



# EPRA

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

## EPRA Annual Report 2018

EPRA CEO's Report and  
Financial Statements

15  
MARCH  
2019

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### ABOUT EPRA

EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. With more than 270 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, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the industry.

*\*European companies only*

## Statement by the CEO

### A YEAR OF EXPANSION

2018 was a year of growth for the Association, marked by a significant output on the research side, a ramping of the number and geographical reach of investor and company meetings, expansion of REIT regimes in Europe and a record-level of financial and sustainability Best Practices Recommendations Awards.

To ensure that the EPRA members fully benefit from our outreach activities and to boost members' engagement, we appointed a dedicated Membership Manager. This move has already yielded results, with the Association marking another record-breaking year for membership, with the total reaching over 270.

### INCREASED RESEARCH OUTPUT

Over the course of 2018 EPRA has published a number of important and comprehensive reports on the sector, which explored key listed real estate trends such as effects of debt diversification on company performance, the impact of share buybacks and special dividends on REIT share prices as well as the long-term implications of ETFs on our industry. Our research conducted with CEM Benchmarking on asset allocation, cost of investing and performance of European DB pension funds assessed the strong performance of the listed real estate sector in European pension funds, sending a clear message that our sector is delivering and has an obvious and central place in any diversified portfolio.

EPRA-backed research conducted by RealFoundations on the impact of emerging technologies on European listed real estate provided our members with clear action-points on how to navigate technological change and leverage this opportunity.

At the same time, we also strengthened our research team to ensure that all our publications are always backed-up by high-level research and to further grow our in-house offering in this domain.

### EXPANDED INVESTOR OUTREACH

In 2018, there has been a strong focus on fostering relationships with specialist investors and attracting the generalist ones that traditionally have been more challenging for the listed real estate industry to reach.

As part of EPRA's ongoing commitment to expand its investor outreach footprint across Europe, we co-organised the inaugural Iberian REIT Summit in Madrid and kept the momentum of the previous year by hosting numerous seminars and roundtables with the investor community, regulators and local associations as well as several private wealth manager events. We presented the sector and moderated various industry initiatives, and continued our global outreach through our successful biannual Asia Week programme as well as by representing our membership in the US with our American sister association, Nareit.

2018 marked a significant year for the European sector through the implementation of the MiFID II regulation in January. As companies and investors adjust to the realities of MiFID II and how they impact on their relationships and corporate access, EPRA was pleased to host our first large-scale Corporate Access & Market Insights Day in London, which proved to be a great success with over 20 companies meeting with more than 50 investors. The feedback has been overwhelmingly positive, and shows that the prospects for the future are promising, with plans to hold two similar corporate access days in 2019.

## SUCCESSFUL EPRA CONFERENCE

To continue on the events front, our flagship Annual Conference won a Bronze Award in the European Association Awards 2018, which recognises exceptional achievements and creativity in the Best Association Conference category. I am already looking forward to the 2019 edition, which will bring us back to Madrid to celebrate EPRA's 20<sup>th</sup> anniversary and discuss disruption in European real estate from a political and socioeconomic perspective.

## RAISED AWARENESS AT NATIONAL & EU LEVELS

Thanks to the continuous efforts of our public affairs team, we recorded several positive developments on the REIT regimes front: the Italian government amended an existing regulation concerning Individual Saving Plans ('PIR') to include REITs as eligible; the Polish Ministry of Finance presented the long-awaited consultation on their REIT regime and plans for the launch of a Portuguese REIT regime became more concrete.

On the EU advocacy level, we have been relentless in raising the listed sector's profile by showcasing the sector's main benefits and characteristics, ranging from regulation and accountability to transparency, sustainability and investment performance, via numerous in-house publications.

On the sustainable finance front, EPRA has been a strong advocate of the extension of the scope of the EU Sustainable Finance package to include direct investments in public equities (company shares), next to green bonds and financial products.

## STRENGTHENING SUSTAINABILITY

Our industry-leading guidance on sustainability Best Practices Recommendations (sBPR) continues to reach an ever increasing number of companies and yield record-breaking results. 2018 was the first year that social and governance Performance Measures were included in the sBPR assessment and it already showed promising results. To make sure our members are getting the right level of support in the implementation of ESG metrics, new experts have been welcomed to the sBPR Advisory Panel.

The year was rounded-off with over 110 attendees at the annual ESG Workshop, covering the role of the building sector in mitigating climate change and the financial risks associated with it, promoting well-being in companies' sustainability strategies as well as boosting inclusive and diverse communities. During the Workshop, we also welcomed the new Committee Chair Louise Ellison, who took over from Olivier Elamine.

And to demonstrate our commitment to sustainability and decrease our carbon footprint, our flagship publication - the EPRA Industry Magazine - has been made available as a multi-media app.

## NEW HEIGHTS FOR FINANCIAL REPORTING

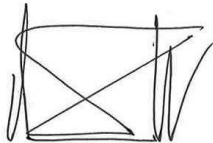
On the financial reporting side, our Best Practices Recommendations (BPR) continue to stand out and serve as the leading guideline to investors and stakeholders in assessing the quality and comparability of the reporting of companies. In 2018 we followed the precedent set in the previous year and further exceeded the targets set in the EPRA 2016-2018 strategic plan. While these results are truly rewarding and mark an achievement in the BPR initiative, we will now take this opportunity to reach the next stage in the BPR uptake by increasing the focus on the quality of the reporting.

Following on the success of the previous years, EPRA hosted the third edition of the Reporting & Accounting Workshop in Paris focused on behavioural finance. In addition, Olivier Elamine succeeded to Jean-Michel Gault in his role as Committee Chair.

I take the opportunity to thank Jean-Edouard Carbonnelle and Hans Op't Veld, who stepped down from the Board of Directors as well as Peter Finkbeiner who stepped down from the Advisory Board in 2018, for their active support and commitment to the Association. At the same time, I was pleased to welcome Jean-Pierre Hanin and Isabelle Scemama to the Board of Directors and Jonathan Murphy to the Advisory Board.

Overall, 2018 was a successful year, filled with many tangible achievements delivered by all EPRA departments to our members' benefits. I am now looking forward to making 2019, which marks our 20<sup>th</sup> anniversary, an outstanding year for the sector, and I welcome the possibility to work with all our members and industry stakeholders to make this happen.

Finally, I would particularly like to thank our stepping down Chairman Christophe Cuvillier as well as our recently appointed Chairman Rolf Buch for their leadership. Together with the whole Board of Directors and Advisory Board, the various EPRA Committees, their members and Chairmen they constitute the mainstay of EPRA's work. Without everyone's valuable commitment, EPRA would not be able to serve its membership and promote the sector.



**Dominique Moerenhout**

**EPRA CEO**



## Independent auditor's report

### Unqualified opinion

We have audited the consolidated financial statements of European Public Real Estate Association and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statement of operating income and expense for the year then ended, and the notes to the consolidated financial statements, including a summary of accounting policies and procedures ("Principles for the valuation of assets and liabilities and the determination of the result").

In our opinion, the accompanying consolidated financial statements of European Public Real Estate Association for the year ended 31 December 2018 are prepared, in all material respects, in accordance with its accounting policies and procedures ("Principles for the valuation of assets and liabilities and the determination of the result").

### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from Board of Directors and the officials of the Group the explanations and information necessary for the performance our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

We draw attention to the accounting policies and procedures in the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared in accordance with its accounting policies and procedures ("Principles for the valuation of assets and liabilities and the determination of the result"). As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Group and should not be distributed to or used by other parties other than the Group. Our opinion is not modified in respect of this matter.

### Responsibilities of Board of Directors for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the financial reporting provisions of its Accounting Policies and procedures and for such internal control as Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Independent Auditor's report on the consolidated financial statements  
of European Public Real Estate Association as of and  
for the year ended 31 December 2018 (continued)**

**Our responsibilities for the audit of the  
financial statements**

Our objectives are to obtain reasonable assurance whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by Board of Directors;
- Conclude on the appropriateness of the Board of Director's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going-concern;

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Diegem, 7 March 2019

Ernst & Young Bedrijfsrevisoren BCVBA  
Represented by



Daniel Wuyts  
Partner\*

\*Acting on behalf of a BVBA/SPRL

# Consolidated Financial Statements

31 december 2018



## Balance sheet as at 31 December 2018

(after profit appropriation)

Assets		31 December 2018		31 December 2017	
		€	€	€	€
<b>Fixed assets</b>					
<i>Intangible fixed assets</i>	(1)		154,927		224,564
website and database					
<i>Tangible fixed assets</i>	(1)				
Other fixed operating assets			39,237		38,392
<i>Financial fixed assets</i>	(1)				
Rental guarantee Brussels			52,171		46,305
<b>Current assets</b>					
<i>Accounts receivable</i>					
Debtors	(2)	1,325,647		1,384,060	
Amount receivable from		-			
Taxes and social insurance contributions	(2)	631,017		33,947	
Other accounts receivable	(3)	49,217		151,181	
			2,005,881		1,569,188
<i>Cash at banks and in hand</i>			6,287,796		5,331,690
			8,540,012		7,210,139

<b>Equity and liabilities</b>	31 December 2018		31 December 2017	
	€	€	€	€
<b>Equity</b>				
Other reserves		4,799,734		4,907,315
Undistributed earnings		245,227		83,473
<b>Provisions</b>				
Income equalization account (4)		1,423,798		1,270,453
Provision staff		100,000		235,922
<b>Current liabilities</b>				
Creditors	1,532,567		321,953	
Taxes and social insurance contributions (5)	146,890		164,910	
Remuneration and social security (6)	224,163		222,032	
Other debts	67,633		4,081	
		1,971,253		712,976
		8,540,012		7,210,139

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**Statement of operating income and expense for the year 2018**

		2018		2017	
		€	€	€	€
<b>Revenue</b>					
Membership fees		1,845,740		1,734,059	
Turnover Conference		322,115		288,635	
Sponsorship fees		411,750		379,000	
BPR Licences		105,890			
Investor outreach Asia		76,000		81,341	
Project M and Q				90,000	
FTSE index	(7)	<u>2,757,554</u>		<u>3,826,998</u>	
			5,519,049		6,400,033
<b>Expense</b>					
Cost of conference		441,420		515,028	
Wages and salaries	(8)	3,293,364		3,470,956	
Depreciation on tangible fixed assets	(10)	218,683		221,127	
Provisions staff	(9)	135,922-		150,000	
Other operating costs	(11)	<u>1,648,757</u>		<u>1,691,747</u>	
			5,466,302		6,048,858
<b>Operating result</b>			52,747		351,175
Interest income and similar income		175,910		7,218	
Interest expense and similar expense		<u>117,556</u>		<u>135,482</u>	
			58,354		-128,264
<b>Result from ordinary activities before taxation</b>			111,101		222,911
Taxation on results from ordinary activities		724		139,438	
Taxation on result from other income		<u>0</u>		<u>0</u>	
			724		139,438
<b>Result after taxation</b>			110,377		83,473
Non recurring /Exeptional costs		0		0	
Non recurring /Exeptional income		<u>7,314</u>		<u>0</u>	
			-7,314		0
<b>Result after exeptional costs</b>			117,691		83,473

## 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 % - Mobile Phone 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 31-12-2018 from British Pounds to Euro is 1,10900

#### *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 2018 and is valued at nominal value

#### *Current liabilities*

The current liabilities are stated at nominal value.

## Balance sheet as at 31 December 2018

### Fixed assets

#### *Intangible fixed assets* (1)

	website & database €	Total €
Balance as at 1 January 2018	1,098,486	1,098,486
Investments	115,037	115,037
Accumulated depreciation	1,058,596-	1,058,596-
Book value	154,927	154,927

#### *Tangible fixed assets*

##### Other fixed operating assets

	Computer and automatisation + furniture €	Leasehold improvements €	Total €
Balance as at 1 January 2018	170,954	72,439	243,394
Accumulated depreciation	148,111-	56,891-	205,001-
Book value	22,844	15,549	38,392
Movements in book value			
Investments	28,055	6,799	34,855
Depreciation	24,030-	9,979-	34,009-
Balance	4,025	3,180-	845
Balance as at 31 December 2018			
Investments	199,010	79,239	278,248
Accumulated Depreciation	172,141-	66,870-	239,011-
Book value	26,869	12,369	39,237

#### *Financial fixed assets*

	31 Dec. 2018 €	31 Dec. 2017 €
Rental guarantee Brussels	52,171	46,305



## Current assets

### *Accounts receivable*

<i>Debtors</i>	(2)	31 Dec. 2018	31 Dec. 2017
		€	€
Nominal value of outstanding accounts receivable FTSE		1,060,200	1,123,750
Nominal value of outstandings receivables members		265,447	260,310
		<u>1,325,647</u>	<u>1,384,060</u>

### *Taxes and social insurance contributions*

	31 Dec. 2018	31 Dec. 2017
	€	€
Turnover tax (vat)		33,947
Receivable VAT	134,609	
Receivable social security	1,148	
Corporation Tax	495,260	
	<u>631,017</u>	<u>33,947</u>

### *Other accounts receivable*

	31 Dec. 2018	31 Dec. 2017
	€	€
Prepaid rent Brussels	26,086	26,189
Rent HK	5,365	
Interest receivable	935	
Accounting software	95	
Prequin online subscription	4,701	
Consulting fees	2,474	
Advance Conference		101,569
Insurances	3,616	3,110
memberships	5,944	15,268
memberships Epra VZW		5,045
	<u>49,217</u>	<u>151,181</u>

## Equity

### *Other reserves*

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

## Provisions

### *Income equalization account* (4)

	31 Dec. 2018	31 Dec. 2017
	€	€
Membership fee 2017 received in advance	-	1,270,453
Membership fee 2018 received in advance	1,423,798	-
	<u>1,423,798</u>	<u>1,270,453</u>

## Current liabilities

### *Taxes and social insurance contributions*

	31 Dec. 2018	31 Dec. 2017
(5)	€	€
Turnover tax (vat vzw)	-	-
Income taxes to pay	139,813	155,085
Taxation on result from other income	-	-
Wage tax BVBA Belgium	85-	9,727
Social security Belgium	7,162	98
Tax on intrests Belgium	-	-
	<u>146,890</u>	<u>164,910</u>

### *Remuneration and social security*

	31 Dec. 2018	31 Dec. 2017
(6)	€	€
Net wages	224,163	222,032
	<u>224,163</u>	<u>222,032</u>

## Statement of operating income and expense for the year 2018

### *Revenue* (7)

	2018	2017
	€	€
FTSE Index	2,757,554	3,826,998

### *Wages and salaries* (8)

	2018	2017
	€	€
Gross wages and salaries	3,293,364	3,470,956

The difference between 2017 and 2018 is explained as:

Salary management - Diminution of the gross salary and benefits in kind (departure P. Charls)

### *Provision Staff* (9)

	2018	2017
	€	€
Brought forward from previous year	235,922	85,922
Severance pay deputy CEO	-	0.00
Provisions 2017	-	150,000
Provision Severance pay decided by the board		
Provision Bonus decided by the board		
Provision used for settlements during the year	- 135,922	
Balance Carried forward	<u>100,000</u>	

### *Depreciation on tangible fixed assets*

	2018	2017
	€	€
Website and database	184,673	193,702

Furnitures	2,946	2,398
Computer and automatisisation	21,084	16,408
Leasehold improvements	9,979	8,619
Bad debts	-	-
	<u>218,683</u>	<u>221,127</u>

***Other operating costs*** (11)

	2018	2017
	€	€
Communication	268,889	285,027
Public Affairs	44,940	105,657
Meetings and events *	319,875	264,268
Travelcosts	273,199	341,943
Research	207,744	236,707
Office cost	293,444	333,080
Advisory	240,668	125,065
	<u>1,648,757</u>	<u>1,691,747</u>

\* include Asia operating costs

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## Staff

During the financial year the Association employed an average of 20 employees in the following staff categories:

	2018	2017
Chief Executive Officer	1	1
Operations Director	1	1
Director Indexes and Research	1	1
Finance & Sustainability Director	1	1
Director Public Affairs	1	1
Director Investor Outreach	1	1
Senior Analyst Research & Indexes	2	2
Membership Manager	1	
Communication Manager	1	1
Research Manager	1	
Office Manager	1	1
Office Assistant	1	1
R&A Analyst	1	1
ESG Manager	1	1
EU Policy Manager	1	1
Investor Outreach Manager Europe	1	1
Events & Project Manager	1	1
Director Asia Pacific	1	1
Assistant Asia	1	1
	20	18

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