

## Zurich Investment Foundation – Immobilien Europa Direkt IED – INREV Sustainability Report

Immobilien Europa Direkt (IED) reports sustainability information in accordance with INREV Sustainability Reporting Guidelines 2016 (INREV sBR) for the 12 months 1st January 2018 – 31st December 2018 presented with comparison against 2017. As permitted by the INREV Sustainability Reporting Guidelines, environmental data has been developed and presented in line with the Global Real Estate Sustainability Benchmark (GRESB).

The reporting boundary has been scoped to where IED has operational control: managed properties where IED is responsible for payment of utility invoices and / or arrangement of waste disposal contracts.

In 2018 there were 15 such managed assets within the portfolio. In 2017 there were 14 managed assets. The change between the reporting periods was due to the acquisition of one asset in 2018, where the landlord has responsibility for operational control.

All managed assets are included within the below data for 2018. Where data coverage is less than 100%, a supporting explanation is provided within the data notes immediately below the relevant table. Energy and water consumption data is reported according to automatic meter reads, manual meter reads or invoice estimates. Where required, missing consumption data has been estimated by pro-rating data from other periods using recognised techniques. This report has been prepared by EVORA Global.

## Total energy consumption

The table below sets out total landlord obtained energy consumption from IED's managed portfolio by sector.

Sector	Total electricity consumption (kWh)		Total fuel consumption (kWh)		Total district heating consumption (kWh)	
	2017	2018	2017	2018	2017	2018
Office	3,699,882	3,183,480	6,266,272	5,906,355	1,396,096	751,777
<b>Coverage</b>	7/7	7/7	5/5	5/5	3/3	3/3
Retail, Shopping Centre	1,380,187	1,421,702	1,257,995	1,245,494		
<b>Coverage</b>	3/3	3/3	2/2	2/2		
Mixed Use	2,573,373	2,609,116				
<b>Coverage</b>	1/1	1/1				
Industrial, Distribution Warehouse		309,361				370,501
<b>Coverage</b>		1/1				1/1
Retail, Warehouse	5,087,794	5,459,299	90,905	78,012	749,000	929,600
<b>Coverage</b>	1/1	1/1	1/1	1/1	1/1	1/1
<b>Total</b>	12,741,236	12,982,957	7,615,171	7,229,861	2,145,096	2,051,878
<b>Coverage</b>	12/12	13/13	8/8	8/8	4/4	5/5
Total electricity, fuel and district heating	22,501,503	22,264,697				
<b>Coverage</b>	14/14	15/15				
Renewable electricity %	70	72				
<b>Coverage</b>	12/12	13/13				

- Consumption data relates to the managed portfolio only:
  - Offices: Common Areas, Shared Services and/or Whole building
  - Retail, Shopping Centre: Common Areas, Shared Services, Whole Building, and/or Tenants Space
  - Mixed Use and Retail, Warehouse: Whole Building
  - Industrial, Distribution Warehouse: Common Areas and/or Whole Building
- Where appropriate (for relevant assets), consumption data has been adjusted to reflect the Fund's share of asset ownership.
- Coverage relates to the number of managed assets for which data is reported.
- Renewable electricity (%) is calculated according to the attributes of energy supply contracts as at 31st December 2018 and only reflects renewable electricity procured under a 100% 'green tariff' (i.e. where generation is from 100% renewable sources). The renewables % of standard (non 'green tariff') energy supplies are not currently known and therefore has not been included within this number. Three assets are reported as having 100% renewable electricity supplies. These assets contribute to 70% and 72% of the fund's total consumption for 2017 and 2018 respectively.

## Like for like energy consumption

The table below sets out the like for like landlord obtained energy consumption from the IED's managed portfolio by sector.

Sector	Total electricity (kWh)			Total fuels (kWh)			Total district Heating (kWh)			Energy Intensity (kWh/m <sup>2</sup> )	
	2017	2018	Change	2017	2018	Change	2017	2018	Change	2017	2018
Office	2,410,731	2,386,922	-1%	6,266,272	5,906,355	-6%	329,565	347,252	5%	107	103
<b>Coverage</b>	5/5			5/5			1/1			6/6	
Retail, Shopping Centre	422,942	386,667	-9%	1,257,995	1,245,494	-1%				75	72
<b>Coverage</b>	2/2			2/2						2/2	
Mixed Use	2,573,373	2,609,116	1%							178	181
<b>Coverage</b>	1/1									1/1	
Retail, Warehouse	5,087,794	5,459,299	7%	90,905	78,012	-14%	749,000	929,600	24%	267	292
<b>Coverage</b>	1/1			1/1			1/1			2/2	
<b>Total</b>	10,494,839	10,842,004	3%	7,615,171	7,229,861	-5%	1,078,565	1,276,852	18%		
<b>Coverage</b>	9/9			8/8			2/2				
Total electricity, fuel and district heating.	19,188,575	19,348,717	1%								
<b>Coverage</b>	11/11										

- Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported.
- Consumption data relates to the managed portfolio only:
  - Industrial, Distribution Warehouse: No like for like data reported
  - Offices: Common Areas, Shared Services and/or Whole building
  - Retail, Shopping Centre: Common Areas, Shared Services, Whole Building, and/or Tenants Space
  - Mixed Use and Retail, Warehouse: Whole Building
- Where appropriate (for relevant assets), consumption data has been adjusted to reflect the Fund's share of ownership.
- Coverage relates to the number of managed assets for which data is reported.
- Intensity: An energy intensity kWh/m<sup>2</sup> is reported for assets within the like for like portfolio. The numerator is landlord-managed energy consumption and the denominator is net lettable floor area (m<sup>2</sup>). For Retail, Shopping Centres the denominator is the common parts area (m<sup>2</sup>) only.

## Greenhouse gas emissions

The table below sets out the IED's greenhouse gas emissions by sector.

Sector	Absolute emissions (tCO <sub>2</sub> e)		Like for like emissions (tCO <sub>2</sub> )			Intensity (kg CO <sub>2</sub> e/m <sup>2</sup> )	
	2017	2018	2017	2018	Change	2017	2018
<b>Office</b>							
Scope 1	1,486	1,401	1,486	1,401	-6%	28	26
Scope 2	1,249	912	890	759	-15%		
<b>Coverage</b>	8/8	8/8			6/6		
<b>Retail, Shopping Centre</b>							
Scope 1	303	300	303	300	-1%	22	21
Scope 2	471	427	190	173	-9%		
<b>Coverage</b>	3/3	3/3			2/2		
<b>Mixed Use</b>							
Scope 1	0	0	0	0		63	51
Scope 2	905	739	905	739	-18%		
<b>Coverage</b>	1/1	1/1			1/1		
<b>Industrial, Distribution Warehouse</b>							
Scope 1		0					
Scope 2		232					
<b>Coverage</b>		1/1					
<b>Retail, Warehouse</b>							
Scope 1	22	19	22	19	-14%	12	15
Scope 2	245	303	245	303	23%		
<b>Coverage</b>	2/2	2/2			2/2		
<b>Total</b>							
Scope 1	1,811	1,720	1,811	1,720	-5%		
Scope 2	2,870	2,613	2,231	1,974	-12%		
Scope 1 & 2	4,681	4,333	4,042	3,694	-9%		
<b>Coverage</b>	14/14	15/15		11/11			

– Methodology:

- The table below presents greenhouse gas emissions factors applied (per country, energy type and year).

Country	Electricity	Gas	District Heating
United Kingdom	UK Government's Greenhouse Gas Reporting Factors for Company Reporting (2017 and 2018)		
Germany	International Energy Agency (2018). CO <sub>2</sub> from fuel combustion	EC JRC Technical Reports: Covenant of Mayors for Climate and Energy: Default emission factors for local emission inventories (2017)	
Belgium			
Sweden			
Finland			
France			

- GHG emissions from electricity (Scope 2) are reported according to the 'location-based' approach.
- GHG emissions are presented as tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), where possible.
- Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported.
- Emissions data relates to the managed portfolio only;
  - Offices: Common Areas, Shared Services and/or Whole building
  - Retail, Shopping Centre: Common Areas, Shared Services, Whole Building, and/or Tenants Space
  - Mixed Use and Retail, Warehouse: Whole Building
  - Industrial, Distribution Warehouse: Common Areas and/or Whole Building
- Where appropriate (for relevant assets), emissions data has been adjusted to reflect the Fund's share of ownership.
- Coverage relates to number of managed assets for which data is reported.
- Intensity: A carbon dioxide equivalent intensity (CO<sub>2</sub>e/m<sup>2</sup>) is reported for assets within the like for like portfolio. The numerator is landlord-managed greenhouse gas emissions and the denominator is net lettable floor area (m<sup>2</sup>). For Retail, Shopping Centres the denominator is the common parts area (m<sup>2</sup>) only.

## Water

The table below sets out water consumption for IED's managed portfolio by sector.

Sector	Absolute water consumption (m <sup>3</sup> )		Like for like water consumption (m <sup>3</sup> )			Intensity (m <sup>3</sup> /m <sup>2</sup> )	
	2017	2018	2017	2018	Change	2017	2018
Office	30,115	30,022	23,305	26,296	13%	0.28	0.31
<b>Coverage</b>	8/8	8/8			6/6		
Retail, Shopping Centre	14,521	16,934	9,509	8,828	-7%	0.47	0.44
<b>Coverage</b>	3/3	3/3			2/2		
Mixed Use	5,512	5,564	5,512	5,564	1%	0.38	0.39
<b>Coverage</b>	1/1	1/1			1/1		
Industrial, Distribution Warehouse		388					
<b>Coverage</b>		1/1					
Retail, Warehouse	7,370	6,672	7,370	6,672	-9.5%	0.33	0.30
<b>Coverage</b>	2/2	2/2			2/2		
<b>Total</b>	<b>57,518</b>	<b>59,580</b>	<b>45,695</b>	<b>47,360</b>	<b>4%</b>		
<b>Coverage</b>	14/14	15/15		11/11			

- Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported.
- Like for like water consumption has increased by 4%. It is believed that this might be being driven by increased occupancy within the office sector.
- Consumption data relates to the managed portfolio only:
  - All sectors: Whole Building
- Where appropriate (for relevant assets), consumption data has been adjusted to reflect the Fund's share of ownership.
- Coverage relates to number of managed assets for which data is reported.
- Intensity: A water intensity (m<sup>3</sup>/m<sup>2</sup>) is reported for assets within the like for like portfolio. The numerator is landlord-managed water consumption and the denominator is net lettable floor area (m<sup>2</sup>).

## Waste

The table below sets out waste for IED's managed portfolio by sector and by disposal route.

		Absolute tonnes				Like for like tonnes				
		2017		2018		2017		2018		% change
		Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	
Office	Recycled	218	39%	135	47%	82	38%	87	44%	6%
	Incineration with energy recovery	343	61%	152	53%	135	62%	111	56%	-18%
	Landfill	0	0%	0	0%	0	0%	0	0%	0%
	<b>Total</b>	<b>561</b>		<b>287</b>		<b>217</b>		<b>198</b>		<b>-9%</b>
	Coverage	7/7		6/6		5/5				
Retail, Shopping Centre	Recycled	15	17%	15	17%	15	17%	15	17%	0%
	Incineration with energy recovery	73	83%	73	83%	73	83%	73	83%	0%
	Landfill	0	0%	0	0%	0	0%	0	0%	0%
	<b>Total</b>	<b>87</b>		<b>87</b>		<b>87</b>		<b>87</b>		<b>0%</b>
	Coverage	2/2		2/2		2/2				
Mixed Use	Recycled	115	71%	94	59%	115	71%	94	59%	-19%
	Incineration with energy recovery	48	29%	64	41%	48	29%	64	41%	35%
	Landfill	0	0%	0	0%	0	0%	0	0%	0%
	<b>Total</b>	<b>162</b>		<b>158</b>		<b>162</b>		<b>158</b>		<b>-3%</b>
	Coverage	1/1		1/1		1/1				
Retail, Warehouse	Recycled	0	0%	0	0%	0	0%	0	0%	0%
	Incineration with energy recovery	18	100%	18	100%	18	100%	18	100%	0%
	Landfill	0	0%	0	0%	0	0%	0	0%	0%
	<b>Total</b>	<b>18</b>		<b>18</b>		<b>18</b>		<b>18</b>		<b>0%</b>
	Coverage	1/1		1/1		1/1				
Total	Recycled	348	42%	243	44%	212	44%	195	42%	-8%
	Incineration with energy recovery	481	58%	307	56%	273	56%	266	58%	-3%
	Landfill	0	0%	0	0%	0	0%	0	0%	0%
	<b>Total</b>	<b>829</b>		<b>550</b>		<b>485</b>		<b>461</b>		<b>-5%</b>
	Coverage	11/11		10/10		9/9				

– Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported.

- One office asset has been excluded from the like for like data set due to a change in the waste contractor part way through the reporting period. To remove the impact of this change on the reported waste trends, due to differences in the reporting methodologies used by individual contractors, this asset has been scoped out of the like for like portfolio.
- Waste arisings data relates to the managed portfolio only.
- The Fund has no waste management responsibilities for Industrial, Distribution Warehouse
- Where appropriate (for relevant assets), waste data has been adjusted to reflect the Fund's share of ownership.
- Coverage relates to the number of managed assets for which data is reported.
- German waste data applies a standard waste tonnage based on the waste collection frequency. In some cases, this leads to a repetition of waste tonnage across both years.

### Sustainability certification: Green building certificates

Rating	Portfolio by floor area (%)
Brussels E-Lite, Paris Chevaleret and Paris Resonance: BREEAM 2009 Europe Commercial: Offices	10%
Manchester City Tower, Floors 23 and 24: BREEAM Refurbishment and Fit Out	0.1%
Paris Chevaleret, Paris Resonance and Seville Metromar: BREEAM In-Use International / NF HQE (Bâtiments Tertiaires)	15%
Coverage	26%

- Green building certificate records for the Fund are provided as a percentage by portfolio floor area.
- Data provided includes managed and non-managed assets (i.e. the whole portfolio).
- Where appropriate (for relevant assets), floor area coverage data has been adjusted to reflect the Fund's share of ownership.
- Paris Chevaleret was sold in November 2018. It has been included here as it was owned for most of the reporting period.

## Sustainability certification: Energy performance certificates

Energy performance certificate rating	Portfolio by floor area (%)
A	0%
B	13%
C	26%
D	44%
E	1%
F	0%
G	5%
Exempt	1%
No EPC Known	10%
Coverage	100%

- UK Energy Performance Certificates (EPCs) and national equivalents from other European countries are provided for the Fund as at December 2018 (by portfolio floor area).
- Data provided includes managed and non-managed assets (i.e. the whole portfolio).
- German EPCs do not have a letter rating system used in certification. A conversion process has been applied to numerical scoring to give an indicative A-G rating. With this approach it has been possible to plot all EPCs on the same scale and provide the best indication of the fund's EPC distribution.
- Where appropriate (for relevant assets), floor area coverage data has been adjusted to reflect the Fund's share of asset ownership.