Our Energy Strategy focuses on:

- Comprehensive due diligence at the acquisition stage including energy efficiency aspects, enabling us to develop asset improvement and refurbishment plans to achieve energy efficiency improvements
- Implementation of environmental management policies and procedures, including data collection, digitalization and reporting, preventative maintenance and ongoing operational improvement
- Sustainable energy measures encompassing investment in solar and wind power systems, combined heat and power (CHP), electric vehicle (EV) charging stations, smart meters and a total energy management system
- Progressively switching all electricity from Renewable Energy Certificates (RECs) to PPA certified renewable energy by 2027
- Collaborating with tenants with whom we seek to implement green elements into lease agreements

Monitoring and Management

At acquisition, our due diligence processes record the energy intensity and supply systems of the property, so that planning for efficiency improvements can begin as early in the asset lifecycle as possible. This includes examining the current structural fabric, technical systems, and management practices of the building. We are working to expand the energy auditing done alongside the formal due diligence process, so that projects can be implemented immediately upon acquisition.

Among our existing properties, to maximize the improvement opportunities, we aim to complete 500 energy audits each year. In 2023, we continued to conduct holistic site audits which assess the condition of the envelope and supply systems of the building from which we can identify appropriate energy efficiency actions and renewable energy system opportunities. We initiated a pilot project aimed at conducting energy audits, developing asset-specific retrofit/decarbonization plans, and evaluate their compatibility and performance. Within the scope of this initiative, we have executed pilot projects across 47 buildings in Germany and 25 buildings in the Netherlands. The energy savings, carbon reductions and investment costs of these projects are modelled and extrapolated to the full portfolio, to provide an integrated picture of our progress towards our reduction targets. The outcome of this project will guide our decision to proceed with a broader and more extensive implementation. In the future, we will enhance these assessments with further digital modelling to simulate the effect of efficiency interventions.

Whereas our initial energy management approach has been to invest in onsite renewable energy and efficient energy generating systems such as CHPs, we adjusted our approach to align with the three-stage hierarchy in the World Green Building Council's Net Zero Carbon Buildings Commitment for operational carbon. This means when identifying energy interventions, we first focus on ways to reduce and optimize the energy demand of our assets, then identify opportunities to generate the required energy renewably and onsite, and finally source the remaining energy demand through off-site renewable energy. Note that given the regulatory changes in the past year, particularly regarding the usage of gas or fuel-based systems, such as CHPs, we will likely phase out CHPs in the mid-term.

To ensure we prioritize these improvement plans correctly and monitor their effect to further inform our modelling, good data coverage and reliability is essential. We have a long-term goal of achieving full data coverage across our portfolio. We achieved 68% energy data coverage for our like-for-like portfolio in 2023. To maximize the utility of this data, we have initiated the development of a new database for environmental data, enabling semi-automated data collection through a mobile app for facility managers.

Investments into Renewable and Efficient Energy Systems

The gradual global transition to a low-carbon economy has highlighted the importance of investing in renewable and green energy infrastructure; in more recent years, we have seen the real estate sector furthering efforts towards this too during construction and use stages of buildings. Since 2019, Aroundtown has been investing in renewable energy to ensure that its properties remain competitive during the transition to electrification of properties and transport, and to a more decentralized energy market focused on renewables. The significant challenges to the European energy market in 2022 and 2023 have further underlined the urgency of this transition, and the foresight of our investments.