99 Member Companies

- 50% Operating Entities
- 21% Fund Managers / Asset Managers
- 9% Investment Dealers
- 5% Brokerages
- 4% International Members
- 3% Investor / Pension Fund Entities
- 3% Government Real Estate Agencies
- 2% Consultancy / Data Providers
- 2% Lenders

REALPAC - 2018 Year in Review
<table>
<thead>
<tr>
<th>Membership Type</th>
<th>Category</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Member</td>
<td>Operating Investor / Pension Fund Entities</td>
<td>CANADA POST, ns pension Services Corporation, OPTrust</td>
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<tr>
<td>Affiliate Member</td>
<td>Fund / Asset Managers</td>
<td>Bentall Kennedy, Brookfield, Crestpoint Capital, CROWN Realty Partners</td>
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<td>Epic, FENGATE Real Asset Investments, Fiera Properties, Forgestone Capital</td>
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<td>GREYSTONE MANAGED INVESTMENTS INC, GWL Realty Advisors, Invesco</td>
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<td>LaSalle, minto, Morguard, Nicola Crosby, STRATHALLEN, TROYVEST</td>
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<td>realstar group, SLATE</td>
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<tr>
<td>Affiliate Member</td>
<td>Government Real Estate Agencies</td>
<td>CreateTO, Ontario Infrastructure Office, Public Services and Procurement Canada</td>
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<td>Lenders</td>
<td>First National Financial LP, MCAN</td>
</tr>
</tbody>
</table>
REALPAC’s most active year for advocacy and public affairs activities

With a number of municipal governments making meaningful efforts to correct growing housing affordability and availability challenges and the political turnover of several provincial governments, REALPAC engaged policymakers on many new proposals and issues in significant need of reform.

We formalized new government relations practice areas to classify new and ongoing projects and focus our attention to where it is most required. These five 'buckets' help us to determine what issues will drive the most value for our overall government relations operations. REALPAC’s major 2018 advocacy initiatives and practice areas included the following:
Balanced taxation and financial policy

**Highest and Best Use Assessments**
- REALPAC actively working with Ministry of Finance to investigate possible changes to commercial property tax assessment methodology with goal to transition to ‘current use’
- **British Columbia**: REALPAC monitoring possible provincial efforts to impose a ‘small business tax class’ or similar assessment-based mechanisms which would shift tax burdens to large commercial properties. REALPAC to engage in consultations around potential legislative Bill in spring 2019

**Property Tax Ratios**
- REALPAC partnered with Altus to produce annual property tax survey for 16th year
- **Calgary**: REALPAC working with regional stakeholders to raise awareness of possible harmful effects of climbing property taxes
- **British Columbia**: REALPAC circulating tax report to raise awareness of lack of positive progress toward balancing of municipal property tax ratio (still in excess of 4:1)

Strategic energy and environmental sustainability policy

**Energy and Water Reporting and Benchmarking Initiatives**
- **Ontario**: REALPAC the leading industry stakeholder guiding Ontario program rollout
- First Ontario reporting deadline in 2018; program to continue into 2019
- **British Columbia**: Monitoring possible implementation in British Columbia
Rent Control Regimes

- **Ontario**: REALPAC successfully lobbied for an exemption on unoccupied and future rental housing units. No further changes to rent control regime are expected moving forward.
- **British Columbia**: Partial victory in the maintaining of rental de-control policies in British Columbia. REALPAC monitoring possible attempts to add further complexity through ‘renovictions’ policy and follow up efforts on de-control issue.

**Ontario Municipal Board and Local Planning Appeal Tribunal (LPAT) Transition**

- REALPAC actively working with industry allies to identify constructive additions to LPAT procedures to maintain fairness principles for industry applicants.
- REALPAC to include advocacy and submissions as part of 2019 Housing Supply Action Plan consultations.

**Toronto Development Charges**

- City of Toronto municipal Development Charge Bylaw renewed in 2018: REALPAC successfully worked to maintain development charge exemptions on commercial and industrial development above and below grade.
- Catholic District School Board Development Charges: REALPAC successfully worked with industry allies to temporarily prevent massive escalation of education development charges—initially estimated as a 640% increase.

**Ontario Inclusionary Zoning Regulations**

- **Quebec**: REALPAC working with Quebec rental and seniors housing associations on rent control policy changes affecting capital investment in new and existing units.

**Efficient housing markets**

- **Ontario Municipal Board and Local Planning Appeal Tribunal (LPAT) Transition**
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**Progressive land planning policy**

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Ontario Land Transfer Tax (LTT) ‘De Minimis’ Exemption

- Tracking and reporting of LTT liabilities in Ontario still considered problematic
- REALPAC re-engaged the Ontario government on mechanisms to lessen the burden on trusts and partnerships
2018 Advocacy Successes

November 29, 2018

“We applaud the government’s common sense approach to rental housing supply as outlined in the Fall Economic Statement. In particular, REALPAC and its membership believe that exceptions for new units will eliminate a strong regulatory disincentive for builders of new rental housing stock, and send a signal that indeed Ontario is open for business. The very important change will help to bring more residential units online for all current and future renters in Ontario.”

Michael Brooks
CEO, REALPAC

Our government is taking steps to increase the supply of housing that is affordable while protecting rent control for existing tenants. Thanks to @REALPAC_News for their support. Share your ideas on how to build more housing and reduce costs: Ontario.ca/HousingSupply

Steve Clark
MPP Leeds-Grenville-Thousand Islands and Rideau Lakes, Minister of Municipal Affairs and Housing

Housing supply has not kept up with strong population growth in Ontario, driving up house prices and rents. @REALPAC_News#onpoli

Victor Fedeli
Finance Minister of Ontario
We are pleased to have made significant progress in the following areas in 2018:

**Federal**

REALPAC concentrated our federal efforts around the potential impact of NAFTA reform and plans to introduce a new Federal Sustainable Development Strategy and national carbon-pricing regime

- REALPAC appointed to federal government Sustainable Development Advisory Council
- Continued to develop strong online, digital and public relations footprint in support of government relations practice

**Provincial**

REALPAC found opportunities to work with a new provincial government in Ontario, which indicated very early key priorities to reverse several legislative proposals considered harmful to the real estate industry, mostly relating to housing and finance. REALPAC continued to build our advocacy profile in both British Columbia and Quebec, where rent control issues continue to depress investment

- Executed 10-week Ontario advocacy campaign to introduce the new provincial government to REALPAC’s extensive government relations objectives
- Quickly rebuilt key relationships in Ontario ministries following provincial election
- Successfully pushed for Ontario rent control exemptions for unoccupied and future units
- Continued stewardship of Ontario Energy and Water Reporting and Benchmarking Initiative on behalf of industry
- Successfully motivated Ontario government to begin fulsome consultations on all housing policies and proposals
- Successfully fought to maintain British Columbia rent de-control policies amid climbing rent control burdens in province

**Municipal**

REALPAC maintained a strong focus on municipal issues relating to property tax and development processes – two longstanding challenges that affect the core business of real estate development

- Collaborated with industry allies to prevent massive escalations of Toronto Development Charges (TCDSB education charge and elimination of exemption of commercial above-grade)
- Successfully pushed for active review of Toronto Secondary Plans (Midtown in Focus and TOCore)
- Successfully prevented introduction of Toronto and Vancouver small business tax classes that would shift tax burden to large property owners
- Maintained continued reductions to Toronto commercial property tax ratios and monitored against possible financial burdens in terms of revenue tools
Advocacy Research & White Papers

As the industry thought-leader, REALPAC is providing thoughtful, well-researched white papers, industry reports and positions on behalf of our members. Some of our major 2018 work includes:

**Policy Backgrounder: Assessing the Impact of Ontario’s Rent Control Regime,** examines the efficacy of rent control policy as a component of the government’s housing strategy.

REALPAC’s findings indicate that new rent control measures reduce the feasibility of new purpose-built construction, increase the cost of rents for new tenants, increase development risk, and erode the property rights of landowners. They further limit the number and quality of units in many jurisdictions in which they’re instituted.

**White Paper: Does Inclusionary Zoning Work?** represents a multi-month research effort that investigated the efficacy of inclusionary zoning as a housing supply tool, as well its wider impacts on the real estate market. Current Ontario Inclusionary Zoning requirements provide only shallow affordability benefits while creating an inconsistent regulatory framework that leaves the municipalities in charge. This white paper features analysis of the many components of this issue and includes recommendations in consideration of market adaptability and ownership viability.

**Research:** For 16 years, REALPAC has partnered with Altus Group to compare the tax rates of Canada’s largest cities. The 2018 survey results indicate that Canadian cities have extended the ongoing trend of decreasing commercial tax rates in an effort to promote business growth. However, Vancouver, Toronto and Montreal continue to post the highest commercial-to-residential ratios of the cities analyzed.

Tax fairness nationwide, is a core pillar of REALPAC’s policy agenda. Excessive property taxes on commercial and industrial properties will make Canadian cities less competitive, and ultimately reduce the property assessment base and jobs. We encourage municipalities to balance commercial and industrial property taxes with residential property taxes as a way of enhancing local and sustainable economic growth.
Financial Best Practices
White Papers

Since the introduction of the REALPAC Handbook in 1972, REALPAC has promoted FFO as the industry-wide standard measure of a real estate entity’s operating performance. The term has come to be widely used by Canadian public companies and REITs. This use, combined with the primary measures required by Canadian GAAP, has been fundamentally beneficial to the industry, improving the understanding of operating results of reporting issuers among the investing public and making it easier to compare the results of one real estate reporting issuer with another.

The February 2018 revision on the February 2017 FFO and AFFO White Paper clarifies the treatment of stock-based compensation for puttable units to allow for consistent treatment between equity-based and cash-based compensation.

The February 2018 revision on the February 2017 ACFO White Paper adds an adjustment for distributions on puttable instruments that are classified as financial liabilities and therefore treated as interest expense.
REALPAC Committees

Capital Markets Committee
Monitors, researches and discusses capital markets issues affecting the management and governance of Canadian public sector REITS and REOCs in the commercial real estate industry and engages government as appropriate.

101 members

Environmental Social & Governance Committee
Establishes a broad industry framework that supports the environmental, social and governance needs of the Canadian real property community; and draws insight from a community of experts when trying to set priorities and influence policies.

107 members

Financial Best Practices Committee
Monitors both Canadian generally accepted accounting principles applicable to the real estate industry and U.S. and international accounting standards. Analyzes financial reporting rules and policies issued by security regulators in Canada and the U.S.

200 members

Fund Management Committee
Advances the governance, regulatory environment, and best practices for real estate funds, plan sponsors and fund managers. Advances research and standards of interest to funds, plan sponsors and fund managers, and increases the real estate market transparency in Canada through independent and comparable performance analysis with investors, managers, consultants, and occupiers.

72 members

Human Resources Committee
Shares best practices within the professional human resources community, discuss issues related to professional development, and shares information related to compensation-related surveys.

111 members

REALPAC/IPD Canada Quarterly Property Index Committee
Increases real estate market transparency in Canada through independent and comparable performance analysis with investors, managers, consultants and occupiers via the REALPAC/IPD Canada Quarterly Property Index, the REALPAC/IPD Canada Quarterly Property Fund Index, and the REALPAC/IPD Canada Quarterly Green Property Index.

95 members
REALPAC’s 2018 Canadian Closed-End Fund Survey is the first of its kind in Canada. The survey was designed in an effort to better understand the scope of the Canadian closed-end fund market and bring Canadian fund governance standards more in line with emerging global standards.

The survey, in its third year, continues to grow in participation. It focuses on non-listed closed-end real estate funds in Canada, and provides important data on fund strategy, leverage, target returns, gross value of investments as well as elements of fees and separate accounts. REALPAC has also included a sentiment section to understand what fund managers are anticipating for the future.

The results of the annual closed-end fund surveys are instrumental in providing the background needed for the development of industry best practice guidance.

REALPAC thanks the following organizations for contributing data for this Report:

We would also like to thank the six additional organizations that participated in the survey, but wished to remain anonymous.
The industry’s most comprehensive measure of senior executive’s confidence in the Canadian commercial real estate industry:

Canadian Real Estate Compensation Survey Results:

3 major facets of compensation for

161 positions

found in REALPAC member companies

53 participating companies
REALPAC/Ryerson Canadian Commercial Real Estate Research Symposium

REALPAC’s first Research Symposium brought together real estate academics and industry professionals to share their research, discuss the state of the industry, and build connections. The day consisted of six presentations from professors (from Canada, the U.S., and the U.K.) and practitioners which spanned topics from investment performance to rental apartments, and concluded with a networking reception and dinner.
From increasing temperatures to more frequent extreme weather events like Hurricane Florence, the effects of climate change are becoming more apparent to our industry. Property owners now need to actively consider climate risks like flooding, warmer temperatures, heavier snowfall, and potential power outages to avoid future costs and damages to their building stock. REALPAC members have identified climate change as a major area of concern when thinking of the future of their assets.

This backgrounder gives a high-level overview of resilience research and details climate change risks and resilience measures relevant to members existing assets.
REALPAC journeyed into the PropTech sector

REALPAC/R-Labs Partnership

REALPAC was pleased to help launch R-Labs Canada, Canada’s first dedicated PropTech Incubator & Venture Lab, designed to identify, build and accelerate innovative companies focused on addressing and solving major problems in the housing and commercial real estate sectors.

REALPAC/MetaProp NYC Canadian PropTech Breakfast Series

REALPAC and MetaProp NYC partnered in delivering two installments of the Canadian PropTech Breakfast Series: *Filtering the Noise* and *Smart & Connected Buildings*.

MIPIM PropTech

REALPAC partnered with MIPIM to support MIPIM PropTech, the real estate and tech event united key real estate decision makers to take their business to the next level and build the future of real estate.

REALPAC was pleased to be nominated for a Global PropTech Award as a finalist for the Top Association of the Year.
How the certificate program works

**Complete**

**4 REQUIRED COURSES**
(64 hours)

- Capital Markets & Investing in Commercial Real Estate (16 hours)
- Commercial Real Estate Law (16 hours)
- Finance & Investment in Commercial Real Estate (16 hours)
- Valuation in Commercial Real Estate (16 hours)

**Complete**

**2 ELECTIVE COURSES**
(32 hours)

- Commercial Real Estate Asset Management (16 hours)
- Commercial Real Estate Development (16 hours)
- Leasing in Commercial Real Estate (16 hours)
- Lending in Commercial Real Estate (16 hours)

**Pass**

**6 EXAMS**

Complete one short exam per course

**Earn**

**RPIC**

Earn your Real Property Investment Certificate!
RPIC Program

offers a unique education perspective into the different facets of the commercial real estate industry

Finance & Investment  Law  Capital Markets & Investing  Asset Management
Lending  Valuation  Leasing  Development
Panel Pledge Implementation:

1. Request confirmation of who the other panelists/speakers/participants are, and how a balance in terms of diversity and inclusion will be achieved.

2. Convey that you expect inclusion of diverse peoples to participate in a meaningful way.

3. Consider whether you should withdraw from speaking at the event should this not be the case when the speaker list is finalized.

4. Offer names of persons from within your network and, if helpful, point them to resources for support.

REALPAC Panel Pledge

Introduced this year, the Panel Pledge means that if you are invited to speak at or participate in a professional industry forum on a panel of two people or more, not including the Chair or moderator, you are encouraged to only do so if there is at least one woman and/or a person from a racialized group represented on the panel.

REALPAC led Diversity & Inclusion Industry Group (BOMA Toronto, ULI, Toronto CREW, NAIOP, CoreNet)

Diversity & Inclusion

Diversity & Inclusion

<table>
<thead>
<tr>
<th>Does your organization have a formal diversity &amp; inclusion plan?</th>
<th>What is the primary goal of your company’s diversity &amp; inclusion plan?</th>
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<tbody>
<tr>
<td><img src="chart.png" alt="Diversity &amp; Inclusion Chart" /></td>
<td><img src="chart.png" alt="Primary Goal Chart" /></td>
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</tbody>
</table>

Does your company have a dedicated diversity & inclusion initiative team and/or committee? If yes, how often does your diversity & inclusion team/committee meet?

Twenty-two percent (22%) of participating companies have a dedicated diversity & inclusion initiative team and/or committee.

Source: 2018 REALPAC / FPL Canadian Real Estate Compensation Survey Results
Conferences

Co-owned Conferences

RealCapital 568 attendees
RealTrends 270 attendees
RealREIT 530 attendees

Principal Sponsor

2663 attendees
REALPAC keeps you up-to-date on the issues that matter most

REALPAC – 2018 Year in Review

REALupdate Bulletins

REALupdate Q3

REALPAC Policy Briefings

91 Tweets

20 LinkedIn Posts

Quarterly Reports
25th Anniversary of REITs in Canada
REALPAC connects senior Canadian real estate executives to help build new relationships, identify opportunities, access and build markets, and grow companies and investments.
We strive to see things not as they are, but as they ought to be. We believe in each of our Corporate Partners and know that we’re stronger together.
REALPAC 2018 Officers and Board of Directors

Donald Clow
President & CEO
Crombie REIT

Geoffrey Grayhurst
President
Dorsay Development Corporation

William Jandrisits
President & CEO
MCAN Mortgage Corporation

Ashi Mathur
Managing Director
BMO Capital Markets
Real Estate Group Inc.

John Sullivan
President & CEO
The Cadillac Fairview Corporation
Chair, REALPAC (2017 & 2018)

Blake Hutcheson
President & CEO
Oxford Properties Group
Vice Chair, REALPAC (2019 & 2020)

Toni Rossi
President
Real Estate Division
Infrastructure Ontario

Ken Silver
CEO
CT REIT

Michael Waters
CEO
The Minto Group
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Vice President, Financial Reporting & Chief Financial Officer
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