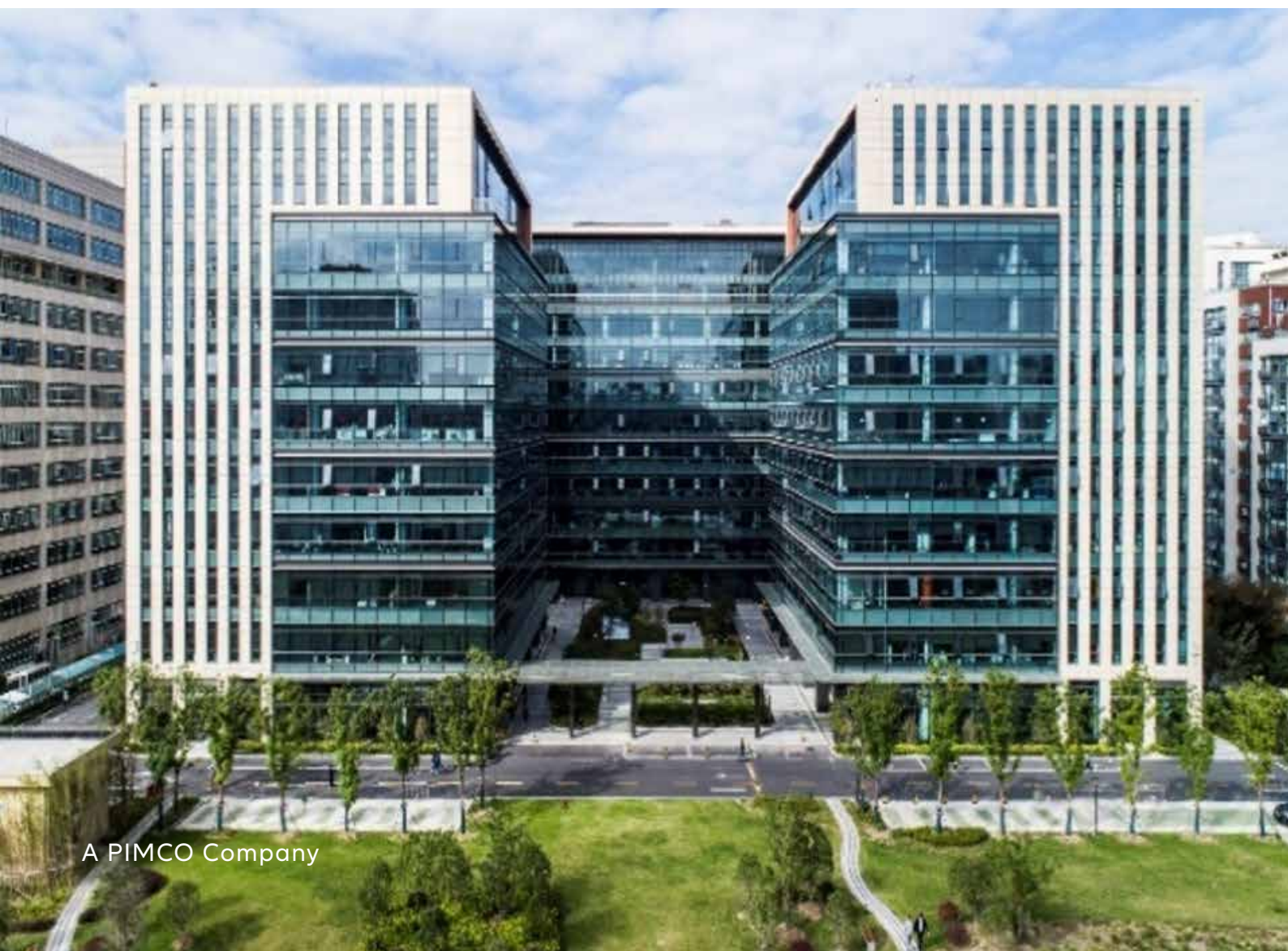


# Allianz Real Estate Asia-Pacific Core I Sustainability Report 2021

Inaugural Report – Investing in a Sustainable Future

November 2022



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# About this Report

This Sustainability Report is our first report following the establishment of Allianz Real Estate Asia-Pacific Core I (“AREAP Core I” or the “Fund”). It has been developed in line with the expectations of the Fund’s investors and stakeholders and prepared in accordance with the GRI Standards: Core Option.

This report contains links to other publicly available documents, where this is relevant to providing the required detail to support our approach and reporting on our progress.

## Report Boundary

In our inaugural report, we are reporting sustainability results for the calendar year 2021 (1 January 2021 to 31 December 2021), relating to the property portfolio of AREAP Core I. We intend to follow an annual reporting cycle and frequency.

The content of this report is focused on the topics identified by our stakeholders and investors as having

significant and material importance to our success. The content will therefore provide a baseline that will be used to monitor our management of these material topics moving forward.

Our 2021 sustainability data has not been externally assured; however we are considering options for external assurance for our data in future reports.

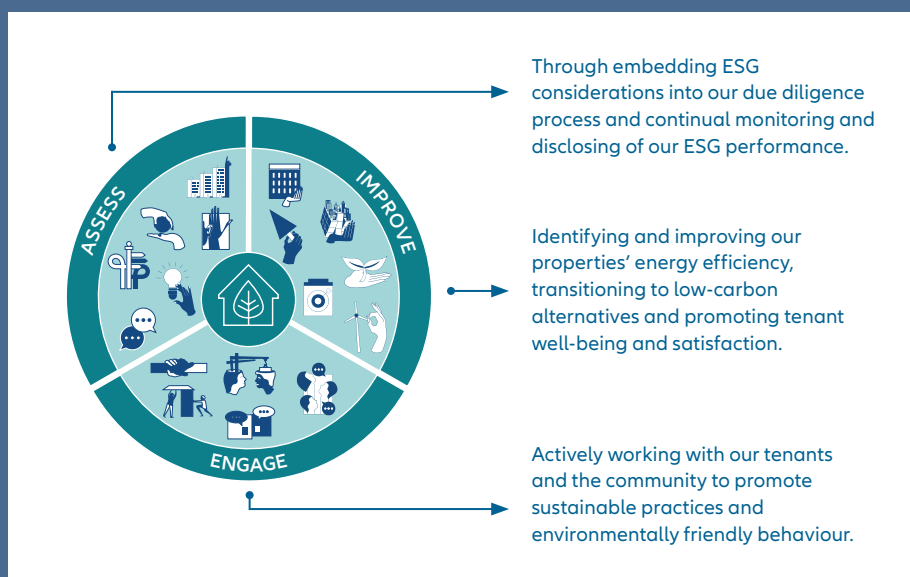
# 1. Introduction

## 1.1 Message from our Portfolio Manager

In closing the Allianz Real Estate Asia-Pacific Core I Fund in 2020, the dedicated team from Allianz Real Estate Asia-Pacific (the Investment Manager and General Partner) focused on creation of a portfolio of assets that will provide long-term growth and financial return for our investors.

Sustainability permeates all aspects of our activities and we have aligned ourselves with the strategic position of Allianz Real Estate and our parent company Allianz Group. This involves a commitment to a low-carbon economy through reducing our carbon footprint and developing healthy properties for our tenants, customers and the broader community. We aim to achieve this through the three areas of activity: Assess, Improve and Engage.

In the fund's inaugural first Sustainability Report, we aim to work on the "Assess" pillar, defining our



baseline performance and assess how we are meeting the material topics as identified by our stakeholders. I believe that this represents a strong first step on our decarbonisation journey and shows our commitment to driving ESG within all our operations.

Sustainability and ESG topics have become an essential element in all facets of fund and asset management. By implementing a process of best

practice, using the targets and methodologies of Allianz Real Estate and our parent company Allianz Group, we will be able to deliver strong performance for our investors, as well as continuing to source opportunities that will contribute to a balanced, well-diversified portfolio.

**Chee Wai Tong,**  
Portfolio Manager

## 1.2 About Allianz Real Estate Asia-Pacific Core I

Allianz Real Estate Asia-Pacific Core I (hereafter "AREAP Core I" or the "Fund") is a Singapore domiciled, closed-end fund that closed in 2020, with equity commitments of USD 2.3bn, and an investment capacity of over USD 4.6bn.

The National Pension Service of Korea ("NPS") and Allianz Group companies are 50:50 investors in the Fund, with Allianz Real Estate Asia-Pacific serving as the Investment Manager and General Partner. Allianz Real Estate Asia-Pacific is a wholly-owned subsidiary of Allianz Real Estate, one of the world's largest real estate investment managers. Allianz

Real Estate's direct parent company is PIMCO (Pacific Investment Management Company) who in turn is part of the Allianz Group, a leading global financial services provider, with its ultimate parent company being Allianz SE.

AREAP Core I is focused on core investment opportunities across



the key markets of Japan, Australia, Singapore, Hong Kong and China, and diversified sectors including office, logistics, multi-family and student housing. By the end of 2021, AREAP Core I has invested in 121 assets across the above listed countries. This is an increase from 117 at the beginning of 2021, with four properties acquired: two in China, one in Singapore and one in Japan.

The Fund provides spaces for lease to prospective tenants and we ensure these spaces are serviced and maintained to the highest standards of comfort and usability, while also carefully managing the energy efficiency and carbon emissions of each asset. Allianz Real Estate Asia-Pacific, as the Investment Manager,

provides employees to oversee the management of the Fund's assets, and deliver performance to investors.

As this is our first year of reporting, there are no key changes in operations, share capital structure or locations of our supply chain.

### 1.3 Our Purpose and Strategy

The AREAP Core I strategy, which is developed and executed by Allianz Real Estate Asia-Pacific as the Investment Manager, is to align with secular macro trends and take advantage of individual country and sector cycles to build a diversified portfolio of high-quality, income-producing assets.

Allianz Real Estate takes tangible steps to reduce its carbon footprint and develop healthy buildings for the environment and the communities that live and work in them. We strive to incorporate sustainability factors into our investment cycle and work towards reducing the GHG emissions of our portfolio to net zero by 2050.

These ambitions follow the 1.5°C CRREM pathway and are in line with the high-profile initiative Net-Zero Asset Owner Alliance that our ultimate parent company Allianz SE co-founded. See the [Allianz Group Report 2021](#) for a full list of memberships and partnerships.



1.4 Sustainability Performance  
Highlights 2021

121 Properties

Total Net Asset Value

\$ 1,358,903,736 USD

GHG Emissions 13,622t CO<sub>2</sub>e

Total Energy Consumed 28,433 MWh

Green Building Certifications 23

# 2. Responsible Sustainability Governance

In this section, we cover the sustainability governance practices which AREAP Core I follows and detail the materiality assessment that was completed to identify the material topics to the AREAP Core I stakeholders.

## 2.1 Our Approach

AREAP Core I is guided by the values, principle and standards developed by its Investment Manager and its global parent company, as outlined in the Allianz Group 2021 Sustainability Report. Additional details on Allianz Real Estate's approach to ESG and our contribution to a low-carbon economy can be found [here](#).

Allianz Real Estate's ESG integration framework is designed to improve the sustainability performance and transparency of real estate assets and address issues such as physical climate risks, reducing the risks of obsolescence and depreciation.

Our framework is based on three key areas of activity: assess, engage and improve.

**ASSESS:** Measurement is key to reach our climate targets. For the carbon emissions, we use CRREM data as a scientific and independent approach. Under CRREM, our investments are analyzed against the 1.5°C climate target and emission pathways are defined for our decarbonization targets.

**IMPROVE:** By improving the energy efficiency, reducing consumption based on smart solutions, and replacing traditional energy sources with low-carbon alternatives we are transforming our buildings for the future.

**ENGAGE:** By promoting sustainable and environmentally friendly behaviors and services among our partners and tenants, by implementing them as an integral part of our processes and contracts, and by making the right joint decisions, together we can take tangible steps in the transition to a low-carbon economy.

**OUR PEOPLE:** In line with the social approach for our employees and the wider community, Allianz Real Estate also has a commitment as the Investment Manager, to all our stakeholders. We utilize the policies and strategies developed by the Allianz Group and Allianz Real Estate to engage with our employees, interact with our stakeholders, and meet our investors' expectations between a balance of financial returns and sustainability objectives. AREAP Core I is committed to promoting diversity and inclusion through our activities and operations.

## 2.2 Governance Structure

Allianz Real Estate Asia-Pacific, as Investment Manager, is responsible for the management and operations of the Fund.

In turn, Allianz Real Estate has an Executive Committee that acts as its highest governance body and is responsible for defining and coordinating strategy and operational management matters, as well as making key decisions on other relevant matters.

The Executive Committee also approves Allianz Real Estate’s ESG policy and any changes or updates. Members of the Allianz Real Estate Executive Committee can be found [here](#).

## 2.3 Identifying Our Material Topics

To assist us in directing and enabling our efforts towards good sustainability practice and aligning our ESG goals within the organisation, AREAP Core I completed a materiality assessment to identify our material

topics and understand why they are important to our stakeholders.

A materiality assessment is a key tool to identify material ESG topics to our organisation from the viewpoint of our key stakeholders. We applied two lenses to identifying and understanding these topics: potential impact to our operations and importance to our stakeholders.

Each year, we will repeat this process to ensure that the Fund continues to identify and manage material topics key to our stakeholder groups.

### 2.3.1 Stakeholder Engagement

In our first year of reporting, we utilised the following approach to selecting stakeholders:

- Mapping Exercise: Material stakeholders were identified within, and to, the organization. These stakeholders were selected based on their ability to influence AREAP Core I as well as the interest in the success of the fund.
- Engagement Exercise: A combination of quantitative and qualitative methods were used to engage with stakeholders to obtain

data points for the analysis of key material topics

- Analysis Exercise: We verified the results from the engagement exercise with external research to publicly available information including public opinion and peer sustainability reports to identify material topics for AREAP Core I.

In Figure 1, please see the list of stakeholders we engaged in our materiality assessment and the methods of engagement. Weighting was given out of 10, with 10 being the greatest influence or interest and 1 having little influence or interest in the Fund.

**Figure 1:** Key Stakeholder groups, their weighted ability to influence and have interest in our success and how each group was engaged.

Stakeholder Group	Influence Weighting	Interest Weighting	Method of Engagement
Business Executives	8	8	Interview
Delivery Partners	7	5	Survey
Investors	10	10	Interview & Survey
Asset Managers	8	10	Survey
Employees	7	10	Survey
Suppliers	3	2	Survey



### 2.3.2 Materiality Assessment Results

Our assessment identified 13 material topics that were deemed as having a high impact on our business and were important to our stakeholders.

Figure 2 illustrates our materiality map and highlights which topics are linked to each pillar of ESG, namely:

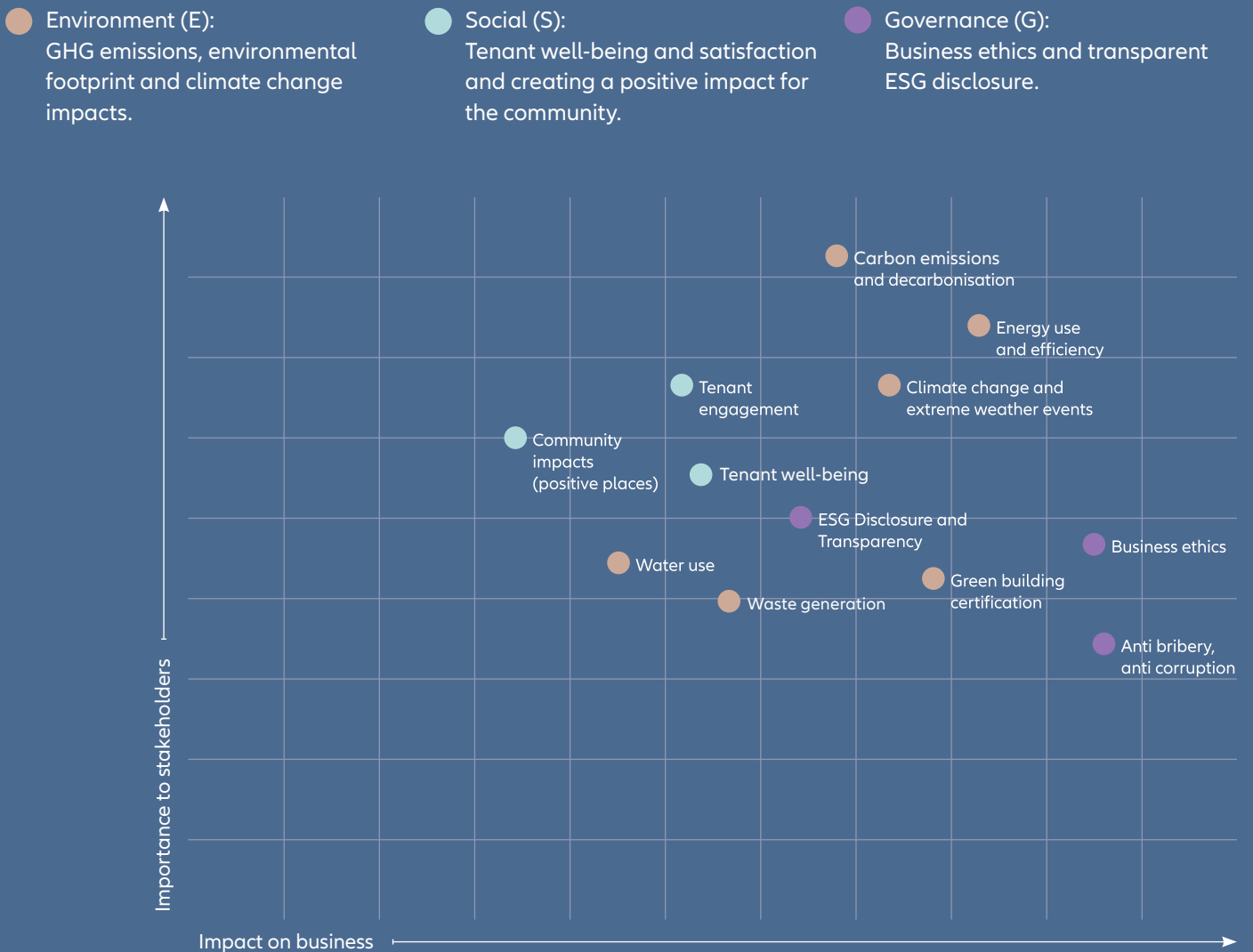


Figure 2: Allianz Real Estate Asia-Pacific Core I Material Topics Map

## 2.4 Defining our Reporting Boundary

The content of our first report is framed around addressing the material topics in Figure 2, which have been identified as having key impacts or importance to us. The topics are related to our core business operations, including the management and ownership of property assets within the Fund.

We consider the primary target audience of this report to be rating providers, analysts, our investors and tenants. As disclosed in the Report Boundary, this annual Sustainability Report will be covering the period of 1 January 2021 to 31 December 2021. Based on the material topics, we have mapped the issues to GRI disclosures and identified the upstream and downstream boundaries. In the following sections, we will discuss these material topics and our management approach.

## 2.5 ESG Disclosure and Transparency

Embedding effective ESG governance and reporting systems allows us to ensure transparency in our ESG practices with internal and external stakeholders.

Transparency, particularly by utilizing a global industry framework such as CDP or GRI, gives weight to the meaningfulness and effective approach being taken by the Fund. We have identified this as a material topic as the real estate industry is rapidly expanding its sustainability reporting coverage to go beyond mandatory requirements set by individual countries.

We believe at the foundation of good ESG governance is clear and transparent reporting of our efforts towards sustainability. The outcome of this belief is this report, which is our first Sustainability Report outlining the material environmental, social and governance topics to the Fund. In addition to disclosing our

sustainability performance, we also reviewed our social impacts in our supply chain.

Allianz Real Estate Asia-Pacific, as the Investment Manager for the Fund, screens all vendors and suppliers through a vendor selection approval process that requires the vendor or supplier to pass all necessary compliance checks before appointment. From this process, no vendors or suppliers were identified as having a possible significant actual or potential negative social impact.

We recognize that our assets have the ability to generate indirect economic impacts. With that in mind, our aim is to positively influence our buildings' local areas through targeted Asset Management. We strive to create, or maintain, a positive indirect impact, such as the improvement in the local area, where our property becomes a space that the community will want to visit, providing the opportunity for other businesses to set up community facilities, gyms and sports centres.



# 3. Our People

In this section, we assess the material social topics that impact our business and employees.

## 3.1 Diversity and Inclusion

Diversity and inclusion encompass a group of unique individuals who acquaint and integrate with one another, but each are entirely different concepts with separate benefits. We see employee diversity and inclusion as key, as it promotes creativity and different ways of problem-solving. Diverse points of view drive greater business success and opportunities and we rely on this to ensure our success.

AREAP Core I does not employ any staff directly, instead Allianz Real Estate Asia-Pacific (as our Investment Manager) provides a small team of employees that oversee the management, operations and related

activities of the Fund. Our Investment Manager also seeks local expertise, engaging external asset/property managers based in each country who provide onsite property management services and are a point of contact for our tenants in case there are any issues. While these personnel manage the onsite day-to-day property operations, the employees from our Investment Manager perform the majority of our activities.

Based on actual headcount, Allianz Real Estate Asia-Pacific has 38 permanent, full-time employees of which 47% have identified as female and 53% identified themselves as male. Our governing body is comprised of eight individuals, five male identifying and three

female identifying. We do not have any employees under collective bargaining arrangements. Regionally, 71% of employees are based in our headquarters in Singapore (Figure 3).

The employees working on the Fund are employed based on merit and experience. As such we do not monitor other diversity indicators such as age group distribution and ethnic groups.

Female  
**47%**

Male  
**53%**

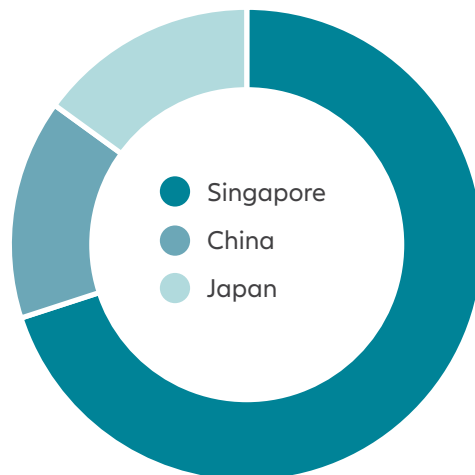


Figure 3: Investment Manager Allianz Real Estate Asia-Pacific employees by region.

## 3.2 Business Ethics and Anti-Corruption

Key to our success is promoting good, responsible business practice. This forms an integral part of our operations and includes, but is not limited to, anti-bribery, anti-corruption, checks and balance, and training to ensure employee compliance.

### 3.2.1 Ethics and Integrity

Allianz Real Estate Asia-Pacific aim to have an inclusive working culture that promotes diversity, innovation and good leadership. Following the work culture and practices of its parent company, all employees involved in the management of AREAP Core I are expected to conform to the Allianz Group Code of Conduct, which was revitalized and approved by the Allianz Group board in 2020.

The key focus of the Code of Conduct is to:

- Clearly outline the company purpose
- Promote diversity, inclusion and ESG objectives
- Maintain existing codes around compliance

We also consider responsible and sustainable procurement of our assets in the management of the properties in the Fund. All our vendors are required to adhere to

our Supplier Code of Conduct. This sets the expectations around good social practices and seeks to embed sustainability performance ideals within our vendors. Further, the Allianz Group is preparing a Modern Slavery statement, due to be released in 2022, to address the approach and risks of modern slavery in our supply chains globally.

Details of the Allianz Group Supplier Code of Conduct can be found [here](#).

### 3.2.2 Business Ethics, Anti-corruption, and Anti-Bribery

**We are pleased to report that our Investment Manager was not exposed or subject to any cases relating to Corruption in 2021.**

Promoting good business ethics is at the foundation of any organisation. Our stakeholders identified topics of anti-corruption and anti-bribery, which sit under the umbrella of business ethics, as a material topic for the Fund.

We take matters of anti-corruption and anti-bribery seriously and our Investment Manager, Allianz Real Estate Asia-Pacific, has clear policies in place for their employees. In 2021, we are pleased to report that our Investment Manager was not subject to any corruption cases and attribute this to a strict program of distributing anti-corruption policies and

procedures, ensuring all employees undertake mandatory compliance training annually, as well as taking a zero tolerance on corruption and bribery. All agreements with business partners include anti-corruption and anti-bribery obligations.

Our Investment Managers did identify the following general risk areas for which mitigation measures are in place:

- Country risk
- Sub-delegation by a business partner
- Engagement of business partners

In addition to the measures above, Allianz Real Estate Asia-Pacific also employ several controls, described in our Anti-Financial Crime Policy. Key elements include:

- Third Party Integrity Screening Guideline, which requires customer identification and due diligence on customers
- Anti-corruption clauses in all contracts that present risk to the firm
- Implementation of Gifts and Entertainment Policy that has minimum standards around giving and receiving gifts from third parties
- Requirements relating to charitable contributions, including ensuring the organisation is appropriately qualified and the donation is for truly charitable purposes and subject to Compliance approval

Allianz Real Estate Asia-Pacific continues to treat risks of corruption and bribery with the highest concern. All new investments, new business partners and existing business partners were screened and assessed for corruption in 2021. This is a practice that will continue ongoing as new investments and business partners are introduced into the portfolio.

% Operations Assessed for Corruption Risks	90%
% Governance Bodies and Employees advised of Anti-Corruption policies procedures	100%
% Governance Bodies and Employees Anti-Corruption trained	100%
Number of Incidents in 2021	0
Number of confirmed incidents resulting in contract termination (business or employee)	0
Public cases brought against the Fund	0

Figure 4: AREAP Core I Anti-Corruption Statistics for 2021



# 4. Sustainability In Our Business

In this section we consider the material topics that have direct implications to our day-to-day operations.

## 4.1 Considering our Assets

The primary assets in our portfolio are properties, whether they be offices, multi-family residential dwellings or retail spaces. Providing effective sustainable management of our assets is therefore imperative to the success of the Fund, reducing our impact on the environment and promoting a healthy safe space for our tenants, customers and the community.

### 4.1.1 Building Climate Change Due Diligence into our Acquisitions Process

Our portfolio contains physical assets that are directly impacted by the physical threats of climate change and increasing frequency and intensity of associated extreme weather events. These threats can damage, partially or completely, our assets and leave them stranded, unable to be divested from, operated for a profit (due to significant operating costs), or leased. Additionally, the increasing insurance premiums associated with extreme weather event exposure is likely to have a significant impact on the industry.

We believe it is paramount to implement ongoing assessment of climate change risks and adaptations to such risks to drive value over the long term in our portfolio. Climate-change induced extreme weather events pose a key risk to our assets. We identify that damage or destruction of assets resulting from extreme weather events will

likely result in disruption of business activities, loss of revenue from tenants and the incurring of additional expenses to repair the asset. All assets in the Fund undergo a thorough due diligence process of which one element is the consideration of location-based physical climate risks. This allows us to ensure that we are selecting assets that have minimal risks that might adversely impact the Fund. For example, we choose to avoid acquiring buildings in low-lying areas near rivers, reducing our exposure to flood risks.

By assessing climate change risks in the acquisition due diligence process, the financial implications are minimised; if we identify a site to be high risk during our due diligence, the property is not acquired. Another important aspect in the process is a consideration of the assets' likely greenhouse gas emissions and the impact on capital expenditures and performance. We are focused on ensuring all our assets have a clear and time-lined strategy showing how they will adapt to a decarbonizing world. Our Investment Manager regularly conducts energy and carbon performance reviews of its direct real estate portfolio, including indicative decarbonization targets. This allows us to identify and manage the buildings to align with CRREM targets. Our baseline currently includes data from our scope 1 and 2 but our scope 3 emissions are partial. A large part of our portfolio consists of rental residential assets. Due to

regulation governing data protection of individual tenants we currently do not have a full picture of emissions from this sector however we are in the process of trialling innovative solutions to help us improve our data collection from residential assets.

### 4.1.2 Acquiring Properties with Green Building Certifications

Green building certifications allow properties to be evaluated under a standardized method, which enables comparison across properties of the same function or function type. These evaluations consider several elements, including resource consumption, carbon intensity, exposure to environmental building regulations and efforts to improve environmental performance.

Our stakeholders, both within and outside the business, have identified this as a material topic and we have taken several proactive steps to embed the inclusion of certifications as a mandatory element of our properties.

Buildings are only considered in the acquisitions process if they have an existing green building certification/s (or soon to be completed certification/s) that are globally recognized, such as LEED, or locally dominant, such as BCA Green Mark. Following acquisition, all properties within the Fund must maintain an active green building certification and improve upon the rating wherever possible.

The preferred certification, LEED, is a certification framework that has four levels from Certified to Platinum, which is awarded based on the number of points accumulated from projects and credits that address carbon, energy, waste, water, indoor air quality, transportation, materials and health. We require buildings to have and maintain a Silver or higher LEED certification. One example is Innov-Star, which secured a LEED Gold certificate in December 2021. We also consider local certifications as an important mechanism to verify that our properties are energy and resource efficient. Examples include BCA Green Mark, a Singapore focused certification evaluating environmental impact and performance, and NABERS, a tool for benchmarking properties using a star rating from 1 to 6 that can be used to rate different property types for different environmental topics, including energy, water and waste. In 2021 we have twenty-three active certifications across our property portfolio and are actively considering the remaining properties, including our multi-family residential assets.

## 4.2 Focusing on our Tenants and Customers

As the success of the Fund is intrinsically linked with the tenants occupying our properties, it is not surprising that our stakeholders have identified four material topics relating to our tenants and customers.

### 4.2.1 Tenant Well-Being in our Properties

Our tenants are increasingly aware of the impacts a property can have on human health and well-being. The most common concern is around facilitating clean air in the building

and filtering viral particles through HEPA filters to promote user comfort in the tenancy space. A high level of cleanliness, especially in the post-COVID working environment, is also a key concern.

We value our tenants and place great importance on their well-being, as promoting areas of well-being is not only our social responsibility, but also has a financially positive impact by ensuring that tenants are satisfied with their workspaces and continue to occupy our properties.

In Singapore, we have obtained SGClean award for OUE Bayfront, which is a recognition of the cleanliness of the property.

Another example of how we are ensuring our spaces are safe and clean is through incorporating, where possible, no-touch experiences. This includes introducing automatic doors that are opened using a swipe card access, or through sensors which identify when a person is approaching the door. Other areas of automation such as automatic soap dispensers

# Case Study:

## OUE BAYFRONT, SINGAPORE, part 1

Securing green building certifications is one of our key focus areas to affirm the environmental performance of our assets.

OUE Bayfront is a landmark asset strategically located in Singapore's Central Business District. The Fund acquired a 50% stake in the property in early 2021 and the property has a total net lettable area of over 37,000 m<sup>2</sup> across three areas: OUE Bayfront, OUE Tower and OUE Link.

OUE Bayfront is a BCA Green Mark Gold certified property. We are actively pursuing re-certification, which is expected in the first quarter of 2022, as well as working towards:

- Improving our BCA Green Mark to Gold Plus or Platinum in the next three years
- Reviewing opportunities to retrofit or replace the chiller plant and air distribution system
- Commissioning the next phase of energy audit to ensure the building continues to reduce its energy consumption and carbon impact

On the ESG front, we are engaging our tenants through green leases. Green leases allow us to align our sustainability goals with that of our tenants, and vice versa. At the end of 2021, we have 15 tenants who have signed a green lease, representing 40% of the total net lettable area of the property. Through green leases we are not only able to drive positive sustainability outcomes for our tenants but also for the asset as a whole.

and taps in OUE Bayfront's disabled toilets were installed in December 2021 as part of creating spaces that our tenants feel are meeting their needs.

We broadly integrate health and safety into all our practices, as our properties must be serviceable and safe spaces for our tenants. For example, we managed and distributed swabs, meals and blankets for tenants of Innov-Star during a building-wide 48-hour COVID lockdown, to support them in meeting their health and well-being needs.

We continue to interact with our tenants to ensure that the properties within the Fund are providing the best experience, which we see as instrumental for sustained levels of occupancy.

#### **4.2.2 Driving Tenant Engagement**

Engaging our tenants is seen as a proactive way to promote sustainable practices within our assets. One method is through instruments such as green leasing clauses in agreements that allow us to build strong relationships with our tenants and facilitates coordination to achieve broader sustainability outcomes. This collaboration has come in the form of regular building sustainability meetings, performance data sharing and other collaborative projects with our tenants.

We anticipate that technology will play an increasingly important role in how we engage and collaborate

with our tenants across all property types within the Fund. It will be key for us to consider engagement across environmental, wellness, social and governance aspects of the building experience for our tenants and customers. For example, we made available an app for our residential tenants to assist in creating a community feel at our residential spaces. Through this app, we have also collaborated with other companies to offer our tenants exclusive sales and deals.

Additionally, through other local initiatives to engage our tenants, we can encourage our tenants to take on more sustainable practices. Examples relate to suggesting water-saving and energy-saving measures. We believe by focusing on ESG objectives, this will promote good tenant retention and feeds into positive tenant well-being and satisfaction. This will be monitored over 2022 and reported in our next Sustainability Report.

## Case Study:

### EARTH DAY AT INNOV-STAR (22nd April 2021)

A tenant event organised by Allianz Real Estate Asia-Pacific in conjunction with the local property manager aimed to raise awareness of sustainable practices.

The day was centred around a combination of mini-events, including mini-games and talks from different tenant representatives. There were infographics dispersed around the property to promote sustainable and low-carbon footprint practice. Tenants were encouraged to write down their personal sustainability goals on an event wall, which aimed to create a collaborative culture and sense of community effort towards achieving better sustainability outcomes for all.

A final token from the event was customised canvas bags with prints of "Everyday is Earth Day" for each participating tenant – a reminder of the need to be sustainable in our everyday lives.

**4.2.3 Our Focus on Tenant and Customer Satisfaction**

Our properties and the management of those properties are our product and services, and a high level of tenant and customer satisfaction is crucial to ensure long-term leasability and ongoing revenues. To measure tenant satisfaction, we conduct bi-annual surveys tailored to each asset, to understand the overall satisfaction, building management performance, ease of communication, administration efficiency and cleanliness. We also run initiatives in the lead-up to the surveys to encourage our tenants to provide feedback and participate in the surveys.

Based on the survey results, action plans are developed in order to address tenant concerns with the aim to maintain, or increase overall satisfaction. For example, a survey conducted at our multi-family assets in Japan revealed an overall increase in tenant satisfaction from Q2 2021 to Q4 2021. The concerns raised by the tenants related to convenience of location and a decrease in building facilities and amenities and so action plans were developed to:

- Install a free Wi-Fi service
- Install delivery boxes in more convenient locations
- Improve overall facilities

**4.2.4 Creating a Positive Place for the Community**

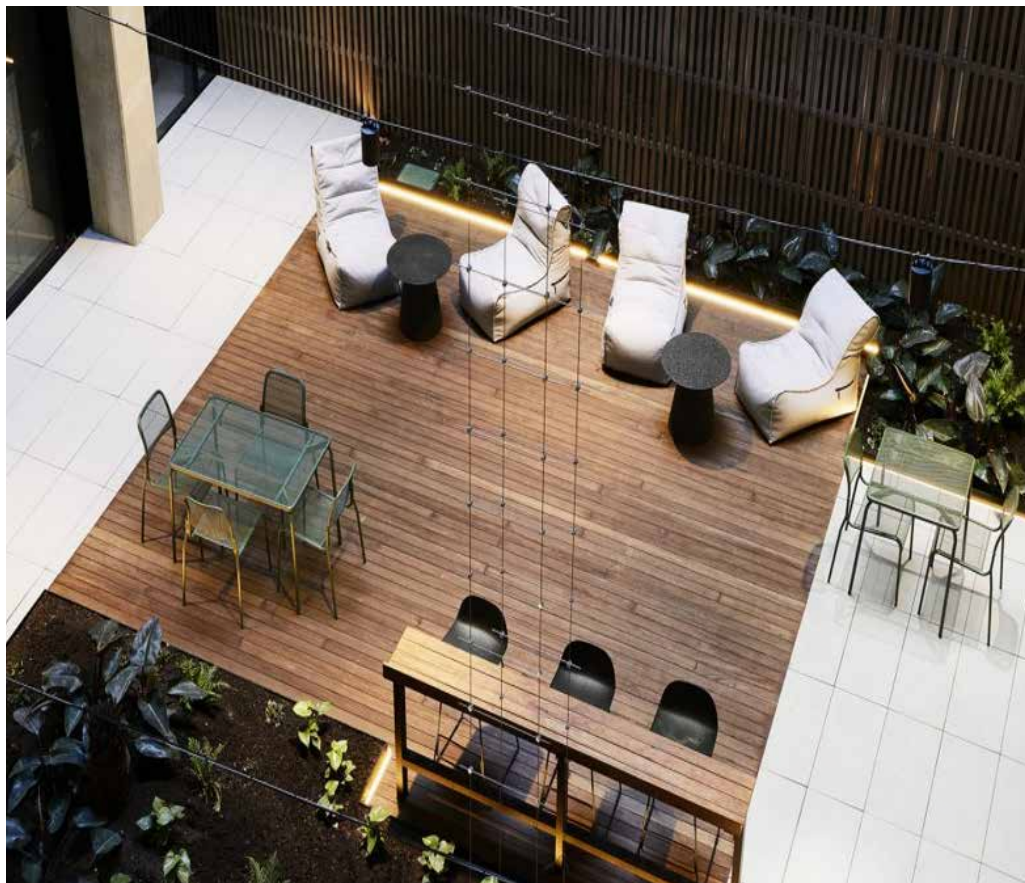
We recognize that our assets impact and interact directly with many facets of the community, and are aware of how our operations touch and affect the community and therefore strive to ensure that the interaction is positive.

A key part of our ongoing asset management is to put in place community programs, where possible, to engage with the community in a positive way.

We view the number of green spaces and alfresco areas as an important element of our properties. We consider these as areas where our tenants, customers and the community can easily congregate and enjoy the open-air green spaces. However, we also recognize that there are limits with the current infrastructure of our properties, making it difficult to introduce more green spaces without compromising or limiting other services at the property.

In 2021, the impacts of living with COVID-19 meant that it was difficult to prepare and host community events. We note that this may have had a negative impact on the community as it reduced opportunities to get together and interact. A priority for 2022 will be to evaluate impacts on local communities outside of COVID-19 once this is no longer an

inhibiting factor. For our operations and new acquisitions, we are focused on acquiring assets within the existing built environment and by doing so, we are able to minimise any direct negative impacts on the natural environment, and by extension, any local communities that rely on the natural environment for their income. Based on that, we are prioritizing the ESG efforts of each property and focusing our capital expenditure and investment towards ensuring the property has a green building certification and is operating at the highest energy-efficiency to reduce carbon emissions. We envisage that this will have an indirect positive impact on the local community although the impacts (positive or negative) on our local communities and economies have not yet been measured in 2021.





# 5. Sustainability Performance

We report our environmental sustainability footprint so that a baseline can be set for future reporting years. We also work to develop targets and actionable strategies towards reducing our carbon footprint.

## 5.1 Environmental Performance

Data type	Landlord Controlled	Tenant Controlled	Total	Total Energy Content (GJ)	Notes
Fuel (kWh)	1,630,198	716,344	2,346,542	8,448	All fuel usage is recorded as tenant spaces - landlord controlled and so reported under Scope 3 emissions
Electricity Consumed (kWh)	22,208,284	3,878,626	26,086,010	93,913	Electricity usage for tenant spaces - landlord controlled spaces is reported under Scope 3 emissions.
Electricity Sold (kWh)	-	-	-	-	-
Renewable Energy (kWh)	-	-	-	-	-
Total Energy (kWh)	23,838,482	4,594,970	28,433,452	102,360	-
Max. Floor Area (m <sup>2</sup> )	347,811	410,980	758,791	-	This considers only occupied area, as this is where energy usage will be occurring.
Energy Intensity (kWh/m <sup>2</sup> )	69	11	37	-	-
Third-party Water Consumed (kL)	134,209	55,945	190,154	-	All water is drawn from the main water grid of the area and so is all 100% freshwater.
Water Consumed in Water-Stress Areas (kL)	-	14,349	14,349	-	1 site located in a water stress region of the world in 2021.
Waste to Landfill (tonnes)	502	0	502	-	-
Diversion from Landfill (%)	100%	-	100%	-	-
Total Waste (tonnes %)	502	0	502	-	Waste data has only been collected from three properties.

**Figure 5:** Our environmental data was collected and converted into emissions following the GHG Protocol Standards, with energy emission factors sourced from IEA (emissions calculations completed in Measurabl, see [here](#) for information on how they source emission factors).

### 5.1.1 Our 2021 Performance

Our energy profile is a combination of energy usage from both base building and tenant-occupied, landlord-controlled spaces. In 2021, we recorded a total of 28,433 MWh,

of which 16% was attributed to our landlord-controlled tenant spaces. Of note is OUE Bayfront in Singapore, a property which makes up only 6% of the total maximum floor area but 41% of our total energy profile.

Water consumption across the portfolio in 2021 totalled 190,153 kL, 41% of this total usage was driven by three properties, which represented 68% of our maximum floor area footprint. The single highest consuming property was our property Innov-Star in China, whereas our residential multi-family properties, the bulk of our portfolio, represented only 24% of our total water usage.

It was also important in our baseline environmental performance to include waste data from our portfolio. This proved the most challenging data to collect and as a result we were only able to obtain data from three properties, resulting in total waste of 502 tonnes. This waste was all diverted from landfill, which is an important first step in reducing our Scope 3 emissions. A key aim for the next two years is to collect additional data from a greater proportion of our portfolio, to better understand the waste generated and how it is disposed.

### 5.1.2 Driving Energy Efficient Properties

A key focus for our property portfolio, which is under our operational control, is to ensure that properties acquired and managed are as energy efficient as possible. The energy consumed in 2021 (Figure 5) shows the consumption from fuel and electricity purchased from the main grid. Comparing our energy to our overall maximum floor area (in m<sup>2</sup>), the energy intensity for landlord controlled base building spaces is 69 kWh/m<sup>2</sup>, whereas the landlord-controlled tenant spaces are 11 kWh/m<sup>2</sup>. Part of the difference between these intensities is due to the industrial property in China being tenant controlled, which is a large area with a low energy usage profile (5 kWh/m<sup>2</sup>). This area is likely to be

less energy-intensive than office or residential spaces, where people work or live.

Developing this baseline in our first year of reporting allows us to set targets and boundaries for future reporting. We are focused on collecting our data going forward, engage closely with our tenants to increase coverage of our scope 3 data and trial innovative data collection methods.

In addition to monitoring our energy usage, we engaged a third-party company to undertake energy efficiency audits across our portfolio. The results of the audit have allowed us to identify areas of improvement, such as upgrading equipment to more energy efficient versions or implementing timers on lights and

individual air-conditioning systems. One example is at Innov-Star, where a Level 2 Energy Audit revealed an opportunity to:

- Upgrade fluorescent lights to LED in the underground carpark
- Replace aged cooling tower fills to improve heat transfer rate
- Install covers to cooling towers to reduce the risk of debris entering the towers (debris can clog pipes, reducing the efficiency of the system and resulting in additional energy usage as the system works harder to move water through its pipes)

The combination of energy data monitoring and efficiency improvements will ensure that our properties maintain a high green building certification (see Section 4.1.2 for further details).

## Case Study

### OUE BAYFRONT, SINGAPORE part 2

An energy audit completed at OUE Bayfront in 2021 identified a long list of possible opportunities for us to implement energy-saving processes and equipment. This would inevitably improve our energy efficiency at this site, which, as called out in Section 5.1.1, represents 41% of the total energy (landlord and landlord-controlled tenant space combined) for 2021.

The team is working to complete the recommendations, including:

- December 2021: Increasing the chilled water supply setpoint by half a degree (ongoing monitoring and feedback will occur in 2022 to confirm savings and address any concerns from tenants)
- June 2022: Scheduled replacement of Mechanical Ventilation (MV) fans to new, more energy efficient models
- Mid-Late 2022: Feasibility studies of chiller optimisation and the resulting energy savings as well as Electrical Vehicle (EV) charging providers to add charging points to the carpark

### 5.1.3 Managing Water Use

As part of managing our property portfolio, it is crucial to understand our water usage profile, through tracking and reporting water consumption. From this data, we are then able to monitor and make efforts to reduce consumption and realize water efficiency.

All our water is freshwater and drawn from third-party sources, such as the main water grid within the cities that are our properties are located. This is consumed by our tenants and used in our buildings for equipment and end-of-trip facilities.

In 2021, we reported no hazardous effluent discharge from our property portfolio. While our portfolio comprises primarily multi-family residential properties, we continuously review the activities and discharge from all our properties, to minimise the risk of hazardous effluent discharge. Where wastewater might be contaminated or polluted, measures are considered to pre-treat the wastewater from our properties before discharge to the public sewerage system. For example, using grease interceptors to filter the wastewater before discharge to the local sewerage system.

Water-related impacts on our properties are a concern and we have implemented steps in our due diligence ESG assessment during acquisitions to ensure we are assessing the properties in a holistic manner. For example, we consider where the site may be adversely affected by water supply issues, such

as groundwater contamination. We acknowledge that water stress is an important area of concern and have recognized that our properties in Australia can be exposed to this stressor. In 2021, 14 ML of third-party fresh water was drawn from the city's main water grid in Australia, which represents 8% of the total water consumed across our portfolio (190 ML, Figure 5). Water stress is a concern for any organization and we ensure that any of our properties exposed to this risk are managed to comply with any regulations, such as government-regulated water restrictions. This may see a requirement for water efficient tapware and closely managing any leaks to ensure water is not wasted unnecessarily.

Defining our baseline for water usage will allow us to set targets and boundaries for the Fund's portfolio, which can then be used in conjunction with improved energy efficiency to achieve higher green building certifications.

### 5.1.4 Diverting Waste from Landfill

Waste is generated from all types of properties and can make up a material component of emissions, especially where efforts to divert from landfill are not being realized. Waste to landfill is considered by our stakeholder groups to be a material concern, with a negative impact on the environment.

Waste is generated by our tenants and customers at our properties and is generally comprised of household waste such as general landfill,

cardboard, paper, soft plastics and organics. We have encouraged our tenants, and incorporated into our own spaces, multiple bins to allow our tenants, employees, and customers to separate out waste generated. Additionally, from time to time, we expect our sites to generate office waste, such as IT waste, office furniture waste (such as when a tenancy is refurbished) and construction waste.

For each of our properties, we implement an environmental due diligence process that examines the waste management disposal process of the site. This includes considerations of hazardous and non-hazardous waste generation and how these waste types are recycled. Our investment managers aim to minimise waste generated and recycle wherever possible.

One key area of focus in 2021 was around single use plastics and encouraging behavioural changes so as to reduce the use of single use plastic at the Fund's office properties. In 2021 we were only able to collect waste data from three of our 121 properties. The sites achieved a 100% diversion from landfill, with Innov-Star and Uni Place being able to dispose 46% to recycling and 54% to alternative methods, all disposed of offsite (such as through incineration). No property reported the disposal of any hazardous material. We intend to expand data collection to more of our properties in 2022 to improve both our accuracy and coverage.

## 5.2 Carbon Emissions and the Decarbonisation Journey

Carbon emissions are often considered a proxy for an organisation’s climate change management practices of their operations, including the efforts in managing risks and opportunities. A property or portfolio with a low carbon intensity is seen to be a positive benefit leading to improved asset value and increased resilience. This topic was considered amongst the topmost material topics to the Fund’s stakeholders. We recognize this as critical to our operations and have embedded several practices already as we begin our journey of decarbonisation towards net-zero. The emissions for our portfolio are shown in Figure 6. There are no biogenic

emissions to report.

### 5.2.1 Scope 1 Emissions

Scope 1 emissions relate to greenhouse gas emissions generated from the direct consumption of a fuel, such as using natural gas in a kitchen stovetop.

In 2021, we reported 295 tonnes Scope 1 emissions within our operational control. There was also fuel consumed within our tenant controlled whole building spaces, which we have considered an indirect emission and therefore falls under Scope 3.

Our data collation in 2021 was focused on fuel and natural gas usage, however in the next two years, we will be exploring collecting data from other Scope 1 fuel sources, such as refrigerants from HVAC equipment.

### 5.2.2 Scope 2 Emissions

Scope 2 emissions relate to greenhouse gas emissions generated from the production of electricity which is purchased and consumed by an organisation. Depending on the country, the electricity grid can contain a large percentage of renewable-sourced electricity generation or a large percentage of fossil-fuel generated electricity.

In our first year of reporting, we have reported a location-based Scope 2 emission figure, which represents the electricity consumed within our operational control. We are exploring the options of renewable energy, or markets where mechanisms to offset electricity usage with renewable offsets are available, as ways to reduce our emissions generated from electricity.

In tangent, we are also working with our tenants to help them improve their energy efficiency and reduce their emissions (see Section 4.2 and sub-sections for further details). By working with our tenants, as well as focusing on our efforts, we anticipate the ability to reduce our emissions year on year.

### 5.2.3 Scope 3 Emissions

Scope 3 emissions are greenhouse gas emissions from all other sources except those identified as being Scope 1 and 2. In our first reporting year, this includes tenant emissions resulting from electricity and fuel consumption. As we are still developing our collection methods for waste, we have not included any emissions for waste disposed to landfill – this is being explored in 2022 so we are able to increase our reporting boundary.

We have reported a Scope 3 emission figure of 2,697 tonnes CO<sub>2</sub>e for 2021.

Scope	Landlord Controlled	Tenant Controlled	Total	Notes
Scope 1 (t CO <sub>2</sub> e)	295	-	295	-
Scope 2 (t CO <sub>2</sub> e)	10,635	-	10,635	-
Scope 3 (t CO <sub>2</sub> e)	-	2,697	2,697	This is energy related emissions from our tenants only
<b>Total emissions</b>	<b>10,930</b>	<b>2,697</b>	<b>13,627</b>	-

Figure 6: AREAP Core I CO<sub>2</sub> emissions for 2021

**Table Note:** these emissions include the greenhouse gases CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. There are no refrigerants captured in our baseline year.

**Table Note 2:** All of our environmental data was collected and converted into emissions following the GHG Protocol Standards, with energy emission factors sourced from IEA (emissions calculations completed in Measurabl, see here for information on how they source emission factors).

Combining all our emissions, we can report an intensity figure of 0.02 tonnes CO<sub>2</sub>e per m<sup>2</sup> (based on maximum floor area).



# 6. GRI Index

The Allianz Real Estate Asia-Pacific Core I Sustainability Report 2021 has been prepared in accordance with the GRI Standards: Core Option. We have reported against the 2016 GRI Standards.



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