

Environment

In terms of market value of yield-producing properties, Allreal is the third-largest listed property company in Switzerland. Across its two divisions – Real Estate and Projects & Development – the company is well aware of its environmental responsibilities. Sustainable construction, whether with high-quality construction materials or the use of renewable energy sources, seems to contradict the goal of cost-efficient construction – but only at first glance. The higher production costs are usually more than compensated for in the medium to long term by the lower operating expenses and longer life expectancy of the building.

A step into the future

In its 20-plus years of business, Allreal has made a name for itself as a pioneer in the development, planning and realisation of environmentally friendly projects. The company drafted a sustainability strategy in 2021 to focus on the areas on which it has greatest influence, and to set itself ambitious goals. Allreal wants to become completely CO₂ neutral across its entire portfolio of yield-producing properties by 2050 at the latest and halve the share of fossil fuel in its energy consumption by 2030.

The company is implementing various measures to achieve these objectives. This includes a broad-based drive to install solar power systems from now to 2024. According to an initial analyse, around 40 yield-producing properties with an aggregate roof space of some 63,000 square metres are suitable for solar.

The first project was initiated in Zurich in 2021, helping to develop solar expertise in relation to building management at Allreal. On the roof of the Zoll-/Josef-/Klingenstrasse property near Zurich main station, solar panels were installed with a peak output of 140 kilowatts. These are set to produce around 120,000 kilowatt hours of electricity a year. A combination of commercial, retail and residential tenants means that 90 percent of this electricity will be consumed within the building itself.

With a view to flattening the carbon curve, Allreal will complete a consumption inventory of its yield-producing properties and draw up individual strategies for these properties by the end of 2022. Partial carbon offsetting is another measure that is set to begin in 2022.

Active management of user behaviour will also help to cut emissions. Green leases as well as the promotion of e-mobility and the creation of financial incentives are some of the measures aimed at encouraging environmentally sustainable tenant behaviour. By the first half of 2024, at least 20 percent of garage parking spaces will be equipped with an electric charging station.

In relation to the activities of the Projects & Development division, Allreal is focused on the systematic use of renewable materials. In-house projects will involve taking the entire life cycle of individual materials into account as quickly as possible.

Energy consumption and CO₂ emissions

GRI 302-1, 302-2, 305-2

Energy consumption and greenhouse gas emissions can be reduced by renovating buildings and infrastructure in yield-producing properties. Facilities are also operated in a way that optimises energy as much as possible. By adopting this approach, Allreal is ensuring that the people inside the rented spaces are adequately comfortable while guaranteeing that the buildings are energy efficient. For new-build projects that it develops in-house, Allreal applies high standards (such as Minergie-P) and uses future-oriented technologies.

There are three main drivers for energy consumption:

— **Environmental conditions**

As a significant proportion of the energy is required to heat the buildings, the environmental conditions during winter have a significant effect on consumption. The majority of changes in energy consumption are directly dependent on the accumulation of heating degree days.

— **Building operation and user behaviour**

In addition to basic energy consumption, the occupancy of a rental space is primarily relevant to consumption. Generally speaking, this cannot be directly influenced by the building owner.

— **Building materials**

The buildings and related infrastructure are upgraded according to the respective age of construction or renovation. As a rule, newer buildings account for lower specific energy consumption than older buildings. This is where the greatest potential lies for reducing energy consumption and CO₂ emissions. Through major periodic refurbishments, the building materials and infrastructure in the portfolio properties are continuously modernised and adapted to the latest technology.

The reported energy consumption covers all yield-producing properties that were owned by Allreal in the financial year up to 31 December. Buildings that were not rented out during the reporting period owing to complete renovations or refurbishments are not included. If properties were transferred to the portfolio of yield-producing properties during the accounting period, these are included in the energy balance for the first time if consumption data is available for an entire billing period. As such, it may be that the number of properties with an energy evaluation is lower than the number of properties reported in the Annual Report. In the period under review, this particularly applies to properties that were transferred to the Allreal portfolio of yield-producing properties on 15 October 2021 as a result of the acquisition of several companies in French-speaking Switzerland.

In the 2021 financial year, these were 21 residential properties and 40 commercial properties with a total of 784,928 square metres of rentable space. The total has increased by 16,235 square metres compared to the previous year, with one more residential property and one more commercial property having been added.

Overall energy consumption rose by 9.9 percent to 72.61 gigawatt hours in total. The energy intensity came in at 99 KWh/m² in 2021, compared to 90 KWh/m² in the previous year. This is mainly attributable to the winter period, which resulted in a 24 percent higher number of heating degree days compared to the previous year.

Energy consumption contains the following components:

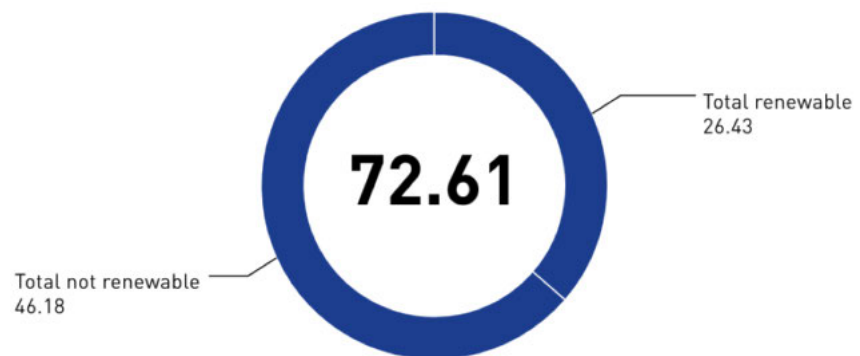
- Primary energy demand for room heating and electrical energy for heat pump systems
- Electrical energy used in the common areas and in general infrastructure, such as stairwells, corridors, lifts, cooling systems and ventilation systems

The consumption of electrical energy inside the rented spaces is not taken into account. Tenants obtain this energy directly from suppliers.

Since the 2020 reporting period, Allreal has also been working to improve the quality of the electrical energy it purchases from third parties. The proportion of electricity produced by hydropower in Switzerland was 99.9 percent in the year under review. That equates to some 14,785,408 kilowatt hours. Solar power, waste incineration and nuclear energy account for the remaining 0.1 percent of electricity.

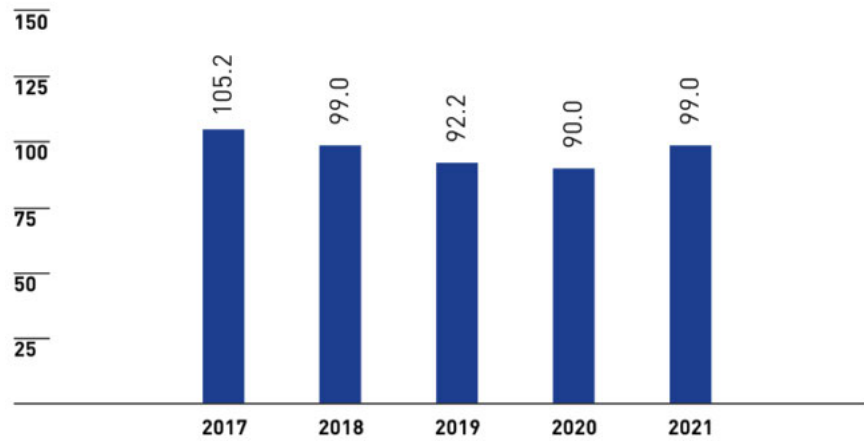
Energy consumption and CO₂ emissions were recorded in line with the KBOB/eco-bau/IPB life cycle assessment data document "Ökobilanzdaten im Baubereich 2009/1:2016"/"Données des écobilans dans la construction 2009/1:2016". This defines key figures for various energy sources – such as natural gas, heating oil, district heating, and electricity – which take account of energy production as well as distribution and provision.

Proportion of renewable energy
in GWh

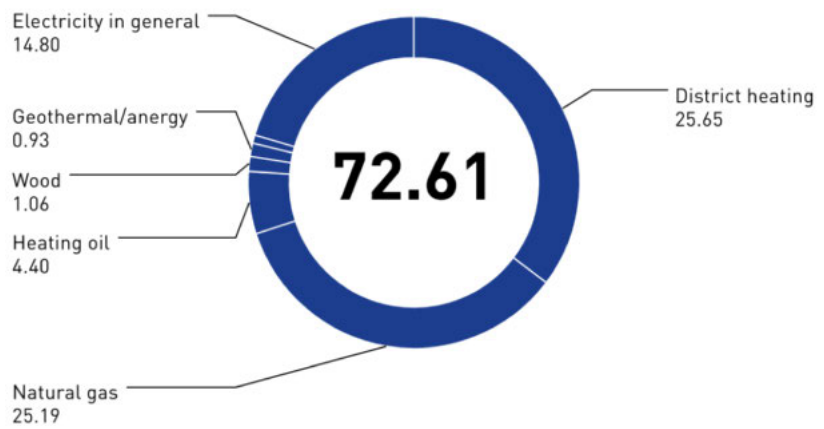


Total of 61 residential and commercial properties with a total rentable area of 784,928 m²

Energy intensity
in kWh/m² of rentable area



Overall energy consumption by source
in GWh



Total of 61 residential and commercial properties with a total rentable area of 784,928 m²

All the energy sources that supply the buildings in the Allreal portfolio are purchased from third parties. Allreal neither owns nor manages its own energy production plants, such as cogeneration plants, and therefore does not cause any direct greenhouse gas (GHG) emissions.

The indirect energy-related GHG emissions refer exclusively to the emission of carbon dioxide (CO₂). Other gases relevant to the greenhouse effect are not accounted for.

The amount of CO₂ emissions is calculated as a CO₂ equivalent based on the energy sources and the allocated key figures. The reporting and establishment of key figures is carried out in the same way as for reported energy consumption.

As no other relevant gases aside from CO₂ are emitted, it is not necessary to consider the global warming potential (GWP) and its effects over a period of 100 years. Reporting is carried out exclusively using the Allreal portfolio under review, and does not contain any traded GHG emissions or any other indirect GHG emissions.

Indirect energy-related greenhouse gas emissions

in t CO₂ equivalent

9562

Indirect energy-related greenhouse gas emissions

in kg CO₂ equivalent/m² of rentable area

12.2