Tipping the Balance
Foreward

JLL is delighted to announce the winners of the 3rd EPRA Sustainability Awards.

Sponsored by PGGM, the Awards are based on a review of public disclosure of sustainability performance of the 86 publicly listed real estate companies in the FTSE EPRA/NAREIT Developed EMEA Index1 as of March 31, 2014.

The EPRA Sustainability Best Practices Recommendations (sBPR) are intended to raise the standards and consistency of sustainability reporting for listed real estate companies across Europe. As with the EPRA Financial BPR awards, those companies judged to have the best compliance with the sBPR have been given gold, silver and bronze awards.

It is encouraging to see that the number of companies reporting at least one performance measure, as well as the number of companies achieving awards, has steadily increased over the past 3 years. In 2014, the balance has in fact been tipped: this year, the majority of companies disclosed at least one sustainability performance measure. For the first time this year, it can be said that those companies not disclosing are being left behind.

In addition to the increased uptake of the sBPR, we have also witnessed better-quality reporting, with 40% of companies improving their scores this year compared to last year, and the average score for all 86 companies rising from 22% in 2012, to 34% in 2014.

We congratulate all the award winners and improvers in 2014, especially British Land, Citycon, Klépierre and Unibail-Rodamco for consistently winning Gold awards over the last 3 years. We would also like to encourage those companies that have disclosed some form of sustainability information but have never won an award, to take further steps to understand what they need to do to ‘make it on to the podium’ next year.

For those who are ready to be challenged further on their sustainability reporting and for those who require clearer guidance to achieve an award-winning standard of reporting in 2015, the EPRA Sustainability Committee commissioned JLL to update the EPRA sBPR guidance, which has been launched at the EPRA annual conference on September 24th 2014. The new guidance provides greater clarity on the existing recommendations and incorporates new sustainability performance measures and overarching recommendations.

I would like to thank PGGM for sponsoring these awards in 2014 as well as EPRA and its Sustainability Committee for making this initiative so successful. Special thanks go to the dedicated reviewers in JLL’s Upstream Sustainability Services team for analysing all EPRA Index companies’ reports in detail – in particular Denise Michela Sofia and Lewis Claxton-Teagle.

Please contact myself or Andrew Saunders at EPRA if you would like any further information on the EPRA sBPR awards. We offer all EPRA members the option to discuss their results and can provide further recommendations on how you can improve your company’s results going forward.

We hope to see even more companies winning Gold awards in 2015!

Mathew Tippett

Director, Upstream Sustainability Services; and Head of Sustainability - Property & Asset Management

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1 A full list of companies in the FTSE EPRA/NAREIT Developed EMEA Index is provided at the end of this report.
The EPRA Sustainability Awards

The EPRA sBPR Awards were launched in 2011. The aim of the awards is to raise awareness around sustainability reporting amongst and beyond EPRA members and to encourage the uptake of the EPRA sBPR guidance. 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. This 3rd year of awards is the last to be based on the 1st version of the EPRA sBPR. Next year’s awards will assess disclosure against the 2nd version of the EPRA sBPR.

Award Process

Each year, a panel of JLL sustainability reporting experts scores each Index constituent’s public disclosure against the following 3 areas of the EPRA sBPR guidance:

EPRA sBPR Performance Measures, consisting of eight ‘absolute’ performance measures (which quantify total footprint) and three ‘intensity’ measures (which divide the total footprint by a relevant denominator like floor area).

EPRA sBPR Overarching Recommendations, consisting of seven principles which underpin good quality disclosure and should be applied when reporting EPRA’s Sustainability Performance Measures.

Disclosure Coverage, consisting proportion of the portfolio (by number, floor area or value) which has been reported on.

Announcement of EPRA sBPR Award Results

The awards winners are announced each year at EPRA’s annual conference.

Individual Feedback on Awards and Results

Following the awards, JLL provides all EPRA members with the opportunity to discuss their results and can provide further recommendations on how to improve their results going forward.
“EPRA is extremely pleased to see once again an increase in disclosure in line with EPRA’s Sustainability Best Practice Recommendations, both in terms of the number of companies reporting, up to 57% from 50% in 2013, and by market cap, up to 74% from 73% in 2013. The tipping of the scales this year can be seen as a significant milestone in our ambition to make best practice sustainability reporting the status quo among European Real Estate PLC, while reminding us also that there is still some distance to go.”

Andrew Saunders, Finance Director

EPRA
We are delighted to present Gold awards to the following 16 companies for achieving exceptional compliance with the EPRA Sustainability BPR in their public reports and disclosures.

**Highlights**

- First year where a company received full marks
- 81% of Gold Medallists reported all 11 indicators with the remaining 19% reporting 10
- 94% of Gold Medallists received 100% for their disclosure of organisational boundaries
- 94% of Gold Medallists presented their data through meaningful segmentation
- 50% increase in disclosure of like-for-like performance measures amongst Gold medal holders
- 63% of Gold Medal holders assured their sustainability data

**Gold Award Winners**
Silver Award Winners

We are pleased to present Silver awards to the following 5 companies for compliance with the EPRA Sustainability BPR in their public reports and disclosures.

CÓRIO Hammerson
SOCIETE DE LA TOUR EIFFEL WERELDHAWE
Shaftesbury PLC

Bronze Award Winners

We are pleased to present Bronze awards to the following 6 companies for compliance with the EPRA Sustainability BPR in their public reports and disclosures.

alstria Befimmo
DIC Sponda
WERELDHAWE BELGIUM

“The EPRA sBPR Performance Measures ensure companies disclose their performance in a truly informative way for investors. It is encouraging to see more companies disclosing their environmental performance against EPRA’s sBPR Performance Measures. I would strongly encourage all those companies yet to disclose to join the majority in disclosing their environmental impacts”.

Hans Op ‘t Veld, Head of Listed Real Estate
PGGM
Spotlight on…

‘Solid Gold’

The number of Gold award winners has doubled in one year to 16 companies. Of these, a special mention goes to four companies who have achieved a Gold award for all three years of the EPRA sBPR awards. These consistently outstanding performers are:

In addition to this, as members of EPRA’s Sustainability committee, Unibail-Rodamco, British Land, Klépierre and Citycon have played an important role in pioneering sustainability reporting standards for the publicly listed Real Estate sector.

All Gold award winners, but particularly these companies are ready to be challenged further in their sustainability reporting and disclosure. The new EPRA sBPR guidance aims to do just this – raise the standards for those who have already reached them.

‘Zero to Hero’

This year 37 companies did not report on any sustainability performance measures and further 22 companies reported on at least one sustainability performance measure but did not receive a medal. This does not mean that these companies can’t be Gold winners in 2015!

As we have seen both in 2013 and 2014, companies can go ‘from zero to hero’ in a year. For example, this year, we would like to congratulate:

In 2013, Grainger published a sustainability report, but did not achieve an award. In 2014, they achieved a Gold award.

In 2014, following the launch of their first sustainability strategy, Beni Stabili published its first sustainability report, and won a Gold award.

These companies demonstrate that it is not too late (or too challenging) for even more companies to join the Gold award winners in 2015.
Missed the podium again?

Some companies have made a significant effort to report on their environmental impact, demonstrating their motivation to provide investors with transparent disclosure of their sustainability performance. But despite their efforts, they have missed the podium again in 2014.

**Why?** The majority of companies who marginally missed the podium report their absolute consumption of electricity, fuels and water and their direct and indirect greenhouse gas emissions, as well as at least two intensity indicators. Disclosure of these performance measures is sometimes also accompanied by a clear narrative explaining the trends in their data.

However, often these companies’ limited disclosure against the EPRA sBPR overarching recommendations has prevented them from obtaining the recognition achieved by some of their peers. For example, these companies often fail to disclose:

- the approach they have taken when defining organisational boundaries;
- like-for-like performance measures – so that the trend for consistent portfolios can be seen;
- clear labelling of data to distinguish consumption that is obtained by the landlord but sub-metered to tenants and consumption that is tenant-obtained; and
- where possible, segmental analysis of their portfolio’s performance (e.g. data broken down per asset type or per country)

Sustainability performance data is fundamental, but where disclosure lacks context investors and stakeholders cannot tell how much influence a company may have in reducing environmental impacts (and operating costs) in their buildings. Ultimately this means that the sustainability risks and opportunities of investing in such real estate companies are less clear.

In 2015 the sBPR awards will be assessed against EPRA’s updated sBPR guidance, which will further challenge companies and at the same time provide more clarity on the recommendations. We hope this will provide an opportunity for these companies to revisit the guidance in detail and motivate this group of companies to grab a spot on the podium in 2015!
Reporting Developments

We are pleased to announce the publication of the second version of the EPRA sBPR guidance this year.

The second version of the EPRA sBPR draws on the new Global Reporting Initiative (GRI G4 CRESSD) guidelines and continues to complement the existing and well established EPRA Financial BPR. Furthermore, the second version of the guidelines meets the following objectives:

- To provide further clarity, conciseness and support for companies wishing to disclose their performance in accordance with the EPRA sBPR guidelines.
- To raise the bar and further challenge those companies already reporting on the performance measures and overarching recommendations included in the first version of the guidelines.

We hope that the process of reporting in line with the new guidelines will facilitate a greater understanding of the environmental impacts associated with your company’s activities, leading to efficiency gains and ultimately, lower operating costs.

"Public disclosure of data is a fundamental component of a sustainable approach to real estate. EPRA aims to bring greater consistency and clarity to companies' disclosure around their environmental performance. By releasing the updated 2nd version of the EPRA Sustainability Best Practice Recommendations at this year’s conference, we hope to further enhance stakeholders’ access to quality environmental performance data that clearly states the positive direction of travel within the sector."

Olivier Elamine, Chair of EPRA Sustainability Committee

alstria

What’s new?

The key changes in the updated sBPR guidance include:

- 7 new sustainability performance measures
- 3 new overarching recommendations
- Further clarity around the existing overarching recommendations and sustainability performance measures
Is Disclosure Enough?

The increased disclosure of EPRA's sustainability performance measures is an encouraging signal that companies see the importance of monitoring and disclosing such data. But is disclosure on its own enough? How well are public real estate companies actually performing? Are buildings being more efficiently designed and managed?

Analysis of like-for-like performance can help us understand whether the performance of buildings is improving year on year. To the right is an example of the most recently disclosed like-for-like water consumption.

In November 2014 JLL and EPRA will publish a more detailed report on performance trends in for energy and waste EPRA sBPR Performance Measures. To encourage continuous improvement of portfolios we will be looking for evidence that companies are not only collecting accurate and complete data but using it strategically to create meaningful results. We hope that this will help to shift the focus from disclosure to establishing reduction targets and improvement plans which translate to optimal use of resources on the ground.

Are buildings using less water over time?

Surprisingly few companies are reporting like-for-like water consumption

In 2014, 25% of companies reported like-for-like water consumption. Considering many companies have been reporting on sustainability performance measures for several years, it is somewhat surprising that the number of companies reporting on like-for-like data is still so low. In fact, like-for-like reporting is almost exclusively reported by award winning companies, as 95% of those disclosing this data were Gold, Silver or Bronze award winners.

Of the companies with like-for-like portfolio data, 13 of 22 (59%) of these reduced their water consumption

Where like-for-like portfolio data exists for successive years, comparative analysis shows that 59% of companies reduced their water use in 2013 compared to 2012 and 41% increased their like-for-like water consumption.

Making sense of the data

Whilst like-for-like data is informative, the narrative accompanying this data is fundamental in explaining performance trends. Does a company already have an extremely efficient portfolio? Have new tenants affected the consumption? Has operational management improved or new equipment been installed?

“Disclosure is crucial, but in sustainability the focus is moving from 'have you reported' to 'how well are you doing' - this report gives a foretaste of differences in performance that are now in the public domain.”

Matthew Tippett
Director, Upstream Sustainability Services; and Head of Sustainability - Property & Asset Management
JLL
Table 1: Percentage change in like-for-like water consumption between 2012 and 2013

<table>
<thead>
<tr>
<th>Company</th>
<th>Like-for-like % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unibail-Rodamco</td>
<td>-9%</td>
</tr>
<tr>
<td>Great Portland Estates</td>
<td>-7%</td>
</tr>
<tr>
<td>EuroCommercial</td>
<td>-7%</td>
</tr>
<tr>
<td>Wereldhave</td>
<td>-6%</td>
</tr>
<tr>
<td>Sponda Oyj</td>
<td>-5%</td>
</tr>
<tr>
<td>Klépierre</td>
<td>-4%</td>
</tr>
<tr>
<td>Beni Stabili</td>
<td>-4%</td>
</tr>
<tr>
<td>DIC Asset AG</td>
<td>-2%</td>
</tr>
<tr>
<td>Intu Properties</td>
<td>-2%</td>
</tr>
<tr>
<td>Foncière des Régions</td>
<td>-1%</td>
</tr>
<tr>
<td>Citycon</td>
<td>-1%</td>
</tr>
<tr>
<td>Wereldhave Belgium</td>
<td>-1%</td>
</tr>
<tr>
<td>Technopolis</td>
<td>-1%</td>
</tr>
<tr>
<td>Befimmo-Sicafi</td>
<td>0%</td>
</tr>
<tr>
<td>Hamborner REIT AG</td>
<td>2%</td>
</tr>
<tr>
<td>British Land</td>
<td>3%</td>
</tr>
<tr>
<td>Derwent London</td>
<td>3%</td>
</tr>
<tr>
<td>Gecina</td>
<td>4%</td>
</tr>
<tr>
<td>Cofinimmo</td>
<td>4%</td>
</tr>
<tr>
<td>Land Securities Group</td>
<td>6%</td>
</tr>
<tr>
<td>alstria</td>
<td>9%</td>
</tr>
<tr>
<td>Segro</td>
<td>49%</td>
</tr>
</tbody>
</table>
Index Constituents List

The following 86 companies were constituents of the FTSE EPRA/NAREIT Developed EMEA Index as at March 31, 2014 (companies disclosing some sustainability-related data are shown in **bold**):

- Aedifica
- Affine
- Allreal HldN
- Alstria Office
- ANF-Immobilier SA
- Befimmo-Sicafi
- Beni Stabili
- Big Yellow Group
- British Land
- BUWOG-Bauenund Wohnen GmbH
- Calimmo
- Capital And Counties Properties
- Castellum
- Cofinimmo
- Conwert Immobilien Invest
- Corio
- Daejan Hdg
- Derwent London
- Deutsche Annington Immobilien AG
- Deutsche Euro Shop
- Deutsche Wohnen AG
- Development Securities
- DIC Asset AG
- Dios Fastigheter AB
- Eurobank Properties Real Estate Investment Co
- EuroCommercial Ppty
- FABEGE
- F & C Commercial Property Trust
- F & C UK Real Estate Investments
- Fastighets AB Balder B
- Foncière des Régions
- Gagfah
- Gecina
- Grainger
- Great Portland Estates
- Hamborner REIT AG
- Hammerson
- Hansteen Holdings
- Helical Bar
- Hemfosa Fastigheter AB
- Hufvudstaden A
- Icade
- Igd-Immobiliare Grande Distribuzione
- Inmobiliaria Colonial SA
- Intervest Offices And Warehouses
- Intu Properties
- Klepierre
- Klovorn AB
- Kungsleden
- Land Securities Group
- Leasinvest-Sicafi
- LEG Immobilien AG
- London Metric Property
- Medicx Fund
- Mercialys
- Mobimo
- Nieuwe Steen Inv
- Norwegian Property ASA
- Picton Property Income
- Primary Health Prop
- Prime Office AG
- PSP Swiss Property
- Quintain Estates and Development
- Redefine International
- Safestore Holdings
- Schroder Real Estate Investment Trust
- Segro
- Shaftesbury
- Societe de la Tour Eiffel
- Sponda Oyj
- Standard Life Inv Prop Inc Trust
- St Modwen Properties PLC
- Swiss Prime Site
- TAG Immobilien AG
- Technopolis
- UK Commercial Property Trust
- Unibail-Rodamco
- Unite Group
- Vastned Retail
- Wallenstam AB
- Warehouses De Pauw
- Wereldhave
- Wereldhave Belgium
- Wihlborgs Fastigheter
- Workspace
JLL is a financial and professional services firm specialising in real estate. The firm offers integrated services delivered by expert teams worldwide to clients seeking increased value by owning, occupying or investing in real estate. With 2013 global revenue of more than $4 billion, JLL serves clients in 75 countries from more than 200 corporate offices. The firm is an industry leader in property and corporate facility management services, with a portfolio of approximately 3 billion square feet worldwide. LaSalle Investment Management, the company’s investment management business, is one of the world’s largest and most diverse in real estate with $47.7 billion of assets under management. The firm is an industry leader in Energy and Sustainability services, available in all key markets. We have over 1400 energy and sustainability accredited professionals within JLL globally (more than any other firm worldwide), and around 160 individuals dedicated solely to delivering sustainability advice to clients.

As market leaders in sustainability reporting, we are well positioned to help organisations understand and adopt EPRA’s sBPR in their upcoming reporting cycle. For further information, please visit our website: www.jll.co.uk/sustainability

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 200 active members, EPRA represents over EUR 300 billion of real estate assets and 90% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index.

Through the provision of better information to investors, improvement of the general operating environment, encouragement of best practices and the cohesion and strengthening of the industry, EPRA works to encourage greater investment in listed real estate companies in Europe.

Founded in 1999, EPRA is a not-for-profit association registered in Belgium. The association is governed by a Management Board, which delegates some of its functions to an Executive Board. www.epra.com

PGGM is convinced that contributing to a sustainable world helps create a valuable future for our clients’ beneficiaries. Responsible investment is therefore an integral part of the investment approach of PGGM. Responsible investment means that we consciously take account of environmental, social and governance (ESG) factors in our investment activities. We believe that responsible investment pays off, that there is no good and stable return in the long term without sustainable development, and that the driving force of money can make a positive contribution to sustainable development. For that purpose we also engage in dialogue with listed and non-listed real estate companies and funds to improve their sustainable performance. PGGM co-founded GRESB for that purpose, and is active in sustainability committees of real estate associations. www.pggm.nl