

Alternative performance measures

The definitions and verification of the calculation of Allreal Group's alternative performance measures for the financial year 2021 (Swiss GAAP FER) are set out below.

Total sales

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

CHF million	2021	2020
Rental income from investment real estate	204.4	200.4
Sales Projects & Development division	343.2	363.4
Total sales	547.6	563.8

Operating profit (EBIT) excl. revaluation gains

CHF million	2021	2020
Operating profit (EBIT)	246.6	225.3
Earnings from revaluation of investment real estate	-64.3	-55.2
Operating profit (EBIT) excl. revaluation effect	182.3	170.1

Net profit excl. revaluation effect

CHF million	2021	2020
Net profit	182.6	167.2
Earnings from revaluation of investment real estate	-64.3	-55.2
Deferred taxes on revaluation	15.0	12.7
Net profit excl. revaluation effect	133.3	124.7

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	2021	2020
Net profit	182.6	167.2
Group equity, balance as at 1 January	2 412.9	2 352.6
Group equity, balance as at 31 December	2 558.3	2 412.9
Average group equity	2 485.6	2 382.8
Return on equity incl. revaluation effect	7.3%	7.0%

Return on equity excl. revaluation effect

Net profit excl. revaluation effect in relation to average group equity excluding the revaluation reserves recognised in group equity (balance from 1 January and 31 December, divided by two).

CHF million	2021	2020
Net profit excl. revaluation effect	133.3	124.7
Group equity, balance as at 1 January	2 412.9	2 352.6
Revaluation reserves, balance as at 1 January	-402.2	-359.7
Group equity, balance as at 31 December	2 558.3	2 412.9
Revaluation reserves, balance as at 31 December	-451.6	-402.2
Average group equity without revaluation reserves	2 058.7	2 001.8
Return on equity excl. revaluation effect	6.5%	6.2%

Sales Projects & Development division

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

CHF million	2021	2020
Completed project volume third-party projects	269.6	280.4
Completed project volume own projects	73.6	83.0
Sales Projects & Development division	343.2	363.4

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	2021	2020
Earnings from realisation Projects & Development	24.5	33.7
Completed project volume third-party projects	269.6	280.4
Gross margin third-party projects Projects & Development	9.1%	12.0%

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, adjusted for portfolio changes over time.

CHF million	2021	2020
Income from renting investment real estate	204.4	200.4
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 428.5	4 242.4
Portfolio changes over time	9.5	13.4
Own use	-37.8	-37.8
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate after portfolio changes	4 400.2	4 218.0
Gross yield	4.6%	4.8%

Net yield

Net yield reflects earnings from renting investment real estate as a percentage of the amortised market value of the yield-producing properties as at 1 January, adjusted for portfolio changes over time.

CHF million	2021	2020
Earnings from renting investment real estate	176.6	172.5
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 428.5	4 242.4
Portfolio changes over time	9.5	13.4
Own use	-37.8	-37.8
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate after portfolio changes	4 400.2	4 218.0
Net yield	4.0%	4.1%

Cumulative vacancy rate

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

CHF million	2021	2020
Vacancy loss	-3.3	-2.8
Targeted rental income	211.2	206.9
Vacancy rate	1.6%	1.4%

The indicators below were calculated according to the usual international parameters and allow a comparison with other market participants.

Operating profit and operating profit per share

The operating profit shows the net profit adjusted for revaluation effect and earnings from the sale of investment real estate, as well as the relevant tax implications.

CHF million	2021	2020
Earnings according to income statement	182.6	167.2
Adjusted by:		
Earnings from revaluation of investment real estate	-64.3	-55.2
Earnings from sale of investment real estate	0.0	0.0
Earnings from development real estate held for sale incl. impairment	-21.0	-3.7
Pro-rata income tax on sales	7.3	1.0
Deferred taxes on revaluation	15.0	12.7
Operating real estate earnings	119.6	122.1
Average number of outstanding shares	15 979 265	15 898 915
Operating real estate earnings per share in CHF	7.48	7.68

Adjusted equity (NAV) and adjusted equity (NAV) per share

Adjusted equity shows the equity adjusted for changes in the fair value of the development real estate, the market value of financial instruments and deferred taxes.

CHF million	31.12.2021	31.12.2020
Equity (NAV) according to consolidated financial statements	2 558.3	2 412.9
Dilution effects	0.0	0.0
Diluted equity (NAV)	2 558.3	2 412.9
Less:		
Valuation difference on development real estate	16.7	29.3
Plus:		
Market value of derivative financial instruments	-	-
Deferred taxes	370.6	280.3
Adjusted equity (NAV)	2 945.6	2 722.5
Number of outstanding shares (diluted)	16 524 705	15 901 404
Adjusted equity (NAV) per share in CHF	178.26	171.20

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Additional information

Vacancy rate on the balance sheet cut-off date

The vacancy rate relates to the vacancy rate as a result of non-letting as a percentage and taking into account the market rent for the vacant space on the balance sheet cut-off date.

CHF million	31.12.2021	31.12.2020
Estimated rental potential of vacant premises	3.3	3.1
Estimated rental income from total portfolio	223.9	209.4
Vacancy rate at	1.5%	1.5%