
PRESS RELEASE

Financial Reporting Quality Leaps in European Listed Real Estate as Two-Thirds of EPRA Index Achieve Highest Standards - Deloitte

Paris, September 7, 2016: The quality of financial reporting by European listed real estate companies has sharply increased with close to two thirds of companies by market cap in the EPRA Index receiving Gold Awards for achieving the highest levels of compliance with the Best Practice Recommendations (BPR) of the European Public Real Estate Association (EPRA) at its Annual Conference in Paris on Wednesday.

The awards results were determined following an analysis of the companies' 2015 annual reports by Deloitte Real Estate.

Philip Charls, EPRA CEO, said: "Raising the quality of financial reporting in the European listed real estate industry by improving the level of compliance with the EPRA BPRs is a top priority. So this is a fantastic result. It means investors and financiers are getting much better transparency and comparability than previously when assessing the performance of companies. Thanks to the strong push by the EPRA Reporting and Accounting Committee we have hit the bullseye. We attained our targets for increasing the number of companies receiving BPR Awards generally and for those climbing to the pinnacle of best practice by reaching the Gold Standard. The message that you cannot be a top listed real estate player, and be viewed as having the best professional management, without delivering compliance with these industry benchmarks has obviously hit home in the market."

Some 46 EPRA BPR Gold Awards were granted this year versus 33 in 2015, while there were 21 Silver and 9 Bronze Awards (2015: 18 and 9).

Jean-Michel Gault, Chair of the EPRA Reporting & Accounting Committee and Deputy CEO of Klépierre said: "The Reporting & Accounting Committee has set itself a challenging goal, but thanks to the commitment of the EPRA finance team and specialist investors, we have seen impressive rises in disclosure and compliance over the past year. Together with the support of EPRA members, we intend to build upon this success with the ultimate target of achieving high standards of reporting transparency across the European listed real estate industry."

The scoring that determines the level of Awards granted reflects the emphasis the BPRs place on six key performance measures: EPRA Earnings; NAV (net asset value); NNNAV (triple net asset value); Initial Yields; Vacancy Rates and Cost Ratios; as well as on a series of general recommendations.

The most widely utilised metric in European listed real estate corporate reporting is EPRA NAV, with EPS (earnings per share) and NNNAV following closely behind. Net Initial Yields and Vacancy Rates come next, while Cost Ratios have just surpassed the 50% threshold for reporting by companies.

Impressive rises in disclosure have been seen in the individual metrics over the past year among firms in the Europe Index: The number of companies disclosing EPRA EPS was 81% (+14% on the 2015 survey) of which 76% included a full reconciliation to IFRS earnings. Some 97% of firms now report EPRA NAV, compared with 88% last year. Disclosure of

EPRA NNNAV reached 72% (+9%) and 53% of these companies are now presenting either one or two of the EPRA cost ratios.

Emmanuel Proudhon, Director at Deloitte France said: “The growth in compliance with the EPRA BPRs continues to gain momentum and we’ve seen steady advances over the last few years. There are also an expanding number of companies achieving the highest standard of a Gold Award. No other listed real estate market globally has such a comprehensive performance assessment framework and the European companies are clearly further raising their game to compete for capital with other markets and equity sectors.”

About EPRA

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 220 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 365 billion of real estate assets and 93% 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.

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