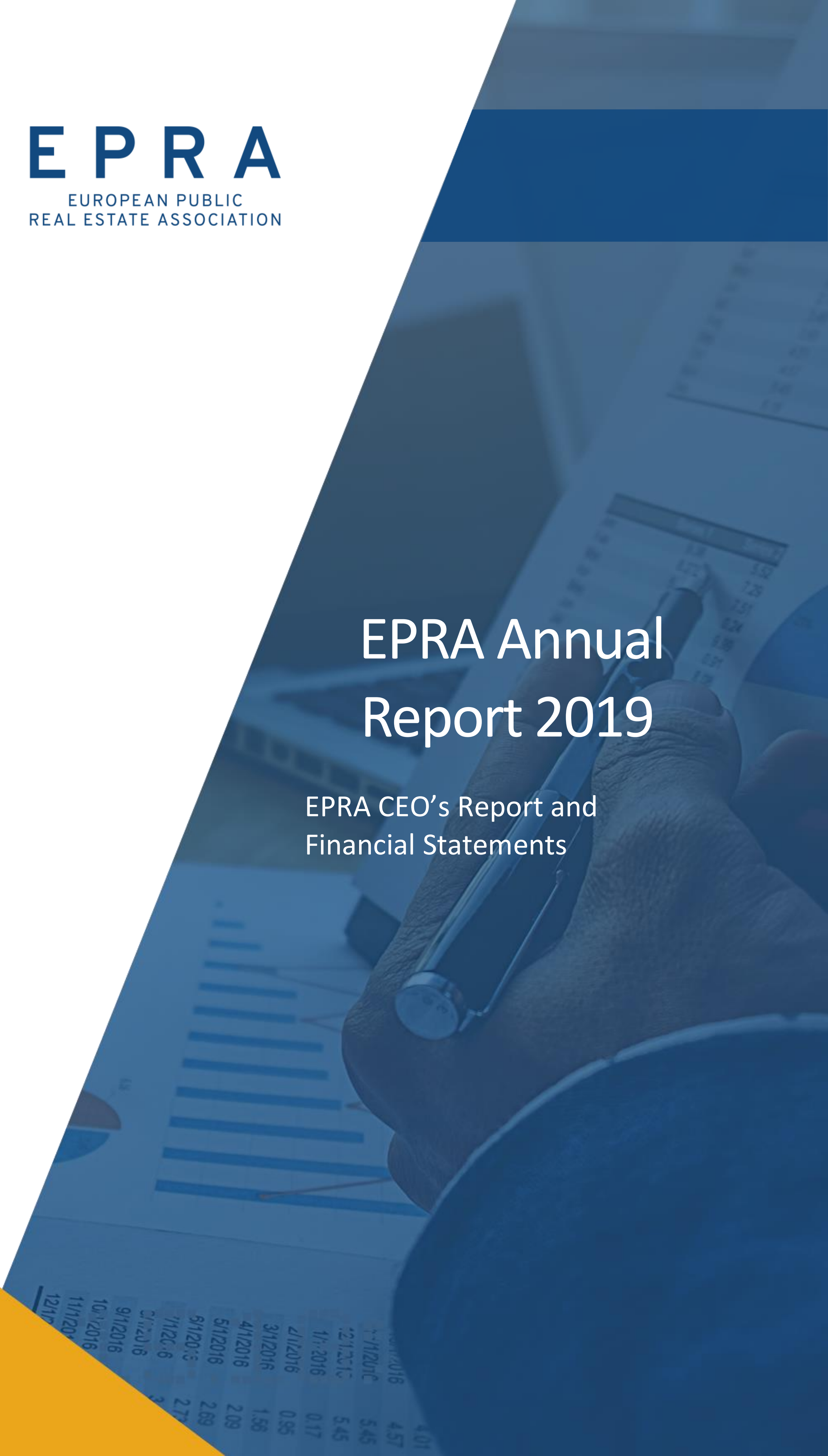
EUROPEAN PUBLIC REAL ESTATE ASSOCIATION



EPRA Annual Report 2019

EPRA CEO's Report and Financial Statements

12 MARCH 2020

Content table

ABOUT EPRA

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, 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

NEW STRATEGIC INTIATIVES

2019 was a special year for our Association as EPRA celebrated its 20th anniversary. The sector has come a long way over the last two decades and we were very pleased to be able to take stock of what has been achieved and discuss the future of EPRA with its founding fathers and our members at the Conference in Madrid. I would like to draw your attention to some of the highlights and 2019 initiatives.

GROWTH OF THE SECTOR SUPPORTED BY STRONG RESEARCH

2019 saw a strengthened collaboration with our Index partners FTSE and Nareit, leading to an accrued AuM using the FTSE EPRA Nareit Index series. The FTSE EPRA Nareit Developed Europe showed a total return of 29.7% in EUR, being this the best performance since the end of the global financial crisis (2009) and outperforming the FTSE EPRA Nareit Global Index (+25.9%).

Indeed, the European listed real estate market has expanded rapidly in terms of size and diversity in recent years. Yet the benefits of investing in listed real estate are not uniformly accepted and strategic allocations to property companies remain low for institutional investors across Europe. A study by Oxford Economics, commissioned by EPRA and published in September last year, demonstrated that a larger dedicated allocation to listed real estate would enhance the performance of investor portfolios, helping them to better meet their strategic objectives. Even more, this enhancement is expected to keep boosting portfolios performance during the next decade under different economic scenarios.

UPDATED NAV METRICS AND SUSTAINABILITY DATABASE

Since the introduction of EPRA NAV and the NNNAV 16 years ago, the listed real estate industry has rapidly transformed. To better reflect how the industry has advanced, EPRA has introduced in November three new NAV metrics, namely the EPRA NRV, EPRA NTA and EPRA NDV. These changes come into effect for the accounting periods starting on January 1st, 2020 and EPRA is conducting workshops in key European markets in collaboration with the Big 4 and local real estate associations to educate the sector on the changes and how these will impact companies' financial reporting.

On the sustainability reporting front, we launched a comprehensive database covering publicly available ESG data from European listed real estate companies. The purpose of the data is to enable analysis and comparison on key ESG components and potential financial implications. This in return allows stakeholders, particularly investors who increasingly consider ESG factors in investment decisions, to make informed choices during their analysis process and draw objective conclusions.

To complement these two developments, EPRA held two successful events: the annual Finance Summit, for the first time in cooperation with Bloomberg Intelligence, and the fourth edition of the Sustainability Summit, which both saw over 200 registrants. It was also an occasion to present the inaugural EPRA Diversity & Inclusion Award, which was won by Kungsleden.

NEW INVESTMENT OPPORTUNITIES THROUGH IMPROVED REGULATION

The changes made to Solvency II, for which EPRA has been advocating over the last two years, were adopted in 2019 and have reduced capital requirement rates for insurance companies holding equities long-term, including listed real estate, from 39% to 22%. The reduction means that the listed sector is now more competitive than direct real estate investment that maintains a 25% capital requirement. This marks significant progress for listed real estate, making the sector more attractive to insurers whose capital in Europe is one of the largest pools totalling approximately EUR 12 trillion. Over the course of 2020 and the next Solvency II review, EPRA will continue to advocate for an improved framework.

Another substantial initiative of the Capital Markets Union, the so-called Pan European Personal Pension (PEPP) regulations, are also set to unlock vast investment potential in the listed real estate sector, with a total of EUR 231 billion set to flood the European equities market, according to a study undertaken by EY. It is a growth opportunity for our sector as PEPP providers (mainly insurers) will have the possibility to allocate sufficient amounts of capital of their portfolio to real estate.

Finally, at a national level, the highlight of the year was the introduction of a REIT regime (i.e. SIGI) in Portugal, for which EPRA advocated strongly. Effective as of February 2019, it brings the total of European countries with a REIT regime to 14.

EXPANDING INVESTOR OUTREACH

At the end of 2018 we introduced the first EPRA Corporate Access day following the entry into force of the MiFID II regulations; we were able to strengthen this event in 2019 with two more days attracting over 40 companies and 150 investors in total. EPRA, as a not for profit association, is uniquely placed to hold these events and the feedback overwhelmingly shows that attracting a wide spectrum of companies from all sectors and market caps is welcomed by the investor community. We will continue these events on a biannual basis and the 2020 editions look promising.

Our regular Real Estate Digest events in various European markets focusing on different sectors and themes have become a fixture in investors' agenda.

We also strengthened our investor outreach in the UAE with our first formal partnership trip with Nareit, when we met the main Sovereign Wealth Funds and secured a EUR 10 billion mandate for the index.

MEMBERSHIP SERVICES DEVELOPMENT

Towards the end of last year we conducted a membership survey to further improve the work we do for our members and strengthen the development and promotion of the sector. Having received responses from approximately one third of EPRA members, we were pleased to see that the respondents believed that EPRA is achieving its mission (average score: 8 out of 10), recognised they highly valued their membership experience (7.6 out of 10) and indicated they are familiar with EPRA's work and services (7 out of 10). We counted 21 new members in 2019, with new entrants from Central and Eastern Europe. The survey also revealed areas for improved, which we immediately started addressing.

The EPRA Annual Conference was the occasion to celebrate the 20th anniversary and we were delighted to have a record of 475 attendees to join us in Madrid. The speakers included among others José Manuel Barroso – former two-time President of the European Commission and Prime Minister of Portugal, Yanis Varoufakis – former Greek Finance Minister and Javier Solana – former Secretary General of NATO and Spanish Foreign Affairs Minister, who discussed the ongoing political and social disruption in Europe and its effect on the macroeconomy.

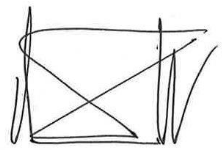
It is of course of no surprise that innovation and PropTech have been a widely discussed issue within the sector over the past few years and in response to this the EPRA Board mandated us to create a new committee to look at PropTech and Innovation. The committee met for the first time in November and has now set it terms of reference and mission. We will start engaging and collaborating with the key players in the European PropTech environment and look to hold our first event soon.

OUR LEADERSHIP

All the above would not be possible without the EPRA committees who are fundamental to the good work of the Association, and many of our members give up their time to assist with the development and promotion of the sector, for which I would like to thank them.

I would also like to take the opportunity to thank Dirk Anbeek, Patrick Gunne and Marcel Kokkeel who stepped down from the Advisory Board in 2019, for their active support and commitment to the Association. At the same time, I was pleased to welcome F. Scott Ball, Ismael Clemente, Pascal Duhamel and Bernd Stahli to the Advisory Board.

Finally, it was a pleasure having our Chairman Rolf Buch to our offices over the summer, and his continued support and engagement with the Association enables us to deliver these services to our members.



Dominique Moerenhout

EPRA CEO

EY
Building a better working world

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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 2019, 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 2019 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.

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.

Besloten vennootschap
Société à responsabilité limitée
RPR Brussel - RPM Bruxelles - BTW-TVA BE0446.334.711- IBAN N° BE71 2100 9059 0069
*handelend in naam van een vennootschap/agissant au nom d'une société

A member firm of Ernst & Young Global Limited

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, 11 March 2020

EY Bedrijfsrevisoren BV
Represented by

Daniel Wuyts
Partner*
*Acting on behalf of a BV/SRL

Ref: 20/DW/0105

Consolidated Financial Statements

31 December 2019

Balance sheet as at 31 December 2019
(after profit appropriation)

Assets		31 December 2019		31 December 2018	
		€	€	€	€
Fixed assets					
Intangible fixed assets	(1)				
website and database			88,983		154,927
Tangible fixed assets	(1)				
Other fixed operating assets			23,688		39,237
Financial fixed assets	(1)				
Rental guarantee Brussels			52,171		52,171
Current assets					
Accounts receivable					
Debtors	(2)	1,285,476		1,325,647	
Amount receivable from		-		-	
Taxes and social insurance contributio	(2)	693,770		631,017	
Other accounts receivable	(3)	73,607		49,217	
			2,052,853		2,005,882
Cash at banks and in hand			6,413,763		6,287,795
			8,631,459		8,540,012

Equity and liabilities		31 December 2019		31 December 2018	
		€	€	€	€
Equity					
Other reserves			4,969,529		4,799,734
Undistributed earnings			395,915		245,227
Provisions					
Income equalization account	(4)		1,469,163		1,423,798
Provision staff			-		100,000
Provision HK closing			475,000		-
Current liabilities					
Creditors		1,083,991		1,532,567	
Taxes and social insurance contributions (5)		93-		146,890	
Renumeration and social security (6)		200,331		224,163	
Other debts		37,624		67,633	
			1,321,852		1,971,253
			8,631,459		8,540,012

Statement of operating income and expense for the year 2019

		2019		2018	
		€	€	€	€
Revenue					
Membership fees		2,123,009		1,845,740	
Turnover Conference		677,713		322,115	
Sponsorship fees		-		411,750	
BPR Licences		120,000		105,890	
Investor outreach Asia		60,000		76,000	
Project M and Q		-		-	
FTSE index	(7)	3,456,287		2,757,554	
			6,437,009		5,519,050
Expense					
Cost of conference		510,587-		441,420-	
Wages and salaries	(8)	3,432,093-		3,293,364-	
Depreciation on tangible fixed assets	(10)	161,645-		218,683-	
Provisions staff	(9)	-		135,922	
Provision HK closing		475,000-		-	
Reporting and accounting		41,873-		-	
Other operating costs	(11)	1,657,983.56-		1,648,757.46-	
			6,279,182-		5,466,303-
Operating result			157,826		52,747
Interest income and similar income		275,616		175,910	
Interest expense and similar expense		-73,777		-117,556	
			201,839		58,355
Result from ordinary activities before taxation			359,665		111,102
Taxation on results from ordinary activities		-		724-	
Taxation on result from other income		0		0	
			0		-724
Result after taxation			359,665		110,378
Non recurring /Exeptional costs		0		0	
Non recurring /Exeptional income		5,590		7,314	
			5,590		7,314
Result after exeptional costs			365,255		117,692

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 valuated 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 31-12-2019 from British Pounds to Euro is 1,17109

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 2019 and is valuated at nominal value

Current liabilities
The current liabilities are stated at nominal value.

Balance sheet as at 31 December 2019

Fixed assets

Intangible fixed assets (1)

	website & database	Total
	€	€
Balance as at 1 January 2019	1,213,523	1,213,523
Investments	75,941	75,941
Accumulated depreciation	1,200,481-	1,200,481-
Book value	88,983	88,983

Tangible fixed assets

Other fixed operating assets

	Computer and automatisation + furniture	Leasehold improvements	Total
	€	€	€
Balance as at 1 January 2019	204,210	74,038	278,248
Accumulated depreciation	169,997-	69,014-	239,011-
Book value	34,214	5,024	39,237
Movements in book value			
Investments	3,519	692	4,211
Depreciation	17,018-	2,742-	19,760-
Balance	13,499-	2,050-	15,549-
Balance as at 31 December 2019			
Investments	207,729	74,729	282,459
Accumulated Depreciation	187,014-	71,756-	258,771-
Book value	20,715	2,973	23,688

Financial fixed assets

	31 Dec. 2019	31 Dec. 2018
	€	€
Rental guarantee Brussels	52,171	52,171

Current assets

Accounts receivable

Debtors (2)

	31 Dec. 2019	31 Dec. 2018
	€	€
Nominal value of outstanding accounts receivable FTSE	890,753	1,060,200
Nominal value of outstandings receivables members	322,595	225,145
Other clients	-	135
Credit notes to receive	295	70
Due from suppliers	26,491	-
Prepayments conference costs	45,343	40,097
	1,285,476	1,325,647

Taxes and social insurance contributions

	31 Dec. 2019	31 Dec. 2018
	€	€
Turnover tax (vat)	-	-
Receivable VAT	198,510	134,609
Receivable social security	-	1,148
Corporation Tax	495,260	495,260
	693,770	631,017

Other accounts receivable (3)

	31 Dec. 2019	31 Dec. 2018
	€	€
Prepaid rent Brussels	26,656	26,086
Rent HK	8,082	5,365
Interest receivable	935	935
Software fees	1,502	95
Prequin online subscription	-	4,701
Consulting fees	6,058	2,474
Advance Study contribution to society	-	-
Conference fees	3,570	-
Insurances	4,755	3,616
memberships	22,049	5,944
memberships Epra VZW	-	-
	73,607	49,217

Equity

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

Provisions

Income equalization account (4)

	31 Dec. 2019	31 Dec. 2018
	€	€
Membership fee 2018 received in advance	-	1,423,798
Membership fee 2019 received in advance	1,469,014	-
	1,469,014	1,423,798

Current liabilities

Taxes and social insurance contributions

(5)	31 Dec. 2019	31 Dec. 2018
	€	€
Turnover tax (vat vzw)	93-	-
Income taxes to pay	-	139,813
Taxation on result from other income	-	-
Wage tax BVBA Belgium	-	85-
Social security Belgium	-	7,162
Tax on intrests Belgium	-	-
	93-	146,890

Remuneration and social security

(6)	31 Dec. 2019	31 Dec. 2018
	€	€
Holiday pay provisions	200,331	224,163
	200,331	224,163

Statement of operating income and expense for the year 2018

Revenue (7)

	2019	2018
	€	€
FTSE Index	3,456,287	2,757,554

Wages and salaries (8)

	2019	2018
	€	€
Gross wages and salaries	3,431,349	3,293,364

Provision Staff (9)

	2019	2018
	€	€
Provision used for pay out	-	135,922
Provision HK closing	475,000	

Depreciation on tangible fixed assets (10)

	2019	2018
	€	€
Website and database	141,885	184,673
Furnitures	8,728	2,946
Computer and automatisation	2,742	21,084
Leasehold improvements	8,289	9,979
Bad debts	-	-
	161,645	218,683

Other operating costs (11)

	2019	2018
	€	€
Communication	296,410	268,889
Public Affairs	68,180	44,940
Meetings and events *	291,308	319,875
Travelcosts	248,144	273,199
Research	191,119	207,744
Office cost	328,954	293,444
Advisory	233,868	240,668
	1,657,983	1,648,757

* include Asia operating costs

Staff

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

	2019	2018
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	1
Communication Manager	1	1
Research Manager	1	1
Office Manager	1	1
Office Assistant	1	1
ESG Manager	1	1
EU Policy Manager	1	1
Investor Outreach Manager Europe	1	1
Events & Project Manager	1	1
R&A Analyst		1
R&A Manager	1	
Director Asia Pacific	1	1
Assistant Asia	1	1
Brussels, … February, 2020	20	20