

EPRA Annual Report 2015
21 March 2016



2015

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EPRA is the European Public Real Estate Association

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CEO Summary

Introduction

2015 proved another fantastic year for EPRA. We have pushed forward significantly in a number of areas under our main activities: Reporting & Accounting, Research, Indices, and Investor Outreach, and, last but not least, Regulation and Advocacy. Membership continued to grow - we finished the year with 220 members, representing approximately €375bn of real estate assets.

Reporting & Accounting

The Reporting & Accounting function experienced the largest increase in EPRA Best Practice Recommendations (BPR) performance since we introduced the BPR in 2001. We had a 43% increase in the number of EPRA BPR medal winners in 2015 – 33 Gold medal winners, 18 Silver medal winners, and 9 Bronze medal winners. In 2015 approximately 95% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index use at least one EPRA BPR metric. We also welcomed Jean-Michel Gault of Klépierre to take over as Chairman of the Reporting & Accounting Committee from Lucinda Bell of British Land.

Sustainability

We continue to champion the EPRA Sustainability Best Practice Recommendations (sBPRs) and we noticed some interest in 2015. At least 75% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index use at least one EPRA BPR metric. We saw a total of 29 award winners – most encouragingly 21 of those were in the ‘gold’ award category. During the year, we renegotiated EPRA’s terms and conditions with GRESB to ensure listed companies are represented appropriately in the GRESB annual results.

Investor Outreach

EPRA consistently argues that exposure to real estate is a key component in diversifying investors’ portfolios. Doing so through blending private ownership with investment in listed real estate offers both the quality and location of assets which investors are searching for. This is one of our strongest messages. Not only this, but listed real estate companies offer professional management, transparency and strong corporate governance – in a tradable vehicle.

With this in mind, EPRA's global investor outreach takes a three pronged attack, focusing on Europe, North America and Asia-Pacific, with the largest portion of our efforts taking place in Europe. Amongst those meetings, the Private Client Broker (PCB) events in London have proven a big success with investors and real estate companies alike – the events offering a platform for the industry to pitch to the £500bn PCB market. We have also made progress with a number of the largest investors from the Nordics region in one-on-one meetings, promoting the importance of blended real estate allocations. Over recent years EPRA has been working hard to build-up relationships with investors in Germany who have traditionally invested privately. We have been actively promoting the benefits of the listed industry for investment in the urban landscape of German cities and providing stable long-term dividend yields well matched to pension fund liabilities.

In partnership with NAREIT, EPRA visited US investors on the East and West coast during the year and organized a reciprocal European investor tour in September. We value our relationship with NAREIT in a number of areas and we continue to work closely together.

EPRA's Hong Kong team continued their momentum meeting with a wide range of potential long-term investors. We held two European company tours in June and December, showcasing a total of 12 companies in the Asia-Pacific area, covering the major cities of Tokyo, Shanghai, Beijing, Hong Kong, Singapore and Seoul.

Investor Outreach Key figures in 2015:

Region	€ AUM (trn)
Continental Europe (Brussels Office)	4.0
UK & Nordics (London Office)	9.0
North America (with NAREIT)	3.5
Asia-Pacific (HK Office)	6.4

It is worth noting that back in 2012 the European sector was only 13% of the total global listed real estate sector. By the end of 2015 we were closer to 17% of the total with approximately €200 billion in market capitalisation terms. In 2015, FTSE EPRA/NAREIT Europe Index constituents raised approximately €10bn in equity and rights issues, and tapped the corporate bonds market for over €14.5bn.

FTSE EPRA/NAREIT Global Real Estate Index

Further consolidation of FTSE EPRA/NAREIT Global Index in 2015 saw revenue up by 32% on year-on-year basis – a phenomenal result, and allowing us to reinvest the capital in other areas of the business to help promote the industry. Throughout the year we have remained over US\$10bn point in AUM for FTSE EPRA/NAREIT global ETFs. Investment in the EPRA ETFs has a direct benefit to our members and the constituents of the Index.

Research

EPRA's research provides a fundamental backdrop for the industry, producing timely, relevant and accurate information and data based on the FTSE EPRA/NAREIT Index

series and its constituents. In addition, the academic research EPRA produces provides the backbone to the investor outreach programme. In particular the blended portfolios research clearly shows the benefits to investors of holding at least 25% of their portfolio in listed real estate companies. As part of EPRA's ongoing advocacy campaign, our co-operation with industry partner INREV on the 'Contribution of real estate to the European Economy and Society' establishes our importance at European Union level – it proves a fantastic 'calling card' with MEPs, the European Commission and national permanent representatives.

Regulation & Advocacy

EPRA was successful defending the role of REITs in the OECD's Base Erosion Profit Shifting (BEPS) Action Plan – in particular BEPS Action 6 in 2015. Our co-operation with industry partners resulted in a strong advocacy effort throughout the year, which ended in the OECD explicitly recognising REITs as a special vehicle. More importantly, the European Commission has stated that the BEPS position will be instrumental in their future proposals for the Capital Markets Union (CMU) and the Common Consolidated Corporate Tax Base (CCCTB), which aims to fight aggressive tax planning. We believe that gaining this recognition from the OECD is of significant importance for future regulatory projects.

The European Commission released its CMU Action Plan in September 2015. Subsequently, EPRA met with the key officials including Commissioner Jonathan Hill. CMU aims to create a platform for the efficient flow of cross-border capital in the EU. We outlined the economic benefits of promoting new REIT regimes in EU Member States and the opportunity for the cross-border recognition of REITs within the EU. In addition, we discussed the potential benefits to the insurance industry of lowering the excessive capital requirement of 39% for listed real estate under Solvency II.

Networking & Communications

Our flagship EPRA conference in Berlin was rated 'impressive' or 'excellent' by nearly 70% of delegate feedback. This was higher compared against the previous two recent years in Paris and London. Our 2015 London Insight event attracted over 350 delegates, clearly becoming a solid fixture in the industry calendar. Our media outreach is over 11,250 individuals from investor, company and consultant backgrounds, these contacts being kept up to speed through e-mails, print, Twitter, LinkedIn and the EPRA app. The EPRA website experienced an increase in unique visits of 38% in 2015. We continue our focused advertising campaigns in specialist media, ensuring we are hitting Summary the right investor audiences on a worldwide basis.

It has been another year of progress but we are always looking to improve. We conducted a member's strategy review in the fourth quarter of 2015 and feedback pinpointed a number of areas in which the membership suggested that EPRA should focus its efforts on in 2016. It is clear we need to improve communications with members and enhance our investor outreach capacity. I look forward to reporting progress in these areas in the 2016 annual report.

I would like to take this opportunity to thank you all for your continued support during

2015, the commitment and dedication of all of our members, sponsors and partner organisations is essential to our success. I would like to especially mention the various committees and committee Chairmen whose time and commitment is greater than ever. Finally, thanks to the EPRA Board of Directors and EPRA Advisory Board who have offered their experience and guidance to ensure EPRA remains the voice for the listed real estate sector in Europe.

A handwritten signature in black ink, appearing to read "Philip Charls", with a long horizontal flourish extending to the right.

Philip Charls
CEO
EPRA

EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

Mr. Philip W. Charls
Square de Meeus, 23

1000 BRUSSEL

Dear Mr. Charls,

1. This Engagement Letter confirms our appointment as auditor for the 2015 combined financial statements of the European Public Real Estate Association ("the Client"), so that both parties are aware both of the responsibilities of Ernst & Young Réviseurs d'Entreprises/Bedrijfsrevisoren ("EY") and of the areas in which the Client retains responsibility.

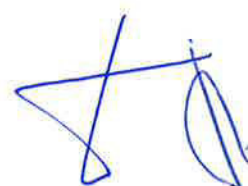
References in this Engagement Letter to "us" or "we" shall refer to EY and references to "the Client" shall refer to each and every party to the Agreement, other than us.

Scope of services

2. As auditor we are appointed to perform Assurance Engagements as defined in the Terms of Business, and consisting into reasonable assurance engagement or limited assurance engagement for the Client, as follows:
 - a. An engagement to audit and report on the consolidated financial statements of EPRA Association for the year ending 31 December 2015. The objective of our audit is to express an opinion on the fairness, in all material respects, of the presentation of the combined financial statements in conformity with the accounting policies and procedures applicable within EPRA.

Nomination and dismissal

3. We have been appointed for a period of one year that will end at the approval by the shareholders meeting of the combined financial statements for the year ended 31 December 2015.
4. Where the Client is required by the law to have an audit committee, the management will ensure the proposal made by the board of directors related to the auditor's appointment will be issued on the audit committee's proposal.

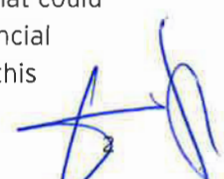


Audit responsibilities and limitations

5. We will conduct our Assurance Engagement in accordance with the International Standards on Auditing (ISA's). Those standards require that we obtain reasonable rather than absolute assurance that the combined financial statements are free of material misstatement whether caused by error or fraud. As you are aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud, and illegal acts. Accordingly, a material misstatement may remain undetected. Also, our Assurance Engagement is not designed to detect error or fraud that is immaterial to the combined financial statements.
6. The nature and extent of our procedures will vary according to our assessment of the Client's accounting systems, and, if reliance is placed on it, the internal control system, and may cover any aspect of the business' operations that we consider appropriate. Our Assurance Engagement is not designed to enable us to provide assurance on internal control or to identify all significant weaknesses in the Client's systems but, if such weaknesses come to our attention during the course of our audit that we believe should be brought to the attention of management or the directors, we shall report accordingly.
7. We will also discuss with management or the directors any matters of substance arising during our review of the Client's accounting systems and make any recommendations we have for improving the systems, without incurring any liability if we make no such communications.

Responsibilities and representations by management, the board of directors and the audit committee

8. Management, the board of directors and the audit committee of the Client are responsible for the preparation and fair presentation of the combined financial statements. This responsibility includes amongst others: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.
9. Management and the board of directors are responsible for adjusting the combined financial statements to correct material misstatements and for affirming to us in their representation letter that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the combined financial statements taken as a whole.
10. Management and the directors are responsible for apprising us of all allegations involving financial improprieties received by management or the directors the audit committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), and providing us full access to these allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading the auditors, or other allegations of illegal acts or fraud that could result in a misstatement of the combined financial statements or otherwise affect the financial reporting of the Client. If the Client limits the information otherwise available to us under this



paragraph (based on the Client's claims of lawyer/client privilege, work product doctrine, or otherwise), the Client will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of the Assurance Engagement and may prevent us from opining on the Client's combined financial statements; alter the form of report we may issue on such financial statements; or otherwise affect our ability to continue as the Client's independent auditors. The Client and we will disclose any such withholding of information to the audit committee or board of directors.

11. As required by the international standards on auditing, we will make specific inquiries of management about the representations contained in the combined financial statements and the effectiveness of internal control over financial reporting. Those standards also require that, at the conclusion of the audit, we obtain written representations from certain members of management about these matters. The responses to those inquiries, the written representations, and the results of our audit tests comprise the evidence we will rely upon in forming an opinion on the combined financial statements.

Fees and billings

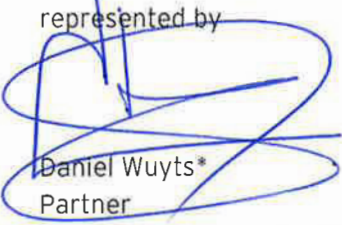
12. The fee for our 2015 Assurance Engagement will be 10.100 € (excluding VAT and including normal expenses) and will be adjusted annually with the cost of living index. The fee will be reviewed by and submitted to the audit committee and shareholders for approval.

The Terms of Business together with the Engagement Letter form the entire agreement between the parties ("the Agreement"). The signature of the Engagement Letter shall carry with your consent to the Agreement, including our Terms of Business.

If you agree, please countersign the Engagement Letter and return it to us, including its appendix.

Yours very truly,

Ernst & Young Bedrijfsrevisoren BCVBA/Réviseurs d'Entreprises SCCRL
represented by

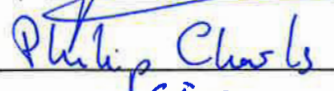


Daniel Wuyts*
Partner

* Acting on behalf of a BVBA/SPRL

EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

By: 


CEO

Date: 10 December 2015

Appendix: Terms of Business

Balance sheet as at 31 December 2015

(after profit appropriation)

Assets		31 December 2015		31 December 2014	
		€	€	€	€
Fixed assets					
<i>Intangible fixed assets</i>	(1)		315.229		217.772
website and database					
<i>Tangible fixed assets</i>	(1)				
Other fixed operating assets			49.288		57.986
<i>Financial fixed assets</i>	(1)				
Rental guarantee Brussels			46.305		46.305
Current assets					
<i>Accounts receivable</i>					
Debtors	(2)	1.123.243		900.751	
Amount receivable from					
Taxes and social insurance contributions		10.981		25.997	
Other accounts receivable	(3)	92.698		108.155	
			1.226.922		1.034.903
<i>Cash at banks and in hand</i>			6.050.040		5.188.159
			7.687.784		6.545.125

Statement of operating income and expense for the year 2015

	2015		2014	
	€	€	€	€
Revenue				
Membership fees	1.629.383		1.495.923	
Turnover Conference	256.500		184.729	
Sponsorship fees	292.000		187.800	
Investor outreach Asia	41.750		36.950	
FTSE index	3.160.359		2.196.889	
		5.379.992		4.102.291
Expense				
Cost of conference	205.644		287.810	
Wages and salaries (7)	2.495.100		2.420.961	
Depreciation on tangible fixed assets (8)	204.156		200.881	
Provisions staff	605.191		-	
Other operating costs (9)	<u>1.319.292</u>		<u>1.004.838</u>	
		4.829.383		3.914.490
Operating result		550.609		187.801
Interest income and similar income	54.922		66.195	
Interest expense and similar expense	<u>8.831</u>		<u>21.849</u>	
		46.091		44.346
Result from ordinary activities before taxation		596.700		232.147
Taxation on results from ordinary activities	-		9.451	
Taxation on result from other income	<u>0</u>		<u>0</u>	
		0		9.451
Result after taxation		596.700		222.697
Non recurring /Exeptional costs (10)	291.108			419.694
Non recurring /Exeptional income	<u>6.494</u>			
		284.614		
Result after exeptional costs		312.086		-196.998

Notes

The association was founded in the Netherlands on 12 October 1999.

The object of the association is to promote the European quoted real estate sector.

In June 2009 the association set up a BVBA and VZW in Belgium and moved its activities to Belgium.

In 2012 the identity 's in the Netherlands were liquidated.

In 2013 the Hong Kong branch was set up

The figures in the consolidated financial statements are the results of the Belgian and Hong Kong activities.

Principles for the valuation of assets and liabilities and the determination of the result

General

The principles in respect of the valuation of assets and liabilities and determination of the result are based on historical cost.

Insofar as not stated otherwise, monetary assets and liabilities are shown at nominal value.

Intangible fixed assets

The fixed operating assets are valued at acquisition cost. Depreciation is calculated according to the straight-line method on the basis of useful life. The rates of depreciation for database and website is 33,33 %

Tangible fixed assets

The fixed operating assets are valued at acquisition cost. Depreciation is calculated according to the straight-line method on the basis of useful life. The rates of depreciation for leasehold improvements of the office in Brussels is 11,11 %.

furniture 11,11 % - blackberry 50 %

The other fixed assets are depreciated at 20 % and 33,33 %.

Financial fixed assets

The rental guarantee is valued at nominal value.

Accounts receivable

Accounts receivable are stated at nominal value less allowances for doubtful debtors.

Allowances for doubtful debts are booked on an individual basis (case-by-case)

The exchange rate for open invoices on 31-12-2015 from British Pounds to Euro is 1,35554

Cash at banks and in hand

Cash at banks and in hand are stated at nominal value.

Provisions

The income equalization accounts are the deferred revenues of the invoiced memberships for the year 2015 and is valued at nominal value

Current liabilities

The current liabilities are stated at nominal value.

Balance sheet as at 31 December 2015

Fixed assets

Intangible fixed assets (1)

	website & database €	Total €
Balance as at 1 January 2015	518.073	518.073
Investments	292.091	292.091
Accumulated depreciation	494.936-	494.936-
Book value	315.229	315.229

Tangible fixed assets

Other fixed operating assets

	Furniture €	Computer and automatisation €	Leasehold improvements €	Total €
Balance as at 1 January 2015	47.325	66.503	65.660	179.488
Accumulated depreciation	33.249-	66.503-	30.485-	130.237-
Book value	14.076	-	35.175	49.251
Movements in book value				
Investments	7.439	-	8.480	15.919
Depreciation	6.715-	-	9.167-	15.882-
Balance	724	-	687-	37
Balance as at 31 December 2015				
Investments	54.764	66.503	74.140	195.407
Accumulated Depreciation	39.964-	66.503-	39.652-	146.119-
Book value	14.800	-	34.488	49.288

Financial fixed assets

	31 Dec. 2015 €	31 Dec. 2014 €
Rental guarantee Brussels	46.305	46.305

Current assets

Accounts receivable

<i>Debtors</i> (2)	31 Dec. 2015	31 Dec. 2014
	€	€
Nominal value of outstanding accounts receivable	1.123.243	908.251
Allowance for doubtful debtors	-	7.500-
	<u>1.123.243</u>	<u>900.751</u>

Taxes and social insurance contributions

	31 Dec. 2015	31 Dec. 2014
	€	€
Turnover tax (vat)	10.981	25.997
Corporation Tax	-	-
	<u>10.981</u>	<u>25.997</u>

***Other accounts receivable* (3)**

	31 Dec. 2015	31 Dec. 2014
	€	€
Prepaid rent Brussels	24.638	24.638
Prepaid rent & pension	-	11.765
Interest receivable	25.377	27.615
Other accounts receivable	42.683	44.137
	<u>92.698</u>	<u>108.155</u>

Equity

Other reserves

The result of the financial year is added to the other reserves.

Provisions

Income equalization account (4)

	31 Dec. 2015	31 Dec. 2014
	€	€
Membership fee 2014 received in advance	-	1.184.394
Membership fee 2015 received in advance	1.141.524	-
	<u>1.141.524</u>	<u>1.184.394</u>

Current liabilities

Taxes and social insurance contributions

(5)	31 Dec. 2015	31 Dec. 2014
	€	€
Turnover tax (vat vzw)	-	-
Income taxes to pay	-	-
Taxation on result from other income	-	-
Wage tax BVBA Belgium	129.194	94
Social security Belgium	-	-
Tax on intrests Belgium	511	2.803
	<u>129.705</u>	<u>2.897</u>

Remuneration and social security

(6)	31 Dec. 2015	31 Dec. 2014
	€	€
Net wages	127.913	96.923
	<u>127.913</u>	<u>96.923</u>

Statement of operating income and expense for the year 2015

Wages and salaries (7)

	2015	2014
	€	€
Gross wages and salaries (*)	2,495.100	2,420.961

(*) Wages and salaries increased from 2.421 k euro in 2014 to 2.495 k euro in 2015 due to :

- | | |
|--|------|
| 1. Epra salary increase 2015 - average 2,5 % : | 60 k |
| 2. Individual salary increase | 16 k |

European Public Real Estate Association

Depreciation on tangible fixed assets

(8)

	2015	2014
	€	€
Website and database	195.774	172.682
Furnitures	6.715	8.638
Computer and automatisisation	-	2.904
Leasehold improvements	9.167	9.167
Bad debts	7.500-	7.500
	204.156	200.891

Other operating costs (9)

	2015	2014
	€	€
Communication	234.305	167.494
Meetings and events	96.264	94.367
Travelcosts	287.794	220.749
Research	168.556	133.706
Office cost	288.555	267.566
Advisory	243.818	120.956
	1.319.292	1.004.838

Exceptionnal costs - due to special activities and start up branch Hong Kong (10)

	2015	2014
	€	€
Consultancy political lobbying	61.867	99.395
content messaging	-	-
Asia outreach	125.113	190.505
advertising	104.128	129.794
	<u>291.108</u>	<u>419.694</u>

Staff

During the financial year the Association employed an average of 11 employees in the following staff categories:

	2015	2014
Chief Executive Officer	1	1
Director research, indices, Investor outreach, reporting	1	1
Finance Director	-	1
Director digital media & publications	1	1
Head of administration & IT	1	1
Office Manager	1	1
Office assistant	1	1
Manager Research & Indices	1	1
Junior Analyst Research & Indices	2	2
Data management	1	1
EU regulations & reporting	1	1
Director investor outreach	1	1
EU regulations & public relations	2	1
Director Asia pacific	1	1
Assistent Asia	1	1
	<u>16</u>	<u>16</u>

Brussels,

1 maart 2016