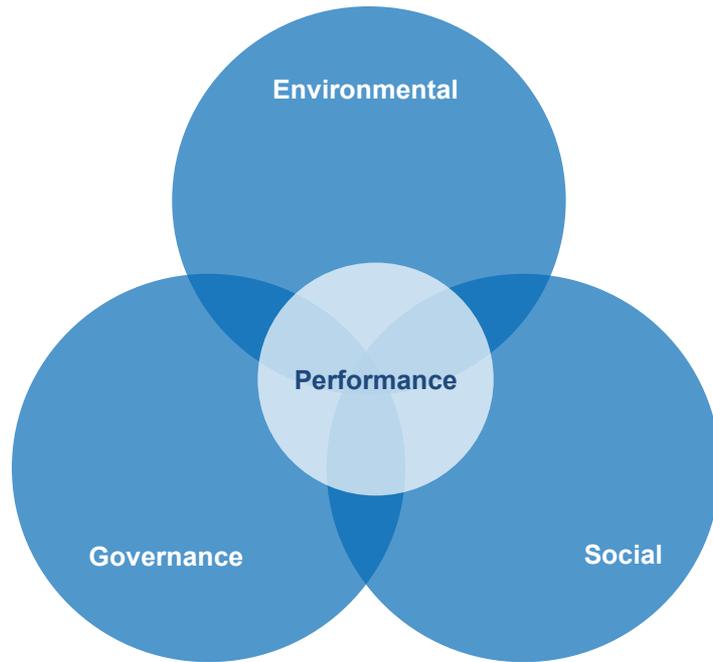
GRESB Four-Quadrant Model



Bentall
Kennedy

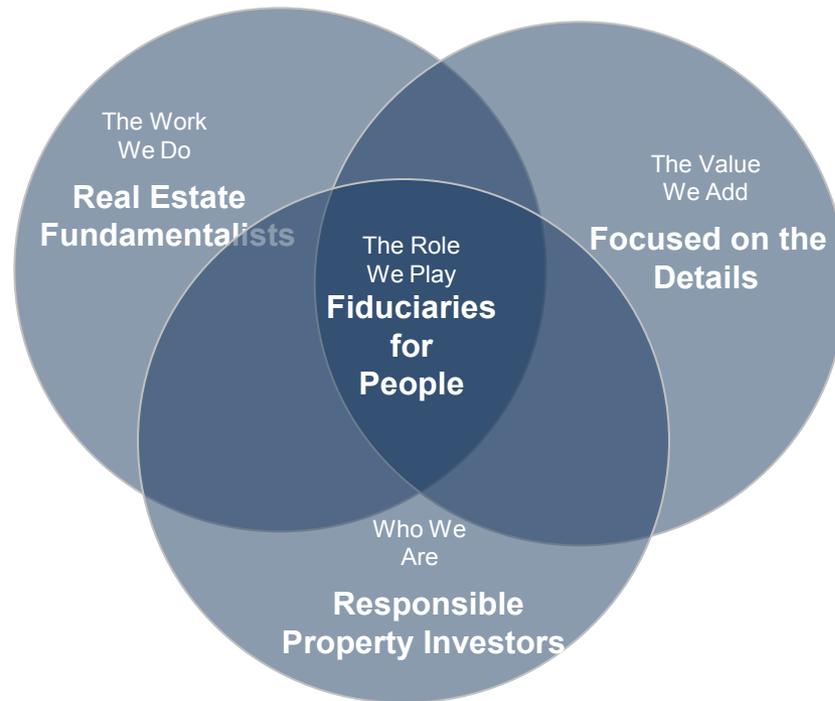
1911-2011
100

Financial Impact of Best-In-Class ESG



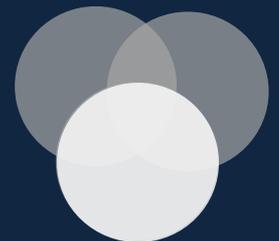
- Attracts and retains quality tenants
- Improves efficiency and reduces operating costs
- Forestalls obsolescence – mitigating risk
 - Including regulatory risk
- Tangible financial performance improvement
- Results in higher values

Bentall Kennedy: Responsible Property Investing

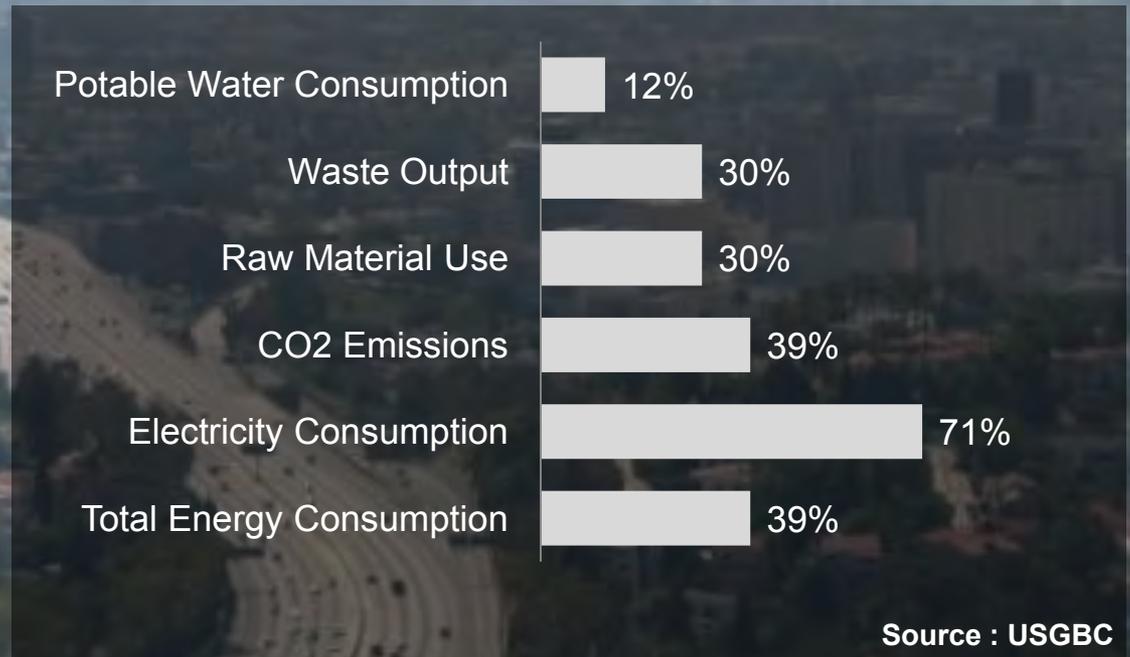
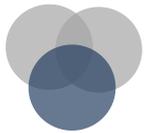


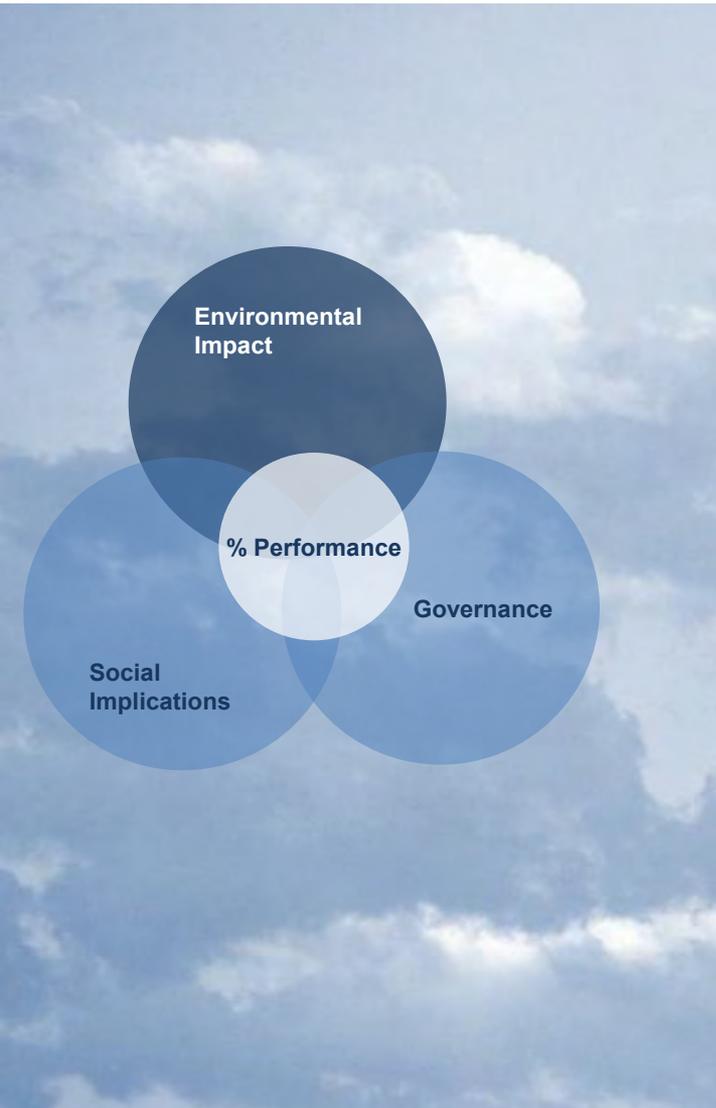
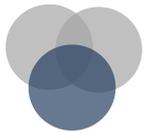


Responsible Property Investors



Real Estate's Role and Impact





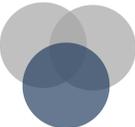
Externally

- \$3B in LEED projects
- 2009 and 2010 ENERGY STAR Partner of the Year
- 20101 ENERGY STAR Sustained Excellence Award
- USGBC / EBOM pilot program – 45 Certified Buildings
- 2008 ULI Sustainable Cities Award Recipient
- Renewable Energy (EPA Green Power Partner)

Internally

- Neutralized Firm's carbon footprint
- Corporate HQ pursuing LEED Gold
- 50% of professionals are LEED accredited
- Employees planted over 1,600 trees

Kennedy's RPI Advantage | National Leader





ENERGY STAR Benchmarking

- Monthly benchmarking of > 23 million sf (office/industrial)
- \$1.6B+ in ENERGY STAR labels for exemplary performance
- 5.4% reduction in 2010 energy use

LEED Existing Buildings Operations & Maintenance

- Sustainable operating policies and procedures
- 45 Class A office buildings > 8 million sf and \$1.7B+ in value

McKinstry Sustainability Pilot Program

- 9 buildings (office, multi-family and retail)
- Cost-effective energy, water, waste and CO2 reduction
- Key performance indicators/baselines/measurement/retrofits

Renewable Energy



Solar Roof Lease

- 254,000 sf lease of unused space
- 1 megawatt project
- Responsible Contractors

Residential Solar Project

- 50 kW Photovoltaic (PV) array
- Largest PV array in Manhattan
- \$700,000 in tax credits

Cabrillo Solar Demonstration Project

- Partnership with tenant and IBEW
- Worker training and education
- Provides portion of tenant load



PRI Reporting and Assessment survey 2011 Full Responses

Your organisation:

Bentall Kennedy

Organisational overview

This section determines which questions in the survey are relevant to your organisation. Your organisation's characteristics also play a role in determining your peer group for benchmarking. Therefore, please ensure you provide accurate answers.

You will be provided with an *Other* category in some questions, but please only use this option if the alternatives listed do not represent you in any way, as this may prevent you from having results comparable with peers.

You will not be able to continue the online survey until you have completed fully both this section and the 'Governance, policy and strategy' section. However, you can prepare your answers for the following sections by reviewing the full list of questions and explanatory notes on the [PRI extranet](#).

This section may require you to collect information from multiple sources. We strongly recommend you begin collecting this information as soon as possible and before commencing the survey.

This section of the survey is not scored.

Q 2 What category best describes your organisation?

Please select **one category** which best represents your **primary activity**.

Investment managers (IMs)

Primarily invest directly in companies and other asset classes, not via third party funds

Q 4 As an investment manager, which category best describes the products and services your organisation provide(s)?

Please select one: Mainstream investment manager

Q 5 Which client category represents the highest proportion of your assets under management?

Please select one: Institutional investors

Q 6 Please indicate the number of staff your organisation employs and select the level of complexity that best describes your organisation?

Approximate number of staff: 1400

Level of complexity of organisation: Moderately complex

Q 7 What were your organisation's total assets under management as of 31 December 2010, including the assets of all your consolidated subsidiaries?

	billions	millions	thousands	units
Total AUM:	23	000	000	000
Currency:	U.S. Dollar (USD)			

Date of assets under management figure

	year	month	day
Date:	2010	December	31

The amount you indicated above is roughly equal to the amount calculated below in United States Dollars. Please confirm that this figure is approximately correct before proceeding. Exchange rates are from the International Monetary Fund.

Source: [IMF Exchange Rate archive, December 2010](#)

	billions	millions	thousands	units
Total AUM in USD:	23	000	000	000

Q 8 Please provide an approximation of your average asset mix for 2010 or your most recent count, in %.

(For asset classes you hold in insignificant amounts you may choose not to list them and will not be asked related questions. +/- 5% is sufficient; the sum of all the fields must be 100 %)

Asset class	Internal active	Internal passive	External active	External passive
Listed equity (developed markets)	%	%	%	%
Listed equity (emerging markets)	%	%	%	%
Fixed income - sovereign and other non-corporate issuers	%	%	%	%
Fixed income - corporate issuers	%	%	%	%
Private equity	%	%	%	%
Listed real estate or property	%	%	%	%
Non-listed real estate or property	100 %		%	%
Hedge funds	%	%	%	%
Commodities	%	%	%	%
Infrastructure	%	%	%	%
Cash	%	%	%	%
Other - please specify:	%	%	%	%

Please contact the PRI Secretariat at assessment@unpri.org before indicating that more than 10% of your assets fall into the 'Other' category. A response of 'Other' may render the benchmarking results less useful for you and your peers.

If you manage balanced or multi-asset class products with listed equity, fixed income and potentially other asset classes, the relative assets in these funds need to be separated out into the different asset classes.

Total (must add up to 100%): 100 %

Governance, policy and strategy

This section is focused on the governance, policies and strategies guiding your organisation's approach to responsible investment (RI). 'Policy' in this section may refer to one overall RI policy or multiple policies that address various elements of RI or ESG issues. Some questions in this section are scored, while other questions are not scored but do determine the applicability of subsequent questions.

Please make sure you provide accurate answers. You will not be able to enter this section unless you have completed the "Organisational overview" section. **You will not be able to continue the survey until you have finalised this section.** However, if you wish to begin preparing your answers for the following sections, you may do so by reviewing the full list of questions and explanatory notes in the manual provided on the [PRI extranet](#). This section will be scored separately from the six Principles.

Q 11 Please provide a description of how your governance, policies and strategies address RI and ESG issues.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

As an investment advisor for British Columbia Investment Management Corporation, SITQ, the Multi-Employer Property Trust, public and private employee pension plans (some of whom are Principles for Responsible Investment ["PRI"] signatories), foundations, endowments, and sovereign wealth funds, Bentall Kennedy has an unyielding commitment to fiduciary principles. Bentall Kennedy's governance structure along with carefully crafted policies, plans and procedures, are utilized to meet the PRI and address RI and ESG issues. To ensure good governance, Bentall Kennedy has created strategies to ensure that its acquisition and ongoing asset management activities create value, while appropriately managing and mitigating risk. Further, Bentall Kennedy ensures that each investment is evaluated against RPI metrics and specific Responsible Property Investing ("RPI") metrics are detailed in each client Investment Brief and RPI section within each asset's Annual Business Plan.

In terms of governance structure, Bentall Kennedy is managed by an independent Board of Directors with an independent Board Chair. There is highly-experienced representation from outside of the company to ensure adequate oversight. Bentall Kennedy's Executive and Investment Committees also provide additional checks and balances for investment and ongoing operations decision making, which includes RI and ESG initiatives. Bentall Kennedy has instituted various portfolio-wide policies that direct the investment decisions on behalf of its clients. For instance, each potential real estate investment is evaluated against key ESG metrics and incorporated in assessments for client approval, in addition to financial return and other investment considerations. Additionally, Bentall Kennedy has implemented portfolio-wide policies that govern the construction of its buildings in both Environmental and Social categories such as Bentall Kennedy's LEED Silver development practices and required use of Responsible Contractors who pay fair living wages, provide safe working conditions, and afford appropriated benefits. In terms of ongoing property operations, Bentall Kennedy has implemented sustainable property operations and maintenance policies, plans and practices to meet Environmental goals covering energy, water, waste, purchasing, and green cleaning among others; and Social goals to ensure we minimize the impact our buildings have on the surrounding communities. These practices are used to provide consistency in property operations both in Canada, where property management is vertically integrated into our business model, and in the US where Bentall Kennedy uses multiple third-party property management providers.

Q 12 Do you have a policy or a set of policies that make specific reference to responsible investment, and if so, do they cover environmental, social, and governance issues?

Please select "Yes" or "No": Yes

If "Yes", which issue(s) does it cover? Environmental
Social
Governance

Q 13 For the following asset classes, to what extent has your policy or approach to responsible investment been incorporated into internal management processes (e.g. business planning, strategic planning, or similar)?

Extent that your approach has been incorporated into internal management processes

Please select:

Asset class

"Large", "Moderate", "Small" or "Not at all"

Non-listed real estate or property

Large

Q 14 Within your organisation:

- **What roles are present?**
- **Who has a clear responsibility related to responsible investment implementation? and**
- **Are there incentives and/or training on RI/ESG issues?**

	Roles present in your organisation	Responsibilities on RI/ESG	Incentives	Training
	Please check all that apply		Please choose among "Yes, for all", "Yes, for some" or "No"	
Board of trustees or board of directors and their committees	Yes	Yes	N/A	No
Chief Executive Officer or Chief Investment Officer or equivalent	Yes	Yes	Yes, for some	No
Other senior management	Yes	Yes	Yes, for some	Yes, for some
Portfolio managers	Yes	Yes	Yes, for some	Yes, for some
Analysts	Yes	Yes	Yes, for some	Yes, for some
Researchers	Yes	Yes	No	Yes, for some
RI or ESG specialist	Yes	Yes	Yes, for all	Yes, for all
Other - please specify: Asset Managers and Property Managers	Yes	Yes	Yes, for all	Yes, for all

Q 15 Select any of the following RI, ESG and/or SRI approaches that you or your external investment managers currently apply in the investment decision making process.

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

Please select all those that are relevant
(columns are visible based on your answer
to Q8 on asset classes breakdown)

Internally managed Externally managed

Exclusion based on ethical criteria

Screening as a way to avoid the potential negative publicity surrounding the companies/sectors in question as it may adversely reflect on you or your manager's brand/license to operate



Screening based on a belief that exclusion or inclusion of certain investments from your investment universe can have a material effect on portfolio performance



ESG analysis within individual investment decisions, possibly including these factors into valuation and investment performance models



Themed investing

None of the above (this reply excludes any of the above)

Q 17 Please select any of the following active ownership activities that you, your external service providers or your external investment managers have undertaken in 2010 on behalf of your organisation?

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

You may select any approach you or your external managers, service providers or partner entities adopt on your behalf

Ownership and engagement activities focused on ESG issues related to investments in the following asset classes: Listed equities which permit a significant control, sovereign and other non-corporate fixed income, private equity, non listed real estate/property, hedge funds, infrastructure, or other.



None of the above (this reply excludes any of the above).

Q 18 Please add any overall comments and clarifications related to governance, policy and strategy here.

Please see the Bentall Kennedy response to question 11.

Principle 1 - We will incorporate ESG issues into investment analysis and decision-making processes.

This section focuses on the integration of ESG considerations into the investment process. The questions are split into three sections. Only questions relevant to your organisation will be displayed, based on your responses to Q 8 (your investment management structure and asset class breakdown).

The three sections are:

- I. Internally and actively managed investments;
- II. Externally and actively managed investments; and
- III. Passively (both internally and externally) managed investments.

Some questions in this section are scored. Any question that is scored, but is not relevant to your organisation, based on your investment management structure and asset class breakdown or other responses, will not affect your overall score for Principle 1.

You do not need to complete Principle 1 questions before completing questions for other Principles. While completing this section you are free to navigate to any of the other sections of the survey without losing answers already completed.

Definitions

Please note that this section of the survey focuses on investment decision-making processes and how ESG issues are integrated in these processes. It does not address the integration of ESG issues in other parts of your organisation and/or activities, such as the running of offices (e.g. how you manage your own organisation's waste) or your organisation's collaboration with other investors on ESG issues.

ESG Integration, as addressed in this section of the survey, relates to the consideration of ESG issues alongside traditional financial measures, based on the belief that ESG issues can affect the performance (risk and/or return) of investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time).

Integration is considered to be:

- screening based on the belief that exclusion or inclusion of certain investments in the investable universe can effect materially on the portfolio's financial performance; and/or
- ESG analysis within individual investment decisions based on the belief that such analysis can effect materially on the investment's financial performance.

Please note the view that ESG issues can influence investment returns based either on:

1. The premise that performance on these issues will eventually be reflected in financial and operational outcomes and that externalised costs in the future will be priced and have an impact on revenue growth, margins, etc.; or,
2. The premise that the way in which the market rates or prices the stock will be affected even in the absence of an impact on financial or operational performance.

Exclusion of stocks or sectors from portfolios or down-weighting them based on the possibility that an association with the stocks may adversely affect the owners profile or brand amongst stakeholders is **not** regarded as integration. Also, exclusion based on ethical considerations of sectors is not considered ESG integration. However, screening based on norms that are believed to be material in the investment process are included in the above definition of integration.

Q 19 Please provide a description of your organisation's approach to this Principle. For example, how do your organisation's investment analysis and decision-making processes incorporate ESG issues?

If your assets are managed both internally and externally, please describe how you address this in both portions of your assets. In addition, please describe any activities you may be doing to integrate ESG issues into the management of those investments that passively track indices (if you use this approach).

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Bentall Kennedy's open, visible, and consistent commitment to RPI is evident throughout its real estate investment strategy as a signatory to the PRI. Bentall Kennedy has developed a portfolio-wide Sustainable Policy to guide its business operations covering acquisitions of existing buildings, new development; and ongoing property operations across various ESG categories. The Sustainable Policy is regularly reviewed and approved by Bentall Kennedy's Chief Executive. Other ESG tools used to screen potential investments against ESG considerations are reviewed by relevant Bentall Kennedy senior management.

Additionally, ongoing asset acquisition underwriting includes consideration of appropriate environmental and social metrics through use of Bentall Kennedy's RPI acquisitions checklist for new development as well as the acquisition of existing buildings. Client investment presentations discuss RPI metrics and incorporate sustainable building design and construction and site features like transit-oriented development, energy and water efficiency, waste diversion, and high performance property operations. Bentall Kennedy utilizes the Leadership in Energy and Environmental Design ("LEED") rating system developed and overseen by the United States / Canadian Green Building Councils to aid in achieving its ESG priorities when developing new buildings and increasing the sustainability of existing buildings. Finally, Bentall Kennedy considers the energy efficiency and sustainability of each asset when evaluating potential asset dispositions, in addition to core financial, hold, and market considerations.

For operating real estate assets, Annual Business Plans highlight operations, initiatives, and activities that further energy conservation and environmentally sensitive practices and provide an ESG framework for the asset and property management teams responsible for the upcoming year's operations. Additionally, Bentall Kennedy has developed various tools to assess each building's environmental and social compliance, while assisting asset and property management decision making. Finally, Bentall Kennedy has a variety of internal committees including social responsibility, eco efficiency, ENERGY STAR and RPI Committees, comprised of key real estate and RI/ESG professionals. These committees work diligently to manage ESG-related projects and provide input and technical advice for ongoing and envisioned sustainable initiatives. In addition, the Committees help direct ongoing sustainable employee education including Bentall Kennedy's LEED Accredited Professional ("AP") program, and IREM/REIC's Sustainable Real Estate Management Course to strengthen the knowledge base and sustainable skill set of our employees. Bentall Kennedy has developed education and training curriculum for its third-party property managers involved with its LEED for Existing Buildings Operations and Maintenance certification program.

Q 20 What percentage, by asset class, of your organisation's assets under active management internally integrate the consideration of RI/ESG issues in investment decision making processes - such as researching ESG information and/or constructing/managing portfolios - and to what extent?

Please note that the percentages requested here are different from the data in Q8.

Asset class	What percentage of assets under active management internally (see example in notes) (+/- 5 per cent is sufficient)	Research (gathering and analysing)	Portfolio construction and management
Non-listed real estate or property	100 %	If percentage is greater than zero, please select: "Large", "Moderate", "Small" or "Not at all" Large	Large

Q 21 For the assets under active management internally that integrate the consideration of RI/ESG issues, to what extent do you have a process for monitoring the capability of investment analysts, portfolio managers and other relevant investment professionals on how they integrate the consideration of RI/ESG issues into investment analysis and decision-making processes?

Applies only to investments that include integration of RI/ESG issues as indicated in Q20.

Monitoring

Please select:

Asset class

"Large", "Moderate", "Small" or "Not at all"

Non-listed real estate or property

Large

Q 25 Please add any overall comments and clarifications related to Principle 1 here. Please also describe any significant activities relating to Principle 1 not already captured by your answers above.

Bentall Kennedy acts as an investment advisor/manager and does not engage third-party investment managers on behalf of its clients.

Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices.

This section is focused on active ownership and is divided into three parts. You will see only those questions relevant to your organisation.

The first part addresses voting related to listed investments. The second part addresses non-voting engagement activities undertaken by your organisation or on your behalf by third parties with listed equity and corporate fixed income issuers. For the purpose of this survey, the term 'engagement' refers to non-voting contact with companies to discuss concerns regarding ESG issues. The third part addresses ownership and engagement practices for other asset classes such as sovereign and other non-corporate fixed income issuers, private equity, non-listed real estate/property, hedge funds, and infrastructure. This third section also covers any listed equities where investors have significant control (as defined in Q9, explanatory note [B]).

The third section is necessary to account for the differing levels of influence that investors may acquire when investing in other asset classes versus those of listed equities.

The contents and parts for this section of the survey are therefore:

1. Voting and engagement activities related to listed equity investments undertaken by:
 - A. internal staff;
 - B. external parties (e.g., service providers and external managers).
2. Engagement activities related to corporate fixed income issuers;
3. Ownership and engagement activities for sovereign and other non-corporate fixed income, private equity, non-listed real estate and property, hedge funds, and infrastructure, as well as listed equities when they represent significant control.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Please note that for this survey, proxy voting activities entail any casting of votes at AGMs and the filing or co-filing of resolutions. Engagement activities refer to all interactions with investee companies that are not related to voting activities. Engagement activities should seek to achieve relevant information and promote better ESG performance by companies. Such activities involve usually written communications, phone calls and meetings with management. For indirect investors in certain asset classes, such as private equity, infrastructure, and non-listed real estate, active ownership may not be possible with the underlying asset. Active ownership in this case should be viewed as engaging with third party managers to consider and interact on ESG issues with underlying holdings. Working with governments to modify laws, rules and regulations in favour of ESG issues should not be counted as engagement in this part of the survey and it will be addressed separately in Principle 4 and 5.

Q 26 Please provide a description of your organisation's approach to this Principle. For example, how is your organisation an active owner and how does it incorporate ESG issues in its ownership policies and practices?

Describe both your voting activities and any other engagement activities you undertake across the different asset classes you hold.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Bentall Kennedy's commitment to the PRI is incorporated in various policies, processes, and practices in ESG areas. In terms of environmental issues, Bentall Kennedy has explicitly communicated its commitment to improve the sustainability of the real estate investments it manages on behalf of its clients, recognizing that real estate has varying and often significant environmental impacts. As a fiduciary, cost-effectively improving the sustainability of its client's real estate portfolios will help maintain and enhance asset value through reduced operating expenses, higher occupant satisfaction, and better tenant recruitment and retention. This approach also works to minimize the risk of future asset value declines by avoiding building obsolescence created by regulatory requirements, energy price fluctuations, changing tenant preference, and evolving investor sentiment.

As previously noted, Bentall Kennedy has a Sustainable Policy that lays out explicit ESG goals. These goals are incorporated in our decision making and reflected in portfolio operating policies and processes implemented at each property, as well as incorporated in property management agreements for third-party managers where applicable. For example, Bentall Kennedy directly and indirectly (through third-party managers where applicable) adopts/directs sustainable requirements such as use of energy management best practices like monthly energy benchmarking, green cleaning, recycling and assistance in achieving third-party environmental certifications (i.e., BOMA BEST, LEED EB O&M, ENERGY STAR). Additionally, Bentall Kennedy has adopted green lease provisions promoting sustainable property operations and tenant engagement through CO2 reduction efforts, waste management, and sustainable tenant build-out, etc. Bentall Kennedy has also developed a Sustainable Tenant Improvement Guide ("Sustainable TI Guide"). The Sustainable TI Guide establishes sustainable base standards, highlighting best practices, and provides strategies and technical assistance to various stakeholders for the build-out of new space and the remodeling of and existing space covering energy, water, waste, materials, and indoor environmental quality.

To address Social PRI considerations, Bentall Kennedy employs a commitment to the use of Responsible Contractors for services provided and construction projects at our properties. We have placed significant emphasis on providing tenants and occupiers of our buildings a safe and healthy environment. To achieve these goals, Bentall Kennedy has implemented portfolio-wide green cleaning policies and practices, HVAC testing and balancing work, and use of low-emitting materials in our construction activities. Bentall Kennedy also seeks to construct buildings that improve occupant well-being, such as providing views and day-lighting and amenities like bike showers and storage, gyms, restaurants, retail, and other services appealing to tenants.

At a corporate level, Bentall Kennedy's commitment to the PRI is reflected in various company-wide environmental initiatives that include recycling, sustainable products purchasing, and efforts to reduce carbon emissions through annual employee engagement activities (i.e., stream restoration efforts, our annual Commute Challenge and bike-to-work cycling team). In addition, Bentall Kennedy offsets its corporate carbon footprint (covering Scopes 1-3) annually through the purchase of green-certified renewable energy and carbon emissions offsets, and discloses its annual greenhouse gas emissions and related calculations as a part of the Carbon Disclosure Project.

Q 47 Do you have an active ownership policy and/or strategy that addresses environmental, social and governance (ESG) issues for each of the following asset classes?

Asset class	Policy and/or strategies address
Non-listed real estate and property	Environmental Social Governance

Q 48 Per asset class, which role is most important in bringing forth active ownership activities on your behalf and, to what extent are ESG issues addressed by this role in these ownership activities?

Asset class	Select the most important: "Internal staff", "External engagement service provider(s)", "External investment manager(s)", "Other external entity" or "Nobody"	Please select the extent of active ownership activities: "Large", "Moderate" or "Small" for each of the categories selected
Non-listed real estate/property	Internal staff	Large

Q 49 To what extent do you assess and monitor ESG active ownership competency and capabilities undertaken by the groups listed below in the following asset classes: Listed equities with significant control, fixed income, sovereign and other non-corporate issuers, private equity, non-listed real estate/property, hedge funds and infrastructure?

	Please select: "Large", "Moderate", "Small", "Not at all" or "Not applicable"
Internal staff	Large
External engagement service provider(s)	Large
External investment manager(s)	Not applicable
Other external entity	Large

Q 50 Please describe your organisation's , your external service providers or your external investment manager's approach to addressing ESG issues in active ownership in the following asset classes. Please include a description of the processes used to ensure ESG issues are addressed, any metrics used to gauge success, the sources of your expertise and specific examples.

Asset class	Please add your remarks
Non-listed real estate and property	<p>Bentall Kennedy's approach to addressing ESG issues through active ownership relies on its asset management, acquisitions, portfolio management, and property management teams. Bentall Kennedy engages tenants, property teams, development partners, vendors, providers, consultants, and others involved in the development and ongoing operations and maintenance of the real estate assets it manages on behalf of its clients. Various forms of engagement are used to promote active ownership by Bentall Kennedy, including regular dialogue through direct meetings and site visits, webinar trainings, surveys, conference calls, as well as indirect communication through the creation of technical assistance tools (i.e., Sustainable Tenant Improvement Guide) and software applications including benchmarking and tracking tools.</p> <p>In the US, Bentall Kennedy also actively reviews the performance of property management and leasing teams utilized within its real estate portfolio to ensure they are upholding Bentall Kennedy's commitment to RPI. Finally, Bentall Kennedy utilizes robust property level financial and environmental reporting to assess performance and service on an ongoing basis. Each month, Bentall Kennedy ensures ongoing management of natural sources and key performance indicators through both an in-house management system and ENERGY STAR Portfolio Manager. Data from ongoing benchmarking efforts are included in quarterly and annual Bentall Kennedy RPI client reporting and are used to monitor asset performance against stated sustainable goals and objectives.</p>

Q 51 Please add any overall comments and clarifications related to Principle 2 here. Please also describe any significant activities relating to Principle 2 not already captured by your answers above.

Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 3 is about ensuring that information related to ESG issues is disclosed by companies and other entities in your organisation's investment universe. It is closely related to your activities on Principle 1 and Principle 2.

This section lists questions regarding:

- Who seeks ESG disclosure information for your organisation;
- The level of detail and content that is sought;
- The information you may be seeking regarding norms, standards, codes of conduct or international initiatives related to RI/ESG.

While completing this section you are free to move to other sections of the survey without losing work you have already done.

Q 52 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation seek appropriate disclosure on ESG issues by the entities in which it invests?

Note that this text - in addition to being part of the full survey - will also be part of the survey's *Executive Summary*. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Bentall Kennedy does not invest in entities typically covered by the intent of Principle 3 and associated norms, standards, codes of conduct or international initiatives. However, we disclose portfolio level ESG performance of real estate assets to our clients. In addition to our annual RPI report disclosed publically on our website, Bentall Kennedy provides regular review of RPI activities for client trustees, its Boards of Directors, the management committee of the Multi-Employer Property Trust (MEPT), and bcIMC among others. Property level reporting is completed as part of the Annual Budget and Business Plan process. Given the breadth of our third-party providers (property managers, service suppliers, etc.) we incorporate ESG into our discussions, strategic annual asset RPI projects and planning, and ongoing dealings with them in various ways. Bentall Kennedy also responds to ESG related surveys when requested by our clients and provides regular client-specific reports that detail key ESG accomplishments and metrics covering new development and ongoing property operations. We also work closely with consultants and investor relations organizations, like Landon Butler & Company, to report on ESG-related activities and initiatives for clients like MEPT who are often PRI signatories.

Q 53 Who asked for and/or collected from your organisation's investee companies (or other investment entities) information about their ESG policies, practices or performance in 2010?

Please select all that apply

Internal staff	<input checked="" type="checkbox"/>
External investment manager(s)	<input type="checkbox"/>
External engagement service provider(s)	<input checked="" type="checkbox"/>
External research providers	<input type="checkbox"/>
Brokers / dealers	<input checked="" type="checkbox"/>
Other - please specify: Vendors, development partners, consultants	<input checked="" type="checkbox"/>

None of the above: Investee companies, or other investment entities, were not asked to provide information about their ESG policies, practices or performance in 2010 (please specify below why not)

If investee companies were not asked, please specify why.

Q 54 To what extent did you or your external agent(s) seek appropriate disclosure on ESG issues by the investees and, where necessary, encourage investee companies to produce standardised and/or systematic reporting about their ESG policies, practices or performance in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Asset class

Non-listed real estate or property Large

Q 55 In which format or mechanism have you or your third party agents requested reporting on ESG policies, practices or performance?

Reporting formats

Please select all that apply

Integrated with regular financial reports ✓

Standalone corporate (social) responsibility or sustainability reports ✓

Global Reporting Initiative (GRI) ✓

Carbon Disclosure Project (CDP) ✓

Global Framework for Climate Risk Disclosure

Communication on Progress (COP) by the United Nations Global Compact

Country-level company form of the Extractive Industries Transparency Initiative (EITI)

Submission of a tailored survey ✓

Other reporting framework by an industry or association - please specify:

None of the above

Q 56 To what extent did you or your third party agents seek information from companies regarding their practices related to norms, standards, codes of conduct or international initiatives/ declarations/ conventions related to ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 57 Please add any overall comments and clarifications related to Principle 3 here. Please also describe any significant activities relating to Principle 3 that are not already captured by your answers above.

As a real estate investment advisor, we do not invest directly in companies. As such, Bentall Kennedy has few opportunities to seek appropriate disclosure of ESG covered by many of the norms and standards noted in this section. However, Bentall Kennedy actively seeks regular ESG disclosure from the third-party property management providers it engages to manage its assets and tenants where possible and appropriate; and where we directly manage the properties, we seek regular and ongoing disclosure from service providers and contractors that work at the property level.

Principle 4 - We will promote acceptance and implementation of the Principles within the investment industry.

Principle 4 is about promoting the acceptance and implementation of the Principles for Responsible Investment (PRI) among your clients, service providers, partners, brokers/dealers and other investment industry players. In addition, it is about working with governments, regulators and international bodies to address and define approaches relating to ESG issues.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 58 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation promote the acceptance and implementation of the Principles within the investment industry?

Please describe how you support the incorporation of ESG factors in the investment industry via mandates, incentives, Request for Proposals (RfPs), policy discussions etc. Please, indicate how your organisation does this in relation to clients and/or beneficiaries, peers or other entities.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Bentall Kennedy actively works to meet the intent of Principle 4 by promoting the PRI within the institutional real estate investment industry within North America and globally. Bentall Kennedy highlights its partnership with the PRI and environmental and social activities in company marketing materials, website content, industry publications, public speaking, and the media. Bentall Kennedy Executives, and its Vice Presidents responsible for RPI and ESG in the US and Canada, speak frequently at real estate industry organizations, client meetings and green building conferences, typically highlighting Bentall Kennedy's ESG activities and the importance of RPI. Bentall Kennedy is also actively involved with the RPI Center at Harvard University (an organization it helped co-found), assisting the RPI Center with efforts to measure and report RPI industry best practices and publishing of academic RI/ESG-related white papers.

Additionally, Bentall Kennedy provides RPI leadership within industry organizations in the US and Canada including, but not limited to, the Urban Land Institute's RPI Council, National Council of Real Estate Investment Fiduciaries (NCREIF), Institute of Real Estate management (IREM), the Building Owners and Managers Association (BOMA), the National Association of Real Estate Investment Managers (NAREIM), and the Real Property Association of Canada (REALpac). Bentall Kennedy also works to promote the PRI and the importance of ESG reporting to green building and energy efficiency related organizations including the US /CA Green Building Council and ENERGY STAR. Finally, when communicating with clients and responding to RFPs for investment advisory services, Bentall Kennedy prominently highlights its RPI activities and the importance of RI/ESG as a core component of Bentall Kennedy's expertise, fiduciary responsibilities, and role as investment advisor.

Q 59 Did you include RI/ESG considerations when working with service providers and/or external investment managers in 2010 (where applicable)?

Specifically when:

- a. searching for service providers or external managers;
- b. agreeing on service requirements;
- c. structuring incentive schemes.

Service providers or external managers	a. Searches	b. Agreements	c. Incentives	We do not work with this type of provider
	If you work with this type of service provider, please select "Yes, for all", "Yes, for some" or "No"			
Brokers / dealers				✓
External engagement service provider	Yes, for all	Yes, for all	No	
Investment consultant				✓
Investment research provider				✓
Proxy voting service provider				✓

Other - please specify:

Q 60 To what extent did you encourage peer organisations and/or your institutional clients and/or other investment industry players to consider RI/ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 63 To what extent did you engage in dialogue, lobbying or initiatives pertaining to government policy and/or industry regulations related to RI/ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Moderate

Q 64 Please add any overall comments and clarifications related to Principle 4 here. Please also describe any significant activities relating to Principle 4 not already captured by your answers above.

Principle 5 - We will work together to enhance our effectiveness in implementing the Principles.

Principle 5 is about collaborating with others in your implementation of responsible investment. The questions in this section are designed to capture the many ways in which signatories collaborate (for example by using the PRI Clearinghouse), and thus may overlap with areas discussed previously in the survey. However, the focus here is only those activities that involve working with others to implement the Principles.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 65 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation work with other parties to enhance its implementation of the Principles?

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Bentall Kennedy actively seeks to improve the effectiveness of its implementation of the PRI through participation in various organizations and industry associations committed to the PRI. One of the most efficient means to enhance the effectiveness of implementing the Principles is through the distribution and replication of best practices, including providing case studies, guidance, and technical expertise to organizations like the United Nations Environment Programme Finance Initiative ("UNEP FI"), REALpac, and the RPI Center. Bentall Kennedy works directly with the RPI Center to identify and replicate RPI best practices in ESG areas, including supporting research on developing common, implementable, RPI metrics and standards. Bentall Kennedy also works within the UNEP FI to promote the PRI through active involvement in the Property Working Group ("PWG") and the North American Task Force.

The PWG provides a valuable medium to promote the PRI as it focuses solely on applying the PRI to property investment and management practices. Finally, Bentall Kennedy is very active working on the CSR Committee of REALpac in Canada working with industry to advance ESG issues. Within these groups, Bentall Kennedy has participated in research including publications related to green building and combined work by the PRI and UNEP FI PWG on building responsible property portfolios which highlight international best practices from PRI signatories and guidance on how the PRI can be applied to property assets. Bentall Kennedy also has participated in ESG related surveys, peer review, and direct assistance with the creation of various UNEP FI PWG "Toolkits" designed to promote the PRI within the property sector through a myriad of methods and to a wide variety of stakeholder groups. During 2010, Bentall Kennedy provided input, content, and feedback for the creation of various PWG documents including Toolkit #4: Implementing Responsible Property Investing Strategies. Finally, Bentall Kennedy co-sponsored the PRI in Person held in San Francisco in October 2010 as a means to encourage efforts to translate RPI into practice.

Q 66 To what extent did you collaborate with other investors in regard to the Principles, and what Principle did you collaborate most on?

Extent of Collaboration	Principle you collaborated most in
Please select: "Large", "Moderate", "Small" or "Not at all"	Please select: Principle 1, 2, 3, 4 or 6
Large	Principle 1

Q 67 Did you log in to the PRI Engagement Clearinghouse in 2010 and if so, how did you use it?

Logged in?	If Yes, please select all that apply
Yes	Used it as a learning tool or keep up to date with current engagements

Q 68 Did your organisation participate in any RI/ESG-issue related associations?

Among those you did participate in, please select:

- the first, second and third most important to your organisation, and
- for the three most important, to what extent your organisation participated.

For those not listed, please use the 'Other' field.

Associations	Please select all that apply	Please select only one "Most important", one "Second most important" and one "Third most important"	Only for these three most important, please select to what extent: "Large", "Moderate" or "Small"
United Nations Environmental Program Finance Initiative (UNEP FI)	✓	Most important	Large
Other (1) - please specify: The Responsible Property Investing Center	✓	Third most important	Large
Other (2) - please specify: REALpac	✓	Second most important	Large

Q 69 Please add any overall comments and clarifications related to Principle 5 here. Please also describe any significant activities relating to Principle 5 not already captured by your answers above.

The PRI Clearinghouse was also utilized for webinars and other technical assistance tools, research and resources. In addition to the organizations listed and ranked in Question 68, Bentall Kennedy participated in other RI/ESG related organizations including the Carbon Disclosure Project ("CDP") and the UNEP FI North American Task Force ("NATF").

Principle 6 - We will each report on our activities and progress towards implementing the Principles.

Principle 6 is about your organisation's reporting of responsible investment activities (as opposed to Principle 3 which relates to the reporting of your investees or potential investees). The questions in this section focus on how you disclose your activities regarding the implementation of the Principles and where that disclosed information can be found. While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 70 Please provide a description of your organisation's approach to this Principle. For example, in what ways does your organisation report your implementation of the Principles? Please include any sort of disclosure and transparency practices you have adopted.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Bentall Kennedy fulfills Principle 6 through proactive and detailed internal and external communication, and reporting related to Bentall Kennedy ESG activities affecting real estate assets within its portfolio, including the creation of an RPI Annual Report organized in ESG categories, and in 2010, using GRI guidelines (former Bentall LP). Bentall Kennedy also provides quarterly RPI reporting to clients and to its Board of Directors. Additionally, Annual Business Plans for each real estate asset details ESG-related initiatives in process or planned for the coming year. Each Plan is reviewed and approved by senior management and distributed to the respective Bentall Kennedy client.

Bentall Kennedy currently provides monthly measurement and reporting of energy and water use and CO2 emissions for its office and industrial portfolios through the ENERGY STAR benchmarking program in the US, and a customized solution (Eco Tracker) in Canada, reporting trends, achievements, and identified issues each month to relevant stakeholders.

Finally, working with Landon Butler & Company and NewTower Trust (Trustee for the Multi-Employer Property Trust), Bentall Kennedy participates in ongoing efforts to quantify the economic impact of using Responsible Contractors in the US. This effort includes periodic publications and economic modeling detailing the economic impact of Bentall Kennedy's Responsible Contractor Policy, including the 2009 publication of *The Economic Impacts of MEPT Investments Across the United States*, which details the direct and indirect economic and social impact of Bentall Kennedy real estate investments on behalf of MEPT.

Q 71 To what extent did you disclose, either to clients/beneficiaries or publicly, your policy and/or approach to incorporating ESG issues into investment analysis and decision-making processes in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

Yes, you did disclose: For more information, including a copy of Bentall LP's 2009 CSR Report and Kennedy Associates' 2010 RPI Annual Report, please visit Bentall Kennedy's website at www.BentallKennedy.com.
how can it be obtained

Did not disclose publicly:
please explain why not

Q 74 Did you disclose your non-proxy voting active ownership and engagement policies or other documents that direct these activities?

Please select one: Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* Bentall Kennedy does not partake in proxy voting as we are not the actual real estate owners, but rather the investment advisor/manager to the owners; our clients. However, we do disclose publicly our policies which guide our investments and engagement activities within our operating portfolio. For more information please visit our website at www.BentallKennedy.com

*Did not disclose publicly:
please explain why not*

Q 75 To what extent did you disclose (either to clients/beneficiaries or publicly) your non-proxy voting RI/ESG issue-related active ownership and engagement activities, results and progress in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

*Yes, you did disclose:
how can it be obtained* Bentall Kennedy's active ownership and RI/ESG related programs consistent with our role as in investment advisor (rather than owner), metrics, accomplishments, etc., within our real estate portfolio and corporate activities are disclosed in various ways. ESG disclosure (including Bentall LP's 2009 CSR Report and Kennedy Associates' 2010 RPI report) related to Q75 can be found on Bentall Kennedy's website RPI section at www.BentallKenendy.com.

*Did not disclose publicly:
please explain why not*

Q 76 Did you disclose (either to clients/beneficiaries or publicly) RI/ESG activities, results and progress related to Principle 3, Principle 4 or Principle 5 in 2010?

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 3 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* Disclosure related to Principle 3 can be found on Bentall Kennedy's website within the RPI section at www.BentallKennedy.com.

*Did not disclose publicly:
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 4 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* Disclosure related to Principle 4 can be found on Bentall Kennedy's website within the RPI section at www.BentallKennedy.com.

*Did not disclose publicly:
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 5 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* Disclosure related to Principle 5 can be found on Bentall Kennedy's website within the RPI section at www.BentallKennedy.com.

*Did not disclose publicly:
please explain why not*

Q 77 Please add any overall comments and clarifications related to Principle 6 here. Please also describe any significant activities relating to Principle 6 not already captured by your answers above.

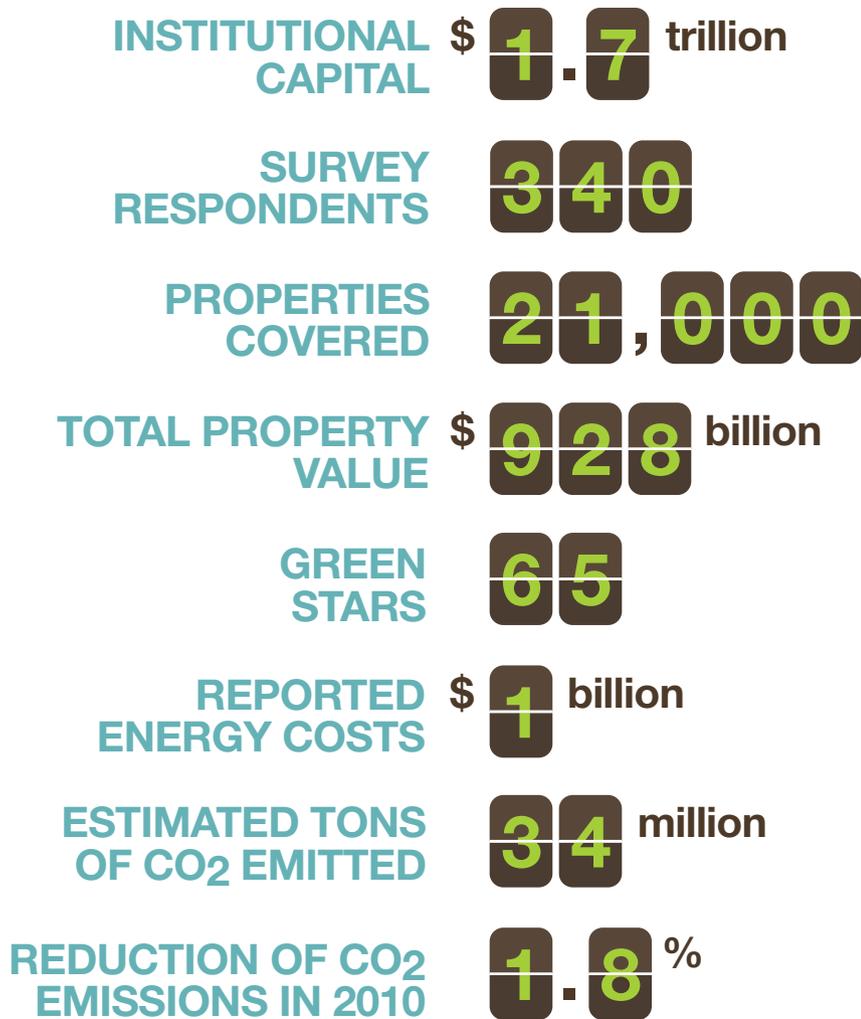


G R E S B

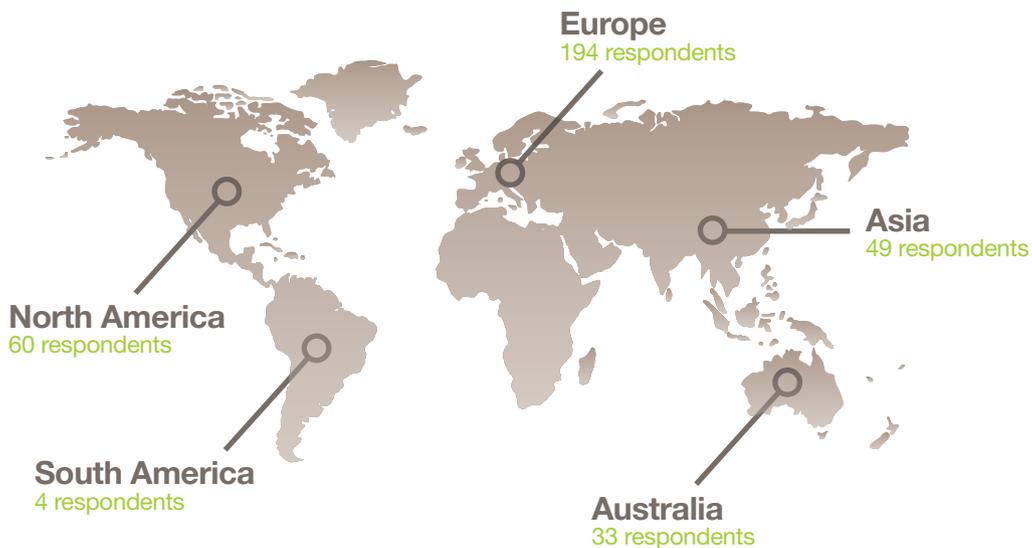
Global Real Estate
Sustainability Benchmark

**RESEARCH
REPORT
2011**

Key figures 2011 GRESB survey



GRESB respondents per region



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How to read this research report

Four sections

The first section of the report is designed to help you understand the environmental challenges in the property sector and how the GRESB Foundation may assist institutional investors to engage with property companies and funds. The second section provides an overview of the global coverage of the GRESB database, as well as the global survey results. The third section presents the environmental performance of respondents in each of the regions. Conclusions are discussed in the last section.

Stakeholder interviews

In this report, the GRESB Foundation aims to highlight the importance of environmental best practices through interviews with sector leaders in each of the regions. These interviews provide tangible examples of sustainability improvements, targets and challenges ahead, and advice for “Green Starters.”

○ Introduction

Sustainability | Changing Dynamics in the Property Sector

Institutional investors increasingly use the tool of engagement to assess and improve the environmental, social and governance (ESG) performance of companies they invest in. Since institutional investors are among the largest players on the capital market and the main providers of equity capital to the corporate sector in general, and to the (commercial) real estate industry in particular, the demands of these investors may have a substantial impact on ESG performance.

The real estate sector is of specific interest from an environmental perspective, as it has been well-documented that the sector is responsible for 40 percent of global greenhouse gas emissions, for 55 percent of the global usage of wood, and for about 75 percent of electricity consumption in the US alone.ⁱⁱ More efficient use of energy and other resources by the real estate sector can structurally reduce these numbers, and thus lower the demand for increasingly scarce (and costly) natural resources.

Importantly, improved sustainability performance in the real estate sector may very well go hand in hand with enhanced financial performance, through lower operational costs as well as reduced portfolio risk. Indeed, a 2007 McKinsey report has suggested that many investments aimed at reducing carbon emissions from buildings could be made at a profit.ⁱⁱⁱ Academics and practitioners have further investigated this issue, and the general evidence indeed shows positive financial effects associated with better environmental performance. For example, commercial buildings with energy efficiency ratings command significantly higher rents, better occupancy rates, and higher prices than otherwise comparable conventional buildings. On the other hand, lower levels of energy efficiency and sustainability have been associated with an increased risk of obsolescence (see textbox on next page).

Given these findings, one would expect that rational real estate investors take the necessary initiatives to improve the energy efficiency and sustainability of their portfolios. But of course, for markets to function properly, information transparency on environmental, social and governance metrics is a key ingredient.

ESG in Real Estate | The Role of Institutional Investors

The fiduciary responsibility of institutional investors used to be invoked as an argument not to integrate information on ESG performance into investment decisions, but screening the real estate allocation on ESG performance does not need to be in conflict with the fiduciary duty of investors. In fact, the current stream of scientific evidence suggests that it would be a breach of fiduciary duty not to assess real estate investments on their environmental and governance performance: it may reduce downside risk and also help to find better and innovative investment opportunities. Evidence on the relation between social attributes of property companies and their financial performance is still scant.

Institutional investors build up most of their real estate exposure through stakes in real estate funds and companies. To integrate ESG metrics into their real estate investment strategies, it is thus imperative for institutional investors to have qualitative and quantitative information on the sustainability performance of these entities. The information should include property companies and funds that are taking the first steps in implementing ESG factors (“starters”), but also those companies and funds that are demonstrating ESG leadership (“stars”). However, existing information on the ESG performance of real estate asset managers is limited, and often just focused on sector leaders among public real estate companies. Also, with a substantial part of the institutional capital allocated to privately managed funds, information on the non-listed side of the market is crucial. Institutional investors prefer a single approach towards measuring the environmental performance of their real estate portfolio, including both private and listed investments.

Energy Efficiency and the Bottom Line

There is a growing awareness of the portfolio risks involved in non-efficient property investments. Governments around the world have started to implement environmental regulations directly aimed at buildings (e.g., mandatory disclosure of energy ratings, carbon taxes, and prescriptive local building codes). Corporate and government tenants of commercial buildings increasingly require these buildings to adhere to minimum sustainability standards. On a more fundamental level, climate change is starting to affect investors through insurability of properties, which has direct implications for commercial lending and thus for the cost of capital.

The direct return on investment from energy efficiency improvements can be modeled quite precisely, and returns on simple measures (e.g., lighting, HVAC optimization and water-saving measures) are generally substantial. For most investors, it is not as evident that the environmental performance of buildings is also reflected in their market performance. However, there is now a considerable body of scientific evidence on the existence of a “green premium” in the US commercial property market. It has

been documented that office buildings labeled as efficient (“Energy Star”) or green (“LEED”) command higher effective cash flows of about 7 percent, on average, and transaction prices that are more than 13 percent higher as those of conventional buildings. Importantly, these premiums have not been affected by the recent increase in supply of sustainable space, or the crisis in the US office market.^{IV}

International evidence points into the same direction, but provides more insight into the downside risk of energy efficiency in buildings. A recent study on European office properties with energy performance certificates finds a clear divergence between rental developments of efficient and non-efficient buildings, with the former tracking general market development, and the latter underperforming the market (this holds especially in recent years).^V For residential real estate, research also shows a consistent variation in price between different levels of environmental performance.^{VI}

The GRESB Foundation | Creating Transparency to Enhance Market Efficiency

The Global Real Estate Sustainability Benchmark (GRESB) Foundation, an initiative of some of the world’s largest institutional investors, leading academics and industry bodies, provides a science-based sustainability benchmark for commercial property portfolios; a tool for institutional investors to start a dialogue on social and environmental issues with their real estate managers. The initiative is a tangible example of collaborative engagement with the commercial property sector: investors using their stakes in private and listed real estate funds as leverage towards improving the environmental and social performance of the sector.

By uncovering the environmental and social best practices in the industry, GRESB shows the way forward for the real estate sector. Benchmarking current ESG performance can help generate and strengthen the market forces needed for the necessary reduction in resource consumption. This allows real estate investment managers to take into account directly the risks of higher energy prices, stricter legislation targeted directly at the real estate sector and changing preferences of (corporate) tenants.

The GRESB Foundation aims to provide comprehensive metrics and other relevant information that is material to investors and that relates directly to the bottom line. The benchmark is designed in such a way that high scores on GRESB are positively related to reductions in operational expenditures. This implies that GRESB members using the information to engage with their investment managers may not only contribute to mitigation of climate change or other environmental threats, but may also benefit financially through reduced risk or improved financial performance of their real estate investments.

○ Measuring Sustainability

GRESB Survey Approach

The basis for this year's benchmark is the GRESB survey that was first designed in 2009, capturing over 50 data points of environmental and social performance integrated into the business practices of each real estate company or fund. The survey does not explicitly cover the governance dimension.

The survey questions are based on:

- **Scientific research on environmental and social factors** affecting the financial performance of corporations in general, and of real estate investment portfolios in particular.
- **Best practices on ESG reporting**, including the EPRA Best Practices Recommendations on Sustainability Reporting.^{viii}
- **Existing reporting frameworks**, such as the Carbon Disclosure Project and the Global Reporting Initiative, which launched the Construction and Real Estate Sector Supplement (CRESS) in 2011.^{ix}

To reflect ongoing innovation in the industry, the 2009 GRESB survey has been substantially amended, with more focus on environmental key performance indicators. A new element in the 2011 survey is the inclusion of social factors (e.g., health and safety, tenant engagement and employee satisfaction). As part of the process of continuous improvement of the benchmarking service offered by the GRESB Foundation, the 2009 GRESB survey has been discussed during interviews with the management teams of leading real estate companies, and with property analysts and institutional investors. The 2011 survey has been updated and refined based on this feedback.

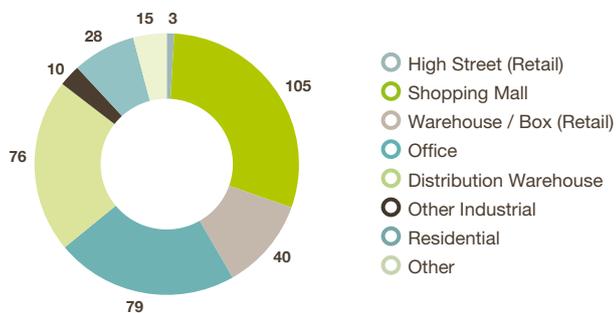
Data Collection and Verification

Survey requests have been distributed via the main industry associations in each region, and separate requests have been sent out by the members of the GRESB Foundation. The 2011 survey captures information reported on the 2010 fiscal year (the 2009 survey captures information reported on the 2008 fiscal year). The responses to the survey are collected via an online survey portal. Data are fully self-reported, even though some respondents rely on independent third parties to collect information on environmental and social performance indicators. Given the dependence of respondents on the capital market and the involvement of some of the leading providers of equity capital to the industry, the "trust-factor" should, in principle, lead to accurate data. However, three methods are employed to further ensure data quality:

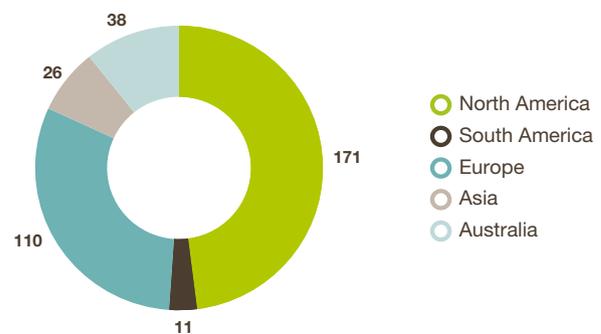
- Where applicable, respondents are required to upload proof for individual questions (e.g., a hyperlink to the environmental report or their procurement policy).
- The collected data has been analyzed and checked for consistency by the GRESB Foundation. Outliers and unlikely responses have been clarified with respondents.
- Respondents can be asked, on a randomized basis, to provide additional assurance or to further explain their response.

Importantly, the GRESB Foundation does not aspire to define metrics for environmental performance measurement at the building level, but rather relies on existing industry standards for definitions of such performance indicators. For instance, information regarding environmental key performance indicators is reported following the GRI CRESS approach, on a standard "like for like" basis between the years 2009 and 2010.^x

Response by Property Type (million m²)



Response by Region (million m²)



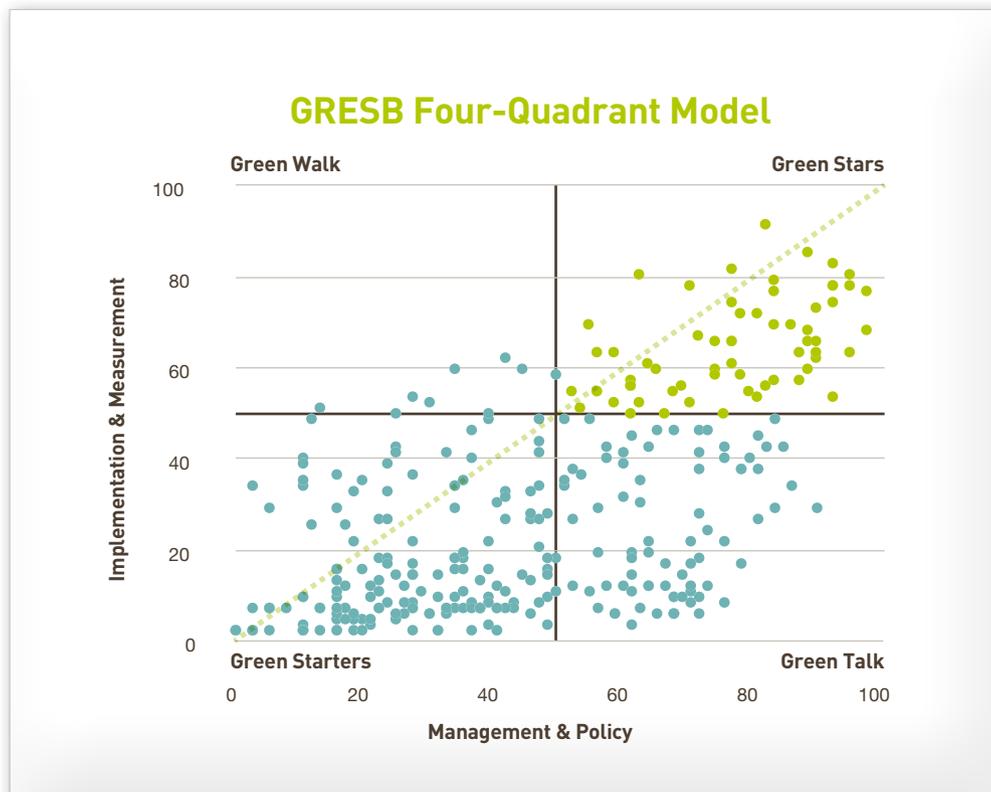
Four Quadrants | The GRESB Model of Environmental Performance

The **GRESB four-quadrant** model of environmental performance provides an overview of the global environmental performance of the real estate investment management community. For every fund that responded to the 2011 survey, the model shows the percentage scores on issues related to management & policy (on the horizontal axis) and the percentage scores on issues related to implementation & measurement (on the vertical axis). The four quadrants distinguish the position that a fund has on the adoption of both dimensions of environmental management practices.

- **Green Starters** – have started to develop some sustainability policies, but limited organizational focus. Environmental initiatives are not yet fully implemented and measured across the entire portfolio. No comprehensive measurement of environmental key performance indicators.
- **Green Talk** – dedicated resources for sustainability management, comprehensive external reporting, sustainability implementation plans have been developed. More attention could be given towards the implementation and measurement of these action plans.
- **Green Walk** – integration of sustainability policies and measurement of environmental key performance indicators, but limited reporting. External stakeholders expect a stronger focus on transparency.
- **Green Stars** – integrated organizational approach towards measurement and management of environmental key performance indicators. Steering on reduction of resource consumption, and innovation in measures beyond energy efficiency (e.g., productivity, tenant behavior).

The overarching conclusions of the 2009 GRESB survey demonstrated substantial upside potential for improved environmental performance among real estate investors, with outstanding performance by a few global leaders and mediocre performance for the majority of the sample. Another conclusion of the 2009 survey was that implementation of environmental policies (“green walk”) tended to lag policies (“green talk”). To measure the progress in environmental performance of the commercial real estate industry, we make comparisons with the 2009 results, but these differences should be interpreted with care, as the 2011 survey is more extensive than the 2009 survey, reflecting current best practices in environmental management and an increased focus on key performance indicators.

The number of Green Stars has increased significantly in 2011, not just in absolute numbers (which could be due to the larger sample size) but also as a percentage of the total sample. Just 10 percent of the respondents were classified as Green Stars in 2009, but that percentage is now 19 percent (65 respondents) on aggregate, and in the listed sector even 26 percent (18 respondents). The southeast quadrant, Green Talk, is populated with a slightly larger share of the respondents as well. In parallel, the percentage of property investors classified as Green Starters has decreased, and is now 55



percent (186 respondents), as compared to 67 percent in the 2009 survey. Again, listed companies score slightly better in this quadrant, with only 41 percent in the Starter category. The upper left quadrant, Green Walk, has very few observations, just as in 2009.

The 2011 GRESB results show a general move from Green Starters towards Green Talk, and most importantly, Green Stars. This implies a trend towards stronger environmental performance of the commercial real estate sector, both regarding management & policy and with respect to implementation & measurement. Real estate companies and funds are moving up the environmental adoption curve, which indicates that the commercial property sector is developing environmental policies and incorporating energy efficiency and sustainability measures into business operations.

However, there are still substantial differences in environmental performance between the respondents, also in the Green Star quadrant. The majority of respondents are considered to be part of the Green Starter category (186 respondents), especially among private funds, which is still the dominant group, so substantial opportunities for improvements in energy efficiency and sustainability performance remain. The GRESB survey and scorecard may help these funds through pointing out their relative performance against peer groups, identification of areas of strengths and weaknesses and through repeated benchmarking. For the shareholders of these funds, engagement may create financial value that results in improved and measurable sustainability performance.

Overall GRESB Scores | Global Comparisons

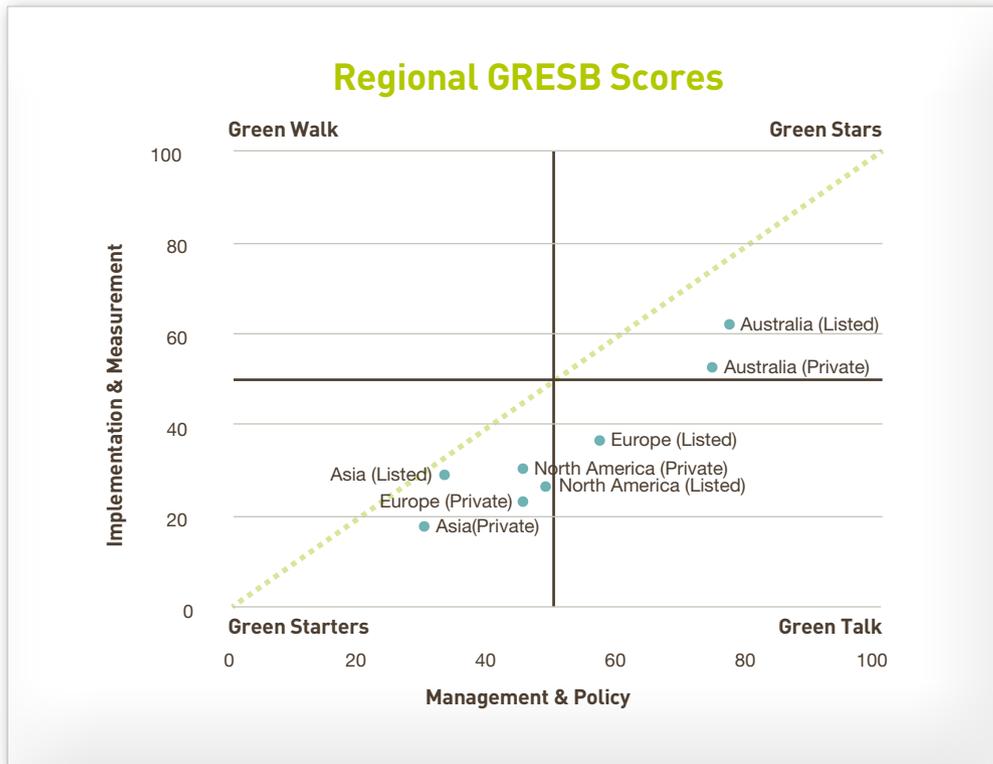
The overall global GRESB scores per region are provided in the graph below. Both in the listed and in the private market, Australian property funds lead the way, just as documented in the 2009 GRESB survey. The difference between Australia's overall score and the score of the other regions is still substantial. By and large, listed property companies have higher sustainability scores than private funds: the global average score for listed funds is 41 (out of 100) and 31 for private funds.

There is a marked difference between the scores on questions relating to management & policy and those regarding implementation & measurement. The average scores in the latter dimension are significantly lower than those in the former. These contrasting scores reflect the fact that property investors tend to set an environmental strategy first, before starting to implement energy efficiency and sustainability improvements into the property portfolio. Interestingly, the relative differences between the scores on these two categories of survey questions are smaller for listed than for private funds.

Environmental Leadership Revisited | New Names at the Top

The main goal of collecting information on sustainability management is to generate comprehensive indicators measuring the portfolio-level environmental and social performance of real estate managers. These indicators allow institutional investors to enter into an informed dialogue with their real estate investment managers regarding environmental risks, opportunities and improvements. Thus, information collected through the GRESB survey is not about "naming and shaming," but about benchmarking and creating value by engagement and subsequent optimization. Nonetheless, almost equally important is the information on industry best practices provided by the GRESB survey. These best practices can serve as inspiration and set the example for other property funds, by showing that superior environmental performance is attainable, while simultaneously keeping an eye on the bottom line.

The global best practices in sustainability management are provided in the table below, listing the top "green" performers in the global real estate investment management industry. Australian funds do rather well, but there are some very strong European and North American funds that are catching up with the leaders of 2009.



The global number one in this year's GRESB survey is the Commonwealth Property Office Fund, a listed Australian property fund managed by Colonial First State Asset Management, with an overall GRESB score of 88 (see interview). Interestingly, Commonwealth scores substantially better on implementation & measurement (91) than on management & policy (82). The Investa Office Portfolio (private, see interview in Australia section) ranks second, while Sonae Sierra (private, see interview in Europe section) is the first European investor to make it into the global top-3.

Global Top-10

Company / Fund Name	Fund Manager	Nature	Region	Score	MP*	IM*
Commonwealth Property Office Fund	Colonial First State Global Asset Management	Listed	Australia	88	82	91
Investa Office Portfolio	Investa Property Group	Private	Australia	86	88	85
Sonae Sierra	Sonae Sierra	Private	Europe	86	92	83
GPT	GPT Group	Listed	Australia	85	95	80
Multi-Employer Property Trust	Bentall Kennedy Group	Private	North America	83	95	78
Bentall Kennedy Group - North America	Bentall Kennedy Group	Private	North America	83	97	77
Hammerson PLC	Hammerson PLC	Listed	Europe	83	92	78
GPT Wholesale Office Fund	GPT Group	Private	Australia	83	87	78
Private Property Syndicate (PPS)	Colonial First State Global Asset Management	Private	Australia	80	83	79
Australian Prime Property Fund Commercial	Lend Lease Investment Management	Private	Australia	80	77	82

*MP: Management & Policy

*IM: Implementation & Measurement



Darren Steinberg, Managing Director Property, about the environmental leadership of the Commonwealth Property Office Fund (CPA), Colonial First State Global Asset Management

“ We focus on the sustainability of our assets because it is good business practice and is consistent with our vision. We believe the best practice for environmental management is the continuous improvement in the operational performance of our assets, as over time inefficiency in environmental performance may discount the value of commercial real estate. Since 2006, our properties are 29 percent more energy efficient, 26 percent more water efficient and emit 30 percent less emissions per square meter. For example, at one asset we spent \$3.2 million over 4 years, replacing equipment with more efficient plant, retrofitting, and introducing a number of management efficiency measures, resulting in a 48.5 percent reduction in CO₂ and a return of over 14 percent per annum.”

Next Steps

“In 2007, utilizing our structured Operational Performance Strategy, we set average portfolio targets for energy and

water for 2012 using the National Australian Built Environment Ratings System (NABERS) and we are on track to achieve those targets. In line with continuous improvement, this year we will be reviewing this strategy looking towards 2015. We are also looking to work more closely with tenants and contractors to increase engagement and the achievement of higher targets for the portfolio.

From Green Starter to Green Star?

A sustainability vision and strategy will guide direction. Collecting and understanding environmental data in order to set up reporting systems to be able to measure, analyze and monitor the assets' performance. Putting these systems in place has the benefit of allowing targets to be set. Benchmarking performance against your own internal goals, peers and industry norms, provides you with the ability to improve the performance of your assets over time. Education in operational efficiency for facility and property management staff and contractors is critical, as is management reporting.

Digging Deeper | Explaining Environmental Performance

Clearly, there are systematic differences in environmental performance among different groups of property funds. These differences may be fund-specific, driven by factors such as portfolio age and property type, but they may also be regional, influenced by energy prices and regulation, for example. The combination of these factors may affect the extent to which fund managers are integrating environmental and social policies into their portfolios.

The graphs below provide some evidence on the effects of portfolio size on environmental performance. On the left, each of the dots in the graph represents one property fund, either listed or private, where the horizontal axis corresponds to its size – floor area in square meters – and the vertical axis corresponds to the overall GRESB score. At first sight, the result seems a rather amorphous cloud of dots, without much direction, but the fitted line through this cloud shows a positive (and significant) relation between portfolio size and a fund’s environmental performance. This illustrates that size matters in explaining environmental performance, in line with scientific evidence on the diffusion of energy efficiency technologies in buildings.^{x1} Larger property funds seem to have the scope to obtain the necessary economies of scale when implementing environmental policies. Interestingly, this contrasts the perception that smaller funds, with fewer buildings under management, should be able to outperform larger funds when it comes to improving environmental performance.

In the right-hand graph, the gross asset value (GAV in US\$) per square meter is related to environmental performance. Quite clearly, the value of property portfolios is positively correlated with the GRESB score. The direction of this relation cannot be disentangled: property portfolios at more expensive locations may be more likely to “go green” (for instance, those primarily located in central business districts), as capital expenditures represent a lower fraction of total asset value and tenant demand for certified real estate may be higher. But also, property portfolios that integrate environmental and social factors into the investment and management process may command higher cash flows and portfolio valuations (in line with scientific evidence at the property level).



Key Performance Indicators | Mapping the Impact of the Global Property Sector

Many of the questions in the GRESB survey relate to the infrastructure that property investors need to develop in order to attain superior sustainability performance – from a physical as well as a policy perspective. But of course, the ultimate yardstick to judge the environmental and social credentials of the sector is the amount of resources consumed. Funds may have great environmental strategies, advanced environmental reporting, and may link environmental performance to employee remuneration (and the management & policy dimension of the GRESB score rewards respondents for that), but it all does not mean much if resource consumption just keeps growing.

A large part of the GRESB survey therefore focuses on environmental key performance indicators. These indicators include: energy, water, waste, and greenhouse gas emissions. Respondents are requested to provide information at the portfolio level, on a “like-for-like” basis over 2009 and 2010 (otherwise portfolio growth would almost inevitably imply worse environmental performance), with targets for 2011. To make meaningful comparisons, the corresponding floor area is also reported. Below is a selection of figures on key performance indicators.

Energy

32 %

respondents reporting on energy costs (19 percent in 2009)

44 %

respondents using smart meters for energy measurement (39 percent in 2009)

\$ **3.29** million

median energy expenditures of respondents (highest energy bill: \$120 million)

\$ **1** billion

total energy expenditures of 109 respondents (total expenditures estimated at US\$5 billion for full sample)

Water

\$ **156** million

total water expenditures of 102 respondents

\$ **290,000**

median water expenditures of respondents (highest water bill: \$12 million)

334 liter

water use intensity (per m²) of respondents

39 %

respondents reporting on water consumption (16 percent in 2009)

Greenhouse Gas Emissions

20

increase in number of respondents reporting on GhG emissions (118 respondents in 2011)

60 %

fraction of portfolio covered by respondents reporting on GhG emissions

66.4 kg CO₂

GhG intensity (per m²) of respondents

\$ **7.2** million ton CO₂

aggregate tons of CO₂ emitted by 118 respondents (total emissions estimated at 34 million tons for full sample)

Waste

26 %

respondents reporting on waste (11 percent in 2009)

55 %

average reported recycling rate (GRESB estimation: 30 percent recycling rate)

60 %

respondents monitoring contractors on labor standards

43 %

respondents measuring employee health & satisfaction through independent surveys



Regional Results | The Americas

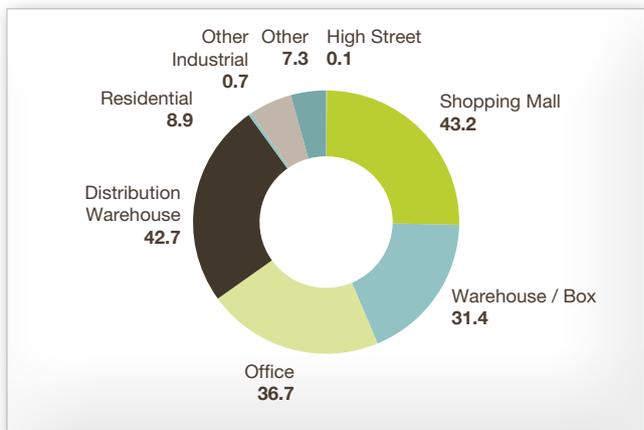
The coverage of GRESB in the Americas has increased compared to 2009: a total of 64 funds are included in the database this year, against 56 in 2009. The value-weighted market coverage (based on the FTSE EPRA/NAREIT North America Index) is at 37 percent, and the number of privately managed funds has increased by more than 20 percent. Some of the new entrants are firms from Canada, a country that did not participate in the GRESB survey before. The total gross asset value (GAV) represented by the survey amounts to US\$267 billion, covering a gross leasable area of about 171 million square meters (1.8 billion square feet).

Among listed funds, the company with the highest overall environmental performance is Thomas Properties Group (TPG), a new participant (see interview). The second-ranked company is based in Sydney, Australia, but the majority of its assets are in the US. The Australian best practices are clearly reflected in Charter Hall's environmental management and policies. Among the top-ranked funds, the private group performs best. The Canada-based Bentall Kennedy Group is managing the best performing private fund in the region, the Multi-Employer Property Trust. All private funds in the top-5 are now considered Green Stars.

American property funds, both listed and private, perform relatively well on two dimensions: **management** and **strategy & analysis**. (This is also reflected in the scores of the high-ranking funds.) For instance, 52 respondents employ on average 2.6 FTE of staff dedicated to environmental management. Furthermore, the use of smart meters for measurement of energy consumption is becoming the norm. Also, some 70 percent of the respondents use a sustainability assessment as part of the due diligence process, and 88 percent integrates sustainability in major renovation plans.

	Listed	Private
Number of Respondents	15	49
Market coverage (value-weighted)	37%	
Gross Asset Value (\$ billion)	133	134

Breakdown Response (by property type, million m2)



Top-5 Listed Companies

Company	Score	MP*	IM*
1. Thomas Properties Group Inc.	65	55	70
2. Charter Hall Office REIT	54	71	46
3. Liberty Property Trust	54	61	50
4. Vornado Realty Trust	51	86	34
5. Simon Property Group, Inc.	47	60	41
Regional Average	33	48	26

*MP: Management & Policy

*IM: Implementation & Measurement

Top-5 Private Funds

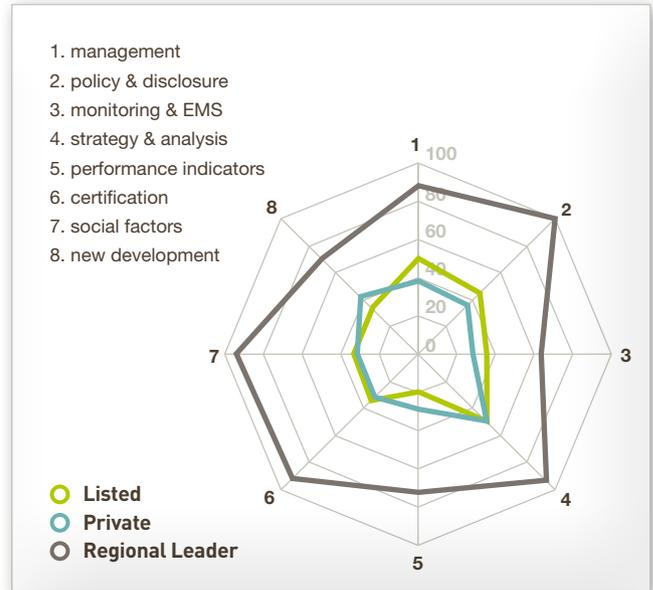
Fund	Fund Manager	Score	MP*	IM*
1. Multi-Employer Property Trust	Bentall Kennedy Group	83	95	78
2. Bentall Kennedy Group - North America	Bentall Kennedy Group	83	97	77
3. Oxford Properties Group	OMERS	78	90	73
4. -	Principal Real Estate Investors	75	86	70
5. USAA Commingled Portfolio	USAA Real Estate Company	61	65	60
Regional Average		34	44	29

*MP: Management & Policy

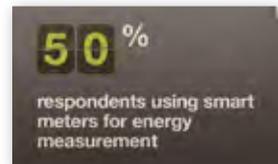
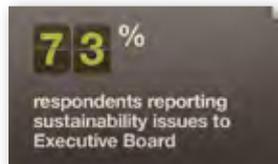
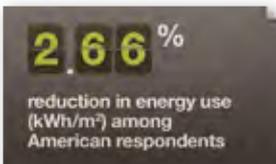
*IM: Implementation & Measurement

Even though smart meters are becoming more prevalent (used by 50 percent of the respondents), the average score on the performance indicator dimension is just 27 percent, implying that American real estate investment funds as a group do not adequately keep track of their actual resource consumption yet. Indeed, only 38 percent of the respondents report on actual energy consumption. However, within this group, year-on-year reduction in energy consumption is substantial: 2.66 percent in 2010 alone. As documented in the four-quadrant model of environmental management, a well-defined strategy and management procedure is a prerequisite for being able to implement environmental improvements. Given the relatively strong performance of American respondents on management dimensions, it is expected that monitoring and reporting of key environmental indicators will be adopted in the years to come.

Strengths and weaknesses



Performance Indicators



Jim A. Thomas, Chairman, President and Chief Executive Officer, about the sustainability program of Thomas Properties Group

“ We developed and still manage the first highrise in the U.S., the CalEPA Headquarters, to receive LEED EB Platinum certification, with a minimal cost premium and less than a year payback. We have applied this knowledge to our entire portfolio to achieve highest performance and lowest operating costs with a strong focus on measures that save energy and water, improve indoor air quality and reduce waste and carbon emissions. City National Plaza was retrofitted between 2003 and 2009, resulting in a 63 percent increase in occupancy with only a 1.37 percent increase in energy consumption and over \$12,000,000 in energy costs savings since 2003.

Working with tenants

Our goal is for 100 percent of our eligible buildings to be Energy Star Labeled and LEED certified by 2012 as these

are great standards to measure ongoing performance improvements. As we look forward we will continue to pursue ways to improve and reduce our carbon emissions though working with our tenants on efficient green occupant loads and behavior programs, exploring value-add smart technologies and looking beyond increasing efficiencies and reducing negative impacts to having positive impacts. Our sustainability programs are targeted toward the goal of ensuring sustainable buildings for our tenants that also positively impact the communities around them.

Create a team and use tools

Becoming a sustainable organization takes time and commitment and the goal should be continuous improvement over time. The following steps can help: name a sustainability team, identify opportunities, develop a plan with a vision and mission, establish a baseline, invest in internal and external sustainability knowledge, implement sustainability policies and finally, take advantage of tools like Energy Star and LEED to implement your programs.”