

# 2023 ESG report


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North America

AVISON  
YOUNG

INVESTMENT  
MANAGEMENT

# Table of contents

 Click on the sections to be directed



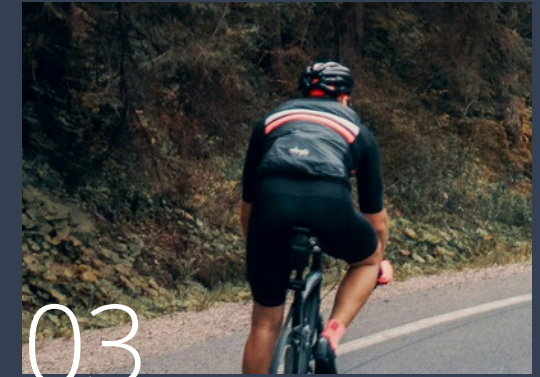
01

Green shoots:  
a global perspective



02

North American  
perspective



03

Progress towards  
our goals



04

Portfolio  
consumption



05

Get in touch



# Green shoots: a global perspective

**How have we progressed in 2023?** We continue to refine our focus from “scores” to decarbonization including beginning to look at asset CapEx plans to identify pathways and priorities toward net zero. With the addition of smart metering in Germany and increased tenant energy disclosures, we can work with our tenants to prioritize those items to achieve greater asset performance.

**What are some of the challenges we ran into over the course of the year?** Despite a few years of tough inflation numbers and rising cap rates in most, if not all markets, our assets are well positioned. For the most part our tenants are adapting to more challenging business conditions, and in those situations where our tenants are moving, have failed or need to downsize, we are taking the opportunity to build in greener tenant improvements and upgraded base building systems. The key challenge is of course making all the math work. But retrofits of vacant space are much easier than completing the same work on occupied space.

**What opportunities did we come across in 2023?** We have seen some promising introduction of renewable energy sources and onsite renewable opportunities for some of our properties. We have been strong driving social value in our U.S. apartment portfolio, in particular and are starting to carry those initiatives over into other property types and tenant operations.

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“Green is not dead, quite the contrary, the greenest projects are leasing faster for much higher rents and are enjoying financing premia as well as slightly stronger appraisal support.”

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I was recently at ULI’s European meeting in Milan and was uplifted by days long case studies, testimonials and inspirational speeches about advanced climate activism, building better places for people and the world we live in and an overall energy level that has largely recovered it’s pre-pandemic enthusiasm. Green is not dead, quite the contrary, the greenest projects are leasing faster for much higher rents and are enjoying financing premia as well as slightly stronger appraisal support. Green shoots, indeed.

**Amy Erixon**  
Principal, President,  
Global Investment Management





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“Challenging financial conditions have resulted in significant political headwinds for advancing the green agenda.”

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**What were our clients' priorities in 2023?**

They are focusing on greater granularity in their risk screens and data harmonization. Both are projects that we are well versed in and are happy to help. These issues are common in the industry, especially among plan sponsors with multiple managers.

**What are we expecting for the year ahead?**

Insurance cost increases are a steeply increasing issue and require more lead time and assistance to ensure adequate coverage and explain cost increases to tenants. These increases have been far higher than other operating expense items. Concerted focus is required. We will also be completing the Carbon Risk Real Estate Monitor (CRREM) modelling for our European portfolio and looking to increase data coverage for our U.S. assets. We expect to add additional assets in Canada this year and are selecting state-of-the-art green new developments for our Canadian programs.

**What is the level of optimism for the months to come?**

Challenging financial conditions have resulted in significant political headwinds for advancing the green agenda. We, along with most real estate professionals recognize this is political expediency and we must engage our employees, contractors, tenants, and financial partners in understanding that doing the right thing is less expensive in the long run and prevents functional obsolescence risks that could aggravate already difficult tenant, financing, and insurance markets. Industry leaders are stepping up political pressure and are speaking out to resist backsliding.







# North American perspective

01

## Net Zero pathways

In 2021, we set ambitious reduction targets for our managed portfolio, with the ultimate goal of reaching Net Zero by 2050. To reach this end, our portfolio is undergoing a net zero pathways study to identify a roadmap on how to get there. This includes operational improvements to help us reach our near-term reductions targets, and longer-term capital investments for lifecycle replacements that will result in the eventual elimination of any carbon emissions from the portfolio. Examples include full electrification of our building systems, improvements to thermal performance, adding energy/heat recovery systems, on-site renewables, etc. While we don't expect to change overnight, there is no hiding from the current reality of climate change. All building managers and owners must start developing plans for how to decarbonize, including accepting the fact that some properties may never achieved carbon neutrality.

02

## Building certifications

In September of 2023, our Fielder Square property in Memphis was awarded one Green Globes Multifamily Existing Building certification that was obtained to support green financing with Fannie Mae. Through the program, we were able to achieve a lower overall financing rate by obtaining the certificate, which also provided the management team with a baseline for operation improvements to address resource efficiency, reducing environmental impacts, and improving occupant wellness. In the next few years, we hope to obtain similar building certifications for the other buildings in our portfolio aligned with our longer-term Capital Investment and Targets policy.



03

### Improving coverage

Privacy laws affecting consumers often pose challenges for buildings owners and managers who wish to track consumption of their residential buildings, with many local utility companies refusing to provide the information. As most utility contracts are between the tenant and provider, there is little the owner or building manager can do to compel either party to share the data. To get around this, we have begun installing utility meters on master building feeds in order to obtain the consumption information without compromising the privacy of our residents. The first residential property where we have added this technology is Vista Germantown in Nashville, and this new consumption baseline will be added to our 2024 data reporting.

04

### Day of Giving

Our offices worldwide once again embraced an annual tradition of coming together in October for a remarkable cause - advancing sustainability, equality, and health in our communities. Avison Young employees wholeheartedly engaged in a day-long commitment to volunteerism and charitable endeavors, marking another successful company-wide Day of Giving for the tenth consecutive year.

05

### Consumption data verification

In 2023, consumption data and GHG emission for the AYIM North America portfolio has been verified by an independent third party, Ecovert, under an ISO 14064-3 review. This ensures data accuracy of the reported portfolio consumption and carbon information included within this report. Please see a copy of our 2023 data verification letter covering our U.S. investment portfolio on [page 15](#).

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“Avison Young employees wholeheartedly engaged in a day-long commitment to volunteerism and charitable endeavors, marking another successful company-wide Day of Giving for the tenth consecutive year.”

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**Andrew Fraser**  
Principal, Director,  
Investment  
Management





A cyclist in a black and red jersey is riding away from the camera on a paved road that curves to the right. The road is surrounded by a dense forest of tall evergreen trees. The lighting is soft, suggesting an overcast day or late afternoon. The overall mood is one of quiet determination and progress.








# Progress towards our goals

Explore our global priorities and goals alongside how we're doing and some of the highlights of our journey so far.










# Carbon emissions

Our goal	Our progress	Our journey
Continuous reduction in energy and water consumption of 3-5% per year for <b>multi-family</b> assets.	 <p>Working on it</p>	<ul style="list-style-type: none"> <li>- Led lights, high efficiency HVAC, and thermal improvements are added wherever possible in order to meet near term energy targets. Through the installation of low flow water fixtures, smart irrigation, and drought tolerate landscaping we have been able to make progress on reducing water consumption as well, especially in our residential portfolio where we have more operational control.</li> <li>- Energy: -2.9% p.a. (annualized), Water: -0.2% p.a. (annualized)</li> </ul>
Continuous reduction in energy and water consumption of 3-5% per year for <b>industrial</b> assets.	 <p>Working on it</p>	<ul style="list-style-type: none"> <li>- Due to significant increases in production volume from tenants in our U.S. industrial portfolio, our facilities have shown an increase in consumption over time.</li> <li>- Energy: +1.7% p.a. (annualized), Water: +2.2% p.a. (annualized)</li> </ul>
Implement minimum water efficiency standards for all fixtures by 2025.	 <p>Complete</p>	<ul style="list-style-type: none"> <li>- All properties have standardized replacement specifications for water fixtures; low flow toilets, faucets, shower heads, etc.</li> </ul>
Continuous reduction in waste generation and improvement in recycling rates.	 <p>Working on it</p>	<ul style="list-style-type: none"> <li>- With many people working from home, reducing waste from residential communities has been a challenge, however we are making good progress against our target.</li> <li>- Waste: -3.3% p.a. (annualized)</li> </ul>
All assets to achieve 30-50% diversion from landfill by 2030.	 <p>Working on it</p>	<ul style="list-style-type: none"> <li>- 67% of properties now include recycling programs, however, take up has been limited at residential communities where convenience seems to trump environmentalism for many residents.</li> <li>- Diversion: 7.0%</li> </ul>
Regular e-waste collections at every asset by 2025.	 <p>Complete</p>	<ul style="list-style-type: none"> <li>- All properties have E-waste recycling on-site.</li> </ul>
Grey water recycling program for 100% of assets by 2035.	 <p>Gaining momentum</p>	<ul style="list-style-type: none"> <li>- Rain barrels added in select locations and rerouting downspout flow to landscaped areas to reduce storm water runoff. Given the nature of the sanitary systems in most of our buildings, significant investment will be need near term to separate the greywater sources from those that cannot be recycled.</li> </ul>








# Renewables



Our goal	Our progress	Our journey
<p>Achieve net zero carbon (scopes 1-3) by 2040.</p>	 <p>Gaining momentum</p>	<ul style="list-style-type: none"> <li>- Net Zero pathway study will commence in 2024 to focus on upcoming longer term life cycle replacements and how to replace with renewable ready electric systems.</li> </ul>
<p>25% of energy consumption across the portfolio must come from renewable sources by 2030; 50% by 2040; 100% renewable energy consumption by 2050.</p>	 <p>Incubating</p>	<ul style="list-style-type: none"> <li>- Exploring renewable power purchase agreements with local utility providers. Longer term, we are looking at adding on-site renewables.</li> </ul>
<p>Complete solar PV and wind turbine rollout on all viable rooftops or other useable site areas by 2030.</p>	 <p>Planning</p>	<ul style="list-style-type: none"> <li>- We are currently assessing various operating models for photovoltaic (PV) systems, including various ownership and operational models, with priority to those markets where local utility and State level incentives may support the financial feasibility.</li> </ul>
<p>Full electrification of facilities by 2040 through the elimination of all carbon-based fuel-consumption on-site.</p>	 <p>Gaining momentum</p>	<ul style="list-style-type: none"> <li>- In 2024, we have planned for addition of heat pumps to replace traditional gas-fired HVAC for our industrial facility in Waukegan, IL.</li> <li>- We are exploring similar technology for common area HVAC systems in our residential portfolio.</li> </ul>
<p>Transition to climate friendly refrigerants by phasing out HFC refrigerants by 2040.</p>	 <p>Planning</p>	<ul style="list-style-type: none"> <li>- While HFCs' chemical reactivity prevents them from depleting the ozone layer, their molecular structure allows them to absorb a lot of thermal radiation, making them very similar to a greenhouse gas.</li> </ul>



# Measurement

Our goal	Our progress	Our journey
Obtain or estimate tenant energy consumption for 100% of portfolio tenancies by 2025.	 <p>Working on it</p>	<ul style="list-style-type: none"> <li>- Submeters are being added to main building feeds in order to capture whole building data for both common area and tenant spaces. This is being tested at Vista Germantown and will be rolled out to our remaining residential properties near term. 100% of property consumption is already tracked for our industrial assets.</li> </ul>
Install smart metering across the portfolio by 2025.	 <p>Incubating</p>	<ul style="list-style-type: none"> <li>- Most managers still use manual data collection from utility invoicing to compile consumption data for our portfolio properties.</li> </ul>
Improve tracking and data consistency by standardizing GHG emission calculations by 2025.	 <p>Complete</p>	<ul style="list-style-type: none"> <li>- All property managers in the U.S use the same Energy Star Portfolio Manager software and standardized GHG calculation using the EPA eGRID factors.</li> </ul>

# Biodiversity and habitat

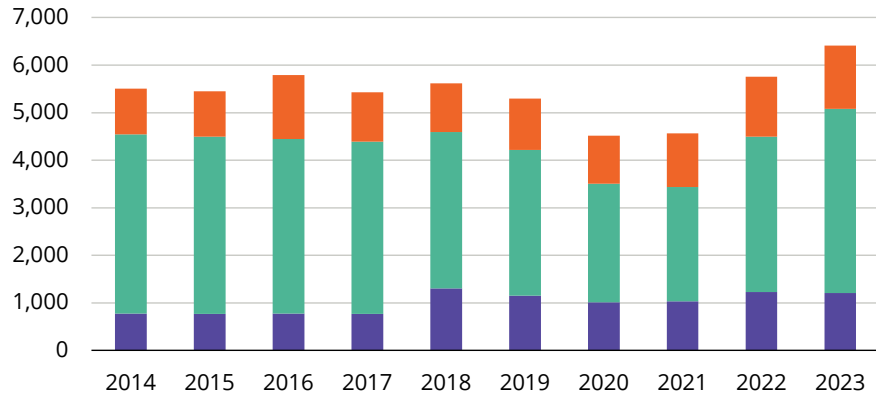
Our goal	Our progress	Our journey
Survey of all assets by 2025 to identify opportunities to create habitats that promote biodiversity.	 <p>Incubating</p>	<ul style="list-style-type: none"> <li>- This may be included as a supplement to our net zero pathways study.</li> </ul>
Implement drought-tolerant landscaping plans for all assets by 2027.	 <p>Working on it</p>	<ul style="list-style-type: none"> <li>- All residential properties must include drought tolerant plant species when replacing any existing landscaping on site (excluding seasonal beds), however we not extended this to our industrial properties due these areas being managed by the tenants.</li> </ul>





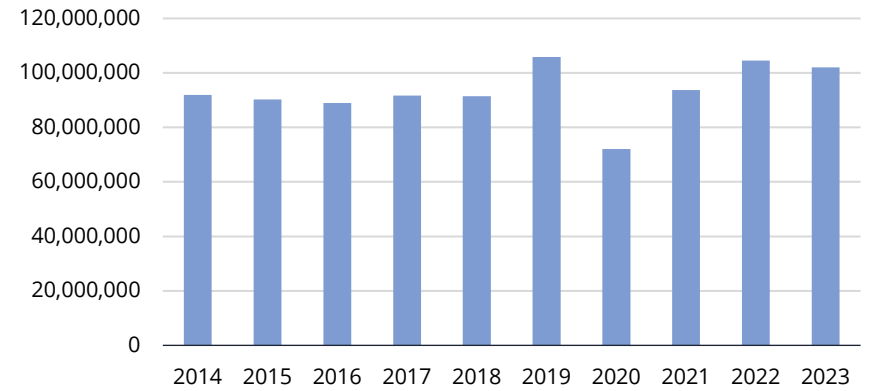
# Portfolio consumption, GHG and intensity

## Summary of emissions (tCO2e)



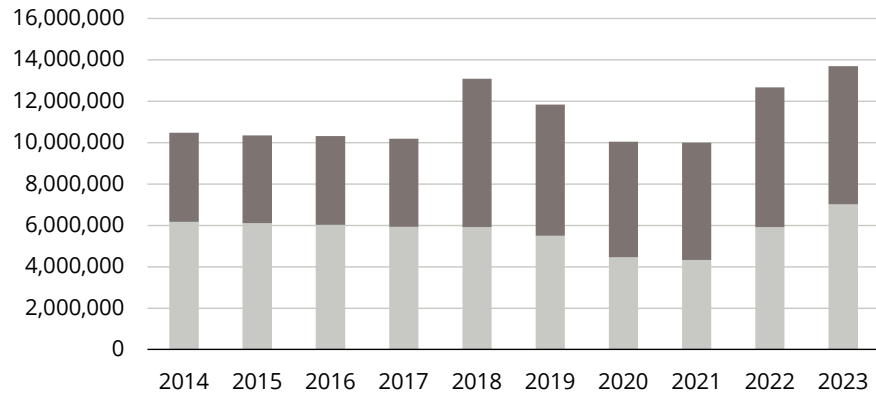
Scope 1: Direct emissions | Scope 2: Indirect emissions, energy | Scope 3: Indirect emissions, other

## Water consumption (litres)



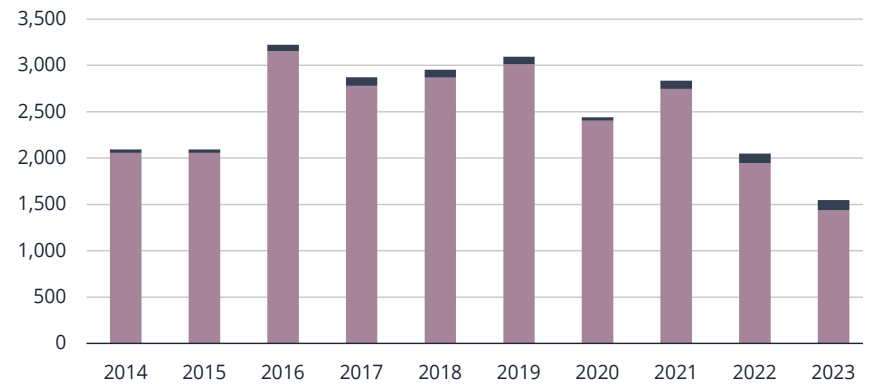
Water consumption

## Energy consumption (kWh)



Electricity consumption | District heating consumption | Gas consumption

## Total waste (tonnes)



Landfill | Recycling



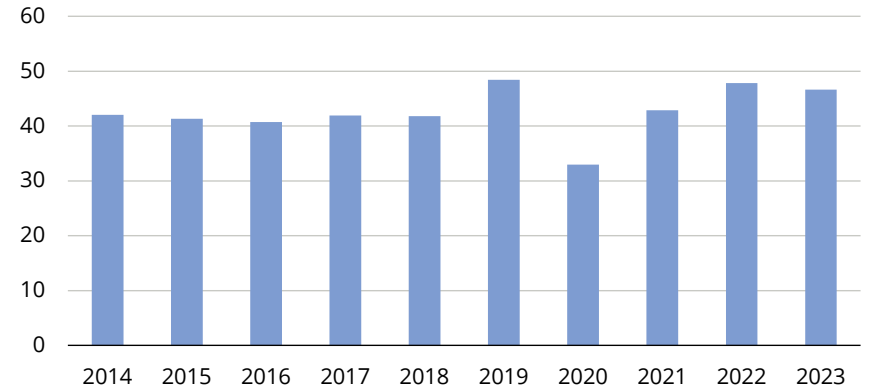
# Portfolio consumption, GHG and intensity

Emissions by property type (tCO2e)



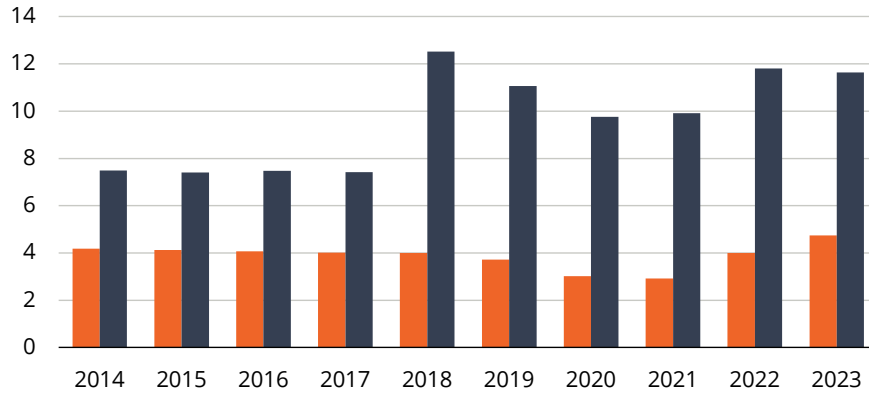
U.S. residential U.S. industrial

Water intensity (litres psf)



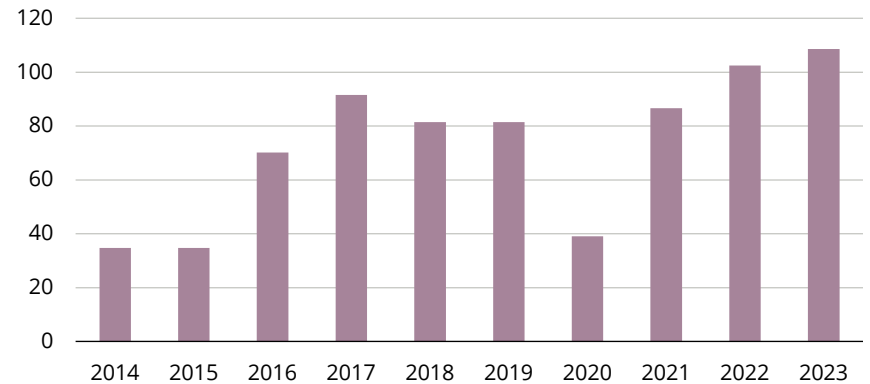
Water intensity

Energy intensity (kWh psf)



Electricity intensity Gas intensity

Recycled waste (tonnes)



Recycling





# Portfolio consumption tables

## Electricity (kWh)

Property	2022	2023
Multi-family (Nashville)	543,384	593,855
Multi-family (Memphis)	561,484	512,697
Multi-family (Birmingham)	321,619	321,873
Industrial (Waukegan)	3,128,300	3,096,491
Industrial (Joliet)	1,361,991	2,503,296
<b>U.S.</b>	<b>5,916,779</b>	<b>7,028,211</b>

## Natural gas (kWh)

Property	2022	2023
Multi-family (Nashville)	325,593	251,744
Multi-family (Memphis)	1,243	4,098
Multi-family (Birmingham)	4,683	4,193
Industrial (Waukegan)	5,742,683	5,645,282
Industrial (Joliet)	690,851	764,945
<b>U.S.</b>	<b>6,765,053</b>	<b>6,670,263</b>

## Total energy (kWh)

Property	2022	2023
Multi-family (Nashville)	868,977	845,600
Multi-family (Memphis)	562,727	516,795
Multi-family (Birmingham)	326,302	326,066
Industrial (Waukegan)	8,870,983	8,741,773
Industrial (Joliet)	2,052,843	3,268,241
<b>U.S.</b>	<b>12,681,833</b>	<b>13,698,474</b>

## Water (L)

Property	2022	2023
Multi-family (Nashville)	18,596,971	17,952,694
Multi-family (Memphis)	46,638,166	46,408,013
Multi-family (Birmingham)	17,789,164	18,758,987
Industrial (Waukegan)	12,864,343	11,031,447
Industrial (Joliet)	8,636,417	7,841,102
<b>U.S.</b>	<b>104,525,061</b>	<b>101,992,242</b>

## Landfill (tonnes)

Property	2022	2023
Multi-family (Nashville)	993.60	448.22
Multi-family (Memphis)	438.97	443.18
Multi-family (Birmingham)	383.69	374.36
Industrial (Waukegan)	99.83	100.21
Industrial (Joliet)	31.20	72.54
<b>U.S.</b>	<b>1947.29</b>	<b>1438.51</b>

## Recycling (tonnes)

Property	2022	2023
Multi-family (Nashville)	75.17	85.61
Multi-family (Memphis)	5.57	10.85
Multi-family (Birmingham)	-	-
Industrial (Waukegan)	8.35	8.35
Industrial (Joliet)	13.44	3.78
<b>U.S.</b>	<b>102.53</b>	<b>108.59</b>

## Total waste (tonnes)

Property	2022	2023
Multi-family (Nashville)	1,068.77	533.83
Multi-family (Memphis)	444.54	454.03
Multi-family (Birmingham)	383.69	374.36
Industrial (Waukegan)	108.18	108.56
Industrial (Joliet)	44.64	76.32
<b>U.S.</b>	<b>2,049.82</b>	<b>1547.10</b>



# Portfolio consumption tables

<b>Total GHG emissions</b>		<b>Total emissions (tCO2e)</b>	
<b>Property</b>	<b>2022</b>	<b>2023</b>	
Multi-family (Nashville)	740.6	537.6	
Multi-family (Memphis)	961.1	1,220.7	
Multi-family (Birmingham)	314.0	304.5	
Industrial (Waukegan)	2,860.2	2,822.3	
Industrial (Joliet)	877.2	1,522.7	
<b>U.S.</b>	<b>5,753</b>	<b>6,408</b>	

<b>Natural gas, oil, propane (scope 1 direct)</b>		<b>Total emissions (tCO2e)</b>	
<b>Property</b>	<b>2022</b>	<b>2023</b>	
Multi-family (Nashville)	59.01	45.62	
Multi-family (Memphis)	0.23	0.74	
Multi-family (Birmingham)	0.85	0.76	
Industrial (Waukegan)	1,040.78	1,023.12	
Industrial (Joliet)	125.21	138.64	
<b>U.S.</b>	<b>1,226</b>	<b>1,209</b>	

<b>Electricity, steam, chilled water (scope 2)</b>		<b>Total emissions (tCO2e)</b>	
<b>Property</b>	<b>2022</b>	<b>2023</b>	
Multi-family (Nashville)	294.08	321.39	
Multi-family (Memphis)	303.87	277.47	
Multi-family (Birmingham)	159.85	159.98	
Industrial (Waukegan)	1,776.72	1,758.65	
Industrial (Joliet)	737.10	1,354.77	
<b>U.S.</b>	<b>3,272</b>	<b>3,872</b>	

<b>Water, landfill waste (scope 3)</b>		<b>Total emissions (tCO2e)</b>	
<b>Property</b>	<b>2022</b>	<b>2023</b>	
Multi-family (Nashville)	628.64	408.64	
Multi-family (Memphis)	290.95	413.90	
Multi-family (Birmingham)	246.40	342.60	
Industrial (Waukegan)	66.94	93.77	
Industrial (Joliet)	22.51	67.83	
<b>U.S.</b>	<b>1,255</b>	<b>1,327</b>	

<b>Energy use intensity (kWh psf)</b>		<b>2022</b>	<b>2023</b>
<b>Property</b>			
Multi-family (Nashville)		19.5	19.0
Multi-family (Memphis)		4.4	4.1
Multi-family (Birmingham)		5.6	5.6
Industrial (Waukegan)		25.8	25.5
Industrial (Joliet)		2.3	3.6
<b>U.S.</b>		<b>8.57</b>	<b>9.26</b>

<b>Water use intensity (litres psf)</b>		<b>2022</b>	<b>2023</b>
<b>Property</b>			
Multi-family (Nashville)		74.4	71.8
Multi-family (Memphis)		107.9	107.4
Multi-family (Birmingham)		70.2	74.1
Industrial (Waukegan)		37.5	32.1
Industrial (Joliet)		9.53	8.65
<b>U.S.</b>		<b>47.84</b>	<b>46.68</b>

<b>Waste intensity (tonnes psf)</b>		<b>2022</b>	<b>2023</b>
<b>Property</b>			
Multi-family (Nashville)		74.4	71.8
Multi-family (Memphis)		107.9	107.4
Multi-family (Birmingham)		70.2	74.1
Industrial (Waukegan)		37.5	32.1
Industrial (Joliet)		9.5	8.6
<b>U.S.</b>		<b>299.6</b>	<b>294.1</b>





# EcoVert data verification letter



Toronto – Kitchener - Ottawa

## DATA VERIFICATION LETTER

Ecovert has conducted data verification for Avison Young's 2023 GRESB Real Estate Assessment disclosure. The engagement was based on the ISO 14064-3 standard and Ecovert's proprietary verification criteria. Details and findings of the verification engagement are provided below for the use of Avison Young to share with stakeholders.

### Scope of Verification

Ecovert conducted verification services of 2023 energy, water, and waste performance data on behalf of Avison Young for the following properties participating in the 2023 GRESB Real Estate Assessment:

- Fielder Square
- Vista Germantown
- Parkside Birmingham
- 2200 Norman Woods
- 2300 Norman Woods
- Lion Joliet

### Verification Methodology

Adherence to ISO 14064-3 Principles: Ecovert reviewed Avison Young's 2023 data using the following five ISO Principles: Impartiality, Evidence-Based Approach, Fair Presentation, Documentation, and Conservativeness.

Sustainability Performance Information: Ecovert reviewed Avison Young's energy, water, and waste performance information based on the following criteria:

- Review of utility performance information on ENERGY STAR Portfolio Manager for errors including gaps, overlaps, duplicate entries, and outliers, including confirmation that entries match invoices (source data).
- Comparison of final GRESB data to previous reporting years to identify anomalies or inconsistencies.
- Review of GRESB asset level spreadsheet completed by Avison Young to ensure data accuracy and completeness. This includes confirmation of energy, GHG emissions, water, and waste data, year-over-year performance numbers, and greenhouse gas methodology calculations.
- Review of SRI template completed by Avison Young to ensure data accuracy and completeness. This includes GHG emissions, energy, water, and waste consumption data. These data will be used for Avison Young's 2023 Sustainability Report.

[www.ecovert.ca](http://www.ecovert.ca)



# EcoVert data verification letter



Toronto – Kitchener - Ottawa

### Verification Findings

The verification achieved a moderate level of assurance. Ecovert has obtained sufficient evidence in review of the source data (utility and waste invoices) to determine that Avison Young is in alignment and the performance data included in the 2023 GRESB submission achieves an appropriate level of reliability.

### Independence and Impartiality

Ecovert is independent from Avison Young and its stakeholders in reaching and publishing an impartial verification statement.

### Recommendations

Ecovert recommends the following enhancements going forward:

- Track and monitor any significant outliers in monthly utility data to identify possible causes of operational and occupancy changes.
- Set clear KPIs of energy, GHG emissions, water, and waste consumption and track performance quarterly.
- Continue to use ENERGY STAR Portfolio Manager to benchmark each property's utility performance against similar buildings in size, use, type, and location.

### ECOVERT

James Donath

Director of Project Management

Date: 24 June 2024

[www.ecovert.ca](http://www.ecovert.ca)



# GRESB real estate benchmark report

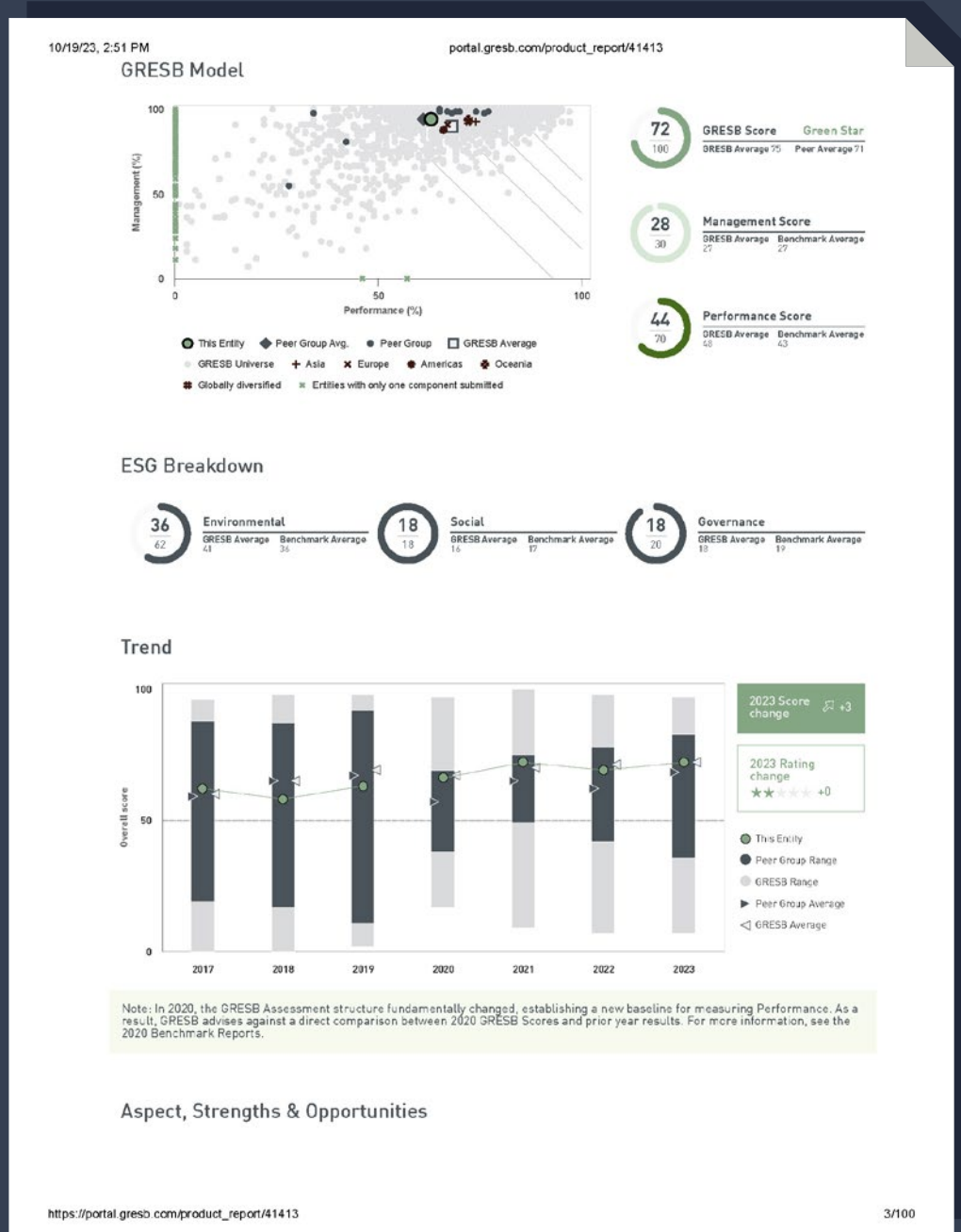
2023 scorecard





# GRESB real estate benchmark report

2023 scorecard



# GRESB real estate benchmark report

2023 scorecard



# Annex B

# GRESB real estate benchmark report

2023 scorecard





# GRESB real estate benchmark report

2023 scorecard



# 2023 ESG report

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North America

For more information, please contact any member of the  
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