

Sustainability

Responsible entrepreneurial activity and sustainable corporate management determine Allreal's strategy and operation. The company is aware of and assumes its responsibility toward the environment and the society.

The code of conduct applying to the entire Allreal Group describes the expected behaviour of employees, contractors and suppliers, thereby defining guidelines to be respected and observed without exceptions and limitations. Observance of high ethical standards of behaviour characterised by personal responsibility and strict adherence to all legislation of significance to the company represents the basis of all entrepreneurial activity.

Economic responsibility

Allreal endeavours to provide its shareholders with a regular return comparable to a direct investment in real estate and thus allowing shareholders to participate in the company's economic success. The business model combines a stable-income real-estate portfolio with the activities of a general contractor. Generally, up to 80% of the earnings resulting from the operating business are distributed to shareholders.

Thanks to the clear strategy, considerate handling of risk, sound financing and the high earnings power, Allreal provides good conditions for continuous growth in shareholder value.

Ecological responsibility

While impact on the environment may be minimised when constructing or operating real estate, it cannot be eliminated completely. While efforts to minimise environmental pollution as a rule lead to higher production costs, they are usually more than only compensated for in the medium to long term owing to lower operating and maintenance expenses and a longer life expectancy. When taking into consideration the entire life of a building, it shows that projects that are planned and realised sensitive to the ecology and easy on the environment can be considered profitable in the long term and by all means consistent with economic interests.

At Allreal, development, planning and realisation of all projects are therefore based on the principle of careful use of resources and minimum disruption of the environment. The company thus ensures to consistently comply with all provisions of environmental law, careful use of non-renewable sources of energy and implementation of energy-saving measures during realisation and operation of real estate. As a consequence, projects for third parties, for the sale to third parties and for the company's own portfolio are balanced both in terms of ecology and the economy.

In this connection, Allreal has made a name for itself as a pioneer and path-breaker in the development, planning and implementation of ecologically exemplary projects. The company has realised about 100 Minergie buildings since the year 2000, including the zero-heating-energy Eulachhof complex in Winterthur, which was granted the Swiss Solar Award and the Watt d'Or Award. Moreover, Allreal implemented Switzerland's first building complex – Richti Wallisellen – which complies with the requirements of the 2000-watt society and in Mönchaltorf one of the first residential complexes in Canton Zurich to comply with the Minergie standard A.

Energy balance of yield-producing real estate

In terms of operating and maintaining its own income-producing real estate, Allreal endeavours to keep the strain on the environment as low as possible. For its income-producing properties, the company measures and analyses energy and water consumption based on the internationally accepted recommendations of the European Public Real Estate Association EPRA. The data systematically gathered for the first time in 2012 provides an inventory of the current status, and a multi-year comparison is of relevance for the definition, implementation and control of sustainable measures taken in order to lower energy consumption and the connected reduction of pollutant emission.

The calculation of energy and water consumption takes into consideration income-producing properties for which the necessary information is available across a twelve-month accounting period. In the 2016 financial year, this applies to 18 residential properties at a total market value of CHF 758 million and 37 commercial properties at a total market value of CHF 2536 million (2015: 14 residential/35 commercial properties). Comparability is, however, restricted as both the composition of the portfolio and the parameters differ from year to year.

Total energy consumption (electricity and heating) of the surveyed properties in the year under review amounted to 72.7 million kilowatt-hours, corresponding to an average consumption per square metre of 104.1 kilowatt-hours (2015: 62.7 million kWh/110.9 kWh). These values correspond to a CO₂ equivalent of in total 19 903 tons or 28.7 kilograms per square metre (2015: 16 830 t/29.7 kg). The reduction of total energy consumption was due on the one hand to the new properties included in the portfolio and on the other to the refurbishment and modernisation of yield-producing properties.

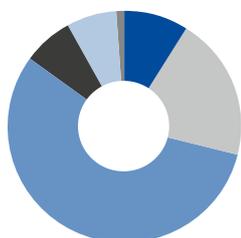
Water consumption of the surveyed properties amounted to 383 801 cubic metres corresponding to a clearly lower average consumption per square metre compared to the previous year of 554 litres (2015: 373 026 m²/657 l).

Total consumption per year

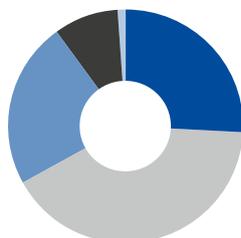
	2016	2015
Number yield-producing buildings	55	49
Total lettable space in m ²	693 366	566 112
Average lettable space per building in m ²	12 607	11 553
General electricity in kWh	16 154 701	12 775 764
Heating in kWh	56 007 328	49 991 680
Total energy in kWh	72 162 029	62 767 444
Water consumption in m ³	383 801	373 026

Average annual consumption per square metre

General electricity in kWh	23.3	22.6
Heating in kWh	80.8	88.3
Total energy in kWh	104.1	110.9
Water consumption in l	554	657



18 residential buildings
Market value CHF 758 million



37 commercial buildings
Market value CHF 2536 million

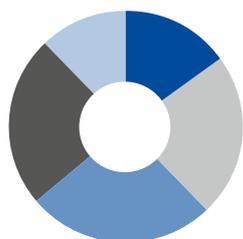
Energy mix in kWh

- General electricity
- District heating
- Natural gas
- Heating oil
- Woodchip
- Heat pump electricity

Society and social responsibility

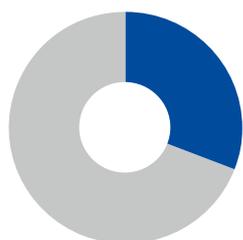
Efficient, capable and experienced employees are of major importance concerning successful long-term business activity. That is why Allreal attaches great significance to the systematic ongoing and further training of its staff at all hierarchical levels and in all areas of activity. In 2015, annual expenses of internal and external ongoing and further training on average amounted to CHF 540 per employee (2014: CHF 655). Moreover, Allreal offers young people the opportunity to enter working life by means of an apprenticeship programme. On the cut-off date it was taken advantage of by four apprentices.

An employee survey carried out twice a year ensures that conflict potential is recognised early and corresponding measures are defined and implemented on time.



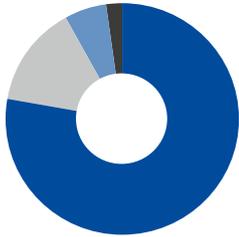
Employees by age structure

● <29 years	15%	● 50-59 years	24%
● 30-39 years	23%	● >60 years	12%
● 40-49 years	26%		



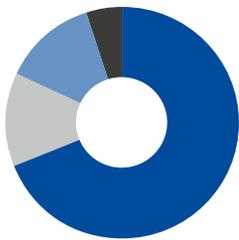
Employees by gender

● male	69%
● female	31%



Employees by location

● Zurich	78%
● Cham	14%
● Bern	6%
● St. Gallen	2%



Employees by area of activity

● Projects & Development	69%
● Head-office functions	13%
● Hammer Retex	13%
● Real estate	5%



Employees by length of employment

● <1 year	9%	● 11-15 years	11%
● 1-3 years	21%	● 16-20 years	6%
● 4-6 years	25%	● >21 years	12%
● 7-10 years	16%		

Allreal attaches special significance to clear and unambiguous definitions concerning all aspects relating to occupational safety and safety on the construction site. Adherence to applicable safety regulations is therefore monitored in regular intervals.

Prevailing pressure on price and deadlines experienced in the construction industry increases the risk of wage undercutting and other violations of labour and social-security regulations. This is connected with a considerable

danger of failing to reach the required quality standards, especially in cases of work being awarded to subcontractors, which is then completed by untrained tradespeople often not employed in conformity with the law. In order to ensure for all projects that the quality level of contracts awarded to subcontractors is being maintained and liability and reputation risks thus minimised, Allreal has taken corresponding measures. These measures include deeper verification of Allreal's subcontractors and, in turn, their subcontractors with regard to maintaining applicable labour and social-security regulations, stricter inspections of construction sites, the duty for tradesmen on large construction sites to identify themselves, tightening of contractual agreements with contractors, and a restriction on the number of their subcontractors.

Allreal cultivates ongoing communications with various stakeholders, maintains contact and exchanges ideas with representatives of politics, the authorities, political parties and associations based on open and transparent communications with all dialogue partners.

In addition, Allreal supports cultural and social organisations within the parameters of long-term agreements. The company welcomes and supports volunteer work performed by its employees in their spare time. Moreover, the company demonstrates its commitment to society and to its social responsibility by membership in various non-party or politically non-partial organisations.