

SUSTAINABILITY REPORT

ABOUT THIS REPORT

◆ GRI 102-1 | 102-46 | 102-50 | 102-52 | 102-53 | 102-54 | 102-56



As the manager of AIMS APAC REIT (“AA REIT”), AIMS APAC REIT Management Limited (the “Manager”) is pleased to present our third annual Sustainability Report. This report details our environmental, social and governance (“ESG”) management strategy and performance for the financial year from 1 April 2018 to 31 March 2019 (“FY2019 Report”).

The FY2019 Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option. The GRI Standards are a globally recognised set of sustainability reporting standards based on ESG disclosure best practices and are regarded to be the most widely accepted, comprehensive, and the first of its kind. The GRI Content Index can be found on pages 63 to 66.

This Sustainability Report is published as part of our Annual Report to Unitholders and is also available on our website as part of the Annual Report for FY2019. This report is also prepared in accordance with Rule 711B of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (“SGX-ST Listing Manual”).

The scope of the FY2019 Report covers all properties owned by AA REIT in Singapore (where the Manager and AA REIT are headquartered). The content and topic boundaries presented in the FY2019 Report were defined based on the material ESG issues that are likely to affect, or be affected by, our business operations and key stakeholders. In doing so, the process of defining report content is aligned with the GRI’s Reporting Principles: materiality, stakeholder inclusiveness, sustainability context and completeness.

Our FY2019 Report has not been externally assured. We value your feedback as it helps drive our process of continuous improvement. We encourage you to share all questions and comments on the FY2019 Report as well as any aspect of AA REIT’s performance.

Please contact us at: investorrelations@aimsapac.com

Please visit AA REIT’s website for our previous sustainability reports: www.aimsapacreit.com

SUSTAINABILITY REPORT

SUSTAINABILITY BOARD STATEMENT

◆ GRI 102-14

The Board of the Manager believes that sustainable business practices are essential to growing long-term business value and support fundamental business objectives such as resilience, stakeholder best interests and resource efficiency. Accountability to our stakeholders, community and environment helps build a robust business foundation that can continue to thrive in the future.

As we continue our drive towards good corporate citizenship, we are also committed to the transparent management of sustainability issues.

To support our efforts to integrate the consideration of sustainability issues into our business practices, the Manager had established a Sustainability Council ("SC") in FY2017, which operates under the guidance of the Board. The SC comprises key executives across various business functions and are tasked with executing and monitoring sustainability practices as well as measuring performance results against our goals and targets. The SC is responsible for ongoing reviews and assessment of material ESG topics, identification of the nature and impact of relevant ESG topics in relation to the Group's daily operations, as well as updates of key performance indicators and targets. Through the results of regular reviews and key performance measures, the Manager assures the Board and stakeholders of the effectiveness of the instituted sustainability management systems.

In FY2019, the Manager conducted a materiality review and the Board considered and re-validated the ESG topics that are of concern to stakeholders and significant to AA REIT's business. In addition, the Manager conducted a Peer Benchmarking exercise and decided to disclose two new GRI sub-topics on Anti-corruption and Socio-economic compliance to support our effort to uphold high standards of governance in our business operations.

The Board has approved the material ESG topics for disclosure in FY2019 and together with the Manager, will continue to enhance the Group's sustainability governance, which is a fundamental aspect of sustainable growth and long-term value for stakeholders.

Environmental

We are committed to optimising environmental resource management and reducing AA REIT's impact on the environment. As a responsible corporate citizen, we continue

to integrate sustainable practices in our regular operations. We have identified energy and water as key material aspects and have taken actions such as exploring energy-friendly practices in all our asset enhancement initiatives and new developments to optimise energy consumption. We will continue to identify and implement opportunities to mitigate our impact on the environment that translate into cost savings, value creation, and support the best interests of our stakeholders.

Social

We operate with the understanding that our employees are our most valuable asset. We believe that investing in our employees' futures and well-being ultimately translates to strong business value and the ability to attract and retain top talent. Strong employee morale, loyalty and productivity will enable us to be recognised as an employer of choice and to ensure the long-term success of our business. Our business has expanded through the support of our staff, and we have in turn supported their growth, upscaling and equipping them along our journey. We will continue to nurture our people to strengthen business continuity, as well as support the long-term success of the organisation and the development of our talent pool. We will also strive to enhance existing employee engagement initiatives to further improve the overall well-being and satisfaction of our employees.

Governance

Corporate governance best practices form the foundational core to ensuring ethics, transparency and thorough risk management are upheld throughout the business, from the bottom up and the top down. In order to safeguard Unitholders' interests and AA REIT's assets, and maintain our licence to operate, we have internal frameworks and policies to ensure compliance with applicable legislations and regulations. We strive to maintain integrity, transparency, accountability, and discipline in our operations and have put in place a robust governance and risk management framework to ensure our long-term success.

Beyond this Sustainability Report, we aim to expand our Reporting Boundaries in the future and further engage our stakeholders in our efforts as we continue our sustainability journey. With the ongoing support of our stakeholders, we are committed to working together towards addressing our collective impact in these key material aspects.

SUSTAINABILITY REPORT

SUSTAINABILITY MANAGEMENT AT AA REIT

◆ GRI 102-9 | 102-11 | 102-18 | 103-2

As an established listed real estate organisation, we recognise that we are in a position of responsibility to support the Singapore Government's sustainable development framework. We will take a long-term approach in our sustainable development journey by creating economic and social value while safeguarding the environment and our future.

The Manager's primary objective is to create long-term value for all of our stakeholders. Sustainability is key to meeting that objective and is aligned with the best interests of our key stakeholders, as well as traditional business objectives such as resiliency, risk management, and business continuity. As such, we are committed to giving back to the community, making positive contributions to the economy and minimising environmental impacts through our business operations. To help us achieve this, we have considered several approaches which are embedded in our sustainability policy:

- observe and comply with all relevant legislation, regulations, and codes of practice;
- consider sustainability issues in key impact areas and integrate these considerations into business decisions;
- ensure all the Manager's employees are aware of its sustainability initiatives and are committed to implementing, supporting, and measuring these activities; and
- review, report and continuously strive to improve sustainability performance.

The Manager's sustainability strategy is based on prudent risk management and ambitious long-term value creation. This involves periodically reviewing policies, reporting compliance levels, preventing breaches and identifying opportunities for continual improvement. We believe that achieving our sustainability goals requires the integration of sustainable best practices into our overarching business strategy as well as day-to-day operations. Our progress and success are measured through performance tracking (measuring the energy and water consumption at our properties) and the identification of future opportunities and initiatives.

Our sustainability risk management approach considers the Precautionary Principle introduced by the United Nations in Principle 15 of 'The Rio Declaration on Environment and Development'. This strategy is founded on preemptively avoiding risks when the impacts are uncertain, as preventative measures are often more effective and less costly than reparative efforts.

In order to pursue our vision of business sustainability, we have designed and implemented relevant policies, programmes and procedures to manage sustainability issues efficiently across all our functions. To ensure proper implementation, all our employees are aware of our goals and strategy and are provided with appropriate training.

Sustainability governance

The SC takes the lead in our sustainability initiatives and drives the sustainability agenda by advising the Manager's Board on the overall sustainability policy ensuring that such policies and procedures in relation to ESG issues are aligned with the business strategy and monitoring the performance of sustainability policies and practices.

As subcomponents of the SC, the Sustainability Steering Committee ("SSC") and the Operational Health and Safety ("OHS") Committee support the functions of the SC. The OHS Committee advises and makes recommendations to support AA REIT's and the Manager's health and safety matters while the SSC is responsible for the implementation and integration of specific sustainable practices at the operational level.

Sustainability across the supply chain

As part of our efforts to promote sustainability, we endeavour to ensure that appropriate sustainability measures are implemented across our value chain. This includes appropriate risk management procedures for outsourcing and procurement of goods and services.

In FY2019, we have a supply chain consisting of approximately 370 active suppliers, including facility managers, maintenance service providers, contractors, professional consultants and financial institutions which are mainly based in Singapore. Criteria such as reputation, professional expertise, track record, pricing, financial standing and compliance with legal requirements are key considerations for selecting suppliers. Where feasible and applicable, we will obtain at least three quotes for a procurement. If the contract sum is substantial, we will conduct a pre-qualification and tender process where feasible. The tender will be awarded to the supplier that has best met all the necessary criteria.

Moving forward, we continue to implement policies that facilitate sustainability throughout the supply chain and encourage our key suppliers to adopt sustainability best practices such as implementing energy-efficient features in our asset management.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

◆ GRI 102-40 | 102-42 | 102-43 | 102-44

The Manager understands that the stakeholder engagement process is essential in identifying material issues and protecting the best interests of key stakeholders. Key stakeholder groups provide valuable perspectives on the impacts and value that arise from our business operations and initiatives. We have identified key stakeholder groups based on importance, representation, responsibility, dependency, and proximity to AA REIT’s business.

We directly engage with key stakeholders through regular two-way communications, cultivate their input, and integrate their

concerns and ideas for improvement into our sustainability strategy and initiatives.

To strengthen our relationships and communication with our stakeholders, we aim to continuously improve our communication channels. In FY2019, we conducted a survey to obtain feedback from key stakeholders and have integrated their perspectives into this FY2019 Report, as well as our sustainability strategy. The survey resulted in positive feedback and the identification of proposed areas for improvement in the FY2019 Report.

Stakeholder	Concerns raised	Modes of engagement	Frequency of engagement
Unitholders/ Investors 	<ul style="list-style-type: none"> Economic performance Anti-corruption Occupational health and safety 	<ul style="list-style-type: none"> Engagement through a formal survey Dedicated investor relations team Dedicated investor relations section in AA REIT website Quarterly announcement of financial results on SGXNET Quarterly results briefing for analysts Regular financial and non-financial performance updates on SGXNET Annual General Meetings Regular investor meetings via investor conferences, face-to-face meetings and non-deal roadshows 	<ul style="list-style-type: none"> Biennially Periodically Periodically Quarterly Quarterly Periodically Annually Periodically
Banks 	<ul style="list-style-type: none"> Economic performance Energy Environmental compliance 	<ul style="list-style-type: none"> Engagement through a formal survey Email updates and regular informal communication through phone or face-to-face meetings 	<ul style="list-style-type: none"> Biennially Periodically
Tenants 	<ul style="list-style-type: none"> Economic performance Environmental compliance Market presence 	<ul style="list-style-type: none"> Engagement through a formal survey Regular site visits, face-to-face meetings, and phone calls Routine notices/email updates Targeted sponsorship to support tenants’ corporate events 	<ul style="list-style-type: none"> Biennially Periodically Periodically Periodically
Property Managers 	<ul style="list-style-type: none"> Energy Training and education Anti-corruption 	<ul style="list-style-type: none"> Engagement through a formal survey Regular meetings Email updates and phone calls 	<ul style="list-style-type: none"> Biennially Bi-monthly Periodically
Bond Holders 	<ul style="list-style-type: none"> Occupational health and safety Energy Anti-corruption 	<ul style="list-style-type: none"> Engagement through a formal survey Face-to-face meetings 	<ul style="list-style-type: none"> Biennially Periodically
Board of Directors 	<ul style="list-style-type: none"> Economic performance Anti-corruption Environmental compliance 	<ul style="list-style-type: none"> Engagement through a formal survey Board meetings Email updates and regular informal communication through phone New Directors’ orientation and training 	<ul style="list-style-type: none"> Biennially Quarterly Periodically Periodically
Senior Management and Team Members 	<ul style="list-style-type: none"> Economic performance Employment Training and education 	<ul style="list-style-type: none"> Engagement through a formal survey Training and team building activities Department meetings Performance review 	<ul style="list-style-type: none"> Biennially Periodically Monthly Annually

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

◆ GRI 102-46 | 102-47 | 103-1

The scope and content of the FY2019 Report and the Manager’s materiality assessment process are aligned with the GRI’s four Reporting Principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. In the process of identifying key material ESG aspects, the Manager embraced stakeholder inclusiveness to ensure that the perspectives of stakeholders are properly addressed. The results of the stakeholder engagement process and the assessment of the sustainability context of our business operations enabled us to measure the most relevant data and manage the most impactful issues. As a result, the most material and comprehensive set of ESG indicators have been assessed and presented in the FY2019 Report.

In FY2017, the Manager and its external consultant directly engaged with our key stakeholders in a thorough materiality

assessment process. Stakeholders were engaged through various platforms such as formal surveys, face-to-face meetings and informal communications such as phone calls and emails. The perspectives and feedback from stakeholders were consolidated and analysed by the SC, the Manager, and the external consultant to identify and prioritise the ESG issues on which to focus our efforts.

We are committed to updating the materiality assessment on a biennial basis. In FY2019, as the Manager was of the view that AA REIT’s business had not materially changed as compared to FY2017, the Manager and its external consultant conducted a Peer Benchmarking exercise with selected comparable listed industrial REITs and decided to accept and disclose two new GRI sub-topics on Anti-corruption and Socio-economic compliance.

Material aspects and indicators identified

Categories	Material Aspects	List of GRI Indicators	Aspect Boundary
Economic 	<ul style="list-style-type: none"> Economic Performance Anti-corruption 	<ul style="list-style-type: none"> 201-1 Direct economic value generated and distributed 205-3 Confirmed incidents of corruption and actions taken 	<p>Within organisation</p> <p>Within organisation</p>
Environment 	<ul style="list-style-type: none"> Energy Water 	<ul style="list-style-type: none"> 302-1 Energy consumption within the organisation 303-1 Water withdrawal by source 	<p>Common areas of properties with operational control</p>
Social 	<ul style="list-style-type: none"> Occupational Health and Safety Training and Education Socio-economic Compliance 	<ul style="list-style-type: none"> 403-1 Workers’ representation in formal joint management-worker health and safety committees 404-1 Average hours of training per year per employee 419-1 Non-compliance with laws and regulations in the social and economic area 	<p>Within organisation and tenants</p> <p>Within organisation</p> <p>Within organisation</p>

SUSTAINABILITY REPORT

ECONOMIC

ANTI-CORRUPTION

◆ GRI 103-1 | 103-2 | 103-3 | 205-3

The Manager is committed to conducting business in an ethical manner and adopts a zero-tolerance policy against all forms of corrupt activities, including and not limited to bribery, corruption, fraud, and embezzlement. This commitment helps ensure that our reputation is upheld, and the trust with our stakeholders is maintained.

Our approach

We have established a Code of Conduct, which comprises well-defined anti-corruption guidelines and procedures for business dealings with customers, suppliers and all employees of the Manager. The Code of Conduct also sets out guidelines on gifts and entertainment, conflicts of interest, compliance with applicable laws, dealing in securities and misuse of confidential information. In addition, we also have in place a whistleblowing policy, with corresponding procedures and channels to allow for stakeholders to report alleged corruption, unethical practices, conflicts of interest and/or other improprieties.

The Manager is committed to promoting a culture of strong ethical behaviour to ensure all employees fully understand

and abide by our foundational principles and core values that influence business operations of the Manager. All new employees are given anti-corruption awareness training and familiarisation with the Code of Conduct during their orientation. We will also conduct in-house anti-corruption awareness training based on the Code of Conduct for employees on a timely basis.

FY2019 performance

The success of our anti-corruption efforts is evaluated by the number of confirmed incidents of corruption, with our target always being zero instances. In FY2019, we achieved our goal of zero instances of corrupt activities.

FY2020 target

Ethical business is one of our core values and we have a continual target of zero instances of corruption. Going forward, the Manager will continue to maintain the highest standards of ethics and integrity in our business dealings through anti-corruption awareness training to our employees.



SUSTAINABILITY REPORT

ENVIRONMENT

The Manager understands that conducting business in a sustainable manner generates long-term value, promotes resource efficiency and makes good business sense, in addition to being part of responsible corporate citizenship. Our sustainability policy is to integrate the consideration of material ESG issues into our daily business activities in a manner that optimises resources and reduces environmental impact.

As a testament to this commitment, more than one-third of AA REIT's Singapore portfolio by net lettable area is BCA Green Mark compliant as at 31 March 2019. Furthermore, we will assess the feasibility of pursuing BCA Green Mark Gold or higher for all new developments undertaken by AA REIT. AA REIT's Optus Centre, Macquarie Park, New South Wales, Australia has also achieved a NABERS Energy Rating of 4.5 stars and a NABERS Water Rating of 3.5 stars this year.

We believe that organisations should take the lead in pursuing sustainable practices. We obtained approval for electronic communications from our Unitholders at our previous AGM, and in meeting their expectations of favouring sustainable practices, we have stopped sending out hard copies of this Annual Report FY2019 to Unitholders, unless requested. This Annual Report was also printed with FSC paper, in support of the practice of sustainable forestry worldwide. In addition, we provide an archive of the e-copies of our past Annual Reports subsequent to our Initial Public Offering in 2007 on our corporate website.

ENERGY

◆ GRI 103-1 | 103-2 | 103-3 | 302-1

The Manager understands that climate change is one of the greatest threats currently facing humanity. Therefore, we are committed to reducing our greenhouse gas emissions through improved energy efficiency. In accordance with the Paris Agreement in December 2015, Singapore has pledged to reduce its emissions intensity by 36% by 2030 compared to 2005 levels. We will continually strive to incorporate energy-efficient practices in our business operations to reduce emissions and help Singapore achieve its 2030 targets.

Our approach

Our approach to improving energy efficiency focuses on reducing energy consumption in the most cost-efficient manner possible. This strategy generates the most long-term value for financial and environmental stakeholders alike. To improve energy efficiency, we continuously monitor the effectiveness of our investments in sustainable building upgrades such as the use of Light-Emitting Diode ("LED") lights in the common areas of our properties, upgrading of old equipment to energy-efficient

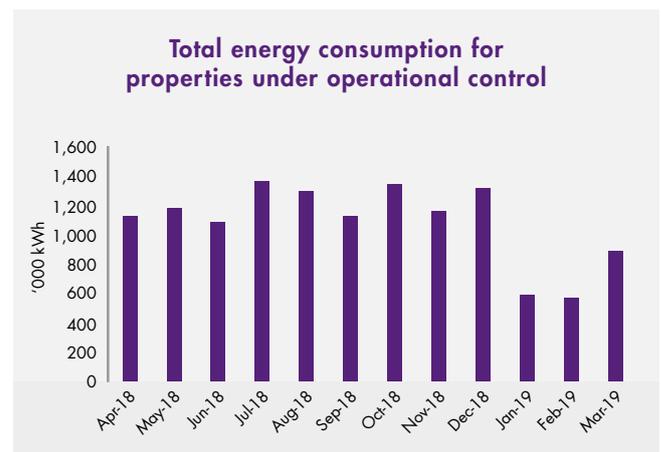
ones and motion detectors for exit staircases and toilets. The effectiveness of this approach is assessed through measurable year-on-year progress of our energy-efficient practices.

FY2019 performance

The scope of the data presented below covers the energy consumption of 17 out of 26 properties in our portfolio, over which we have operational control (FY2018: AA REIT had operational control over 19 out of 27 properties in its portfolio). Our energy consumption was from non-renewable power generation (electricity) sources. This data was derived from actual billings. The graph below shows the total energy consumption in FY2019 by month for the common areas (building services, corridors, and perimeter lighting) of these properties.

The total consumption for FY2019 was 13,014,013 kWh for the 17 properties based in Singapore. This was a marginal increase of approximately 1.9% from last year's consumption. The graph below shows the energy consumption per month for FY2019.

Energy efficiency initiatives in FY2019 include the of installation of LED lights at the common areas of 27 Penjuru Lane and 7 Clementi Loop.



FY2020 target

We will conscientiously work towards making our new projects and existing properties in our portfolio more energy efficient whenever the opportunity arises. In this regard, we aim to obtain BCA Green Mark Gold for the ongoing development at 3 Tuas Avenue 2 and BCA Green Mark compliant for the asset enhancement initiative at 29 Woodlands Industrial Park E1, NorthTech upon their respective completions. Going forward, we will explore more energy-friendly practices and consider them in our business operations.

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WATER

◆ GRI 103-1 | 103-2 | 103-3 | 303-1

The Manager understands that water consumption will be an increasingly material aspect in the REIT sector due to global and national water resource trends. Therefore, we are committed to optimising water consumption throughout our portfolio, ensuring that AA REIT remains competitive in a water-scarce future. In FY2018, we began tracking and analysing our water consumption in an effort to identify cost-effective opportunities to improve water efficiency.

Our approach

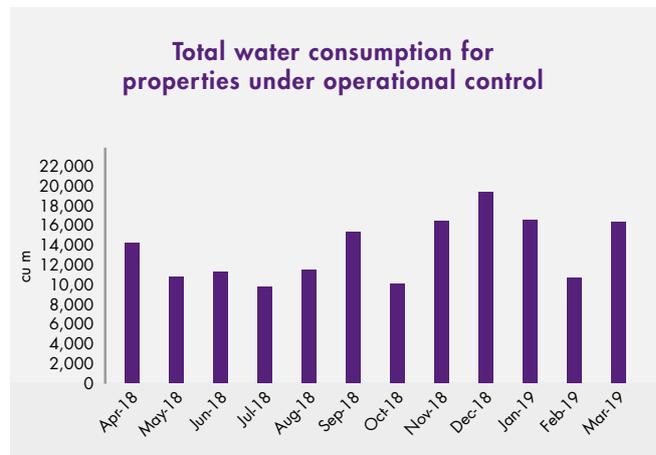
We track water consumption of the properties in AA REIT’s portfolio over which we have operational control. Based on the results, the Manager identifies and implements water conservation opportunities such as water-efficient fittings in its newly developed properties and raising employee awareness of daily habitual best practices. The efficacy of such efforts is evaluated based on measured improvement in water efficiency data and measurable progress towards our goals.

In addition to tracking and monitoring improvements, we are a Public Utilities Board (“PUB”) Friend of Water Steward. In FY2019, we obtained PUB’s Water Efficiency Building (“WEB”) certification for two of our properties at 8 Tuas Avenue 20 and 1 Bukit Batok Street 22. We will continue to assess the rest of our portfolio for such improvement works.

FY2019 performance

We currently measure water use performance based on the total volume of water consumed across our Singapore operations. In FY2019, only municipal water was utilised, totalling 162,101 cubic metres for the 17 Singapore-based

properties over which we have operational control. This was approximately a 1.6% decrease from last year’s consumption. This data was derived from actual billings. The graph below shows the total water consumption in FY2019 by month:



FY2020 target

We will continue to be an active advocate of water conservation in the Singapore REIT sector. We will continue to measure and assess our water performance data and identify new water-efficient practices within our portfolio and for new developments. In this regard, the ongoing redevelopment at 3 Tuas Avenue 2 and the asset enhancement initiative at 29 Woodlands Industrial Park E1, NorthTech will include the installation of water-efficient fittings. In addition, we aim to progressively achieve WEB certification for all eligible buildings in AA REIT’s portfolio and we aim to apply for WEB assessment for our property at 103 Defu Lane 10.

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SOCIAL



We hold a long-term perspective regarding our relationship with our staff — they are treated as members of the AA REIT family. Since our Initial Public Offering in 2007, our business has expanded through the support of our staff, and we have in turn supported their growth - upscaling and equipping them along their journey. Like a multi-generational family, our staff includes millennials working side-by-side with employees who have been with us for over 10 years. We may come from diverse backgrounds, but we share a common pride in being part of an organisation that makes a difference in society. We believe that treating employees as critical stakeholders increases employee morale, loyalty, and productivity and will enable us to be recognised as an employer of choice.

OCCUPATIONAL HEALTH AND SAFETY

◆ GRI 103-1 | 103-2 | 103-3 | 403-1

The Manager is committed to fostering a culture of safety and facilitating a safe working environment for all our employees. This commitment goes beyond physical safety to encompass overall well-being, recognising our employees are our most valued asset. We implement various initiatives that focus on enhancing awareness, implementing best practices, nurturing well-being and eliminating all avoidable OHS incidents.

Our approach

In FY2017, we established an OHS Committee to drive OHS initiatives at the organisational level. The OHS Committee is responsible for managing and initiating our OHS activities

such as reviewing occupational health and safety issues, implementing appropriate work practice control measures and issuing ongoing reminders to our staff. As of 31 March 2019, our OHS Committee comprises five members from various departments, representing approximately 22.0% of our workforce.

In addition, all staff members have been trained to identify potentially hazardous situations and report them to the OHS Committee to help continually improve the safety of our operations. The effectiveness of our OHS management is measured by the number of avoidable OHS incidents, with our goal always being zero.

FY2019 initiative

A number of initiatives were completed in FY2019, including both OHS programmes and initiatives promoting general employee well-being. These are as follows:

- During FY2019, we successfully obtained the bizSAFE Level 2 certification from the Workplace Safety and Health Council.
- We nominated an employee to be our Risk Management ("RM") Champion. This employee attended the bizSAFE Level 2 Course on "Develop a Risk Management Implementation Plan". We also have in place RM capabilities to manage incidents such as security threats and emergency preparedness.
- During FY2019, we organised a wide range of activities and initiatives such as team building sessions, health talks and screenings, ergonomic workshops, weekly Fruits Day and Eat-With-Your-Family Days.

FY2020 target

In order to ensure that our workforce remains safe, happy and healthy, we will continue to review employee safety and well-being practices and performance annually. This is in accordance with the Workplace Safety and Health Act, which requires all workplaces to conduct a risk assessment for every work activity and the process carried out at the workplaces. We have a continual goal of facilitating a culture of safety and operating an incident-free workplace. We will also strive to enhance existing employee engagement initiatives to further improve the overall well-being of our employees.

SUSTAINABILITY REPORT

TRAINING AND EDUCATION

◆ GRI 102-7 | 102-8 | 103-1 | 103-2 | 103-3 | 404-1

We believe that our employees are our most valuable asset and investing in their personal and professional development creates long-term value for our business. The Manager is committed to nurturing our employees and providing opportunities for growth and development that empowers them to perform to their best abilities and take on new responsibilities and challenges.

Our approach

We invest in the future of our business by investing in the development of our employees so that we can grow and develop together. We keep our employees abreast of the latest industry trends and career developments through professional courses and on-the-job training throughout the year. Our training programmes consist of internal and external talks, seminars, webinars, and courses, covering topics such as finance, governance, regulatory updates, leadership, safety, ethics, and skills development. Employees are encouraged to take ownership of their skills development based on skillset gaps identified during individual performance reviews. Together with on-the-job training and guidance, this can lead to greater effectiveness at work.

To emphasise the importance of sustainable development and corporate citizenship, we also incorporate ESG-related education to raise the awareness of our social and environmental responsibilities as a corporate citizen.

FY2019 performance

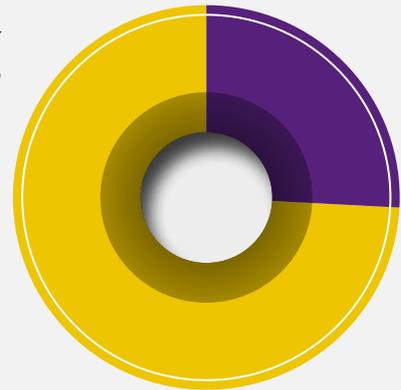
The effectiveness of our training and education programmes is measured in hours of training received by each employee. During the reporting period of FY2019, we have provided a total of 746 training hours for all our employees. Each employee received an average of 32.4 training hours per annum, exceeding our FY2019 target of 26 hours. The charts on this page showcase our employee data for the reporting period.

FY2020 target

We will continue to aim for an average of at least 26 training hours per employee per annum in the next financial year. Going forward, we remain committed to nurturing our talent pool for business continuity and resiliency in order to invest in the long-term success of our organisation and our people.

Total employees

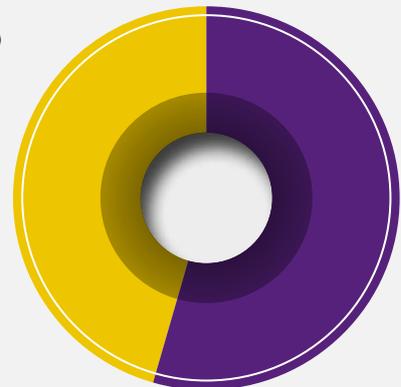
◆ Female	17
◆ Male	6



Note: All our employees are permanent employees based in Singapore.

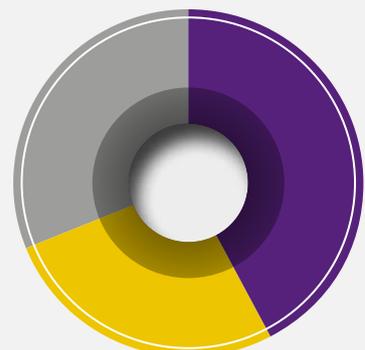
Average training hours by gender

◆ Male	37.0
◆ Female	30.8



Average training hours by employee category

◆ Senior Management	45.0
◆ Middle Management	33.7
◆ Executive	28.4



SUSTAINABILITY REPORT

SOCIO-ECONOMIC PERFORMANCE

◆ GRI 103-1 | 103-2 | 103-3 | 419-1

The Manager is committed to complying with all applicable regulatory requirements, including SGX-ST Listing Manual, the Code on Collective Investment Schemes issued by the MAS, tax rulings issued by the Inland Revenue Authority of Singapore ("IRAS") and our Trust Deed.

Our approach

In order to safeguard our stakeholders' best interests and AA REIT's assets, uphold our reputation and maintain our social license to operate, we implement robust internal frameworks and policies to ensure compliance with applicable legislation and regulations. Our enterprise risk management ("ERM") framework defines the process for the identification and management of major risks and the counter-measures to mitigate or eliminate them. In addition, all employees are required to strictly adhere to guidelines outlined in the Code of Conduct, which sets out guidelines and procedures to ensure compliance.

FY2019 performance

We did not incur any significant fines or non-monetary sanctions for non-compliance with relevant operational laws and regulations during FY2019.

FY2020 target

Going forward, the Manager will continue to comply with all applicable laws and regulations. We will strive to uphold high standards of governance in our business operations and seek to maintain zero incidents of non-compliance in the next reporting period. To achieve this on an ongoing basis, all regulatory requirements will be regularly reviewed and our procedures and respective operational teams will be updated as necessary.

COMMUNITY ENGAGEMENT

As a member of the community in which we are based, the Manager is dedicated to being a model corporate citizen that contributes positively and invests in the community. Corporate Social Responsibility ("CSR") is instilled within our foundational principles and core values. We encourage the spirit of volunteerism and actively encourage our employees to take part in our regular community and volunteering events.

The Manager launched its "Blessed For Good" initiative in FY2017 where we adopted Voluntary Welfare Organisations ("VWO") in Singapore focusing on seniors. We believe that all seniors can lead their lives with dignity and remain integrated within the community.



XiSer CareServe 喜捨苑 (formerly known as Tai Pei Social Services) ("XiSer") was our adopted VWO in FY2019. XiSer is a step-down care facility caring for long-staying patients from the Institute of Mental Health ("IMH"). The residents under XiSer's care are mostly destitutes who have been staying in IMH for a long period of time. We made two visits to XiSer during FY2019, with organised activities to interact with the residents to brighten up their day.

The Manager will continue with our CSR contributions, as well as explore other initiatives where we can make an impact on the community. We believe that no at-risk person should be constrained from leading a dignified life. In this spirit, the Manager intends to continue its support for XiSer for a second year.

SUSTAINABILITY REPORT

AWARDS AND RECOGNITION

We are proud to have been recognised by several external organisations for our achievements related to ESG issues. These awards validate our commitment to upholding the highest standards and best practices in our industry.



ARC INTERNATIONAL AWARDS 2018 EDITION

September 2018

In recognition for the design, effectiveness, expression and clarity of the 2017 Annual Report's theme, AA REIT was awarded the **Traditional Annual Report Award (Honors)** at the ARC International Awards 2018 in the Real Estate Investment Trust (REIT): Commercial/Industrial/Office category.



THE ASSET CORPORATE AWARDS 2018

November 2018

AA REIT was awarded the **Gold Awards in Governance, Environmental Responsibility and Investor Relations** at The Asset Corporate Awards 2018, in recognition of the Manager's continued commitment to upholding high standards of Corporate Governance, Environmental Responsibility, and Investor Relations.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosures	Chapter/ Page Number(s), performance	Omission	
ORGANISATIONAL PROFILE				
GRI 102: General Disclosures 2016	102-1	Name of the organisation	4, 51	
	102-2	Activities, brands, products, and services	Investment in and management of a diversified portfolio of income-producing and high quality industrial real estate.	
	102-3	Location of headquarters	Corporate Directory	
	102-4	Location of operations	Singapore and New South Wales, Australia	
	102-5	Ownership and legal form	25, 133	
	102-6	Markets served	102-107	
	102-7	Scale of the organisation	10-12, 60, 102-115	
	102-8	Information on employees and other workers	60	
	102-9	Supply chain	53	
	102-10	Significant changes to organisation and its supply chain	No changes.	
	102-11	Precautionary Principle or approach	53	
	102-12	External initiatives	<p>Our policies and business activities are aligned with the prevailing regulatory requirements and are supported by a variety of external charters and principles. These include (but are not limited to):</p> <ul style="list-style-type: none"> • Securities and Futures Act (Chapter 289) • SGX-ST Listing Manual • Code on Collective Investment Schemes including Appendix 6 on Property Funds • Code of Corporate Governance 2012 • Other policies and procedures adopted by AA REIT, which can be found in pages 30 to 50 of the Corporate Governance section <p>Accordingly, we have developed and adopted a range of corporate policies and internal controls that support the Board and Management. These policies and controls cover matters such as personal data protection, anti-money laundering and countering terrorism financing, conflicts of interest, business continuity, insider dealing, enterprise risk management, and outsourcing.</p>	

SUSTAINABILITY REPORT

GRI Standard	Disclosures	Chapter/ Page Number(s), performance	Omission
GRI 102: General Disclosures 2016	102-13	Membership of associations The Manager is a member of The REIT Association of Singapore (REITAS).	
	STRATEGY		
	102-14	Statement from senior decision-maker 52	
	ETHICS AND INTEGRITY		
	102-16	Values, principles, standards and norms of behaviour 4, 30-50	
	GOVERNANCE		
	102-18	Governance structure 30-50, 53	
	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups 54	
	102-41	Collective bargaining agreements Not Applicable as we don't have trade unions.	
	102-42	Identifying and selecting stakeholders 54	
	102-43	Approach to stakeholder engagement 54	
	102-44	Key topics and concerns raised 54	
	REPORTING PRACTICE		
	102-45	Entities included in the consolidated financial statements 159-161	
	102-46	Defining report content and topic Boundaries 51, 55	
	102-47	List of material topics 55	
	102-48	Restatements of information Restated unit for water consumption for FY2018. Reported unit: litres; Actual unit: cubic metres.	
	102-49	Changes in reporting Additional material issues: • 205-3: Anti-corruption • 419-1: Socio-economic Compliance 102-115	
	102-50	Reporting period 51	
102-51	Date of the most recent report May 2018		
102-52	Reporting cycle 51		
102-53	Contact point for questions regarding the report 51		

SUSTAINABILITY REPORT

GRI Standard		Disclosures	Chapter/ Page Number(s), performance	Omission
GRI 102: General Disclosures 2016	102-54	Claims of reporting in accordance with GRI Standards	51	
	102-55	GRI content index	63-66	
	102-56	External assurance	51	
MATERIAL TOPICS				
CATEGORY: ECONOMIC				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	7-9, 55	
	103-2	The management approach and its components	7-9	
	103-3	Evaluation of the management approach	7-9	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	123-187	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55,56	
	103-2	The management approach and its components	56	
	103-3	Evaluation of the management approach	56	
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	56	
CATEGORY: ENVIRONMENT				
SUB-CATEGORY: ENERGY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55, 57	
	103-2	The management approach and its components	57	
	103-3	Evaluation of the management approach	57	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	57	

SUSTAINABILITY REPORT

GRI Standard	Disclosures	Chapter/ Page Number(s), performance	Omission
SUB-CATEGORY: WATER			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55, 58
	103-2	The management approach and its components	58
	103-3	Evaluation of the management approach	58
GRI 303: Water 2016	303-1	Water withdrawal by source	58
CATEGORY: SOCIAL			
SUB-CATEGORY: OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55, 59
	103-2	The management approach and its components	59
	103-3	Evaluation of the management approach	59
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	59
SUB-CATEGORY: TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55, 60
	103-2	The management approach and its components	60
	103-3	Evaluation of the management approach	60
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	60
SUB-CATEGORY: SOCIO-ECONOMIC COMPLIANCE			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55, 61
	103-2	The management approach and its components	61
	103-3	Evaluation of the management approach	61
GRI 419: Socio Economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	61