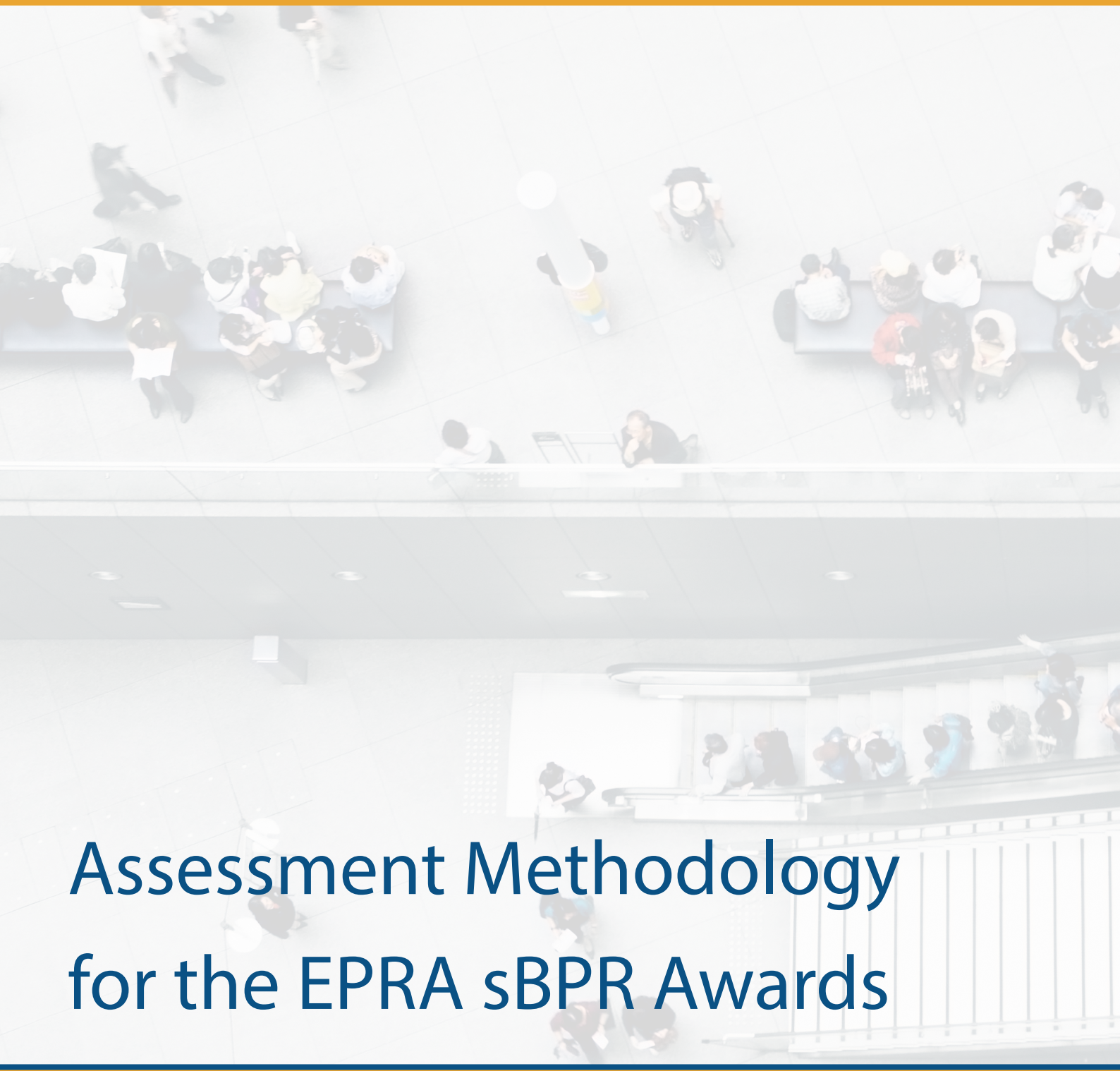
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Assessment Methodology for the EPRA sBPR Awards

2018

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Section 1
Introduction

The EPRA sBPR Guidelines

The EPRA Sustainability Best Practices Recommendations (sBPR) are raising the standards and consistency of sustainability reporting for listed real estate companies across Europe. First published in 2011, the third edition of the sBPR was published in September 2017 to align with established reporting initiatives in real estate sector[1], and to establish common metrics to support companies with their reporting on wider social and governance issues as set out in Directive 2014/95/EU of the European Parliament and of the Council on the disclosure of non-financial and diversity information. The sBPR complement the existing and well established EPRA Financial BPR.

The EPRA sBPR Awards

The aim of the EPRA sBPR Awards is to encourage the uptake of the EPRA sBPR Guidelines, promote best practice and raise awareness around sustainability reporting amongst and beyond EPRA members. The growing number of companies reporting sustainability data and winning Awards for compliance with the EPRA sBPR reflects EPRA's success in achieving these goals.

Assessment methodology

The assessment methodology described in this document is based on the third edition of the sBPR guidelines (2017). It updates the scores and weightings used in previous Awards assessments to reflect the social and corporate governance impact categories introduced in the updated guidelines.

Performance against the social and corporate governance performance measures will not contribute to the 2018 Awards assessment. However, performance against these measures will contribute to the final scores awarded to eligible companies from 2019 onwards.

1 Global Reporting Standard 2016, CRESD, GRESB Real Estate Assessment

Section 2

The Awards

Based on adherence to the EPRA sBPR in their public disclosure, companies are identified for Gold, Silver or Bronze Awards. The Awards winners are announced each year at the EPRA Conference.

Gold Award

Exceptional adherence with the sBPR.

Scoring above 85%.

At least 12 Performance Measures disclosed.



Silver Award

High adherence with the sBPR.

Score between 85% and 70%.

At least 12 Performance Measures disclosed.



Bronze Award

Reasonable adherence with the sBPR.

Score between 69% and 70%.

At least 12 Performance Measures disclosed.



Most Improved Award

Gold recipients who achieved a 30 percentage points YoY increase in their score in comparison to the previous year.



EPRA Assessment Methodology for the EPRA sPBR Awards - 2018

Section 3

Scope of Awards Participants

Companies eligible for inclusion in the sBPR Awards include all EPRA members and constituents of the FTSE EPRA/NAREIT Developed Europe Index as at March 31st each year. The cut-off date for inclusion in the sBPR Awards assessment is June 30th each year.

Section 4

Assessment Methodology

Each year, a panel of sustainability reporting experts scores each eligible company's public disclosure against the following areas of the EPRA sBPR Guidelines:

–28 EPRA sBPR Performance Measures, consisting of environmental, social and governance measures.

–10 EPRA sBPR Overarching Recommendations which underpin good quality disclosure and should be applied when reporting EPRA's sBPR Performance Measures.

Review Procedure

1. A detailed primary review of annual reports is initiated by sustainability reporting experts at the end of the second quarter of the year, using a scorecard based directly on the EPRA sBPR.

2. A second review by a different member of the team is carried out.

3. Any discrepancies between the primary and secondary review score are addressed.

4. Any changes of Awards compared to the previous year are analysed and explained.

5. Companies are ranked according to their survey score.

6. Based on the results and after a moderation process, companies are identified for Gold, Silver or Bronze Awards.

7. The results are shared with EPRA to determine final allocation of Awards.

Section 5

Scoring and Writing Methodology

Allocation of points for Performance Measures

Half of the total points are allocated to the disclosure of the 28 Performance Measures across three weighted categories: environment, social and governance. Within this, the weighting for each Performance Measure and category is:

Performance Measures	Number of Performance Measures	Performance Measure Weighting	Category Weighting
Environment - Energy	7	35%	70%
Environment - GHG emissions	3	25%	
Environment - Water	3	15%	
Environment - Waste	2	15%	
Environment - Building certifications	1	10%	
Social - Diversity	2	25%	20%
Social - Employees	3	35%	
Social - Health and safety	3	25%	
Social - Community	1	15%	
Governance - Board composition	1	50%	10%
Governance - Board selection	1	25%	
Governance - Conflicts of interest	1	25%	

Scoring for these Performance Measures is assessed as 'Achieved' / 'Not achieved' / 'Not applicable'.

Disclosure on a Performance Measure is assessed as 'Not applicable' only when a valid reason is provided for not disclosing on a Performance Measure (for example, if there is no district heating/cooling, or a company has undertaken and publicly published a materiality review stating that an impact area is not material).

When a Performance Measure is deemed 'Not applicable', the company is not penalised in its score.

Allocation of points for Overarching Recommendations

Half of the total points are allocated to the application of the 10 Overarching Recommendations. Within this, the weighting is:

ORGANISATIONAL BOUNDARIES	5%
COVERAGE	10%
ESTIMATION OF LANDLORD - OBTAINED UTILITY CONSUMPTION	5%
THIRD PARTY ASSURANCE	5%
BOUNDARIES - REPORTING ON LANDLORD AND TENANT CONSUMPTION	10%
ANALYSIS - NORMALISATION	2.5%
ANALYSIS - SEGEMENTAL ANALYSIS (BY PROPERTY TYPE, GEOGRAPHY)	2.5%
DISCLOSURE ON OWN OFFICES	2.5%
ANALYSIS - NARRATIVE ON PERFORMANCE	5%
LOCATION OF EPRA SUSTAINABILITY PERFORMANCE MEASURE IN COMAPANIES' REPORTS	2.5%

Reporting in line with the Overarching Recommendations is assessed as:

– 'Fully compliant' (full point)

– 'Mostly compliant' (2/3 point)

– 'Partially compliant (1/3 point)

– 'Not compliant' (zero)

Disclosure on an Overarching Recommendation is scored as 'Not applicable' only when the Performance Measure to which it should have been applied is assessed as 'Not applicable'. In this case, the company is not penalised in its score.

The Overarching Recommendations relating to Materiality and Reporting Period are not scored. The purpose of Materiality is to inform whether a Performance Measure is 'Not applicable'. Reporting period is to provide guidance for organisations who want to report multi-year absolute data.

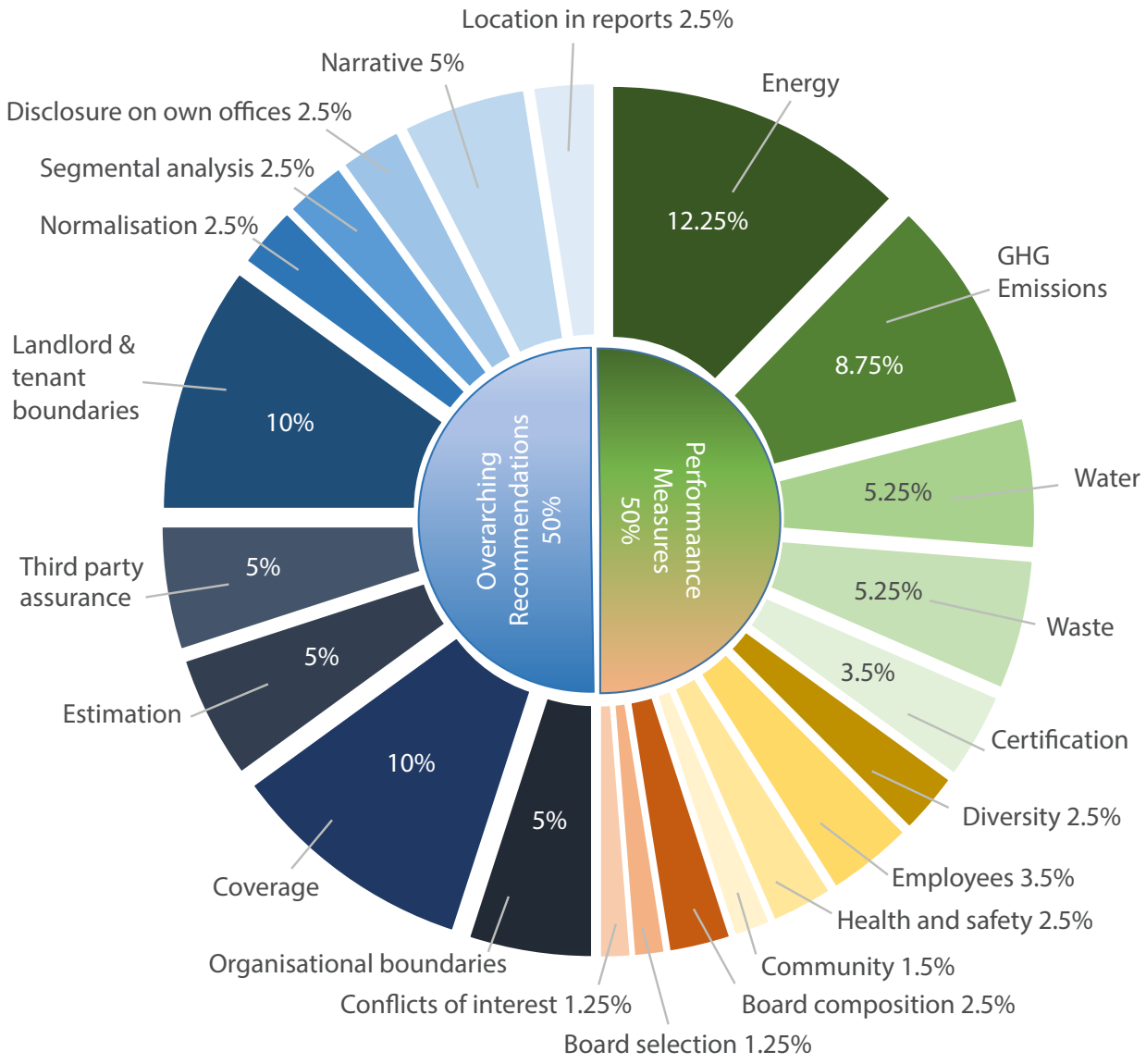


Figure 1 Awards assessment - criteria weighting

EPRA Assessment Methodology for the EPRA sPBR Awards - 2018

Section 6
Individual Feedback and Additional Support

Companies will receive an individual sBPR feedback report to help them identify main focus areas where disclosures need to be improved.

This individual report aims to provide a tangible roadmap for companies to meet the minimum threshold and to improve their sBPR reporting, and move from a lower category Award to a higher one, accordingly.

This feedback report is part of a range of initiatives introduced by the EPRA Sustainability Committee to enhance the non-financial reporting of listed property companies and to strengthen the adoption of the EPRA sBPR.

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