FIERA REAL ESTATE

Climate Risk and Opportunity Management Approach Disclosure

Fiera Real Estate TCFD Report

INTRODUCTION

Climate change is an existential threat to businesses and society. The scientific consensus is clear: global emissions must be cut in half by 2030 and reach net-zero by 2050 to limit global average temperature rise to 1.5 degrees Celsius. The United National Framework Convention on Climate Change ("UNFCCC") COP26 stressed the urgency of greater climate ambition, specifically mobilizing private capital to transition the world to net-zero.

As the world charts its path to net-zero, the effects of climate change are already being felt. The increased frequency and severity of extreme weather events – including extreme heat, fires, droughts and flooding – underscore the importance of ambitious, immediate action.

Fiera Real Estate ("FRE") understands that we have a role to play in both mitigating and adapting to climate change. In our ESG strategy, 'Resilient' is one of our core pillars and climate is a key focus area for our business (encompassing the transition to a low-carbon economy and resilience building).

As part of FRE's responsibility to contribute to climate solutions, we are disclosing our climate management approach in accordance with the Financial Stability Board's Taskforce on Climate-Related Financial Disclosure ("TCFD") framework. The TCFD framework is a globally recognized initiative for managing and disclosing climate risks and opportunities. The TCFD framework aims to provide reliable climate-related financial information so financial markets can accurately appraise and price climate-related risks and opportunities. We are committed to continuously disclosing and strengthening our approach to climate risks management and identifying opportunities.

This document is structured according to the TCFD framework's four categories:

- Governance
- Risk Management
- Strategy
- Metrics and Targets

Governance

Climate change is governed through existing ESG management structures at FRE, which facilitate the oversight and integration across our business.

Internal

Board of Directors

FRE's Board of Directors oversees and receives ESG and climate-related updates on a quarterly basis, including progress towards FRE objectives and GRESB results. Additionally, members of the Board are part of ESG committees responsible for advancing FRE's ESG program.

Global ESG Advisory Group

The Global ESG Advisory Group is composed of President and the Head of Global Real Estate, the Global Head of ESG, the Chief Operating Officer of Fiera Real Estate UK (FRE UK) and the Senior Vice President of Investment Management Operations. This group is responsible for monitoring progress towards our ESG vision and strategy, including focus areas dedicated to climate.

Additionally, both the Canada and the UK teams have their own ESG Committees consisting of executive members who meet quarterly to advance ESG objectives.

Fiera Private Alternatives Investment ("FPAI") ESG Committee

The FPAI ESG Committee is comprised of representatives from across the FPAI business. The objective of this committee is to foster collaboration and to determine a shared vision. FRE's Global Head of ESG represents the business on this committee.

UK ESG Committee + **Canada ESG Committee** + **Net Zero Working Group**

FRE employs select committees and working groups to ensure we advance our ESG strategy on a granular level.

Region-specific committees, which include fund managers, are established to drive progress in our UK and Canada businesses.

The Net Zero Working Group is responsible for ensuring we develop and execute our net zero plan.

External

External Consultants + **Property Managers**

FRE also collaborates with third-party consultants and property managers to advance ESG and climate management across the portfolio.

Moving forward

- Standardize climate updates to the Board of Directors
- Expand climate risk into due diligence assessments in Canadian business

Strategy

Our business strategy faces significant risks and opportunities related to climate change. To address these risks and opportunities, we have integrated climate considerations into our business strategy and processes. “Resilient” is a key pillar of FRE’s ESG strategy, with climate being a key focus area. For FRE, climate management encompasses adaptation (i.e. protect our portfolio from climate risks) and mitigation (i.e. reduce our greenhouse gas footprint).

On the next page, we outline short-term (1-5 years) and long-term (5+ years) physical and transition risks, as well as key opportunities and how they impact our business. In the “Risk Management” section, we summarize how we manage these impacts across our business functions.

Risk identification process

In 2021, FRE initiated a working group that included our SVP Investment Management Operations, COO of FRE UK, and Global Head of ESG as well as external ESG consultants. This working group reviewed key risks and opportunities and validated their potential impacts on our organization. Through this process, we also identified opportunities to strengthen climate risk management. See 'Moving forward' section for more details.

Physical risks

Climate-related physical risks come in two forms[1]:

- Acute (event-driven) physical risks include more frequent and severe extreme weather events such as forest fires and floods
- Chronic (long-term shifts) physical risks include gradual changes in conditions and weather patterns such as sea level rise

FRE has identified a list of short- and long-term risks with associated impacts on our business.

Table 1: Physical climate risks and business impacts

	RISKS	BUSINESS IMPACTS
SHORT TERM	• Extreme storms • Extreme winds • Extreme heat • Fluvial flooding • Coastal flooding • Wildfire • Extreme cold	• Damaged assets from extreme weather events • Reduction in value of high-risk assets, potential for stranding • Increased cost to invest in specialized material and equipment at high-risk assets • Changes in weather impact investment decisions • Operational disruptions and lower renewals in high-risk assets • Increased insurance rates

	RISKS	BUSINESS IMPACTS
LONG TERM	• Rising sea levels • More frequent extreme events • Higher average temperatures	• Higher operational costs including increases in energy and water prices and maintenance costs • Increased development costs and delays including development premiums for resilient assets • Supply chain disruption • Increased risk to tenant safety

[1] "Advancing TCFD Guidance on Physical Climate Risks and Opportunities," European Bank, Global Centre of Excellence on Climate Adaptation, 2018

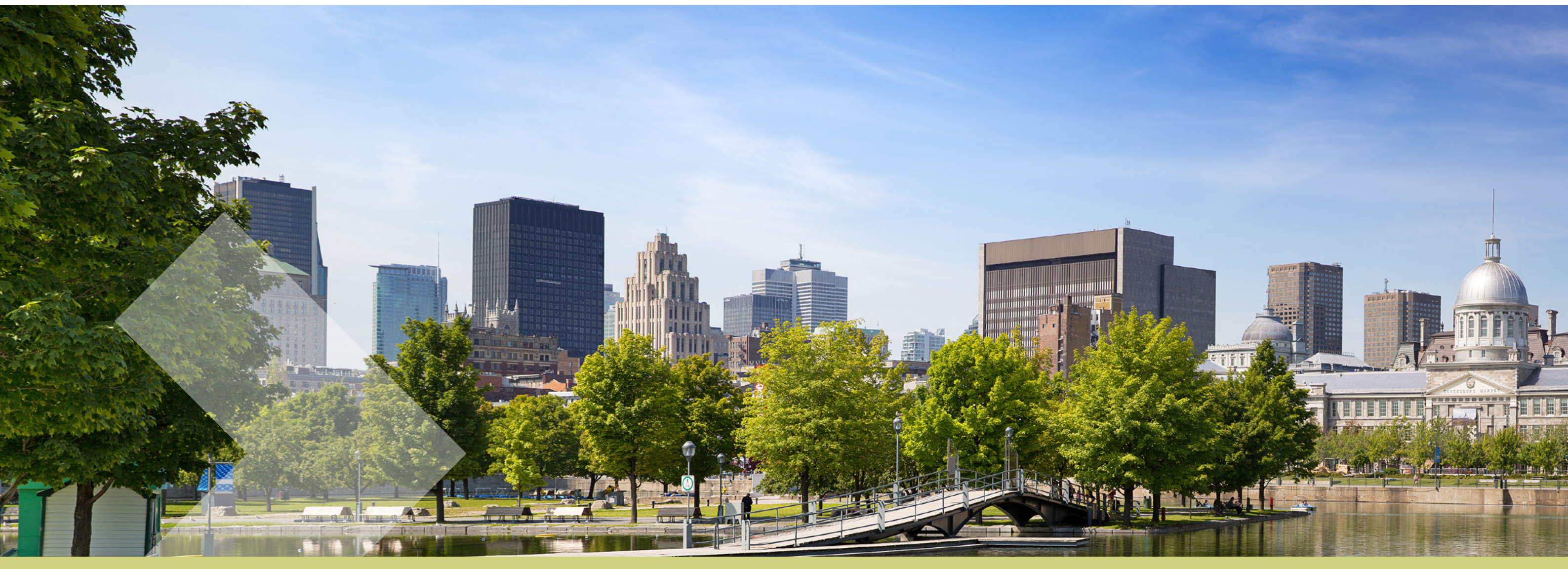
Transition risks

Transition risks and opportunities arise from the transition to a low carbon economy. Transition risks include the policy, legal, technology and market changes required to mitigate and adapt to climate change.[2]

Table 2: Transition risks and business impacts

<table>
<tr><th></th><th>RISKS</th><th>BUSINESS IMPACTS</th></tr>
<tr><td>SHORT TERM</td><td>• Increased pressure from investors to strengthen asset resilience and target net-zero
• Increased tenant demand for sustainable, low carbon assets
• Changing public perception around management of climate crisis
• Evolving regulations for disclosure and building operations, new net-zero codes
• Affordability of renewable energy and energy storage technology
• Supply chain advances net-zero initiatives</td><td rowspan="2">• Increased resources and compliance costs required to address emerging regulations
• Limited access to capital if unfulfilling investor expectations
• Cost to upgrade existing assets in-line with net-zero
• Marginal cost to align developments with net-zero
• Lower rent and risk of stranding if not meeting regulatory or market standards
• Higher operational costs from increase in carbon tax and grid decarbonization
• Incorporation of renewable energy lowers operational costs and GHG footprint
• Increase cost of materials
• Change in public perception and reputation</td></tr>
<tr><td>LONG TERM</td><td>• Increased carbon pricing
• Displacement of old heating systems (e.g. fuel-based)
• Minimum efficiency requirements
• Further electricity grid decarbonization</td></tr>
</table>

[2] "Recommendations of the Taskforce on Climate-Related Financial Disclosures," Financial Stability Board, 2017.



Opportunities

Managing our physical and transition risks is required to avoid the worst consequences of climate change, but also presents opportunities for our business. We have identified key opportunities that will allow us to capitalize on global progress towards climate mitigation and adaptation.

Our focus on innovation and collaboration will help us address challenges and take advantage of opportunities within our business and supply chain. Key opportunities include:

- **Protect value:** assess portfolio exposure to climate change and implement resilience features and processes; incorporate climate data into development and investment processes
- **Reduce insurance costs:** demonstrate strong climate management practices in negotiations
- **Generate revenue and reduce operational costs:** integrate renewable energy where possible and strengthen energy efficiency of assets
- **Strengthen risk management practices:** develop board oversight of climate risk
- **Maintain access to capital:** develop net-zero plan and strengthen resilience of our portfolio to meet evolving investor expectations
- **Stay ahead of regulations:** ensure disclosures and management practices exceed regulations
- **Modernize portfolio and meet tenant demand:** maintain a portfolio of efficient and resilient assets to meet evolving demand
- **Strengthen collaboration:** engage our partners to achieve mutual climate objectives
- **Differentiate ourselves as leaders:** demonstrate our commitment to a low carbon economy and reduce our impact on climate change through effective management and reporting of our impact and climate-related risks

Moving forward

- Apply scenario analysis to better understand our risks and impacts to better inform financial and risk planning

Risk management

Corporate risk and opportunity management

In 2021, our parent company, Fiera Capital Corporation, signed on to the Net Zero Asset Manager's ("NZAM") Initiative. NZAM is a leading group of asset managers supporting the goal of net-zero greenhouse gas ("GHG") emissions by 2050 to limit warming to 1.5 degrees Celsius[3]. Joining NZAM is an opportunity to align our business with global net-zero targets and we are currently undertaking analysis to determine FRE's contribution to this initiative.

Our Sustainability Technology Working Group is a multi-disciplinary group tasked with identifying, assessing and deploying sustainability related technologies. To date, technologies have focused on greenhouse gas reduction (e.g. renewable energy assessment, smart metering, net-zero carbon assessments) and strengthening portfolio resilience (e.g. climate risk data analysis). We also conducted climate risk training for all employees and will continue to do so as our internal practices evolve.

Table 3: Climate risk and opportunity management by business unit

BUSINESS UNIT	APPROACH
ASSET MANAGEMENT	• Procured third-party physical climate risk data to assess intrinsic portfolio risk • Collaborated with risk specialists to develop a proprietary tool and process to identify resilience practices (e.g. emergency response plans, sump pumps for flooding) and evaluate risk assets • Deployed the risk tool to Canadian assets and incorporated the results into our internal data management system • Developed ESG resilience scorecard in the UK to adequately assess ESG risk exposure, pricing and long-term resilience of potential and existing assets • Incorporate ESG criteria into asset budgeting • Certify majority of assets to BOMA BEST to standardize strong ESG operations across our Canadian portfolio • Quantify and report GHG emissions annually • Conducted net-zero studies assets to determine pathways to reduce GHG emissions • Created an ambitious roadmap for our Fiera Real Estate Long Income Fund (UK) on how to achieve net-zero carbon • Our Fiera Real Estate CORE Fund (CAN) is currently building a net-zero carbon pathway with Purpose Buildings and Quinn & Partners
INVESTMENT	• Conduct review of ad hoc climate risks (e.g. flooding) based on location of asset • Insurance underwriting includes review of select physical climate risks • Utilize the ESG resilience scorecard to assess and score ESG risk exposure during due diligence for all investments
DEVELOPMENT	• Engaging in preliminary talks with stakeholders on net-zero requirements • Align with certifications where appropriate • Incorporate ad hoc climate risks in design and site selection • Established minimum ESG and climate-related requirements for new developments in our Sustainable Design Brief ("SDB")

[3] "Net Zero Asset Managers Initiative," accessed December 3, 2021 https://www.netzeroassetmanagers.org/

Moving forward

Corporate

- Integrate ESG considerations, including climate risk management, into supply chain to prevent disruptions
- Maintain knowledge of existing and new climate-related regulations
- Set short-term GHG reduction and long-term net-zero targets for our global portfolio to create accountability for our own commitments

Asset management

- Use third-party data and risk tool outputs to assess portfolio climate risk and develop asset-specific plans to strengthen resilience (e.g. integrate resilience strategies into budget)
- Collaborate with property managers to ensure tenant safety, emergency management and business continuity plans are up-to-date
- Develop net-zero plan and budget for long-hold assets
- Leverage existing management practices in insurance rate negotiations

Development

- Integrate climate risk data into development and design plans to ensure we develop long-term marketable assets
- Begin to design net-zero developments and ensure FRE is meeting local requirements (e.g. new builds net-zero by 2030 in Toronto)
- Develop process to measure embodied carbon

Investment

- Integrate climate risk data into acquisitions/disposition decisions and due diligence
- Integrate GHG and energy performance and net-zero criteria into investment/disposition decisions

Metrics and targets

Metrics to assess climate risks and opportunities

We use metrics to assess and manage relevant climate-related risks and opportunities. We track climate data and associated metrics (e.g. value-at-risk) from third-party service providers. These metrics are also complemented with the results from our proprietary risk assessment tool that we deployed to assets in 2021. The tool collects property-level risk data and summarises largest opportunities to strengthen resilience.

FRE also participates in the GRESB assessment on an annual basis. The assessment includes climate management criteria and enables us to benchmark our performance.

Portfolio GHG emissions

FRE measures portfolio GHG emissions annually to help us understand our current performance and identify opportunities for improvement. While FRE has been measuring and reporting GHG emissions for over five years, in 2021, we conducted a complete quantification exercise. In this process, we quantified the operational emissions of our portfolio and estimated emissions where data gaps existed. In real estate, full data coverage remains a challenge as tenants (scope 3 emissions) largely control the energy consumption of the assets.

Table 4: GHG emissions by region[4]

REGION	2019 EMISSIONS (TCO_2E)	2020 EMISSIONS (TCO_2E)	% CHANGE
Canada	62,272	60,046	-3.6%
United Kingdom	11,389	11,617	2.0%
TOTAL	73,661	71,663	-2.7%

Table 5: GHG emissions by scope[4]

REGION	2019 EMISSIONS (TCO_2E)	2020 EMISSIONS (TCO_2E)	% CHANGE
Scope 1	4,790	4,308	-10.1%
Scope 2	5,770	5,401	-6.4%
Scope 3	63,101	61,954	-1.8%
TOTAL	73,661	71,663	-2.7%

[4] 2020 data represents 66% actual and 34% estimated

Past performance is not an indicator of future results.

Company GHG emissions

FRE measures corporate GHG emissions associated with our operations, business travel, waste, water and procurement practices. In 2021, we achieved the Planet Mark Year 2020 Business Certification, an internationally recognised sustainability certification for businesses demonstrating our continuous progress and action on carbon. For our UK business, we were recognized as Finalists for Newcomer of the Year Award. Additionally, in 2020, we offset 110% of our UK corporate footprint through an investment in the Kasigau Corridor project.

Table 6: GHG emissions by scope

REGION	2020 EMISSIONS (TCO_2E)
Canada	113.0
United Kingdom	15.8
TOTAL	128.8

Targets

Our emissions profile has helped inform our targets. For the Fiera Real Estate CORE Fund (CAN), assets have five-year energy targets that translate to greenhouse gas reductions. Our Fiera Real Estate Long Income Fund (UK) set data coverage targets to collect and measure 75% or more of energy data per year. In 2021, this target was exceed by 75%.

As we advance our net-zero strategy, we aim to codify global greenhouse gas reduction targets to ensure our entire organization shares a robust approach to – and responsibility for – emissions reduction. Fiera Capital Corporation's decision to become a NZAM signatory will also help guide our target setting.

Moving forward

- Conduct a GHG scan to determine material emission sources outside of the emissions we already measure
- Set short-term GHG reduction and long-term net-zero targets for our portfolio
- Verify GHG data to establish accountability and increase confidence in data

Past performance is not an indicator of future results.

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