

AIMCo Realty Investors LP

Type of Engagement: Annual Review

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Engagement Team:

Daniel Sanchez, daniel.sanchez@sustainalytics.com, (+1) 647 264 6644

Aakanksha Jain, aakanksha.jain@sustainalytics.com

Introduction

In November 2021, AIMCo Realty Investors LP (“AIMCo Realty”, or the “Company”) issued a CAD 500 million unsecured green bond¹ (the “2021 Green Bond”) under its Green Financing Framework² (the “Framework”) to finance and refinance green buildings in Canada. Sustainalytics provided a second-party opinion on the Framework in September 2021.³ In November 2022, AIMCo engaged Sustainalytics to review the projects (the “Nominated Projects”) financed through the issued 2021 Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects funded with proceeds from the 2021 Green Bond based on whether the projects:

1. Met the use of proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one of the key performance indicators (KPIs) for the use of proceeds category outlined in the Framework.

Table 1: Use of Proceeds Category, Eligibility Criteria and Associated KPIs⁴

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<p>Investments related to the purchase, development and/or redevelopment of properties that have received or are expected to receive at least one of the following green building certifications (or other equivalent green certification):</p> <ul style="list-style-type: none"> • LEED: Gold, Platinum • BOMA BEST: Gold or Platinum • BUILT GREEN: Gold or higher • Minimum 20% energy efficiency improvement over accredited baseline (i.e., national building code, ASHRAE 90.1) for LEED Silver or other equivalent (including DGNB Silver, BREEAM Very Good, BOMA BEST Silver, BUILT Green Silver) 	<ul style="list-style-type: none"> • Type of certification including level by property (i.e., LEED) • Energy usage for buildings (kWh/m²) • Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e) • Annual energy savings (MWh/m²) • Floor space of green real estate (m²)

¹ AIMCo, “AIMCo Realty Completes Inaugural \$500 million Green Bond Offering”, (2021), at: <https://www.aimco.ca/insights/green-bond-offering>

² AIMCo, “AIMCo Green Financing Framework”, (2021), at:

<https://assets.ctfassets.net/lyt4cjmfjno/55VnlKy69neHZ52zO6wQka/1a7af25232733e5361fa15b56bfdcc2e/AIMCoRealty-GreenFinancingFramework.pdf>

³ Sustainalytics, “AIMCo Realty Green Financing Framework Second-Party Opinion”, (2021), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/aimcorealty-investors-lp/aimco-realtygreen-financing-framework-second-party-opinion-\(2021\)/aimco-realtygreen-financing-framework-second-party-opinion-\(2021\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/aimcorealty-investors-lp/aimco-realtygreen-financing-framework-second-party-opinion-(2021)/aimco-realtygreen-financing-framework-second-party-opinion-(2021))

⁴ The table contains the category that has been financed through the 2021 Green Bond. The categories included in the Framework that are not financed through the 2021 issuance are: Energy Efficiency; Renewable Energy; Sustainable Water and Wastewater Management; Clean Transportation; and Climate Change Adaptation and Resilience.

Issuer’s Responsibility

AIMCo Realty is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of use of proceeds from AIMCo Realty’s 2021 Green Bond. The work undertaken as part of this engagement included collection of documentation from AIMCo Realty employees and review of documentation to assess conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by AIMCo Realty with respect to the projects financed in the eligible category. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by AIMCo Realty.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects, funded through proceeds of the 2021 Green Bond do not conform with the use of proceeds and reporting criteria outlined in the Framework. AIMCo Realty has disclosed to Sustainalytics that the proceeds from the 2021 Green Bond were fully allocated as at November 2021.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the eight projects funded with proceeds from the 2021 Green Bond to determine if projects aligned with the use of proceeds criteria outlined in the Framework and above in Table 1.	All eight projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the eight projects funded by the proceeds from the 2021 Green Bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported, please refer to the Appendix 1.	All eight projects reviewed reported on at least one KPI per use of proceeds category.	None

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Impact Reporting

Name of the Project or Location	Allocation (in millions CAD)	Environmental Impact Reported	Project Description
484 Spadina, Toronto, ON	48.9	<ul style="list-style-type: none"> The project is built to a LEED Silver standard and designed to achieve 37.1% annual energy savings and 25.4% annual greenhouse gas reduction compared to the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) 90.1-2016 base building standard. The project achieved LEED Silver certification in October 2022. 	484 Spadina (The Waverley), is a 166-unit, 16-storey purpose-built rental project in Toronto which was delivered in April 2021. The building is located at the intersection of College Street and Spadina Avenue.
91 Broadway, Toronto, ON	95.1	<ul style="list-style-type: none"> The project is built to a LEED Silver standard and designed to achieve 30.0% annual energy savings and 37.2% annual GHG reduction compared to the ASHRAE 90.1-2016 base building standard. The Company has communicated to Sustainalytics that the project is expected to achieve LEED Silver certification by Q2, 2023. 	91 Broadway (The Parker) is a 349-unit, 38-storey purpose-built rental project in Toronto that was delivered in early 2022. It is located in the midtown Toronto at the intersection of Yonge Street and Eglinton Avenue.
88 Queen, Toronto, ON	63.8	<ul style="list-style-type: none"> The project is built to a LEED Silver standard and designed to achieve 43.4% annual energy savings and 50.0% annual GHG reduction compared to the SB-10 (2017) base building standard. In addition, the project's energy performance surpasses the Toronto Green Standard Tier 2 Version 2. The Company has communicated to Sustainalytics that the project is expected to achieve LEED Silver certification in early 2025. 	88 Queen (The Elm & The Ledbury) is a 542-unit purpose-built rental project in Toronto to be delivered in Q4 2023. It is located in close proximity to the Financial District at the intersection of Queen Street and Church Street. The Elm & The Ledbury will be two premium rental towers.
3450 Dufferin, Toronto, ON	65.9	<ul style="list-style-type: none"> The project will be AIMCo's first LEED Gold certified multifamily project. The project comprises three towers: (i) Towers A and B are designed to achieve 36% annual energy savings and 50.8% annual GHG reduction compared to the SB-10 (2017) base building standard. (ii) Tower C is expected to achieve 34.9% annual energy savings and 47.3% annual GHG reduction compared to the SB-10 (2017) base building standard. The Company has communicated to Sustainalytics that the project is expected to achieve LEED Gold certification by the end of 2025. 	3450 Dufferin (The Sloane & The Trafford) is a transit-oriented multifamily development project in Toronto located directly across from Yorkdale mall. The business plan is to construct nearly 775 purpose-built rental units across 3 high-rise towers to be delivered in Q2 2024.
Caledon B, Caledon, ON	30.8	<ul style="list-style-type: none"> The project is built to a LEED Silver standard and designed to achieve 20.9% annual energy savings and 28.3% annual GHG reduction compared to the National Energy Code of Canada for Buildings (NECB) 2015 base building standard. 	Caledon B is a 290,000-square-foot distribution facility in Caledon, Ontario which is delivered in May 2021. The project has connectivity to the

		<ul style="list-style-type: none"> The Company has communicated to Sustainalytics that the project is expected to achieve LEED Silver certification by Q2, 2023. 	Brampton, Mississauga and Vaughan labour markets.
Caledon C, Caledon, ON	30.6	<ul style="list-style-type: none"> The project is built to a LEED Silver standard and designed to achieve 25.4% annual energy savings and 29.2% annual GHG reduction compared to the NECB 2015 base building standard. The Company has communicated to Sustainalytics that the project is expected to achieve LEED Silver certification by Q2, 2023. 	Caledon C is a 290,000-square-foot distribution facility in Caledon, Ontario which is delivered in June 2021. The project has connectivity to the Brampton, Mississauga and Vaughan labour markets.
3150 Derry Road, Toronto, ON	17.7	<ul style="list-style-type: none"> The completed project will be AIMCo's first LEED Gold certified industrial project. The project is designed to achieve 21.5% annual energy savings and 19.8% annual GHG reduction compared to the SB-10 (2017) and ASHRAE 90.1 (2013) base building standards. The Company has communicated to Sustainalytics that the project is expected to achieve LEED Gold certification by the end of Q3, 2023. 	3150 Derry Road is an industrial development project in Mississauga, Ontario. The business plan is to construct a 605,000-square-foot logistics facility to be delivered in February 2023.
1138 Melville, Vancouver, BC	147.2	<ul style="list-style-type: none"> 1138 Melville is currently BOMA BEST Silver certified and has received the Federal Government's Energy Efficiency Design Award. Energy use intensity for the building measured via an energy audit conducted in 2016 was 22.3 kWh/ft². The building has achieved 13% reduction in energy use since 2009. The project targets to achieve LEED Gold certification by end of 2022. 	1138 Melville is a Class A, 18-storey, 156,444 square foot office building in Vancouver, British Columbia constructed in 2001. The building is located in downtown Vancouver at the intersection of Melville Street and Thurlow Street. AIMCo purchased the building in September 2021 and plans to implement a series of sustainability-related capital initiatives in order to improve the energy performance of the building.
Total allocation (in millions CAD)			500
Bond proceeds raised (in millions CAD)			500
Percentage of bond allocation (%)			100%

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