



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

EPRA Annual Report 2021

EPRA CEO's Report and
Financial Statements

MARCH
2022

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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 280 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 690 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*

Foreword by the CEO

RESILIENCE AND RECOVERY

2021 showed us that the European listed real estate industry is incredibly resilient. The recovery has been five times more rapid than following the Global Financial Crisis (GFC), and the FTSE EPRA Nareit Developed Europe Index was above its pre-pandemic levels by the end of August 2021, which is a testament to the industry's remarkable strength and ability to bounce back.

The pandemic brought our sector many challenges but also many opportunities and I invite you to discover the main initiatives EPRA undertook in 2021 to promote the European listed real estate sector with decision-makers, investors and external stakeholders.

EPRA RESEARCH & EXECUTIVE PROGRAMME

With the spread of the pandemic, EPRA drafted and commissioned several research papers looking into the impact of Covid-19 on our sector and key trends. In the third quarter, we published an updated study from Oxford Economics on the impact of the pandemic on European listed real estate, which demonstrated that the recovery has been five times more rapid than following the GFC. Two additional reports were commissioned under the EPRA Academic Programme, one on the impact of market uncertainty and uncertainty aversion, the other on the effect of working from home on real estate companies.

EPRA continued its partnership with Euronext and released two half-yearly editions of the Real Estate Barometer, highlighting the key trends and figures of the European listed real estate sector. We also held four webinars as part of our 'Research Webinar Series' launched in late 2020.

In partnership with INSEAD, one of the world's leading graduate business schools, EPRA developed a unique Executive Programme for listed real estate practitioners. The online course, "Strategy for Listed Real Estate – What Good Looks Like", gathered participants from a range of different business backgrounds who wished to better understand the key strategic challenges faced in the listed real estate sector, and to adapt to a transforming business environment. The feedback received was very encouraging, with the course judged informative and thought-provoking. Another edition this time on-site is planned in June 2022.

REITS' VISIBILITY ON THE GLOBAL ARENA

At the end of December the OECD confirmed that the uniqueness of REITs as an investment vehicle excludes them from the scope and provisions of its new global corporate tax rules, meant to affect all Multinational Enterprises as from 2023. The so-called Global Anti-Base Erosion (GloBE) rules under Pillar Two introduce a global minimum corporate tax rate set at 15% for all companies, irrespective of sector or industry. EPRA's public affairs department together with partner associations in Europe and globally provided expertise to the Pillar Two Rules and REITs are one out of just six excluded entities.

Alongside this great achievement, the team continued pushing for further improvements to Solvency II to remove barriers to long-term investments for listed real estate by properly classifying risk. The announcement of a potential relaxation of measures initially planned for late 2021 has been postponed to 2022. To expand its advocacy with the European institutions, the public affairs team also prepared a set of recommendations for policymakers to encourage more stable and cross-border investments and face global challenges such as climate change.

ESG: A FAST-EVOLVING MUST-HAVE

2021 marked the 10th anniversary of the EPRA Sustainability Best Practices Recommendations. An important milestone, but not the only one, as last year also saw the number of Award winners passing the 100 members threshold for the very first time. To celebrate this anniversary, EPRA partnered with

KPMG to deliver the first survey dedicated to the progression of the sector's sustainability disclosure and its performance over the years. The report was discussed during an ESG-specific webinar at the EPRA Conference.

Green bonds have been growing in recent years and are firmly on the European financial agenda. EPRA members are at the forefront of this trend, and in 2021 issued more than EUR 16.6 billion in green bonds, most immediately oversubscribed. To illustrate how this is progressing, EPRA published the first edition of the 'Green Bonds Monitor', accompanied by an infographic snapshot and a webinar discussion.

With various policy initiatives in place at the EU level to encourage the adoption of more sustainable financial products, EPRA is working closely with policymakers to make sure that the specificities of the European listed real estate sector are understood and taken into account in current and future legislations such as the EU Taxonomy, the Corporate Sustainability Reporting Directive, the Sustainable Finance Disclosure Regulation, the Energy Performance of Buildings Directive etc.

In collaboration with JLL, we conducted a study investigating the proposed EU policy changes on the Emissions Trading System for buildings and the Energy Taxation Directive, focusing on the preparedness and response of our sector in Europe. The cost and value of carbon and sector strategies to decarbonise the building stock were also the centre of last year's EPRA Sustainability Summit.

BEST PRACTICES RECOMMENDATIONS IN THE SPOTLIGHT

2021 was the first time that companies with December as fiscal year-end officially adopted the new EPRA Net Asset Value metrics (NRV, NTA, NDV), as well as an enhanced CapEx disclosure. The compliance with the new NAV was also at the core of last year's Best Practices Recommendations (BPR) Awards and the results were encouraging.

Following the update of the EPRA NAV metrics back in 2019, EPRA put in place a working group to explore the possibility to create an EPRA LTV metric. Significant progress has been made during the year and more information will be unveiled as we move forward with the project.

We also launched the first EPRA BPR Dataset, gathering all our members' alternative performance measures, also known as EPRA BPRs, for the period 2011-2020.

NEW OPPORTUNITIES TO CONNECT PROPERTY COMPANIES AND INVESTORS

Following very good feedback on the EPRA Corporate Access Days, we introduced a new event to our roster. The inaugural EPRA Growth Corporate Access event aimed to promote companies that are primed for growth in the coming years in one-on-one and group meetings. EPRA plays a key role in connecting property companies with investors, no matter their size or coverage.

EPRA also maintained a strong bond between its members and Asian investors, and conducted two virtual editions of its Asia Week, where investors demonstrated a growing interest in our sector. A concrete proof of this was the launch of several new global listed real estate mandates in 2021.

The EPRA Annual Conference is yet another event that had to be held virtually. Extended to five days, the event counted four days of corporate pitches, and a main leadership day featuring renowned economists, ESG, wellbeing and proptech experts, as well as senior listed real estate professionals, attracting in total over 400 participants.

Moreover, after adding Paris in 2020, our flagship Insight events expanded to yet another location: Germany. Despite being held virtually, the series brought together over 650 professionals from the listed real estate sector.

Finally, to help investors and analysts organise their agendas EPRA launched an updated version of its Company Reporting Calendar, allowing companies to add full, half, and quarterly reporting announcements as well as AGMs.

DIVERSITY & INCLUSION

EPRA launched a mentoring programme for its members to support and empower women in their careers, help them develop their skills and increase leadership succession. The programme was initially addressed to senior level female candidates, both from property companies and investors, who wished to further their career objectives, overcome barriers and increase self-confidence in their workplace.

OUR MEMBERSHIP

From a membership perspective, EPRA welcomed 21 new members last year, 76% representing listed property companies and 14% investors. Our new members joined us from the UK, Germany, Czech Republic, Italy, Sweden, Spain, France, Norway, Greece, Switzerland and the US and are active in the logistics, residential, office, healthcare and retail sectors. Our team will continue working closely with our members to ensure that their voice is heard and that the benefits of joining EPRA are maximised.

OUR LEADERSHIP

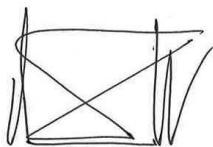
As always, the above would not be possible without the EPRA committees who are fundamental to the good work of the Association, and many of our members give up their time to assist with the development and promotion of the sector, for which I would like to thank them.

I would also like to take the opportunity to thank Henrik Saxborn who stepped down from the Board of Directors in 2021, as well as Pascal Duhamel who stepped down from the Advisory Board, for their active involvement. At the same time, I was pleased to welcome David Sleath and Jean-Marie Tritant to the Board of Directors and Kim Wright to the Advisory Board. Jean-Pierre Hanin was appointed Vice Chairman in charge of Finance. Finally, I would like to particularly thank our Chairwoman Méka Brunel for her commitment and leadership.

THEY WAY FORWARD

Going forward, the situation in Ukraine, inflation and interest rates will undoubtedly have repercussions on the global economy and financial markets. The current inflationary pressure however is likely to be temporary and its short-term impact should represent a positive driver for the listed real estate industry in Europe. I firmly believe we will continue to see a real confidence settle in the market with a persistence of the recovery and growth that has underpinned the last twelve months, which should translate itself into new IPOs.

For EPRA, advocacy on EU ESG legislation will remain a priority for the foreseeable future. At the same time, we will strive to provide guidance to our members in this fast-evolving landscape and accompany them in the implementation of the various regulations.



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 2021, 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 2021 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.

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, 16 March 2022

EY Bedrijfsrevisoren BV
Represented by



Daniel Wuyts*
Partner

*Acting on behalf of a BV

Ref. 22DW0162

European Public Real Estate

Consolidated Financial Statements

31 December 2021

Balance sheet as at 31 December 2021

(after profit appropriation)

Assets			annulation interco	31 December 2021		31 December 2020	
	SRL	ASBL		€	€	€	€
Fixed assets							
<i>Intangible fixed assets</i>	(1)				-		
website and database		247,986			247,986		245,599
<i>Tangible fixed assets</i>	(1)						
Other fixed operating assets		236,249	-		236,249		27,466
<i>Financial fixed assets</i>	(1)		1,018,500	1,018,500	-		
Rental guarantee Brussels		52,171			52,171		52,171
Current assets							
<i>Accounts receivable</i>							
Debtors	(2)	2,876,552	367,333	1,689,837	1,554,048		1,832,832
Amount receivable from							
Taxes and social insurance contributions	(2)	8,446	-		8,446		220,600
Other accounts receivable	(3)	54,792	6,386,238	6,386,238	54,793		152,290
						1,617,287	2,205,722
<i>Cash at banks and in hand</i>		5,026,148	1,933,478			6,959,626	5,992,642
		8,502,344	9,705,549	-	9,094,575	9,113,319	8,523,601

Equity and liabilities			annulation interco	31 December 2021		31 December 2020	
	SRL	ASBL		€	€	€	€
Equity							
Other reserves	1,120,405	5,810,252	-	1,018,500	5,912,157		5,663,327
Undistributed earnings	635,012	512,658			1,147,670		166,381
Provisions							
Income equalization account (4)		1,647,572			1,647,572		1,515,085
Provision staff	-				-		-
Provision HK closing	-				-		350,000
Current liabilities							
Creditors	52,799	1,731,232	-	1,689,837	94,194		570,582
Taxes and social insurance contributions (5)	102,971	-			102,971		
Remuneration and social security (6)	180,462				180,462		221,360
Other debts	6,410,695	3,836	-	6,386,238	28,293		36,865
						405,919	828,808
	8,502,344	9,705,549	-	9,094,575	9,113,319		8,523,601

Statement of operating income and expense for the year 2021

			annulation interco	2021	2020
	SRL	ASBL			
Revenue					
Membership fees	Code ana 4 & 11	2,185,840.10		2,185,840	2,091,104
Turnover Conference	Code ana 1 & 2	158,525		158,525	1,250-
Sponsorship fees				-	-
BPR Licences	Code ana 6	76,380		76,380	55,151
Investor outreach Asia	Code ana 5	-		-	6,000
Project M and Q				-	-
Revenue Insead		46,200		46,200	
Bloomberg	Code ana 8	16,118		16,118	
FTSE index	(7)	5,207,787	-	3,517,950	3,257,785
			1,689,837		
				6,001,012	5,408,789
Expense					
Cost of conference		-	172,842	-	172,842
Wages and salaries	(8)	3,210,196		-	3,210,196
Depreciation on tangible fixed assets	(10) code ana 3200	196,301		-	196,301
Provisions staff	(9)			-	-
Provision HK closing				-	-
Reporting and accounting				-	-
Other operating costs	(11)	901,146	1,736,361	1,689,837	947,669.47
VAT REFUND NON DEDUCTIBLE (11)		-		-	4,527,009
					1,474,003
Operating result					
Interest income and similar income		229,767	13,813	243,581	49,956
Interest expense and similar expense		55,050		55,050	218,977
					188,530
Result from ordinary activities before taxation					
Taxation on results from ordinary activities		304,653	-	304,653	58,319
Taxation on result from other income				0	0
					-304,653
Result after taxation					
Non recurring /Exceptional costs				0	0
Non recurring /Exceptional income				0	0
					0
Result after exeptional costs	816,408	541,473	-	1,357,881	351,301

Balance sheet as at 31 December 2021**Fixed assets****Intangible fixed assets** (1)

	website & database	Total
	€	€
Balance as at 1 January 2021	1,600,275	1,600,275
Investments	170,680	170,680
Accumulated depreciation	1,522,969-	1,522,969-
Book value	247,986	247,986

Tangible fixed assets

Other fixed operating assets	# 260000	#240100 & 221000	# 230000	
	Autres immo. Corpo	Computer and automatisation + furniture	Leasehold improvements	Total
		€	€	€
Balance as at 1 January 2021	-	214,939	74,729	289,668
Accumulated depreciation	-	187,704-	74,499-	262,202-
Book value	-	27,235	231	27,466
Movements in book value				
Investments	227,084	6,425	3,282	236,791
Depreciation	16,226-	11,354-	428-	28,008-
Balance	210,858	4,929-	2,854	208,783
Balance as at 31 December 2021				
Investments	227,084	221,364	78,011	526,459
Accumulated Depreciation	16,226-	199,057-	74,927-	290,210-
Book value	210,858	22,306	3,084	236,249

Financial fixed assets

	31 Dec. 2021	31 Dec. 2020
	€	€
Rental guarantee Brussels	52,171	52,171

Current assets*Accounts receivable**Debtors* (2)

		31 Dec. 2021	31 Dec. 2020
		€	€
Nominal value of outstanding accounts receivable FTSE	#400000	273,875	693,665
Nominal value of outstandings receivables members	#404000	1,168,739	1,083,604
Other clients	#406000	105,133	146,976
Trade payables	#404100	6	11,891
Due from suppliers	#408000	6,295	6,227
Prepayments clients		-	-
		1,554,048	1,942,362

Taxes and social insurance contributions

		31 Dec. 2021	31 Dec. 2020
		€	€
Turnover tax (vat)			
Receivable VAT	#41 TVA	8,446	220,600
Receivable social security		-	-
Corporation Tax	# 412000	-	-
		8,446	220,600

Other accounts receivable (3)

		31 Dec. 2021	31 Dec. 2020
		€	€
Prepaid rent Brussels		-	26,881
Office supplies & repairs		6,257	4,479
Interest receivable		-	-
Software fees		1,203	80
Prequin online subscription		-	-
Consulting fees		11,149	13,439
Advisory		-	-
Subscription		23,479	20,451
Conference fees		9,330	80,612
Insurances		3,374	3,981
Memberships		-	2,368
Memberships Epra VZW		-	-
		54,793	152,290

Equity

Other reserves

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

Provisions

Income equalization account (4)

	31 Dec. 2021	31 Dec. 2020
	€	€
Membership fee 2020 received in advance	-	1,515,085
Membership fee 2021 received in advance	1,647,572	-
	<u>1,647,572</u>	<u>1,515,085</u>

Current liabilities

Taxes and social insurance contributions

(5)	31 Dec. 2021	31 Dec. 2020
	€	€
Turnover tax (vat vzw)	-	-
Income taxes to pay	102,971	-
Taxation on result from other income	-	-
Wage tax BVBA Belgium	-	-
Social security Belgium	-	-
Tax on interests Belgium	-	-
	<u>102,971</u>	<u>-</u>

Remuneration and social security

(6)	31 Dec. 2021	31 Dec. 2020
	€	€
Holiday pay provisions	180,462	221,360
	<u>180,462</u>	<u>221,360</u>

Statement of operating income and expense for the year 2021**Revenue** (7)

	2021	2020
	€	€
FTSE Index	3,517,950	3,257,785

Wages and salaries (8)

	2021	2020
	€	€
Gross wages and salaries	3,210,196	3,636,813

Provision Staff (9)

	2021	2020
	€	€
Severance pay deputy CEO		
Provisions		
Provision Severance pay decided by the board		
Provision Bonus decided by the board		
Provision used for pay out		

Depreciation on tangible fixed assets

(10)	2021	2020
	€	€
Website and database	168,293	154,406
Furnitures	28,008	10,574
Computer and automatisation		
Leasehold improvements		
Bad debts		
	196,301	164,980

Other operating costs (11)

	2021	2020
	€	€
Reporting & Accounting	112,952	43,843
Communication	268,245	231,671
Public Affairs	54,842	90,222
Meetings and events	39,413	51,115
Travelcosts	22,391	44,785
Research	294,618	155,697
Office cost	310,418	296,090
Advisory	194,790	155,486
Asia Costs	-350,000	-125,000
vat refund not allowed 2018	0	3,834
	<u>947,669</u>	<u>947,742</u>

Staff

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

	2021	2020
Chief Executive Officer	1	1
Operations Director	1	1
Director Indexes and Research	1	1
Director R & A + ESG	1	1
Director Public Affairs	1	1
Director Investor Outreach	1	1
Indexes Manager	1	-
Senior Analyst Research & Indexes	1	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
Analyst investor outreach	1	1
Events & Project Manager	1	1
Reporting Accounting Manager	1	1
Director Asia Pacific	-	1
	<u>19</u>	<u>20</u>