PRESS RELEASE

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EPRA
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REAL ESTATE ASSOCIATION

European Public Real Estate Association (EPRA) commissioned model allows investors to compare value of ESG contributions in investments

EPRA has taken the listed real estate sector industry a step further in its drive for transparency. A model developed by Concordia University, under a research paper commissioned by EPRA, for the first time addresses investors' inability to access standardised metrics for evaluating the monetary value and impact of property companies' contributions to ESG initiatives. The model, detailed in the research paper *Values of ESG contributions by investing in European public real estate companies*, calculates the real-terms monetary value of a public company's contribution to a range of environmental, social and governance activities, among which reductions in carbon emissions, water consumption and waste, as well as employee training activities and community donations.

This new development means that investors will have a consistent benchmark against which to calculate and compare the ESG commitment of prospective investments for the first time.

The proposed model was applied to a certain number of real estate companies in Europe covered by EPRA. The results indicate that an average European property company can contribute to ESG activities by reducing its negative environmental impact via carbon emissions (EUR 4.8 million), water consumption (EUR 2.0 million) and recycling waste (EUR 0.66 million), as well as through positive social contributions dedicated to employee training (EUR 0.42 million) and community donations (EUR 0.56 million). In total, an investor can contribute to ESG activities by investing in a European listed property company by EUR 8.34 million, annually.

Erkan Yönder from Concordia University, one of the authors of the report, said: "Our project is the first one to create a value model to determine the value of contributions to ESG activities through investing in property companies. Moreover, we developed a dynamic machine learning model to estimate euro contributions to ESG through social contributions and reducing environmental impacts. The study attracted attention from Canadian pension funds, and we are currently developing a Canadian version of the study with researchers from Global Risk Institute, supported by Canadian pension funds."

Ali Zaidi, Director of Research and Indexes, EPRA, said: "Until now there was no concrete valuation reflecting the ESG activities of companies in the real estate industry, which is after all responsible for 40% of carbon emissions. This project helps investors understand how much of every euro they spend on a property company contributes to ESG activities and helps them improve their understanding of how ESG activities affect companies' financial performance, particularly in the long-term."

"This has not just been an issue for the listed real estate sector but continues to be a challenge across many sectors. We hope that our work here leads the way for other industries to develop similar frameworks that can benefit everyone. We hope that the recently launched EPRA sustainability Best Practices Recommendations database will result in more quality data."

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About EPRA

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 275 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 450 billion of real estate assets* and 94% of the market capitalisation of the FTSE EPRA Nareit Europe Index. EPRA's mission is to promote, develop and represent the European public real estate sector. We achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices and the cohesion and strengthening of the industry. Find out more about our activities on www.epra.com.

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