EPRA key performance measures

EPRA earnings and EPRA earnings per share

CHF million	2017	2016
Earnings according to IFRS income statement	**129.2**	**173.6**
Adjusted by:		
Earnings from revaluation of investment real estate	–21.8	–85.0
Earnings from sale of investment real estate	0.0	–5.6
Earnings from development real estate held for sale incl. impairment	–11.8	–34.6
Pro-rata income tax on sales	3.2	14.7
Negative goodwill/goodwill impairment	0.0	0.0
Change in the market value of financial instruments	10.3	17.9
Transaction costs for the purchase of shareholdings	0.0	0.0
Deferred taxes on EPRA adjustments	5.9	23.6
Effect on associated companies	0.0	0.0
Minority interests on the above positions	0.0	0.0
EPRA earnings	**115.0**	**104.6**
Average number of outstanding shares	15 928 974	15 928 815
EPRA earnings per share in CHF	**7.23**	**6.57**

EPRA equity (NAV)

CHF million	31.12.2017	31.12.2016
Equity (NAV) according to consolidated financial statements	**2 150.7**	**2 086.8**
Dilution effects due to options, convertible bonds and other equity instruments	0.0	0.0
Diluted equity (NAV) after options, convertible bonds and other equity instruments	**2 150.7**	**2 086.8**
Plus:		
Revaluation of investment real estate (if acquisition cost model in accordance with IAS 40)	–	–
Revaluation of investment real estate under construction (if acquisition cost model in accordance with IAS 40)	–	–
Revaluation of other assets	–	–
Revaluation of real estate tenancies under finance leases	–	–
Valuation difference on development real estate	–1.8	8.2
Less:		
Market value of derivative financial instruments	25.1	45.8
Deferred taxes	200.2	188.9
Goodwill from deferred taxes	–	–
Effect on associated companies	–	–
EPRA equity (NAV)	**2 377.8**	**2 329.7**
Number of outstanding shares (diluted)	15 929 790	15 929 586
EPRA equity (NAV) per share in CHF	**149.25**	**146.25**

EPRA triple net asset value (NNNAV)

CHF million	31.12.2017	31.12.2016
EPRA equity (NAV)	**2 377.8**	**2 329.7**
Less:		
Market value of derivative financial instruments	–25.1	–45.8
Market value of financial liabilities	–33.6	–32.8
Deferred taxes	–194.3	–184.3
EPRA NNNAV	**2 124.8**	**2 066.8**
Number of outstanding shares (diluted)	15 929 790	15 929 586
EPRA NNNAV per share in CHF	133.40	129.75

EPRA net yield from rental income

CHF million	31.12.2017	31.12.2016
Owned investment real estate	3 956.6	3 574.5
Investment real estate in joint ventures/funds	–	–
Development real estate	116.5	165.7
Less development real estate and investment real estate under construction	–141.9	–235.2
Market value of yield-producing properties	**3 931.2**	**3 505.0**
Annualised actual rental income	197.4	181.5
Direct expenses for investment real estate	–27.0	–30.9
Annualised net rental income	**170.4**	**150.6**
Plus expected additional rental income after expiry of rental discounts	2.5	2.6
Topped-up annualised net rental income	**172.9**	**153.2**
EPRA net yield from rental income	**4.3**	**4.3%**
EPRA topped-up net yield from rental income	**4.4**	**4.4%**

EPRA vacancy rate

CHF million	31.12.2017	31.12.2016
Estimated rental potential of vacant premises	4.8	5.7
Estimated rental income from total portfolio	199.2	189.8
EPRA vacancy rate	**2.4%**	**3.0%**

EPRA operating expense ratio

CHF million	2017	2016
Operating expenses of investment real estate according to IFRS income statement:		
Direct expenses for rented investment real estate	24.6	24.5
Personnel expenses	4.5	4.3
Other operating expenses	7.5	6.8
EPRA operating expenses (incl. vacancy costs)	**36.7**	**35.6**
Direct vacancy costs	0.5	–1.0
EPRA operating expenses (incl. vacancy costs)	**36.2**	**34.6**
Gross rental income less ground rent	179.2	173.3
EPRA rental income	**179.2**	**173.3**
EPRA operating expenses (incl. direct vacancy costs)	**20.5%**	**20.5%**
EPRA operating expenses (incl. direct vacancy costs)	**20.2%**	**20.0%**

EPRA value-enhancing investments in investment properties

CHF million	2017	2016
Purchases	329.0	0.0
Value-enhancing investments (investment real estate under construction)	29.8	31.9
Value-enhancing investments (like-for-like yield-producing properties)	17.7	17.6
Capitalised building loan interest	0.4	0.2
EPRA value-enhancing investments	**376.9**	**49.7**