2017
Year in Review
Making the CASE for REALPAC
96 Member Companies

NEW MEMBERS IN 2017

CONTINUING MEMBERS
Message from the CEO

I want to extend a heartfelt thanks to all of our members for their support, encouragement and engagement throughout 2017. REALPAC has reached a number of new and impressive milestones you can find featured throughout this review.

CONNECTS

Reflecting the importance of our communal work, we hit a new high for members at 96. Our Chief Executive Summit in Montréal had our highest attendance numbers ever, and the formula of lower price, inviting seconds in command, and having a formal spousal program continued the success we enjoyed in 2016 in New York.

Influential

Our high-impact agenda, exclusive membership, and proven successes position us as the most powerful voice of real property investment in Canada.

ADVOCATES

The number of advocacy initiatives undertaken in 2017 represented one of our busiest years. Most of these initiatives were defensive, as cash-strapped governments looking to transform urban infrastructures looked increasingly to real estate to fund some of those expenditures. Other governments, particularly the Province of Ontario hoping to stave off a defeat in the polls, enacted ill-conceived laws with poor or no consultation. We have no doubt that actions taken on OMB reform, rent control, and LTT de minimis will prove to be policy mistakes over the long term. These battles will continue into 2018, with REALPAC leading the charge.

Thoughtful

We take a well-researched and well-reasoned approach to working with our diverse stakeholders including governments, members and partners.
We’re committed to the long-term resilience and vitality of our industry. Maintaining our focus on the future means ensuring that we’re supporting the success of today’s leaders, and helping to build the next generation of industry leaders.

### SUPPORTS

REALPAC refocused many of our committees in 2017 from a standing-meetings approach, to an issues-and-engagement approach. We don’t hold meetings for meetings sake. We call meetings to accomplish something, whether it’s developing a policy or research position, coordinating an industry response, identifying problems or issues to be resolved, or anticipating needs and working out the scope of an exercise to solve them. Our Financial Best Practices, HR, ESG, Fund Management, and Canada Property Index Committees all had a very active year engaged in issues needing resolving on behalf of the industry. Our Capital Markets and Research Advisory Committees were less active, but 2018 promises new initiatives for both. In addition, the number of research projects we have underway is twice what we have undertaken in prior years.

### EDUCATES

REALPAC partnered with Ted Rogers School of Management, at Ryerson University on our Real Property Investment Certificate (RPIC) Program, and have seen enrolment nearly double in 2017.

We start 2018 with a full plate of activities and initiatives underway. I want to personally thank our 10 other staff members for their hard work during the year. We really have a terrific team at REALPAC who are all deeply engaged in supporting our members, and advocating and developing resources to continue meeting the needs of industry.

### Responsive

We monitor, anticipate and adapt to our industry’s ever-changing environment and the evolving needs of our members.
The connections happen by attracting the senior most real estate executives of REALPAC member companies to inspiring and engaging exclusive events tailored to their needs and attended by their peer group.

In lieu of speaker gifts at our events on behalf of REALPAC members, we were pleased to make donations to both the Pediatric Oncology Group of Ontario and to DEFI Canderel.
ADVOCATES

Advocating nationally directly with government at all levels
REALPAC champions our industry’s contribution to a flourishing Canada. Here are just a few initiatives REALPAC lent its voice to in 2017

**Ontario Land Transfer Tax de minimis Policy**
REALPAC has been advocating against significant changes to this policy since they were announced in 2016. In August 2017, the Ministry of Finance released further regulations clarifying rules governing the reporting of liabilities and other matters. REALPAC used that opportunity to provide comments to the Ministry indicating the scale and magnitude of the burden placed on REITs and other funds as a result of policy changes announced the year before. We further proposed a reasonable solution to the government’s purported objectives through O.Reg 35/16. We remain convinced that the rescinding of O.Reg 35/16 and the amendment of the original O.Reg 70/91 is a much more effective way to address the taxation of transfers of beneficial ownership, while not imposing the heavy administrative burden on real estate investors.

**Toronto Tax Programs**
The City of Toronto is engaged in ongoing consideration of several property tax related programs which affect the commercial real estate industry. In concert with other associations in the commercial real estate industry, the Association made considerable progress on protecting the industry against potential property tax related risks as they arise.

**Vancouver Tax Policy**
REALPAC is advocating for tax policy changes which do not place an even heavier burden on properties and landlords currently under substantial affordability and tax pressures in Vancouver. Discussions have begun with City staff who have indicated some form of the original policy will still be considered.

REALPAC hosted a Policy Roundtable with Ontario Finance Minister Charles Sousa. During this signature REALPAC event, members discussed recent Ontario policy proposals including rent control, land transfer tax statutes, business education taxes, and Ontario’s attractiveness as an investment destination.
REALPAC worked extensively in 2017 to represent the industry’s concerns about the potential loss of the OMB as a major component of Ontario’s land use planning system. On December 12th, the Legislative Assembly passed Bill 139: Building Better Communities and Conserving Watersheds Act, 2017, which, among other matters, will replace the OMB with a new tribunal, the Local Planning Appeal Tribunal (LPAT), and according to the Province, helps ensure proceedings before the tribunal are faster, fairer and more affordable. This latest attempt to reformat the OMB follows a series of failed tries for reform, and myriad promises from provincial and municipal policy-makers to place more planning power in the hands of local governments. Many industry advocates expected to see changes in 2017, and worked to limit ‘collateral damage’ to the integrity of the planning system as a result. REALPAC further advised that the reduced powers would build further NIMBY attitudes and slow the development approval process.

Inclusionary Zoning Regulations
REALPAC has been closely following attempts to implement inclusionary zoning policies in Ontario since 2016, and provided written and oral deputations to the Provincial Standing Committee on Social Policy with respect to inclusionary zoning. In December 2017, the Province of Ontario posted draft regulations under the Planning Act relating to inclusionary zoning. The regulations effectively allow municipalities to require that affordable housing units be included in new residential projects.
Ontario Energy and Water Reporting and Benchmarking Protocols

REALPAC has been in consultation with the Ministry of Energy (MoE) regarding the development of an Ontario Energy and Water Reporting and Benchmarking program since 2014. In 2017, REALPAC joined the MoE’s stakeholder working group to further advise on the implementation of EWRB in Ontario. In November, the MoE ran a one-month EWRB pilot with voluntary building participants, (comprised of many REALPAC members), to test the usefulness of the program and gain insight into user experience. The pilot proved successful and provided valuable feedback to further inform the implementation of the program. In December, REALPAC communicated key compliance information to members.

Toronto Green Standard Version 3

REALPAC has been active in advocacy initiatives relating to the City of Toronto’s Green Standard (TGS). First introduced in 2010, the TGS is a set of environmental performance measures for new development in the City of Toronto. Version 3 of the standard was adopted by City Council on December 5th and will come into effect on May 1st, 2018. TGS version 3 is a significant step forward for the green building goals and aspirations of the City of Toronto. The protocol will mean sweeping new regulations for compliance. The biggest change to TGS V3 is the restructuring of the Energy and GHG Emissions category to now have four tiers to support the achievement of near zero GHG emissions buildings in Toronto by 2030.

We’re also active internationally:

REALPAC hosted a meeting of global associations representing listed real estate companies and REITs. This group has been meeting twice yearly for over seven years to advance and standardize the regulatory framework for securitized real estate around the world. The Real Estate Equity Securitization Alliance (REESA) representatives include the CEOs of REALPAC, NAREIT (U.S.), the European Public Real Estate Association (EPRA), the Property Council of Australia, the Asian Public Real Estate Association (APREA), the British Property Federation, and the Association for Real Estate Securitization (ARES).
SUPPORTS
Supporting members through smart tools and relevant research
We deliver made-in-Canada financial best practices insight and expertise

REALPAC released two landmark financial white papers, encouraging members to determine the metrics that are most appropriate for reporting quarterly results, and present the appropriate combination of FFO, AFFO and/or ACFO to their peer group.

**Committee Driven**

With 169 active members, REALPAC’s **Financial Best Practices** Committee monitors generally accepted Canadian accounting principles applicable to the real estate industry, U.S. and international accounting standards to recommend changes when necessary to the REALPAC IFRS and ASPE Handbooks, and financial reporting rules and policies issued by security regulators in Canada and the U.S.

With 101 active members, REALPAC’s **Capital Markets** Committee monitors, researches and discusses capital markets issues affecting the management and governance of Canadian public sector REITs and REOCs. The committee provides stewardship to public real estate entities and represents the public real estate companies in joint public relations and outreach initiatives.

**CFO Luncheon**

REALPAC hosted an exclusive luncheon for our Chief Financial Officers, as a forum to discuss current issues for public reporting entities.

REALPAC further supported the industry from a financial perspective by offering courses on Accounting for Real Estate Entities under IFRS, and Amendment No. 1 to the REALPAC ASPE Handbook.
Research-driven reports, surveys & indices

Committee Driven

With 71 active members, REALPAC’s Research Advisory Committee gives the industry’s researchers the opportunity to advocate real estate research in Canada, share and discuss current research interests, keep up-to-date on market developments, interact with peers regarding publications and future research trends, and help shape the research agenda at REALPAC.

With 64 active members, REALPAC’s Fund Management Committee advances the governance, regulatory environment, and best practices for real estate funds, plan sponsors and fund managers, to increase the real estate market transparency in Canada through independent and comparable performance analysis with investors, managers, consultants, and occupiers.

Closed-End Fund Survey

REALPAC designed the survey 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.

In its second year, the report has evolved in both size and scope of data collected.

REALPAC thanks the organizations listed and the five organizations that participated in the survey, but wished to remain anonymous, for contributing data for this report which has been instrumental in providing the background needed for the development of industry best practice guidance.
REALPAC’s purpose is to ensure Canada’s real property sector remains a relevant, active contributor to the nation’s long term prosperity.

Did you know: REALPAC members have 24/7 access to all the reports listed? To retrieve your complimentary downloads of the reports, sign-in to realpac.ca and click “Supports”, then “Member Resources”.

With 76 active members, the 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.

Together, REALPAC and MSCI co-own three important indices:

- REALPAC/IPD Canada Quarterly Property Index
- REALPAC/IPD Canada Quarterly Green Property Index
- REALPAC/IPD Canada Quarterly Property Fund Index

The results of these indices are released and analyzed throughout the year via live events and webinars.
Diversity & Human Resources

REALPAC partnered with the HRPA to present a day of thought-leadership on the most pressing and challenging HR issues professionals face at the REALPAC/HRPA HR Summit.

Attendees gained a valuable roadmap from HR industry experts about topics as diverse as innovation, performance management, top HR trends and recent research, legal trends, managing mental health, and managing the multi-generational workforce.

Committee Driven

With 90 active members, the REALPAC Human Resources Committee shares best practices within our members’ HR professionals community, discusses issues related to professional development, and gathers and shares information regarding compensation-related surveys.

The Evolution of the Real Estate Industry: Diversity, Culture and Workplace

Michael Brooks participated in a REALPAC member-led diversity panel at the Empire Club of Canada. REALPAC also developed a Diversity & Inclusion Task Force focused on supporting the commercial real estate industry in its efforts to promote and advance diversity and inclusion.
We are responsive to the changing environment and we take on the issues that matter most

20 by ‘15: REALPAC’s ambitious energy reduction program came to a close

In September 2009, REALPAC, in collaboration with the CaGBC and BOMA Canada adopted an energy consumption target for office buildings of 20 equivalent kilowatt-hours of energy use per square foot of building area per year, to be achieved by 2015.

REALPAC asked its members, partner organizations, and affiliates, as well as other industry stakeholders, to participate in the groundbreaking annual REALPAC Energy Benchmarking Survey by submitting the energy consumption data from office buildings over six years.

Cumulative survey reports were released in 2010, 2012, and 2014, culminating with the final report issued in 2017.

REALPAC’s final Energy Benchmarking Report analyzes and compares all six years of data to provide a comprehensive view of trends and patterns of building energy performance across Canada. Although not all buildings have met the 20 by ’15 target over the six-year period, progress has been made in energy reduction overall, particularly in buildings that have participated consistently or intermittently during the years of the Surveys.

Looking back over the six years of the REALPAC Energy Benchmarking Program, the growth of interest and activity related to energy measurement and savings, as well as the actual performance improvements at the building level, were evident. The continued participation of benchmarking performance over time is a testament to the heightened knowledge and level of sophistication organizations are bringing to the management of their assets’ resource use.
REALPAC’s Sustainability Committee evolved into the REALPAC Environmental, Social & Governance Committee:

With 79 active members, the new REALPAC ESG Committee works to establish a broad industry framework that supports the environmental, social and governance needs of the Canadian real property community. The committee draws insight from industry experts when trying to set priorities and influence policies, and functions as a forum to exchange ideas and promote best practices.

Building Lasting Change

As co-host of CaGBC’s Building Lasting Change conference, Michael Brooks attended the annual event in Vancouver. In REALPAC’s second year of a three-year arrangement with CaGBC, we assisted in recruiting keynote speakers, organizing the leadership breakfast, and moderating a lunch and plenary panel comprised of Michael Emory, CEO, Allied REIT, Amy Erixon, Managing Director, Avison Young - Investments, Kevin Hydes, CEO, Integral Group, and Eric Usher, Head, UNEP Finance Initiative. During the event, CaGBC also released its new standard for zero carbon or zero emissions buildings, a project REALPAC assisted on.

GRESB Results Presentation

As GRESB’s Canadian Industry Partner, REALPAC co-hosted the release of the 2017 GRESB Canada Results. Canada scored 70/100, up four points from 2016 and placing it second among global regions, with Australia and New Zealand in first. REALPAC congratulates all of its members who participated in this year’s assessment, with special mention to GWL Realty Advisors, Invesco Real Estate, and Bentall Kennedy who have been recognized as sector leaders.
EDUCATES

Educating the industry through training courses and events
Our made-in-Canada professional development equips you with the practical expertise you need in convenient formats.

REALPAC and Ted Rogers School of Management at Ryerson University, teamed up in 2017 to offer the Real Property Investment Certificate (RPIC) Program.

**RPIC Programs**

Offer a unique perspective into the different facets of our industry.

- Finance & Investment in Commercial Real Estate
- Commercial Real Estate Law
- Capital Markets & Investing
- Commercial Real Estate Asset Management
- Lending in Commercial Real Estate
- Commercial Real Estate Valuation
- Commercial Real Estate Leasing
- Commercial Real Estate Development
Our breadth of professional development opportunities is unrivaled in the industry
REALPAC keeps you up-to-date on the issues that matter most

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REALupdate Bulletins to Members

9
Policy Briefings to Chief Executive and Chief Financial Executive members

4
Quarterly hard copy updates delivered to our Chief Executive and Chief Financial Executive members
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.

Thank You.
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Advancing the long-term vitality of Canada’s real property sector
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