

PRESS RELEASE

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European Public Real Estate Association (EPRA) announces changes to Net Asset Value (NAV) measurement to reflect the evolution of the listed real estate sector

Following extensive consultation with industry stakeholders, EPRA has today announced changes to the Net Asset Value (NAV) measurement to reflect the significant evolution of the listed real estate (LRE) sector over the last 16 years, when the Best Practices Recommendations (BPR) guidelines were first introduced.

The original EPRA NAV metric was created to measure the fair value of net assets in a normal investment property company business model over the long term. Through EPRA's mission to promote, develop and represent the European public real estate sector, there are now 14 REIT regimes in Europe. Such a fundamental change in the flexibility and fluidity of public asset ownership has consequently meant that the normal investment property company business model has also evolved from long-term passive asset owners into highly active asset managers and capital allocators. In a continued effort to continue to improve transparency, comparability and the relevance of financial reporting in the listed real estate, the industry, following feedback from relevant stakeholders, felt an update to the main KPI was now critical.

The changes will level the playing field between Non-REITs and REITs and ensure the EPRA BPR remain aligned with the International Financial Reporting Standards (IFRS) developments, through the inclusion of new adjustments in how real estate companies conduct their financial reporting.

Hassan Sabir, Director of Finance and Sustainability at EPRA said: "To ensure there was a strong mandate and that the methodology for these changes was robust, we have worked extensively with a range of industry stakeholders, including property companies, investors, analysts and the Big 4, as well as our membership over the last two years, to gather and incorporate feedback as well as stress test our recommended changes. We are confident that after an initial period of transitioning, the consensus driven approach to updating the NAV metrics will continue to provide consistent reporting for listed property companies across Europe."

Commenting on the NAV updates, **Jan Willem van Kranenburg, Global REIT Analyst at Cohen & Steers** said: "We have been working with EPRA alongside other stakeholders for the last two years. We fully support the new EPRA NAV methodology that reinforces the view that property companies are actively managed entities."

The changes will come into effect for the accounting period starting on 1st January 2020 and will be the basis for EPRA's BPR Awards in 2021 and beyond.

Over the next 12 months, EPRA will be conducting workshops in key European markets in collaboration with the Big 4 and local real estate associations to educate the LRE sector on the changes and how they will affect financial reporting.

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About 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, promotion of best practices and the cohesion and strengthening of the industry. Find out more about our activities on www.epra.com.

**European companies only*

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