



**EUROPEAN
ELECTIONS 2019
MANIFESTO**

Building Blocks for a Prosperous Future

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Real estate plays a critical role in all aspects of our everyday lives. Property companies serve businesses and the society by actively developing, managing, maintaining and improving the built environment; where we all live, work, shop, enjoy and relax.

Listed real estate are companies quoted on an official stock exchange that derive income from the ownership, trading, and development of income producing real estate assets. Listed real estate allows anyone, from retail investors to large institutional investors, to invest in the underlying assets of public quoted companies, the same way as investing in other industries through purchasing shares.

We – the listed real estate companies – are the **guardians of many of the highest quality assets** in Europe's cities, from office complexes and shopping centres to healthcare and retirement facilities. We are also pioneering transparency and sustainability in the built environment, by means of meeting our responsibilities towards local communities and the demands of shareholders to safeguard their investments in the face of the global challenge presented by climate change.

As societies struggle to provide for their rapidly greying populations during a time of record low interest rates and lacklustre investment returns, our sector plays a crucial part in providing retirement security to millions of people, by offering pension funds and insurers stable and highly competitive assets to invest in.

We are pleased to present you our three key priorities for 2019-2024 to build a strong, prosperous and sustainable Europe:



PRIORITY ONE

Delivering long-term investments in the European Economy

Listed real estate companies have continuously yielded stable and strong long-term performance to investors, especially pension funds and insurers through reliable dividends, effectively contributing to the retirement of millions of people. However, due to the substantial Solvency Capital Requirements introduced by Solvency II and its implications for cross-border investment, allocating sufficient capital to public equities for long-term purposes remains a considerable challenge for investors today.

Our proposals:

- **Solvency II reviews:** Cease undue restrictions of opportunities for insurance companies to invest directly in public equities, including in listed real estate, and proceed with the inclusion of a new 'long-term equity investments' category along with a set of reasonable and achievable criteria for investors.
- **PEPP regulation:** 2019 is the year for the European Parliament, the Council and the European Commission to encourage a rapid and smooth implementation of the regulation to facilitate cross-border investments.
- **C(C)CTB:** Ensure that any rules are clear, proportionate and, most significantly voluntary as they can bring unintended and adverse impact on the listed real estate industry which has an important role to play in keeping domestic financial markets stable and balanced.



PRIORITY TWO

Addressing global challenges

Listed real estate companies have been frontrunners on climate change and sustainability for many years. In fact, they are a crucial pillar **of local societies in terms of achieving social and sustainable goals**, including social infrastructure (hospitals, medical office buildings, senior living communities or nursing facilities and schools), well-being (healthy workplace culture or healthy and green residential buildings) and community engagement (migrant integration and partnerships for unemployed or disabled people).

Europe has set the bar high on climate mitigation and efforts to unlock capital for the transition to a low-carbon economy. Just as the listed sector has been spearheading sustainability within the built environment, the EU should continue to lead the way and export its standard on **sustainable finance**. While **sustainability** has increasingly become a critical factor for investors, institutions and society alike, this demand has yet to be better reflected in the financial statements of companies. Put simply, there is a demand for more detailed, consistent and sector-specific information to enable key stakeholders to make more informed decisions with regards to their investments, and financial and non-financial reporting need to get up to speed to match this reality.

The **UK exit of the European Union (Art. 50)** is another huge challenge for businesses and investors on global financial markets. Discussions should start as soon as possible on a future trade agreement to ensure financial services continue to flow smoothly.

Our proposals:

- **Sustainable Finance:** Pursuit of an inclusive approach for an evolutive and agile EU taxonomy based on a positive list. Direct investments in public equities from property companies which economic activities have been considered sustainable should also be included in the scope of the EU taxonomy proposal, next to financial products and green bonds.
- **Review of corporate reporting rules:** The 2019 fitness check should continue to target critical factors that foster accountability and transparency of listed companies. Consistency (such as digital or written report requirements and common understanding of the implementation of IFRS standards), clarity and cutting red-tape across the EU is key. To this end, EPRA has developed its own set of [Best Practices Recommendations](#) already in 2001 to further advance financial transparency of the sector for the benefit of investors.
- **Non-financial reporting:** Current rules (Directive 2014/95/EU), applying to large public-interest companies with more than 500 employees, are a first step of the policymakers' efforts to enhance the transparency of companies' environmental, social and governance (ESG) performance. Property companies disclose this information on a voluntary basis to remain competitive and to demonstrate that they are working intensively to transform their property portfolio into a more sustainable one. [The EPRA Sustainability Best Practices Recommendations Guidelines](#) draw on the Global Reporting Initiative's (GRI) Reporting Standards Construction & Real Estate Sector Disclosures (CRESD), identifying a set of ESG key performance indicators intended to help listed real estate companies meet growing expectations of investors as well as regulators.
- **Brexit:** Launch as soon as possible the negotiations for an agreement which will ensure continuous market access for financial services, equivalence for cross-border investments, regulatory alignment and preserving long-term commitments and rights acquired, as well as the skills base.



PRIORITY THREE

Boosting growth opportunities for Europe and its Member States

Property companies serve businesses and the society by actively developing, managing, maintaining and improving the built environment where we all live, work, shop and relax. They also play a crucial part in providing retirement security to millions of people by offering stable pension funds and highly competitive assets to invest in.

The ever-increasing popularity of Real Estate Investment Trusts (REITs) demonstrates the growing demand for investing in real estate. This is the conclusion drawn **from the 14 EU member states, representing 85% of the EU's GDP, which have already introduced a national REIT regime** to maximise returns through an effective and transparent vehicle for tax purposes. The number of countries will continue to grow as more legislators recognise the benefits of these regimes.

Our proposals:

- **Facilitate the development of REIT regimes:** Propose to the European Commission a set of recommendations for REIT regimes in order to facilitate REIT development within the Union and scale up the discussion at the OECD level to boost cross-border investments and opportunities.
- **Withholding Tax:** Launch the work for an EU Directive to facilitate the process by establishing quick and standardised WHT refund procedures.



**WE ARE PART
OF THE SOLUTION.**

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