



EPRA BPR Reporting under Swiss Gaap

Key highlights

- I. Certain Swiss companies have reverted from IFRS reporting to reporting under Swiss GAAP FER
- II. Upon query from a Swiss company the issue was put forward to the EPRA R&A Committee in 2020
- III. R&A committee deemed this non compatible with the BPR guidelines during the July 2020 meeting. The same was communicated to the Swiss companies
- IV. Swiss companies are eager to report EPRA BPR and a grace period of 1 year was allowed so that a solution could be found, in the form of a 'bridge'
- V. During 21.04.2021 committee meeting, after an extended debate the below option is being provided for Swiss companies reporting under Swiss Gaap FER to continue reporting EPRA BPR.
- VI. The committee is also of the view that if this solution is not acceptable then under the T&C's of the guidelines, EPRA BPR reporting will not be allowed for companies reporting under accounting standards other than IFRS
- VII. An example of Swiss Gaap FER bridge to IFRS has already been used by Swiss companies, this deems the exercise to be plausible and according to our understanding should be acceptable by the Swiss regulators (needs to be verified with SIX)



EPRA BPR Reporting under Swiss Gaap

Next Steps

- I. Should the proposal be acceptable to relevant Swiss companies, EPRA will issue an official letter confirming the understanding
- II. As per the committee's decision, companies will be expected to have their Swiss GAAP FER – IFRS bridge audited in order to provide further comfort to users of EPRA BPR disclosure
- III. The proposal will be applicable for FY 2021 reports, this takes into account the 1-year grace period provided to relevant swiss companies for FY 2020 annual reports.

Example in Practice: Allreal HY 2020 Report (net profit)

2.8 Reconciliation of net profit and equity

The changes in principles of accounting following adoption of FER were applied retroactively to 1 January 2019 with a restatement of the previous year's figures. The effects of the change from IFRS to FER on net profit and equity are shown in the following tables.

Reconciliation of net profit from IFRS to FER

CHF million	6 months 01.01.–30.06.2019	12 months 01.01.–31.12.2019
IFRS net profit	85.1	234.8
Changes in employee benefits	0.5	1.5
Expense for derivatives	4.5	8.9
Income from renting investment real estate	-0.7	-1.3
Other operating expenses	-1.6	-4.4
Earnings from revaluation of investment real estate	0.5	0.9
Depreciation other property, plant and equipment	1.6	4.4
Financial expense	0.4	0.7
Tax expense	-1.1	-2.3
FER net profit	89.2	243.2

- Allreal has provided a bridge from IFRS to FER in order to restate IFRS as FER for HY 2020: (https://ir.allreal.ch/fileadmin/user_upload/redakteure/hjb2020/pdf/en/Allreal-HJB2020-Kompletter-Halbjahresbericht-EN.pdf)

It's understood a reverse bridge for the purposes of EPRA BPR is entirely possible

Proposed EPRA Earnings Disclosure Under Swiss Gaap

A. EPRA Earnings	In thousands euro/pounds etc
Earnings per Swiss Gaap statement	xxx
Adjustment 1	x
Adjustment 2	x
Adjustment 3	x
Earnings per IFRS income statement	xxx
Adjustments to calculate EPRA Earnings, exclude:	
(i) Changes in value of investment properties, development properties held for investment and other interests	x
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	x
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	x
(iv) Tax on profits or losses on disposals	x
(v) Negative goodwill / goodwill impairment	x
(vi) Changes in fair value of financial instruments and associated close-out costs	x
(vii) Acquisition costs on share deals and non-controlling joint venture interests	x
(viii) Deferred tax in respect of EPRA adjustments	x
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	x
(x) Non-controlling interests in respect of the above	x
EPRA Earnings	xxx
EPRA Earnings per Share (EPS)	x
Company specific adjustments:	
(a) Company specific adjustment 1	yyy
(b) Company specific adjustment 2	yyy
Company specific Adjusted Earnings	yyy
Company specific Adjusted EPS	y

Example in Practice: Allreal HY 2020 Report (Equity)

Reconciliation of equity from IFRS to FER

CHF million	Share capital	Capital reserves	Treasury shares	Hedging reserves	Revaluation reserves	Other retained reserves	Total
As at 31 December 2018 according to IFRS	15.9	731.3	-8.9	-15.7	259.5	1 236.7	2 218.8
Eliminations							
Changes in employee benefits						-10.6	-10.6
Deferred taxes from changes in employee benefits						2.3	2.3
Reclassification							
Reclassification of hedging reserves				15.7		-15.7	0.0
As at 1 January 2019 according to FER	15.9	731.3	-8.9	0.0	259.5	1 212.7	2 210.5

CHF million	Share capital	Capital reserves	Treasury shares	Hedging reserves	Revaluation reserves	Other retained reserves	Total
As at 30 June 2019 according to IFRS	15.9	628.0	-8.7	-12.2	280.8	1 304.0	2 207.8
Elimination							
Changes in employee benefits						-14.5	-14.5
Deferred taxes from changes in employee benefits						3.2	3.2
Leasing expenses						0.2	0.2
Reclassification							
Reclassification of hedging reserves				12.2		-12.2	0.0
As at 30 June 2019 according to FER	15.9	628.0	-8.7	0.0	280.8	1 280.7	2 196.7

CHF million	Share capital	Capital reserves	Treasury shares	Hedging reserves	Revaluation reserves	Other retained reserves	Total
As at 31 December 2019 according to IFRS	15.9	628.0	-7.1	-8.7	359.7	1 380.7	2 368.5
Elimination							
Changes in employee benefits						-20.2	-20.2
Deferred taxes from changes in employee benefits						4.0	4.0
Leasing expenses						0.3	0.3
Reclassification							
Reclassification of hedging reserves				8.7		-8.7	0.0
As at 31 December 2019 according to FER	15.9	628.0	-7.1	0.0	359.7	1 356.1	2 352.6

Proposed EPRA NAV(s) Disclosure Under Swiss Gaap

B. EPRA Net Asset Value Metrics	EPRA NRV	EPRA NTA	EPRA NDV
Swiss Gaap Equity attributable to shareholders	xxx	xxx	xxx
Adjustment 1	x	x	x
Adjustment 2	x	x	x
Adjustment 3	x	x	x
IFRS Equity attributable to shareholders	xxx	xxx	xxx
Include / Exclude*:			
i) Hybrid instruments	x	x	x
Diluted NAV	xxx	xxx	xxx
Include*:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	x	x	x
ii.b) Revaluation of IPUC ¹ (if IAS 40 cost option is used)	x	x	x
ii.c) Revaluation of other non-current investments ²	x	x	x
iii) Revaluation of tenant leases held as finance leases ³	x	x	x
iv) Revaluation of trading properties ⁴	x	x	x
Diluted NAV at Fair Value	xxx	xxx	xxx
Exclude*:			
v) Deferred tax in relation to fair value gains of IP ⁵	x	x	
vi) Fair value of financial instruments	x	x	
vii) Goodwill as a result of deferred tax	x	x	x
viii.a) Goodwill as per the IFRS balance sheet		x	x
viii.b) Intangibles as per the IFRS balance sheet		x	
Include*:			
ix) Fair value of fixed interest rate debt			x
x) Revaluation of intangibles to fair value	x		
xi) Real estate transfer tax ⁶	x	x	
NAV	xxx	xxx	xxx
Fully diluted number of shares			
NAV per share	xxx	xxx	xxx