

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 renewed in 2018 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.

Up to 100% of the Real Estate division's operating net profit is 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 pathbreaker 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 imple-

mented 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 of Zurich to comply with the Minergie standard A.

The large project implemented on the Bülachguss site and on an adjacent plot of land in Bülach-Nord consists of 19 new buildings comprising 493 rental apartments and freehold units as well as a historic industrial building for refurbishment. All of the buildings are heated by means of CO₂-free use of groundwater operated by heat pumps and by peak-load coverage based on a decentralised gas-heating system. The heat requirement of the entire site is 36% below the threshold for heat insulation as defined by the Canton of Zurich. All new buildings have been constructed in Minergie-Eco standard and existing buildings in Minergie-Conversion standard. Furthermore, the project implementation complies with the guidelines issued by the Coordination Conference of the Building and Real Estate bodies of public-sector property owners (KBOB) and the joint venture of Private-Professional Property Owners (IPB) for sustainable construction.

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 2018 financial year, this applies to 19 residential properties at a total market value of CHF 864.7 million and 40 commercial properties at a total market value of CHF 3,104.1 million (2017: 19 residential / 37 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 75.2 million kilowatt-hours, corresponding to an average consumption per square metre of 99.2 kilowatt-hours (2017: 72.8 million kWh / 105.2 kWh). These values correspond to a CO₂ equivalent of in total 20,454 tons or 26.9 kilograms per square metre (2017: 20,425 t / 30.0 kg).

Water consumption of the surveyed properties amounted to 454,147 cubic metres corresponding to a slightly higher average consumption per square metre compared to the previous year of 598 litres (2017: 414,438 m³ / 599 l).

Climate strategy

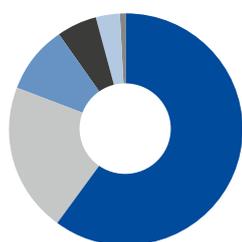
A direct and indirect effect on the CO₂ emission level is made by the development, planning and implementation of future-oriented projects and by the evaluation and implementation of measures concerning the continuous reduction of energy consumption in existing buildings – by means of structural measures and by lowering the share of non-renewable resources in overall energy consumption. In this regard, Allreal contributes toward achieving the reduction targets as defined in the Paris Agreement and ratified by Switzerland.

Total consumption per year

	2018	2017
Number yield-producing buildings	59	56
Total lettable space in m ²	759 298	692 052
Average lettable space per building in m ²	12 869	12 358
General electricity in kWh	15 652 929	16 954 864
Heating in kWh	59 509 151	55 844 584
Total energy in kWh	75 162 080	72 799 448
Water consumption in m ³	454 147	414 438

Average annual consumption per square metre

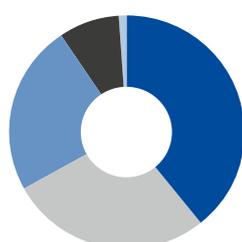
	2018	2017
General electricity in kWh	20.6	24.5
Heating in kWh	78.4	80.7
Total energy in kWh	99.0	105.2
Water consumption in l	598	599



Energy mix in kWh

● Natural gas	60.1%	● Woodchip	5.6%
● District heating	20.7%	● Heating oil	3.3%
● General electricity	9.6%	● Heat pump electricity	<0.6%

19 residential buildings, market value CHF 864.7 million



Energy mix in kWh

● District heating	39.2%	● Heating oil	8.3%
● Natural gas	27.8%	● Heat pump electricity	1.0%
● General electricity	23.7%		

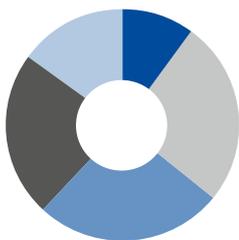
40 commercial buildings, market value CHF 3104.1 million

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 2018, annual expenses of internal and external ongoing and further training on average amounted to CHF 2,232 per employee (2017: CHF 660). 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.

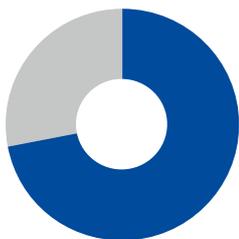
An employee survey carried out twice a year ensures that conflict potential is recognised early and corresponding measures are defined and implemented on time.

On the balance sheet cut-off date, the staff headcount stood at 229 employees, corresponding to 216 full-time equivalents (31.12.2017: 274 employees/259 FTEs).



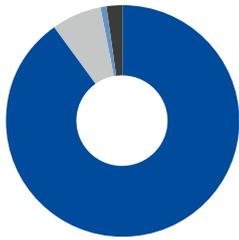
Employees by age (rounded)

● <29 years	10%	● 50-59 years	23%
● 30-39 years	26%	● >60 years	15%
● 40-49 years	26%		



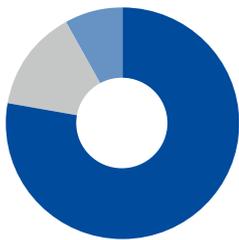
Employees by gender (rounded)

● Male	72%
● Female	28%



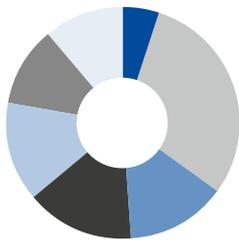
Employees by location

● Zurich	90%
● Bern	7%
● Cham	1%
● St. Gallen	2%



Employees by area of activity (rounded)

● Projects & Development	78%
● Head office functions	14%
● Real estate	8%



Employees by length of employment (rounded)

● <1 year	4%	● 11-15 years	14%
● 1-3 years	30%	● 16-20 years	11%
● 4-6 years	15%	● >21 years	11%
● 7-10 years	15%		

Days of absence due to illness and accident

Days of absence	2018	2017
Illness	5.6	5.6
Accidents	0.8	0.7

* per FTE

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.

In addition, Allreal attaches great importance to the clear and unambiguous ruling of all aspects concerning occupational safety at the workplace and on the construction site. Compliance with the applicable safety regulations is therefore monitored regularly.

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.