

EPRA key performance measures

In 2020, the consolidated financial statements were prepared in accordance with Swiss GAAP FER for the first time. The previous year's figures have also been re-stated accordingly when calculating the EPRA key performance measures.

EPRA earnings and EPRA earnings per share

CHF million	2020	2019
Earnings according to income statement	167.2	243.2
Adjusted by:		
Earnings from revaluation of investment real estate	-55.2	-140.0
Earnings from sale of investment real estate	-	-1.8
Earnings from development real estate held for sale incl. impairment	-3.7	-22.9
Pro-rata income tax on sales	1.0	6.3
Negative goodwill / goodwill impairment	-	-
Change in the market value of financial instruments	-	-
Transaction costs for the purchase of shareholdings	-	-
Deferred taxes on EPRA adjustments	12.7	38.8
Effect on associated companies	-	-
Minority interests on the above positions	-	-
EPRA earnings	122.1	123.6
Average number of outstanding shares	15 898 915	15 889 169
EPRA earnings per share in CHF	7.68	7.78

EPRA equity (NAV)

CHF million	31.12.2020	31.12.2019
Equity (NAV) according to consolidated financial statements	2 412.9	2 352.6
Dilution effects	0.0	0.0
Diluted equity (NAV)	2 412.9	2 352.6
Less:		
Revaluation of investment real estate	-	-
Revaluation of investment real estate under construction	-	-
Revaluation of other assets	-	-
Revaluation of real estate tenancies under finance leases	-	-
Valuation difference on development real estate	29.3	10.5
Plus:		
Market value of derivative financial instruments	-	-
Deferred taxes	280.3	250.6
Goodwill from deferred taxes	0.0	0.0
Effect on associated companies	0.0	0.0
EPRA equity (NAV)	2 722.5	2 592.7
Number of outstanding shares (diluted)	15 901 404	15 888 626
EPRA equity (NAV) per share in CHF	171.20	163.20

EPRA triple net asset value (NNNAV)

CHF million	31.12.2020	31.12.2019
EPRA equity (NAV)	2 722.5	2 592.7
Less:		
Market value of derivative financial instruments	0.0	0.0
Market value of financial liabilities	-39.0	-37.3
Deferred taxes	-280.3	-254.6
EPRA NNAV	2 403.2	2 304.8
Number of outstanding shares (diluted)	15 901 404	15 888 626
EPRA NNAV per share in CHF	151.15	145.05

EPRA equity (NRV – NTA – NDV)

CHF million	EPRA NRV		EPRA NTA		EPRA NDV	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Equity (NAV) according to consolidated financial statements	2 412.9	2 352.6	2 412.9	2 352.6	2 412.9	2 352.6
Dilution effects	0.0	0.0	0.0	0.0	0.0	0.0
Diluted NAV	2 412.9	2 352.6	2 412.9	2 352.6	2 412.9	2 352.6
Include:						
ii.a) Revaluation of IP	-	-	-	-	-	-
ii.b) Revaluation of IPUC	-	-	-	-	-	-
ii.c) Revaluation of other non-current investments	-	-	-	-	-	-
iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
iv) Revaluation of development properties	29.3	10.5	29.3	10.5	29.3	10.5
Diluted NAV at market value	2 442.2	2 363.1	2 442.2	2 363.1	2 442.2	2 363.1
Exclude:						
v) Deferred tax in relation to the revaluation of IP	295.3	270.1	147.7	135.1	-	-
vi) Market value of financial instruments	-	-	-	-	-	-
vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
viii.a) Goodwill as per balance sheet	-	-	-	-	-	-
viii.b) Intangibles as per balance sheet	0.2	0.1	0.0	0.0	0.0	0.0
Include:						
ix) Market value of fixed interest rate debt	-	-	-	-	-39.0	-37.3
x) Revaluation of intangibles to market value	-	-	-	-	-	-
xi) Real estate transfer tax	-	-	-	-	-	-
EPRA equity	2 737.7	2 633.3	2 589.9	2 498.2	2 403.2	2 325.8
Fully diluted number of shares	15 901 404	15 888 626	15 901 404	15 888 626	15 901 404	15 888 626
EPRA equity per share in CHF	172.15	165.75	162.85	157.25	151.15	146.40

EPRA net yield from rental income

CHF million	31.12.2020	31.12.2019
Owned investment real estate	4 525.3	4 342.0
Investment real estate in joint ventures / funds	-	-
Development real estate	223.7	167.6
Less development real estate and investment real estate under construction	-320.5	-267.2
Market value of yield-producing properties	4 428.5	4 242.4
Annualised actual rental income	208.2	204.5
Direct expenses for investment real estate	-29.9	-29.7
Annualised net rental income	178.3	174.8
Plus expected additional rental income after expiry of rental discounts	0.7	0.7
Topped-up annualised net rental income	179.0	175.5
EPRA net yield from rental income	4.0%	4.1%
EPRA topped-up net yield from rental income	4.0%	4.1%

EPRA vacancy rate

CHF million	31.12.2020	31.12.2019
Estimated rental potential of vacant premises	3.1	3.5
Estimated rental income from total portfolio	209.4	208.8
EPRA vacancy rate	1.5%	1.7%

EPRA operating expense ratio

CHF million	2020	2019
Operating expenses of investment real estate according to income statement:		
Direct expenses for rented investment real estate	27.9	27.6
Personnel expenses	9.5	8.9
Other operating expenses	1.8	1.9
EPRA operating expenses (incl. vacancy costs)	39.2	38.4
Direct vacancy costs	1.2	1.7
EPRA operating expenses (excl. vacancy costs)	38.0	36.7
Gross rental income less ground rent	200.4	203.1
EPRA rental income	200.4	203.1
EPRA operating expenses (incl. direct vacancy costs)	19.6%	18.9%
EPRA operating expenses (excl. direct vacancy costs)	19.0%	18.1%

EPRA value-enhancing investments in investment properties

CHF million	2020	2019
Purchases	84.1	28.0
Value-enhancing investments (investment real estate under construction)	29.2	24.5
Value-enhancing investments (like-for-like yield-producing properties)	14.8	36.4
Capitalised building loan interest	0.2	0.2
EPRA value-enhancing investments	128.3	89.0

Alternative performance measures

The definitions and verification of the calculation of the Allreal Group's alternative performance measures for the 2020 financial year are set out below. In 2020, the consolidated financial statements were prepared in accordance with Swiss GAAP FER for the first time. The previous year's figures have also been restated accordingly when calculating the alternative performance measures.

Total sales

Total sales resulting from rental of investment real estate plus completed project volume in the Projects & Development division.

CHF million	2020	2019
Rental income from investment real estate	200.4	203.1
Sales Projects & Development division	363.4	340.7
Total sales	563.8	543.8

Operating profit (EBIT) excl. revaluation gains

CHF million	2020	2019
Operating profit (EBIT)	225.3	329.8
Earnings from revaluation of investment real estate	-55.2	-140.0
Operating profit (EBIT) excl. revaluation effect	170.1	189.8

Net profit excl. revaluation effect

CHF million	2020	2019
Net profit	167.2	243.2
Earnings from revaluation of investment real estate	-55.2	-140.0
Deferred taxes on revaluation	12.7	38.8
Net profit excl. revaluation effect	124.7	142.0

Return on equity incl. revaluation effect

Net profit in relation to average group equity (balance from 1 January and 31 December, divided by two).

CHF million	2020	2019
Net profit incl. revaluation effect	167.2	243.2
Group equity, balance as at 1 January	2 352.6	2 210.5
Group equity, balance as at 31 December	2 412.9	2 352.6
Average group equity incl. revaluation effect	2 382.8	2 281.6
Return on equity incl. revaluation effect	7.0%	10.6%

Return on equity excl. revaluation effect

Net profit excl. revaluation effect in relation to average group equity without the revaluation reserves recognised in group equity (balance from 1 January and 31 December, divided by two).

CHF million	2020	2019
Net profit excl. revaluation effect	124.7	142.0
Group equity, balance as at 1 January	2 352.6	2 210.5
Revaluation reserves, balance as at 1 January	-359.7	-259.5
Group equity, balance as at 31 December	2 412.9	2 352.6
Revaluation reserves, balance as at 31 December	-402.2	-359.7
Average group equity without revaluation reserves	2 001.8	1 972.0
Return on equity excl. revaluation effect	6.2%	7.2%

Sales Projects & Development division

Completed project volume of third-party projects and own projects corresponds to the total of all project costs, fees and profits accrued according to the progress of construction.

CHF million	2020	2019
Completed project volume third-party projects	280.4	270.0
Completed project volume own projects	83.0	70.7
Sales Projects & Development division	363.4	340.7

Gross margin third-party projects Projects & Development division

Gross margin reflects earnings from the Projects & Development division as a percentage of income from realisation Projects & Development.

CHF million	2020	2019
Earnings from realisation Projects & Development	33.7	35.8
Completed project volume third-party projects	280.4	270.0
Gross margin third-party projects Projects & Development	12.0%	13.3%

Gross yield

Gross yield reflects the income from rental of investment properties as a percentage of the amortised market value of the yield-producing properties as at 1 January, without rights of use of investment properties, adjusted for portfolio changes over time.

CHF million	2020	2019
Income from renting investment real estate	200.4	203.1
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 242.4	4 101.8
Portfolio changes over time	13.4	-6.0
Own use	-37.8	-
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate after portfolio changes	4 218.0	4 095.8
Gross yield	4.8%	5.0%

Net yield

Net yield reflects earnings from renting investment real estate as a percentage of amortised market value of yield-producing properties as at 1 January, without rights of use of investment real estate, adjusted by portfolio changes over time.

CHF million	2020	2019
Earnings from renting investment real estate	172.5	175.5
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 242.4	4 101.8
Portfolio changes over time	13.4	-6.0
Own use	-37.8	-
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate after portfolio changes	4 218.0	4 095.8
Net yield	4.1%	4.3%

Vacancy rate

Vacancy rate corresponds to the cumulated vacancy rate due to non-letting as a percentage of the target rental income for one year.

CHF million	2020	2019
Vacancy loss	-2.8	-4.6
Targeted rental income	206.9	210.1
Vacancy rate	1.4%	2.2%