Our Journey Towards Climate Resilience

TCFD Report | December 2023

SLATE

PRESIMA

A Word From Our Senior Leadership

Presima Securities ULC ("Presima") is a Montreal-based asset manager focused primarily on global listed property investment solutions. With over 20 years of experience in the asset class, we see listed property differently – we see it as a strategic way for our clients to reach an outcome within their portfolio.

As real estate specialists, we consider climate change one of our assets' most relevant responsible investment issues. We view climate change to be a serious threat to communities, businesses and ecosystems around the world, and we believe that climate risk factors are material and can have an impact on long-term financial returns. It naturally follows, that we think climate related disclosures help us manage climate risks and seize climate-related opportunities in our overall investment decision process. We have been committed to incorporating ESG factors into our investment solutions since 2006 and became a signatory of the United Nations Principles for Responsible Investment ("UN PRI") in 2009. We also published our first Climate Policy in 2020. To further signal our advocacy for disclosing material climate risks (and opportunities) by both corporate and investment managers, we became a public supporter of the Task Force on Climate-related Financial Disclosures ("TCFD") in December 2020. We then spent the following year working through the TCFD recommendations with the support of an expert climate advisor and we are proud to have published our inaugural TCFD report in December 2021. This document is an updated report, which encompasses material changes and progress related to our climate journey over the last couple of years.

Our TCFD reporting process reflects our continued commitment to refining and improving the way climate related risks are identified and assessed. Since 2021, we have collaborated with climate advisors with the aim of developing an in-house approach to assess climate-related risks and to integrate this data into our investment theses and risk management framework, an initiative we continue to develop qualitatively and quantitatively.

Although we have made meaningful climate advances since our last TCFD report, it's important to highlight that the last couple of years have seen a transition, as we officially became part of Slate Asset Management ("Slate") in June 2022. The period has been marked by the resource-intensive process of reviewing and integrating our team, policies, and practices with our new owner. We're excited about this next evolution, leveraging Presima's decades of public market knowledge and expertise to build on the quality, breadth, and depth of Slate's investment management business; however, M&A naturally impacted corporate priorities. To be clear, the transaction has not shifted our commitment to our climate objectives, but it did pull critical resources from our Responsible Investment Committee into time-sensitive integration work. Nonetheless, we are committed to addressing climate-related concerns and opportunities. Hopefully this updated report gives readers a clear idea of the progress we have made since our last report, along with the updated objectives we still aim to achieve.

Marc-André Flageole

Managing Director, Public Markets and Head of Presima

Introduction

In the face of climate issues, Presima rises to the challenge and embraces the TCFD framework not merely as an obligation but as an opportunity. Presima became a public supporter of the TCFD in December 2020 and published its first report in December 2021. Two years later, we are pleased to publish an updated report.

As mentioned above, Presima was acquired by Slate Asset Management in June 2022 to expand Slate's real estate securities offering. Over the past two years, our attention and resources have been primarily directed toward immediate matters related to our operations. However, as we will touch on in this report, we have made significant strides:

- We have adopted a new governance framework under Slate Asset Management;
- We have furthered our corporate engagement to better understand the materiality of physical and transition risks faced by the companies in which we invest; and
- We have collected two additional years (three years total) of portfolio-level carbon data to better understand the evolution of carbon reduction progress of our real estate strategies.

The Four Pillars

Governance

Following the acquisition of Presima by Slate, a new governance structure has been established in addition to the ability to leverage Slate's extended resources (Slate's Global ESG Committee). Presima's Responsible Investment Committee (RIC) plans to develop a climate-related risk dashboard in collaboration with Slate, which will be presented to the Board quarterly. →

Strategy

Our engagement efforts, as well as our deepened knowledge of the Science Based Targets Initiative ("SBTi"), have given rise to meaningful insights into the companies we invest in, and it is our goal to keep developing a framework incorporating our research and metrics to ensure the climate resilience of our portfolios. →

Risk

We consistently gather data from various third-party ESG providers, enabling us to assess companies and portfolios in comparison to industry-leading benchmarks. We plan to continue collaborating with external sustainability and climate experts and with Slate's Global ESG Committee to conduct regular training and thorough assessments of climate-related risks and opportunities. We will look to further incorporate this data into our proprietary portfolio management system and into our investment valuation process. →

Metrics & Targets

We aim to enhance our data collection process, enabling more in-depth analysis and benchmarking of carbon data to inform our investment decisions. This effort includes continuing to report on greenhouse gas ("GHG") emissions data for all our strategies, including infrastructure and real assets. →

Pillar: Governance

a. Board's oversight of climate-related risks and opportunities.

- Presima is a fully owned subsidiary of Slate and the majority of our Board is composed of Slate Partners. The Partners recognize the serious threat of climate change to communities, businesses, and ecosystems worldwide. In recognition of the importance of climate-related risks, Slate hired a Managing Director and Head of Global ESG in 2021 and has published an updated ESG Policy, which outlines, amongst other items, a clear ESG Governance Framework. Link to Slate ESG Policy here.
- Presima's Board is informed of and oversees all climate-related matters directly through quarterly reporting which is provided by Presima's Management Team. In addition to the quarterly reporting, one of the Board members includes a Presima representative who is a member of both Presima's Management Team and a member of Presima's Responsible Investment Committee (RIC) and who acts as a conduit of climate-related information from the Board to Presima and vice versa.
- Slate's Partners, Presima's Board and Presima's Management Team are all required to undergo climate training which is conducted by Slate's ESG Committee, Presima's RIC and outside industry experts.

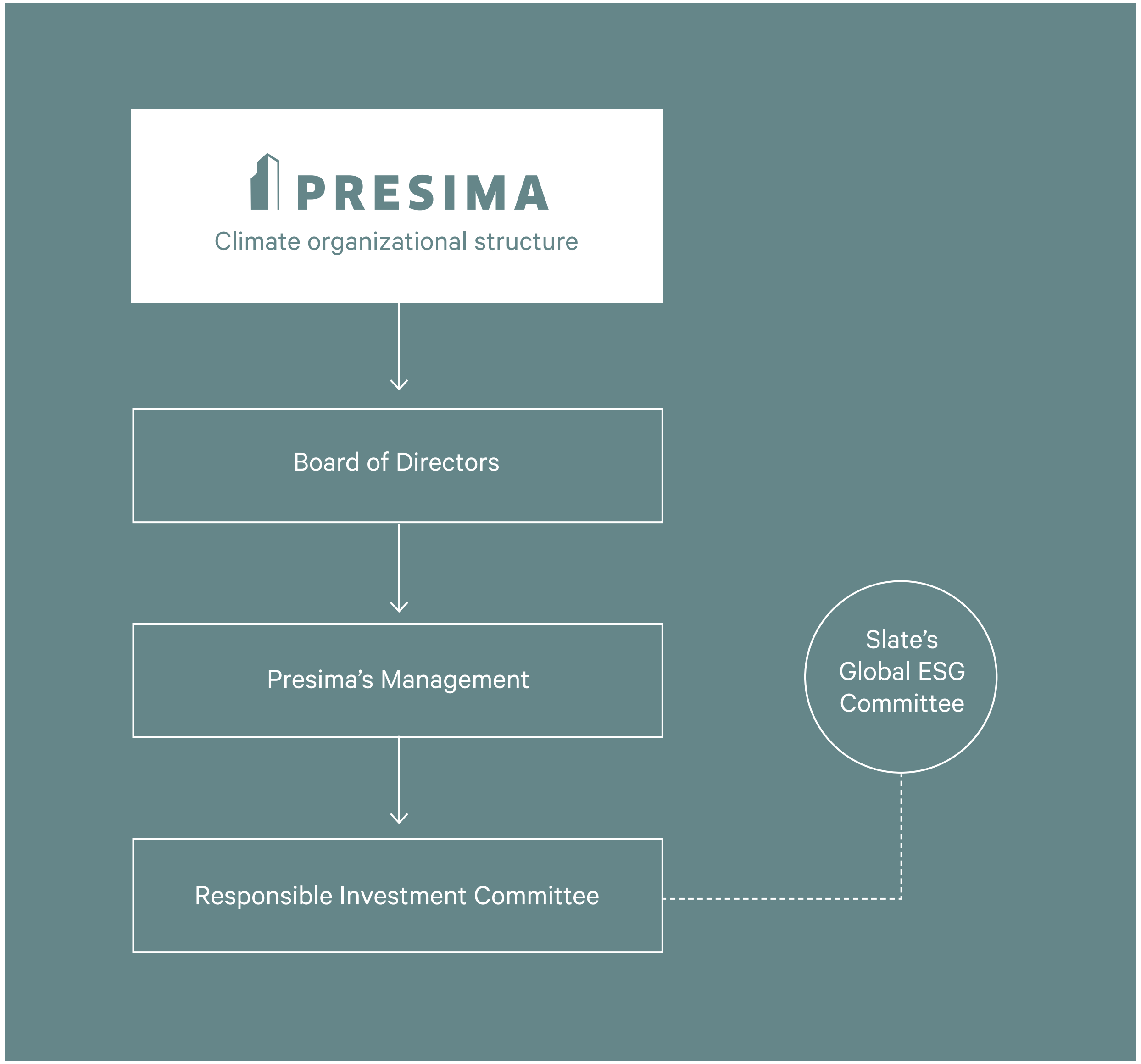
b. Management's role in assessing and managing climate-related risks and opportunities.

- The RIC has changed over the last two years and now includes key team members with diverse expertise. The RIC comprises Investment Management, Client Service, Trading, and Compliance team representatives. The RIC is responsible for understanding (achieved through regular training) and addressing climate-related issues (annual goals) and sharing this knowledge with the entire Presima team.
- Our resource landscape has evolved from having our own external climate consultant to leveraging Slate's extended resources including Slate's Global ESG Committee and external climate consultants engaged with Slate.
- The RIC is the source of knowledge about climate matters. Still, it is also responsible for sharing the knowledge across the whole team at Presima which we started in 2023 through monthly training on ESG matters, including specific climate-related matters.

Planned actions

The Responsible Investment Committee is planning to develop a climate-related risk dashboard in collaboration with Slate, which will be presented to the Board on a quarterly basis. This will achieve two main objectives: increased engagement with Slate's Global ESG Committee and continuous oversight of climate data like: carbon footprint metrics, physical and transition risks analysis and regulatory compliance.

Slate's 2022 ESG Report ⟶



Pillar: Strategy

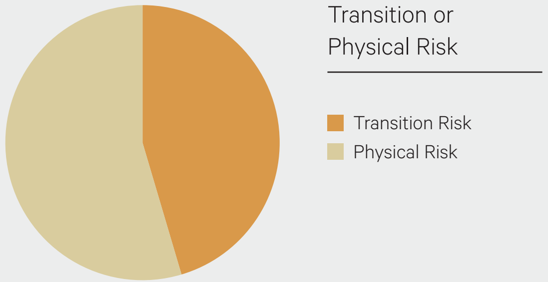
a. Climate-related risks and opportunities the organization has identified over the short, medium, and long term.

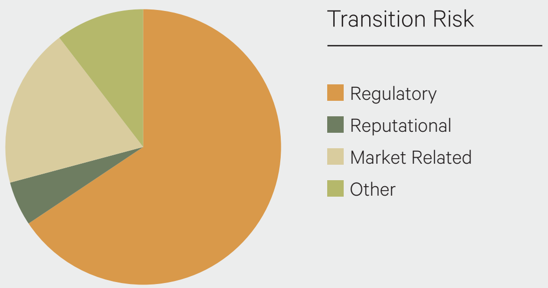
- We are aware that real estate is susceptible to important climate risks, including both direct physical risks (chronic and acute) and indirect transition-related risks (e.g., market, technological, legal, reputational), that could have material effects on investee returns, cash flows, earnings, and valuations across all real estate sectors.
- In 2022, we collaborated with our climate advisor to assess physical climate-related risks qualitatively and quantitatively. We focused on a North American subset of our largest strategies involving nine companies with over 2,000 assets. While the project yielded useful data, expanding it globally has been challenging due to insufficient company disclosure and geographic information. We are actively exploring ways to enhance the incorporation of climate risks into company underwriting.
- Our 2023 engagement objective aimed to assess the more material climate risk (physical or transition) in the short and medium term of companies in our investment universe through targeted in-depth questions to C-suite executives on climate risks and expected impacts on each company's real estate portfolio. The results of this year's engagement efforts will help guide our focus areas to build our climate risk dashboard.

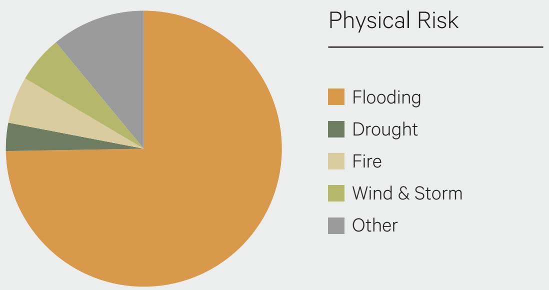
Case study

Analyzing our Global REIT universe, we can highlight a clear split between physical and transition risks, with 46% of companies identifying their real estate portfolio to be meaningfully impacted by climate-related physical risk and 54% of companies by transition risk. Physical risk is around the vulnerability to environmental factors, primarily focusing on the potential impact of flood.

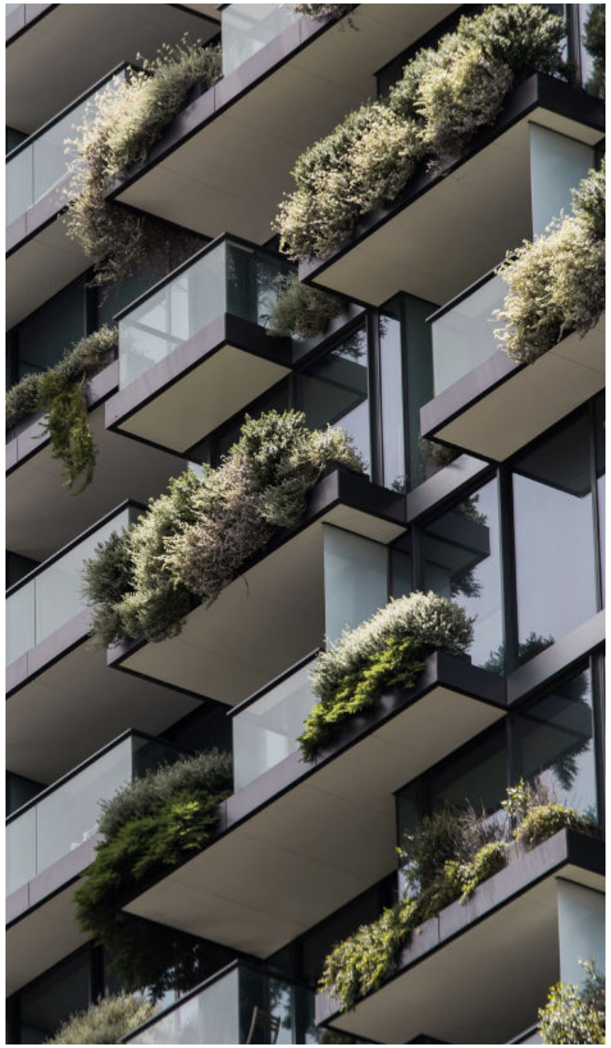
The transition risk responses from benchmark company executives highlight the challenges associated with regulatory changes, presenting a significant concern in navigating evolving compliance landscapes.







Data as of 31 October 2023. Source: Presima.
This represents responses from 50% of the FTSE EPRA/NAREIT Developed Index, considering the respective weights.



Pillar: Strategy

b. The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

- As an investor, we believe climate-related risks and opportunities are material to our investment strategies, products, and their overall performance. We are exploring how integrating climate risks and opportunities in our investment process can impact our investments' long-term NOI growth and capex and ultimately impact medium to long-term financial performance.
- We will continue to collect and analyze climate-related data to understand how changing climate conditions might affect the attractiveness of our investment strategies.

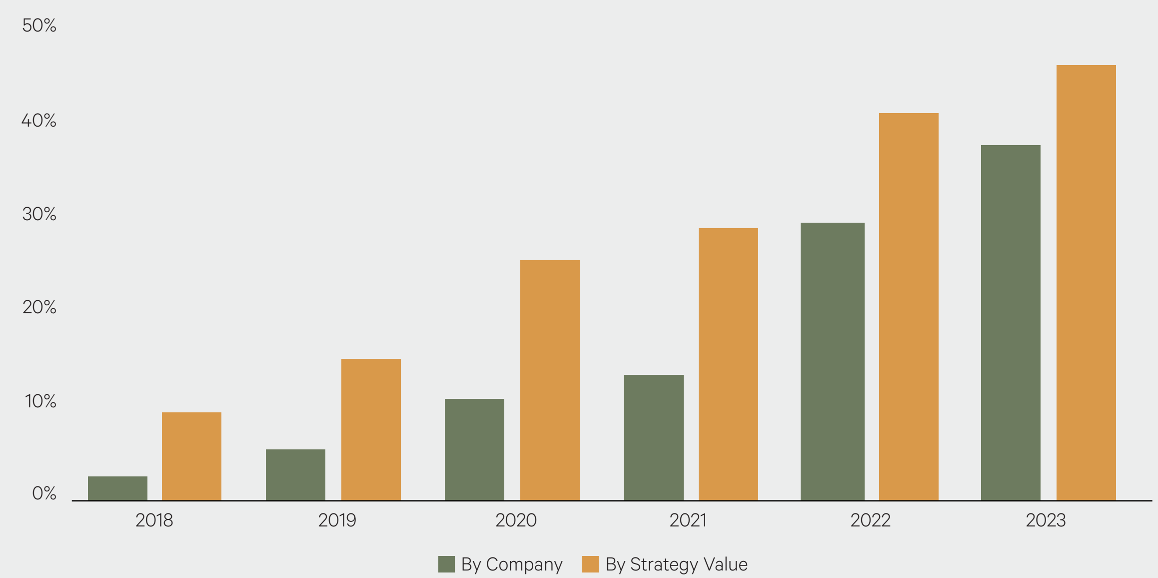
c. The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

- Although we have not integrated scenario analysis into our investment strategies, leveraging companies' Science Based Targets Initiative (SBTi) scenario analysis enables us to gain valuable insights into their long-term sustainability strategies and evaluate their level of risk.
- Now that we are more familiar with the SBTi, the next step will be to track the companies' emission reduction targets and the financial impact they may have on the collective performance of our strategies. Furthermore, we will evaluate the long-term performance implications of the SBTi to ensure alignment with our investment strategy and overarching sustainability objectives.
- We will initiate the analysis process with our largest strategy (the Concentrated Strategy) and hope to extend it to other strategies.

Planned actions

Our engagement efforts, as well as our deepened knowledge of the SBTi, have given rise to meaningful insights into the companies we invest in, and it is our goal to keep developing a framework which incorporates our research and metrics to ensure the climate resilience of our portfolios. This framework will provide us with a foundation to assess the material impact of climate risks and opportunities of our investment strategies.

Companies with Science Based Targets in the Concentrated Strategy



46% of the companies in the Concentrated Strategy (by value) have set science-based targets, meaning they have established specific and measurable goals for reducing GHG emissions in line with the latest climate science. This is a meaningful improvement over 5 years, **up from 9% in 2018 for the same strategy.**

The SBTi has rapidly emerged as the corporate sector's leading and most reputable climate mitigation initiative in the corporate sector.

Data as of 30 June 2023. Sources: Sustainalytics, Bloomberg L.P., Science Based Targets, Presima Securities ULC.

Pillar: Risks

a. The organization's processes for identifying and assessing climate related risks.

- We have the capacity to obtain data from various third-party ESG data providers (e.g., Sustainalytics, Bloomberg, Capital IQ). We have also started assessing the reporting of all companies in terms of GHG emissions for scope 1 and 2 which will allow us to identify and refine our assessment of climate-related risks and opportunities.
- Our proprietary portfolio management system is valuable for logging, evaluating, ranking, and monitoring environmental factors. It enables us to track notes from previous meetings discussing environmental issues and monitor Presima's proprietary ESG ratings for our investment universe.

b. The organization's processes for managing climate-related risks.

- Companies included in portfolios and their risks are managed at the analyst level and portfolio risk is managed at the portfolio management level.
- Presima remains committed to implementing an organization-wide strategy to manage those climate-related risks deemed material across its portfolios, as well as to identify and benefit from climate-related opportunities.

c. How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

- We integrate data from third-party ESG providers into our proprietary portfolio management system, enabling us to conduct comprehensive analysis at the portfolio level.
- The climate dashboard, which we plan to develop with input from the Slate ESG Committee, will not only provide us with continuous oversight of climate data but will also enhance our risk management efforts.

Planned actions

We plan to continue collaborating with external sustainability and climate experts and Slate's Global ESG Committee to conduct regular training and thorough assessments of climate-related risks and opportunities. We will also look to further incorporate climate data into our proprietary portfolio management system and into our investment valuation process.

Pillar: Metrics and Data

We recognize the important challenge of gaining access to quality data. Until now, our emissions data was sourced from several providers, including Bloomberg, Sustainalytics, Capital IQ, and company reports.

Given that not all companies in our investment universe report GHG emissions, the data collected is a combination of (i) company reported data and (ii) company estimated data.

Both reported and estimated inputs represent companies' Scope 1 and location-based Scope 2 carbon emissions. Given that environmental figures have an average of 1.5 years update cycle at the company level, we are applying 2021 carbon data to 2023 company weights per strategy. This is similar to the 2022 and 2021 figures, which use carbon data from 2020 and 2019 respectively.

a. The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

- We employ various metrics to assess and address climate-related risks and opportunities. The absolute portfolio emissions provide us with a clear measure of our portfolio's direct emissions. The weighted average carbon intensity ("WACI") accounts for the proportional weight of each investment, offering a more nuanced understanding of carbon efficiency. Finally, the portfolio emissions invested combines the insights of both absolute emissions and WACI, offering a view of our portfolio's environmental impact while considering the proportional contribution of each holding.

b. Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.

- Our analysis encompasses Scope 1 and 2 emissions for our real estate-specific strategies, which comprises the majority of assets under management. We currently do not analyze Scope 3 emissions given the lack of reported data, but plan to incorporate this assessment over time.

c. The targets used by the organization to manage climate-related risks and opportunities and performance against targets.

- We have set a carbon footprint reduction target for a newly initiated mandate in real assets. However, further analysis is required to set climate-related targets for all of our investment strategies, reinstating our planned actions in this report.

34% Increase of reporting CO_2 data in the index since 2021

Metric	Reported CO_2 Data (% value)			% change[1]
Year	2021	2022	2023	
Concentrated Strategy	46%	61%	83%	37%
Yield Strategy	28%	47%	58%	30%
Enhanced Yield Strategy	36%	54%	54%	18%
FTSE EPRA/NAREIT Developed Index	36%	62%	70%	34%

Carbon data as of June 30, 2021. Portfolio data as of June 30, 2023. Sources: Sustainalytics, Bloomberg L.P., Presima Securities ULC.
1. This represents the total change % from 2021 to 2023.

Pillar: Metrics and Data

The three strategies combined have resulted in a reduction of 94 tons of carbon emissions per US$1 million in revenue since 2021.

Metric	Absolute Portfolio Emissions (tCO_2e)				Portfolio WACI (Scope 1 & 2) (tCO_2e/MM Revenue)				Portfolio Emissions Invested (tCO_2e/MM Invested)			
Methodology	Aggregate of apportioned carbon emissions of all portfolio constituents				Aggregate of apportioned carbon emissions of portfolio constituents per US $1 million generated in apportioned revenues				Aggregate of apportioned carbon emissions of portfolio constituents per US $1 million invested			
Comment	Used to gauge absolute emissions and changes over time. Also referred to as "Carbon Footprint"				Carbon emissions normalised by revenue. Allows for the comparison of emissions generated by revenue created for a given investment				Allows for the understanding of the emissions supported by our investments			
Year	2021	2022	2023	% Change	2021	2022	2023	% Change	2021	2022	2023	% Change
Concentrated Strategy	11,017	6,619	6,179	-44%	77	98	72	-6%	12.5	13.4	12.9	+8%
Yield Strategy	1,407	798	720	-49%	141	106	79	-44%	16.2	10.5	11.2	-31%
Enhanced Yield Strategy ESG	1,896	797	319	-83%	117	80	89	-24%	12.2	11.3	12.2	0%
FTSE EPRA/NAREIT Developed Index	26,185,600	21,859,958	18,194,604	-30%	103	106	77	-25%	14.1	13.3	12.0	-15%

Climate-related data limitations, including incomplete datasets and a lack of historical information, emphasize the need for caution when interpreting financial disclosures. An average of 32% of carbon data was estimated through our data service providers (Sustainalytics and Bloomberg).

Carbon data as of June 30, 2021. Portfolio data as of June 30, 2023. Sources: Sustainalytics, Bloomberg L.P., Presima Securities ULC.

Planned actions

We aim to enhance our data collection process, enabling more in-depth analysis of carbon data to inform our investment decisions. This effort includes continuing to report on GHG emissions data for all of our strategies, including infrastructure and real assets.

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