

# Alternative performance measures

The definitions and verification of the calculation of the Allreal Group's alternative performance measures for the first half-year 2022 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	1st half-year 2022	1st half-year 2021
Rental income from investment real estate	106.8	101.8
Sales Projects & Development division	155.5	160.5
<b>Total sales</b>	<b>262.3</b>	<b>262.3</b>

## Operating profit (EBIT) excl. revaluation gains

CHF million	1st half-year 2022	1st half-year 2021
Operating profit (EBIT)	101.8	148.4
Earnings from revaluation of investment real estate	-1.1	-41.8
<b>Operating profit (EBIT) excl. revaluation gains</b>	<b>100.7</b>	<b>106.6</b>

## Net profit excl. revaluation effect

CHF million	1st half-year 2022	1st half-year 2021
Net profit	82.7	111.3
Earnings from revaluation of investment real estate	-1.1	-41.8
Deferred taxes on revaluation	0.2	9.6
<b>Net profit excl. revaluation effect</b>	<b>81.8</b>	<b>79.1</b>

## Return on equity incl. revaluation effect

Annualised net profit in relation to average group equity (balance from 1 January and 30 June, divided by two).

CHF million	1st half-year 2022	1st half-year 2021
Annualised net profit incl. revaluation effect	165.4	222.6
Group equity, balance as at 1 January	2 558.3	2 412.9
Group equity, balance as at 30 June	2 525.7	2 398.8
Average group equity incl. revaluation effect	2 542.0	2 405.9
<b>Return on equity incl. revaluation effect</b>	<b>6.5%</b>	<b>9.3%</b>

### Return on equity excl. revaluation effect

Annualised net profit excl. revaluation effect in relation to average group equity without the revaluation reserves recognised in group equity (balance from 1 January and 30 June, divided by two).

CHF million	1st half-year 2022	1st half-year 2021
Annualised net profit excl. revaluation effect	163.6	158.2
Group equity, balance as at 1 January	2 558.3	2 412.9
Revaluation reserves, balance as at 1 January	-451.6	-402.2
Group equity, balance as at 30 June	2 525.7	2 398.8
Revaluation reserves, balance as at 30 June	-452.5	-434.4
Average group equity without revaluation reserves	2 089.9	1 987.6
<b>Return on equity excl. revaluation effect</b>	<b>7.8%</b>	<b>8.0%</b>

### 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	1st half-year 2022	1st half-year 2021
Completed project volume third-party projects	120.0	133.1
Completed project volume own projects	35.5	27.4
<b>Sales Projects &amp; Development division</b>	<b>155.5</b>	<b>160.5</b>

### 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	1st half-year 2022	1st half-year 2021
Earnings from realisation Projects & Development	13.4	15.2
Income from realisation Projects & Development	120.0	133.1
<b>Gross margin third-party projects Projects &amp; Development</b>	<b>11.2%</b>	<b>11.4%</b>

### 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	1st half-year 2022	1st half-year 2021
Annualised income from renting investment real estate	213.6	203.6
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 954.6	4 428.5
Portfolio changes over time	9.5	9.5
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	4 926.3	4 400.2
<b>Gross yield</b>	<b>4.3%</b>	<b>4.6%</b>

### 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	1st half-year 2022	1st half-year 2021
Annualised earnings from renting investment real estate	192.0	183.6
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 954.6	4 428.5
Portfolio changes over time	9.5	9.5
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	4 926.3	4 400.2
<b>Net yield</b>	<b>3.9%</b>	<b>4.2%</b>

### 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	1st half-year 2022	1st half-year 2021
Vacancy loss	-1.6	-1.6
Targeted rental income	111.3	105.1
<b>Vacancy rate</b>	<b>1.5%</b>	<b>1.5%</b>

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	1st half-year 2022	1st half-year 2021
<b>Earnings according to income statement</b>	<b>82.7</b>	<b>111.3</b>
Adjusted by:		
Earnings from revaluation of investment real estate	-1.1	-41.8
Earnings from sale of investment real estate	-	-
Earnings from development real estate held for sale incl. impairment	-15.6	-18.4
Pro-rata income tax on sales	0.7	6.5
Deferred taxes on revaluation	0.2	9.6
<b>Operating real estate earnings</b>	<b>66.9</b>	<b>67.2</b>
Average number of outstanding shares	16 523 054	15 833 846
<b>Operating real estate earnings per share in CHF</b>	<b>4.05</b>	<b>4.25</b>

**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	30.06.2022	31.12.2021
<b>Equity (NAV) according to consolidated financial statements</b>	<b>2 525.7</b>	<b>2 558.3</b>
Dilution effects	0.0	0.0
<b>Diluted equity (NAV)</b>	<b>2 525.7</b>	<b>2 558.3</b>
Less:		
Valuation difference on development real estate	49.2	16.7
Plus:		
Market value of derivative financial instruments	-	-
Deferred taxes	367.3	370.6
<b>Adjusted equity (NAV)</b>	<b>2 942.2</b>	<b>2 945.6</b>
Number of outstanding shares (diluted)	16 523 815	16 524 705
<b>Adjusted equity (NAV) per share in CHF</b>	<b>178.05</b>	<b>178.26</b>

**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	30.06.2022	31.12.2021
Estimated rental potential of vacant premises	3.5	3.3
Estimated rental income from total portfolio	222.6	223.9
<b>vacancy rate at</b>	<b>1.6%</b>	<b>1.5%</b>