

EPRA exceeds targets in its drive for higher standards of financial reporting as a record 78% of benchmark Index members win Awards - Deloitte

The European Public Real Estate Association (EPRA) has surpassed its 2018 targets for the number of listed property companies complying with its Best Practices Recommendations (BPR), the industry-leading standard for disclosure and transparency in financial reporting.

Dominique Moerenhout, EPRA CEO, said: “I am very pleased to report that in 2017 we have exceeded the targets set in the EPRA strategic plan. This year 75% of the companies in the survey gained an Award, setting a new record high of 106 companies to comply with the EPRA BPR, representing 88% by market capitalisation. That compares with the 76 companies that received Awards in 2016 and exceeds the target of 90 that EPRA set itself to reach by 2018. This great success does not however mean that we will rest on our laurels. In the year to come, we will continue working to maintain and improve the BPR quality and further build investors’ confidence in the reporting benchmark standards.”

Low levels of compliance with the BPR emerged as a concern of EPRA members in the 2015 Strategy Review. EPRA’s Reporting & Accounting Committee launched a successful engagement programme to lift compliance levels, since the BPR form a vital part of the Association’s mission in raising standards of transparency and disclosure.

There are 65 Gold Awards winners in 2017, compared with 47 last year, representing a 38% increase. Silver Award winners totalled 29, an increase of eight from last year, while a dozen companies received Bronze Awards (nine in 2015). Twenty-two companies reviewed last year either gained an Award for the first time or were awarded one in a higher category. Altogether, the 106 Award winners account for 88% of the market capitalisation of the companies surveyed.

Jean-Michel Gault, Chairman of EPRA’s Reporting & Accounting Committee and Deputy CEO of Klépierre, said: “The Committee has worked hard to persuade non-compliant companies that it is in their interest to adopt the BPR as well as giving feedback to the partially compliant on how they can attain a Gold Award. The BPR gained a proper legal copyright framework earlier this year, ensuring that this industry-leading set of standards inspires the confidence of investors and companies. There is still more work to do, however, and many companies still need to be persuaded of the merits of improving their transparency and disclosure.”

Deloitte grants the Awards based on its analysis of 2016 annual reports of the 102 constituents of the FTSE EPRA/NAREIT Developed Europe Index and the reports of another 40 companies that are not index constituents.

Its analysis focused on six BPR: Earnings Per Share (EPS), Net Asset Value (NAV), NNAV (triple net asset value), Net Initial Yield (NIY), Vacancy Rate and Cost Ratios. It also examined information provided by companies on their investment properties.

Deloitte found that the most widely used BPR metric is NAV, with 98% Index members reporting it. EPS and NNAV followed. The Cost Ratio metric was the least utilised by Index members, although 61% of them still used this measure of changes in a company’s operating costs. The biggest

improvement in the use of BPR was for NIY, which was adopted by 73% of Index members, a 12-point increase from last year – although not all of the companies provided the required calculation details.

Emmanuel Proudhon, Partner at Deloitte France, said: “This impressive level of adoption has been achieved thanks to various support initiatives led by EPRA such as one-on-one meetings, but also thanks to workshops that EPRA and Deloitte have organised in Germany, Spain, Sweden and in the UK. For the first time last year, companies have received an individual BPR feedback report prepared by EPRA and Deloitte. It has been very useful for companies to identify main areas where disclosures were to be improved. EPRA’s drive has taken compliance with the BPR to the next level and we expect this momentum to continue.”

ENDS

About EPRA

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 240 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 430 billion of real estate assets* and 86% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index. Through the provision of better information to investors, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the industry, EPRA works to encourage greater investment in listed real estate companies in Europe.

**European companies only*

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 245,000 professionals are committed to becoming the standard of excellence.

Our real estate teams offers a breadth of capability and an innovative approach unequalled in the market. Combining property services with financial and business advisory expertise to deliver integrated solutions, we apply a depth of insight drawn from our understanding of all industries and sectors.

Our team combines traditional property services with financial and business advisory expertise to deliver integrated solutions on the most simple assignment to the most complex. We apply a depth of insight drawn from our understanding of all industries and sectors to advise occupiers, lenders, investors and the public sector on every aspect of real estate in an increasingly complex world.

© 2017 Deloitte SAS. Member of Deloitte Touche Tohmatsu Limited

For more information please contact:

Steve Hays, Bellier Financial: +31 (0)20 419 0901, steve.hays@bellierfinancial.com

Kasia Jasik-Caínzos, EPRA: +32 (0)4 78 88 79 08, k.jasik@epra.com

Priscille Holler, Deloitte : +33 (0)1 58 37 93 76, pholler@deloitte.fr