

# EUROCOMMERCIAL



**Annual Report**  
18 month report to 31 December 2020

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2019/20

# Key events and performance overview

Rent uplift on renewals and relettings

**10.5%**

Change in property value over calendar year 2020

**-3.8%**

Loan to value ratio (LTV) at year end

**43.8%**

Cost savings in calendar year 2020 compared to calendar year 2019

**€8 million**

EPRA sBPR Gold Award for the seventh year in a row

**Gold Award**

Direct investment result per depositary receipt for the calendar year 2020

**€2.21**

Vacancies at year end

**1.6%**

Disposals over past 18 months at around latest valuation

**€300 million\***

EPRA Net Tangible Assets per depositary receipt

**€42.55**

Reduction in deferred taxes due to fiscal step up in Italy

**€100 million**

Green Star status for the fifth consecutive year upgraded to

**four GRESB stars**

Proposed dividend per depositary receipt

**€0.50 + 1:18 scrip**

\* Includes the sale of Les Trois Dauphins.

# Eurocommercial Properties

We own and manage retail properties in Belgium, France, Italy and Sweden valued at €4 billion, attracting over 130 million visitors annually and confirming their importance to the communities they serve.

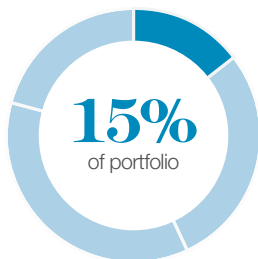
## Belgium



**€589.8m** **1**

Property value

Property



[Read more in country report Belgium](#)

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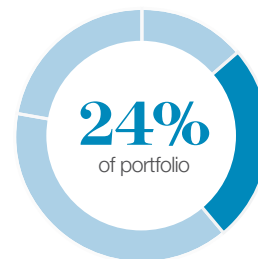
## France



**€965.3m** **11\***

Property value

Properties



[Read more in country report France](#)

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\* Before the sale of Les Trois Dauphins in March 2021.

## Italy



**€1,580.2m** **8**

Property value

Properties



[Read more in country report Italy](#)

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## Sweden



**€901.3m** **7**

Property value

Properties



[Read more in country report Sweden](#)

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# Board of Management review



Woluwe Shopping gallery.

“  
*Ensuring rent sustainability while monitoring costs will be pivotal to our success.*”

Eurocommercial endured an unprecedented year marked by the global COVID-19 pandemic and the retirement on 1 November 2020 of its founder and CEO, Mr Jeremy Lewis, yet both events highlighted the resilient characteristics and solid foundations of the Company.

Jeremy's passion, energy and commitment to Eurocommercial and its employees over the past three decades will be greatly missed by all but we are grateful for his legacy: a portfolio of 26\* prime retail assets and 92 talented employees, without which the Company's solid results during this health crisis would not have been possible. Our four countries and its broad range of high quality shopping centres are a reflection of Jeremy's approach to investment diversification and property selection founded on sound economic research and market judgement. His professional and collegiate working practice was based on mutual trust and rewarded by long-serving and dedicated colleagues.

During the past year, our teams' professionalism and hard work enabled us to reach high rent collection rates while keeping vacancies to minimal levels. In 2020, we signed a higher number of leases than in 2019 and relettings and renewals showed solid uplifts in rents (10.5%), in line with our long-term average. These strengths, together with our history of affordable rental levels have been recognised by our valuers through only a modest decline in our asset values.

Over the past 18 months, we have sold around €300 million of properties representing 8% of our portfolio at or close to book value, demonstrating that there remains a market for good retail assets. We are progressing with other sales with the aim of achieving a loan to value (LTV) ratio of under 40% in due course as part of our commitment to maintain a solid and healthy financial position. Most of our debt is in the form of straightforward individual mortgage loans with a wide range of banks with whom we have established long-term relationships.

\* Excludes Les Trois Dauphins which was sold in March 2021.

As a new management team, our priorities are clear. In a changing retail landscape, we want to accompany retailers' portfolio transformation by working closely with them to our mutual benefit. Change is an opportunity to innovate and we constantly engage with our consumers to tailor our offer to their expectations. Ensuring rent sustainability while monitoring costs will be pivotal to our success. Building a sustainable and resilient business is the foundation of our long-term strategy. Our Environmental, Social and Governance (ESG) strategy is fully aligned with these objectives, from our roadmap to reduce our footprint to our proposed improvements to our governance.

Government lockdowns and trading restrictions continue to affect our business and retail sales during the first half of 2021 although there are various governmental rent support initiatives under consideration and expected to be announced shortly. Looking beyond the short-term uncertainties, we see the reopening of the economy in sight as vaccination continues to progress. Our fundamentals are still strong and we are confident that our business is well-prepared to re-emerge and will continue to create long-term value for our stakeholders.

**Evert Jan van Garderen**  
**Peter Mills**  
**Roberto Fraticelli**

## Board of Management



**Evert Jan van Garderen**  
Chief Executive Officer



**Peter Mills**  
Chief Investment Officer



**Roberto Fraticelli**  
Chief Financial Officer

# Strategy

“

*Eurocommercial's strategy is based on rigorous economic and market research with country and property selection providing diversification.*

**Evert Jan van Garderen**  
Chief Executive Officer

## Portfolio strategy

Eurocommercial is one of Europe's most experienced owners and managers of retail property with a portfolio of around €4 billion comprising 26\* prime assets in Belgium, France, Italy, Sweden. These countries have substantial depth to their markets providing portfolio diversity, while the reasons they were initially selected still stand: sound economic fundamentals, an established institutional property market, a broad retail tenant base, transparency, including tenant sales data and a reliable planning and legal framework. These countries also continue to provide opportunities for future expansion and growth so that our experienced country teams can leverage our historic market position, knowledge, contacts and our professional reputation among retailers, financing institutions and market operators.

## Property selection

Eurocommercial has always employed a rigorous, research-led approach to its acquisitions which are focused on easily accessible, well-located retail properties that dominate their catchment areas. Our economic and research teams conduct detailed catchment studies concentrating on their current and prospective demographic and economic profiles. At the same time, care is taken to analyse and assess the current and future provision of retail space and competition in the catchment to ensure that the retail density is appropriate.

Rental levels are carefully reviewed to check they match tenant sales turnover which is declared monthly in all our centres. This allows the acquisition team to verify that the occupancy cost ratio (OCR) is at a level that will enable tenants to be profitable thereby not only underwriting a centre's long-term, sustainable rental income, but also important in maintaining Eurocommercial's historically low vacancy levels.

Our existing property portfolio reflects our approach to investment diversification. Our five "flagship" assets representing around half of the portfolio by value are located in three of our four countries:

- Woluwe Shopping, Brussels
- Passage du Havre, Paris
- Carosello, Milan
- Fiordaliso, Milan
- I Gigli, Florence



**Above**  
Woluwe Shopping's excellent transport links.

**Left**  
The Carosello shopping centre in Carugate, Milan.

\* Excludes Les Trois Dauphins which was sold in March 2021.



These five “flagships” are all very well known and established regional shopping centres in their city catchments. They are also important destinations for an international tenant base (e.g. Primark, Inditex, H&M, Apple, Nike) as well as the largest national brands (e.g. Fnac, OVS, Inno).

The remainder of the portfolio are predominantly suburban shopping centres with more than half of their floor space devoted to everyday and essential retail providing consistent and regular footfall during the whole week. These centres are mainly located in important provincial cities in their countries and are characterised by their wealthy primary catchments and strategic road locations providing easy access and parking. These shopping centres are sufficiently large to be well represented by national and regional tenants in most retail sectors. They also provide their local communities with important amenities and an increasing range of services including health care and dentistry, fitness, hair and beauty salons etc.

### Portfolio management

Our **asset management teams** work to ensure that our centres remain fresh, modern and relevant through regular refurbishments, extensions and tenant rotation that are designed to increase footfall and add further value to the property. Extensions have enabled us to generate enhanced returns while also improving the shopping centre’s competitive position in its catchment and upgrading the offer and experience for our tenants and customers. Experienced **development and technical expertise** has been established in each of the local offices, allowing us to initiate, analyse and manage these projects in-house while also providing high standards of maintenance and presentation. They also help improve capital expenditure planning and identify ESG improvement targets.

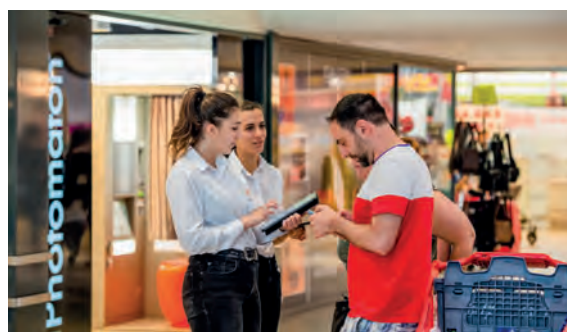
Our **leasing teams** are in constant dialogue with the most important international, national and local retail and non-retail (i.e. health care, gyms and other services) groups, monitoring emerging trends and innovations in the retail world and often assisting and providing advice to new market entrants. Careful analysis of monthly sales turnover prepared by our **rent collection teams** provides information on which the teams are able to judge when and how to adjust tenant mix and identify potential

tenants in difficulty at a moment when remedies can still be applied, thereby avoiding bankruptcy. Further information comes from our **research and marketing teams** who measure and analyse customer and tenant experience from regular surveys. Our **centre management teams** use these surveys and their local expertise as a reliable tool in order to constantly improve the shopping centres in terms of their outlook, environment, services, marketing and tenant mix. Our **treasury and finance teams** provide efficient management of the cash flow and financial needs of the properties, while our **accounting teams** are providers of timely information to improve returns and the financial management of the Company.

With most of our tenants operating omnichannel, we work with our retailers to customise their stores and our centres to improve the overall physical and digital experience for customers. As retailers rationalise their online administration, click & collect, logistics and returns, the efficient use of the store has become an integral part of the process. We have improved storage and drive-through stations for our hypermarkets which generally do not offer home delivery. Inside the centres we have installed click & collect facilities such as Amazon Lockers, InPost and Instabox delivery points.

### Disposals

An important component of our asset management strategy are decisions on disposals of mature assets where value has been maximised and further growth potential may be limited compared to alternative investment opportunities. Since 2004, Eurocommercial’s active asset rotation programme has resulted in over €900 million of sales in Italy, France and Sweden, always achieved at or around their valuation.



Regular surveys are carried out to improve our customers’ shopping experience.

## Strategy continued

### ESG strategy

Eurocommercial believes that building a sustainable and resilient business is the foundation for long-term success. Our ESG and business strategies are carefully aligned and each business decision is approached with a long-term view supported by detailed research in order to evaluate its environmental and socio-economic impact.

Each of our shopping centres offers its individual set of challenges and opportunities, yet we have developed a broad ESG vision and strategy to ensure that we can meet global challenges and future demands from our customers, tenants and employees, while creating sustainable centres. Our approach is articulated around three strategic pillars: Be green, Be engaged, Be responsible.



#### Be green

Being green is the basis of our operations as we work to synchronise the mindset of all stakeholders in our communities, providing us with the opportunity to make changes to significantly reduce both our imprint and operational costs as we focus on the transition to a low carbon economy.

Eurocommercial aims to improve the environmental quality of its shopping centres by implementing standards and technologies to increase energy and water efficiency and waste recycling. We focus on gathering robust baseline energy data, ensuring we are compliant with regulations concerning building environmental management, while delivering reductions in service charge costs for our tenants through energy-efficient measures. Through our green leases documentation, we exchange ESG ambitions with our tenants. Wherever possible, we also prioritise the use of construction materials that are locally sourced, recycled and have a low environmental impact.



#### Be engaged

We believe that engaging with our tenants, customers and local communities is essential for long-term success. We are in constant dialogue with our customers and tenants, carrying out regular surveys, and we listen and respond to their feedback to ensure that our centres evolve with the changing retail landscape. We have established and are expanding the Eurocommercial Retail Academy® working together with our tenants to improve sales technique and customer service, thereby improving the overall shopping experience. Our shopping centres form an integral part of their local communities, enhancing social and environmental values including the promotion of local employment, procurement, the improvement of local transport infrastructure, education, new services and the provision of green spaces and amenities.



#### Be responsible

Our aim is to be an attractive and responsible employer while creating a workplace where our employees can thrive and develop professionally by providing them with a broad corporate and property experience and education supported by carefully targeted training programmes. We pride ourselves on our diversity and collegiate culture with our country teams fully engaged and working together, sharing best practices to achieve our common goals.

#### A successful strategy recognised by many external awards

Eurocommercial is committed to report on its ESG performance every year and was recently awarded the EPRA Gold Award for sustainability reporting for a seventh consecutive year. Eurocommercial

achieved its highest ever score of 83 in the 2020 GRESB Assessment, a significant improvement from last year (+6 points). This result is both above the GRESB average and our peer group average. As a result Eurocommercial maintained its Green Star status for the fifth consecutive year, receiving four GRESB stars in 2020.

### A transparent business aiming for improved governance

We recently surveyed our major shareholders and were reassured by their support for our investment strategy, our proposed management changes and our response to the COVID-19 crisis. A matter that attracted less enthusiasm, though, was our Stichting Administratiekantoor (STAK), which stems from our original dual listing in Sydney and Amsterdam. We are always sensitive to shareholders' views and see this as an opportunity to further modernise our corporate governance. We therefore prepared a proposal for a change to the Company's Articles of Association to include the abolishment of the depositary receipts and the winding up of STAK and will allow all shareholders and holders of depositary receipts to decide on the matter at the 2021 Annual General Meeting.

### Financial strategy

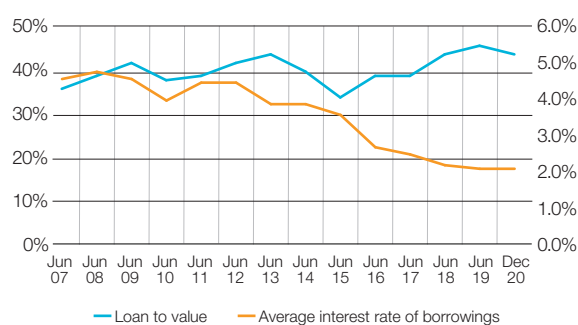
Eurocommercial's loan portfolio is primarily composed of mortgage loans secured against individual or groups of assets. These loans are mostly bilateral, allowing for a direct and long-term professional dialogue with the financing banks ensuring the necessary financing flexibility needed for a proactive management of the assets (i.e. extensions, refurbishments, unforeseen events). Our long-term financing contracts are secured by mortgages in favour of a group of more than 15 different banks, with whom we have strong and long-standing lending relationships. This financing structure presents several advantages as it enables the Company to raise debt without exposing it to the volatility linked to the fixed income capital markets or to a possible rating downgrade.

However, we have also been monitoring the (convertible) bond market, which we could use to further diversify our debt structure. To date, bond market financing conditions have been less attractive than those offered by standard mortgage loans.

### Financial discipline

The average committed unexpired term of our bank loans is nearly five years and the interest rate on the majority of our debt is fixed or hedged (75.8% at 31 December 2020). The loan to value ratio at year end on the basis of the proportionally consolidated balance sheet of the Company reduced to 43.8%, significantly below the 60% loan to value covenant agreed with banks at Group level. We aim at maintaining this rigorous financial discipline and are committed to reduce our loan to value ratio to below 40% in due course. Over the past ten years our LTV ratio has ranged between 34.1% (2015) and 46.4% (2019).

### Loan to value and average interest rate of borrowings %



# Property performance

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*Valuers recognised the low vacancy levels and robust tenant demand across the portfolio providing solid foundations for stable rental income. There was selective retail investment appetite in France and Sweden where we successfully completed €100 million of disposals over the last six months.*

**Peter Mills**

Chief Investment Officer

## Uplift on renewals and relettings

Despite the COVID-19 pandemic, leasing activity remained robust over 2020 with 277 leases renewed or re-let compared to 245 in 2019. Of these 277 deals, 79 were relettings highlighting solid demand from new retailers to open in our centres. Leasing activity remained robust at the end of the year with 95 leases signed in Q4. Overall we achieved a 10.5% uplift on these relettings and renewals, demonstrating the strong demand from retailers to be represented in our centres.

In Woluwe Shopping, Belgium, eight new leases were signed and three tenants renewed over the past 12 months with an average uplift of 2.1%. Among these deals, we have succeeded in attracting premium brands which are usually not represented in shopping centres such as Maje, K-Way and Jott. The beauty sector has also been strengthened by the transfer of Rituals to a larger unit, allowing the brand to set up its new flagship store format in Brussels.

In France, the leasing team completed 32 lease renewals and re-lettings over the last 12 months with an average uplift of 6.0%. We signed a lease with a medical practice in MoDo and with Blackstore, a new Intersport group brand who have opened in Les Atlantes.

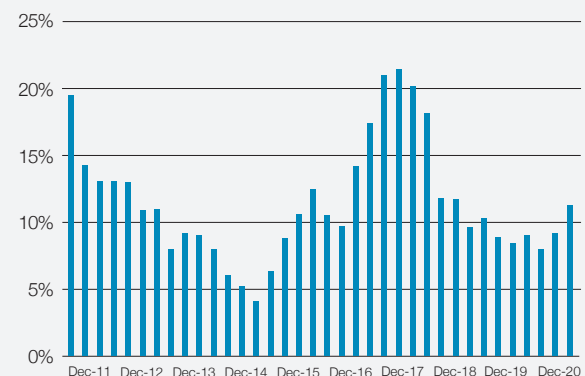
In Italy, relettings and renewals of 131 leases together produced an average increase in rent of 16.6%. Several new international brands were established in our centres including The North Face, Nike, Adidas and Starbucks, while we also saw an increased presence of existing international tenants including Primark, Inditex, H&M, Hollister and JD Sports.

In Sweden, we completed 103 lease renewals and re-lettings producing an overall average uplift in rent of 4.2%. At Valbo, H&M, New Yorker and Hemtex opened new stores. At Elins Esplanad, following the re-location of Cassels last year there were new store openings for H&M and Nordic Wellness, a major gym operator who have also opened in Bergvik. Clas Ohlson is an important addition to Ingelsta Shopping and opened its new store in February 2021.

## Renewals and relettings, 12 months to 31 December 2020

	Number of relettings and renewals	Average rental uplift on relettings and renewals	Percentage of leases relet and renewed (MGR)
<b>Overall</b>	<b>277</b>	<b>10.5%</b>	<b>15%</b>
Belgium	11	2.1%	8%
France	32	6.0%	6%
Italy	131	16.6%	18%
Sweden	103	4.2%	23%

## Uplift on renewals/relettings



## Property valuations

Eurocommercial's properties were independently valued at 31 December 2020 by major international firms in accordance with the standards set out in the "Red Book" of The Royal Institution of Chartered Surveyors. The change in values of the properties since June 2020 and December 2019 are set out in the table below, together with their net yields. The net yield figures are derived by dividing expected net income for the coming year by the valuation figure, to which has been added the relevant standardised market allowance for deemed purchaser's costs (usually notional transfer taxes) in the particular country. The objective is to replicate the calculations of a professional institutional investor.

Overall the valuations declined by 3.8% over the year and by 0.9% since the properties were last independently valued on 30 June 2020. The overall decline in values resulted from higher initial yields or exit yields (depending on valuation methodology) and more conservative estimated rental values (ERVs). The valuers generally recognised the low vacancy levels in the portfolio and future income security supported by steady tenant demand and rent affordability.

In France, excluding the prime, mixed use central Paris asset, Passage du Havre (initial yield 3.75%), the overall initial yield on the remaining, predominantly suburban and provincial shopping centre portfolio was 5.3%.

In Italy, the exit yields used by the valuers in their cashflow models increased by over 20 basis points to 5.7%. The initial yield of 5.2% reflects the temporary lower net operating income before the rents from the projects at I Gigli and Fiordaliso come on stream.

In Sweden, the valuers identified relevant comparable transactions in all segments of the retail market including shopping centres (Farsta Centre). With normal market conditions prevailing in the transactional and occupational markets, and with shopping centres open and trading well, the Swedish valuers removed the material valuation uncertainty clauses which they had inserted in their June valuations.

The valuation of Woluwe Shopping in Belgium was down by 6% over the year, mainly the result of an increase in yield and a downward adjustment in ERVs.

## Property valuation change and yields

	Net value*	Valuation change		Net initial yield
	31 December 2020 € million	From 31 December 2019	From 30 June 2020	31 December 2020
<b>Overall</b>	<b>4,037</b>	<b>-3.8%</b>	<b>-0.9%</b>	<b>5.0%</b>
Belgium	590	-6.0%	-1.2%	4.2%
France	965	-4.4%	-1.3%	5.0%
Italy	1,580	-3.7%	-0.5%	5.2%
Sweden	901	-1.6%	-1.1%	5.0%

\* Values may not add up due to rounding.

## Property performance continued

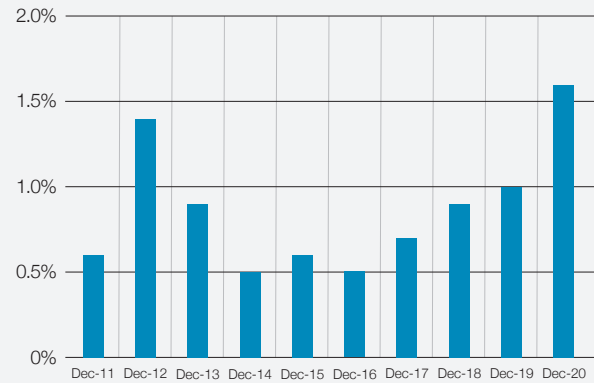
### Vacancy levels and disposals

#### EPRA vacancy levels

Our strong leasing activity during this unprecedented difficult time allowed us to keep our vacancy rate down at very low levels as they have been over the last 20 years. EPRA vacancy for the portfolio at 31 December 2020 represented 1.6%. Vacancy by lettable area was 1.3%.

	31 Dec 2019	30 June 2020	31 Dec 2020
<b>Overall</b>	<b>1.0%</b>	<b>1.4%</b>	<b>1.6%</b>
Belgium	0.4%	1.1%	1.0%
France	1.8%	2.1%	2.3%
Italy	0.5%	0.8%	1.3%
Sweden	0.6%	1.7%	1.7%

#### Long term vacancy levels



#### Disposals

Over the past 18 months we sold around €300 million of assets amounting to 8% of our portfolio at prices at or close to their latest valuation. In September 2019, we disposed of 50% of Passage du Havre. In September 2020, we sold the Moraberg retail park and in December 2020, we sold the Bronsen retail park in Sweden and signed an agreement to sell Les Trois Dauphins in France. The sale of this French property was completed on 25 March 2021 and the proceeds were used to repay the bank loan on the property of €20 million with the remaining cash to be used for working capital purposes.



Moraberg retail park sold in September 2020.



Bronsen retail park sold in December 2020.



The sale of Les Trois Dauphins was completed on 25 March 2021.

# Our response to the COVID-19 pandemic

## We responded quickly and fairly to the pandemic providing appropriate financial assistance to our tenants on a case-by-case basis.

The operations of Eurocommercial's shopping centres were severely impacted by the COVID-19 pandemic which spread throughout Europe from early 2020. Measures to contain the virus comprised a series of lockdowns and government restrictions including the closure or partial closure of the Group's retail assets.

### Government restrictions and closures in 2020

The first lockdown occurred during spring 2020 when our shopping centres were closed for around two months from mid-March in Belgium, France and Italy. During this period non-essential retail was closed while everyday shops including supermarkets and pharmacies remained open. The only country which was not affected by lockdowns was Sweden where all shopping centres remained open throughout 2020, although footfall was initially reduced in response to health authority guidelines on social distancing and public gatherings.

Retail fully reopened in our markets by mid-May with the exception of some food & beverage and entertainment.

After the summer, a second round of closures started following an increase in cases of COVID-19 that spread throughout Europe from September. In Belgium and France, the closure of restaurants in late October was followed by national lockdowns during November which were slightly more flexible than the first one with more stores able to stay open and click & collect activities permitted. Reopenings occurred in time for the busy Christmas trade.

The Italian government put in place a colour-coded restriction scheme which was reviewed weekly. This put more restrictions on shopping centres and restaurants than on city centre retail, with limitations on openings at weekends and around public holidays.

In 2020, our shopping centres were closed for 2.4 months on average.

### Health and safety first priority

During the pandemic period our first priority was to ensure the health and safety of employees, customers, retailers and suppliers in all our assets and Group offices. Working together with our tenants and the authorities, we made sure that our shopping centres were and remain safe places for our visitors to shop, providing regular cleaning and disinfection of public areas and installing alcohol-based hand sanitiser dispensers at the entrances and throughout the centres. The communication and signage in the shopping centres focused on clear guidance for visitors to illustrate the latest regulations on social distancing, routing of pedestrian flows and queuing.



Free COVID-19 screening at Il Castello.

## Our response to the COVID-19 pandemic continued

### Footfall and sales

Retail sales and footfall suffered during both lockdown periods when our shopping centres only remained open for essential shopping, principally hypermarkets and pharmacies. The period in between the lockdowns saw a rapid rebound in both footfall and sales supported by the summer staycations. During this period retail sales reached pre-pandemic levels and while fashion, shoes and restaurants generally suffered, other sectors recovered well including health & beauty, household, consumer electronics and sport.

With a shopping centre portfolio heavily anchored on food outlets (31 units representing 32% of gross lettable area (GLA)) and other everyday necessities, the strong recovery in turnover was most pronounced in our suburban and provincial shopping centres, where people were both living and working with easy access and free parking being important factors. Public transport makes an important contribution to footfall at Passage du Havre (Paris) and Woluwe (Brussels), and these assets therefore took slightly longer to recover.

The Swedish portfolio performed more consistently throughout the whole of 2020, being fully open and trading, and their strong provision of daily goods, particularly hypermarkets and Systembolaget (the state liquor monopoly) helped keep footfall consistently high, dropping by only 10% year-on-year. Retail sales were also strong, reaching comparable levels to 2019 between July and October.

Value and discount retailers have also generally flourished during the pandemic and were responsible for the positive sales growth in our retail parks at Chasse-sur-Rhône, Moraberg and Bronsen.

### Tenant support

Rent support was provided on a case-by-case basis and within frameworks set by governments or agreed between the country organisations representing shopping centre owners and retailers. The general principle we adopted was to be fair and reasonable and to share the financial burden. We initiated discussions early, and this assisted the process, and we reached agreements quickly with most tenants, helping their liquidity position and ensuring steady and full rates of rent collection during the year.

### Footfall and sales fully recovered when stores reopened in 2020



Note: footfall and sales as a % of 2019 excluding food & beverage and entertainment



The Swedish government introduced a rent support initiative for Q2 which provided that if a landlord offered a qualifying tenant a rent discount of up to 50%, then within certain parameters the government would refund the landlord half the discount. The Italian government put in place a tax credit system to assist tenants during the lockdowns, while the French government provided different levels of rent support depending on a retailer's number of employees. The agreements reached with our tenants were limited to rent support and monthly payments. There was no revision to the lease terms which have remained intact, in particular the minimum guaranteed rents (MGRs), thereby providing income security going forward. In our negotiations for the second lockdown we managed to negotiate some important improvements to the leases, including extending the term, removing break options or increasing the turnover rent percentage. By the end of 2020, we had collected 87% of invoiced rent and 95% of rent excluding discounts.

Governments also heavily supported their economies with various stimulus packages, while our retailers benefited directly from specific government measures including tax relief, partial work schemes, grants and loans.



Hand sanitising station at Passage du Havre.



A COVID-safe environment for our customers.

We will come out of the pandemic period with our long-term, professional relationships with our tenants still intact. We have assisted them where appropriate not only financially, but by being receptive to their views and requests on issues including monthly payment of rent, shorter and more flexible opening hours and general support and advice on health and safety in the shopping centres to protect their staff and customers. Where possible we also helped to reduce their outgoings by limiting marketing expenses and service charge costs.

### Rent collection after discounts reached 95%

	Total rent concessions 2020 (€ million)	% of invoiced rent collection 2020	% of due and collectable rent collected 2020*
Belgium	3.7	87%	97%
France	6.6	87%	92%
Italy	10.9	83%	95%
Sweden	2.8	94%	98%
<b>Total</b>	<b>24.0</b>	<b>87%</b>	<b>95%</b>

\* Due and collectable rent: invoiced rent excluding concessions granted.

# Financial review



I Gigli gallery.

## Financial – Results Summary 2020

<i>Includes joint ventures</i>	2019/20**	2018/19
Rental income (€m)*	<b>320.2</b>	217.5
Net rental income (€m)*	<b>252.9</b>	178.6
Direct investment result (€m)	<b>167.6</b>	120.2
Direct investment result per depositary receipt (€)	<b>3.40</b>	2.42
Dividend per depositary receipt (€)	<b>0.50 + 1:18 scrip</b>	2.18
IFRS profit after taxation (€m)	<b>108.6</b>	74.6
Adjusted net asset value per depositary receipt (€)	<b>42.84</b>	44.83
IFRS net asset value per depositary receipt (€)	<b>38.17</b>	38.49
Net loan to property value*	<b>43.8%</b>	46.4%
Average interest cost, including margins	<b>2.1%</b>	2.1%

\* Based on proportional consolidation.

\*\* The figures are based on an 18 month reporting period.

“

*Our balance sheet has shown good resilience to the effects of the COVID-19 pandemic. Further property sales, all of them at or around book value, helped keep the loan to value ratio at a reasonable 43.8%. We are considering more sales to reduce the current loan to value ratio even further.*

**Roberto Fraticelli**  
Chief Financial Officer

## Overview

In a period when the COVID-19 pandemic had a significant impact on economies all over the world, Eurocommercial continued with its policy of strengthening its balance sheet and securing resources for the active management of its retail portfolio.

During this financial reporting period Eurocommercial sold assets at or around book value for a total amount of around €300 million, representing 8% of its portfolio. €150 million of these proceeds were used to repay existing loans. This helped to reduce the Company's loan to value (LTV) ratio from 46.4% in June 2019 to 43.8% in December 2020, with more disposals planned in the coming period.

The other focus area for this financial reporting period was cost reductions both for the Company, to partially compensate for the loss of income derived from the COVID-19 rent concessions, and to support our tenants through the reduction of service charge expenses.

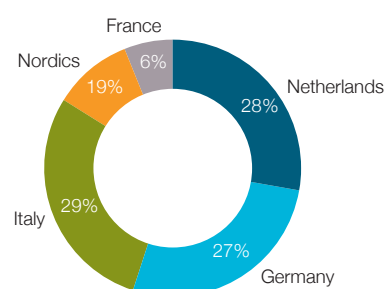
As at March 2021 the situation around the COVID-19 pandemic was still uncertain, with governments all over Europe still adopting restrictive measures. Therefore in our press release of 26 March 2021, we proposed a combined dividend of €0.50 cash per depositary receipt and one new depositary receipt for each 18 depositary receipts held.

## Funding

Eurocommercial's loan portfolio is primarily composed of mortgage loans secured against individual or groups of assets, which are usually entered into by the Company's local subsidiaries directly owning the properties in the various countries, under contracts governed by local laws. In some jurisdictions, mortgage loans also allow for the full fiscal deductibility of interest expenses. Some of these mortgage loans are entered at a fixed rate, while others are at a variable rate, but are mostly covered by interest rate swaps to hedge the risk related to changes in the interest rate.

Our long-term financing contracts are secured by mortgages in favour of a group of more than 15 Belgian, Dutch, French, German, Italian and Nordic specialist real estate financing banks, with whom we have strong and long-standing lending relationships, ensuring diversity of access to finance among lenders and across different geographies. Bank covenants for all long-term financing arrangements have been agreed, also at local asset level, which can be a LTV ratio, interest cover ratio or a debt service ratio or a combination thereof, all related to the performance of the local property.

### Lenders' share by country (%)

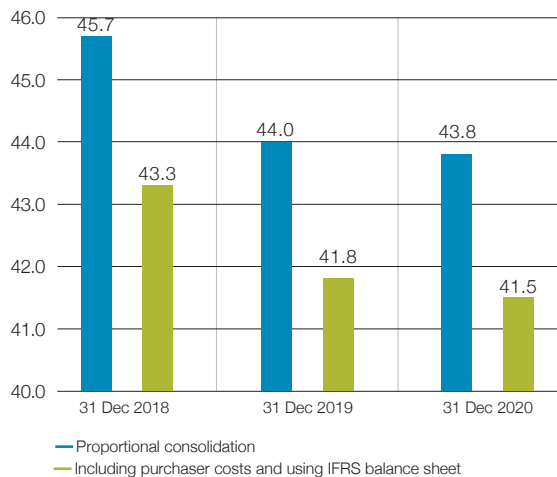


Eurocommercial's bank loans have an average committed unexpired term of nearly five years. 76% of our interest expenses are fixed or hedged, with an average hedging period of just over six years. The average interest rate decreased slightly to 1.9% as per 31 December 2020 from 2.0% reported as per 30 June 2020. The Company's interest expenses are expected to remain stable for the coming period.

The LTV ratio decreased to 43.8% at 31 December 2020 compared to 45.5% as per 30 June 2020 and 44.0% as per 31 December 2019, mainly thanks to the proceeds from the sales of Moraberg and Bronsen in Sweden and the collected rent, and is well below the 60% Group's LTV ratio covenant agreed with the financing banks. The LTV ratio is calculated on the basis of the proportionally consolidated balance sheet of the Company as per 31 December 2020 (after deducting purchaser's costs).

## Financial review continued

### Loan to value (LTV) (%)



For comparison purposes, the Group's loan to value ratio as per 31 December 2020 calculated adding back purchaser's costs is 42.6% on a proportional consolidation basis and is 41.5% on an IFRS consolidation basis including the fair value of the investments in joint ventures.

### Funding activities in this financial reporting period

In November 2019, holders of depositary receipts (DRs) representing 12.1% of the issued share capital opted to take up 395,442 bonus DRs at an issue price of €32.70 from the Company's share premium reserve, instead of a cash dividend of €2.18 (2018: €2.15) per depositary receipt for the financial year ended 30 June 2019. Accordingly, of the possible dividend of €106.6 million, an amount of €12.9 million was not paid out in cash. The total number of depositary receipts outstanding at the end of November 2019 rose to 49,402,758 with a further 506,924 depositary receipts held in treasury. This position is unchanged as per 31 December 2020.

In the first quarter of 2020, the Company entered into three new loan agreements. In Italy, the existing bank loan with Monte dei Paschi di Siena financing the shopping centre Collestrada in Perugia was extended for nine years and the principal of the loan was increased from €40 million to €72 million.

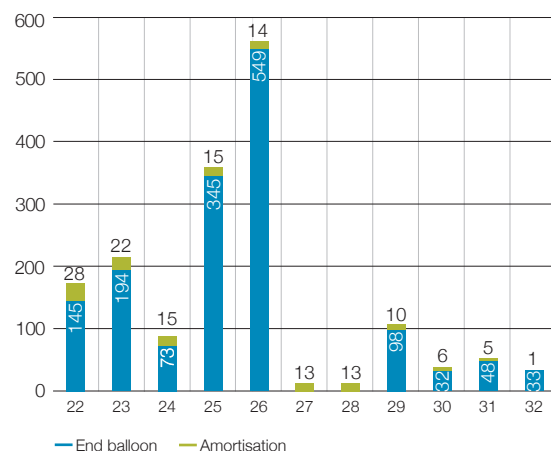
Furthermore, two new short-term loans were concluded, one with ING for an amount of €35 million and another one with BNP Paribas for an amount of €30 million.

In July 2020, the Italian subsidiaries of the Company entered into two new state guaranteed bank loans, one for €5.5 million with Banca Popolare di Milano for the 50/50 joint venture in Fiordaliso and one for €21.5 million with Banca Intesa Sanpaolo, both for a term of three years and at market price conditions. The drawn down funds have to be used for working capital purposes within the Italian group companies.

In December 2020, Eurocommercial renewed two loans for a combined €60 million. A €39 million loan, financing the Samarkand shopping centre in Växjö, Sweden, was renewed with Nordea by way of a green loan expiring in July 2023. A €21 million loan with UBI Banca, financing the retail park of the Fiordaliso shopping centre in Milan, Italy (owned in a 50/50 joint venture) was extended until 2024.

In April 2021, the Company extended three existing loans with ABN AMRO for a total amount of €100 million expiring in July 2021 for a period of three years.

### Non-current borrowings maturity and amortisation schedule at year end (€m)



Notwithstanding the difficult environment due to COVID-19, the Company has been able to reduce its net debt by €150 million in this financial reporting period, with a positive effect on its interest expense. In the calendar year 2020, in fact, the

total interest expenses, on the basis of proportional consolidation, were €42.6 million, a decrease of €1.7 million compared to the previous calendar year (€44.3 million).

## Direct investment result, EPRA earnings and IFRS profit after taxation

### Comparative table of direct investment result\* and EPRA earnings\*\*

(€'000)	18 months ended 12/31/2020	12 months ended 31/12/2020	12 months ended 31/12/2019	12 months ended 30/06/2019
Rental income	303,627	200,736	207,859	206,343
Service charge income	43,654	27,059	28,826	27,934
Service charge expenses	(50,023)	(30,778)	(32,706)	(31,085)
Property expenses	(59,627)	(42,358)	(34,543)	(34,764)
Interest income	35	20	37	32
Interest expenses	(63,920)	(42,608)	(44,361)	(44,318)
Company expenses	(18,042)	(11,384)	(13,633)	(13,766)
Other income	5,155	3,628	3,068	2,877
Current tax	(793)	340	(882)	118
<b>Direct investment result including non-controlling interest</b>	<b>160,066</b>	<b>104,655</b>	113,665	113,371
Direct investment result joint ventures	11,059	7,238	7,324	6,837
Direct investment result non-controlling interests	(3,525)	(2,747)	(778)	–
<b>Direct investment result attributable to owners of the Company</b>	<b>167,600</b>	<b>109,146</b>	120,211	120,208
<i>Per depositary receipt (€)***</i>				
Direct investment result per depositary receipt	3.40	2.21	2.43	2.42
<i>Adjustment to calculate EPRA earnings:</i>				
Investment expenses – pension costs	162	403	(774)	(1,389)
Investment expenses – JV	(13)	(9)	(8)	(8)
<b>EPRA earnings</b>	<b>167,749</b>	<b>109,540</b>	119,429	118,811
<i>Per depositary receipt (€)***</i>				
EPRA Earnings per depositary receipt	3.40	2.22	2.42	2.40

\* The direct investment result is defined as net property income less net interest expenses and company expenses after taxation. In the view of the Board this more accurately represents the underlying profitability of the Company than IFRS "profit after tax", which must include unrealised capital gains and losses.

\*\* EPRA earnings is a measure of the underlying operating performance of an investment property company excluding fair value gains, investment property disposals, and limited other items considered as non-core activities for an investment property company.

\*\*\* The Company's shares are listed in the form of depositary receipts on Euronext Amsterdam and Brussels. One depositary receipt represents ten shares. The average number of depositary receipts on issue during the 18 month period was 49,302,982 compared with 49,402,758 for the 12 months to 31 December 2020, 49,420,414 for the 12 months to 31 December 2019 and 49,585,907 for the 12 months to 30 June 2019.

## Financial review continued

The **direct investment result** attributable to the owners of the Company for the 18 months reporting period to 31 December 2020 was €167.6 million. For the calendar year 2020, the direct investment result was €109.1 million compared to €120.2 million for the calendar year 2019.

The direct investment result per depositary receipt for the 18 months reporting period to 31 December 2020 was €3.40. The direct investment result per depositary receipt for the 12 months to 31 December 2020 declined to €2.21 from €2.43 for the 12 months to 31 December 2019.

The **EPRA earnings** result for the 18 months reporting period to 31 December 2020 was €167.7 million, or €3.40 per depositary receipt. For the calendar year 2020, the EPRA earnings result was €109.5 million compared to €119.4 million for the calendar year 2019.

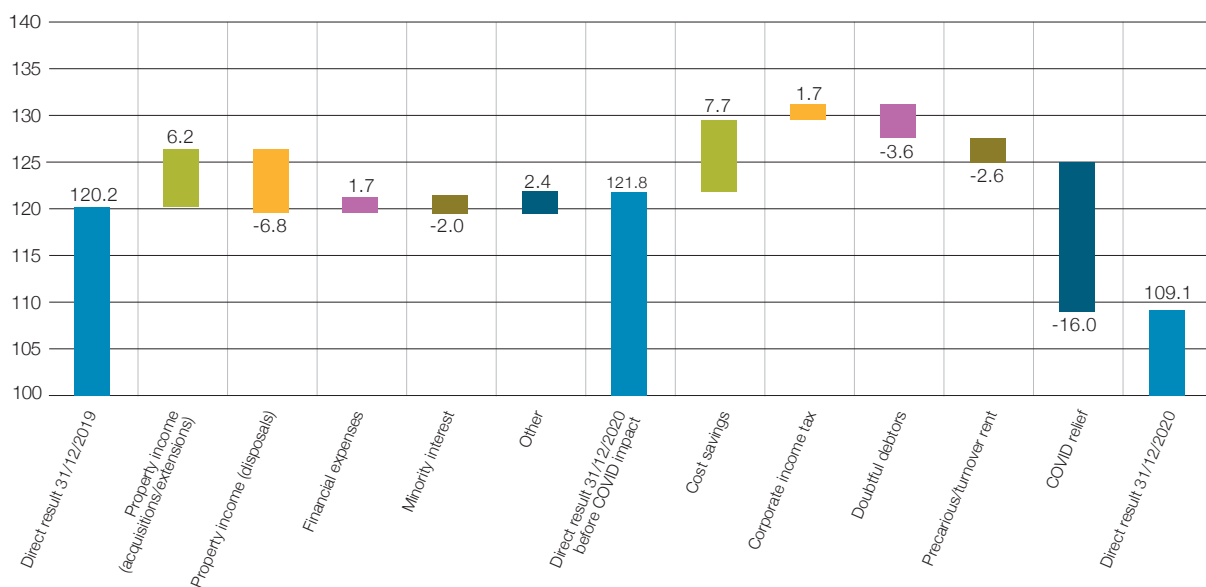
These lower results were mainly due to discounts granted to retailers related to the COVID-19 pandemic, to a higher provision for bad debts as a result of tenant insolvencies and, to a lesser extent, to the sales of properties in France and Sweden. Altogether we granted rent concessions related to

the COVID-19 pandemic for €24.0 million, of which €16.1 million was included as a reduction of net property income in 2020 with the remaining amount to be amortised in accordance with IFRS 16 over the remaining terms of the leases or until the first tenant break option.

These negative impacts were partly offset by increased rental income derived from extension projects, from the Woluwe Shopping full contribution and from cost savings, including reduced interest expenses, lower marketing, staff and travelling expenses as well as lower local taxes.

The **IFRS profit after taxation** attributable to owners of the Company for the 18 months reporting period to 31 December 2020 was €115.4 million (€2.34 per depositary receipt). For the calendar year 2020, the IFRS profit after taxation was €50.3 million (€1.02 per depositary receipt) compared to €115.0 million (€2.32 per depositary receipt) for the calendar year 2019. This reduction was largely due to a negative revaluation of the investment property portfolio in 2020 for an amount of €162.7 million (2019: €7.7 million positive) which was partly offset by a positive movement in deferred tax of €100.7 million (2019: €1.6 million positive).

### Direct result impacted by COVID-19 pandemic (€m)



This positive movement is the result of a fiscal step up of the Company's Italian entities' assets, which implies a realignment of the fiscal values of the tangible and intangible assets to their market values. As a consequence the deferred tax liabilities relevant to the Italian assets have been reduced to zero and a deferred tax asset of €25 million has been recorded. This step up was made mostly at a 3% substitute tax rate (compared to the 24% or 27.9% standard Italian corporate tax rates), resulting in a tax payable amount of €13.8 million to be paid in the financial year 2021 and €18.6 million to be paid in the next two years. It is expected to recover these amounts in a short period of time through the tax savings the Company will incur in Italy thanks to the increased fiscally deductible depreciation.

The IFRS net property income for the 18 months reporting period to 31 December 2020, after deducting net service charges and direct and indirect property expenses (branch overheads), was €237.6 million, (€154.7 million for the calendar year 2020 and €169.4 million for the calendar year 2019).

### Net asset value

The adjusted net asset value at 31 December 2020 was €42.84 per depositary receipt compared with €42.73 at 30 June 2020 and €43.89 at 31 December 2019. Adjusted net asset values do not consider contingent capital gains tax liabilities nor do they consider the fair value of financial derivatives (mainly interest rate swaps) which are used to stabilise interest costs.

EPRA Net Tangible Assets (NTA) per depositary receipt at 31 December 2020 was €42.55 compared to €41.84 at 31 December 2019, and €42.67 at 30 June 2019.

The IFRS net asset value at 31 December 2020, after allowing for contingent capital gains tax liabilities if all properties were to be sold simultaneously and the fair value of the interest rate swap contracts, was €38.17 per depositary receipt compared with €35.41 at 30 June 2020 and €37.80 at 31 December 2019. The increase in IFRS net asset value is mainly attributed to the fiscal step up in Italy.

### Dividend proposal

Eurocommercial Properties N.V. is a Dutch fiscal investment institution (FBI) in accordance with section 28 of the Dutch Act on Corporate Income Tax. One of the conditions of the FBI status is the requirement to distribute the taxable result as a dividend to its shareholders and holders of depositary receipts within eight months after the balance sheet date. Such distribution can be made either in cash or in shares/depositary receipts or a combination thereof.

Eurocommercial Properties N.V. also has the French SIIC status, which means that there is no French corporate income tax due if the investment results are distributed to the shareholders and holders of depositary receipts. Due to capital gains resulting from past property sales and a small operational result, the Company has a dividend distribution obligation to maintain its SIIC status. This obligation can also be met either by payment of a dividend in cash or in shares/depositary receipts or a combination thereof.

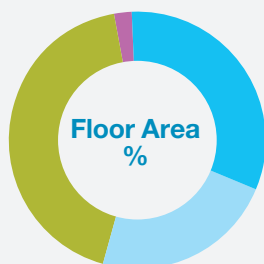
For the 18 months period ended 31 December 2020, the dividend to be distributed by the Company prior to 31 August 2021 in accordance with the FBI rules and the SIIC rules is €107 million.

The Board of Management and the Supervisory Board propose to pay a dividend of €0.50 per depositary receipt in cash and to pay a mandatory scrip dividend of one new depositary receipt per 18 existing depositary receipts in order to meet the fiscal distribution obligations for both the Company's FBI status and the Company's SIIC status. The mandatory scrip dividend will help the Company to preserve its strong balance sheet, a prudent measure especially when taking into account the ongoing uncertainties related to the COVID-19 virus pandemic and the restrictive measures put in place by the different European governments both in the years 2020 and 2021. The Boards believe it is appropriate to determine the future dividend policy once the full effects related to the pandemic can be better assessed.

The dividend payment date will be Friday 2 July 2021.

# Tenants and merchandising mix

## Merchandising mix per sector



### Essential Retail\* + Everyday Retail 55%

Hypermarket\*

Systembolaget\*

Health & Beauty

Books & Toys

Services

Home Goods

Telecom & Electrical

### Non-essential Retail 43%

Department store

Fashion

Shoes

Gifts & Jewellery

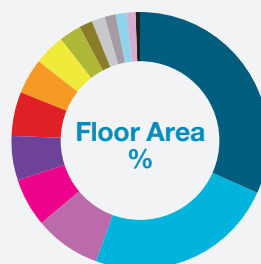
Food – Restaurants

Cinema

### Non-retail assets: 2%

Non-retail Assets  
(Office/Residential/Hotel)

## Broad range of retailers



	%
Hypermarket	31.9%
Fashion	23.9%
Home Goods	8.3%
Food – Restaurants	6.0%
Sport	5.8%
Telecom & Electrical	5.4%
Services	4.5%
Health & Beauty	3.9%
Shoes	2.8%
Cinema	1.7%
Non-retail Assets (Office/Residential/Hotel)	1.7%
Department store	1.3%
Gifts & Jewellery	1.3%
Books & Toys	1.2%
Systembolaget	0.4%





















Figures may not add up due to rounding.

NB: Also includes parts of shopping centres not owned by Eurocommercial.



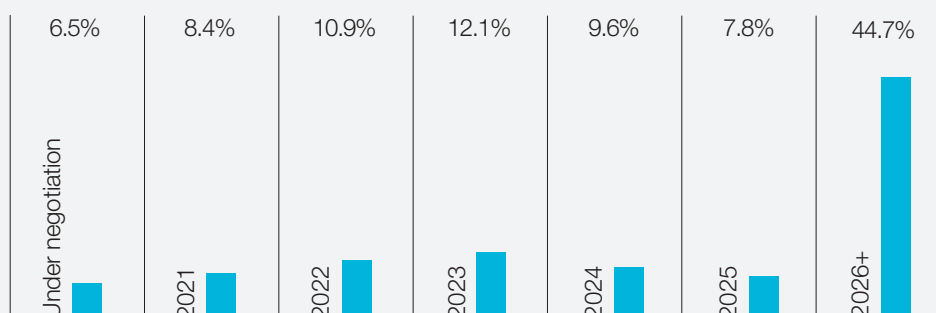
## Top 20 retail tenants

% of total Eurocommercial rental income

1		3.7%	11		1.0%
2		3.6%	12		1.0%
3		1.9%	13		0.9%
4		1.5%	14		0.9%
5		1.5%	15		0.9%
6		1.5%	16		0.9%
7		1.4%	17		0.9%
8		1.4%	18		0.9%
9		1.4%	19		0.8%
10		1.2%	20		0.8%

## Lease expiry profile

As % of rental income



# Retail landscape

## We are adapting our shopping centres and stores in response to evolving consumer needs and technology.

Research is an integral part of our business. We constantly monitor market trends and conduct retailer and consumer surveys to gather feedback in order to anticipate and adapt to changing consumer needs. The role of stores and shopping centres is evolving and we are adapting and diversifying our offering to accompany this transformation and accommodate changing consumer lifestyles. As online sales continue to grow, we believe it is crucial to provide consumers with a seamless and enjoyable experience between their use of digital and physical retail.

### The changing role of shopping centres

Over the past decade, new technologies have transformed consumer lifestyles and buying behaviour. Consumers are better informed (price comparison, customer reviews), have wider choices (search engines, multichannel distribution), greater social conscience (sourcing of materials, plastic use, sustainable mobility) and are more connected

(online purchases, mobile payments and social media networks). As an owner of shopping centres, we are monitoring this evolution and are in constant dialogue with our tenants and consumers to understand how we can adapt and respond to these changing patterns. This means adapting the tenant mix, introducing more convenience products and services and innovative concepts.

Retailers are also adapting and responding to these changes by rationalising their estate, resizing and reorganising stores and innovating to provide a broad omnichannel experience. Eurocommercial's teams are in constant dialogue with them to understand and accompany their transformation. Our partnership with H&M in Sweden is a good illustration of how by working closely with our tenants, we are able to deliver new and successful store formats to our mutual benefit. This successful transformation was also implemented in three H&M stores in our Italian centres (Cremona Po, Fiordaliso, I Gigli) and in Woluwe Shopping.



We added 15 optician stores to our portfolio in 2020.

## Interview with Alexander Appelsved, Head of Leasing, Sweden

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With the growth of e-commerce, omnichannel retailers are reviewing their store format and rationalising and adapting their portfolio while reconfiguring their supply chain. In Sweden, Eurocommercial worked closely with H&M in order to introduce their latest full-concept format in five of its seven centres. Since then H&M has been closing some of their older stores in competing locations, further strengthening our centres.

### Why do you think H&M chose Eurocommercial's shopping centres for their full-concept stores?

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H&M understands that they still need to have a physical presence, but not as many shops as before. They also wanted to introduce their larger format including H&M Home which is more suited to current consumers' aspirations. They approached us several years ago and we started discussions as they were already present in all our shopping centres, considered as the number one shopping destination in our cities.

“  
*The establishment of five full concept H&M stores has strengthened the commercial appeal of our shopping centres to a broader catchment.*”



H&M Home at Elins Esplanad.

## Retail landscape continued

### What was your commercial rationale for developing the full-concept H&M stores?

The decision was a commercial judgement on the strength of H&M's leading position in the Swedish market and the lack of major international competition. We saw an opportunity to enhance the attractiveness of our centres by offering the latest concept to our customers while securing H&M as a long-term tenant in our centres.

### What were the challenges?

There were several challenges, but the biggest one was to provide the exact space required by H&M who were typically asking for units of between 2,500m<sup>2</sup> and 3,000m<sup>2</sup>, approximately twice the size of their existing stores in our centres. The other challenge was to create a 40 metre frontage. We achieved this frontage by identifying opportunities in projects and extensions, and in two instances we took space back from hypermarkets. This had the advantage of providing the correct configuration in space which was already let at low rents and therefore helped the financial feasibility of the conversion to the new H&M stores.

### What are the first results?

It is too early to have a full picture, especially with the current pandemic. We only opened the full-concept stores in Elins, Hallarna and Valbo during 2020 while Bergvik opened in 2019 and C4 in 2018. However, the first results are encouraging. Customers are very excited about the opening of the Home section, which caters for more spontaneous shopping. Offering novelty and the latest concept provides further reasons for our existing customers to regularly visit the centre and has also brought new visitors, increasing our penetration in the catchment.

H&M also invested in their stores demonstrating their long-term commitment to the centre. Meanwhile H&M have been closing older store formats in the city centres of Kristianstad, Halmstad and Skövde leaving our stores in C4, Hallarna and Elins as their only ones in the catchment and further securing our shopping centre as the leading retail destination in the region.



We opened three new H&M full-concept stores in 2020.

### Do you expect the trend to continue in the future?

Together with H&M we will be investigating the possibility to expand the remaining two H&M stores in our portfolio in Grand Samarkand and Ingelsta Shopping but it will take time because our centres are fully let! We will hopefully find a solution in future extension projects currently under investigation in these centres.

Some other major brands already have a policy of one store per catchment, and we see other retailers following this same consolidation process, closing stores and concentrating in one location. We see all our seven centres as consolidation hubs, but it is clear that not all shopping destinations will be successful in the future. The polarisation is already very visible with increasing vacancy rates in secondary locations and I see this trend accelerating over the next few years. This is one of the reasons why we work closely with our retailers to secure their latest concept in our shopping centres. We want to remain the first business partner for our retailers in our catchment areas.

### Adjusting tenant mix to meet changing customer demand

Our continuous research and dialogue with tenants and consumers enables us to anticipate changes in consumer preferences and to quickly respond to them by adapting our offering, adjusting our tenant mix or remodelling our centres. We see change as an opportunity to innovate and over the past few years we have initiated a number of projects in our centres to make sure that they remain relevant and attractive. These include:

- We encouraged and assisted several **hypermarkets** to reduce their retail footprint and to focus more on groceries and daily household goods, providing high quality fresh products, while we have converted their excess space to broaden our retail offer.
- We extended our **food & beverage** offer with, for example, the opening of an innovative food hall in our Curno shopping centre. “Le Cucine di Curno” provides a distinctive and modern gastronomic experience for all customers’ needs and tastes, from young students to large families. Celebrity Chef Andrea Mainardi opened his first restaurant in a shopping centre together with a temporary cookery school.
- We opened three **gyms** in our Swedish shopping centres to complement the existing offer which has proved to be very popular, with steadily increasing memberships bringing new customers to the centres, particularly to the benefit of our food & beverage and sport retailers.
- We opened some new **flexible working** areas including Regus in Les Grands Hommes in Bordeaux and a co-working area managed by Findomestic at I Gigli, Florence.
- We have expanded the growing **value retail** sector whose business model is limited to physical stores only. We have recently added additional stores for Flying Tiger Copenhagen (home and gadget), Normal (health and beauty), Lidl (food), Pepco, New Yorker and Primark (fashion).
- We have broadened our **service** offer with barber shops, opticians, beauty centres, dentists and medical centres. We have added 15 optician stores to the portfolio over the past year and now have a total of 52 across the portfolio.

## Feature

### New services in our centres

In order to respond to the changing needs of our customers we have reshaped our centres, making them not only destinations for shopping and leisure but also places to fulfil life’s essentials.

Over the past few years, the number of medical and dental practices in our centres has steadily increased and are now present in 10 out of our 26 shopping centres. The number of opticians has also increased from 37 in 2019 to 52 today. Last year, we opened three gyms in Sweden.

People of all ages are making self-care a top priority as shown by the resilience of the health & beauty sector during the pandemic. In response to this demand we have improved the offer of beauty stores and salons, hairdressers and nail bars, increasing the number of units by 10%.



Dental Pro at Carosello (Milan).

## Retail landscape continued

### Offering a seamless experience

Customers want online and offline purchases to be frictionless with the freedom to choose to buy in-store, via home delivery, or through click & collect. The vast majority of customers research their product choice online before buying in-store and omnichannel experiences are now the norm with customers jumping from mobile through digital to physical and back around again.

Over the past few years, we have adapted our centres to provide customers with a seamless experience. We have installed click & collect stations in our centres including Amazon Lockers and In-Post in Italy and Instabox delivery points in Sweden, where we are also working with our hypermarket tenants to improve their click & collect points as they rarely deliver groceries. We have also made an innovative collaboration with Pasticceria Cre@ttiva in Cremona Po, providing a refrigerated locker in the food court where customers can collect American and vegan bakery products which can either be ordered online or directly at the locker. We are working in partnership with Alipay (part of the Alibaba Group) to provide its payment services in our malls.

We also assist retailers introducing new in-store technologies which enhance the customer experience. For example, Bershka opened its first digital store at Cremona Po. Motivi provides live-streaming personal shopper and WhatsApp ordering services, while Elena Miro offers an online reservation service for store visits. Douglas perfumery offers personal shoppers and Sephora in Passage du Havre provides last mile delivery.

Il Castello Shopping Centre in Ferrara, launched "Il Castello Christmas Delivery", a delivery service in partnership with Mail Boxes Etc. for the shipment of Christmas gifts purchased in the shopping centre. The service is offered free of charge to healthcare professionals from the Azienda Ospedaliera-Universitaria di Ferrara as a sign of gratitude.

Il Castello's Christmas Delivery campaign.

“  
Offering a seamless  
experience needs  
omnichannel brand  
ownership.”

## Feature

## Shop & Shock in I Gigli

Gigli Shop & Shock is an ambitious project, implemented for the first time in a shopping centre in Italy, to test how far a shopping centre can become an integral part of the omnichannel world. The idea is simple, but effective: sell targeted products provided by tenants and merchandising created ad-hoc for I Gigli on the shopping centre's online platform. The shopping centre becomes an integral part of the retailer's omnichannel world. Delivery is made exclusively inside the shopping centre, expanding the click & collect offer and consolidating the shopping centre as the most cost-efficient last-mile delivery system for our tenants.

The project has been very successful at I Gigli helped by its market penetration with 20 million annual visitors and one million internet and social media contacts. Large and experienced omnichannel retailers have an extra, and locally extremely relevant, online tool to contact their clients. Smaller and less experienced omnichannel retailers have the opportunity to benefit from an online offer which they would otherwise not enjoy due to high setup, maintenance and delivery costs. Meanwhile, I Gigli's customers are offered the possibility of searching for good offers and special bargains that they can collect on their next visit to I Gigli. They are provided with an online shopping platform where they can find the bargains they want, many of which are uniquely local, avoiding having to surf multiple sites.



A customer collects her purchases made on I Gigli's online platform.

# Retailer relationships

## Our good relationships with retailers enabled us to preserve our long-term track record of low vacancies during the pandemic.



**Valeria Di Nisio**  
Group Leasing Director

Building and developing long-term, professional relationships with our tenants has always been at the core of Eurocommercial's business model. This partnership approach allows us to continuously adapt our retail mix to changing consumer behaviour and to accompany retailers in their store expansion or remodelling. During the COVID-19 pandemic we capitalised on this partnership approach to find mutually acceptable solutions with our tenants for the lockdown periods, resulting in both high

numbers of contracts signed and a high rent collection rate. Our long-term track record of low vacancies and sustainable rents was therefore preserved and remains the foundation for our future growth.

### Building strong partnerships

Our strong relationships with retailers have allowed us to work closely together to expand their store network and implement their latest concepts in our portfolio.

Our partnership with Rituals started in Sweden where they now have stores in all our shopping centres. As they expanded their store format, we partnered with them to accommodate larger stores or enlarge existing ones. Building on the successful Swedish relationship, we opened a store in our Paris shopping centre, Passage du Havre and our Belgian shopping centre Woluwe Shopping. Rituals' Woluwe Premium concept is the first one opened by Rituals in a Brussels shopping centre, highlighting the appeal of Woluwe for international retailers. Going forward, we are in discussions to accompany them into the Italian market where they are not yet represented.



*Our partnership with Eurocommercial has allowed us to successfully expand our network of stores in Europe and we are looking forward to continuing working together.*

**Rituals**



Rituals in Passage du Havre, Paris.



Feature

## The remerchandising of I Gigli

Last year saw the completion of a four year redevelopment programme at I Gigli, Italy's most visited shopping centre (20 million visitors in 2019). The programme started in 2017 following the Company's purchase and downsizing of the Pam hypermarket which allowed for the renovation of the mall around the southern Corte Tonda, including a new Primark (their second store in Italy), a Sephora flagship store and an enlarged Zara.

The next phase saw the construction of a north-south pedestrian link at first floor level, an innovative technical and commercial project that took 14 months to complete. The opening in December 2020 coincided with the 700th anniversary of the death of the Florentine poet, Dante Alighieri to whom the walkway, Il Cammin de' Gigli is dedicated. This new link mall provides 2,800m<sup>2</sup> (GLA) and comprises eight units divided into three thematic islands. Retailers and service providers include a Findomestic managed coworking area, a barber shop, a Unico beauty centre and an interactive Giglisauri theme

park and play area. Additional restaurants complement the extensive food & beverage offer at first floor level including the successful gourmet food market, Ai Banchi del Mercato Centrale.

At first floor level, the food court has been extended with an outdoor terrace and the former market area next to the Corte dell'Oste has been redeveloped to provide a new lifestyle and sport retail destination anchored by Adidas, Nike Store and JD Sports. Other new international retailers opening in I Gigli last year include the first Dyson store in Tuscany, a Tesla temporary store, Pull & Bear, Starbucks and a relocated Hollister with a Gilly Hicks shop inside.



**Above**  
The Nike store as part of the new lifestyle and sport retail destination.

**Left**  
Il Cammin de' Gigli opened in December 2020.



## Retailer relationships continued

During the past 18 months, we have opened a number of iconic shops in our portfolio:

- In Fiordaliso, H&M opened a 2,900m<sup>2</sup> store featuring its full retail range including H&M Home, and Primark (6,900m<sup>2</sup>) opened its second store in our Italian portfolio
- In Valbo, we opened a Hemtex store featuring their new concept and New Yorker
- In Ingelsta Shopping, major Scandinavian retailer Clas Ohlson opened in February 2021
- In I Gigli, we opened the latest format of Nike, Adidas and JD Sports
- In Passage du Havre, we opened Normal's first store in a shopping centre in France following successful openings in our Swedish portfolio. We also opened a Maisons du Monde, their first store in a shopping centre in France
- In Woluwe Shopping, we opened some new aspirational stores such as Maje, Jott and K-way
- In Les Atlantes, we opened the second biggest Blackstore in France (1,200m<sup>2</sup>)
- In I Gigli, we opened a Tesla pop-up store



The recently opened New Yorker store in Valbo.



The Normal store at Passage du Havre.

Over the past 18 months, we were very active in the jewellery sector. We renewed nine leases and signed three new leases with the Thom Europe group (Histoire d'Or, Stroili Oro). We signed three new leases with Pandora and now have 11 stores in our portfolio.

### Low vacancy

The strength of our relationships with retailers allowed us to keep our vacancy rate to a very low level at 1.6% despite the pandemic, thereby extending our long-term low vacancy record, which over the past ten years has always been below 2%.

# Engaging with our customers

## Customer engagement, communication and services have become more innovative during the pandemic.

Understanding our customers and responding to their changing retail behaviour is pivotal to our success. Today, shopping alternatives are countless and customers are more informed, connected and, therefore, more empowered. Our constant engagement with them through surveys and media ensures that we tailor our offer to their expectations, building trust and loyalty.

### Customer research and surveys

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Research has always been an integral part of our business and we use a variety of tools to collect data through desktop analysis, customer surveys and other touchpoints both in the centres and on social media platforms. This comprehensive analysis provides us with a more informed and better understanding of our catchment and the results assist our marketing plans, tenant mix choices and refurbishment projects.

During the past year, we carried out around 4,500 face to face interviews in our centres. In Curno, we organised a survey with the specific objective to assess the relevance of the new food court.

Technology allowed us to broaden our reach and keep the conversation alive with our customers at a time when some centres were closed or face to face interviews were not recommended. Digital surveys have proved to be very effective and cost efficient.

- After the spring 2020 lockdown, we organised and launched digital surveys simultaneously in France, Belgium and Italy in order to understand our customers' online shopping habits during lockdown and their appetite to come back to our shopping centres post lockdown, including their views on safety. The questionnaire was available online on all our shopping centre websites, Facebook and Instagram pages, and was also sent by email to our newsletter subscribers. We received almost 4,000 responses which helped to improve initiatives.
- Later in the year we launched another digital survey in Belgium as we wanted to analyse the food shopping behaviour of Woluwe customers and non-customers. The questionnaire was pushed through the most popular social media such as Facebook and Instagram and was also sent to the centre's newsletter recipients. We received close to 2,000 responses which will help us in our merchandising analysis and for our planned extension.

Going forward we plan to continue with a mix of online and offline surveys and will also consider some more targeted panels with our most loyal customers.

Finally, during this pandemic we put even more focus and attention on sensitive areas such as toilets and nurseries. Our real time feedback systems such as "HAPPY or NOT" produced nearly half a million responses guiding us on how to enhance customer experience.

## Engaging with our customers continued

### Tenant and customer communication during the pandemic

The COVID-19 pandemic posed great challenges to our shopping centres which not only had to close during lockdowns in Italy, France and Belgium but also had to follow many new regulatory and health routines over the course of the pandemic. During this time, our marketing campaigns and communication with tenants and customers was focused on health and safety guidelines in order to keep our centres safe. We emphasised the importance of good hygiene such as washing hands and keeping a safe distance. We also put a lot of focus on internal communication and tenant information on opening times, options for click & collect, pick-up points and delivery.

Following the spring 2020 lockdown in France, we launched our [re] voyons-nous campaign which listed our health and cleaning procedures to inform and reassure our customers. In Italy, we launched “Centro Sicuro”, a dedicated website section providing real time information on timetables, openings and active delivery/take-away services and COVID-19 measures adopted by the centres. In Sweden, we organised a Black Friday campaign with focus on safety, based on the message “shop here – but apart”. These successful initiatives are being replicated in 2021.



[re]voyons-nous campaign in our French shopping centres.



Superheroes exhibition at Woluwe Shopping.

Unfortunately restrictions on large gatherings meant that we had to postpone many events in our shopping centres in all countries. We therefore adjusted by refocusing our marketing activities online. We supported the #stayathome campaign and concentrated our social media content on home activities such as online fitness, cooking, having a picnic, working in the garden and reading books, but also on different offers like take-aways, online fashion shows, gift card campaigns, digital contests, etc.

When our centres reopened we adapted our events so that they conformed to social distancing guidelines. For example, we celebrated the opening of Blackstore in Les Atlantides, Tours with a SHOES THE BOX event with chances to win pairs of sneakers, sneakers customisation, DJ sets and many other prizes. The successful event respected all COVID-19 guidance and was a great way to entertain our customers during the school half-term holiday.

In Grand A and Woluwe Shopping, during the October school holidays we also organised a Superheroes exhibition. The event had great resonance on social media with more than 10,000 reactions to the photos and messages posted on Instagram and Facebook.

Part of our campaigns were also dedicated to supporting health workers. We organized product delivery to hospitals, wall messages supporting key workers and we also donated funds to hospitals jointly with our tenants.

In January 2021, we organised a COVID-19 screening campaign promoted by Lloyds Farmacia in our Il Castello shopping centre in Ferrara offering free tests with a 15 minute turnaround. At I Gigli, a gazebo was installed in a dedicated parking lane for carrying out rapid swabs in drive-in mode in collaboration with Farmapiana and the Misericordia of Campi Bisenzio.

## Building trust and loyalty

In a world where consumers are bombarded with information and choices, building trust and loyalty is more important than ever. In addition to our existing successful loyalty programmes, for instance in Fiordaliso (Fiordalclub) and I Gigli (Gigli Pass), we are currently working on a number of innovative digital loyalty programmes. In France, we launched our Win Win programme (see case study below).

### Feature

## Win Win loyalty programme at Passage du Havre

During 2018, we re-evaluated our loyalty programmes to provide added value to our customers. As the majority of brands already had their own loyalty card, we needed to create customer loyalty at the shopping centre level. We chose to partner with Transaction Connect, a company that uses credit cards as loyalty cards and rewards with cash back.

The key advantages for customers are that they do not have to keep track of the reward scheme and cash back rewards are more appealing to them. The setup is very user friendly and secure having received the certification of the Banque de France. However, as some age groups are reluctant to provide their credit card details, it is also possible to participate by simply scanning receipts.

Win Win was successfully launched in November 2019 in Passage du Havre, Paris with all stores participating. Such initiatives can really make a difference and incentivise customers to spend their money in our centres.

Win Win also provided us with very useful information about the customer journey including the most visited stores, average spend and frequency of store visit. This data has been used by our marketing and leasing teams in their analysis and future strategy to improve the performance of the centre.

Following the positive results and feedback received from the programme in Passage du Havre, we are planning to roll it out in Les Atlantiques.



Passage du Havre pioneered the Win Win programme in France.



**PASSAGE  
DU  
HAVRE**

## Engaging with our customers continued

### Digital communication

As our world becomes more digital, we have adapted and improved the way we digitally communicate with customers including the redesign of our websites to improve user experience.

In Sweden, we worked with students from Berghs School of Communication to develop new communication concepts and social media strategies for our social media channels with a clear objective of giving our centres a personality and tonality thereby creating a higher degree of commitment and interest in our communication. The focus was on building and strengthening the shopping centre brand and creating a more personal appeal that customers can relate to.

Examples of the way we use technology in our advertising campaigns are the digital screens in Fiordaliso and I Gigli (Ringwall) and Il Castello (LED walls) that convey dynamic and captivating multimedia content.



I Gigli's LED ringwall.



Fiordaliso's Tik Tok campaign was the first of its kind in Italy.

In I Gigli, hostesses in the gallery encourage visitors to publish a story on their Instagram profile mentioning @igigli and using the new stickers. Once the story is published, customers can go to the welcome desk to pick up a complimentary bracelet. These initiatives resulted in a significant increase in our profile views.

We also hosted an online game and a workshop in the mall in collaboration with the GoSoul Community and their official partner Go Pro. 15 micro-influencers created a contest with photos and stories inside the shopping centre. The event was promoted together with Destination Florence.

We organise regular games on social media with prizes. For example, in a number of our French shopping centres we introduced advent calendars in December with gifts to win every day. In Sweden, online competitions were arranged and every week children got the chance to have their Christmas wishes granted by shopping centre mascots.

Fiordaliso and Carosello started on TikTok, the popular social media platform with over 30 million users in Italy, offering an exciting opportunity to get in touch with Gen Z people.

- Fiordaliso was the first shopping centre in Italy to launch a communication campaign on TikTok in 2019 and saw the involvement of creators / influencers in a social responsibility project, the #fiordasoapchallenge, an invitation to wash your hands while dancing to raise awareness of COVID-19.
- Carosello made its debut on the social network in 2020, involving famous Italian influencers such as “Le twins” sharing videos involving many stores.

### New generation of customer service

We see customer service as a key differentiator in a shopping centre compared to online and we pay close attention to what our customers demand and tailor our services according to their needs. For example, at the end of 2019 we opened a dog area Bau Bar in Curno and at the end of 2020 we opened a giant kids area in Il Cammin de' Gigli. We also provide charging stations for electric cars in many centres.



Gigli Sauri in Il Cammin de' Gigli.



A customer collects her purchases at C4.

We offer car valet services in Collestrada and Woluwe. Customers can drop-off and pick-up their car in a dedicated area with the possibility of having their car serviced, washed and cleaned while shopping.

The pandemic prompted us to innovate and in Sweden we launched a new shopping service for customers unable to visit the malls, offering them assistance with their shopping and delivery with customers able to call or send an email to order items from the stores. Customers are able to pick up all their goods the same day at a specific pick-up point outside the shopping centre.

In I Gigli, we have established a coworking area in partnership with Findomestic with the possibility to rent meeting rooms for a fee which is discounted for Gigli pass members and tenants in the shopping centre. We include new technologies with our services such as digital interactive touchables in Carosello and virtual mirrors or customer care through voice assistant at I Gigli (Amazon Alexa).

# Environmental, Social and Governance

## As a long-term investor, Eurocommercial believes building a sustainable and resilient business is the foundation for success.

### Our ESG strategy

We approach each business decision with a long-term view and support our choices with detailed research in order to evaluate their environmental and socio-economic impact. Our ESG and business strategies are carefully aligned and involve operating more efficiently, positively engaging with local stakeholders and being an attractive and responsible employer. With our updated ESG strategy, we will continue to create sustainable centres with a clear vision and full transparency towards our stakeholders.

### Materiality assessment

Environmental, Social and Governance (ESG) applies to all aspects of our business operations. Last year, we mapped out particular topics and targets that will help us develop our business with impact while enhancing value. These clear objectives underpin our current strategy. The first

step was executing a detailed materiality assessment in 2019 to thoroughly assess a wide range of ESG facets. We then selected which topics would create the most value for the Company and its stakeholders while in line with the United Nations Sustainable Development Goals on the global agenda.

We carefully examined the core components of our business strategy while progressing the integration of ESG over the short, medium and long term. An analysis among peers, data collection from different key stakeholders and in-house workshops helped develop a materiality matrix to determine the main ESG topics and their relative importance corresponding to the Global Reporting Initiatives (GRI) materiality principles. As we develop our ESG programme, we will continue to evaluate and revise it where appropriate and be ready to respond to new circumstances and opportunities as they arise. For more details see our corporate website at [www.eurocommercialproperties.com](http://www.eurocommercialproperties.com)



Solar panel roof installation at Grand Samarkand.



### Three strategic pillars

Each of our shopping centres offers its own set of challenges and opportunities, yet we have developed a broad ESG vision and strategy to ensure that we can meet global challenges and the future demands from our customers, tenants and employees, while creating sustainable shopping centres. Our approach is articulated around three strategic pillars: Be green, Be engaged and Be responsible.



## Environmental, Social and Governance continued



### Be green

Real estate contributes up to 30% of global annual greenhouse gas (GHG) emissions and consumes around 40% of the world's energy annually, providing us with the opportunity to make a real difference. Changes we make can significantly reduce both our imprint and operational costs. We work on improving our understanding of climate change and its effects on our real estate portfolio, joining forces with our tenants to reduce our combined impact. Being green is the basis of our operations as we work to change the mindset of all stakeholders in our communities and we have set ambitious reduction targets for the next 10 years.

#### Targets

- Operate carbon neutral by 2030 – On target
- Zero waste to landfill by 2030 – On target
- BREEAM certifications in place for all shopping centres by 2025 – On target



### Be engaged

Engaging with our tenants, customers and local communities is essential for success and we are in constant dialogue with them and we listen to their feedback to ensure that our centres evolve with the changing retail landscape and customer aspirations. We help our retailers invest in their teams through the Eurocommercial Retail Academy® working together to improve the overall shopping experience. Our shopping centres are valuable for the community and make a positive social impact on the territories in which they operate.

#### Targets

- Maintain all customer satisfaction scores above 7.5 by 2025 – On target



Green wall at Fiordaliso.

- Improve the average retailer satisfaction scores towards 7.0 by 2025 – On target
- Roll out the Eurocommercial Retail Academy® at an additional seven shopping centres by year-end 2023 – Due to COVID-19 limited actions taken



### Be responsible

Our aim is to create a workplace where our employees can thrive and develop professionally. We offer all employees a fair and enjoyable working environment ensuring they perform ethically and sustainably. We pride ourselves on our diversity and collegiate culture, working together and sharing best practices. We want our employees to feel engaged and motivated towards achieving our common goals.

#### Targets

- Zero breaches against the Code of Conduct annually – On target
- Create an attractive and professional workplace – On target

Feature

## Le Cucine di Curno: a sustainable food hall

Curno shopping centre is located in an affluent catchment area on the western edge of the city of Bergamo with a population of nearly 600,000 people. We wanted to significantly expand the food & beverage offer and experience at Curno and developed a new sustainable food hall which opened successfully at the end of 2019.

The food hall includes a diverse range of 17 new restaurants comprising 3,000m<sup>2</sup> of GLA and 2,000m<sup>2</sup> of themed dining space in an impressive interior plaza design. The central space is filled with natural light by a large stained glass-domed roof. Stationing areas are configured as individual green islands to create a multitude of spaces for a wide variety of dining experiences.

The aim was to design a low environmental impact structure, using carefully selected local materials and energy management systems. The design uses solar panels sufficient to provide the electricity consumption for the lighting, and toilet facilities flushed with recycled rainwater.

The building is covered with a no-pillar glass dome to maximise natural light without increasing heating and cooling energy consumption. The new façade is made of 100% recyclable terracotta, a product made from clay. The whole production process is low emission: production waste is re-used, the extraction pit is located next to the production site to limit transport costs and emissions while the delivery packaging is re-used to avoid waste. The project received a BREEAM Construction Very Good certificate.



Le Cucine di Curno offers 17 new restaurants.

## Environmental, Social and Governance continued

### ESG governance

We structured the Company's ESG governance in January 2021 and the ESG committee includes members of the Board of Management. The ESG committee is responsible for the Company's ESG strategy and reports to the Supervisory Board. The ESG workgroup is responsible for implementing the ESG strategy and directing initiatives in the local countries and sharing information and best practices.

### Recognition

Eurocommercial is committed to report on its ESG performance every year. In 2020, we were awarded the EPRA Gold Award for sustainability reporting for the seventh consecutive year and achieved our highest ever score of 83 in the GRESB assessment. Our ESG performance was also recognised by the Global Real Estate Sustainability Benchmark (GRESB) with a Green Star position in line with industry best practices.



### Be green

Eurocommercial will continue addressing environmental challenges and make sure our business activities are meeting current legislation and public expectations. We work closely with critical stakeholders on aspects like climate change, circularity, local biodiversity, low carbon transportation and pollution prevention. Through our green lease documentation we exchange our ESG ambitions with our retailers.

### Climate change and carbon impact

Our aim to become carbon neutral by 2030 is fundamental to becoming a green company. Being carbon neutral means our operations in all our locations will not produce any carbon, so that our direct impact is emission-free. This includes all areas in which we can directly influence the use of energy sources through efficient energy

management that provides for switching to renewable energy, generated on-site when possible. Our actions and targets are consistent with the United Nations Sustainable Development Goals and illustrate that as local and responsible shopping centre owners, we fully appreciate our global impact and how we can contribute to common goals. In 2020, we managed to reduce our carbon emissions per m<sup>2</sup> floor area by 15% due to COVID-19, our environmental programme and lower gas consumption following a warmer winter. Since 2018 our carbon emissions per m<sup>2</sup> floor area have reduced by 18%.

### Energy management

During 2020, we continued to implement energy efficiency measures identified through our Environmental Management System (EMS). Our EMS structure supports local teams to provide uniform measures including internal data collection, setting clear reduction targets reported regularly to senior management. As we gather robust data we can improve the environmental performance of each centre. Eurocommercial's total energy consumption in its shopping centres decreased by 9% compared to the previous year on a like for like basis. In 2020, energy reduction action plans have been developed for all French shopping centres and will be implemented in the asset level business plans for 2021 onwards. In Italy, smart meters are being installed in all shopping centres to constantly and accurately monitor electricity, gas and water consumption online.



We encourage customers to use public transport to come to our shopping centres.

### Renewable energy

As part of our objective to operate carbon neutral, we continue to review opportunities to install renewable energy on the roofs of our shopping centres or on parking areas. During 2020, we installed solar panels on the roofs of Grand Samarkand in Sweden and Woluwe Shopping in Brussels. By year end 2020, we produced 832 MWh electricity with our own solar panels. This will increase as most installations have not yet operated for a full year. At the same time, we are procuring electricity from 100% renewable energy sources in all assets in Sweden, in Woluwe and in Curno, while for Il Castello, Fiordaliso, Cremona Po and I Portali we have an average of 20% renewable energy. 62% of our total electricity consumption comes from renewable sources.

### Connectivity and accessibility

Proximity to public transport is important to the well-being of the community and environment. We want our shopping centres to integrate seamlessly with public transport options in our locations to encourage their use by our customers.

We provide affordable and environmentally friendly transport options for our visitors to access our shopping centres such as shuttle buses and car sharing. We have also installed electric vehicle charging stations at several shopping centres and our centres have extensive and dedicated bicycle parking. All our centres are easily accessible for people with disabilities, and we have dedicated parking areas for low-emission cars, families and car sharing. Tesla opened its first temporary store at I Gigli. Customers were able to inspect one of the most beautiful and iconic electric cars of the moment, specifically the Model 3.



Tesla's first temporary store in I Gigli.

### Zero waste aspiration

To manage waste efficiently, we are increasing recycling and reducing the amount of waste going directly to landfill. We invest in cost-effective waste services for our tenants and encourage them to have a programme to handle waste efficiently. Eurocommercial aims to minimise the waste it produces and eliminate waste to landfill by 2030. We are committed to working hard together with waste services and local authorities to meet these targets. During 2020, the waste directly sent to landfill has already decreased to 14% and the focus for the next two years will be to procure a detailed audit and qualitative information on waste streams so that we prioritise actions to increase recycling.

## Environmental, Social and Governance continued

### Green building certifications

We continue to use green building certifications as part of our Environmental Management System (EMS). This certification process assists our local teams to improve their understanding of the objectives and create a uniform approach to management across the portfolio, developing programmes to reduce environmental impact. 11 shopping centres already had a BREEAM certificate in place by year end 2020. Le Cucine di Curno, the recently developed sustainable food court has received a BREEAM Construction Very Good certificate and in February 2021, the shopping centre Les Atlantes obtained a BREEAM In-Use certificate with a score of Very Good. By year end 2020, 51% of our portfolio by value was certified with green building certificates (BREEAM) and we aim to have all of our shopping centres BREEAM certified by 2025.

### Water conservation

The water used in the centres is mainly for the benefit of the tenants and we collaborate with them to reduce its consumption and waste. The water consumed in 2020 was 2% less (like-for-like) than the amount used in 2019. Over the past three years, we have introduced green walls in five of our centres. Here, we use greywater to irrigate the greenery in and around our centres whenever possible.



Customer satisfaction and engagement are essential to our business.



### Be engaged

At Eurocommercial, we design shopping centres as social spaces not merely shopping destinations but rather as cornerstones for their local communities. Our centres serve both our customers' everyday shopping needs and the needs of the local communities, providing them with a safe, service-oriented and enjoyable experience.

We pay great attention to the changing needs of our tenants and customers. We continuously liaise with them and learn from their feedback to enhance the overall experience in our shopping centres. Our tenant engagement surveys illustrate where we can further improve our centres and invest for the future.

By rolling out the Eurocommercial Retail Academy®, we offer retailers the opportunity to invest in their teams and customer service which is resulting in higher service levels for the entire centre. This engagement plays a key role in making sure that our centres are always aligned with our tenants' and customers' needs. The ongoing pandemic has highlighted the importance of hygiene and security and we ensure that our centres have best-in-class cleaning procedures and health and safety policies.

### Customer surveys

Customer satisfaction and engagement are essential to our business, and we actively seek to adapt our centres to the needs, desires and expectations of customers by researching and monitoring them extensively. We analyse and cross-check the data we collect in order to understand new developments and trends in spending habits and what customers like or dislike about our centres. This data also helps us analyse the local catchments around our centres and identify groups of consumers that we are possibly missing. In 2020, we achieved an average customer satisfaction score of 8.2, ranging from 7.5 to 8.8.



A Retail Academy seminar at Grand Samarkand.

We have set a target of maintaining a minimum score of 7.5 for each shopping centre in our entire portfolio by 2025. We have also introduced the Net Promoter Score (NPS) in several surveys to monitor the loyalty of our customers. We carefully evaluate the scores obtained and we discuss these to set action plans in place to improve the percentage of the NPS and, ultimately, increase the positive image of the shopping centre.

### **Genuine retailer partnerships**

We strongly value our business relationships with our retailers and actively seek feedback to identify areas where we can make improvements. The continuous exchange of data, and regular monitoring retailer satisfaction through anonymous surveys are important factors behind the success of our centres. In 2019, we started a pilot study on mystery shopping in four French shopping centres and extensively discussed and analysed the results with the centre management, asset managers and the leasing team and formulated action plans which we presented to our tenants. In some cases, we have organised tenant workshops to discuss results, expectations and possible actions. In 2020, we achieved an average tenant satisfaction score of 6.7. We aim to improve these scores to achieve an average satisfaction score of 7.0 across our portfolio by 2025. We have also introduced the NPS

in our tenant surveys alongside the Satisfaction Index, as we believe the two scores together are very transparent about tenant appreciation and conclusive about what actions are required in order to improve our professional relationship.

### **Eurocommercial Retail Academy®**

In our Eurocommercial Retail Academy®, which is already well-established in all of our seven Swedish shopping centres, Eurocommercial organises sales and customer training alongside its tenants and employees working as a team. As a result, retailers come to our shopping centres knowing that they will be actively involved in the commercial operations and that their stores will be part of a successful shopping centre. In return, the retailers often respond by bringing their latest formats, delivering novelty to our customers. Similar programmes have been conducted in two of our Italian shopping centres with our partner, Savills Tenants School by Eurocommercial. Following the positive experience, we plan to install our own retail academy in these two Italian centres and in an additional four French centres. By the end of 2023, we aim to have the Eurocommercial Retail Academy® established in at least 15 of our shopping centres. During 2020, limited activities have been undertaken due to COVID-19, however in one shopping centre, Il Castello, we managed to organise a Retail Academy through virtual workshops.

### **Responsible partners**

Working alongside trusted partners, Eurocommercial has a number of sustainable procurement policies and procedures in place for each country that meets local regulations and standards. Our procurement process includes clear guidelines with a focus on quality, innovation and creativity. We actively search for improved efficiencies in the use of energy, choosing low consumption and renewable energy options. We favour local businesses in order to help local employment and reduce transportation and packaging. In France, we are introducing green clauses in our shopping centre management contracts to encourage best sustainability practices.

## Environmental, Social and Governance continued

We carefully select building materials and maintenance products, using those with sustainability labels and certificates. Waste reduction and pollution risk management are also focus points. Chemicals and other materials that could harm the environment are identified and handled with care and taken to appropriate recycling or disposal facilities in compliance with regulations. We train staff who process these products, equip them with the right tools to handle them safely and have emergency procedures in place in case of an accident posing a risk to them or the environment. Suppliers have to ensure that their employees comply with safety rules and working conditions that respect the health, comfort and hygiene regulations applicable to their sector as part of our social and societal commitments.



### Be responsible

Eurocommercial is a pan-European owner of shopping centres. We want to be an attractive employer, now and in the future, and therefore provide a competitive work environment where people can develop, learn and fulfil their potential. We aim at creating a work environment where employees can express themselves and feel valued as part of a collegiate team. We believe this provides circumstances in which employees can function at their best and develop professionally.

At Eurocommercial, we build strong teams which perform at their best because people feel appreciated and engaged. We strive to create an environment where everyone receives the same opportunities and ensure that our methods and systems are fair for all and train staff on corporate ethics. We benefit from having multiple experienced local teams which work together and share best practices.

### Our workforce

We aim to create a fair work environment where all employees receive the same experience and opportunities and where they can express themselves and feel included in order to function at their best. People must feel appreciated and included which helps build stronger teams that perform better. We strive to create an environment where everyone gets the same chances and opportunities and focus on making sure our methods and systems are fair for all.

We are based in different locations across Europe and our local teams in Belgium, France, Italy and Sweden carry out all property and asset management functions including leasing, rent collection, technical supervision and administration. Eurocommercial has a diverse culture with differences in nationality, age and gender. In 2020, we employed 92 people in Belgium, France, Italy, Sweden, United Kingdom and The Netherlands. Of our workforce, 57% are female and 43% are male, 11% of all employees are under the age of 30, 68% of employees are aged between 30 and 50 and 21% are over the age of 50.

We are proud of our open and collegiate culture, and we encourage Eurocommercial colleagues to share their ideas for the improvement of the business. We organise regular group meetings for employees from different offices to share best practices, in particular with our leasing, marketing and sustainability teams. We are committed to our employees, and as a result, we experience commitment in return and benefit from very loyal and engaged employees. Our low employee turnover at 3.3% and low sickness ratio at 0.5% illustrate that we have motivated and dedicated teams. Furthermore, we maintain a gender balance within the Company that strengthens our positive internal culture and is in line with the gender balance of our customers.



### Business ethics

We promote clear and open communication and responsibility that represent our values of transparency, reporting and accountability. We set and maintain high standards of ethical business practice and expect our colleagues to respect them as being fundamental to long-term value creation. Good relationships with tenants, local communities and governments require dedicated and professional staff who understand good business practice and ethics and will respect and build on our long-standing reputation.

Our Code of Conduct sets out our procedures, guidelines and core values. All employees receive ethics training and review the Code of Conduct regularly to keep updated with business standards. Full transparency is provided to stakeholders concerning any breaches against the Code of Conduct. In 2020, no breaches of the Code occurred, in line with our target to have zero

breaches every year. We will update our Code of Conduct in 2021 and inform and educate our employees on this policy.

### Professional development and alignment of interests

We invest in the professional development of our staff by encouraging them to participate in various training courses. Our staff have regular review meetings with management to monitor performance and provide employee feedback. All employees under a permanent labour contract are entitled to participate in the Group's long-term Performance Share Plan, which aims at linking remuneration to a long-term commitment of the individual employee and the performance of the Company. In 2020, employees received 11 training hours on average and all employees received professional and ESG training. All employees received a performance appraisal in 2020.



The new terrace at I Gigli.

# Key Performance Indicators



The following pages provide more detailed information about the ESG performance over 2020 compared to 2019. Eurocommercial provides transparency on its ESG performance towards all stakeholders. In 2020, we were awarded the EPRA Gold Award again for sustainability reporting, a reporting standard for listed real estate companies in Europe. Please note that 2020 was in all aspects a different year due to COVID-19.

## EPRA sustainability performance measures\*

Impact area		Absolute measure (Abs)		Like-for-like measure (LFL)									
		Total		Belgium		France		Italy		Sweden		Total	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Energy (MWh)	Total electricity	84,675	<b>77,528</b>	3,386	<b>2,920</b>	18,656	<b>17,624</b>	21,171	<b>19,508</b>	32,282	<b>29,759</b>	75,495	<b>69,811</b>
	Proportion of electricity from renewable sources	58%	<b>62%</b>	100%	<b>100%</b>	7%	<b>7%</b>	14%	<b>32%</b>	100%	<b>100%</b>	53%	<b>58%</b>
	Total district heating and cooling	21,217	<b>18,450</b>	5,735	<b>4,314</b>	1,224	<b>1,191</b>	–	<b>–</b>	10,190	<b>9,381</b>	17,149	<b>14,886</b>
	Proportion of heating and cooling from renewable sources	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>
	Total fuels	17,477	<b>16,027</b>	3,444	<b>2,583</b>	3,739	<b>3,236</b>	10,294	<b>10,208</b>	–	<b>–</b>	17,477	<b>16,027</b>
	Proportion of fuels from renewable sources	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>
	Total energy	123,369	<b>112,006</b>	12,565	<b>9,817</b>	23,618	<b>22,051</b>	31,465	<b>29,716</b>	42,472	<b>39,139</b>	110,121	<b>100,724</b>
Greenhouse gas emissions (tonnes CO <sub>2</sub> e)	Total direct GHG emissions (Scope 1)	1,613	<b>1,416</b>	294	<b>221</b>	610	<b>505</b>	709	<b>690</b>	–	<b>–</b>	1,613	<b>1,416</b>
	Total indirect GHG emissions (Scope 2 and 3)	8,744	<b>7,231</b>	462	<b>347</b>	1,638	<b>1,561</b>	6,039	<b>4,776</b>	555	<b>505</b>	8,693	<b>7,189</b>
	Energy and associated GHG disclosure coverage (if applicable)	32 of 32		1 of 1		12 of 12		11 of 11		6 of 1		30 of 30	
	Proportion of energy and associated GHG estimated	3%	<b>0%</b>	0%	<b>0%</b>	13%	<b>2%</b>	0%	<b>0%</b>	0%	<b>0%</b>	3%	<b>0%</b>
Water (cubic metres (m <sup>3</sup> ))	Total water withdrawal	712,448	<b>665,757</b>	23,245	<b>20,492</b>	90,619	<b>71,224</b>	498,590	<b>480,148</b>	80,369	<b>75,322</b>	692,823	<b>647,185</b>
	Water disclosure coverage (if applicable)	31 of 31		1 of 1		11 of 11		11 of 11		6 of 6		29 of 29	
	Proportion of water disclosure estimated	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>
Waste (landlord-handled) (metric tonnes)	Total weight of non-hazardous waste	11,346	<b>8,516</b>	561	<b>413</b>	4,005	<b>3,666</b>	4,713	<b>2,767</b>	1,577	<b>1,250</b>	10,856	<b>8,096</b>
	Total weight of hazardous waste	14	<b>25</b>	–	<b>–</b>	–	<b>–</b>	2	<b>4</b>	6	<b>9</b>	8	<b>13</b>
Disposal routes (by weight %)	Reuse	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>
	Recycling	49%	<b>45%</b>	35%	<b>34%</b>	31%	<b>39%</b>	68%	<b>53%</b>	48%	<b>46%</b>	50%	<b>45%</b>
	Composting	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>
	Material recovery facility	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>
	Incineration	30%	<b>40%</b>	65%	<b>66%</b>	47%	<b>41%</b>	6%	<b>33%</b>	36%	<b>43%</b>	29%	<b>40%</b>
	Landfill	8%	<b>7%</b>	0%	<b>0%</b>	9%	<b>7%</b>	12%	<b>12%</b>	0%	<b>0%</b>	8%	<b>7%</b>
	Other	13%	<b>8%</b>	0%	<b>0%</b>	14%	<b>13%</b>	14%	<b>2%</b>	15%	<b>12%</b>	13%	<b>8%</b>
	Waste disclosure coverage	28 of 29		1 of 1		11 of 11		8 of 9		6 of 6		26 of 27	
Proportion of waste disclosure estimated	17%	<b>1%</b>	0%	<b>0%</b>	48%	<b>0%</b>	0%	<b>2%</b>	1%	<b>0%</b>	18%	<b>1%</b>	

\* All data relates to two years: Q4 2018–Q3 2019 and Q4 2019–Q3 2020, the comparative figures for both years have been restated as explained below.

## EPRA sustainability intensity measures

Impact area		2019	2020
Energy (kWh/m <sup>2</sup> /year)	Building energy intensity (like-for-like)	188.1	<b>170.1</b>
Greenhouse gas emissions (kg CO <sub>2</sub> e/m <sup>2</sup> /year)	GHG intensity from building energy (like-for-like)	11.6	<b>9.9</b>
Water (m <sup>3</sup> /m <sup>2</sup> /year)	Building water intensity (like-for-like)	14.9	<b>13.9</b>

## Building certification

Building certifications – BREEAM (% of floor area)		2019	2020
Excellent		4%	<b>11%</b>
Very Good		26%	<b>32%</b>
Good		14%	<b>11%</b>
Not certified		56%	<b>46%</b>

Energy Performance Certificates (EU EPC) (% of floor area)		2019	2020
A		0%	<b>0%</b>
B		6%	<b>6%</b>
C		22%	<b>29%</b>
D		10%	<b>13%</b>
E		20%	<b>26%</b>
F		7%	<b>0%</b>
G		15%	<b>9%</b>
No Label		20%	<b>17%</b>

## Qualifying notes environmental indicators

### Organisational boundaries, reporting period and coverage

All retail assets included in this report are within Eurocommercial's operational control; corporate offices and sold assets were excluded from the tables. Eurocommercial provided performance data for all indicators. For the first time, data was collected and reported for an updated reporting period due to the new timeline of the annual report. Data is collected for two years Q4 2018–Q3 2019 v.s. Q4 2019–Q3 2020. Please note that data that is reported in previous reports was based on full calendar years. Two assets are excluded from the like-for-like comparisons: Elins Esplanad and Valbo in Sweden, due to major renovations which impacted on at least 50% of the asset.

### Energy consumptions

All electricity, fuel, district heating and cooling consumptions are landlord-obtained for common parts and services provided to tenants. For Woluwe Shopping, MoDo and Valbo, district heating, cooling or electricity consumption that is sub-metered and in control of tenants was included in the report. Like-for-like energy consumption decreased (8.5%) in 2020 compared to 2019, mainly due to COVID-19, retrofits, improved operational management and weather conditions. The proportion of electricity from renewable sources increased due to the installation of on-site solar panels and renewed contracts with electricity suppliers.

### Greenhouse gases (GHG)

GHG emissions are reported as tonnes of CO<sub>2</sub> equivalent (t CO<sub>2</sub>e). The Scope 3 emissions include landlord-obtained consumption sub-metered to tenants as well as tenant-obtained energy consumption. These tables do not include any business travel or supply chain emissions.

Emissions were calculated using market-based emission factors provided by local energy suppliers for 20 out of 32 assets. For the remaining 12 assets, local energy suppliers were not able to report conversion factors, hence DEFRA conversion factors were applied to convert energy consumption

into carbon emissions. Emissions were reported using the Greenhouse Gas Protocol and EPRA Sustainability Best Practices guidelines.

### Water consumption

Water consumption represents water that is landlord-obtained and used for common areas and tenants. Water consumption for shopping centres Carosello and Fiordaliso was relatively high, due to watering needs of green roofs and walls in dry summers. Like-for-like water consumption decreased by 7% in 2020 compared to 2019. Water consumption within the Eurocommercial portfolio is obtained via municipal supplies.

### Waste management

All waste figures are reported by mass (metric tonnes), in line with EPRA Sustainability Best Practice Recommendations. Waste disposal companies provided waste data for 28 assets in 2020. Waste data for 2019 were estimated for Chasse Sud Gallery, Les Grands Hommes, MoDo and Moraberg based on 2018 information. In 2020, waste data was not provided for I Gigli Retail Park, data is estimated based on reported 2019 data.

### Intensity calculations

Data quality has improved since 2019. The match between nominators and denominators is now more accurate, and provides a better overview of the actual intensities. The numerators and denominators were determined asset-by-asset. For most assets, data was provided for whole building level (common areas and tenant consumptions) both tenant and landlord controlled. For these assets, the whole building size was used as a denominator. A few assets only reported common area consumptions; for these assets, the size of common parts was used as the denominator.

Eurocommercial acknowledges, as recommended on page 19 of the EPRA Sustainability Best Practices recommendations, that the intensity indicators may still be affected due to a mismatch between numerator and denominator in the methodology for calculating intensities. Please note that percentage figures may not add up to 100% due to rounding.

## Key Performance Indicators continued

## EPRA Social &amp; Governance indicators

All employees		2020			2019		
Diversity – Emp 405-1	<i>Employee gender diversity (based on headcount)</i>	<b>Total</b>	<b>Male</b>	<b>Female</b>	Total	Male	Female
	Board	3	3	–	4	4	–
	Management	9	7	2	6	4	2
	Staff	80	30	50	82	33	49
	Total number of employees	92	40	52	92	41	51
	<i>Age group distribution (percentage)</i>						
	Under 30 years old	11%			10%		
	Between 30 and 50 years old	68%			69%		
	Over 50 years old	21%			21%		
Diversity – Pay 405-2	<i>Gender pay ratio</i>		<b>Male</b>	<b>Female</b>		Male	Female
	Board		100%	0%		100%	0%
	Management		48%	52%		55%	45%
	Staff		58%	42%		64%	36%
Emp – Training 404-1	<i>Employee training and development (based on headcount)</i>		<b>Male</b>	<b>Female</b>		Male	Female
	Training hours per employee		11	11		15	17
	% of employees who received professional training		100%	100%		91%	78%
	% of employees who received ESG training		100%	100%		91%	78%
Emp – Dev 404-3	<i>Employee performance appraisals</i>						
	% of employees		100%			100%	
Emp – Turnover 401-1	<i>New hires and turnover</i>		<b>New hires</b>		<b>Departures</b>		
	Male		1	2		2	1
	Female		2	1		3	1
	Total		3	3		5	2
	Employee turnover		3.3%			2.2%	
H&S – Emp 403-2	<i>Employee health &amp; safety</i>		97%			97%	
	Workstation and/or workplace checks (%)		0.5%			1.7%	
	Absentee rate (%)		0.0%			0.0%	
	Injury rate (%)		0			0	
	Work-related fatalities (number)		0			0	
H&S – Asset 416-1	<i>Asset health &amp; safety assessments</i>						
	Health & Safety – assessments (in % of assets)		100%			100%	
H&S – Comp 416-2	<i>Asset health &amp; safety compliance</i>						
	Health & Safety – incidents		0			0	
Comty – Eng 413-1	<i>Community engagement, impact assessments and development programmes</i>						
	Community engagement programmes in place (in % of assets)		100%			100%	
Gov – Board 102-22	<i>Composition of highest governance body</i>						
	Number of executive board members		3			4	
	Number of independent board members (Supervisory Board)		5			6	
	Average tenure of all board members		10			12	
	Number of independent board members with competencies relating to environmental and social topics		2			1	
Gov – Selec 102-25	<i>Process for nominating and selecting the highest governance body</i>	The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. Relevant information is reported in this Annual Report see page 74.					
Gov – Col 102-25	<i>Process for managing conflicts of interest</i>	For Eurocommercial Properties it is very important that members of the Executive Board and Supervisory Board act independently. There have been no conflicts of interest with rules, regulations or the Dutch Corporate Governance Code in this reporting year. Relevant information is reported in this Annual Report page 89. The process for managing conflicts is included in the Rules and Regulations of the Supervisory Board and the Code of Conduct which can be found within the governance section on the corporate website.					

## Qualifying notes environmental indicators

### Organisational boundaries, reporting period and coverage

All employees who work directly for Eurocommercial Properties in The Netherlands, United Kingdom, Sweden, Italy, France and Belgium were included in these figures. Eurocommercial provided performance data for the calendar years 2019 and 2020 for all social and governance indicators.

### Gender pay ratio

The gender pay ratio as reported in the table is the ratio of the base salary and remuneration of men to women in the mentioned employee categories. Base salary represents the salary excluding additional remuneration such as bonuses, share options or overtime pay. Please note that Eurocommercial only employed 92 persons at the end of 2020. Therefore, it is not possible to disclose more detailed information on gender pay ratio, due to the limited number of employees with the same function and experience within the organisation.



C4's electric car charging points.



City bikes outside Woluwe Shopping.

# Belgium country report



*Last year we submitted the planning application for the northern extension comprising 7,800m<sup>2</sup> of retail and 100 apartments and expect to receive planning consent during the first half of 2022. There is already significant tenant interest from international brands not yet represented at Woluwe Shopping.*

**Benjamin Frois**

Asset Manager, Eurocommercial Belgium

**€589.8m**

Property value

**130**

Number of shops

**-6.0%**

Valuation change  
(12 months)

**6.2m**

Number of visitors

**2.1%**

Average uplift from  
relettings & renewals

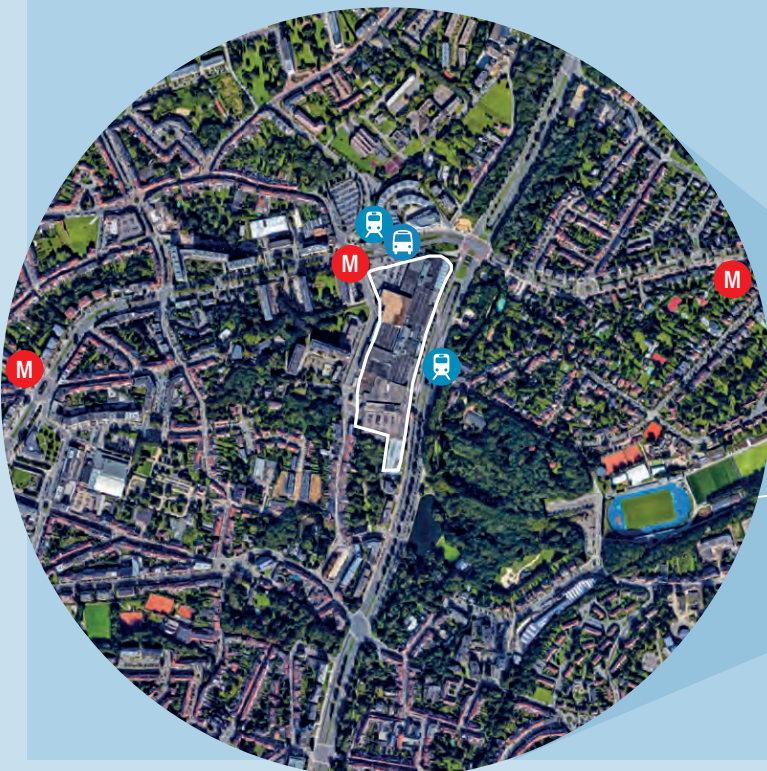
**47,000m<sup>2</sup>**

Gross lettable area

**1**

Number of properties

## Woluwe Shopping, Brussels, Belgium



## COVID-19 and retail performance

Following on the positive trend of the second half of 2019, the first two months of 2020 were strong with our retailers continuing to produce positive sales growth. Unfortunately, this positive trend ended abruptly with the outbreak of the COVID-19 crisis in Belgium and the announcement of the closure of all cafés, bars and restaurants on 12 March. This first set of restrictions was rapidly reinforced by the government with the implementation of a strict lockdown policy on 17 March, resulting in the closure of all non-essential stores. Throughout this period, Woluwe Shopping remained open and accessible only for essential shopping, principally the Match supermarket. This restriction obviously had a detrimental impact on footfall and retail turnover. After nearly two months of closure, all stores were able to gradually reopen between 11 May and 8 June.

Soon after the full reopening of Woluwe Shopping, there was a steady improvement in visitor numbers and retail turnover, reaching a peak during the summer sales period in August. The recovery lasted until the end of October with retail sales and footfall reaching levels close to 2019 despite ongoing restrictions including shopping alone, with visits limited to 30 minutes. In November, with the arrival of the second wave of the pandemic, the Belgian government ordered a second lockdown which was slightly more flexible than the first one with more stores able to stay open and click & collect activities permitted. In early December, all stores reopened (with exception of hairdressers and restaurants) in time for the busy Christmas sales period.

Retail sector performance varied during 2020 with fashion, shoes and restaurants the most significantly impacted. Restaurants had more than five months of closure in 2020. On the other hand, the jewellery, health & beauty and home goods sectors were very resilient, showing the strongest recovery and sales growth between the two periods of lockdown.

The government implemented a number of economic support schemes to limit the financial effect of the pandemic on the economy such as partial furlough and state guaranteed loans.

## Rent collection 2020

Some of our tenants were significantly affected by this unprecedented crisis and in order to provide financial assistance, we granted them favourable payment facilities including monthly invoicing and short-term rent deferral as well as rent concessions for the two periods of closure amounting to €3.7 million, representing 14% of our annual rent roll.

Immediately after each lockdown, we opened a constructive dialogue with our tenants in order to find equitable and fair financial support measures. This proactive and business partner oriented approach allowed us to quickly reach agreements with all of our tenants and also made it possible to maintain high rent collection rates throughout 2020 as follows (excluding concessions granted):

**99%**

Q1

**98%**

Q2

**98%**

Q3

**92%**

Q4

## Leasing

Following the announcement of the first lockdown, our leasing activity naturally slowed down. Indeed, the uncertainty and the lack of visibility did not encourage retailers to consider expansion. Following the reopening in May, discussions quickly resumed with a good number of retailers, although it is clear that they are now paying more attention to their store portfolio with some rationalisation. The quality and long-term track record of Woluwe Shopping remains the main reason why brands want to establish and remain there.

## Belgium country report continued

Over the past 12 months, eight new leases have been signed and three tenants renewed with an average rent uplift of 2.1%. Among these deals, we have succeeded in attracting premium brands which are not usually represented in shopping centres, such as Maje, K-Way and Jott. The beauty sector has also been strengthened by the transfer of Rituals to a larger unit, allowing the brand to set up its new flagship store format in Brussels. Two new restaurant operators entered Woluwe this year which will strongly reinforce our food offer. A few other negotiations have recently been completed with new tenants who will open during the first half of 2021 including Histoire d'Or and Medi-Market.

### Valuation and the retail property market

Data from Cushman & Wakefield confirms that investment volumes in the Belgium retail market were down by 30% in 2020, mainly due to retail transactions being postponed or put on hold due to the pandemic. However, 2020 recorded some notable transactions mainly in retail parks and high street locations, including the acquisition of Shopping Park Olen by Immo Corporate for

€70 million and the building let to Primark in Chaussée d'Ixelles (Brussels) acquired by Union Investment for €40 million.

The December 2020 valuation decreased by 1.2% over six months and by 6.0% over 12 months, mainly driven by a slight increase in yield in June and a downward adjustment in ERVs in December. Overall Woluwe Shopping is valued at a net initial yield of 4.2%. The valuation does not yet fully reflect the future and profitable extension for which there is strong initial tenant interest.

### Projects

This year we focused on the planning application process for our mixed-use extension project which includes 7,800m<sup>2</sup> of additional retail space on two levels, 100 apartments and two levels of underground parking. The file was declared complete by the Brussels Region in March 2020, the impact study officially began in June and this first phase of instruction should be completed during the second quarter of 2021. We therefore expect to obtain our final permit during the first half of 2022.



Woluwe Shopping was refurbished at the end of 2019.



The project will focus on retail sectors that are currently under-represented in Woluwe and will provide more retail space for food & beverage, sport and will also strengthen the fashion sector, which remains Woluwe's main attraction for its wealthy customers.

### Outlook

We are expecting the retail sector to remain under pressure during the first half of 2021 with reduced footfall and sales, particularly following the third lockdown at the end of March. This pressure should gradually diminish with the lifting of restrictions and the on-going vaccination programme in Belgium.

The solid fundamentals of Woluwe Shopping: prime location, excellent accessibility, and a densely populated and wealthy catchment, mean that Woluwe remains well positioned to take advantage of the expected rebound in retail sales and will keep attracting new retailers to fulfill customers' needs and expectations.



Woluwe Shopping gallery.

## Belgium portfolio

### Woluwe Shopping

Woluwe-Saint-Lambert



Eurocommercial acquired Woluwe Shopping in 2018. Since it opened in 1968, it has always been the best known shopping centre in Belgium and remains one of the most successful thanks to its solid fundamentals: prime location, excellent accessibility, and a densely populated and wealthy catchment.

Catchment	<b>1.6m*</b>
Occupancy**	<b>99%</b>
Visitors	<b>6.2m</b>
Total lettable area	<b>47,000m<sup>2</sup></b>
Shops	<b>130</b>

\* Within 20 minutes.

\*\* Calculated by floor area.

NB: All figures are for 2020 except for visitor numbers which are for 2019.

# France country report



*Last year we saw very strong rebounds in footfall and retail sales after both lockdowns and we expect to see these positive trends repeated in 2021.*

**Pascal Le Goueff**

Director, Head of Eurocommercial France

**€965.3m**

Property value

**510**

Number of shops

**-4.4%**

Valuation change  
(12 months)

**42.9m**

Number of visitors

**6.0%**

Average uplift from  
relettings & renewals

**280,746m<sup>2</sup>\*\***

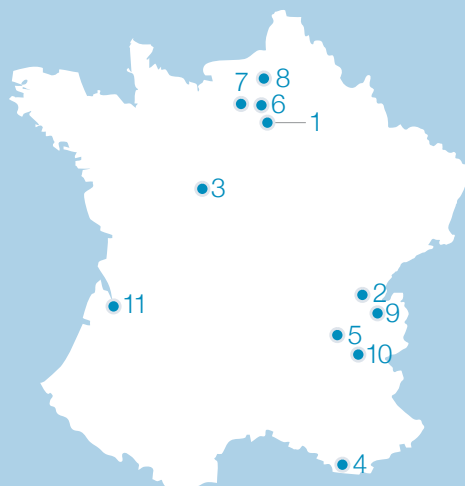
Gross lettable area

**11\***

Number of properties

## Property locations

- |  |  |
|--|--|
| 1 Passage du Havre<br>Paris              | 7 Les Portes de Taverny<br>Taverny (Val d'Oise)            |
| 2 Val Thoiry<br>Greater Geneva (Ain)     | 8 Grand A<br>Amiens (Somme)                                |
| 3 Les Atlantes<br>Tours (Indre-et-Loire) | 9 Shopping Etrembières<br>Greater Geneva<br>(Haute-Savoie) |
| 4 Centr'Azur<br>Hyères (Var)             | 10 Les Trois Dauphins<br>Grenoble (Isère)                  |
| 5 Chasse Sud<br>Chasse-sur-Rhône (Isère) | 11 Les Grands Hommes<br>Bordeaux (Gironde)                 |
| 6 MoDo<br>Moisselles (Val d'Oise)        |  |



\* As at 31 December 2020, before the disposal of Les Trois Dauphins.

\*\* Also includes parts of shopping centres not owned by Eurocommercial.

## COVID-19 and retail performance

The announcement of a strict lockdown on 16 March 2020 severely impacted upon the country's economy and particularly the activity of shopping centres with the closure of non-essential shops. This lockdown put severe pressure on retailers in several sectors, especially fashion.

However, the date of reopening on 11 May saw a vigorous recovery in both footfall and sales in our shopping centres, with uninterrupted monthly increases in turnover until November 2020, the beginning of the second lockdown. All our centres performed very well during this period, particularly the suburban hypermarket-anchored centres where people were living and working at home and generally avoiding city centres and public transport.

The second lockdown lasted for the month of November, following which the reopening of non-essential retail in December was again followed by a strong bounce-back in consumption with a turnover increase in our centres of 4.9% compared to December 2019, outperforming the CNCC index (-2.4% during the same period).

The bounce-backs were marked in the home goods, electronics, sport and DIY sectors, while fashion and restaurants performed below their usual levels.

### Rent collection

For the first lockdown, the government appointed a mediator to facilitate negotiations between landlords and tenants, although no agreement was reached. We therefore decided to implement our own strategy and to offer a rent free period of three months for small tenants and a 50% rent free period during the lockdown for other tenants.

For the second lockdown, the government provided landlords with a tax credit of 50% against a rental discount on November rent for tenants with one to 250 employees, and 50% tax credit on a maximum of two thirds of the November rent for tenants with between 250 and 5,000 employees.



The new Blackstore at Les Atlantes.

After discussions and negotiations with all of our tenants, we have collected the following percentage of invoiced rent (excluding concessions granted):

**99%**

Q1

**92%**

Q2

**91%**

Q3

**88%**

Q4

### Leasing

Although a few brands in the fashion sector went into receivership, some have already been acquired by other retailers or investors (e.g. Camaïeu and La Halle). While the pace of our negotiations have been slower, we have continued to implement our leasing strategy which consists of strengthening the restaurant and health & beauty sectors, diversifying our offer with the installation of medical practices and welcoming new brands.

## France country report continued

We have signed two leases with the Agapes group, which will establish two restaurants on a total area of 1,600m<sup>2</sup> in a building currently under construction on a plot of land adjacent to our shopping centre in Etrembières. We also signed a lease with a medical practice in MoDo and Blackstore, a new sportswear brand of the Intersport group has opened in Les Atlantes.

Over the past 12 months the leasing team has carried out 32 renewals and relettings which have generated an increase in rent of 6%.

### Valuation and the retail property market

December 2020 valuations showed a decrease of 1.3% over six months and 4.4% over 12 months. Most of the six month decrease was due to an upward yield shift in our retail park at Chasse, and a slight increase in yield for the office part of Passage du Havre. Suburban and provincial shopping centre values remained stable and the overall net initial yield for the portfolio stands at around 5%.

2020 saw several important transactions including the sale by Unibail-Rodamco-Westfield of shares in a portfolio of five shopping centres for more than €1 billion, reflecting a yield of 4.8%, and an acquisition through a sale & leaseback of 20 medium-sized DIY stores by a Batipart/Covea joint venture from the operator ADEO for more than €200 million. In Lille, the department store Le Printemps has been sold to the SCPI Notapierre for approximately €100 million, reflecting a yield of 4.6%.

At the end of the year the market was also animated by the sale of several Monoprix portfolios (food operator – Casino group) including a transaction with a price of €120 million, reflecting a yield of 4.2%.



### Disposal and projects

We have sold Les Trois Dauphins, a multi-use building of 16,800m<sup>2</sup> located in Grenoble to Crédit Agricole group for a price of €34.4 million, reflecting a net initial yield of around 6.2%.

In Bordeaux, the renovation of Les Grands Hommes was completed and Regus installed its “Signatures” concept on the first floor with encouraging results for the months following the opening. Our restaurant project at Etrembières is underway and on schedule to open in the first semester of 2022.

The permit application for our retail park in Les Atlantes has been granted and pre-leasing is underway. In Val Thoiry, a competitor has appealed against our planning authorisations. We expect a decision from the court of appeal in Lyon in the first semester of 2021.

### Outlook

The strong bounce-back in consumption in our centres after the two periods of closure in 2020 was a very positive signal and endorses our acquisition strategy to focus on centres whose catchment areas have strong local purchasing power.

Although further trading restrictions in France continue to affect our business in 2021, we are confident that the transformation currently taking place in the retail industry, especially in the fashion sector, will see the emergence of new concepts and the arrival of new brands in our centres that will be popular with our customers.



**Above**  
Shopping Etrembières's future restaurants project.

**Left**  
Regus Signatures concept at Les Grands Hommes.

## France portfolio

### Passage du Havre

Paris



Located in central Paris, the Passage du Havre sits at the heart of the Haussmann-Saint Lazare shopping district, with excellent transport links. The property incorporates offices and residential apartments. The gallery recently had renewed façades and entrances. Retail tenants include: Fnac, Sephora, Nature & Découvertes, Rituals, Normal, Courir and Maisons du Monde.

### Val Thoiry

Greater Geneva  
(Ain)



The leading shopping centre in the Pays de Gex, Val Thoiry is easily accessible from Geneva in a prosperous Franco-Swiss area. It is anchored by Leroy Merlin, Decathlon and Migros and benefits from a strong merchandising mix with brands appealing to its international catchment.

### Les Atlantes

Tours  
(Indre-et-Loire)



Situated alongside the A10 autoroute outside Tours, Les Atlantes has a large catchment of 358,000. Les Atlantes is the leading shopping centre in the area with 67 stores and restaurants and is anchored by Carrefour and an adjoining IKEA.

### Centr'Azur

Hyères  
(Var)



Located on the Côte d'Azur coast road in Hyères, south of France, this popular local shopping centre first opened in 1993. Centr'Azur has a large and varied retail offer and is undergoing improvements to its access and car park.

Catchment	<b>7.4m*</b>	Catchment	<b>272,000</b>	Catchment	<b>358,000</b>	Catchment	<b>405,000</b>
Occupancy**	<b>99%</b>	Occupancy**	<b>99%</b>	Occupancy**	<b>100%</b>	Occupancy**	<b>99%</b>
Visitors	<b>11.5m</b>	Visitors	<b>3.7m</b>	Visitors	<b>5.4m</b>	Visitors	<b>2.8m</b>
Total lettable area	<b>23,881m<sup>2</sup></b>	Total lettable area	<b>35,867m<sup>2</sup></b>	Total lettable area	<b>40,556m<sup>2</sup></b>	Total lettable area	<b>24,640m<sup>2</sup></b>
ECP ownership	<b>11,941m<sup>2</sup></b>	ECP ownership	<b>25,593m<sup>2</sup></b>	ECP ownership	<b>22,976m<sup>2</sup></b>	ECP ownership	<b>24,640m<sup>2</sup></b>
Shops	<b>40</b>	Shops	<b>68</b>	Shops	<b>67</b>	Shops	<b>56</b>

\* Within 30 minutes.

\*\* Calculated by floor area.

BREEAM In-Use certified.

NB: All figures are for 2020 except for visitor numbers which are for 2019.

## France country report continued

### France portfolio continued

#### Chasse Sud

Chasse-sur-Rhône  
(Isère)



Located on the banks of the Rhône, between Lyon and Vienne, and alongside the autoroute du Soleil (A7), Chasse Sud is a new generation retail park and shopping gallery. It features a strong fashion mix, Decathlon, Boulanger and a diverse food offer including a Casino hypermarket.

#### MoDo

Moisselles  
(Val d'Oise)



Located to the north of Paris close to the Francilienne ring road, the centre is anchored by the leading Leclerc of Val d'Oise and is situated in a strong catchment of upper-middle class inhabitants. The centre benefits from a diversified merchandising mix.

#### Les Portes de Taverny

Taverny  
(Val d'Oise)



Situated alongside the A115 autoroute in Taverny, an attractive and growing municipality in suburban Paris, the shopping centre has a wealthy catchment. Important road access works are in progress and will be followed by the construction of an Olympic swimming pool (2024).

#### Grand A

Amiens  
(Somme)



Located alongside the Amiens ring road to the east of the city, the property features strong national and international brands including H&M, New Yorker and Pandora. Grand A is the dominant shopping centre within the Amiens conurbation.

Catchment	<b>162,000</b>	Catchment	<b>417,000</b>	Catchment	<b>332,000</b>	Catchment	<b>190,000</b>
Occupancy*	<b>100%</b>	Occupancy*	<b>95%</b>	Occupancy*	<b>99%</b>	Occupancy*	<b>97%</b>
Visitors	<b>4.4m</b>	Visitors	<b>4.0m</b>	Visitors	<b>3.6m</b>	Visitors	<b>3.4m</b>
Total lettable area	<b>52,981m<sup>2</sup></b>	Total lettable area	<b>26,588m<sup>2</sup></b>	Total lettable area	<b>30,543m<sup>2</sup></b>	Total lettable area	<b>22,800m<sup>2</sup></b>
ECP ownership	<b>52,981m<sup>2</sup></b>	ECP ownership	<b>11,252m<sup>2</sup></b>	ECP ownership	<b>5,671m<sup>2</sup></b>	ECP ownership	<b>11,164m<sup>2</sup></b>
Shops	<b>49</b>	Shops	<b>58</b>	Shops	<b>50</b>	Shops	<b>59</b>

\* Calculated by floor area.

NB: All figures are for 2020 except for visitor numbers which are for 2019.

**Shopping Etrembières**Greater Geneva  
(Haute-Savoie)

The centre occupies a strategic and prominent position to the south of Geneva close to the Swiss border. Major road works have significantly improved access to the centre. Construction of a building for two new restaurants is in progress with an expected opening in 2022.

**Les Trois Dauphins**Grenoble  
(Isère)

This mixed use building is situated in the heart of Grenoble and benefits from its location in a densely populated area.

**Les Grands Hommes**Bordeaux  
(Gironde)

Located in a prime position in a prestigious retail district in central Bordeaux, Les Grands Hommes is a mixed use building with a new Signature concept by Regus.

Catchment	<b>417,000</b>
Occupancy*	<b>94%</b>
Visitors	<b>1.9m</b>
Total lettable area	<b>17,360m<sup>2</sup></b>
ECP ownership	<b>8,906m<sup>2</sup></b>
Shops	<b>48</b>

Occupancy*	<b>100%</b>
Total lettable area	<b>16,826m<sup>2</sup></b>
ECP ownership	<b>16,826m<sup>2</sup></b>
Shops	<b>4</b>

Catchment	<b>593,000</b>
Occupancy*	<b>100%</b>
Visitors	<b>2.1m</b>
Total lettable area	<b>5,530m<sup>2</sup></b>
ECP ownership	<b>2,665m<sup>2</sup></b>
Shops	<b>15</b>

BREEAM In-Use certified.

\* Calculated by floor area.

NB: All figures are for 2020 except for visitor numbers which are for 2019.

# Italy country report



*The challenges posed by the COVID-19 pandemic clearly highlighted the importance of good and effective teamwork, of well structured organisation and of assets with underlying strong fundamentals.*

**Salvatore Occini**

Co-Director, Eurocommercial Italy



*This financial year has been a very busy one. We finalised the extension and refurbishment projects in Curno, Cremona Po and I Gigli. We also achieved significant improvements and results in the implementation of our ESG strategy.*

**Carlo Romagnoli**

Co-Director, Eurocommercial Italy

## Property locations

- |  |   |
|--|---|
| 1 I Gigli<br>Florence (Tuscany)            | 5 Il Castello<br>Ferrara (Emilia Romagna) |
| 2 Carosello, Carugate,<br>Milan (Lombardy) | 6 Curno<br>Bergamo (Lombardy)             |
| 3 Fiordaliso, Rozzano,<br>Milan (Lombardy) | 7 Cremona Po<br>Cremona (Lombardy)        |
| 4 Collestrada<br>Perugia (Umbria)          | 8 I Portali<br>Modena (Emilia Romagna)    |

**€1,580.2m**

Property value

**748**

Number of shops

**-3.7%**

Valuation change  
(12 months)

**62.2m**

Number of visitors

**16.6%**

Average uplift from  
relettings & renewals

**402,532m<sup>2\*</sup>**

Gross lettable area

**8**

Number of properties



\* Also includes parts of shopping centres not owned by Eurocommercial.



## COVID-19 and retail performance

Italy was one of the first European countries to be impacted by the COVID-19 pandemic, leading the government to implement a strict lockdown policy. As a consequence, our shopping centres were partially closed for a period of over two months, until mid May. After the reopening and the very encouraging turnover and footfall results until the end of October, the COVID-19 second wave hit and the Italian government put in place a regional colour-coded restriction system with weekly updates to prevent another nationwide full lockdown. The colour-coded regional system helped reduce the negative impact of the COVID-19 pandemic in some of our shopping centres.

In general, the Lombardy region was the most impacted one, with some more stringent restrictions also being applied at times in Tuscany and Emilia Romagna.

The Italian government also put in place a series of relief packages to provide some support to the economy. This financial support included tax credits to tenants of 30% or 60% of the rent paid during the lockdown periods, the payment of furlough for employees of companies affected by the pandemic, and a cash-back of 10% of amounts spent during certain periods through credit or debit card payments other than online.

We implemented several measures to assist our tenants. Firstly, we reduced costs to a minimum during the lockdown period and further reduced the service charge budgets for the year, so as to reduce tenants' costs. We gave rent concessions for a total amount of €10.9m (equal to almost two months of rent) for the year 2020. We expect some more rent concessions for 2021 will be required. Most tenants have also been offered the possibility of paying monthly in advance instead of quarterly in advance until the end of Q2 2021.

The economic effects of the pandemic have been significant for all our tenants who will need a convalescence period during 2021 to fully recover. In general, the entertainment and food & beverage suffered most turnover loss due to closures. Fashion and shoes were also badly affected while hypermarkets, health & beauty, electronics and home goods performed better. Between lockdowns, turnover recovered to 90% of the 2019 levels during the summer.

Fortunately the vaccination campaign is progressing well. This should allow the government to gradually reduce restrictive measures and, hopefully, the recovery will be similar to the one experienced after the first COVID-19 wave.

## Rent collection 2020

The discussions with our tenants on how to recover from the effects of the COVID-19 pandemic have been very professional and constructive as tenants realised that, notwithstanding the contractual provisions, Eurocommercial treated them as partners and was ready to take its share of the financial burden.

The collection rates (excluding concessions granted) for 2020 were as follows:

<b>100%</b>	<b>98%</b>
Q1	Q2
<b>92%</b>	<b>89%</b>
Q3	Q4

## Italy country report continued

### Leasing

Following an initial period when tenants were understandably hesitant to enter into new lease agreements, leasing activity improved during 2020 and 132 leases were renewed and 52 new leases were signed, showing the underlying strength of the rental market and the continued strong interest of retailers to secure and keep representation in our shopping centres. The total rent uplift on those transactions was 16.6%.

This year we also completed several extension and refurbishment projects which led to the arrival of new international tenants including Starbucks, North Face, Nike and Adidas, while existing tenants, including Primark, Inditex, H&M, Abercrombie, JD Sports, increased their presence, further improving the merchandising mix and the attractiveness of our shopping centres.

### Valuation and the market

According to CBRE there were only a few retail transactions in the Italian market and there were virtually no comparable transactions that the valuers could use as references. In this uncertain climate, the independent valuers considered the resilience shown by our shopping centres, the low vacancy levels and the strength of tenant demand as illustrated by the renewals and relettings. Overall, valuations decreased by 0.5% over the six months and by 3.7% over the year. The main reasons for the decline were a slight increase in net yields and lower inflation projections. A modest increase in net rental income, also due to the realised extensions and refurbishments, also helped partially compensate for the movement in yields.

### Projects

2020 was a very busy year for I Gigli (Florence). After the opening of the food hall at Ai Banchi del Mercato Centrale and the new Primark and Zara stores, we carried out a series of new projects to further increase the attractiveness of the shopping centre and diversify its merchandising mix. A new open terrace was completed at the end of July, providing the existing food court and Mercato Centrale with much needed extra space. Works for the restructuring of the old Bazar and Toys shop into 14 new units (including JD Sports, Adidas and Nike) were finalised by the end of November 2020. The new walkway "Il Cammin de' Gigli" connecting the two main piazzas on the first floor was completed before Christmas, increasing the retail and food & beverage offer and introducing new services including an impressive new themed play-area, a barber shop and co-working facilities.

We were also active in Curno, Milan, where the new food hall opened in November 2019 for 17 new restaurants including Signor Vino, Cioccolati Italiani, Doppio Malto, Old Wild West and KFC.



Le Cucine di Curno food hall at Curno.



**Above**  
Il Cammin de' Gigli.

**Left**  
The new East entrance at Fiordaliso.

In Cremona, the new retail park opened in November 2019 with tenants including Brico Io, Burger King and a new Decathlon store which is proving to be a real attraction for a wider catchment.

The new 6,675m<sup>2</sup> Primark unit at Fiordaliso, the only one in the city of Milan, and an enlarged H&M opened in time for Christmas 2019. The new external hypermarket at Fiordaliso, connected to the shopping centre through a renewed common entrance, opened at the beginning of March 2021. The area of the current hypermarket is being partly demolished and converted into a new multilevel car park and around 7,000m<sup>2</sup> of new shops. The pre-leasing of the units is being finalised to new important retailers including, JD Sports, Game 7 and Adidas which will further strengthen Fiordaliso's position as the dominant shopping centre to south of Milan.

## Outlook

Following to the progress of the vaccination campaign currently being implemented, the government's imposed restrictions should gradually be lifted.

The very good results obtained with the renewals and relettings both in 2020 and in the first months of 2021 are encouraging and once more highlight the resilience of our assets. Hopefully our tenants will soon experience a recovery in footfall and turnovers to levels in line with the pre-COVID period, in a similar way as it happened after the first COVID-19 wave.

## Italy country report continued

### Italy portfolio

#### I Gigli

Florence  
(Tuscany)



As the most visited shopping centre in Italy and attracting over 20 million visitors a year, Tuscany's leading retail and leisure destination I Gigli is home to an exceptional mix of retailers, restaurants and services. The new exterior terrace and the conversion of the old bazar into a new lifestyle destination has significantly improved the retail merchandising mix. The recent opening of Il Cammin de' Gigli now links the two main piazzas on the first floor.

Catchment	<b>1.1m</b>
Occupancy*	<b>99%</b>
Visitors	<b>20.1m</b>
Total lettable area	<b>86,399m<sup>2</sup></b>
ECP ownership	<b>86,399m<sup>2</sup></b>
Shops	<b>138</b>

BREEAM In-Use certified.

\* Calculated by floor area.

#### Carosello

Carugate, Milan  
(Lombardy)



Located in a strategic position on Milan's ring road, the centre offers a unique mix of national and international retailers at the forefront of today's trends and is a very popular destination in its catchment. Carosello has won several awards over the years for its marketing campaigns and ESG projects.

Catchment	<b>1.2m</b>
Occupancy*	<b>100%</b>
Visitors	<b>8.3m</b>
Total lettable area	<b>52,778m<sup>2</sup></b>
ECP ownership	<b>52,778m<sup>2</sup></b>
Shops	<b>116</b>

BREEAM In-Use certified.

#### Fiordaliso

Rozzano, Milan  
(Lombardy)



Fiordaliso is the dominant shopping centre to the south of Milan with a broad mix of exclusive brands. After the opening of the first Primark within the Milan ring road and a brand new Finiper hypermarket, the pre-letting of 7,000m<sup>2</sup> of new retail in the former hypermarket is being finalised. Eurocommercial co-owns the centre with leading food retailing group Finiper.

Catchment	<b>1.3m</b>
Occupancy*	<b>100%</b>
Visitors	<b>9.0m</b>
Total lettable area	<b>78,759m<sup>2</sup></b>
ECP ownership	<b>33,457m<sup>2</sup></b>
Shops	<b>131</b>

BREEAM In-Use certified.

#### Collestrada

Perugia  
(Umbria)



Collestrada, located south-east of Perugia, is the prime shopping centre in Umbria. With a blend of shops, including top brands such as Zara, H&M and Media World, innovative services and a diverse events programme, the centre has grown in popularity with young customers over the years.

Catchment	<b>494,000</b>
Occupancy*	<b>100%</b>
Visitors	<b>4.6m</b>
Total lettable area	<b>31,120m<sup>2</sup></b>
ECP ownership	<b>31,120m<sup>2</sup></b>
Shops	<b>51</b>

BREEAM In-Use certified.

**Il Castello**Ferrara  
(Emilia Romagna)

Il Castello is the leading shopping centre in the province of Ferrara and offers over 80 stores, including the only Zara, Bershka and H&M stores in the Ferrara region. A recently renovated food court provides a broad range of cafés and restaurants.

**Curno**Bergamo  
(Lombardy)

Located in a wealthy catchment area west of Bergamo, Curno is well established in the catchment and has recently been extended with the development of a new themed dining area that provides 17 food & beverage outlets.

**Cremona Po**Cremona  
(Lombardy)

Cremona Po is the largest shopping centre in the region and has firmly established its market dominance with the addition of two adjacent retail parks. It is popular with families with its offer of shopping and entertainment with more than 70 shops, 10 bars and restaurants, a multiplex cinema with 10 screens and a wide range of family-friendly services.

**I Portali**Modena  
(Emilia Romagna)

Located close to Modena city centre, I Portali is well established in its catchment. The centre was fully refurbished in 2015 and investigations are ongoing for a possible extension.

Catchment	<b>428,000</b>	Catchment	<b>481,000</b>	Catchment	<b>166,000</b>	Catchment	<b>346,000</b>
Occupancy*	<b>99%</b>	Occupancy*	<b>99%</b>	Occupancy*	<b>91%</b>	Occupancy*	<b>100%</b>
Visitors	<b>4.8m</b>	Visitors	<b>6.1m</b>	Visitors	<b>5.6m</b>	Visitors	<b>3.7m</b>
Total lettable area	<b>38,503m<sup>2</sup></b>	Total lettable area	<b>36,566m<sup>2</sup></b>	Total lettable area	<b>53,477m<sup>2</sup></b>	Total lettable area	<b>24,929m<sup>2</sup></b>
ECP ownership	<b>17,907m<sup>2</sup></b>	ECP ownership	<b>18,371m<sup>2</sup></b>	ECP ownership	<b>42,083m<sup>2</sup></b>	ECP ownership	<b>7,937m<sup>2</sup></b>
Shops	<b>87</b>	Shops	<b>88</b>	Shops	<b>87</b>	Shops	<b>50</b>

\* Calculated by floor area.

BREEAM In-Use certified.

NB: All figures are for 2020 except for visitor numbers which are for 2019.

# Sweden country report



*Our shopping centres have remained open throughout the pandemic resulting in full rent collection and high levels of footfall and sales.*

**Patrik Sörnell and Jonas Gustavsson**  
Co-Directors, Eurocommercial Sweden

## €901.3m

Property value

## 475

Number of shops

## -1.6%

Valuation change  
(12 months)

## 23.8m

Number of visitors

## 4.2%

Average uplift from  
relettings & renewals

## 275,184m<sup>2\*</sup>

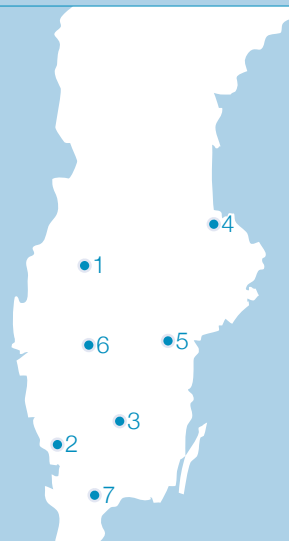
Gross lettable area

## 7

Number of properties

### Property locations

- |                                      |  |
|--------------------------------------|--|
| 1 Bergvik<br>Karlstad (Värmland)     | 5 Ingelsta Shopping<br>Norrköping (Östergötland) |
| 2 Hallarna<br>Halmstad (Halland)     | 6 Elins Esplanad<br>Skövde (Västergötland)       |
| 3 Grand Samarkand<br>Växjö (Småland) | 7 C4<br>Kristianstad (Skåne)                     |
| 4 Valbo<br>Gävle (Gästrikland)       |  |



\* Also includes parts of shopping centres not owned by Eurocommercial.

## COVID-19 and retail performance

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Until mid-March 2020, Eurocommercial was still reporting positive like-for-like growth in both retail sales and footfall. The COVID-19 period then began on 12 March with the announcement of the first restrictions on public gatherings together with guidelines on social distancing and recommendations to work at home, avoiding the use of public transport. However, the Swedish government was motivated to keep society and the economy going and as a result shopping centres have remained open throughout the whole pandemic period, although trading has varied considerably at different times.

Although visitor numbers initially reduced by around 30%, our seven provincial shopping centres benefited not only from their dominant market position in their regions, but also from their very strong provision of daily goods, particularly hypermarkets and Systembolaget (the state alcohol monopoly) which helped to maintain consistently high levels of footfall throughout the period.

Footfall and retail sales steadily recovered through 2020 and reached comparable levels to 2019 during July, supported by a very strong summer staycation in Sweden during which most retail sectors showed positive like-for-like sales growth including hypermarkets, home goods, electricals, health & beauty, books & toys and sport. Fashion and restaurants also recovered well during this period. After a good early autumn trading, there was a marked slowdown from November with the implementation of further restrictive guidelines by the authorities at a regional and then later national level following an increase in the transmission of COVID-19 throughout Sweden. This has once again suppressed footfall and retail sales going into 2021, although our vacancies remain below 2%.

## Rent collection 2020

---

At the start of the COVID-19 period, any requests from tenants for a rent reduction were negotiated on a case-by-case basis within the guidelines of the government rent support initiative that was agreed between the Landlords' Association (Fastighetsägarna) and the Retailer's Association (Svensk Handel). This rent support scheme only covered Q2 2020 and stated that if a landlord offered a qualifying tenant a rent discount of up to 50%, then within certain parameters the government would refund the landlord half the discount. By acting early and fairly with our tenants and helped by improving retail sales, we have maintained high rates of rent collection throughout 2020 and successfully collected the following percentages of invoiced rent (excluding concessions granted):

**99%**

Q1

**97%**

Q2

**98%**

Q3

**98%**

Q4

## Sweden country report continued

### Leasing

We cemented our long-term, professional relationships with our retail tenants during the COVID-19 crisis, assisting them where appropriate not only financially but by being receptive to their opinions and requests on issues including monthly payment of rent, shorter and more flexible opening hours, marketing and general support and advice on health and safety in the shopping centres to protect their staff and customers.

The crisis has certainly accelerated the trend for larger retail groups to rationalise their store portfolios, concentrating on a smaller number of profitable units in prime retail locations. H&M are the most important of several examples and have almost doubled the size of their units in five of our centres by opening their full concept stores including H&M Home. In three of those locations, H&M have already closed their smaller, older city centre units leaving the new H&M stores in our centres as their only stores serving catchments of up to 300,00 people. MQ and Intersport are other examples of important national retailers who, having gone into administration, have emerged leaner

and stronger and have remained in our centres on the same terms and conditions. Overall, the leasing team completed 103 lease renewals and relettings over the past year, producing an average uplift of 4.2%. There were several important new lettings and store openings during the autumn, some of them as part of ongoing projects. At Valbo, the refurbishment and improved masterplan has provided new stores for H&M, New Yorker and Hemtex. At Eliens Esplanad, following the re-location of Cassels last year there were new store openings for H&M and Nordic Wellness, a major gym operator who have also recently opened in Bergvik. Clas Ohlson are an important addition to Ingelsta Shopping and opened their new store in February 2021.

### Valuation and the retail property market

The valuations in Sweden showed a marginal decline of 1.1% over six months and 1.6% over 12 months. Overall, there was a slight increase in the exit yields adopted by the valuers, although this was compensated by an increase in net operating income, which was sufficient to maintain net initial yields at around 5% overall.



H&M's full concept store at Bergvik.



In their assessment of the retail investment market, the valuers identified the sale of Farsta in March 2020 as being the most relevant reference point. Farsta is a municipal centre south of Stockholm and at a price of around SEK 4 billion this reflected an initial yield of below 5%, despite the tenure being leasehold. There also remains good demand for retail investments anchored by hypermarkets, indeed yields as low as 4.5% have been recorded on standalone hypermarket transactions. Retail parks also continue to attract buyers with the discount retailers in DIY, electrical, sport and household all performing well during the pandemic. Eurocommercial's sales of Moraberg and Bronsen retail parks were notable examples of retail park transactions achieving their latest valuations.

With normal market conditions returning to the occupational and investment markets, both valuers removed the market uncertainty clauses that were used in their previous valuations at the end of June 2020.

### Disposals and projects

Two properties were sold in separate transactions to Serena Properties, a Nordic real estate company owned by Balder, the listed Swedish property company, Varma, a Finnish mutual pension insurance company and investment management company, Redito. Moraberg, a 19,000m<sup>2</sup> retail park, located outside Södertälje was sold based on a

property price of SEK 431 million. Bronsen retail park, located outside Norrköping and comprising 12,800m<sup>2</sup> of retail units was sold based on a property price of SEK 225 million, having recently been completely redeveloped by Eurocommercial and let to Ekohallen and Elgiganten.

Eurocommercial will further investigate and analyse the final phases of two extension projects at Valbo and Elins Esplanad. At Valbo, outside Gävle, planning permission exists for an extension of around 1,200m<sup>2</sup> to include a new entrance and six shops. At Elins Esplanad, a building permit exists for an extension of around 2,700m<sup>2</sup> which could provide a further 14 shop units. Neither of these projects are committed and their timing will be subject to reaching their pre-leasing targets.

### Outlook

The direct influence of COVID-19 continues to affect our Swedish business going into 2021 and before the positive effects of the vaccination programme takes hold. There are still pressures on the retail sector and its profitability following a period of declining sales, but it is a resilient sector and is adapting fast to its changing omnichannel environment. We remain confident that our strong retail tenant base will continue to trade well and that dominant shopping centres offering the best physical space will outperform the market.



**Above**  
Hemtex's new store at Bergvik.

**Left**  
Nordic Wellness at Elins Esplanad.

## Sweden country report continued

### Sweden portfolio

#### Hallarna

Halmstad  
(Halland)



Hallarna is the dominant regional shopping centre with 85 shops and a hotel and is located alongside the E6 motorway outside Halmstad, a popular tourist destination. A major refurbishment and 16,000m<sup>2</sup> extension recently opened fully let. Hallarna was awarded Best Shopping Centre of the year 2019 by NCSC.

#### Bergvik

Karlstad  
(Värmland)



Bergvik was refurbished and extended in 2015 and comprises 70 shops and two hypermarkets and adjoins an IKEA. Bergvik fronts the E18 motorway to the west of Karlstad and serves a regional catchment of around 270,000 people. Bergvik was named by Market magazine Sweden's best shopping centre in 2018 and 2019.

#### C4

Kristianstad  
(Skåne)



C4 comprises a new shopping centre of 31,600m<sup>2</sup> and an adjoining City Gross hypermarket located alongside the E22 motorway outside Kristianstad and serves a regional catchment of 300,000.

#### Grand Samarkand

Växjö  
(Småland)



Grand Samarkand is located in the main external retail zone of Växjö. The shopping centre was recently redeveloped to provide around 65 shops adjoining an ICA hypermarket.

Catchment	<b>270,000</b>	Catchment	<b>270,000</b>	Catchment	<b>300,000</b>	Catchment	<b>240,000</b>
Occupancy*	<b>97%</b>	Occupancy*	<b>100%</b>	Occupancy*	<b>98%</b>	Occupancy*	<b>99%</b>
Visitors	<b>3.1m</b>	Visitors	<b>4.2m</b>	Visitors	<b>3.1m</b>	Visitors	<b>3.3m</b>
Total lettable area	<b>41,447m<sup>2</sup></b>	Total lettable area	<b>48,786m<sup>2</sup></b>	Total lettable area	<b>39,464m<sup>2</sup></b>	Total lettable area	<b>37,155m<sup>2</sup></b>
ECP ownership	<b>41,447m<sup>2</sup></b>	ECP ownership	<b>32,561m<sup>2</sup></b>	ECP ownership	<b>39,464m<sup>2</sup></b>	ECP ownership	<b>24,723m<sup>2</sup></b>
Shops	<b>85</b>	Shops	<b>70</b>	Shops	<b>90</b>	Shops	<b>65</b>
BREEAM In-Use certified.		BREEAM In-Use certified.		BREEAM In-Use certified.		BREEAM In-Use certified.	

\* Calculated by floor area

NB: All figures are for 2020 except for visitor numbers which are for 2019.

**Valbo**Gävle  
(Gästrikland)

Valbo is located on the E16 motorway outside Gävle and is an established regional shopping centre comprising 37,000m<sup>2</sup> GLA and is let to 75 retailers including a Coop hypermarket and part of the adjoining IKEA. A major refurbishment and improvement to the masterplan was recently completed to include new stores for New Yorker, Hemtex and a full-concept H&M.

**Ingelsta Shopping**Norrköping  
(Östergötland)

Ingelsta is located in the main external retail area of Norrköping at the city's northern entrance from the E4 motorway. Ingelsta was recently refurbished and extended and comprises an ICA hypermarket and 50 shops.

**Elins Esplanad**Skövde  
(Västergötland)

Elins Esplanad provides 40 shops and an ICA hypermarket. Six new stores recently opened including H&M, Cassels and a Nordic Wellness gym. Planning approval for a further 5,000m<sup>2</sup> GLA has been obtained.

Catchment	<b>250,000</b>	Catchment	<b>280,000</b>	Catchment	<b>240,000</b>
Occupancy*	<b>99%</b>	Occupancy*	<b>100%</b>	Occupancy*	<b>100%</b>
Visitors	<b>3.4m</b>	Visitors	<b>3.5m</b>	Visitors	<b>3.4m</b>
Total lettable area	<b>54,543m<sup>2</sup></b>	Total lettable area	<b>37,744m<sup>2</sup></b>	Total lettable area	<b>26,317m<sup>2</sup></b>
ECP ownership	<b>36,953m<sup>2</sup></b>	ECP ownership	<b>37,744m<sup>2</sup></b>	ECP ownership	<b>26,317m<sup>2</sup></b>
Shops	<b>75</b>	Shops	<b>50</b>	Shops	<b>40</b>

\* Calculated by floor area.

BREEAM In-Use certified.

BREEAM In-Use certified.

NB: All figures are for 2020 except for visitor numbers which are for 2019.

# Corporate Governance

In accordance with the Netherlands Corporate Governance Code, a broad outline of the corporate governance structure of the Company is presented in this section, including any departures from the Code's best practices.

The full text of the Code can be found on the website [www.mccg.nl](http://www.mccg.nl).

In the following paragraphs the aforementioned broad outline is presented.

## General Meeting of Shareholders

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The General Meeting of Shareholders has core overriding powers on such matters as statutory changes, adoption of the annual accounts and profit appropriation. It has powers regarding the appointment, suspension, dismissal and remuneration of members of the Board of Management and the Supervisory Board.

Shareholders and holders of depositary receipts are entitled to attend and to vote at the General Meeting of Shareholders. Upon written request by shareholders and holders of depositary receipts, who solely or jointly represent 10% of the issued capital, the Board of Management and the Supervisory Board shall be required to convene a General Meeting of Shareholders. The notice calling that meeting shall specify the items to be considered. The Secretary appointed for the meeting will take minutes of the proceedings at the meeting. The minutes will be signed by the Chairman of the meeting and by the Secretary. In principle, the minutes will be published on the Company's website within three months after the meeting.

## Supervisory Board

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The Supervisory Board's primary task is to supervise the activities of the Company and to provide advice and guidance to the Board of Management. In pursuing these responsibilities, the Supervisory Board takes the interests of all stakeholders into account. Supervision focuses on the achievement of corporate goals and strategy. In addition, the Supervisory Board supervises the proper management of internal risk and execution of control structures, the property and financial reporting process, and legal and

regulatory compliance. Finally, the Supervisory Board is involved in drawing up the remuneration policy of the Company and ratifies the individual remuneration of the Board of Management members according to the policy and remuneration proposals approved by the General Meeting of Shareholders. Under powers granted to it by the General Meeting of Shareholders for the period to 30 June 2021, the Board of Management, subject to the approval of the Supervisory Board, is authorised to issue new shares up to a maximum of 10% of the issued share capital and to determine the terms of issue, including the power to limit or exclude the pre-emptive rights of existing shareholders. Mutatis mutandis the same applies to the granting of rights to subscribe for shares.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. This Board also determines the number of Managing Directors and Supervisory Directors of the Company. The General Meeting of Shareholders determines the remuneration of members of the Supervisory Board. With the exception of one member, all members of the Supervisory Board are independent of one another, the Board of Management and any particular interest. Pursuant to the Articles of Association, the Supervisory Directors retire under a rotation scheme. In view of the current size of the Supervisory Board (five members), each appointment will be made for a maximum period of four years. Any proposal for appointment or reappointment to the General Meeting of Shareholders shall be properly explained. In the case of a reappointment, account will be taken of the candidate's performance and functioning as a Supervisory Director. The rules and regulations of the Supervisory Board stipulate that the maximum term of office is 12 years. The amended Code provides for the basic principle that Supervisory Directors are appointed for two periods of four years. Reappointment is possible for a maximum term of a further two two-year periods. A resolution by the General Meeting of Shareholders to dismiss or suspend a Supervisory Director can be passed with a simple majority of the votes cast, representing more than half of the issued share capital.

The Supervisory Board meets according to a fixed schedule of meetings. In the 18 month period under review the Supervisory Board met nine times and for over three months held weekly video meetings with management to be kept up to date in respect of the impact of the COVID-19 virus on the business of the Company. Furthermore, there are special meetings dedicated to a discussion – without the Board of Management being present – of the Supervisory Board's own functioning, the relationship with the Board of Management and the composition, assessment and remuneration of the Board of Management. The Supervisory Board profile with which the members of the Supervisory Board are expected to comply will be evaluated annually and, where necessary, revised.

In the year under review, no business transactions took place in which conflicts of interest could have played a role. Any business transactions between the Company and the members of the Boards are published in the Annual Report. The profile, rules and regulations of the Supervisory Board and the resignation rota for members of the Supervisory Board are published on the Company's website.

## Board of Management

The Board of Management (as per 1 November 2020 consisting of Evert Jan van Garderen, Roberto Fraticelli and Peter Mills) is responsible for managing the Company and its subsidiaries. It is accountable for the pursuit and achievement of corporate goals and objectives of the Company and its subsidiaries, its strategy and policies. In addition to determining strategy and its implementation, the Board of Management should optimise risk management and control, financing and ensuring the Company and its subsidiaries comply with legal and other applicable regulatory requirements.

The members of the Board of Management are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. Managing Directors are appointed for a maximum renewable period of four years. The Board of Management's remuneration is determined in line with the policy set out in the Remuneration Report. A key indicator for

remuneration is based on aligning the Board of Management with the interests of shareholders. The remuneration of the Board of Management will be submitted to the General Meeting of Shareholders for approval. The Supervisory Board prepares a Remuneration Report annually. The report is posted on the Company's website.

A resolution by the General Meeting of Shareholders to dismiss or suspend a Managing Director can be passed with a simple majority of the votes cast, representing more than half of the issued share capital. The amount of compensation that a member of the Board of Management may receive on termination of his or her employment may not exceed one year's base salary.

### **Evert Jan van Garderen, Chief Executive Officer**

Evert Jan van Garderen (59) joined the Company in 1994 after experience in a major law firm and an international investment group. He held the position of Finance Director from 1994 until he was appointed Chief Executive Officer in November 2020. Mr van Garderen, a graduate of Erasmus University Rotterdam, is both a Chartered Accountant and a qualified lawyer.

### **Roberto Fraticelli, Chief Financial Officer**

Roberto Fraticelli (49) joined Eurocommercial in 1998. He was appointed Chief Financial Officer in November 2020 and holds the position of Head of Italy since 2016. Mr Fraticelli holds a university degree in Business Administration from the LUISS University (Rome), a degree in Political Science from the University of Amsterdam and an Executive MBA from the Erasmus University Rotterdam. He is also a Chartered Surveyor.

### **Peter Mills, Chief Investment Officer**

Peter Mills (62) joined Eurocommercial in 1993 after experience at major international property consultants covering the UK and European retail markets. Mr Mills was responsible for the Company's operations in Sweden until he was appointed Chief Investment Officer in November 2020. Mr Mills is a Chartered Surveyor and read Land Economy at Cambridge University.

## Corporate Governance continued

### Administrative Foundation

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The Company's shares are listed on Euronext Amsterdam and Euronext Brussels in the form of registered depositary receipts issued by Stichting Administratiekantoor Eurocommercial Properties (the Administrative Foundation), each depositary receipt representing ten registered shares in the capital of the Company, which shares are held by the Administrative Foundation. To allow investors in the Company to have equal rights, holders of depositary receipts are able to exercise voting powers as if they were shareholders. The conditions of administration govern the relationship between the Administrative Foundation and the holders of depositary receipts. Furthermore, these holders of depositary receipts are entitled pro rata to the same distribution of dividends on the number of shares corresponding with the depositary receipts held. Also, holders of depositary receipts can obtain an irrevocable proxy to exercise at shareholder meetings the voting powers attached to such number of shares as correspond with the depositary receipts held.

In accordance with the conditions of administration, the voting rights attached to the shares with respect to which the holders of depositary receipts for those shares do not make use of the power of attorney, are exercised by the Administrative Foundation in such a way that the Administrative Foundation will primarily be guided by the interests of the holders of depositary receipts, taking into account the interests of the shareholders and the Company and its subsidiaries and affiliated companies. The Administrative Foundation will normally exercise its aforementioned voting rights in favour of all resolutions proposed by the Board of Management and the Supervisory Board unless such resolutions are manifestly contrary to the interests of the shareholders and the holders of depositary receipts.

The Board of Trustees of the Administrative Foundation currently comprises three independent members. The Articles of Association and the conditions of administration of the Administrative Foundation are posted on the Company's website and the Company and the Administrative Foundation comply with Principle 4.4 of the Code and the related best practices for issuing depositary receipts.

### Proposal for a change of the Company's governance for the winding up of the Administrative Foundation

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In its 15 month results 2019/2020 report published on 27 October 2020, the Company announced it would modernise the corporate governance of the Company and that the Board of Management and the Supervisory Board would prepare a proposal for a change of the Company's governance for the winding up of the Administrative Foundation, to allow all shareholders and holders of depositary receipts to decide on the matter in the 2021 Annual General Meeting. This proposal has been prepared and is published today with the Notice and Agenda for the 2021 Annual General Meeting.

### External auditor

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The external auditor is appointed by the General Meeting of Shareholders. The external auditor attends the meeting of the Supervisory Board and the Board of Management at which the annual and half-year figures are discussed and adopted. The Supervisory Board also meets the external auditor without the presence of the Board of Management. The quarterly, half-year and annual figures presented in press releases are discussed with the external auditor prior to publication. The annual accounts are audited by the external auditor and the half-year accounts as at 31 December 2019 are subject to a review by the external auditor.

The General Meeting of Shareholders may question the external auditor about their report on the fairness of the annual accounts. The external auditor will address the meeting in respect of this matter.

KPMG Accountants N.V. were reappointed as the Company's auditors by the General Meeting of Shareholders in November 2019 for the financial year 2020/2021. Due to the extension of the financial year of the Company to 31 December 2020, the reappointment of the Company's auditors for the current and the next financial year will be tabled at the 2021 Annual General Meeting.

## Corporate governance best practice

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The only principles and best practice provisions of the Code with which the Company does not fully comply or which require an explanation are:

### Principle 1.3 of the Code

There is no separate department for the internal audit function, but this function is outsourced to a reputable audit firm.

### Principle 3.2 of the Code

Where Principle 3.2 of the Code provides that the Supervisory Board determines the remuneration of the members of the Board of Management, in accordance with the Netherlands Civil Code and the Articles of Association of the Company, it is provided that the remuneration of the individual members of the Board of Management is determined and adopted by the General Meeting of Shareholders.

### Provision 4.3.3 of the Code

Members of the Board of Management and the Board of Supervisory Directors are appointed to and removed from office by the General Meeting of Shareholders. This is in line with the Code. Pursuant to the Articles of Association of the Company, the Board of Supervisory Directors has the right to make binding nominations for the appointment of members of the Board of Management and the Board of Supervisory Directors. The Code considers as best practice in provision 4.3.3 that the General Meeting of Shareholders may cancel the binding nature of a nomination by an absolute majority of the votes cast with a quorum requirement of not more than one third of the issued share capital. The Articles of Association of the Company are aligned with art. 2:133(2) of the Netherlands Civil Code and provide that the General Meeting of Shareholders may cancel the binding nature of a nomination by a two-thirds majority of the votes cast, representing more than one half of the issued share capital. Also, the Articles of Association of the Company provide that no new meeting can be convened if the required quorum is not met. The Board of Supervisory Directors and the Board of Management are of the opinion that these deviations from provision

4.3.3 of the Code will enhance the continuity of the Company and contribute to the long-term value creation by the Company.

## Corporate responsibility

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Shopping centres play a major role within the local community as places for people not only to shop in, but also to relax and interact with each other. The Company therefore strives to integrate itself as much as possible into its surrounding environment. Reference is made to the ESG section of the Annual Report.

The Company holds events in its centres to educate and entertain its visitors to enhance their enjoyment of the shopping centre facilities. The events are often held in conjunction with a local government body, charity or corporate sponsors to align it with a particular cause. Many of the Company's shopping centres also support local sports teams through sponsorship agreements.

The Company is committed at both the corporate and operational level to minimising the impact of its business activities on the environment. The Company discloses its energy and water consumption, waste production and greenhouse gas emissions on an annual basis. This information can be found on page 48.

Consumption information related to properties acquired during the reporting period is included in the absolute data from the date the acquisition completed but does not appear in the like-for-like comparisons until the properties have been owned for a full two years. Information related to properties disposed of during the reporting period is included in the absolute data up until the date the sale is completed but is excluded from the like-for-like comparisons.

## Corporate Governance continued

The reported energy and greenhouse gas performance measures relate to all Company-obtained energy and water consumed in the Company's properties. Consumption data at each property is collected from utility invoices and entered into a centralised database. Data was not estimated. The advisory firm UpCycle assisted the Company in preparing the data in line with the EPRA reporting guidelines.

Renewable energies (bio-gas, water, wind and geothermal) are used to a greater or lesser extent in all of the Swedish centres, while in France and Italy photovoltaic panels have been, and will continue to be, installed on properties as part of ongoing maintenance and upgrade works. Several centres now have facilities to collect rainwater to use for irrigation and waste facilities.

Recycling is carried out in all of the Company's retail properties, and in many instances customers can also bring their residential refuse to the shopping centres to be recycled. As the properties continue to be upgraded and extended, the Company's aim is to introduce more environmentally friendly materials and mechanisms to increase energy efficiency and minimise waste.

At the corporate level, the Company uses video conferencing systems to lower internal travel costs. In addition, the offices have recycling programmes in place.

The Company employed an average of 94 full-time equivalent persons during the financial reporting period, of whom 16 are residents in The Netherlands, 32 in Italy, 27 in France, 11 in Sweden and 8 in the UK. 55% of employees are female and 45% are male. Of the workforce, 8 are under the age of 30, 61 are between the ages of 30 and 50 and 25 are over the age of 50. These facts show how diversity is implemented throughout the organisation by differences in nationality, age and gender.

The Company understands that its employees are its most important asset. To this end, it actively encourages and supports employees to further their professional training and development, where appropriate. The Company prides itself on being a good employer, which is epitomised in the lengthy average tenure of employment and very low personnel turnover.

### Organisation, culture and long-term value creation

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Eurocommercial has offices in Amsterdam, Milan, Paris and Stockholm. The French, Italian and Swedish teams are responsible for in-house functions such as leasing, rent collection, technical supervision and administration. The French team is also responsible for Woluwe Shopping in Brussels.

The Board of Management and Country Directors, responsible for the respective countries, keep the Supervisory Board of the Company fully informed of operations through formal management reports and informal discussions as necessary.

Investment in property is a local and long-term business. The country teams therefore comprise only nationals and residents of the country in which investments are made. The teams consist of skilled professionals with relevant experience who understand the importance of local values and practices to avoid errors and mistakes. There is a significant number of employees who have been employed for more than ten years. Also, the remuneration of the local teams is linked to the performance of the local property portfolio based on rental growth and asset value growth in the respective countries.

At the same time an international organisation requires high standards of transparency, reporting and accountability. The Company is promoting clear and open communication and taking responsibility. Complying with high standards of good business practices is fundamental for long-term value creation. A good long-term relationship with tenants, local communities and governments requires diligent staff who adhere to proper business ethics and are fully aware that reputational risk for the Company and its employees is a very important risk factor which needs to be carefully managed. Training of management and staff in these areas and cross-country meetings and visits by management and staff members therefore take place regularly, so that there is good internal knowledge sharing and a good understanding of how Eurocommercial management and staff should act and perform. The Code of Conduct



of the Company provides the core rules for management and staff to adhere to and provides guidance on behaviour and on maintaining the Eurocommercial values. During the financial reporting period no violation of the Code of Conduct has been reported or established.

Every employee under a permanent labour contract is entitled to the long-term incentive under the Group's Performance Share Plan, which is clearly aimed at linking remuneration to a long-term commitment of the individual employee and the performance of the Company. It is believed this Plan contributes to alignment of management and staff with the interests of the Company and its stakeholders and underlines the culture in the Group that each individual is considered to contribute to the success of the Company and is therefore also entitled to a long-term incentive.

## Remuneration

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The remuneration policy for Supervisory Directors and Managing Directors, which has been applicable in previous years, has been continued. Supervisory Directors receive a fixed fee. Managing Directors may be entitled to cash bonuses in addition to their base salaries. These bonuses, like those of the senior managers, are directly linked to the annual growth in the Company's net asset value, dividend per share and the annual relative performance as per the end of the financial year of the listed depository receipts of the Company compared with a peer group of ten listed retail property companies. This growth percentage, if any, is used to calculate the variable income as a percentage of base salary. Since 2012, a Performance Share Plan has been in place for Managing Directors, regional directors and permanent staff of the Company. Under this scheme, conditional performance depository receipts may be granted from time to time, but these only vest after three years have lapsed from the date of granting, provided certain targets are met. After vesting, these depository receipts are blocked for another two years. The remuneration policy is set out in the Remuneration Report posted on the Company's website. A summary of the Remuneration Report is included in the Report of the Board of Supervisory Directors on page 87.

# Risk Management

## Internal risk management and control systems

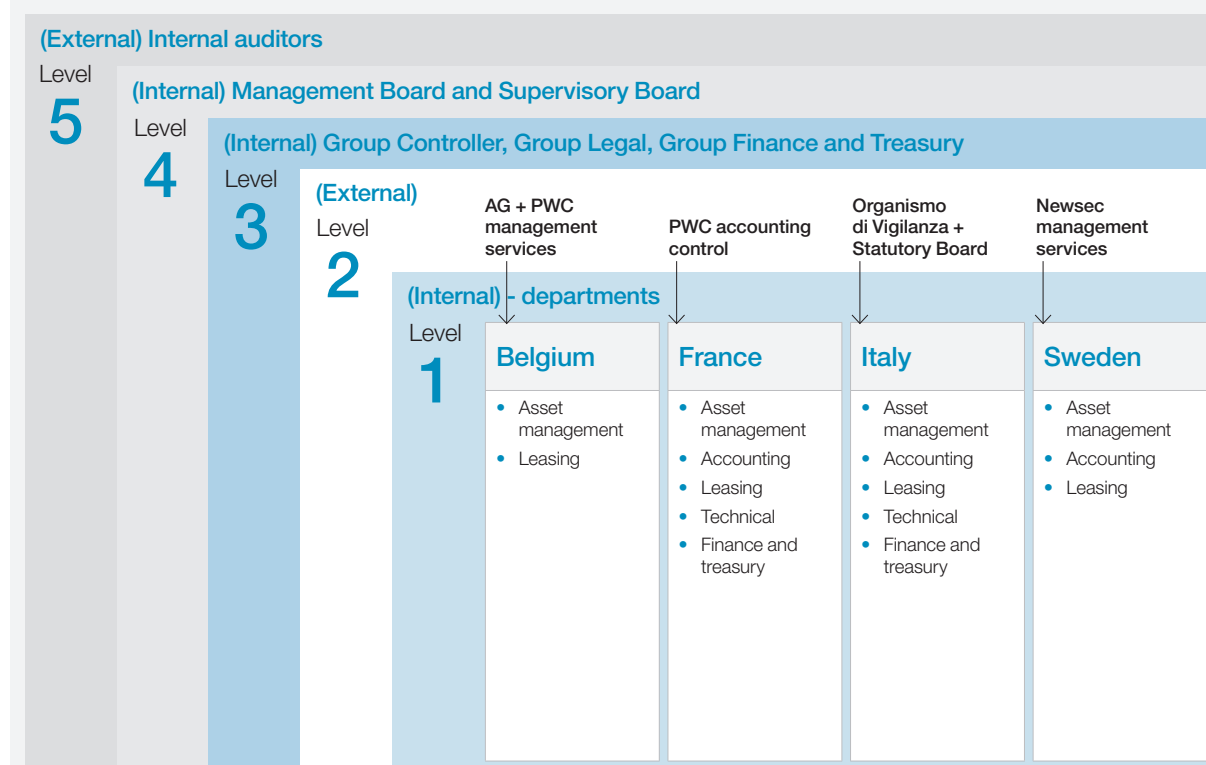
The Company has clearly identified its risks, comprising strategic risks, operational risks, financial risks, reporting risks and compliance and reputation risks.

The strategic risks mainly concern the global economy, the occurrence of a pandemic, the property sector and country allocation, as well as the timing of investments and divestments and the leverage used. Operational risks include asset and tenant selection, performance by suppliers, third parties and the Company's organisation and systems, and also the technical condition of the properties and risks related to taxation. Financial risks comprise interest rate and currency risk as well as refinancing risk. The Company operates a comprehensive insurance programme for those risks which can be effectively and efficiently insured.

The Company has appropriate internal risk management and control systems. Key elements of the internal control systems are a management structure designed to enable effective and collegiate decision-making, monthly review of important indicators, such as turnover in shopping centres, rent collection, vacancy, arrears and doubtful debtors, and weekly meetings between the Board of Management and the Country Directors and senior staff to review each country's performance against budgets and long-term financial plans.

Detailed procedures and responsibilities for the various country teams, as well as for the segregation of duties and authorisation structures have been implemented and maintained. Payment procedures are very detailed and strict. Payments always require the involvement of the Amsterdam head office, where all payments for the Group are finally authorised by at least two senior signatories,

## Control systems for Eurocommercial Properties



as country offices cannot make any payments under the procedures in place. Strict procedures are also observed for the periodic drawing up of monthly, quarterly and annual figures on the basis of the adopted policies. The internal management reporting system is designed to directly identify developments in the value of investments and in income and expenses. For this purpose, use is made of electronic data processing within automated, integrated central information systems. There is a back-up and recovery plan in place so that data can be restored. IT systems and data bases are located at a professional specialised external data centre with high protection against disruptions and power failure. Professionally managing and controlling risks associated with safeguarding the continuity, availability, functioning and security of its IT systems is of vital importance to the Company. The Company invests in further digitalising its corporate processes, focusing extensively on the security of its data and other information, to prevent serious business interruptions and cybercrime and to comply with prevailing privacy legislation.

Due to its size, the Company has no internal audit department, but has outsourced the internal audit function to an audit firm. The Supervisory Board discusses the external auditors' findings on the Company's internal control environment with the Board of Management and the external auditors. The Supervisory Board supervises the internal control framework and procedures and the assessment of risks facing the Company and its subsidiaries.

### Risk management policies

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The Company has a long-term investment horizon and carefully monitors its exposure to risks deriving from its investment policies. Established controls are in place covering the implementation of its policies and the monitoring of the related results and implications. Policies, guidelines, reporting systems and segregation of duties have been issued and are currently in place to enable the above-mentioned controls.

The Company's management structure and corporate strategy are designed to serve long-term value creation including maximisation of shareholder value while minimising risks to the accepted risk appetite.

All major corporate, property and financial decisions are discussed and reviewed at regular meetings of the Board of Management together with senior management comprising the finance team, the heads of the Belgian, French, Italian and Swedish businesses, the Group Leasing Director, the research department, the Investor Relations Director and the Group Economist. The team reviews the item – be it an acquisition, renovation project, property management, leasing, extension/refurbishment, divestment, fundraising or financing issue – against a number of key criteria including financial implications, strategic fit and the impact it will have on the rest of the Company. The Board of Management will normally act upon the recommendations of this meeting.

Additional controls have been put in place to identify and minimise risk through assigning responsibilities to certain individuals and regularly reviewing procedures.

During the financial reporting period, the risk management policies and any changes were reviewed and discussed with the Supervisory Board and were approved by the Board of Management.

### Strategic risk

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#### Global economy/occurrence of a pandemic

Since early 2020, the global economy and our business have been heavily impacted by the COVID-19 virus. COVID-19 has resulted in (temporary) closures of our shopping centres and further restrictions for visitors to our shopping centres, when open. In all four countries where the Company operates shopping centres, the national and local governments have taken strict measures to limit the spread of the virus. The Company may be exposed to an increased risk due to COVID-19 or other epidemics or pandemics, which are likely to have a material adverse effect on the Company, its operations, financial position and/or results, financial forecast/guidance and share price.

## Risk Management continued

Factors potentially impacting the financial results and the financial forecast/guidance include: temporary or total closure of assets, rent concessions, the decision by tenants to reduce or cease their operations, retailer insolvencies or bankruptcies, ongoing local or national operational restrictions, such as customer capacity restrictions, ongoing closure of assets, cinemas, food courts, restaurants etc. and other measures aimed at containing and reducing the impact of viruses.

Our strategy has been to be generous to tenants for the COVID-19 lockdown periods but to insist that once the rent holiday period finishes, normal rent obligations under the leases will be met, as indeed the vast majority of our tenants have agreed. This strategy has helped us to maintain our strong relationships with retailers and avoid payment difficulties for our tenants.

### Evolution of the retail market

In the countries where the Company operates its shopping centres, online shopping has been increasing over the past years. The pandemic has increased risk concerns on the retail sector. As customers need to stay at home to limit exposure to COVID-19, footfall in shopping centres reduced and reliance on online shopping increased. These restrictive measures may force retailers to close or go bankrupt, impacting the rental income for the Company.

The Company owns shopping centres which have a good mix of shops and a supermarket/hypermarket for daily shopping needs. It is now clear that notwithstanding the greatly increased use of online shopping during the lockdowns, people are returning to physical shops, particularly in provincial and suburban centres with strong grocery anchors.

Due to the COVID-19 circumstances, several measures have been taken to ensure that our assets provide the best conditions for our tenants and customers. Our teams have been focusing their efforts on making sure that our shopping centres are safe places for people to shop, which includes regular cleaning and disinfection of all areas, making sure alcohol-based hand sanitiser is available throughout centres. Health and safety protocols have been drafted for each shopping centre to comply with official guidelines. In addition, we have taken measures to control visitor flows and ensure a low density of people present at any given time, in line with social distancing guidelines. This includes markings on the ground and innovative technological measures to ensure the best possible experience for our customers.

### Country and sector weighting of assets

The Company invests in a relatively predictable real estate sector (retail) and in relatively wealthy and stable economies (Belgium, France, Italy and Sweden) to minimise economic and political risk. By limiting the number and types of sectors and countries in which the Company operates, management can maintain a high level of understanding and insight into how the assets perform, which in turn reduces risk. However, the diversification achieved by investing in these countries, both in provincial and major cities, reduces risk further, as well as the spread among a large number of tenants, with a relatively small exposure to any one single tenant (largest exposure to one single tenant is 3.7% of total portfolio rent).

### Timing of investments and divestments

Timing is of fundamental importance in all investments and divestments, and management will take into account the broadest possible parameters, whether economic, political or fiscal.

The internal research teams maintain a detailed database on the regions in which the Company is invested or those areas in which it is considering making an investment. Every effort is made to research the demographics and economics of these areas to evaluate suitable timings for an acquisition, extension or divestment. The management structure is such that timely and efficient decisions can be made on the basis of information provided. The Company's property experts' detailed knowledge of relevant international property markets in which they have operated for many years also provides experience to help avoid serious errors. Data such as monthly retail sales of retailers, vacancies, arrears and doubtful debtors are also regularly reviewed to assist in decision-making.

## Operational risk

### Asset selection

The Company seeks to minimise risks by investing in properties where rents can survive a downturn in consumer spending and at a yield that provides an adequate return in light of financing costs. Management conducts thorough due diligence on assets before an acquisition is made, assisted by external parties including property consultants, lawyers, surveyors, tax advisers and accountants. The Company also has an asset rotation programme in place, which includes disposal of assets in the interest of the Group's financial position and to maintain a robust balance sheet.

### Counterparty risks

The risk of the Company doing business with parties that are found not to operate in good faith, are fraudulent or have a bad reputation. It also concerns the risk of our employees being part of a fraudulent transaction. The Company only wishes to do business with parties of good standing and reputation. A KYC check is a standard element of the due diligence process for acquisitions and

divestments, as well as for new lease contracts, new suppliers or for entering into new partnerships. The Company's Code of Conduct provides the core rules for management and staff exposed to counterparty risks.

### Tenant selection and credit risk

The creditworthiness of tenants is researched thoroughly and bank guarantees or deposits are always required in Belgium, France and Italy but not in Sweden where this is not market practice. The credit risk in Sweden is no different as compared to the risk in other countries. Property performance is reviewed by analysing monthly retail sales and visitor numbers, vacancies and arrears. Such information allows the Management Team to make prompt judgements about how a tenant is performing and its impact on the performance of the rest of the centre. The credit risk associated with lease debtors is determined through a detailed analysis of the tenant's outstanding debt. The credit risk has also been reduced by investing in mature markets and by choosing major tenants on the basis of their financial strength.

### Physical condition of properties

A technical director in each country, in conjunction with local centre managers, is responsible for the regular review and maintenance of the physical condition of individual properties. Maintenance is carried out on a regular basis and the Company is insured against property damage and consequent loss of income that may arise from such events. Checks are frequently made to review security, fire, health and safety and environmental issues within each property.

### Property extension/redevelopment risk

Extensions and redevelopments will only proceed if planning consent has been received, the financing is arranged, the majority of the project is pre-let and other commitments have been received from anchor tenants. The Company is always guided and advised by an external project team but also employs in-house specialists. The building works are outsourced to a contractor with a sound reputation. During the works the Company takes out additional property and liability insurance policies.

## Risk Management continued

### Taxation

The Company is tax-exempt in Belgium, France and The Netherlands and subject to corporate income tax in Italy and Sweden. It is difficult to assess whether the Company will have to pay more taxes in the future due to changes made to the tax systems in the countries where the Company operates, but it cannot be excluded.

### Financial risk

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#### Credit risk

The Company minimises the risks related to the possible default of its counterparties by dealing with major financial institutions for all its borrowings, interest rate swaps, foreign exchange contracts and deposits. The counterparty risk associated with these transactions is limited to the cost of replacing these agreements at the current market rate should an event of default occur. The Company, however, considers the risk of incurring losses as a result of default remote.

#### Interest rate risk

As the Company's policy is to have long-term investments, the borrowings used to fund them are also long-term (five to ten years but preferably for ten years or more). The Company uses fixed interest loans, interest rate swaps and other financial instruments to manage its interest rate risk. It is Company policy to operate a defensive interest rate hedging policy to protect the Company against increases in interest rates. The Company is hedged at an average interest rate of 1.8% and only 25% of the total borrowings are at a floating rate. An increase in interest rates of 1% would therefore only have a limited negative impact of an additional annual interest expense of €2.8 million, or 2.6%, of the reported direct investment result.

### Liquidity risk

In order to reduce liquidity risk the Company has adopted a strategy of spreading the debt maturity profile of its borrowings and the relative repayment dates. Moreover, in some cases the Company has at its disposal flexible long-term borrowings (which allow no penalty repayments and re-drawing of funds up to agreed amounts) and short-term committed and uncommitted lines. An analysis of the liquidity risk related to future cash flows due to interest payments, repayment of borrowings, rental deposits and payments to other creditors is provided in note 20 (financial instruments) of the consolidated financial statements.

### Currency risk

The only significant foreign currency exposure for the Company is its exposure to the Swedish property markets. However, due to SEK loan facilities with major financial institutions and currency swaps (if applicable), a hedging of the foreign currency is achieved up to 40%. The remaining exposure is relatively limited compared with the total size of the portfolio and will in principle not be hedged. Net SEK income may also be hedged from time to time by using defensive currency derivatives. A weakening of this currency by 5% would result, for example, in a decrease of shareholders' equity of only 1.2% and in a decrease of only 1.4% of reported direct investment result.

### Reporting risk

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The Company draws up an annual budget by country and individual asset, which is compared on a monthly basis with actual results. Furthermore, budgets for capital expenditure and liquidity forecasts are prepared. Quarterly figures are discussed with the external auditor prior to publication and then published to the market in the form of a press release. The annual accounts are audited by the external auditor and the half-year accounts are usually subject to a limited review by the external auditor.

## Compliance risk and reputation risk

At the corporate level the Company complies with the Netherlands Corporate Governance Code and the Netherlands Act on Financial Supervision (Wet op het financieel toezicht) as it is listed on Euronext Amsterdam, which is its home market. The Company has a secondary listing on Euronext Brussels. All employees are made aware of the regulations, and procedures are in place to ensure that employees comply with the rules and are aware of the high standards of ethics applicable. It is very important that any, even small, deviation of what is required under these standards could trigger that the reputation of the Company and its management and staff becomes at risk. The Company has an internal code of conduct and a whistleblower's code that all employees are required to read, understand and adhere to. The Country Directors are also responsible for complying with local laws and regulations.

## In control statement

The Company has a description of the organisation of its business operations (Administrative Organisation and Internal Control). During the financial period ended 31 December 2020, the Company has evaluated various aspects of the Company's Administrative Organisation and Internal Control and found nothing to indicate that the description of the structure of the Company's Administrative Organisation and Internal Control does not meet the requirements as included in the Code. Also, there have been no indications during the financial period ended 31 December 2020 that the Company's Administrative Organisation and Internal Control were ineffective and did not function in accordance with the description. The Board of Management therefore states with a reasonable level of assurance that the organisation of its business operations functioned effectively and in accordance with the description. It is not expected that during the current financial year a major change

will be made to the design of the Company's administrative organisation and internal control. Due to its size, the Company has no internal audit department, but has outsourced the internal audit function to an audit firm.

Given the nature and size of the Company and its operations, inherent internal control limitations exist including limited possibilities to segregate duties, disproportionate control costs versus benefits, catastrophe and collusion risk etc. Absolute assurance cannot be provided as a result of these inherent limitations.

The Board of Management believes that the design of the internal controls for financial reporting provide a reasonable level of assurance: (i) to prevent material inaccuracies in the financial statements of the Company for the financial period ended 31 December 2020, as included in this Annual Report; and (ii) that the risk management and control systems as described above worked properly in the financial period ended 31 December 2020.

As required by provision 1.4.3 of the Code and on the basis of the foregoing, the Board of Management states that: (a) this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems; (b) the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies; (c) based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and (d) this report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of this report.

## Risk Management continued

### Insurance

The Company is fully insured against property damage, liability and consequent loss of income for the period during which the property is rebuilt and relet. Terrorism, flooding and earthquake cover is limited by current market conditions, but the Company believes it has achieved a reasonable balance of risk cover and premium costs. The insurance programme is benchmarked against its peer groups on an annual basis.

### Taxation

As a tax-exempt quoted Netherlands-based Fiscal Investment Institution, all investment income, whatever its source, is tax-free at the corporate level if it is distributed to shareholders. The Company is also tax-exempt in France as a SIIC (Société d'investissements Immobiliers Cotée) and in Belgium the Company's subsidiary is subject to the special tax regime under which property revenues are tax exempt (FIIS/GVBF). In Italy and Sweden the Company's subsidiaries are subject to corporate income tax and are in a corporate income tax payable position.

*Amsterdam, 23 April 2021*

#### **Board of Management**

E.J. van Garderen  
R. Fraticelli  
J.P.C. Mills

### Responsibility statement

With reference to the EU Transparency Directive and Article 5:25c, section 2 c sub 2 of the Act on Financial Supervision, we hereby state to the best of our knowledge that the financial statements for the financial period ended 31 December 2020 give a true and fair view of the assets, liabilities, financial position and results of the Group, and that the management report of the Board of Management includes a fair review of the development and performance of the business during the financial year and the position of the Group at the balance sheet date, together with a description of the principal risks associated with the Group.

*Amsterdam, 23 April 2021*

#### **Board of Management**

E.J. van Garderen  
R. Fraticelli  
J.P.C. Mills



# Report of the Board of Supervisory Directors

## To the General Meeting of Shareholders

### Financial statements

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We are pleased to present the Annual Report of Eurocommercial Properties N.V. for the financial reporting period ended 31 December 2020, as drawn up by the Board of Management. The auditors, KPMG Accountants N.V., have audited the financial statements and have issued an unqualified report thereon. We recommend that you adopt the financial statements.

### Dividend proposal

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We support the proposal of the Board of Management to distribute a cash dividend of €0.50 per depositary receipt (each representing ten shares) and a mandatory scrip dividend of one new depositary receipt (representing ten shares) for each 18 existing depositary receipts (representing ten shares) held for the financial reporting period ended 31 December 2020.

### The impact of COVID-19

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Since mid March 2020 the Company has issued several press releases on the impact of the COVID 19 restrictions as issued by the national and local governments and the impact on its business. In these press releases attention was paid to among others (temporary) closures of the shopping centres, restrictions on client capacity, the impact on turnover and footfall, agreement on rent concessions, secured rental income and arrears.

### Founder and Chief Executive Mr Jeremy Lewis retired

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Since the inception of the Company in 1991, its founder and Chief Executive Mr Jeremy Lewis has been at the helm for almost thirty years making an exceptional contribution. Having initiated the listing at the Amsterdam Stock Exchange, Jeremy successfully launched the Company and its investment proposition, growing the

business before it became self-managed and independent of its asset manager, Schroders Bank. Jeremy's outstanding talent also saw the Company's timely shift in investment strategy to focus purely on retail property in its four current markets, having previously been invested in other sectors and European countries. The composition of today's portfolio is the result of Jeremy's skill and vision for which the Company is very thankful. Jeremy had a unique capacity to engage and inspire talented men and women as illustrated by its many long-serving employees. The Supervisory Board is very grateful for his professionalism and dedication to the Company. Jeremy has so many reasons to be very proud of what he has built, which is not only a large and successful company, but also a family of dedicated and talented people.

### Provision of information

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During the financial reporting period under review, there were nine formal meetings of the Supervisory Board which were also attended by the Board of Management and the Country Directors (the Management Team). In the 18 month period under review the Supervisory Board attended 18 video meetings with the management team in the period March to August 2020 to be kept up to date in respect of the impact of the COVID-19 virus on the business of the Company. There were another three additional video meetings held in the period September to December 2020 to discuss the impact of the COVID-19 virus, apart from the scheduled Supervisory Board meetings. In addition to the extensive information provided in connection with these meetings, the Supervisory Board is kept informed on a monthly basis of activities and financial performance through monthly wide-ranging management accounts which contain detailed analyses of rental income, rent collection, liquidity, costs of maintenance and extensions, interest, financing, Company expenses, investment developments, relevant markets and various other operational and financial items during the month under review, set off against budget and previous relevant periods.

## Report of the Board of Supervisory Directors continued

### Monitoring role

The Supervisory Board fulfils its monitoring role through several channels. The monthly management accounts are reviewed by all members of the Supervisory Board and provide a starting point for assessing and monitoring performance. These accounts are also regularly discussed between members of the Supervisory Board and the Chief Financial Officer. Points raised as a result of analysing the management accounts were discussed in the Board meetings throughout the year.

Among the recurring topics discussed in the Board meetings were:

- Strategy and risk
- Property and financial markets
- Management and financial accounts
- Bank covenants
- Rent collection, liquidity and funding
- Rent concessions and leasing
- Foreign currencies and dividend policy
- The system of internal controls, remuneration levels, IT systems and corporate governance

The discussions included, inter alia, the impact of the COVID-19 virus on the business of the Company, rent collection, rent concessions, the changes in property markets, valuations and rents, the impact of the internet, e-commerce, social media and digitalisation in general. Also, marketing in the various countries, and the Company's bank loans and bank covenants were addressed and monitored during the financial reporting period. The Supervisory Board was informed of the liquidity of the Company on a weekly basis and about the cost savings and the funding of the Company. The Board was also informed about the continuation of the current strategy of the Company and the increased focus on digitalisation. Furthermore, the contents of press releases, the Annual Report, the Interim Report and the quarterly reports were discussed.

In the two August 2019 meetings held in Paris, among the items discussed were the draft audit report, the dividend proposal, the draft Annual

Report, and the year's budget. The auditors also attended the meeting in which the annual results were discussed, to present their audit findings. There was also a separate meeting with the auditors attending, but without the Board of Management being present. In the meetings, attention was also given to reviewing the proposed property extensions and disposals, as well as reviewing the Company's property portfolio and its markets. Corporate governance was among the items discussed.

In the Board meetings in Amsterdam in November 2019, the portfolio was reviewed, and the Company's strategy, financial ratios, succession planning in respect of management and staff, the Annual General Meeting and staff training were discussed.

The Board meeting in February 2020, held in Stockholm, was focused on the Company's financing, corporate governance and strategy. During the discussion on strategy, the Supervisory Board and the Board of Management discussed several points, including e-commerce, expansion in new countries and sectors, the sale and rotation of assets and succession planning. The Company's interim results were also discussed, and the auditors attended by video conference to present their review report and the review process was also discussed with the Company's auditors. The Supervisory Board also visited the Stockholm office to meet the Swedish team.

Italy was the first country of the Company's portfolio that went into a lockdown. This took place in the second week of March and therefore the Supervisory Board started immediately with weekly video meetings with the Management Team to be kept up to date and discuss the latest developments in the four countries the Company is investing in. During these weekly video meetings, which continued until mid June, in particular the safety of staff and customers, the rent collection and rent concessions, the COVID-19 measures including possible government support, the liquidity of the Company and the plans for reopening the shopping centres were discussed. After the lockdowns the video meetings were held every two weeks until mid August.

The May 2020 Board meeting was held by video conference. During this meeting the Supervisory Board addressed the impact of the COVID-19 virus on the business of the Company and the lockdowns in Belgium, France and Italy, the proposal to extend the financial year of the Company to 31 December 2020, the third quarter's results, the liquidity forecast and results forecast for the period ending 30 June 2020 and the preliminary budget for the period afterwards, as well as an update of proposed property disposals and a review of the portfolio and the markets. In addition to these usual items, the binding nomination for the successor of the Chief Executive was discussed, as well as the composition of the future Board of Management. The Supervisory Board also held an internal meeting which was not attended by the Board of Management.

The Extraordinary General Meeting (EGM) of 18 June 2020 had only one voting item: to adopt the proposal to amend the Articles of Association of the Company in order to extend the financial year of the Company to 31 December 2020. Due to all COVID-19 measures the EGM was only attended by the Chairman, one member of the Board of Management and the Company Secretary and holders of depositary receipts voted only by proxy.

The August 2020 Board meeting was also held by video conference. Among the items discussed were the 12 months report, the dividend, the forecast for the period ending 31 December 2020 and the preliminary budget for the next financial year. The auditors also attended the meeting in which the results were discussed, to present their audit findings. In the meeting, particular attention was given to the reporting in respect of rent collection and rent concessions. Also the Extraordinary General Meeting of Shareholders to be held in October 2020 and the disposals, the dividend and corporate governance were discussed. The Supervisory Board also held a separate meeting which was not attended by the Board of Management but was attended by the auditors.

The October 2020 Board meeting was held by video conference and the Board mainly discussed the press release with the fifth quarter results,

the dividend, the disposal programme and the expected lockdowns due to the second wave of the COVID-19 virus.

The Extraordinary General Meeting of Shareholders of 29 October 2020 adopted unanimously the proposal to reappoint by way of a binding nomination Mr Evert Jan van Garderen as member of the Board of Management and to succeed Mr Jeremy Lewis as Chief Executive of the Company. Due to all COVID-19 measures only the Chairman, one member of the Board of Management and the Company secretary attended the meeting and holders of depositary receipts voted only by proxy.

The last Board meeting of the financial reporting period was held mid December 2020. The continued lockdown in Italy and the reopening of the shopping centres in Belgium and France were discussed as well as the outlook for 2021. In addition, the stricter measures as ordered by the Swedish government were discussed.

Supervisory Directors also attended by video conference closing meetings with the local auditors and closing meetings to prepare the 12 months accounts for the financial period ending 30 June 2020 between management and KPMG (and local KPMG auditors) held in the month of July.

All Supervisory Directors attended each meeting held during the financial reporting period, with the exception of the August 2019 meetings, which one member was not able to attend. There have been no conflicts of interest.

### Advisory role

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There has been frequent contact between Supervisory Directors and the Management Team, through formal and informal meetings, telephone calls and written communication. The national expertise of Supervisory Directors proved relevant in advising the Management Team on country-specific matters, in particular in respect of the COVID-19 impact in the respective countries. Furthermore, the Supervisory Board advised on matters relating to governance, international financial and economic trends such as interest rates and inflation.

## Report of the Board of Supervisory Directors continued

### Employer's role

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During the financial reporting period, the Supervisory Board also concentrated on monitoring the updating of the Company's succession planning and reviewed the Company's plans for succession and career development for senior management. As a result of these activities, the Supervisory Board announced in May 2020 the binding nomination of Mr Evert Jan van Garderen to be reappointed as member of the Board of Management and to succeed Mr Jeremy Lewis as Chief Executive of the Company in the Extraordinary General Meeting of Shareholders in October 2020.

### Stakeholder and relationship management

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The Supervisory Board established that the Company has remained in intensive contact with retailers to keep the Company's shopping centres in line with tenants' needs. The Company actively addresses changes in customer behaviour and the resulting strategic consequences for further developing and expanding the shopping centres. This policy has resulted in a well-managed tenant mix and high occupancy. Through roadshows (partly by video conference), investor conferences (in some case also by video) and one-on-one meetings, the relationship with the Company's shareholders has been maintained and strengthened.

### Professional training

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During the year, Supervisory Directors participated in seminars and courses provided by the big four audit firms and major law firms and other institutions.

### Supervisory Board education and functioning

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The Supervisory Board has engaged in a number of activities relating to education and representation. These activities included following formal education programmes, contacts with professional service industry and sector associations, pre COVID-19 country visits and visits to shopping centres and various other individual activities.

### Diversity

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The Netherlands Corporate Governance Code requires the Supervisory Board to draw up a diversity policy. For the Supervisory Board this policy was included in the profile of the Supervisory Board and was published on the Company's website.

### Corporate governance

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In accordance with the recommendations of the Netherlands Monitoring Committee of the Corporate Governance Code, a broad outline of the corporate governance structure of the Company is presented in the Report of the Board of Management. In this Report, the Company reviews various corporate governance items in compliance with the Committee's recommendation.

### Audit Committee

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The Audit Committee consists of Mr Persson (chairman) and Mrs Attout. The Audit Committee had three meetings with the auditors of the Company as well as two meetings with the auditors of the Company in the absence of the Board of Management. During those meetings, the Audit Committee discussed the report of the auditors, as well as the Annual Report and the Interim Report and the 12 months report as per 30 June 2020. The KPMG audit plan was also discussed. The Audit Committee reviewed the need for an internal audit function and recommended to the Board of Management to consider outsourcing this function. The audit firm BDO was engaged to perform the internal audit function. Although the COVID-19 circumstances delayed the implementation of the internal audit work, BDO has been able to examine the Administrative Organisation and Internal Controls of the Company and an Internal Audit Charter and internal audit plan for the next years has been agreed.

### Nomination and Remuneration Committee

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The committee consists of Mr Steins Bisschop (Chairman) and Mr Croff. Remuneration of the Management Team was discussed in one meeting on the basis of the draft updated Remuneration

Report. The final 2020 Remuneration Report will be posted on the website of the Company when this Annual Report is published. The combined Nomination/Remuneration Committee had numerous contacts and meetings regarding various aspects of succession in the Board of Management and the Supervisory Board. This resulted in the binding nomination in May 2020 of Mr Evert Jan van Garderen to be reappointed as member of the Board of Management for a period of four years and to succeed Mr Jeremy Lewis as Chief Executive of the Company in the Extraordinary Meeting of Shareholders in October 2020.

### Summary remuneration report

The purpose of the remuneration policy is to attract, motivate and retain qualified executives and staff who will contribute to the success of the Company. The remuneration policy aims to reward management and staff for their contribution to the performance of the Company and its subsidiaries. The Supervisory Board proposes the remuneration policy, and any material adjustments to it, at the Annual General Meeting of Shareholders based on recommendations of the Board of Management. The Supervisory Board recommends to the Annual General Meeting of Shareholders decisions on all aspects of the remuneration of the members of the Board of Management, within the scope of the remuneration policy. The Annual General Meeting of Shareholders is invited to approve both the remuneration policy and the remuneration of the members of the Board of Management. At the end of each financial year, the Supervisory Board reviews and discusses the remuneration of the members of the Board of Management. The level of remuneration for the members of the Board of Management and other members of the Management Team reflects the differences in responsibilities of the members, as well as their individual performance.

The Company's remuneration package for employees and members of the Board of Management comprises the following elements:

- Base salary – total annual gross fixed income including holiday allowance
- Short-term variable – annual performance-related gross cash bonuses
- Long-term incentives through a performance share plan

### Pension and other benefits

Variable cash bonuses may be granted each year in addition to the base salary. Variable cash bonuses for Directors and members of the Management Team are directly linked to the annual growth in the Company's net asset value, dividend per share and the annual relative performance as per the end of the financial year of the listed depository receipts of the Company compared with a peer group of ten listed retail property companies. There is no minimum guaranteed bonus and variable cash bonuses are capped at one year's base salary. There are also claw-back possibilities for the Company.

Performance shares granted under the Performance Share Plan are also linked to the aforesaid metrics, are capped as well to a maximum of six months base salary and there is no minimum guaranteed number of performance shares. Mr Mills has joined a defined benefit pension scheme, which is limited by the applicable earnings cap. Mr Fraticelli and Mr van Garderen joined a defined contribution scheme with current annual premiums being capped using a maximum pensionable salary.

Supervisory Directors receive a fixed compensation only. The remuneration policy for Supervisory Directors and Managing Directors has been continued during the financial period under review.

## Report of the Board of Supervisory Directors continued

It is proposed for the financial year 2021 to maintain the remuneration of the Supervisory Directors unchanged at €47,000 for each member and at €61,000 for the Chairman and to maintain the base salaries for the members of the Board of Management, which implies €475,000 for Mr van Garderen, €508,000 for Mr Fraticelli and GBP 400,000 for Mr Mills. The General Meeting of Shareholders to be held on 8 June 2021 is invited to approve the proposed remuneration of Supervisory Directors and the members of the Board of Management.

### Composition of the Supervisory Board

In the Annual General Meeting of Shareholders held in November 2019, Mrs Karin Laglas was appointed as an independent member of the Supervisory Board for a period of four years.

Mrs Brigitte Carrière retired from the Supervisory Board at her own request for personal reasons on 1 November 2020. We are thankful for her very valuable contribution to the business of the Company during her six years of membership of the Board.

All members of the Supervisory Board are independent except for Mr Carlo Croff as his firm also acts as the Italian legal counsel to the Company. The profile, role and responsibilities of the Supervisory Board are laid down in specific rules and regulations which are posted on the Company's website. At 31 December 2020, the Supervisory Board was composed as follows:

**1. Bas Steins Bisschop** (71), Chairman, of Dutch nationality, was appointed as member of the Supervisory Board in 2014 and reappointed in 2018 for a period of four years. As "advocaat" he practised law from 1975 until 2019 in The Netherlands and abroad. He is also a (em) professor of Corporate Law and Corporate Governance at Maastricht University and Nyenrode Business University.

**2. Emmanuèle Attout** (61), of Belgian nationality, was appointed as a member of the Supervisory Board in 2018 for a period of four years. She was a former senior audit partner of PwC Brussels until she retired in 2014. Mrs Attout is a non-executive

board member of several (listed) companies and she is a co-founder and director of the Belgian NGO "Women on Board", whose aim is to promote women in Boards of Directors.

**3. Carlo Croff** (65), of Italian nationality, was appointed as a member of the Supervisory Board in 2013 for a period of four years and reappointed in 2017 for another period of four years. He is a senior partner of the leading law firm Chiomenti Studio Legale in Milan, Italy which he joined in 1984. Following his additional degrees at Cambridge and Harvard Universities, Mr Croff has had extensive experience advising Italian and international clients on legal matters related to banking and real estate.

**4. Karin Laglas** (62), of Dutch nationality, was appointed as a member of the Supervisory Board in 2019 for a period of four years. She is currently Chief Executive Officer of the largest Dutch affordable housing investor Ymere, active in the greater Amsterdam area. She is a Supervisory Board member of Royal De Vries Yachtbuilders (part of Feadship), Supervisory Board member of Brink Groep and Supervisory Board member of Utrecht University.

**5. Jan-Åke Persson** (71), of Swedish nationality, was appointed as a member of the Supervisory Board in 2013 for a period of four years and reappointed in 2017 for another period of four years. He was a former senior partner of Ernst & Young AB in Malmö, Sweden, until he retired in 2008. Mr Persson has had an extensive professional career advising major international and Swedish groups.

### Rotation scheme

Under a rota devised by the Supervisory Board, each Director will retire by rotation every four years. This rotation scheme for the next few years is as follows:

2021: Mr Croff and Mr Persson could be re-elected for another two years.

2022: Mr Steins Bisschop could be re-elected for another two years and Mrs Attout could be re-elected for another four years.

2023: Mrs Laglas could be re-elected for another four years.

## Change in corporate governance

### Administrative Foundation

In its 15 month results 2019/2020 report published on 27 October 2020, the Company announced it would modernise the corporate governance of the Company and that the Board of Management and the Supervisory Board would prepare a proposal for a change of the Company's governance for the winding up of the Administrative Foundation, to allow all shareholders and holders of depositary receipts to decide on the matter in the 2021 Annual General Meeting. This proposal has been prepared and is published today with the Notice and Agenda for the 2021 Annual General Meeting.

### Conclusion

We look back on an unprecedented year which had many challenges for the Company and its Management Team and staff. We take this opportunity to express our gratitude to the Management Team and all staff for their efforts during the financial reporting period.

Amsterdam, 23 April 2021

## Board of Supervisory Directors

1. B.T.M. Steins Bisschop (Chairman)
2. E.R.G.M. Attout
3. C. Croff
4. K. Laglas
5. J.-Å. Persson



# Ten year financial summary\*

## Key financial information consolidated

For the financial year ended	30-06-11 €'000	30-06-12 €'000	30-06-13 €'000	30-06-14 €'000	30-06-15 €'000	30-06-16 €'000	30-06-17 €'000	30-06-18 €'000	30-06-19 €'000	31-12-20** €'000
<b>Profit or loss account</b>										
Net property income***	131,116	139,353	144,368	146,978	145,528	155,370	163,036	171,828	178,606	252,931
Net interest expenses***	(44,501)	(48,900)	(51,769)	(52,674)	(45,780)	(38,727)	(41,260)	(42,326)	(45,766)	(65,982)
Company expenses	(9,789)	(10,707)	(10,576)	(11,206)	(12,297)	(14,645)	(12,434)	(13,743)	(13,766)	(18,042)
<b>Total direct investment result</b>	<b>76,826</b>	<b>79,515</b>	<b>81,518</b>	<b>82,870</b>	<b>87,400</b>	<b>102,785</b>	<b>108,044</b>	<b>115,729</b>	<b>120,208</b>	<b>167,600</b>
<b>Total indirect investment result</b>	<b>124,451</b>	<b>(91,633)</b>	<b>41,790</b>	<b>16,920</b>	<b>80,374</b>	<b>104,614</b>	<b>152,709</b>	<b>(43,665)</b>	<b>(45,622)</b>	<b>(52,233)</b>
<b>Result after taxation</b>	<b>201,277</b>	<b>(12,118)</b>	<b>123,308</b>	<b>99,790</b>	<b>167,774</b>	<b>207,399</b>	<b>260,753</b>	<b>72,064</b>	<b>74,586</b>	<b>115,367</b>
<b>Balance sheet</b>										
Total assets***	2,671,251	2,842,953	2,889,027	2,807,083	3,112,410	3,656,361	3,963,635	4,170,783	4,325,165	4,196,825
Property investments***	2,522,054	2,690,467	2,806,023	2,688,603	2,907,726	3,489,358	3,835,195	4,078,285	4,201,185	4,036,648
Cash and deposits***	112,976	120,954	51,422	85,372	170,249	131,541	90,424	44,278	75,566	64,401
Borrowings***	1,107,964	1,252,744	1,286,923	1,173,236	1,160,222	1,496,210	1,595,263	1,835,349	1,995,139	1,833,591
Shareholders' equity	1,370,150	1,300,147	1,366,064	1,386,632	1,658,245	1,791,670	1,973,694	1,939,784	1,906,559	1,885,597
<b>Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back, if any, at balance sheet date</b>										
	40,813,650	40,953,515	41,740,054	42,319,567	47,388,471	47,978,844	48,631,957	49,358,734	49,534,024	49,402,758
<b>Average number of depositary receipts representing shares in issue</b>										
	40,602,632	40,895,429	41,410,071	42,311,667	42,916,246	47,729,745	48,364,199	49,046,502	49,585,907	49,302,982
<b>Per depositary receipt (€)</b>										
Net asset value (IFRS)	33.57	31.75	32.73	32.77	34.99	37.34	40.58	39.30	38.49	38.17
Adjusted net asset value	36.35	36.92	36.47	36.74	39.24	43.00	46.42	45.08	44.83	42.84
Direct investment result	1.89	1.94	1.97	1.96	2.04	2.15	2.23	2.36	2.42	3.40
Indirect investment result	3.07	(2.24)	1.01	0.40	1.87	2.19	3.16	(0.89)	(0.92)	(1.06)
Dividend	1.88	1.92	1.92	1.94	1.98	2.05	2.10	2.15	2.18	Scrip+€0.50
<b>Property information – Geographical spread (%)***</b>										
Belgium	0	0	0	0	0	0	0	11	13	15
France	37	36	41	39	41	36	35	31	29	24
Italy	38	39	37	39	38	43	43	37	37	39
Sweden	25	25	22	22	21	21	22	21	21	22
	100	100	100	100	100	100	100	100	100	100
<b>Stock market – Euronext</b>										
Closing price at the end of period (€: depositary receipts)	34.30	27.25	28.20	36.02	37.41	38.45	34.99	36.36	23.50	15.38
Market cap	1,399,908	1,115,983	1,176,928	1,540,754	1,783,118	1,855,530	1,710,563	1,802,240	1,172,878	767,611

\* This statement contains additional information which is not part of the IFRS financial statements.

\*\* The figures are based on an eighteen months reporting period.

\*\*\* The items net property income, net interest expenses, total assets, property investments, cash and deposits, borrowings and property information are presented including the Group's share of the joint ventures (proportional consolidation).

## Note

The Company's shares are listed in the form of depositary receipts on Euronext Amsterdam and Brussels. One depositary receipt represents ten shares.

The calculation of the direct and indirect investment results per depositary receipt is based on the weighted average of the number of depositary receipts representing the ordinary shares in issue over the financial year. This allows for the fact that, although payment for newly issued shares was made during the respective financial year, they ranked for dividend from the start of the respective financial year.



## Statement of consolidated direct, indirect and total investment result\*

	Note	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Rental income	4	303,627	206,343	200,736	207,859
Service charge income	4	43,654	27,934	27,059	28,826
Service charge expenses	4	(50,023)	(31,085)	(30,778)	(32,706)
Property expenses	5	(59,627)	(34,764)	(42,358)	(34,543)
Interest income	7	35	32	20	37
Interest expenses	7	(63,920)	(44,318)	(42,608)	(44,361)
Company expenses**	8	(18,042)	(13,766)	(11,384)	(13,633)
Other income	11	5,155	2,877	3,628	3,068
Current tax	12	(793)	118	340	(882)
Direct investment result including non-controlling interest		160,066	113,371	104,655	113,665
Direct investment result joint ventures	14	11,059	6,837	7,238	7,324
Direct investment result non-controlling interest	27	(3,525)	0	(2,747)	(778)
<b>Total direct investment result attributable to owners of the Company</b>		<b>167,600</b>	120,208	109,146	120,211
Investment revaluation and disposal of investment properties	6	(164,217)	(8,734)	(162,718)	7,711
Fair value movement derivative financial instruments	7	(1,686)	(23,742)	(12,278)	(13,299)
Investment expenses	8/10	162	(1,389)	403	(774)
Deferred tax	12	98,274	(4,921)	100,701	1,625
Indirect investment result including non-controlling interest		(67,467)	(38,786)	(73,892)	(4,737)
Indirect investment result joint ventures	14	4,951	(6,836)	4,772	(462)
Indirect investment result non-controlling interest	27	10,283	0	10,258	25
<b>Total indirect investment result attributable to owners of the Company</b>		<b>(52,233)</b>	(45,622)	(58,862)	(5,174)
<b>Total investment result</b>		<b>115,367</b>	74,586	50,284	115,037
<b>Per depositary receipt (€)***</b>					
Total direct investment result		3.40	2.42	2.21	2.43
Total indirect investment result		(1.06)	(0.92)	(1.19)	(0.11)
<b>Total investment result</b>		<b>2.34</b>	1.50	1.02	2.32

## Statement of adjusted net equity\*

	31-12-20 €'000	30-06-19 €'000
IFRS net equity per consolidated statement of financial position	1,885,597	1,906,559
Net derivative financial instruments	182,057	123,143
Net deferred tax	53,068	181,385
Net derivative financial instruments and net deferred tax joint ventures and non-controlling interest	(4,421)	9,689
Adjusted net equity	2,116,301	2,220,776
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought	49,402,75	49,534,02
Net asset value – € per depositary receipt (IFRS)	38.17	38.49
Adjusted net asset value – € per depositary receipt	42.84	44.83
Stock market prices – € per depositary receipt	15.38	23.50

\* These statements contain additional information which is not part of the IFRS financial statements.

\*\* The company expenses and investment expenses in this statement differ slightly from the amounts in the consolidated profit or loss account due to a different accounting policy for pension costs.

\*\*\* The average number of depositary receipts on issue during the eighteen months reporting period was 49,302,982 compared with 49,585,907 for the previous financial year.

Alongside the consolidated profit or loss account, the Company presents its direct and indirect investment results, enabling a better understanding of performance. The direct investment result consists of net property income, net interest expenses, company expenses, other income and current tax. The indirect investment result consists of the investment revaluation and disposal of investment properties, the fair value movement of derivative financial instruments, investment expenses and deferred tax.

## EPRA performance measures\*

The European Public Real Estate Association (EPRA) promotes, develops and represents the European public real estate sector. EPRA sets out best practice reporting guidelines on a number of financial and operational performance indicators relevant to the real estate sector. The definitions of the EPRA performance indicators can be found in the glossary of this annual report. EPRA introduced new metrics, to replace EPRA NAV and EPRA NNNAV effective from financial years starting on or after 1 January 2020. The Company decided to introduce these new EPRA NRV, NTA and NDV metrics as from the financial reporting period starting 1 July 2019.

	Total €'000			Per depositary receipt €		
	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19
<b>EPRA earnings**</b>	<b>167,749</b>	109,540	119,429	<b>3.40</b>	2.42	2.40
<b>EPRA NRV</b>	<b>2,247,346</b>	2,285,043	2,338,668	<b>45.48</b>	46.06	46.93
<b>EPRA NTA</b>	<b>2,012,716</b>	2,075,484	2,126,679	<b>42.55</b>	41.84	42.67
<b>EPRA NDV</b>	<b>1,889,389</b>	1,823,843	1,857,540	<b>38.23</b>	36.77	37.27

%	Belgium			France			Italy			Sweden			Total		
	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19
<b>EPRA net initial yield</b>	<b>4.3</b>	4.0	4.0	<b>4.8</b>	4.6	4.5	<b>5.3</b>	5.3	5.2	<b>4.8</b>	4.8	4.8	<b>4.9</b>	4.8	4.8
<b>EPRA topped-up yield</b>	<b>4.7</b>	4.1	4.0	<b>4.9</b>	4.7	4.6	<b>5.4</b>	5.3	5.3	<b>5.0</b>	5.0	4.9	<b>5.1</b>	4.9	4.9

%	Belgium			France			Italy			Sweden			Total		
	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19	31-12-20	31-12-19	30-06-19
<b>EPRA vacancy rate</b>	<b>1.0</b>	0.4	0.4	<b>2.3</b>	1.8	1.2	<b>1.3</b>	0.5	0.8	<b>1.7</b>	0.6	0.8	<b>1.6</b>	1.0	0.9

Reconciliation EPRA earnings:

	Total €'000			
	Eighteen months ended 31-12-20	Twelve months ended 31-12-20	Twelve months ended 31-12-19	Twelve months ended 30-06-19
<b>IFRS profit after taxation</b>	<b>115,367</b>	50,284	115,037	74,586
Adjustments to IFRS profit after taxation:				
Investment revaluation and disposal of investment properties	<b>164,217</b>	162,718	(7,711)	8,734
Fair value movement derivative financial instruments	<b>1,686</b>	12,278	13,299	23,742
Deferred tax	<b>(98,274)</b>	(100,701)	(1,625)	4,921
Share of result of joint ventures	<b>(4,964)</b>	(4,781)	454	6,828
Share of result of non-controlling interest	<b>(10,283)</b>	(10,258)	(25)	0
<b>EPRA earnings</b>	<b>167,749</b>	109,540	119,429	118,811
<b>Average number of depositary receipts on issue</b>	<b>49,302,982</b>	49,402,758	49,420,414	49,585,907

\* These statements contain additional information which is not part of the IFRS financial statements.

\*\* The EPRA earnings as per 31 December 2020 are based on eighteen months figures.

## Reconciliation NAV, EPRA NRV, EPRA NTA and EPRA NDV:\*

	EPRA NRV			EPRA NTA			EPRA NDV			EPRA NAV Reported 30-06-19	
	31-12-20 €'000	31-12-19 '000	30-06-19 €'000	31-12-20 €'000	31-12-19 '000	30-06-19 €'000	31-12-20 €'000	31-12-19 '000	30-06-19 €'000	EPRA NAV €'000	EPRA NNNAV €'000
<b>IFRS equity Eurocommercial shareholders</b>	<b>1,885,597</b>	1,867,596	1,906,559	<b>1,885,597</b>	1,867,596	1,906,559	<b>1,885,597</b>	1,867,596	1,906,559	1,906,559	1,906,559
Diluted NAV and Diluted NAV at fair value	<b>1,885,597</b>	1,867,596	1,906,559	<b>1,885,597</b>	1,867,596	1,906,559	<b>1,885,597</b>	1,867,596	1,906,559	1,906,559	1,906,559
Exclude:											
Deferred tax assets and liabilities	<b>71,386</b>	178,065	181,385	<b>35,693</b>	89,033	90,693	<b>n/a</b>	n/a	n/a	181,385	36,456
Deferred tax liabilities Joint Ventures	<b>(7,580)</b>	7,703	6,809	<b>(3,790)</b>	3,852	3,405	<b>n/a</b>	n/a	n/a	6,809	n/a
Fair value financial instruments**	<b>182,057</b>	112,558	123,143	<b>182,057</b>	112,558	123,143	<b>n/a</b>	n/a	n/a	123,143	n/a
Fair value financial instruments Joint Ventures	<b>3,159</b>	2,446	2,880	<b>3,159</b>	2,446	2,880	<b>n/a</b>	n/a	n/a	2,880	n/a
Include:											
Fair value of fixed interest rate debt	<b>n/a</b>	n/a	n/a	<b>n/a</b>	n/a	n/a	<b>(48,672)</b>	(43,753)	(49,019)	n/a	(49,019)
Real estate transfer tax	<b>107,704</b>	111,474	112,849	<b>n/a</b>	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
Real estate transfer tax Joint Ventures	<b>5,023</b>	5,201	5,043	<b>n/a</b>	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
<b>NAV</b>	<b>2,247,346</b>	2,285,043	2,338,668	<b>2,102,716</b>	2,075,485	2,126,680	<b>1,836,925</b>	1,823,843	1,857,540	2,220,776	1,893,996
Fully diluted number of depositary receipts	<b>49,415,915</b>	49,604,877	49,836,538	<b>49,415,915</b>	49,604,877	49,836,538	<b>49,415,915</b>	49,604,877	49,836,538	49,836,538	49,836,538
<b>NAV per depositary receipt (€)</b>	<b>45.48</b>	46.06	46.93	<b>42.55</b>	41.84	42.67	<b>37.17</b>	36.77	37.27	44.56	38.00

\* These statements contain additional information which is not part of the IFRS financial statements.

\*\* The fair value of financial instruments includes an amount of €54.8 million for a financial liability related to a put-option, where the minority shareholder has the right to sell its shares in Eurocommercial Properties Belgium.

For the assets owned by our local subsidiaries in Sweden, deferred tax liabilities are reported in the Group IFRS financial statements adopting the initial recognition exemption of IAS 12 Income taxes; consequently the DTL accounted for in IFRS financial Statements are lower by €28.8 million than the amount calculated on the temporary difference between tax base and market value of the properties.

EPRA NRV: Deferred tax assets and deferred tax liabilities (DTA and DTL) for capital gains or losses from property investments, property investments under development, property investments held for sale and financial instruments are excluded from IFRS equity for this calculation.

EPRA NTA: The Company adopted the option to reduce 50 per cent of the deferred taxes accounted for in the consolidated financial statements.

## EPRA performance measures\* continued

Reconciliation EPRA net initial yield and EPRA topped-up yield:

(€'000)	Belgium		France		Italy		Sweden		Total	
	31-12-20	30-06-19	31-12-20	30-06-19	31-12-20	30-06-19	31-12-20	30-06-19	31-12-20	30-06-19
Property investments	589,800	554,400	883,600	941,100	1,406,500	1,411,700	901,348	887,885	3,781,248	3,795,085
Land and property held for development	0	0	(12,800)	(8,200)	(7,800)	(20,000)	0	0	(20,600)	(28,200)
Investments in joint ventures	0	0	47,300	50,700	173,700	156,400	0	0	221,000	207,100
Property investments held for sale	0	0	34,400	199,000	0	0	0	0	34,400	199,000
Property investments completed	589,800	554,400	952,500	1,182,600	1,572,400	1,548,100	901,348	887,885	4,016,048	4,172,985
Purchasers' costs	14,790	13,893	65,123	67,593	23,508	23,034	9,010	8,898	112,431	113,418
Gross value property investments	604,590	568,293	1,017,623	1,250,193	1,595,908	1,571,134	910,358	896,783	4,128,479	4,286,403
Annualised net rents (EPRA NIY)	26,256	22,577	49,045	57,224	84,394	82,361	44,091	42,934	203,786	205,096
Lease incentives (incl. rent free periods)	2,168	314	598	555	1,444	920	1,046	1,090	5,256	2,879
Annualised rents (EPRA topped-up yield)	28,424	22,891	49,643	57,779	85,838	83,281	45,137	44,024	209,042	207,975
EPRA net initial yield	4.3	4.0	4.8	4.5	5.3	5.2	4.8	4.8	4.9	4.8
EPRA topped-up yield	4.7	4.0	4.9	4.6	5.4	5.3	5.0	4.9	5.1	4.9

(€'000)	Belgium		France		Italy		Sweden		Total	
	31-12-20	31-12-19	31-12-20	31-12-19	31-12-20	31-12-19	31-12-20	31-12-19	31-12-20	31-12-19
Property investments	589,800	623,800	883,600	951,800	1,406,500	1,436,100	901,348	914,835	3,781,248	3,926,535
Land and property held for development	0	0	(12,800)	(9,800)	(7,800)	(9,100)	0	0	(20,600)	(18,900)
Investments in joint ventures	0	0	47,300	51,300	173,700	170,300	0	0	221,000	221,600
Property investments held for sale	0	0	34,400	0	0	0	0	0	34,400	0
Property investments completed	589,800	623,800	952,500	993,300	1,572,400	1,597,300	901,348	914,835	4,016,048	4,129,235
Purchasers' costs	14,790	15,590	65,123	68,086	23,508	23,810	9,010	9,049	112,431	116,535
Gross value property investments	604,590	639,390	1,017,623	1,061,386	1,595,908	1,621,110	910,358	923,884	4,128,479	4,245,770
Annualised net rents (EPRA NIY)	26,256	25,527	49,045	49,255	84,394	85,339	44,091	44,251	203,786	204,372
Lease incentives (incl. rent free periods)	2,168	501	598	788	1,444	728	1,046	2,037	5,256	4,054
Annualised rents (EPRA topped-up yield)	28,424	26,028	49,643	50,043	85,838	86,067	45,137	46,288	209,042	208,426
EPRA net initial yield	4.3	4.0	4.8	4.6	5.3	5.3	4.8	4.8	4.9	4.8
EPRA topped-up yield	4.7	4.1	4.9	4.7	5.4	5.3	5.0	5.0	5.1	4.9

\* This statement contains additional information which is not part of the IFRS financial statements.

Reconciliation EPRA vacancy rate:\*

Total (€'000)	Estimated rental value of vacant space	Estimated rental value of the whole portfolio	EPRA vacancy rate
Belgium	264	25,134	1.0%
France	1,157	50,858	2.3%
Italy	1,219	91,155	1.3%
Sweden	837	49,397	1.7%
<b>EPRA vacancy 31-12-20</b>	<b>3,477</b>	<b>216,544</b>	<b>1.6%</b>
Belgium	88	25,113	0.4%
France	907	49,775	1.8%
Italy	445	82,475	0.5%
Sweden	263	41,479	0.6%
EPRA vacancy 31-12-19	1,703	198,842	0.9%
Belgium	91	22,784	0.4%
France	744	59,673	1.2%
Italy	660	83,863	0.8%
Sweden	317	40,455	0.8%
EPRA vacancy 30-6-19	1,812	206,775	0.9%

Capital expenditure disclosure:\*

	Eighteen months ended 31-12-20			Twelve months ended 30-06-19		
	Group €'000	Joint Ventures** €'000	Total €'000	Group €'000	Joint Ventures** €'000	Total €'000
Acquisitions	67,000	0	67,000	119,946	0	119,946
Investment properties						
– Incremental lettable space	109,526	22,933	132,459	59,062	9,421	68,483
– No incremental lettable space	7,761	0	7,761	6,810	134	6,944
– Tenant incentives/capitalised letting fees	9,544	1,210	10,754	0	97	97
Capitalised interest	1,145	356	1,501	700	0	700
<b>Total capital expenditure</b>	<b>194,976</b>	<b>24,499</b>	<b>219,475</b>	<b>186,518</b>	<b>9,652</b>	<b>196,170</b>
Conversion from accrual to cash basis	(3,509)	(4,062)	(7,571)	(8,838)	(3,245)	(12,083)
Correction contribution in kind	(67,000)	0	(67,000)	0	0	0
<b>Total capital expenditure on cash basis</b>	<b>124,467</b>	<b>20,437</b>	<b>144,904</b>	<b>177,680</b>	<b>6,407</b>	<b>184,087</b>

\* This statement contains additional information which is not part of the IFRS financial statements.

\*\* Joint ventures are reported on a proportionate share.

The acquisition of the Inno department store was a contribution in kind by the minority shareholder for a stake in the Group's subsidiary in Belgium.

The capital expenditure including joint ventures for the twelve month period from 1 January 2020 to 31 December 2020 is as follows: acquisitions €67.0 million, incremental lettable space €76.7, no incremental lettable space €4.7 million, tenant incentives €10.8 million and capitalised interest €1.1 million. The conversion from accrual basis to cash basis is €18,2 million negative and the correction contribution in kind is €67 million negative.

The capital expenditure including joint ventures for the twelve month period from 1 January 2019 to 31 December 2019 is as follows: acquisitions €9.3 million, incremental lettable space €93.3, no incremental lettable space €5.1 million, tenant incentives €0.2 million and capitalised interest €0.6 million. The conversion from accrual basis to cash basis is €12.3 million.

## EPRA performance measures\* continued

Reconciliation EPRA cost ratio:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Operating and company expenses	72,298	43,903	50,886	43,348
Net service charge	6,369	3,151	3,719	3,880
Other income/recharge intended to cover overhead expenses less any related profits	(3,473)	(1,943)	(2,449)	(2,041)
Net expenses joint ventures	1,653	1,048	1,359	969
<b>Exclude if part above</b>				
Service charge and property expenses recovered through rents	(7,102)	(4,355)	(4,378)	(4,481)
Service charge and property expenses recovered through rents joint ventures	(647)	(372)	(426)	(411)
<b>EPRA costs (including direct vacancy costs)</b>	<b>69,098</b>	41,432	48,711	41,264
Vacancy costs	(2,283)	(1,314)	(1,410)	(1,721)
<b>EPRA costs (excluding direct vacancy costs)</b>	<b>66,815</b>	40,118	47,301	39,543
<b>Rental income</b>	<b>303,627</b>	206,343	200,736	207,859
Less: Service charge and property expenses recovered through rents	(7,102)	(4,355)	(4,378)	(4,481)
Share of joint venture rental income	16,546	11,203	10,928	11,172
Less: Service charge and property expenses recovered through rents joint ventures	(647)	(372)	(426)	(411)
<b>Gross rental income</b>	<b>312,424</b>	212,819	206,860	214,139
<b>EPRA cost ratio (including direct vacancy costs)</b>	<b>22.1%</b>	19.5%	23.5%	19.3%
<b>EPRA cost ratio (excluding direct vacancy costs)</b>	<b>21.4%</b>	18.9%	22.9%	18.5%

\* This statement contains additional information which is not part of the IFRS financial statements.

The EPRA cost ratio is not directly comparable between companies due to costs associated with different countries of operation, business models and accounting treatments. The EPRA cost ratio is very sensitive to which property sector the company is investing in. The retail sector is an example where property expenses are in general much higher than in other sectors. So the EPRA cost ratio only works for comparison purposes, if pure play property companies are compared.

Another important factor is whether the property company is investing in higher yielding properties or in lower yielding properties (usually higher quality properties). Investment in higher yielding properties will in most cases lead to a lower EPRA cost ratio, which wrongly suggests that a company is more cost efficient.

Although the EPRA cost ratio recommends an additional disclosure about the capitalised overhead and operating expenses, these amounts do not form part of the ratio. With exception of the Italian office (€0.7 million in the financial reporting period), Eurocommercial does not capitalise any of its overhead or local offices costs to extensions or developments in the IFRS financial statements. For comparison purposes an amount of €4.5 million (2018/2019: €3.8 million) of overhead and operating expenses has been capitalised in the calculation of the above EPRA cost ratio for the eighteen months ended 31/12/2020. The amount capitalised for the calculation of EPRA cost ratio for the twelve months ended 31/12/2020 and 31/12/2019 is €2.7 million and €4.5 million respectively

Due to the COVID-19 pandemic substantial rent concessions were granted by retail property companies, including Eurocommercial. These rent concessions are, depending on the circumstances, reported in accordance with IFRS 9 in the operating expenses or in accordance with IFRS 16 as a reduction of rental income by amortization of the rent concessions amount until the end of the respective lease. The EPRA cost ratio is extremely sensitive to these different accounting treatments and is therefore not a meaningful metric for assessing the cost efficiency of companies during the COVID-19 pandemic.

## Consolidated financial statements

## Consolidated statement of profit or loss

	Note	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Rental income	4	303,627	206,343	200,736	207,859
Service charge income	4	43,654	27,934	27,059	28,826
<b>Total revenue</b>		<b>347,281</b>	<b>234,277</b>	<b>227,795</b>	<b>236,685</b>
Service charge expenses	4	(50,023)	(31,085)	(30,778)	(32,706)
Property expenses	5	(59,627)	(34,764)	(42,358)	(34,543)
<b>Net property income</b>	2	<b>237,631</b>	<b>168,428</b>	<b>154,659</b>	<b>169,436</b>
Share of result of joint ventures	14	16,011	1	12,011	6,862
Investment revaluation and disposal of investment properties	6	(164,217)	(8,734)	(162,718)	7,711
Company expenses	8	(18,094)	(13,814)	(11,415)	(13,689)
Investment expenses	10	213	(1,341)	433	(718)
Other income	11	5,155	2,877	3,628	3,068
<b>Operating result</b>		<b>76,699</b>	<b>147,417</b>	<b>(3,402)</b>	<b>172,670</b>
Interest income	7	35	32	20	37
Interest expenses	7	(63,920)	(44,318)	(42,608)	(44,361)
Revaluation of financial instruments	7	(1,686)	(23,742)	(12,278)	(13,299)
<b>Net financing result</b>		<b>(65,571)</b>	<b>(68,028)</b>	<b>(54,866)</b>	<b>(57,623)</b>
<b>Profit before taxation</b>		<b>11,128</b>	<b>79,389</b>	<b>(58,268)</b>	<b>115,047</b>
Current tax	12	(793)	118	340	(882)
Deferred tax	12	98,274	(4,921)	100,701	1,625
<b>Total tax</b>		<b>97,481</b>	<b>(4,803)</b>	<b>101,041</b>	<b>743</b>
<b>Profit after taxation</b>		<b>108,609</b>	<b>74,586</b>	<b>42,773</b>	<b>115,790</b>
<b>Profit after taxation attributable to:</b>					
Owners of the Company		115,367	74,586	50,284	115,037
Non-controlling interest	27	(6,758)	0	(7,511)	753
		<b>108,609</b>	<b>74,586</b>	<b>42,773</b>	<b>115,790</b>
<b>Per depositary receipt (€)*</b>					
Profit after taxation	28	2.34	1.50	1.02	2.32
Diluted profit after taxation	28	2.34	1.50	1.02	2.32

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

\* The Company's shares are listed in the form of depositary receipts on Euronext Amsterdam and Brussels. One depositary receipt represents ten shares. The average number of depositary receipts on issue during the eighteen months period was 49,302,982 compared with 49,402,758 for the twelve months to 31 December 2020, 49,420,414 for the twelve months to 31 December 2019 and 49,585,907 for the twelve months to 30 June 2019.

Consolidated financial statements continued

## Consolidated statement of comprehensive income

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31- 12-19 for illustrative purposes €'000
<b>Profit after taxation</b>	<b>108,609</b>	74,586	42,773	115,790
Foreign currency translation differences (to be recycled through profit or loss)	29,935	(6,018)	24,803	(10,334)
Actuarial result on pension scheme (not to be recycled through profit or loss)	(1,026)	249	(439)	(362)
<b>Total other comprehensive income</b>	<b>28,909</b>	(5,769)	24,364	(10,696)
<b>Total comprehensive income</b>	<b>137,518</b>	68,817	67,137	105,094
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	144,276	68,817	74,648	104,341
Non-controlling interest	(6,758)	0	(7,511)	753
	<b>137,518</b>	68,817	67,137	105,094
<b>Per depositary receipt (€)*</b>				
Total comprehensive income	2.93	1.39	1.52	2.11
Diluted total comprehensive income	2.93	1.38	1.52	2.11

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

\* The Company's shares are listed in the form of depositary receipts on Euronext Amsterdam and Brussels. One depositary receipt represents ten shares. The average number of depositary receipts on issue during the eighteen months period was 49,302,982 compared with 49,402,758 for the twelve months to 31 December 2020, 49,420,414 for the twelve months to 31 December 2019 and 49,585,907 for the twelve months to 30 June 2019.



## Consolidated statement of financial position

	Note	31-12-20 €'000	30-06-19 €'000
<b>Assets</b>			
Property investments	13	3,776,848	3,793,385
Property investments under development	13	4,400	1,700
Investments in joint ventures	14	122,097	108,156
Tangible fixed assets	15	4,754	1,333
Deferred tax assets	21	24,858	0
Receivables	16	243	381
Derivative financial instruments	20	188	0
<b>Total non-current assets</b>		<b>3,933,388</b>	3,904,955
Property investments held for sale	13	34,400	199,000
Receivables	16	58,813	51,093
Cash and deposits	17	60,435	65,211
<b>Total current assets</b>		<b>153,648</b>	315,304
<b>Total assets</b>		<b>4,087,036</b>	4,220,259
<b>Liabilities</b>			
Creditors	18	108,716	87,165
Borrowings	19	205,027	143,221
<b>Total current liabilities</b>		<b>313,743</b>	230,386
Creditors	18	29,342	10,803
Borrowings	19	1,536,061	1,767,148
Derivative financial instruments	20	182,245	123,143
Deferred tax liabilities	21	77,926	181,385
Provision for pensions	22	1,880	835
<b>Total non-current liabilities</b>		<b>1,827,454</b>	2,083,314
<b>Total liabilities</b>		<b>2,141,197</b>	2,313,700
<b>Net assets</b>		<b>1,945,839</b>	1,906,559
<b>Equity Eurocommercial Properties shareholders</b>			
Issued share capital	24	249,548	249,548
Share premium reserve	25	513,315	517,513
Other reserves	26	1,007,367	1,064,912
Undistributed income		115,367	74,586
<b>Equity attributable to the owners of the Company</b>		<b>1,885,597</b>	1,906,559
Non-controlling interest	27	60,242	0
<b>Total equity</b>		<b>1,945,839</b>	1,906,559

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

IFRS 16 Leases has been effective as from 1 January 2019 and the Company has applied the standards as from the beginning of this eighteen months financial period which started on 1 July 2019. In its capacity as lessee, the Company has conducted a detailed review and analysis of the Group's leases and as a result made the various accounting entries as expressed in these quarterly financial statements. The Company has chosen to use the modified retrospective approach for the adoption of IFRS 16. Consequently, comparative figures are not restated and there is no impact on the opening balance of equity at the date of adoption.

Consolidated financial statements continued

**Consolidated statement of cash flows**

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Profit after taxation	108,609	74,586	42,773	115,790
Adjustments:				
Movement performance shares granted	(1,496)	2,150	(1,807)	1,300
Investment revaluation and disposal of investment properties	158,098	8,874	156,186	(7,406)
Derivative financial instruments	1,687	23,742	12,279	13,299
Share of result of joint ventures	(16,011)	(1)	(12,011)	(6,862)
Interest income	(35)	(32)	(20)	(37)
Interest expenses	63,920	44,318	42,608	44,361
Deferred tax	(98,274)	4,921	(100,701)	(1,625)
Current tax	793	(118)	(340)	882
Depreciation tangible fixed assets	2,956	1,158	1,942	1,677
Other movements	(783)	(254)	(1,088)	134
Cash flow from operating activities after adjustments	219,464	159,344	139,821	161,513
(Increase)/decrease in receivables	(14,032)	766	(8,267)	(2,411)
Increase/(decrease) in creditors	3,644	(3,352)	(5,211)	482
	209,076	156,758	126,343	159,584
Current tax paid	(300)	(317)	(300)	(178)
Capital gain tax paid	(1,950)	0	0	(1,950)
Derivative financial instruments settled	(462)	(527)	(462)	0
Dividends received from joint ventures	2,500	1,300	0	2,500
Borrowing costs	(2,520)	(5,805)	(2,043)	(3,097)
Interest paid	(59,356)	(40,505)	(38,772)	(41,456)
Interest received	30	32	15	37
<b>Cash flow from operating activities</b>	<b>147,018</b>	<b>110,936</b>	<b>84,781</b>	<b>115,440</b>
Property acquisitions	0	(118,180)	0	(9,125)
Capital expenditure	(113,608)	(62,190)	(66,889)	(79,579)
Sale of investment	56,779	0	56,779	0
Sale of property	199,000	49,406	0	202,000
Investment in joint ventures	(430)	(12,000)	(430)	(12,000)
Loan to joint ventures	6,900	0	(5,100)	12,000
Additions to tangible fixed assets	(1,236)	(776)	(885)	(726)
<b>Cash flow from investing activities</b>	<b>147,405</b>	<b>(143,740)</b>	<b>(16,525)</b>	<b>112,570</b>
Borrowings added	268,726	494,854	155,777	332,262
Repayment of borrowings	(458,445)	(333,381)	(197,627)	(467,758)
Stock options exercised	0	74	0	0
Payments lease liabilities	(1,656)	0	(1,109)	(547)
Cost of performance shares settled	(362)	(195)	0	(362)
Depository receipts bought back	(16,723)	(5,168)	(34)	(21,857)
Dividends paid	(93,707)	(92,848)	0	(93,707)
Increase in non-current creditors	2,370	765	2,342	275
<b>Cash flow from financing activities</b>	<b>(299,797)</b>	<b>64,101</b>	<b>(40,651)</b>	<b>(251,694)</b>
<b>Net cash flow</b>	<b>(5,374)</b>	<b>31,297</b>	<b>27,605</b>	<b>(23,684)</b>
Increase/(decrease) in cash and deposits	(4,776)	31,173	28,382	(24,299)
Cash and deposits at beginning of period	65,211	34,038	32,053	56,352
Currency differences on cash and deposits	598	(124)	777	(615)
<b>Cash and deposits at end of period</b>	<b>60,435</b>	<b>65,211</b>	<b>60,435</b>	<b>32,053</b>

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

## Consolidated statement of changes in shareholder's equity

The movements in shareholders' equity in the eighteen months financial reporting period ended 31 December 2020 were:

	Issued share capital €'000	Share premium reserve €'000	Legal currency translation reserve €'000	Other reserves €'000	Undistributed income €'000	Equity attributable to owners of the Company €'000	Non-controlling interest €'000	Total equity €'000
<b>30-06-2019</b>	<b>249,548</b>	<b>517,513</b>	<b>(36,804)</b>	<b>1,101,716</b>	<b>74,586</b>	<b>1,906,559</b>	<b>0</b>	<b>1,906,559</b>
Profit after taxation					115,367	115,367	(6,758)	108,609
Other comprehensive income			171	28,738		28,909		28,909
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>171</b>	<b>28,738</b>	<b>115,367</b>	<b>144,276</b>	<b>(6,758)</b>	<b>137,518</b>
Profit previous financial year				(19,121)	19,121	0		0
Contribution non-controlling interest						0	67,000	67,000
Depository receipts bought back				(14,868)		(14,868)		(14,868)
Dividends paid					(93,707)	(93,707)		(93,707)
Performance shares granted		(1,496)				(1,496)		(1,496)
Performance shares settled				(362)		(362)		(362)
Performance shares vested		(2,702)		2,702		0		0
Put option non-controlling interest				(54,805)		(54,805)		(54,805)
<b>31-12-2020</b>	<b>249,548</b>	<b>513,315</b>	<b>(36,633)</b>	<b>1,044,000</b>	<b>115,367</b>	<b>1,885,597</b>	<b>60,242</b>	<b>1,945,839</b>

The movements in shareholders' equity in the twelve months financial reporting period ended 30 June 2019 were:

	Issued share capital €'000	Share premium reserve €'000	Legal currency translation reserve €'000	Other reserves €'000	Undistributed income €'000	Total €'000	Non-controlling interest €'000	Total Equity €'000
30-06-2018	247,833	518,812	(34,323)	1,135,398	72,064	1,939,784	0	1,939,784
New IFRS standards adopted				(6,055)		(6,055)		(6,055)
01-07-2018	247,833	518,812	(34,323)	1,129,343	72,064	1,933,729	0	1,933,729
Profit after taxation					74,586	74,586		74,586
Other comprehensive income			(2,481)	(3,288)		(5,769)		(5,769)
Total comprehensive income	0	0	(2,481)	(3,288)	74,586	68,817	0	68,817
Profit previous financial year				(20,779)	20,779	0		0
Issued shares	1,715	(1,715)				0		0
Depository receipts bought back				(5,168)		(5,168)		(5,168)
Dividends paid		(5)			(92,843)	(92,848)		(92,848)
Performance shares granted		2,150				2,150		2,150
Performance shares settled				(195)		(195)		(195)
Performance shares vested		(1,729)		1,729		0		0
Stock options exercised				74		74		74
30-06-2019	249,548	517,513	(36,804)	1,101,716	74,586	1,906,559	0	1,906,559

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

# Notes to the consolidated financial statements

## 1. Principal accounting policies

Eurocommercial Properties N.V. (the Company) domiciled at Herengracht 469, 1017 BS in Amsterdam, The Netherlands, is a closed end property investment company. The Company is registered with the Amsterdam Trade Register under number 33230134 since 18 June 1991. At the Extraordinary General Meeting of 18 June 2020, the proposal to amend the Articles of Association of the Company to extend the current financial year (that started on 1 July 2019) until 31 December 2020 and to have each subsequent financial year start on 1 January and end on 31 December was adopted. The consolidated financial statements of the Company for the 18 months reporting period starting 1 July 2019 and ending 31 December 2020 will comprise the Company and its subsidiaries (together referred to as the "Group"). In order to make the Company's figures more comparable with those published by our peers and also to compare the pre-COVID-19 year 2019 with the COVID-19 year 2020, two more columns showing 12 months figures for the calendar year 2020 and 12 months figures for the previous calendar year 2019 are added to the Consolidated statement of cash flows, the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income and notes 2 to 10 to these statements. These additional statements are for illustrative purposes and are not part of the audited financial statements.

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as per 1 July 2019 and Part 9 of Book 2, section 2:362(9) of the Netherlands Civil Code.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2019. The Group has decided not to immediately adopt such standards, amendments and interpretations. Standards that are mandatory for the Group's accounting periods beginning on 1 July 2019 are adopted as such by the Group. The new standard IFRS 16 Leases and amended standards has been accounted for by the Company as from this financial reporting period. Additional information on new standards, amendments, interpretations and the relating effect on the financial statements, if significant and applicable to the Company, has been disclosed in note 1(c).

### (b) Basis of preparation

The financial statements are presented in euros, rounded to the nearest thousand euros unless stated otherwise. They are prepared on the historical cost basis except for the following assets and liabilities which are stated at fair value: property investments, property investments under development, property investments held for sale and derivative financial instruments. Borrowings and non-current creditors are stated at amortised costs.

The financial statements are prepared on a going concern basis and have been authorised for issue on 23 April 2021. The COVID-19 pandemic developed rapidly in 2020 and significantly negatively impacted the results of this financial reporting period, mainly due to rent discounts and additional expected credit losses for doubtful debtors. The lockdowns and the uncertainty around the developments of COVID-19 also had an impact on the Group's valuations and, more in general, on the investment markets. For the 18 months reporting period to 31 December 2020 the Group reported an IFRS profit after taxation, attributable to the owners of the Company, of €115.4 million including a negative revaluation on investment property of €149.2 million. As per 31 December 2020, the Group reported a negative working capital of €160.1 million primarily related to the current borrowings of €205 million, which are covered by existing debt facilities and the confirmed extension of loans for €100 million to mid 2024 at similar financial conditions. Taking these developments into account, we assessed our liquidity position for the period up to 30 June 2022 by performing stress tests on relevant loan covenants and liquidity, both in base and worst case scenarios. As part of the assessment, we reviewed our expected operational performance, loan maturities and available debt facilities, planned capital expenditure as well as our investment and divestment strategy. Finally, we assessed the impact on potential dividend distributions. We have also put in place several other measures to preserve liquidity, amongst others the deferral of large development projects and the proposed scrip dividend for July 2021 with only a small cash component. Based on the performed stress testing the Board of Management concludes that in the anticipated scenario's sufficient liquidity remains and/or other measures can be taken. Based on the above, our current knowledge and available information, we do consider the preparation of the financial statements based on the going concern assumption appropriate.

### (c) Change in accounting policies and reclassifications

The accounting policies adopted are consistent with those of the previous financial year, except for standard IFRS 16 Leases.

The Company applied IFRS 16 using the modified retrospective approach, under which the Company recognised right-of-use assets for an amount equal to the lease liability. Under this approach there was no impact on retained earnings. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

As a lessee, the Group leases assets including office accommodation, office and IT equipment etc. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases on-balance sheet as from 1 July 2019.

## 1. Principal accounting policies continued

	Recognised in	Notes	As per/for the 18 months period ended 31 December 2020 (€'000)	As per 1 July 2019 (€'000)
Right-of-use assets	Tangible fixed assets	15	3,541	3,954
Lease liabilities	Creditors	17	3,590	3,954
Depreciation right-of-use assets	Property expenses	5	1,204	n.a.
Depreciation right-of-use assets	Company expenses	8	393	n.a.
Interest expenses	Net financing cost	7	108	n.a.

The Group does not have any leases as a lessee that were classified as finance leases under IAS17. The Group will also make use of the available recognition examples and chooses not to apply IFRS 16 to short-term lease contracts (less than 12 months) and leases for which the underlying asset is of low value.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and therefore the impact of IFRS 16 Leases is very limited for the Group.

### Accounting for COVID-19 rent concessions

Due to the COVID-19 pandemic, the Company was forced to partially close its shopping centres in Belgium, France and Italy during March until May 2020. During the summer the majority of the restrictions were removed, but as COVID-19 the second wave started, restrictions were put in place again. In Belgium and France, the closure of restaurants in late October was followed by national lockdowns throughout November. Instead, from early November, Italy put in place a colour restriction scheme, determined weekly on a regional basis. As a result, restaurants were closed in most centres from November, while stores were only partially shut. As a result of the lockdown periods the Company negotiated rent concessions with its tenants and is still negotiation with its tenants for the lock downs in 2020. IFRS 16 Lease Modification was applied in the cases where rent concessions were agreed for periods that were not invoiced yet, or if a rent discount was enforced by a government grant. In Italy the lease discounts were agreed in later periods and therefore amortised over the remaining lease period according to IFRS 16. The impact of the amortisation of the rent concessions in Italy is €3.0 million negative on rental income and €7.9 million is deferred and will be amortised as from the next financial years, when the lease end date is due. In Sweden, the government introduced a rent rebate scheme that was approved by the European Commission under the State aid Temporary Framework. According to the scheme, if a lessor and a lessee agree on a rebate on the rent for the period between 1 April and 30 June, the Swedish state will cover a part of the rebate. The discount loss of €2.8 million has been booked in line with IFRS 16 as a discount and a reduction of rental income in that period. In Belgium and France all rent concessions were agreed related to invoiced rent and therefore treated as an adjustment provision for expected credit losses (ECL) under IFRS 9. For the tenants with whom we have not signed an agreement for a rent or concession yet, a provision for ECL is made as well. For Belgium and France the total ECL is €10.3 million.

### Standards and interpretations issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

*Definition of a Business – Amendments to IFRS 3*, effective 1 January 2020. The amendments to IFRS 3 Business Combinations clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, they clarify that a business can exist without including all of the inputs and processes needed to create outputs. The other key amendments include: Removal of the assessment of whether market participants are capable of replacing any missing outputs or processes and continuing to produce outputs; Adding guidance and illustrative examples to help entities assess whether a substantive process has been acquired; Narrowing the definitions of business and outputs by focusing on goods or services provided to customers and by removing the reference to an ability to reduce costs; Adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any acquisition.

## Notes to the consolidated financial statements continued

### 1. Principal accounting policies continued

Improvements to International Financial Reporting Standards 2018-2020 cycle – IFRS 9 Financial Instruments: Fees in the ‘10 per cent’ test for derecognition of financial liabilities. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

The following amended standards and interpretations are not expected to have a significant impact on the Group’s consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of Material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.
- Onerous contracts – costs of fulfilling a contract (IAS 8).
- Interest Rate Benchmark Reform

#### (d) Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revisions affect only that period or in the year of the revisions and future periods if the revisions affect both current and future periods.

#### (e) Critical accounting judgements in applying the Group’s accounting policies

The critical accounting judgements in applying the Group’s accounting policies have been described in the property investment and financial instruments (accounting policy) notes. Most important is that all property investments and property investments under development are revalued every six months by qualified independent valuation experts. The Group uses a rotation scheme when instructing valuers. The fair value of the property portfolio is based upon the opinions of the external experts and not internal valuations made by the Company. The fair value of the derivative financial instruments is determined using a valuation model.

#### (f) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, the exposure, or rights, to variable returns from its involvement and the ability to use its power to affect the amount of the returns of the entities. In assessing control, potential voting rights that are presently exercisable are taken into account. Some entities are classified as joint ventures when there is joint control in these entities and whereby the Group has rights to the net assets, rather than rights to its assets and obligations for its liabilities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## 1. Principal accounting policies continued

The consolidated financial statements include those of the holding company and its owned subsidiaries:

Holgura B.V., Amsterdam	Bergvik Köpet 3 KB, Stockholm
Sentinel Holdings B.V., Amsterdam	C4 Shopping Fastighet 1 AB, Stockholm
Eurocommercial Properties Belgium S.A., Brussels (74%)	C4 Shopping Fastighet 2 AB, Stockholm
Eurocommercial Properties Ltd., London	ECP Fastighet Köpet 1 KB, Stockholm
Eurocommercial Properties Caumartin S.N.C., Paris	ECP Kristianstad AB, Stockholm
Eurocommercial Properties France S.A.S., Paris	ECP Moraberg Holding AB, Stockholm
Eurocommercial Properties Taverny S.N.C., Paris	ECP Valbo Centrum AB, Stockholm
SCI Chasse Distribution, Paris	ECP Valbo Holding AB, Stockholm
ECP CremonaPo S.r.l., Milan	ECP Valboön-Fastigheten KB, Stockholm
ECP I Portali S.r.l., Milan	Eurocommercial Properties Sweden AB, Stockholm
ECP II Castello, S.r.l., Milan	Fastighetsbolaget ES Örebro AB, Stockholm
ECP Curno S.r.l., Milan	Lagergatan i Växjö AB, Stockholm
Eurocommercial Management Italia S.r.l., Milan	Premi Fastighets AB, Stockholm
Eurocommercial Properties Italia S.r.l., Milan	Samarkandfastigheter AB, Stockholm
ECP Service S.r.l., Milan	SAR Degeln AB, Stockholm
Immobiliare 2011 S.r.l., Milan	Silvret Nio AB, Stockholm
AB Norrköping Silvret 1, Stockholm	Ugglum Fastigheter AB, Stockholm
AB Skövde K-mannen 2, Stockholm	Fastighets AB Juveleraren 11, Stockholm

Unless otherwise stated, these subsidiaries are wholly owned.

Furthermore, the consolidated financial statements include the joint ventures of SCI Val Commerces in Paris, France and SCI Winter in Paris, France and Galleria Verde S.r.l. in Milan, Italy.

### (ii) Transactions eliminated on consolidation

Intragroup balances and any (un)realised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### Foreign currency translations

The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency. Assets and liabilities denominated in foreign currencies are translated into euros at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the average monthly exchange rate. Foreign exchange differences arising on translation are recognised in the statement of profit or loss.

The functional currency of the Swedish and UK subsidiaries are SEK and GBP, respectively. As at the reporting date, the assets and liabilities of these Swedish and UK subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and their profit or loss accounts are translated at the average monthly exchange rates for the period. The exchange differences arising on the retranslation are taken through the other comprehensive income to equity (currency translation reserve). On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation will be recognised in the statement of profit or loss.

### Property investments and property investments under development

Property investments and property investments under development are stated at fair value. Property investments and property investment under development are held, or to be held, to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions. It is the Company's policy that all property investments and property investments under development be valued semi-annually by qualified independent experts. The qualified independent experts will rotate in principle after three years.

## Notes to the consolidated financial statements continued

### 1. Principal accounting policies continued

These experts are instructed to appraise in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). Both documents contain mandatory rules, best practice guidance and related commentary for all RICS members and appraisers undertaking property valuations. These revaluations represent the price, net of normal purchaser's costs, at which the property could be sold in the open market on the date of revaluation. At the balance sheet date the fair value of each property investment is based on comprehensive valuation reports from the independent experts. Valuations are prepared based on current prices for comparable investment properties in an active market. If, however, such information is not available, property valuations are prepared based on standard valuation techniques such as the capitalisation method and discounted cash flow method. The capitalisation method assesses the value of the property based on its income flow capitalised by yield (capitalisation rate). The discounted cash flow method determines the fair value of the property by discounting estimated future cash flows. At 30 June, the independent experts draw up an updated version of the previous December comprehensive valuation report. In arriving at their estimates of market valuations the independent experts have used their market knowledge and professional judgement as well as historical transactional comparables. At 30 September and 31 March, the fair value is based on an internal review of the experts' valuations to take into account any material change to the property. If an existing property investment is renovated and/or extended for continued future use as a property investment, it is also measured at fair value.

Movements in the fair value of property investments and property investments under development are recognised in the statement of profit or loss in the period in which they occur.

To avoid any double counting, the carrying amount of accrued income from spreading of the lease incentives is reduced from the fair value of property investments or property investments under development.

Any realised gains or losses from the sale of a property investment or a property investment under development are recognised at closing date as the balance between the net sale proceeds and the latest published fair value in the statement of profit or loss. Depreciation is not provided on property investments and property investments under development since these are stated at fair value in accordance with IAS 40.

Property investments and property investments under development are initially brought to account at their full acquisition cost, including registration duties, legal and other consultants' fees until the first reporting date, when the fair value is presented. Any subsequent capital expenditure, including the aforesaid duties and fees and any directly attributable costs to bring the asset to working order for its intended use, is added to the cost of the property investment or the cost of the property investment under development respectively. The cost of financing the renovation or extension of property investments or the building of property investments under development is capitalised as part of the cost of the investment, the cost amount of which will be published in the notes in addition to the fair value.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

A sensitivity analysis is carried out by the valuer with particular focus on the most important drivers, which are changes in the rental value and net initial yield, and their effect on the property investment valuation.

#### Property investments held for sale

Investment property is transferred to property investments held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. On re-classification, investment property continues to be measured at fair value, less cost to sell and any movements in the fair value are recognised in the statement of profit or loss.

#### Investments in joint ventures

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investments in joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date, measured in accordance with the Group's accounting policies. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the difference in the statement of profit or loss account. Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

#### Non-controlling interests

Non-controlling interests (NCI) are initially measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.



## 1. Principal accounting policies continued

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. They are depreciated over the expected useful lives of the assets concerned varying from two to five years using the straight-line method taking into account the residual value of the respective assets. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

### Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost, less allowance for expected credit losses.

### Cash and deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Issued share capital

Depository receipts, each representing ten ordinary shares in the capital of the Company, are classified as equity. External costs directly attributable to the issue of new depository receipts are shown as a deduction, net of tax, in equity from the proceeds. When depository receipts recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased depository receipts are classified as treasury depository receipts and presented as a deduction from equity. Dividends are recognised as a liability in the period in which they are declared.

### Borrowings

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the borrowings are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as net financing costs in the statement of profit or loss.

### Creditors

Creditors are recognised initially at fair value and, for non-current creditors, subsequently at amortised cost basis using the effective interest method.

### Derivative financial instruments

The Company and its subsidiaries use derivative financial instruments to hedge (part of) their exposure to foreign exchange (if any instruments at year end date) and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments will not be held or issued for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are on the balance sheet at their fair value and the value changes are recognised immediately in the statement of profit or loss. The Company does not apply hedge accounting.

Derivative financial instruments are recognised initially at trade date at fair value (cost price). Subsequent to initial recognition, derivative financial instruments are stated at their fair value. The gain or loss on measurement to fair value is recognised in the statement of profit or loss. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, the current creditworthiness of the swap counterparties and the Group's own creditworthiness. Derivative financial instruments concern only derivative interest rate swap contracts and a put option issued to the other partner in a joint venture. The fair value of the derivatives is estimated using a valuation technique and discounting expected future cash flows using current market interest rates and the yield curve over the remaining term of the instrument that are directly or indirectly observable market data. In connection with the non-current borrowings the derivative financial instruments are presented as non-current assets and non-current liabilities.

The financial liability related to the put option non-controlling interest is recognised initially at the present value and subsequently measured at amortised cost using the effective interest rate method. Any subsequent changes in the measurement of the put option non-controlling interest are recognised in the statement of profit or loss. The discount rate used in the amortised cost calculation is 4.1%.

If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognised as a financial liability with any excess over the carrying amount of the non-controlling interest recognised as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent changes in the redemption value of the financial liability are recognised in the income statement and no earnings are attributed to the non-controlling interest.

However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent changes in the redemption value of the financial liability are recognised directly in retained earnings.

## Notes to the consolidated financial statements continued

### 1. Principal accounting policies continued

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#### Leases

##### (i) Leases as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in tangible fixed assets and lease liabilities in creditors in the statement of financial position. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office accommodation, office and IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (ii) Leases as a lessor

The Group has entered into commercial leases on its investment property portfolio and therefore refers to the accounting policy for the rental income.

#### Provisions

A provision is recognised in the consolidated statement of financial position when a legal or constructive obligation would exist, as a result of a past event and when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### Provision for pensions

The Company has various defined contribution pension plans and only one defined benefit pension plan for a limited number of employees. The net receivable or liability in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of the plan assets is deducted. The defined benefit obligation is calculated semi-annually by an independent external actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments or changes in assumptions are recognised in other comprehensive income. The majority of the Company's employees are members of a defined contribution scheme for which the annual premiums are an expense of the period.

##### Other assets and liabilities

Unless stated otherwise, assets and liabilities are shown at the amounts at which they were acquired or incurred. A provision for bad debts is deducted under receivables, if appropriate.

##### Rental income

Rental income from property investments leased under operational leases is recognised in the profit or loss account on a straight-line basis over the term of the lease. Lease incentives, like rent-free periods, rent discounts and other rent concessions are recognised over the term of the lease, or over the period until the first break option if shorter, on a straight-line basis as a reduction of rental income. This applies mutatis mutandis for entry fees as an increase of rental income.

##### Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses (write-off of bad debts related to fully or partially waived rent payments) are recognised, unless the condition for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

## 1. Principal accounting policies continued

### Service charge income and service charge expenses

Service charge is integral, but separately identifiable, part of rental contracts. The Group has identified that the service charge is distinct from rentals and are therefore accounted separately. The service charge is priced and contracted based on market prices relevant for the region of operation. The service charge income is recognized evenly over time of the service rendered as the customer simultaneously receives and consumes the benefits from the provided service. Service charges for which the Company acts as a principal are presented in the profit or loss account. Therefore, for those property investments for which the Company is in full control of the service charges, the service charges invoiced to tenants and the corresponding expenses are shown separately on an accrual basis. In addition, service charge expenses also include charges related to vacant units and/or other irrecoverable service charges due to contractual limits or insolvent tenants.

### Property expenses (direct and indirect)

These expenses include costs directly related to the leasing of investment property, such as maintenance, insurance, management, property tax etc. and are expensed as incurred. These expenses at a property level are referred to as direct property expenses. Letting fees, relocation expenses, certain dispossession indemnities and other outgoings when a lease is concluded are recognised over the term of the lease on a straight-line basis as indirect property expenses. Property expenses also include expenses associated with non-Netherlands property-holding companies and their staff and offices and some local taxes, accounting, audit and advisory fees, which are charged to the relevant buildings rather than the general expense pool. These expenses at a Group level are referred to as indirect property expenses.

### Result in joint ventures

Result in joint ventures reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of the result of a joint venture is shown in the profit or loss account and represents the result after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint ventures are prepared for the same reporting period as the Group.

### Net financing income/cost

Net financing income/cost comprises interest payable on borrowings calculated using the effective interest rate method net of interest capitalised, interest income, debt extinguishment and fair value movements of derivative financial instruments that are recognised in the profit or loss account. Interest income is recognised in the profit or loss account as it accrues.

### Company expenses and investment expenses

Company expenses comprise general overheads such as advisory fees, office expenses, personnel costs and Directors' fees. Expenses relating to the investigation of potential property investments and the valuation of property investments, including the part of staff bonuses linked to property value performance, are recognised as investment expenses.

### Performance shares granted to employees

Since the financial year 2011/2012 a Performance Share Plan (PSP) has been in place for Managing Directors and certain staff of the Company. The cost of performance shares granted under these plans is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model. The cost is recognised, together with a corresponding increase in shareholders' equity, over the period in which the performance and service conditions are fulfilled ending on the vesting date.

## Notes to the consolidated financial statements continued

### 1. Principal accounting policies continued

#### Current tax and deferred tax

As an Investment Institution under Netherlands tax law (fiscale beleggingsinstelling) the Company is subject to a nil rate of Netherlands corporate income tax, provided it meets certain conditions, notably the distribution of all taxable income (after permitted deductions) to shareholders within eight months of the end of each financial year. As of 1 July 2005, the Company has opted for the French tax regime applicable to "Sociétés d'investissements immobiliers cotées" (SIIC). As from that date the revenues and capital gains from the French portfolio of the Company are tax-exempt, provided it meets certain conditions, notably a listing at a stock exchange in an EU country and the distribution of at least 85% of French tax-exempt income and of at least 50% of tax-exempt capital gains to shareholders. In Belgium, the Company incorporated a wholly owned FIIS/GVBF ("Fonds d'investissement immobilier spécialisé"/"gespecialiseerd vastgoedbeleggingsfonds"). The FIIS/GVBF will be subject to corporate income tax, but its taxable basis will be limited to disallowed expenses and abnormal or gratuitous advantages received. Rental income, capital gains on real estate assets, and dividend and interest income will remain untaxed as a matter of principle, provided that the fiscal result is distributed by way of a dividend.

However, corporate income tax may be payable on the fiscal results of Netherlands and foreign subsidiaries which do not have the aforesaid special tax status. This tax on taxable income for the year is recognised in the profit or loss account.

Tax on profit or loss for a year comprises current tax and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates prevailing at the balance sheet date and any adjustment to taxation in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the book value of assets and liabilities and their fiscal book value for tax purposes, taking into account the applicable taxation rate, any fiscal facilities available and recoverable tax losses which can probably be utilised. Deferred tax recognised in the profit or loss account is the movement in deferred tax assets and deferred tax liabilities, if any, during the period. Deferred tax assets and liabilities are netted if there is a legal enforceable right to offset, settlement dates are similar and tax is levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### Cash flow statement

The cash flow statement is prepared according to the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Exchange rate differences affecting cash items are shown separately in the cash flow statement. Cash and deposits include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### Segment information

Segment information is presented by country (Belgium, France, Italy, Sweden and The Netherlands). The segmented information in the financial statements is in line with the segments used for internal reporting; however, joint ventures are presented in the internal reporting using proportional consolidation. The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its office in Amsterdam.

## 2. Segment information

For the consolidated statement of financial position all items are allocated to the respective segments, whereas for the consolidated statement of profit or loss the items net financing result, company expenses, investment expenses, other income and taxation are not allocated to the respective segments.

2020

For the 18 months ended 31-12-20 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	39,685	79,731	131,077	69,680	0	320,173	(16,546)	303,627
Service charge income	8,432	12,507	7,921	19,313	0	48,173	(4,519)	43,654
Service charge expenses	(8,594)	(14,691)	(8,038)	(23,315)	0	(54,638)	4,615	(50,023)
Property expenses	(7,379)	(22,088)	(22,548)	(8,762)	0	(60,777)	1,150	(59,627)
<b>Net property income</b>	<b>32,144</b>	<b>55,459</b>	<b>108,412</b>	<b>56,916</b>	<b>0</b>	<b>252,931</b>	<b>(15,300)</b>	<b>237,631</b>
Share of result of joint ventures	0	0	0	0	0	0	16,011	16,011
Investment revaluation and disposal of investment properties	(39,935)	(37,485)	(73,576)	(24,285)	887	(174,394)	10,177	(164,217)
<b>Segment result</b>	<b>(7,791)</b>	<b>17,974</b>	<b>34,836</b>	<b>32,631</b>	<b>887</b>	<b>78,537</b>	<b>10,888</b>	<b>89,425</b>
Net financing result						(67,947)	2,376	(65,571)
Company expenses						(18,094)	0	(18,094)
Investment expenses						200	13	213
Other income						2,967	2,188	5,155
<b>Profit before taxation</b>						<b>(4,337)</b>	<b>15,465</b>	<b>11,128</b>
Current tax						(749)	(44)	(793)
Deferred tax						113,695	(15,421)	98,274
<b>Profit after taxation</b>						<b>108,609</b>	<b>0</b>	<b>108,609</b>
Acquisitions, divestments and capital expenditure (including capitalised interest)	75,370	(189,210)	86,222	(16,401)	0	(44,019)	(23,022)	(67,041)

For the 12 months ended 31-12-20 for illustrative purposes €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	26,719	52,037	86,608	46,300	0	211,664	(10,928)	200,736
Service charge income	5,685	6,707	4,640	12,656	0	29,688	(2,629)	27,059
Service charge expenses	(5,724)	(7,755)	(4,695)	(15,223)	0	(33,397)	2,619	(30,778)
Property expenses	(6,456)	(16,850)	(13,930)	(6,081)	0	(43,317)	959	(42,358)
<b>Net property income</b>	<b>20,224</b>	<b>34,139</b>	<b>72,623</b>	<b>37,652</b>	<b>0</b>	<b>164,638</b>	<b>(9,979)</b>	<b>154,659</b>
Share of result of joint ventures	0	0	0	0	0	0	12,011	12,011
Investment revaluation and disposal of investment properties	(37,582)	(44,627)	(69,408)	(22,622)	666	(173,573)	10,855	(162,718)
<b>Segment result</b>	<b>(17,358)</b>	<b>(10,488)</b>	<b>3,215</b>	<b>15,030</b>	<b>666</b>	<b>(8,935)</b>	<b>12,887</b>	<b>3,952</b>
Net financing result						(56,999)	2,133	(54,866)
Company expenses						(11,415)	0	(11,415)
Investment expenses						424	9	433
Other income						2,105	1,523	3,628
<b>Profit before taxation</b>						<b>(74,820)</b>	<b>16,552</b>	<b>(58,268)</b>
Current tax						542	(202)	340
Deferred tax						117,051	(16,350)	100,701
<b>Profit after taxation</b>						<b>42,773</b>	<b>0</b>	<b>42,773</b>
Acquisitions, divestments and capital expenditure (including capitalised interest)	3,617	6,436	43,852	(34,655)	0	19,250	(9,323)	9,927

\* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its office in Amsterdam.

## Notes to the consolidated financial statements continued

## 2. Segment information continued

As per 31-12-20 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	589,800	960,900	1,580,200	901,348	0	4,032,248	(221,000)	3,811,248
Property investments under development	0	4,400	0	0	0	4,400	0	4,400
Investment in joint ventures	0	0	0	0	0	0	122,097	122,097
Tangible fixed assets	0	1,703	1,772	389	890	4,754	0	4,754
Deferred tax assets	0	0	32,438	0	0	32,438	(7,580)	24,858
Receivables	7,465	31,459	10,585	7,722	1,165	58,396	660	59,056
Derivative financial instruments	0	0	0	0	188	188	0	188
Cash and deposits	2,571	8,212	30,349	19,558	3,711	64,401	(3,966)	60,435
<b>Total assets</b>	<b>599,836</b>	<b>1,006,674</b>	<b>1,655,344</b>	<b>929,017</b>	<b>5,954</b>	<b>4,196,825</b>	<b>(109,789)</b>	<b>4,087,036</b>
Creditors	8,659	29,563	45,194	33,737	2,282	119,435	(10,719)	108,716
Non-current creditors	1,082	9,925	21,166	281	296	32,750	(3,408)	29,342
Borrowings	285,098	249,989	926,955	361,549	10,000	1,833,591	(92,503)	1,741,088
Derivative financial instruments	61,572	0	123,168	664	0	185,404	(3,159)	182,245
Deferred tax liabilities	0	0	0	77,926	0	77,926	0	77,926
Provision for pensions	0	0	0	0	1,880	1,880	0	1,880
<b>Total liabilities</b>	<b>356,411</b>	<b>289,477</b>	<b>1,116,483</b>	<b>474,157</b>	<b>14,458</b>	<b>2,250,986</b>	<b>(109,789)</b>	<b>2,141,197</b>

## 2019

For the 12 months ended 31-12-19  
for illustrative purposes  
€'000

	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	24,819	57,881	88,949	47,382	0	219,031	(11,172)	207,859
Service charge income	2,762	8,214	6,340	14,471	0	31,787	(2,961)	28,826
Service charge expenses	(2,870)	(9,506)	(6,598)	(16,976)	0	(35,950)	3,244	(32,706)
Property expenses	(2,054)	(9,900)	(17,044)	(6,157)	0	(35,155)	612	(34,543)
<b>Net property income</b>	<b>22,657</b>	<b>46,689</b>	<b>71,647</b>	<b>38,720</b>	<b>0</b>	<b>179,713</b>	<b>(10,277)</b>	<b>169,436</b>
Share of result of joint ventures	0	0	0	0	0	0	6,862	6,862
Investment revaluation and disposal of investment properties	(4,499)	4,425	28,110	(20,213)	765	8,588	(877)	7,711
<b>Segment result</b>	<b>18,158</b>	<b>51,114</b>	<b>99,757</b>	<b>18,507</b>	<b>765</b>	<b>188,301</b>	<b>(4,292)</b>	<b>184,009</b>
Net financing result						(60,902)	3,279	(57,623)
Company expenses						(13,689)	0	(13,689)
Investment expenses						(726)	8	(718)
Other income						1,813	1,255	3,068
<b>Profit before taxation</b>						<b>114,797</b>	<b>250</b>	<b>115,047</b>
Current tax						(1,171)	289	(882)
Deferred tax						2,164	(539)	1,625
<b>Profit after taxation</b>						<b>115,790</b>	<b>0</b>	<b>115,790</b>
Acquisitions, divestments and capital expenditure (including capitalised interest)	73,820	(189,252)	64,529	27,896	0	(23,007)	(19,180)	(42,187)

\* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its office in Amsterdam.

## 2. Segment information continued

For the 12 months ended 30-06-19 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	21,740	61,137	88,456	46,213	0	217,546	(11,203)	206,343
Service charge income	1,182	8,739	6,189	14,594	0	30,704	(2,770)	27,934
Service charge expenses	(1,195)	(10,165)	(6,304)	(16,326)	0	(33,990)	2,905	(31,085)
Property expenses	(2,309)	(9,867)	(16,862)	(6,616)	0	(35,654)	890	(34,764)
<b>Net property income</b>	19,418	49,844	71,479	37,865	0	178,606	(10,178)	168,428
Share of result of joint ventures	0	0	0	0	0	0	1	1
Investment revaluation and disposal of investment properties	(5,677)	(25,049)	24,693	(8,508)	433	(14,108)	5,374	(8,734)
<b>Segment result</b>	13,741	24,795	96,172	29,357	433	164,498	(4,803)	159,695
Net financing result						(72,351)	4,323	(68,028)
Company expenses						(13,814)	0	(13,814)
Investment expenses						(1,349)	8	(1,341)
Other income						1,796	1,081	2,877
<b>Profit before taxation</b>						78,780	609	79,389
Current tax						(662)	780	118
Deferred tax						(3,532)	(1,389)	(4,921)
<b>Profit after taxation</b>						74,586	0	74,586

Acquisitions, divestments and capital expenditure (including capitalised interest)	107,300	(39,275)	41,497	38,118	0	147,640	(9,705)	137,935
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As per 30-06-19 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	554,400	990,100	1,568,100	887,885	0	4,000,485	(207,100)	3,793,385
Property investments under development	0	1,700	0	0	0	1,700	0	1,700
Investment in joint ventures	0	0	0	0	0	0	108,156	108,156
Tangible fixed assets	7	329	605	140	252	1,333	0	1,333
Receivables	5,974	23,698	13,554	3,061	794	47,081	4,393	51,474
Cash and deposits	1,585	58,779	32,700	62,693	(80,191)	75,566	(10,355)	65,211
Property investments held for sale	0	199,000	0	0	0	199,000	0	199,000
<b>Total assets</b>	561,966	1,273,606	1,614,959	953,779	(79,145)	4,325,165	(104,906)	4,220,259
Creditors	7,756	28,114	31,400	25,706	3,928	96,904	(9,739)	87,165
Non-current creditors	788	9,106	1,489	128	0	11,511	(708)	10,803
Borrowings	284,835	429,179	876,295	363,830	41,000	1,995,139	(84,770)	1,910,369
Derivative financial instruments	9,746	2,904	112,048	1,325	0	126,023	(2,880)	123,143
Deferred tax liabilities	0	0	115,282	72,912	0	188,194	(6,809)	181,385
Provision for pensions	0	0	0	0	835	835	0	835
<b>Total liabilities</b>	303,125	469,303	1,136,514	463,901	45,763	2,418,606	(104,906)	2,313,700

\* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its offices in Amsterdam and London.

## Notes to the consolidated financial statements continued

### 3. Exchange rates

It is generally the Company's policy for non-euro investments to use debt denominated in the currency of investment to provide a (partial) hedge against currency movements. Exceptionally, forward contracts may be entered into from time to time when debt instruments are inappropriate for cost or other reasons. The only non-euro investment assets and liabilities of the Company are in Sweden. As at 31 December 2020, €1 was SEK 10.0343 (30 June 2019: SEK 10.5633).

### 4. Rental income and service charge income and expenses

#### Rental income

Rental income in the current financial reporting period comprised:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Gross lease payments collected/accrued	306,879	205,766	204,246	207,350
COVID-19 rent concessions	(3,767)	0	(3,767)	0
COVID-19 state support	1,635	0	1,635	0
Entry fees received/accrued	848	577	591	509
Amortisation of rent concessions	(1,968)	0	(1,968)	0
	<b>303,627</b>	206,343	200,736	207,859

The Group leases out its property investments under operating leases of various expiry terms. The leases specify the space, the rent, the other rights and obligations of the landlord and the tenant, including notice periods, renewal options and service charge arrangements. In general, the rent is indexed annually over the term of the lease.

Entry fees are defined as non-recurring amounts received from a new or existing tenant in connection with a new or renewed lease. Such proceeds must be straight-lined over the term of the lease. This term is defined as the period to the first possible date the tenant can terminate the lease.

The future aggregated minimum guaranteed rent (turnover rent not included) receivable under non-cancellable operating leases and to the first possible tenant break option amounts approximately to:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000
– less than one year	176,700	170,900
– between one and five years	316,661	319,310
– more than five years	155,864	169,940
	<b>649,255</b>	660,150

Approximately 0.99% of the rental income for the financial reporting period ended 31 December 2020 is turnover rent (2018/2019: 1.63%).

The Company has recognised €1.6 million of government assistance in relation to rent concessions for the financial reporting period.

The following table sets out a maturity analysis of the rent concessions granted and accounted for under IFRS 16:

	Eighteen months ended 31-12-20 €'000
– less than one year	2,915
– between one and five years	4,331
– more than five years	677
	<b>7,923</b>

#### Service charge income and expenses

Service charge income of €43.7 million (2018/2019: €27.9 million) represents income receivable from tenants for the services of utilities, caretakers etc. when the Group acts as principal.

Service charge expenses of €50.0 million (2018/2019: €31.1 million) represent costs related to the services of utilities, caretakers etc. which are rendered to tenants. The service charge expenses can be higher than the service charge income as costs are not always fully recoverable from tenants.



## 5. Property expenses

Property expenses in the current financial reporting period were:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
<b>Direct property expenses</b>				
Bad debts	4,827	515	4,198	801
Centre marketing expenses	3,218	2,966	2,115	2,618
Impairment on tenant receivables (COVID-19 rent concessions)	10,006	0	10,006	0
Insurance premiums	1,411	837	981	893
Managing agent fees	4,365	3,626	2,818	3,225
Property taxes	5,285	3,500	3,531	3,504
Repair and maintenance	1,440	820	854	920
Shortfall service charges	1,743	1,160	1,079	1,122
	<b>32,295</b>	<b>13,424</b>	<b>25,582</b>	<b>13,083</b>
<b>Indirect property expenses</b>				
Accounting fees	1,009	708	701	718
Audit fees	751	405	556	384
Depreciation fixed assets	989	949	640	895
Depreciation right-of-use assets	1,204	0	820	384
Dispossession indemnities	138	173	75	143
Italian local tax (IRAP)	323	1,352	(92)	1,091
Legal and other advisory fees	3,524	2,071	2,383	2,321
Letting fees and relocation expenses	1,780	1,485	1,138	1,510
Local office and accommodation expenses	2,304	1,734	1,557	1,597
Pension contributions	230	183	146	173
Salaries, wages and bonuses	9,406	6,602	5,838	6,643
Social security charges	4,171	2,861	2,692	2,963
Performance shares granted (IFRS 2)	(308)	587	(495)	450
Travelling expenses	501	976	82	899
Other local taxes	1,104	944	599	1,044
Other expenses	206	310	136	245
	<b>27,332</b>	<b>21,340</b>	<b>16,776</b>	<b>21,460</b>
	<b>59,627</b>	<b>34,764</b>	<b>42,358</b>	<b>34,543</b>

Indirect property expenses include the expenses of the Brussels, Milan, Paris and Stockholm offices. Depreciation right-of-use assets include the depreciation of right-of-use assets related to operating leases for the Company's Group offices in Milan (€666,000), Paris (€258,000) and Stockholm (€280,000). These leases are standard lease contracts with no contingent rents and sublease payments and expire in February 2024, September 2028 and September 2022 respectively. The depreciation of fixed assets for the financial reporting period is €7,000 for the Brussels office (2018/2019: €3,000), €302,000 (2018/2019: €531,000) for the Paris office, €597,000 (2018/2019: €354,000) for the Milan office and €83,000 (2018/2019: €61,000) for the Stockholm office.

## Notes to the consolidated financial statements continued

### 6. Investment revaluation and disposal of investment properties

Realised and unrealised value movements on investments in the current financial reporting period were:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Revaluation of property investments	(150,108)	(1,146)	(149,384)	16,904
Revaluation of property investments under development	869	(385)	984	(404)
Revaluation of property investments held for sale	0	(8,021)	0	(8,021)
Divestment property sold	(8,860)	661	(7,663)	(1,214)
Elimination of accrued entry fees	(611)	(99)	(489)	(169)
Elimination of capitalised letting fees	(350)	(214)	(858)	37
Elimination of COVID-19 rent discounts	(7,092)	0	(7,092)	0
Movement long-term creditors	1,122	13	1,128	(75)
Foreign currency results	813	457	656	653
	<b>(164,217)</b>	<b>(8,734)</b>	<b>(162,718)</b>	<b>7,711</b>

The divestment property sold of €8.9 million negative, is mainly related to the foreign currency result of the disposal of the Swedish investments. The movement of foreign currency results includes a realised amount of €960,000 positive (2018/2019: €177,000 positive) and an unrealised amount of €147,000 negative (2018/2019: €280,000 positive) and comprises foreign currency results on cash, receivables, creditors and other assets and liabilities.

### 7. Net financing costs

Net financing costs in the current financial reporting period comprised:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Interest income	35	32	20	37
Gross interest expenses	(62,249)	(45,018)	(40,486)	(44,997)
Interest on put option	(2,816)	0	(2,816)	0
Capitalised interest	1,145	700	694	636
Fair value movement derivative financial instruments	(6,843)	(23,742)	(17,435)	(13,299)
Movement in present value put option (other than interest)	5,157	0	5,157	0
	<b>(65,571)</b>	<b>(68,028)</b>	<b>(54,866)</b>	<b>(57,623)</b>

Gross interest expense consists of interest on lease liabilities, interest payable on loans calculated using the effective interest rate method and on derivative financial instruments. The interest payable to finance the extension/acquisition of an asset is capitalised until completion/acquisition date and is reported as capitalised interest. The interest rate used for capitalised interest during this financial year was 1.9% (2018/2019: 1.9%).

The interest expenses related to lease liabilities for the financial reporting period were €108,000.

## 8. Company expenses

Company expenses in the current financial reporting period comprised:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-2020 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Audit fees	430	384	292	362
Depreciation fixed assets	369	209	215	271
Depreciation right-of-use assets	393	0	259	134
Directors' fees	4,231	2,658	2,741	3,074
IT expenses	1,347	993	854	979
Legal and other advisory fees	1,669	817	1,221	898
Marketing expenses	758	616	407	710
Office and accommodation expenses	2,556	2,071	1,649	1,992
Pension costs*	52	48	32	55
Pension contributions*	755	427	525	480
Salaries, wages and bonuses	3,338	3,037	2,094	2,377
Social security charges	546	410	363	387
Statutory costs	721	452	496	490
Performance shares granted (IFRS 2)	(211)	488	(409)	430
Travelling expenses	293	482	92	428
Other expenses	847	722	584	622
	<b>18,094</b>	<b>13,814</b>	<b>11,415</b>	<b>13,689</b>

\* The pension costs are allocated to the indirect investment result and the pension contributions are allocated to the direct investment result.

Depreciation right-of-use assets include leases for the Company's head office at Herengracht 469, Amsterdam. This lease is a standard lease contract with no contingent rents and sublease payments and expires in September 2023. The depreciation of fixed assets for the financial reporting period is €369,000 (2018/2019: €208,000).

## 9. Personnel costs

Total personnel costs in the current financial reporting period comprised:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-2020 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Salaries and wages	15,957	10,825	10,618	10,710
Social security charges and taxes	4,994	3,450	3,232	3,563
Pension costs	1,357	821	949	926
Bonuses	0	937	(661)	754
Performance shares granted (IFRS 2)	(1,496)	2,150	(1,808)	1,300
	<b>20,812</b>	<b>18,183</b>	<b>12,330</b>	<b>17,253</b>

Total personnel costs are partly presented under (indirect) property expenses (€13,499,000 (2018/2019: €10,233,000)), partly under company expenses (remuneration of the members of the Board of Management inclusive) (€8,290,000 (2018/2019: €7,068,000)) and partly under investment expenses (€977,000 negative (2018/2019: €1,131,000)). These expenses do not include the remuneration of the members of the Supervisory Board. The pension costs consist of €755,000 of pension contributions (2018/2019: €658,000) and a positive amount of €52,000 of fair value movement defined benefit plan (2018/2019: positive amount of €48,000). The bonuses paid to senior executives are directly linked to the annual growth in the Company's net asset value, the dividend per depositary receipt and the annual relative performance as per the end of the financial year of the listed depositary receipts of the Company compared with a peer group of ten listed retail property companies. For this financial reporting period, there was no growth and no relative outperformance as in 2018/2019. Therefore, no bonuses were paid or granted. The Group employed an average of 94 full-time equivalent persons during the financial reporting period (2018/2019: 89), of whom 16 are resident in The Netherlands, 8 in the UK, 27 in France, 32 in Italy and 11 in Sweden. The Group staff (members of the Board of Management excluded) holds 103,247 depositary receipts, representing 0.21% of the issued share capital of the Company.

## Notes to the consolidated financial statements continued

### 10. Investment expenses

Investment expenses in the current financial reporting period comprised:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 31-12-20 for illustrative purposes €'000	Twelve months ended 31-12-19 for illustrative purposes €'000
Aborted acquisition costs	123	73	7	150
Bonuses linked to NAV growth and relative outperformance	0	40	0	40
Social security charges and taxes related to bonuses linked to NAV growth and relative outperformance	0	16	0	16
Performance shares granted (IFRS 2)	(977)	1,075	(904)	421
Property valuation fees	621	457	446	439
Other income/expenses	20	(320)	18	(348)
	<b>(213)</b>	1,341	(433)	718

### 11. Other income

Other income is related to advisory, management and guarantee fees received from joint ventures and recharges of local management fees to tenants.

### 12. Taxation

Total tax in the current financial reporting period comprised:

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000
Current tax Italy	(4)	(108)
Current tax Belgium	410	0
Current tax Sweden	394	0
Current tax United Kingdom	(7)	(10)
Current tax	793	(118)
Deferred tax on unrealised value movements investment property Italy and Sweden	(94,001)	9,317
Deferred tax on properties sold	(3,980)	0
Deferred tax on unrealised value movements derivative financial instruments Italy and Sweden	(1,673)	12,993
Movement tax losses recognised Italy and Sweden	1,380	(17,389)
Deferred tax	(98,274)	4,921
Total tax	<b>(97,481)</b>	4,803

## 12. Taxation continued

	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000
Tax-exempt income (including effect of FBI, FIIS and SIIC)	26,370	30,483
Result before tax attributable to Swedish tax rate of 21.4%/20.6%	(7,853)	7,725
Result before tax attributable to Italian tax rate of 24%	(23,373)	41,193
Result before tax attributable to UK tax rate of 20%	(27)	(12)
Result before taxation	(4,883)	79,389
Tax on result before tax attributable to Swedish taxable subsidiaries at a tax rate of 21.4%/20.6%	(1,618)	1,591
Tax on result before tax attributable to Italian taxable subsidiaries at a tax rate of 24%	(5,610)	9,754
Tax on result before tax attributable to UK taxable subsidiary at a tax rate of 19.75%	(5)	(2)
Property investments fiscal step up and realignment	(100,422)	(5,140)
Usage of unrecognised tax losses Italy and Sweden	(63)	0
Change in tax base	0	(1,843)
Non-taxable income/expense Belgium, Italy, Sweden and UK	10,237	443
Total tax	(97,481)	4,803

The result before taxation does not include the share of the result from joint ventures.

The result attributable to Italy of €23.4 million negative is related to negative revaluation and the result attributable to Sweden of €7.9 million negative is mainly related to negative foreign currency results on sale of investment. The negative movement in deferred tax of €100.4 million is the result of a fiscal step up of the Company's Italian entities' assets, which implies a realignment of the fiscal values of the tangible and intangible assets to their market values. As a consequence, the deferred tax liabilities relevant to the Italian assets have been cancelled and a deferred tax asset of €24.9 million has been recorded (see note 21). This step up was made mostly at a 3% substitute tax rate (compared to the 24% or 27.9% standard Italian corporate tax rates), resulting in a tax paid in the current financial year of €1.9 million and amounts of €12.4 million to be paid in the financial year 2021 and €15.7 million to be paid in the next two years. It is expected to recover these amounts in a short period of time through the tax savings that the Company will incur in Italy thanks to the increased fiscally deductible depreciation.

As an Investment Institution under Netherlands tax law (fiscale beleggingsinstelling), the Company is subject to a nil rate of Netherlands corporate income tax. In Belgium the revenues and capital gains are exempt as a "Fonds d'investissement immobilier spécialisé" (FIIS) and the revenues and capital gains from the French portfolio of the Company are tax-exempt as a "Société d'investissements immobiliers cotée" (SIIC).

In Italy and Sweden, the properties are held by taxable entities. In Italy, the nominal tax rate is 24% or 27.9% depending on the type of property and in Sweden the nominal tax rate is 21.4% and 20.6% has been applied for deferred tax. The nominal tax rate for the subsidiary in the United Kingdom is 20%.

The issued notices by the Italian Tax Authorities related to the financial years from 2009/2010 to 2012/13 of the Italian subsidiary Eurocommercial Properties Italia S.r.l. have been renounced by the tax authorities after first and second degree tax court decisions in favour of the Company. The relevant litigations therefore ended without any liability for the Company.

In December 2017, the Italian tax authorities issued two notices of assessment on property depreciation for the fiscal year 2014/2015. In February 2019, the Italian tax court rendered a decision in the first degree in favour of the Company. The Italian tax authorities have appealed against this decision. No provisions have been accounted for in the financial statements.

## Notes to the consolidated financial statements continued

### 13. Property investments, property investments under development and property investments held for sale

Property investments, property investments under development and property investments held for sale are stated at fair value. It is the Company's policy that all property investments and property investments under development be revalued semi-annually by qualified independent experts. The independent valuation figures for the Company's properties represent the net price expected to be received by the Company from a notional purchaser who would deduct any purchaser's costs including registration tax. All properties in the Group are freehold. The qualified independent valuers have prepared their appraisals in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). These standards require that valuers, among other activities, collect a variety of data, including general economic data, property-specific data and market supply and demand data. Property-specific data includes passing rent and future rent, expenses, lease terms, lease incentives, vacancies, rent concessions, etc. The Board of Management reviews the valuation reports and determines that the source data provided by the Company is processed correctly. The data and valuation methodologies used are set out in the independent valuation reports. All properties were revalued at 31 December 2020.

On 18 September 2019, AG Insurance took a minority stake in the Company's Belgian subsidiary in exchange for the contribution of the Inno department store, valued at €67 million. The Company completed the sale of 50% of Passage du Havre, Paris, France to AXA-IM for a price of €203 million on 30 September 2019. In September 2020, Moraberg Retail Park, Södertälje Sweden was sold. The transaction was based on a sale price of SEK 431 million, equal to the valuation of the property as per 30 June 2020. Furthermore, the Company has sold the completely redeveloped Bronsen retail park, Norrköping in Sweden, based on a property price of SEK 225 million in December 2020. Also in December 2020, Eurocommercial announced that it has sold Les Trois Dauphins in Grenoble for a price of €34.4 million. This transaction was closed on 25 March 2021.

#### Material uncertainty

The valuation standards used by the external independent valuers require that valuers draw attention to uncertain circumstances, if these could have a material effect on the valuation, indicating the cause of the uncertainty and the degree to which this is reflected in the reported valuation. Due to the COVID-19 pandemic, the majority of the valuation reports at 31 December 2020 contained a material uncertainty paragraph as per VPS 3 and VPGA 10 of the RICS Red Book Global. The uncertainty paragraph sets out that COVID-19 has impacted global financial markets and market activity is being impacted in many sectors. As at valuation date, a number of appraisers consider that they can attach less weight to previous market evidence for comparison purposes, to inform their opinions of value. The current response to COVID-19 means that these appraisers are faced with an unprecedented set of circumstances on which to base a judgement. Appraisers set out that the unknown future impact of COVID-19, means that valuations need to be kept under frequent review. The inclusion of the material valuation uncertainty does not mean that the valuation cannot be relied upon, but that there is less certainty than would be otherwise the case. In Belgium, France and Italy, the valuer reported this uncertainty. In France, the valuers reported for 80% and in Italy for 55% of the net value of the property investments, an uncertainty paragraph. The valuations of the Swedish portfolio did not contain an uncertainty paragraph and for the total of the portfolio, 55% of the net value has an uncertainty clause.

#### Purchasers' costs

The total purchasers' costs including registration tax, which are excluded from the fair value of the property investments, property investments under development and property investments held for sale, for the financial reporting period ended 31 December 2020 were as follows:

	31-12-2020					30-06-19				
	Belgium	France	Italy	Sweden	Total	Belgium	France	Italy	Sweden	Total
Purchasers' costs (%)	2.5	6.8	1.5	1.0	2.8	2.5	6.0	1.5	1.0	2.8
Purchasers' costs (€'000)	14,790	62,103	21,801	9,010	107,704	13,893	68,461	21,598	8,897	112,849

#### Vacancy

EPRA vacancy for the property portfolio is 1.6% (30 June 2019: 1.0%).

#### Fair value hierarchy

Property investments, including property investments under development and property investments held for sale are at level 3.

### 13. Property investments, property investments under development and property investments held for sale continued

#### Property portfolio

The current property portfolio is:

	31-12-20 Net value €'000	30-06-19 Net value €'000	31-12-20 Costs to date €'000	30-06-19 Costs to date* €'000
Belgium	589,800	554,400	653,121	577,751
France	918,000	1,140,100	637,369	723,607
Italy	1,406,500	1,411,700	1,038,786	976,812
Sweden	901,348	887,885	753,295	776,286
<b>Total</b>	<b>3,815,648</b>	<b>3,994,085</b>	<b>3,082,571</b>	<b>3,054,456</b>
Less: Property investments under development	(4,400)	(1,700)	(9,931)	(8,099)
Less: Property investments held for sale	(34,400)	(199,000)	(28,340)	(96,350)
<b>Property investments</b>	<b>3,776,848</b>	<b>3,793,385</b>	<b>3,044,300</b>	<b>2,950,007</b>

\* The comparative figures have been restated with regard to the cost price of the Swedish properties.

The amount of €34,400 of investment property held for sale relates to Les Trois Dauphins, Grenoble (2018/2019: €199,000 related to Passage du Havre, Paris). The investment property under development of €4,400 (2018/2019: €1,700) relates to a parcel of land next to Shopping Etrembières (partly owned via a joint venture).

#### Assumptions and sensitivity analysis

The assumptions and sensitivity analysis of the valuations are made by the valuers and represent the property investments, excluding land and property held for development. The following assumptions were applied as per 31 December 2020:

	31-12-20				30-06-19			
	Belgium	France	Italy	Sweden	Belgium	France	Italy	Sweden
Passing rent per m <sup>2</sup> (€; average)	567	261	312	237	693	292	312	216
Estimated rent value per m <sup>2</sup> (€; average)	551	270	326	240	660	297	325	226
Net initial yield (%; average)	4.1	4.8	5.3	4.9	3.9	4.5	5.1	4.8
Reversionary yield (%; average)	4.3	5.3	5.7	5.1	4.1	4.8	5.4	5.2
Inflation rate (%; min/max)*	n.a.	1.5	1.1/1.7	1.0/2.2	n.a.	1.7	1.0/1.6	2.0/2.2
Long-term growth in rental value (%; min/max)*	n.a.	1.5	1.0/1.7	n.a.	n.a.	1.2/1.9	1.5/1.6	n.a.

\* When DCF method is used.

The DCF valuation is used by all valuers, except in France where the valuers use the capitalisation method. There were no changes in valuation method compared to previous valuation.

A sensitivity analysis of the valuations is based on the assumptions of 1) the increase/decrease in net initial yield (NIY) and 2) the increase/decrease of the estimated rental value (ERV). The amounts reflect the increase or decrease of the net value of the respective property portfolio.

	31-12-20					30-06-19				
	Belgium €'000	France €'000	Italy €'000	Sweden €'000	Total €'000	Belgium €'000	France €'000	Italy €'000	Sweden €'000	Total €'000
Increase average NIY by 25 bps	(32,146)	(42,122)	(50,390)	(35,744)	(160,402)	(32,020)	(61,193)	(63,760)	(37,330)	(194,303)
Increase average NIY by 50 bps	(60,868)	(80,062)	(95,950)	(72,869)	(309,749)	(60,460)	(113,675)	(123,000)	(72,650)	(369,785)
Decrease average NIY by 25 bps	42,058	46,688	54,940	50,967	194,653	35,120	68,852	69,320	49,290	222,582
Decrease average NIY by 50 bps	77,298	98,766	115,330	101,901	393,295	77,260	146,151	147,150	100,100	470,661
Increase ERV of 5%	28,751	33,066	39,950	36,280	138,047	27,075	39,280	41,410	32,470	140,235
Increase ERV of 10%	57,502	65,789	78,780	75,051	277,122	54,160	81,310	82,950	66,740	285,160
Decrease ERV of 5%	(28,761)	(31,711)	(39,910)	(38,572)	(138,954)	(25,785)	(42,033)	(41,320)	(34,340)	(143,478)
Decrease ERV of 10%	(57,512)	(66,446)	(79,850)	(76,148)	(279,956)	(49,230)	(82,357)	(82,380)	(67,770)	(281,737)

## Notes to the consolidated financial statements continued

### 13. Property investments, property investments under development and property investments held for sale continued

Changes in property investments and property investments held for sale for the financial reporting period ended 31 December 2020 were as follows:

	Property investments 31-12-20 €'000	Property investments held for sale 31-12-20 €'000	Property investments 30-06-19 €'000*	Property investments held for sale 30-06-19 €'000*
Book value at beginning of the period	3,793,385	199,000	3,761,655	0
Acquisitions	0	0	119,946	0
Capital expenditure – general	7,761	0	6,810	0
Capital expenditure – extensions and refurbishments	107,694	0	45,350	0
Contribution in kind of property investment	67,000	0	0	0
Capitalised interest	1,145	0	357	0
Capitalised letting fees	350	0	321	0
Capitalised rent concessions	7,092	0	0	0
Elimination of capitalised letting fees	(350)	0	(321)	0
Elimination of capitalised rent concessions	(7,092)	0	0	0
Revaluation of property investments	(145,387)	0	(1,146)	0
Revaluation of property investments held for sale	0	(4,721)	0	(8,021)
Reallocation from property investments held for sale	(39,121)	39,121	(207,021)	207,021
Reallocation from property investments under development	0	0	127,588	0
Book value divestment property	(63,271)	(199,000)	(48,800)	0
Exchange rate movement	47,642	0	(11,354)	0
Book value at end of the period	3,776,848	34,400	3,793,385	199,000

\* The comparative figures have been restated with regard to the capital expenditures.

The capitalised the rent concessions movement of €7.0 million is related to COVID-19 for the properties in Italy as a result of the application of IFRS 16. The capitalised rent concessions will be amortised to the next break date of the lease. As the properties are reported at fair value, a revaluation of €7.0 million negative is recorded as elimination of capitalised rent concessions for this movement.

Changes in property investments under development for the financial reporting period ended 31 December 2020 were as follows:

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	1,700	113,929
Reallocation to property investments	0	(127,588)
Capital expenditure	1,831	13,712
Capitalised interest	0	343
Capitalised letting fees	0	(107)
Elimination of capitalised letting fees	0	107
Revaluation property investments under development	869	(385)
Exchange rate movement	0	1,689
Book value at end of the period	4,400	1,700



## 14. Investments in joint ventures

The French and Italian joint ventures reported in this statement have a calendar year end, like the Group which changed its year end to December. There are no contingent liabilities or other post balance sheet events in the joint ventures other than mentioned below. There are no unrecognised losses and no restrictions on the joint ventures' cash dividends or on the repayment of loans and advances. During this financial reporting period, dividends for a total amount of €2.5 million were paid by the joint ventures (2018/2019: €1.3 million).

In July 2019, the Italian joint venture Galleria Verde purchased from the other joint venture partner Iper Montebello (Finiper Group) the former hypermarket of the centre Fiordaliso at a price of €21 million. The property is being renovated and, after the opening in March 2021 by Finiper of a new external hypermarket, it will be converted into 7,000m<sup>2</sup> of (already pre-let) new shops and a multi-level car park. The last instalment of the purchase price €9.9 million has been paid in April 2021.

The French joint ventures are funded both by the Group and its partner. The Italian joint venture is financed by ING and BNP Paribas who granted a loan of €179 million, maturing in 2026 with mortgage on the Gallery and by Intesa Sanpaolo who granted in December 2020 a new loan of €21 million maturing in 2024 with a mortgage on the retail park. In July 2020, the joint venture entered in a new State guaranteed bank loan with Banca Popolare di Milano for €5.5 million for a term of three years at market pricing conditions. The loans are hedged with interest rate swaps for a notional amount of €160 million, with an average maturity of three years and an average rate 0.21%.

Property	Etrembières	Fiordaliso	Total*	Etrembières	Fiordaliso	Total
Country	France	Italy		France	Italy	
ECP ownership	50%	50%		50%	50%	
Company name	SCI Winter and SCI Val Commerces	Galleria Verde S.r.l.		SCI Winter and SCI Val Commerces	Galleria Verde S.r.l.	
	Eighteen months ended 31-12-20 €'000	Eighteen months ended 31-12-20 €'000	Eighteen months ended 31-12-20 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 30-06-19 €'000	Twelve months ended 30-06-19 €'000
<b>Summarised profit or loss account</b>						
Rental income	7,612	25,480	33,092	5,116	17,290	22,406
Property expenses	(396)	(1,904)	(2,300)	(96)	(1,684)	(1,780)
Service charge income	2,038	7,000	9,038	654	4,886	5,540
Service charge expenses	(2,024)	(7,206)	(9,230)	(636)	(5,174)	(5,810)
Investment revaluation	(6,832)	(13,522)	(20,354)	28	(10,776)	(10,748)
Net interest expenses	0	(4,194)	(4,194)	0	(2,960)	(2,960)
Net derivatives movements	0	(558)	(558)	0	(5,686)	(5,686)
Other expenses to Group companies	0	(4,376)	(4,376)	0	(2,162)	(2,162)
Financial and investment expenses	(10)	(16)	(26)	(4)	(12)	(16)
Deferred tax	0	30,842	30,842	0	2,778	2,778
Corporate income tax	0	88	88	0	(1,560)	(1,560)
<b>Result after taxation</b>	<b>388</b>	<b>31,634</b>	<b>32,022</b>	<b>5,062</b>	<b>(5,060)</b>	<b>2</b>
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>388</b>	<b>31,634</b>	<b>32,022</b>	<b>5,062</b>	<b>(5,060)</b>	<b>2</b>
<b>ECP share of total comprehensive income</b>	<b>194</b>	<b>15,817</b>	<b>16,011</b>	<b>2,531</b>	<b>(2,530)</b>	<b>1</b>

## Notes to the consolidated financial statements continued

## 14. Investments in joint ventures continued

Property	Etrembières	Fiordaliso	Total	Etrembières	Fiordaliso	Total
Country	France	Italy		France	Italy	
ECP ownership	50%	50%		50%	50%	
Company name	SCI Winter and SCI Val Commerces	Galleria Verde S.r.l.		SCI Winter and SCI Val Commerces	Galleria Verde S.r.l.	
Summarised statement of financial position	31-12-20 €'000	31-12-20 €'000	31-12-20 €'000	30-06-19 €'000	30-06-19 €'000	30-06-19 €'000
Property investments	94,600	347,400	442,000	101,400	312,800	414,200
Cash and deposits	1,786	6,146	7,932	2,760	17,950	20,710
Debtors	5,740	2,186	7,926	2,326	888	3,214
Deferred tax assets	0	15,160	15,160	0	0	0
Derivatives financial instruments (non-current)	0	0	0	0	0	0
<b>Total assets</b>	<b>102,126</b>	<b>370,892</b>	<b>473,018</b>	<b>106,486</b>	<b>331,638</b>	<b>438,124</b>
Creditors (current)	376	21,062	21,438	58	19,420	19,478
Borrowings (current)	0	1,726	1,726	0	4,452	4,452
Loan from Group companies (current)	0	9,246	9,246	0	12,000	12,000
Creditors (non-current)	900	5,916	6,816	972	444	1,416
Borrowings (non-current)	0	183,280	183,280	0	165,088	165,088
Derivatives financial instruments (non-current)	0	6,318	6,318	0	5,760	5,760
Deferred tax	0	0	0	0	13,618	13,618
<b>Total liabilities</b>	<b>1,276</b>	<b>227,548</b>	<b>228,824</b>	<b>1,030</b>	<b>220,782</b>	<b>221,812</b>
<b>Net assets</b>	<b>100,850</b>	<b>143,344</b>	<b>244,194</b>	<b>105,456</b>	<b>110,856</b>	<b>216,312</b>
<b>ECP share of net assets in joint ventures</b>	<b>50,425</b>	<b>71,672</b>	<b>122,097</b>	<b>52,728</b>	<b>55,428</b>	<b>108,156</b>

## 15. Tangible fixed assets

Tangible fixed assets represent office equipment and inventory for the Company's head office at Herengracht 469, Amsterdam and the Group offices at Via della Moscova 3, Milan; 107, rue Saint Lazare, Paris and Kungsgatan 48, Stockholm as well as the right-of-use assets related to the lease of these offices. The costs for office equipment and inventory are depreciated over the expected useful lives of the assets concerned varying from two to five years. The movements in the current and the previous financial reporting period were:

	Right-of-use assets €'000	Office equipment €'000	Total €'000
Book value at 1 July 2018	0	1,717	1,717
Additions	0	776	776
Depreciation	0	(1,158)	(1,158)
Exchange rate movement	0	(2)	(2)
Book value at 30 June 2019	0	1,333	1,333
<b>Book value at 1 July 2019</b>	<b>3,954</b>	<b>1,333</b>	<b>5,287</b>
Additions	1,165	1,264	2,429
Disposals	0	(29)	(29)
Depreciation	(1,597)	(1,358)	(2,955)
Exchange rate movement	19	3	22
<b>Book value at 31 December 2020</b>	<b>3,541</b>	<b>1,213</b>	<b>4,754</b>
	Right-of-use assets €'000	Office equipment €'000	Total €'000
<b>Cost at 31 December 2020</b>	<b>5,119</b>	<b>9,198</b>	<b>14,317</b>
Accumulated depreciation	(1,597)	(7,940)	(9,537)
Accumulated exchange rate movement	19	(45)	(26)
<b>Book value at 31 December 2020</b>	<b>3,541</b>	<b>1,213</b>	<b>4,754</b>

During the financial year ended 31 December 2020, tangible fixed assets with a total cost price of €146,000 were disposed of or out of use (30 June 2019: €373,000).

## 16. Receivables

	31-12-20 €'000	30-06-19 €'000
Funds held by managing agents	6,225	3,476
Loan to joint venture	5,100	12,000
Rents receivable	41,862	27,174
Provision for bad debts	(6,846)	(1,594)
Provision for bad debts – COVID-19 rent concessions	(3,174)	0
VAT receivable	745	4,002
Prepaid tax	1,486	1,828
Settlement service charges	5,235	2,167
Deposit gift cards	2,290	0
Other receivables and prepayments	6,133	2,421
	<b>59,056</b>	<b>51,474</b>

Many lessees faces financial difficulties due to the Government mandated closure of their business. This causes a significant deterioration in collectability of lease payments. Under IFRS9, the lease receivables are subject to impairment testing. When the landlord has invoiced the rent as defined according to the existing contract and the tenant does not pay, the (expected) risk related losses are fully recognised in property expenses.

Receivables at 31 December 2020 include an amount of €243,000 (30 June 2019: €381,000) which is due after one year.

## 17. Cash and deposits

Cash and deposits consist of amounts held as bank balances and other liquid assets. All bank balances and deposits are freely available.

	31-12-20 €'000	30-06-19 €'000
Bank balances	60,417	65,180
Deposits	18	31
	<b>60,435</b>	<b>65,211</b>

## 18. Creditors

	31-12-20 €'000	30-06-19 €'000
<b>(i) Current liabilities</b>		
Corporate tax payable	12,387	0
Interest payable	6,737	8,126
Lease liabilities (current)	1,016	0
Local and property tax payable	3,576	450
Payable on purchased property/extensions	25,426	21,917
Rent received in advance	25,415	35,117
Service charge accruals	6,857	2,959
VAT payable	3,298	2,537
Gift card debts	2,290	0
Other creditors and accruals	21,714	16,059
	<b>108,716</b>	<b>87,165</b>
<b>(ii) Non-current liabilities</b>		
Corporate tax payable	17,535	0
Lease liabilities (non-current)	2,574	0
Tenant rental deposits	9,233	10,803
	<b>29,342</b>	<b>10,803</b>

The corporate tax payable of €12.4 million and €17.5 million under the current liabilities and the non-current liabilities respectively is due to the fiscal step up payable in Italy the next financial year and the two years thereafter.

## Notes to the consolidated financial statements continued

### 19. Borrowings

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	1,910,369	1,747,754
IFRS adjustments	0	6,488
Drawdown of funds	268,726	494,854
Repayments	(458,445)	(333,381)
Exchange rate movement	18,871	(3,078)
Movement prepaid borrowing costs	1,567	(2,268)
Book value at end of the period	1,741,088	1,910,369

73% of the borrowings are at a floating interest rate (30 June 2019: 73%), rolled over for a period of generally three months. The interest rate risk is managed by using interest rate swaps and other derivatives. 27% of the borrowings are at a fixed interest rate and the interest rate risk is managed by fixing the interest to maturity at the drawdown date (30 June 2019: 27%).

	Borrowings €'000	Borrowing cost €'000	31-12-20 €'000	Fair value €'000	31-12-20 %	30-06-19 €'000	Fair value €'000	30-06-19 %
Borrowings with floating interest rate	1,279,673	7,251	1,272,422	1,279,673	73	1,393,970	1,402,565	73
Borrowings with fixed interest rate	471,743	3,077	468,666	520,415	27	516,399	568,718	27
Total borrowings	1,751,416	10,328	1,741,088	1,800,088	100	1,910,369	1,971,283	100

The fair value of the borrowings with a fixed interest rate from drawdown date to maturity is based on a model taking into account the appropriate swap curve of the underlying loan.

The borrowings are all directly from major banks, with the exception of one loan which is from an insurance company, with an average committed unexpired terms of nearly five and half years. Borrowings of €1,644 million are secured on property (30 June 2019: €1,819 million). The average interest rate during the financial reporting period ended 31 December 2020 on non-current borrowings including hedges was 2.3 % (2018/2019: 2.3%). The average interest rate is calculated as the weighted average interest rate over the remaining principals until the respective interest maturity dates. There have been no defaults during the financial reporting period in respect of any of the borrowings at 31 December 2020.

	Secured €'000	Unsecured €'000	Total borrowings €'000	31-12-20 Average interest rate during the reporting period %	30-06-19 Total borrowings €'000
<b>Borrowings maturity profile</b>					
Current borrowings	128,998	76,029	205,027	1.0	143,221
Non-current borrowings:					
One to two years	140,606	10,750	151,356		173,920
Two to five years	643,180	10,750	653,930		591,676
Five to ten years	653,542		653,542		884,566
More than ten years	87,561		87,561		128,881
Total non-current borrowings	1,524,889	21,500	1,546,389	2.3	1,779,043
Borrowing costs	(10,328)		(10,328)		(11,895)
Total borrowings	1,643,559	97,529	1,741,088	2.1	1,910,369

## 19. Borrowings continued

Currency and interest rate profile	Fixed rate borrowings €'000*	Floating rate borrowings €'000**	Total borrowings €'000	Average interest rate at 31-12-20 %	Average interest maturity in years	Average maturity of borrowings in years
<b>2019/2020</b>						
Euro	252,445	1,136,362	1,388,807	2.1	6.6	5.1
Swedish krona	219,298	143,311	362,609	1.9	3.3	3.4
Borrowing costs	(3,077)	(7,251)	(10,328)			
	<b>468,666</b>	<b>1,272,422</b>	<b>1,741,088</b>	<b>2.0</b>	<b>6.5</b>	<b>4.7</b>
<b>2018/2019</b>						
Euro	1,192,489	364,948	1,557,437	2.3	6.7	5.7
Swedish krona	300,569	64,258	364,827	1.8	4.8	4.5
Borrowing costs	(3,300)	(8,595)	(11,895)			
	<b>1,489,758</b>	<b>420,611</b>	<b>1,910,369</b>	<b>2.2</b>	<b>6.6</b>	<b>5.4</b>

\* Fixed rate borrowings consist of ten fixed rate loans and external floating interest rate financing for which fixed interest rate swaps are in place with a remaining term of more than one year.

\*\* Floating rate borrowings consist of all external financing with a remaining interest period of less than one year taking into account the effect of interest rate swaps.

In the first quarter of 2020, the Company entered into three new loan agreements. In Italy, the existing bank loan with Monte dei Paschi di Siena financing shopping centre Collestrada in Perugia was extended for nine years and the principal of the loan was increased from €40 million to €72 million. Furthermore, two new short-term loans were concluded with ING for an amount of €35 million and with BNP Paribas for an amount of €30 million respectively.

In July 2020, the Italian subsidiaries of the Company entered into two new state guaranteed bank loans, one for €5.5 million with Banca Popolare di Milano for the 50/50 joint venture and one for €21.5 million with Banca Intesa Sanpaolo, both for a term of three years at market pricing conditions. The drawn down funds have to be used for working capital purposes within the Italian group companies.

In December 2020, Eurocommercial renewed two loans for a combined €60 million. A €39 million loan, financing the Samarkand shopping centre in Växjö, Sweden, was renewed with Nordea by way of a green loan expiring in July 2023. A €21 million loan, financing the retail park of the Fiordaliso shopping centre in Milan, Italy (owned in a 50/50 joint venture) with UBI Banca was extended until 2024.

## 20. Financial instruments

## Financial risks

In the normal course of business the Group is exposed to credit risks, liquidity risks, interest rate risks and foreign currency risks. The overall risk management policy focuses on the unpredictable nature of the financial markets with emphasis on minimising any negative impact on the financial performance of the business. The Group closely monitors its financial risk linked to its activities and the financial instruments it uses. However, as the Group is a long-term property investor, it believes that the funding of its investments should also be planned on a long-term basis, reflecting the overall risk profile of the business.

## Credit risk

The credit risk is defined as the unforeseen losses on assets if counterparties should default. The risk related to the possible defaults of the Group's counterparties is minimised by dealing directly with a number of reputable banks for all its borrowings, interest rate swaps, foreign exchange contracts and deposits. These banks in their position as lenders have a credit rating AA- (24%), A+ (18%), A- (6%), BBB+ (7%), BBB- (25%), B (4%) and 16% have no rating from Fitch; and Aa1 (10%), Aa2 (4%), Aa3 (44%), A1 (2%), A3 (4%), Baa1 (25%), Baa3 (2%), Caa1 (4%) and 5% have no rating according to Moody's. The credit risk associated with lease debtors is determined through a detailed analysis of the outstanding debt and mitigated by requiring deposits, upfront payments or bank guarantees from tenants to cover rents for a limited period. The risk is further reduced by investing in mature markets and by choosing major tenants also on the basis of their financial strength. The carrying amounts of the financial assets represent the maximum credit risk and was made up as follows:

Carrying amount of financial assets	Note	31-12-20 €'000	30-06-19 €'000
Receivables	16	59,056	51,474
Derivative financial instruments		188	0
Cash and deposits	17	60,435	65,211
		<b>119,679</b>	<b>116,685</b>

## Notes to the consolidated financial statements continued

### 20. Financial instruments continued

The ageing analysis of the receivables on the balance sheet date was as follows:

	31-12-20				30-06-19			
	Rents receivable €'000	Provision for bad debts €'000	Other receivables €'000	Receivables €'000	Rents receivable €'000	Provision for bad debts €'000	Other receivables €'000	Receivables €'000
Due	16,643	0	0	16,643	23,190	(180)	0	23,010
Overdue by 0–90 days	7,845	58	24,040	31,943	2,189	(167)	25,894	27,916
Overdue by 90–120 days	5,000	(1,340)	0	3,660	146	(146)	0	0
Overdue by more than 120 days	12,374	(5,564)	0	6,810	1,649	(1,101)	0	548
	41,862	(6,846)	24,040	59,056	27,174	(1,594)	25,894	51,474

With respect to the rents receivable, the Group holds rental deposits from its tenants totalling €9.2 million (2019: €10.8 million) in addition to bank guarantees.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets at a reasonable price. In order to reduce liquidity risk, the repayment dates of borrowings are well spread over time and 88% of borrowings are long term, with 42% of borrowings with a remaining term of over five years. The Group aims to enter into long-term loans, preferably five to ten years or longer. At the balance sheet date the average maturity of the borrowings was five years. Group borrowings on a proportional consolidated basis will not exceed 60% of the fair value of the property portfolio on a proportional consolidated basis, which further mitigates risk. The ratios to which the Group has committed itself are monitored at regular intervals. The loan to value ratio at 31 December 2020 was 43.8% (30 June 2019: 45.7%). Apart from these obligations and commitments, the Netherlands fiscal Investment Institution status of the Company imposes financial limits and requires the Company to distribute its fiscal income as a dividend to the shareholders.

For further disclosures on liquidity risk, we refer to the going concern paragraph in note 1b. Basis of preparation of the consolidated financial statements.

The following table shows the undiscounted contractual flows required to pay the Company's financial liabilities:

	31-12-20				30-06-19			
	Total cash flows €'000	Less than 1 year €'000	1–5 years €'000	More than 5 years €'000	Total cash flows €'000	Less than 1 year €'000	1–5 years €'000	More than 5 years €'000
<b>Undiscounted cash flows</b>								
Non-current borrowings	1,546,389	0	805,286	741,103	1,779,043	0	765,597	1,013,446
Current borrowings	205,027	205,027	0	0	143,221	143,221	0	0
Interest derivative financial instruments	131,610	15,950	47,402	68,258	129,025	19,592	51,266	58,167
Financial liability related to put option non-controlling interest	67,000	0	67,000	0	0	0	0	0
Interest on borrowings	100,362	18,425	56,363	25,574	137,695	20,677	70,650	46,368
Non-current creditors	29,113	5,527	22,241	1,345	12,121	3,559	3,648	4,914
Current creditors	108,716	108,716	0	0	87,165	87,165	0	0
	2,188,217	353,645	998,292	836,280	2,288,270	274,214	891,161	1,122,895

#### Foreign currency risk

Foreign exchange risk is the risk that the profitability and shareholders' equity of the Group might be affected by currency fluctuations. Individual subsidiaries primarily execute their operating activities in their respective functional currencies which primarily comprise the euro and the Swedish krona. As a result, the Company has only a rather limited foreign currency exposure related to its day-to-day operations in the various countries. Since the financial reporting currency of the Company is the euro, the financial statements of those non-euro operating subsidiaries are translated so that the financial results can be presented in the Company's consolidated financial statements.

Due to Swedish property investments, the Group is exposed to the Swedish krona, the only significant foreign currency exposure for the Group. However, due to SEK loan facilities, this exposure is partly hedged. SEK borrowings amount to €362 million (30 June 2019: €364 million). The total property investments in Sweden are €901 million (30 June 2019: €888 million). So 40% of this SEK exposure is hedged through these borrowings at 31 December 2020 (30 June 2019: 41%). The remaining exposure is relatively limited compared with the total size of the portfolio and will, in principle, not be hedged. A weakening of this currency by 5% would result, for example, in a decrease of shareholders' equity of only 1.2% and in a decrease of only 1.4% of direct investment result.

**20. Financial instruments** continued**Interest rate risk**

It is the policy of the Company to operate a defensive interest rate hedging policy by using derivatives to protect the Company against increases in interest rates. The Company intends to hedge the majority of its loans outstanding for the medium to long term (five to 15 years). The fair value (mark to market) of the current interest rate hedge instruments as at 31 December 2020 is a negative value of €129.8 million (30 June 2019: negative €123.1 million).

The interest rate hedge instruments as at 31 December 2020 have a weighted average maturity of just over six years and the Company is hedged at an average interest rate of 1.8% (30 June 2019: 1.9%). Only 25% (30 June 2019: 22%) of the total borrowings is at a floating rate without interest hedge. An increase in interest rates of 1% would therefore only have a limited negative impact of an additional annual interest expense of €2.8 million (30 June 2019: €3.1 million) or 2.6% (30 June 2019: 2.6%) of reported direct investment result.

If at 31 December 2020, the euro interest curve and the Swedish krona interest curve were 50 basis points higher, the fair value movement for derivative financial instruments would have increased the shareholders' equity by €32.2 million. If the interest curves were 50 basis points lower, the fair value movement for derivative financial instruments would have decreased the shareholders' equity by €34.7 million. Both calculations assume that all other variables were held constant and do not take into account the impact of deferred tax.

<b>Maturity profile derivative financial instruments</b>	<b>31-12-20</b> Notional amount €'000	<b>31-12-20</b> Fair value €'000	<b>30-06-19</b> Notional amount €'000	<b>30-06-19</b> Fair value €'000
Up to one year	40,447	(265)	103,933	(2,320)
From one year to two years	82,000	(2,279)	141,286	(3,854)
From two years to five years	393,144	(18,743)	255,074	(15,272)
From five years to ten years	261,934	(34,061)	347,000	(26,492)
Over ten years	85,000	(74,245)	145,000	(75,205)
	<b>862,525</b>	<b>(129,593)</b>	992,293	(123,143)

Derivative financial instruments comprise the fair value of interest rate swap contracts entered into to hedge the Group's interest rate exposure.

In addition to the notional amounts of the derivative financial instruments presented in the previous table, the financial instruments portfolio as per the balance sheet date includes forward starting interest rate swaps to extend existing interest rate swaps then maturing for a notional amount of €20 million (2019: €20 million). Although the notional amounts of the aforesaid financial instruments are not included in the previous table, the fair value of these financial instruments is reported.

The Company accounts for the purchase/sale of an interest rate swap at its transaction date.

Net derivative financial instruments as per the end of the financial reporting period comprised:

<b>Total financial instruments</b>	<b>31-12-20</b> €'000	<b>30-06-19</b> €'000
Net derivative financial instruments	(129,593)	(123,143)
Financial liability related to the put option non-controlling interest	(52,464)	0
	<b>(182,057)</b>	(123,143)

Changes in net derivative financial instruments for the financial reporting period ended 31 December 2020 were as follows:

<b>Net derivative financial instruments</b>	<b>31-12-20</b> €'000	<b>30-06-19</b> €'000
Book value at beginning of the period	(123,143)	(99,934)
Fair value movement derivative financial instruments	(6,843)	(35,702)
Settlement derivative financial instruments	462	527
Fair value movement of put option Italy	0	11,960
Exchange rate movement	(69)	6
Book value at end of the period	<b>(129,593)</b>	(123,143)

<b>Financial liability related to the put option non-controlling interest</b>	<b>31-12-20</b> €'000	<b>30-06-19</b> €'000
Book value at beginning of the period	0	0
Initial discounted value put option non-controlling interest	(54,805)	0
Interest put option non-controlling interest	(2,816)	0
Movement of put option non-controlling interest Belgium	5,157	0
Book value at end of the period	<b>(52,464)</b>	0

## Notes to the consolidated financial statements continued

### 20. Financial instruments continued

The put option non-controlling interest Belgium of €52.5 million represents the financial liability related to the put option accounted for at the present value of the liability, where the minority shareholder has the right to sell its shares in Eurocommercial Properties Belgium S.A. The minority shareholder can exercise its rights at its sole discretion after a five year period has lapsed since September 2019. The discount rate applied in the amortised cost calculation is 4.1%. The variable component in the exercise price (net asset value of the subsidiary) is updated as per the reporting date (impact €5.2 million) and according to the accounting policies accounted for in the statement of profit or loss.

#### Effective interest rate and ageing analysis

The following table shows the effective interest rate (variable rate is based on Euribor/Stibor as at 31 December 2020) on financial assets on which interest is receivable and liabilities on which interest is payable as at the balance sheet date. This table also includes an ageing analysis according to interest rate revision dates of these assets and liabilities.

	31-12-20				30-06-19			
	Borrowings floating rate	Borrowings fixed rate	Swaps fixed rate paid	Swaps floating rate received	Borrowings floating rate	Borrowings fixed rate	Swaps fixed rate paid	Swaps floating rate received
Effective interest rate (%)	0.79	2.00	1.35	(0.48)	0.88	1.95	1.87	(0.29)
Up to one year (€'000)	196,958	8,069	25,000	25,000	135,572	7,649	103,933	103,933
From one year to two years (€'000)	143,162	8,194	82,000	82,000	118,644	55,276	141,286	141,286
From two years to five years (€'000)	472,103	181,827	393,144	393,144	418,466	173,210	255,074	255,074
From five years to ten years (€'000)	467,450	186,092	261,934	261,934	729,883	154,683	347,000	347,000
Over ten years (€'000)	0	87,561	85,000	85,000	0	128,881	145,000	145,000
	1,279,673	471,743	847,078	847,078	1,402,565	519,699	992,293	992,293

The following table shows the periods in which the interest cash flows (variable interest is based on Euribor/Stibor as at 31 December 2020) on both borrowings and derivatives are expected to occur on the basis of the loan and interest rate swap agreements entered into by the Group, as per the balance sheet date:

Interest cash flows	Borrowings floating rate	Borrowings fixed rate	Swaps fixed rate	Swaps floating rate	Total
31-12-20	€'000	€'000	€'000	€'000	€'000
Up to one year	9,057	9,424	11,673	4,278	34,432
From one year to two years	7,928	9,289	10,678	4,080	31,975
From two years to five years	20,721	18,911	24,865	7,778	72,275
From five years to ten years	4,865	18,297	24,452	1,599	49,213
Over ten years	0	2,499	44,705	(2,499)	44,705
	42,571	58,420	116,373	15,236	232,600

#### Fair value of financial instruments

The financial statements have been prepared on an historical cost basis, except for property investments, property investments under development, property investments held for sale and some of the financial instruments, which are carried at fair value. IFRS 9 contains the following principal classification categories for financial assets and liabilities: A. Financial assets and liabilities measured at amortised cost; and C. Financial assets at fair value through P&L.

The carrying amounts of the financial instruments and their fair values were as follows:

	Note	Categories in accordance with IFRS 9	31-12-20 €'000		30-06-19 €'000	
			Carrying amount	Fair value	Carrying amount	Fair value
Receivables	16	A	59,056	59,056	51,474	51,474
Derivative financial instruments		C	188	188	0	0
Cash and deposits	17	A	60,435	60,435	65,211	65,211
			119,679	119,679	116,685	116,685
Creditors		A	138,058	138,058	97,968	97,968
Borrowings	19	A	1,741,088	1,800,088	1,910,369	1,971,283
Financial liability related to the put option		A	52,464	52,464	0	0
Derivative financial instruments		C	129,781	129,781	123,143	123,143
			2,061,391	2,120,391	2,131,480	2,192,394



## 20. Financial instruments continued

The fair values of the financial instruments were determined as explained in the principal accounting policies (note 1) to the extent that for those borrowings with a fixed interest rate (carrying amount of €468,666,000), the fair value was based upon the relevant yield curves. For the borrowings with a floating interest rate (carrying amount of €1,272,422,000), the carrying amount is deemed to approximate the fair value because the floating interest rate approximates the market interest rate and own credit risk is not deemed significant. Due to their short-term nature the carrying amount approximates to fair value for the other balance sheet items.

### Fair value hierarchy

All derivative financial instruments are at level 2. For the level 2 derivative financial instruments the Group uses a model to determine the fair value with inputs that are directly or indirectly observable market data.

## 21. Deferred tax assets and liabilities

Deferred tax assets are attributable to the following items in the current reporting period:

	30-06-19 €'000	Recognised in profit or loss €'000	Release to profit or loss due to property sale €'000	Reallocation to tax payable €'000	Reallocation from tax liabilities €'000	Exchange rate movement €'000	31-12-20 €'000
Investment property	0	0	0	0	1,302	0	1,302
Derivative financial instruments	0	0	0	0	5,396	0	5,396
Tax value of loss carry-forwards recognised	0	0	0	0	18,160	0	18,160
Total deferred tax liabilities	0	0	0	0	24,858	0	24,858

As at 31 December 2020, the total amount of deferred tax assets of €24.9 million is entirely related to Italy.

Deferred tax liabilities are attributable to the following items in the current reporting period:

	30-06-19 €'000	Recognised in profit or loss €'000	Release to profit or loss due to property sale €'000	Reallocation to tax payable €'000	Reallocation to tax assets €'000	Exchange rate movement €'000	31-12-20 €'000
Investment property	(204,989)	97,981	4,450	30,012	(1,302)	(4,442)	(78,131)
Derivative financial instruments	3,844	1,673	0	0	(5,396)	17	137
Tax value of loss carry-forwards recognised	19,760	(1,380)	0	0	(18,610)	6	68
Total deferred tax liabilities	(181,385)	98,274	4,450	30,012	(24,858)	(4,419)	(77,926)

Deferred tax liabilities are attributable to the following items in the previous year:

	30-06-18 €'000	IFRS9 adjustment €'000	Recognised in profit or loss €'000	Release to profit or loss due to property sale €'000	Exchange rate movement €'000	30-06-19 €'000
Investment property	(198,400)		(9,477)	2,020	868	(204,989)
Derivative financial instruments	16,839		(12,993)	0	(2)	3,844
Tax value of loss carry-forwards recognised	4,390	(160)	15,529	0	1	19,760
Total deferred tax liabilities	(177,171)	(160)	(6,941)	2,020	867	(181,385)

As at 31 December 2020, the total amount of deferred tax liabilities of €77.9 million is entirely related to Sweden (30 June 2019: €181.4 million, where as €108.5 million was related to Italy and €72.9 million to Sweden).

## Notes to the consolidated financial statements continued

### 22. Provision for pensions

The provision for pensions is related to one defined benefit plan in the United Kingdom. The plan has no active members (30 June 2019: no active members) and no new members have entered the scheme since 2001. The scheme is based on a final salary plan with a pensionable salary cap and the Company expects no new members in the scheme in the near future.

The major categories of plan assets are as follows:

	31-12-20 €'000	30-06-19 €'000
Cash and cash equivalents	255	29
Unquoted investment funds – mixed	9,875	9,119
	<b>10,130</b>	<b>9,148</b>

Changes in the defined benefit obligation and fair value of plan assets in the current and previous financial reporting period:

	Fair value of plan assets €'000	Defined benefit obligation €'000	Benefit liability €'000	Fair value of plan assets €'000	Defined benefit obligation €'000	Benefit liability €'000
Book value at beginning of the period 01-07-19 / 01-07-18	9,148	(9,983)	(835)	8,348	(9,396)	(1,048)
Service cost	0	0	0	0	0	0
Interest income/(expenses)	337	(359)	(22)	214	(241)	(27)
Pension cost charged to profit or loss account	337	(359)	(22)	214	(241)	(27)
Return on plan assets	920	0	920	705	0	705
Actuarial changes arising from changes in assumptions	0	(1,832)	(1,832)	0	(57)	(57)
Experience adjustments	0	(123)	(123)	0	(399)	(399)
Actuarial result on pension scheme charged to OCI	920	(1,955)	(1,035)	705	(456)	249
Contributions by employer	21	0	21	21	0	21
Benefits paid	(238)	238	0	0	0	0
Insurance premiums paid by the fund	(21)	0	(21)	(21)	0	(21)
Administration expenses paid by the fund	(21)	0	(21)	(21)	0	(21)
Exchange rate movement	(16)	49	33	(98)	110	12
Book value at end of the period 31-12-20 / 30-06-19	<b>10,130</b>	<b>(12,010)</b>	<b>(1,880)</b>	9,148	(9,983)	(835)

The principal assumptions used in determining the pension obligations for the Group's plan are set out as follows for the period ended 31 December 2020. The discount rate is 1.2% (30 June 2019: 2.4%) and pension increase is 2.9% (30 June 2019: 3.2%). The life expectancy for pensioners at the age of 60 is 26.4 years and 28.4 years for men and women respectively (30 June 2019: men 26.8 years and women 29.2 years).

A quantitative sensitivity analysis for significant assumptions as at 31 December 2020 is as shown below:

Year		Discount rate: 0.25% increase	Discount rate: 0.25% decrease	Rate of inflation: 0.25% increase	Rate of inflation: 0.50% increase	Life expectancy: 1 year increase
31 December 2020	Liabilities (€'000)	11,452	12,610	12,522	11,518	12,480

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The duration of the liabilities of the Scheme is approximately 18 years as at 31 December 2020 (30 June 2019: 19 years).

As all four active members of the Scheme opted out as per 1 June 2016 and based on an amended investment and funding strategy for the Scheme, it is expected that no contributions are to be paid by the employer under the Company's defined benefit plan for the next financial year (30 June 2019: €0).

## 23. Leases

### A. Leases as lessor (IFRS 16)

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

For the recognised rental income and the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, reference is made to note 4 of these statements.

### B. Leases as lessee (IFRS 16)

The Group leases office space and company cars. Previously, these leases were classified as operating leases under IAS 17.

#### i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as tangible fixed assets (see Note 15).

	31-12-20 €'000	30-06-19 €'000
Balance at the beginning of the financial reporting period	0	0
Initial recognition of right-of-use assets	3,954	0
Additions to right-of-use assets	1,165	0
Depreciation for the period	(1,597)	0
Exchange rate movement	19	0
<b>Balance as at 31 December 2020</b>	<b>3,541</b>	<b>0</b>

#### ii. Lease liabilities

The current and non-current portions of the Company's lease liabilities are presented as current liabilities and non-current liabilities respectively (see Note 18).

	31-12-20 €'000	30-06-19 €'000
Balance at the beginning of the financial reporting period	0	0
Initial recognition of lease liabilities	(3,954)	0
Lease payments for the period	1,655	0
Additions to lease liabilities	(1,165)	0
Interest expenses	(108)	0
Exchange rate movement	(18)	0
<b>Balance as at 31 December 2020</b>	<b>(3,590)</b>	<b>0</b>

The additions to the right-of-use assets and the lease liabilities in current reporting period mostly relates to a new long-term lease contract for the Paris office (€1,094). The Company uses a discount rate of 2%.

#### iii. Amounts recognised in profit or loss

	Eighteen months ended 31-12-20 €'000
Interest from lease liabilities	108
Depreciation right-of-use assets	1,597
Expenses related to short-term and/or low-value leases	32
<b>Total</b>	<b>1,737</b>

In the previous financial year the lease expenses reported under IAS 17 were €1,320,000.

#### iv. Amounts recognised in statement of cash flows

	Eighteen months ended 31-12-20 €'000
Lease payments of lease liabilities	1,655
Interest expenses on lease liabilities	108
<b>Total cash outflow for leases</b>	<b>1,763</b>

## Notes to the consolidated financial statements continued

### 24. Issued share capital

Share capital comprises of 1,000,000,000 authorised shares of €0.50 par value, of which 499,096,818 shares are issued and fully paid as at 31 December 2020 and of which 5,069,240 were bought back as at 31 December 2020.

The weighted average number of shares in issue in the current financial reporting period is 493,029,817.

The number of shares in issue (after deduction of shares bought back) as per 31 December 2020 is 494,027,578.

The Company's shares are listed in the form of depositary receipts on Euronext Amsterdam and Brussels. One depositary receipt represents ten shares. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. The holders of depositary receipts are entitled to receive dividends as declared from time to time and are entitled to ten votes per depositary receipt at shareholders' meetings of the Company.

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	249,548	247,833
Issued bonus shares	0	1,715
Book value at end of the period	249,548	249,548

On 30 November 2019, 395,442 bonus depositary receipts for the stock dividend plan were taken from the depositary receipts bought back. Holders of depositary receipts representing 12.1% of the issued share capital (last year 12.51%) opted for the bonus depositary receipts at an issue price of €32.70 from the Company's share premium reserve, instead of a cash dividend of €2.18 per depositary receipt for the financial year ended 30 June 2019.

	2019/2020		2018/2019	
	No. of depositary receipts	No. of shares	No. of depositary receipts	No. of shares
Number of shares (DRs) on issue at beginning of the period	49,909,682	499,096,818	49,566,558	495,665,578
Priority shares converted	0	0	10	100
Shares (DRs) bought back	(395,442)	(3,954,420)	0	0
Shares (DRs) (issued) for the stock dividend plan	395,442	3,954,420	343,114	3,431,140
Number of shares (DRs) on issue at end of the period	49,909,682	499,096,818	49,909,682	499,096,818
Number of shares (DRs) bought back at beginning of the period	375,658	3,756,580	207,834	2,078,340
Shares (DRs) bought back	617,621	6,176,210	217,779	2,177,790
Shares (DRs) bought back used for the stock dividend plan	(395,442)	(3,954,420)	0	0
Shares (DRs) bought back used for the vesting of the performance share plan	(90,913)	(909,130)	(49,955)	(499,550)
Number of shares (DRs) bought back at end of the period	506,924	5,069,240	375,658	3,756,580
Number of shares (DRs) after deduction of shares (DRs) bought back at the end of the period	49,402,758	494,027,578	49,534,024	495,340,238

#### Net asset value per depositary receipt

The net asset value per depositary receipt is €38.17 at 31 December 2020 (30 June 2019: €38.49).

#### Shares bought back

During the current financial reporting period the number of shares bought back increased from 375,658 depositary receipts as per 30 June 2019 to 506,924 depositary receipts as per 31 December 2020.

On 14 June 2019, the Company started a buyback programme of its depositary receipts which was successfully completed on 29 July 2019 when €20 million was spent to buy back depositary receipts in the capital of the Company. During the financial reporting period, the Company has bought back 617,621 depositary receipts at an average price of €24.01 as per 31 December 2020. From the shares bought back, the Company used 395,442 depositary receipts for the stock dividend plan and 90,913 depositary receipts for the vested performance shares of the Share Performance plan 2016.

## 24. Issued share capital continued

### Stock options

The Company has operated a long-term incentive scheme for (some) Group employees and members of the Board of Management through its Stock Option Plan (SOP). Each option under the SOP confers the right to one depositary receipt representing ten shares of €0.50 par value. The vesting date of the options is three years after the grant date and options can only be exercised up to seven years after the vesting date. Vesting is subject to performance targets linked to a minimal growth of the dividend per share and the net asset value per share over the three-year period between grant date and vesting date. Vesting is also subject to employment at the vesting date. The method of settlement of the options is in equity. At the beginning of the financial reporting period, the Company had options outstanding with expiry date November 2020 and an exercise price of €32.45. The vesting date of these options was November 2013. There are no outstanding options at the end of the financial reporting period (30 June 2019: 68,808). During the financial reporting period no options were exercised and all 68,808 outstanding options expired in November 2020.

### Performance shares

The SOP has been replaced with an annual grant of free long-term depositary receipts (performance shares) under the Performance Share Plan (PSP) for all employees and members of the Board of Management and is conditional upon the meeting of Company performance targets and that the employee remains with the Company for more than three years from the grant date of the performance shares and holds them from that vesting date for a further two years. All permanent employees and Directors of the Company are entitled to the scheme. The calculation is based on a Black, Scholes and Merton option valuation model. The fair value of the performance shares is based on the share price at grant date and a number of assumptions to be made relating to the expected volatility, risk free interest rate, dividend yield and the remaining life of the instruments.

Performance Share Plan (PSP)	PSP 2016	PSP 2017	PSP 2018	PSP 2019	Total
Grant date	07-11-16	13-11-17	12-11-2018	11-11-2019	
Vesting date	07-11-19	13-11-20	12-11-2021	11-11-2022	
Share price at grant date	€35.22	€35.44	€29.66	€27.50	
Dividend yield	5.66%	5.76%	7.00%	7.63%	
Fair value per performance share	€29.72	€29.82	€24.04	€21.87	
Performance shares granted	119,283	78,367	55,622	14,923	268,195
Performance shares forfeited	(11,745)	(9,204)	(10,795)	(1,766)	(33,510)
Performance shares vested	(92,118)	(775)	0	0	(92,893)
Performance shares not vested	(15,420)	(68,388)	(44,827)	0	(128,635)
Outstanding performance shares at end of the period	0	0	0	13,157	13,157

### Movements in the number of performance shares during the year

	PSP 2016	PSP 2017	PSP 2018	PSP 2019	Total
Performance shares at beginning of year	110,276	71,372	52,058	0	233,706
Performance shares granted	0	0	0	14,923	14,923
Performance shares forfeited	(3,943)	(2,984)	(7,231)	(1,766)	(15,924)
Performance shares vested	(90,913)	0	0	0	(90,913)
Performance shares not vested	(15,420)	(68,388)	(44,827)	0	(128,635)
Outstanding performance shares at end of year	0	0	0	13,157	13,157

The expenses for the performance shares granted (IFRS 2) are €1,496,000 negative; (2018/2019: €2,150,000). The outstanding performance shares as per 31 December 2020: 13,157 (30 June 2019: 302,514). As at 31 December 2020, the outstanding performance shares represent 0.03% of the issued share capital (30 June 2019: 0.6%).

## 25. Share premium reserve

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	517,513	518,812
Performance shares granted (IFRS 2)	(1,496)	2,150
Release for issued bonus shares	0	(1,715)
Cost for dividends paid	0	(5)
Performance shares vested	(2,702)	(1,729)
Book value at end of the period	513,315	517,513

## Notes to the consolidated financial statements continued

### 26. Other reserves

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	1,064,912	1,101,075
IFRS adjustments	0	(6,055)
Profit previous financial year	(19,121)	(20,779)
Put option non-controlling interest	(54,805)	0
Stock options exercised	0	74
Performance shares settled	(362)	(195)
Performance shares vested	2,702	1,729
Depository receipts bought back	(14,868)	(5,168)
Actuarial result on pension scheme	(1,026)	249
Foreign currency translation differences	29,935	(6,018)
Book value at end of the period	1,007,367	1,064,912

For more information on the other reserves, reference is made to note 14 of the Company financial statements.

### 27. Non-controlling interest

During the financial year, the Inno department store, part of the Woluwe shopping centre and owned by AG Insurance ("AG") was by way of a contribution in kind exchanged for shares in the Belgian subsidiary Eurocommercial Properties Belgium S.A. ("ECPB"), part of the group of Eurocommercial Properties N.V. For the purpose of the contribution the property was valued at €67 million, which equates to 25.63% of the shares in the capital of ECPB. Therefore since 18 September 2019, AG is a minority shareholder. No dividends were paid during the financial period.

	31-12-20 €'000
Non-current assets	589,800
Current assets	14,011
Non-current liabilities	(355,967)
Current liabilities	(10,189)
<b>Net assets</b>	<b>237,655</b>
Result after taxation	(23,718)
OCI	0
<b>Total comprehensive income</b>	<b>(23,718)</b>
<b>Calculation value minority shares</b>	
Capital contribution	67,000
Profit after taxation contributable to non-controlling interest	(6,758)
Equity attributable to non-controlling interest	60,242

## 28. Earnings per depositary receipt

### Basic earnings per depositary receipt

The Company's shares are listed in the form of depositary receipts on Euronext Amsterdam and Brussels. One depositary receipt represents ten shares.

The calculation of basic earnings per depositary receipt of €2.34 at 31 December 2020 was based on the profit attributable to holders of depositary receipts of €115.4 million (30 June 2019: €74.6 million) and a weighted average number of depositary receipts outstanding during the financial reporting period ended 31 December 2020 of 49,302,982 (30 June 2019: 49,585,907), as calculated below.

Profit attributable to holders of depositary receipts:

	31-12-20 €'000	30-06-19 €'000
Profit for the period	115,367	74,586
Issued depositary receipts (after deduction of depositary receipts bought back) at beginning of the period	49,534,024	49,358,734
Effect of depositary receipts issued (stock dividend)	302,693	200,228
Effect of depositary receipts bought back	(602,664)	(5,094)
Effect of depositary receipts issued (staff options exercised)	0	0
Effect of depositary receipts issued (performance share plan)	68,929	32,039
Weighted average number of depositary receipts	49,302,982	49,585,907

### Diluted earnings per depositary receipt

The calculation of diluted earnings per depositary receipt of €2.34 at 31 December 2020 was based on the profit attributable to holders of depositary receipts of €115.4 million (30 June 2019: €74.6 million) and a weighted average number of depositary receipts (diluted) outstanding during the year ended 30 June 2020 of 49,484,885 (30 June 2019: 49,896,226), as calculated below.

Profit attributable to holders of depositary receipts (diluted):

	31-12-20 €'000	30-06-19 €'000
Profit for the period	115,367	74,586
Weighted average number of depositary receipts	49,302,982	49,585,907
Effect of issued performance shares on depositary receipts	181,903	310,319
Weighted average number of depositary receipts (diluted)	49,484,885	49,896,226

## 29. Commitments not included in the balance sheet

As at 31 December 2020, bank guarantees have been issued for a total amount of €42.0 million.

The Company is committed to contribute to its Italian joint venture company Galleria Verde S.r.l. a residual amount of €2.8 million for the refurbishment of shopping centre Fiordaliso.

The joint venture partner AXA-IM had a put option to sell its 50% share in the Company's owning shopping centre Etrembières in France at a price of €45 million to the Company, which put option has been exercised on 7 April 2021 and will result in completion of the sale after 2 November 2021.

## Notes to the consolidated financial statements continued

### 30. Capital management

The primary objective of the Company's capital management is to ensure that capital is available for the long term. No changes have been made to these objectives, policies or processes during the financial reporting period ended 31 December 2020. The Company monitors capital primarily using a loan to value ratio. The loan to value (LTV) is defined as the (net) borrowings expressed as a percentage of the total value of property investments, property investments under development, property investments in joint ventures and property investments held for sale, calculated on a proportionally consolidated basis. The total values are net of any (estimated) purchasers' costs. The net debt will not exceed 60 per cent, which is also a covenant agreed with a number of banks financing the Group..

The calculation of the LTV is as follows:

	31-12-20 €'000	30-06-19 €'000
<b>Loan to value (on a proportional consolidated basis)</b>		
Net borrowings (total borrowings less cash and deposits)	1,769,190	1,919,573
Property investments	3,776,848	3,793,385
Property investments under development	4,400	1,700
Property investments held by joint ventures	221,000	207,100
Property investments held for sale	34,400	199,000
Total property investments	4,036,648	4,201,185
LTV (%)	43.8%	45.7%

All bank covenants are monitored at regular intervals. During the period the Company complied with its banking covenants. The most frequently agreed covenants in the loan agreements are a loan to value ration and an interest cover ratio.

### 31. Related parties

#### Introduction

Subsidiaries, minority shareholders and joint ventures of the Company, members of its Supervisory Board, Board of Management and the UK pension scheme are related parties. No transactions have been entered into with them other than those disclosed in this report.

The Directors' fees recognised in the company expenses for the 18 months financial reporting period include an amount of €420,500 (2018/2019: €249,000) in respect of gross remuneration paid to the members of the Supervisory Board to be specified as follows:

	31-12-20 €'000	30-06-19 €'000
B.T.M. Steins Bisschop	92	61
E.R.G.M. Attout	70	31
B. Carrière	63	47
C. Croff	70	47
R.R. Foulkes	0	16
K. Laglas	55	0
J.-Å. Persson	70	47

The Directors' fees also include salaries, bonuses, pension premiums and social security charges for the members of the Board of Management.



### 31. Related parties continued

The total remuneration for the members of the Board of Management for the 18 months reporting period can be specified as follows:

	J.P. Lewis		E.J. van Garderen		R. Fraticelli		P. Mills	
	31-12-20 €'000	30-06-19 €'000	31-12-20 €'000	30-06-19 €'000	31-12-20 €'000	30-06-19 €'000	31-12-20 €'000	30-06-19 €'000
Salary	989	723	689	475	736	339	655	302
Housing allowance	0	0	0	0	126	55	20	9
Bonus	0	60	0	40	0	42	0	37
Pension premiums (defined contribution plan)	0	0	62	53	144	62	114	48
Social security charges	135	110	15	10	15	7	112	36
Performance shares granted (IFRS 2)	(126)	188	(77)	126	(80)	84	(73)	78
	998	1,081	689	704	941	589	828	510

The bonuses paid to members of the Board of Management are directly linked to the annual growth in the Company's net asset value, the dividend per depositary receipt and the annual relative performance as per 31 December of the listed depositary receipts of the Company compared with a peer group of ten listed retail property companies. For this financial reporting period, there was no growth and no relative outperformance and it was decided due to the COVID-19 pandemic to cancel all bonuses anyhow and to cut base salaries with 20% for three months. The total remuneration for the members of the Supervisory Board and the Board of Management for the eighteen months period is €4,875,500 (2018/2019: €3,134,000).

The members of the Board of Supervisory Directors and the members of the Board of Management of Eurocommercial Properties N.V. have no personal interest in investments made by Eurocommercial Properties N.V. now nor at any time in the past year. The Company has no knowledge of property transactions taking place in the financial reporting period under review with persons or institutions which can be considered to stand in a direct relationship to the Company.

#### Stock options and performance shares

The Board of Management does not have any outstanding options as per 31 December 2020 neither as per 30 June 2019.

In November 2019, performance shares were granted to the Board of Management under the Performance Share Plan. 1,101 performance shares were granted to Mr J.P. Lewis, 724 performance shares were granted to Mr E.J. van Garderen, 773 were granted to Mr R. Fraticelli and 680 performance shares were granted to Mr J.P.C. Mills. At 31 December 2020, the outstanding performance shares held by the Board of Management represent 0.01% of the issued share capital. In 2020, no performance shares have been granted to the Board of Management.

For more information about the Performance Share Plan, reference is made to note 24.

23.83% (€356,545 negative) of the amount included in the consolidated statement of profit or loss (€1,496,000 negative) as performance shares granted (IFRS 2) is related to the performance shares granted to the members of the Board of Management.

#### Shareholdings

As per 31 December 2020, E.J. van Garderen holds 29,207 depositary receipts, which includes 11,704 vested performance shares, in total representing 0.0585% of the issued share capital of the Company. R. Fraticelli holds 18,500 depositary receipts, which includes 8,843 vested performance shares, in total representing 0.0371% of the issued share capital of the Company. J.P.C. Mills holds 34,258 depositary receipts, which includes 12,602 vested performance shares, in total representing 0.0686% of the issued share capital of the Company.

None of the members of the Board of Supervisory Directors has any holdings in the Company.

#### Loans

There are no loans granted to members of the Supervisory Board or members of the Board of Management.

## Notes to the consolidated financial statements continued

### 32. Auditor's fee

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in section 2:382a(1) and (2) of the Dutch Civil Code.

	KPMG Accountants N.V. 2019/2020 €'000	Other KPMG network 2019/2020 €'000	Total KPMG 2019/2020 €'000
Audit of the financial statements	347	594	941
Other audit engagements	0	23	23
Total audit fees	347	617	964

### 33. Post balance sheet events

The joint venture partner AXA-IM had a put option to sell its 50% share in the Company's owning shopping centre Etrembières in France at a price of €45 million to the Company, which put option has been exercised on 7 April 2021 and will result in completion of the sale after 2 November 2021.

The sale of the property Les Trois Dauphin, Grenoble, France that is booked as held for sale, was completed on 25 March 2021.

In April 2021, the Company extended three existing loans with ABN AMRO for a total amount of €100 million expiring in July 2024 for a period of three year.

### 34. Dividend distribution

The Board of Management and the Board of Supervisory Directors proposes to the Annual General Meeting of Shareholders, to be held on 8 June 2021 at 13.30 hours (CET), to distribute a cash dividend of €0.50 per depositary receipt (ten shares) and to distribute a mandatory scrip dividend of one new depositary receipt (ten shares) for each eighteen existing depositary receipts (ten shares) for the financial reporting period ended 31 December 2020 (30 June 2019: €2.18 cash dividend per depositary receipt). The distribution will be payable as from 2 July 2020. The depositary receipts/shares will rank pari passu with the existing depositary receipts/shares of the Company in respect of the financial year 2021.

Company financial statements

**Company balance sheet**

(before income appropriation)

	Note	31-12-20 €'000	30-06-19 €'000
<b>Assets</b>			
Investments in subsidiaries	3	1,820,847	1,830,648
Tangible fixed assets	4	2,587	575
<b>Total non-current assets</b>		<b>1,823,434</b>	1,831,223
Due from subsidiaries	5	315,926	291,837
Receivables	6	1,301	798
Derivative financial instruments	12	188	0
Cash and deposits	7	4,017	22,503
<b>Total current assets</b>		<b>321,432</b>	315,138
<b>Total assets</b>		<b>2,144,866</b>	2,146,361
<b>Liabilities</b>			
Creditors	8	4,352	5,705
Due to subsidiaries	9	188,523	192,262
Current lease liabilities	13	407	0
Borrowings	10	10,000	41,000
<b>Total current liabilities</b>		<b>203,282</b>	238,967
Provision for pensions	11	1,880	835
Derivative financial instruments	12	52,464	0
Long term lease liabilities	13	1,643	0
<b>Total non-current liabilities</b>		<b>55,987</b>	835
<b>Total liabilities</b>		<b>259,270</b>	239,802
<b>Net assets</b>		<b>1,885,597</b>	1,906,559
<b>Shareholders' equity</b>			
Issued share capital	14	249,548	249,548
Share premium reserve		513,314	517,513
Legal reserve subsidiaries		748,376	857,924
Currency translation reserve		(36,633)	(36,804)
Retained profit reserve		295,625	243,792
Undistributed income		115,367	74,586
		<b>1,885,597</b>	1,906,559

Company financial statements continued

**Company statement of profit or loss**

	Notes	<b>Eighteen months ended 31-12-20 €'000</b>	Twelve months ended 30-06-19 €'000
Company expenses	15	<b>(9,228)</b>	(8,025)
<b>Operating result</b>		<b>(9,228)</b>	(8,025)
Interest income	16	<b>7,638</b>	10,042
Interest expenses	16	<b>(3,269)</b>	(578)
Net derivatives movement	12	<b>5,345</b>	0
Other income and financing costs	16	<b>46,681</b>	24,448
<b>Net financing income</b>	16	<b>56,395</b>	33,912
<b>Profit before taxation</b>		<b>47,167</b>	25,887
Current tax		<b>0</b>	0
Profit from subsidiaries after taxation	3	<b>68,200</b>	48,699
<b>Profit after taxation</b>		<b>115,367</b>	74,586

# Notes to the Company financial statements

## 1. General

The description of the Company's activities and structure, as included in the notes to the consolidated financial statements, also applies to the Company financial statements. The Company financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Netherlands Civil Code. In order to harmonise the accounting principles of the Company financial statements with the consolidated financial statements, the Board of Management has decided, from 1 July 2005 onward, to adopt the provisions of Article 2:362 paragraph 8 of the Netherlands Civil Code, whereby the accounting principles applied in the consolidated financial statements also apply to the Company financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as per 1 July 2019 and Part 9 of Book 2 of the Netherlands Civil Code. The Company financial statements are prepared on a going concern basis. In this respect specific reference is made to Note 1(b) of the consolidated financial statements.

## 2. Principal accounting policies

The accounting principles as described in the notes to the consolidated financial statements also apply to the Company financial statements unless indicated otherwise.

### Investments in subsidiaries

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases.

In accordance with Article 2:362 paragraph 8 of the Netherlands Civil Code, all subsidiaries are accounted for on a net asset value basis. For determining the net asset value all assets, liabilities and profits and losses are subject to the accounting principles as applied to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

### Shareholders' equity

The Company recognises a legal reserve subsidiaries in its Company financial statements. This legal reserve subsidiaries is based on Article 2:389 paragraph 6 of the Netherlands Civil Code.

### Share of result in investments in subsidiaries

The share in the result of participating interests consists of the share of the group in the results of these participating interests.

## 3. Investments in subsidiaries

The subsidiaries of the Company are listed in Note 1 Principal accounting policies in the consolidated financial statements.

Movements in investments in subsidiaries for the financial reporting period ended 31 December 2020 were as follows:

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	1,830,648	1,674,976
New IFRS standards adopted	0	(6,055)
Dividends from subsidiaries	(106,424)	(53,725)
Investments	0	170,000
Result from subsidiaries via reserves	28,423	(3,247)
Profit from subsidiaries	68,200	48,699
Book value at end of the period	1,820,847	1,830,648
Cost at end of year (less dividends received)	240,111	346,535
Cumulative result from subsidiaries via reserves	(6,486)	(34,909)
Cumulative profit from subsidiaries	1,587,222	1,519,022
Book value at end of the period	1,820,847	1,830,648

## Notes to the Company financial statements continued

### 4. Tangible fixed assets

Tangible fixed assets represent office equipment and inventory for the Company's head office in Amsterdam and the Paris office. These costs are depreciated over the expected useful lives of the assets concerned varying from two to five years. The movements in the current financial reporting period were:

	Right-of-use assets €'000	Office equipment €'000	Total €'000
Book value at 1 July 2018	0	1,046	1,046
Additions	0	268	268
Disposals	0	(417)	(417)
Depreciation	0	(322)	(322)
Book value at 30 June 2019	0	575	575
<b>Book value at 1 July 2019</b>	<b>1,528</b>	<b>575</b>	<b>2,103</b>
Additions	<b>1,141</b>	<b>665</b>	<b>1,806</b>
Disposals	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation	<b>(651)</b>	<b>(671)</b>	<b>(1,322)</b>
<b>Book value at 31 December 2020</b>	<b>2,018</b>	<b>569</b>	<b>2,587</b>
<b>Cost at 31 December 2020</b>	<b>2,669</b>	<b>4,525</b>	<b>7,194</b>
Accumulated depreciation	<b>(651)</b>	<b>(3,956)</b>	<b>(4,607)</b>
<b>Book value at 31 December 2020</b>	<b>2,018</b>	<b>569</b>	<b>2,587</b>

During the financial reporting period ended 31 December 2020, no tangible fixed assets were disposed of or out of use (30 June 2019: disposals €322,000).

### 5. Due from subsidiaries

The balance of €315.9 million at 31 December 2020 represents mainly funds advanced to Eurocommercial Properties France S.A.S., Eurocommercial Properties Sweden A.B. and Eurocommercial Properties Belgium S.A. These balances are characterised as current accounts used for funding or reimbursing cash to Group companies as part of the cash management of the Company. Consequently, these balances have been presented as current assets in the Company balance sheet.

The average interest rate of these advances is 3.7% (30 June 2019: 4.1%).

### 6. Receivables

	31-12-20 €'000	30-06-19 €'000
Prepayments	<b>1,186</b>	798
VAT receivable	<b>115</b>	0
	<b>1,301</b>	798

### 7. Cash and deposits

Cash and deposits of €4.0 million consist of amounts held as bank balances. All bank balances are freely available.

### 8. Creditors

	31-12-20 €'000	30-06-19 €'000
Interest payable	<b>0</b>	2
Remuneration payable	<b>5</b>	730
Shares bought back	<b>0</b>	1,856
VAT payable	<b>1,470</b>	914
Other creditors and accruals	<b>2,877</b>	2,203
	<b>4,352</b>	5,705

## 9. Due to subsidiaries

The balance of €188.5 million at 31 December 2020 represents mainly funds advanced from Eurocommercial Service S.r.l. These balances are characterised as current accounts used for funding or reimbursing cash from Group companies as part of the cash management of the Company. Consequently, these balances have been presented as current liabilities in the Company balance sheet.

The average interest rate of these advances is 2.2%.

## 10. Borrowings

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	41,000	0
Drawdown of funds	60,000	202,722
Repayments	(91,000)	(161,451)
Exchange rate movement	0	(271)
Book value at end of the period	10,000	41,000

## 11. Provisions for pensions

An analysis of the provisions for pensions is provided in Note 22 of the consolidated financial statements.

## 12. Net derivative financial instruments

The Group has exposure to credit risk, liquidity risk and foreign currency risk from its use of financial instruments.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the separate financial statements of the Company.

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	0	0
Unrealised fair value movement interest rate swaps	188	0
Initial discounted value put option non-controlling interests	(54,805)	0
Interest put option non-controlling interest	(2,816)	0
Movement of put option non-controlling interest	5,157	0
Book value at end of the period	(52,276)	0

The put option non-controlling interest Belgium of €52.5 million represents the financial liability related to the put option accounted for at the present value of the liability, where the minority shareholder has the right to sell its shares in Eurocommercial Properties Belgium S.A.. The minority shareholder can exercise its rights at its sole discretion after a five year period has lapsed since September 2019. The discount rate applied in the amortised cost calculation is 4.1%. The variable component in the exercise price (net asset value of the subsidiary) is updated as per the reporting date (impact €5.2 million) and according to the accounting policies accounted for in the statement of profit or loss.

## 13. Leases

As per 31 December 2020, right-of-use assets are reported as part of the Company's tangible fixed assets for an amount of €2.0 million. An analysis of the Company's right-of-use assets is provided in Note 4 of the Company financial statements.

The lease liabilities are reported as part of the current liabilities and non-current liabilities for amounts of €0.4 million and €1.6 million respectively.

	31-12-20 €'000	30-06-19 €'000
Book value at beginning of the period	0	0
Initial recognition of lease liabilities	(1,528)	0
Additions	(1,145)	0
Lease payments	675	0
Interest on lease liabilities	(52)	0
Book value at end of the period	(2,050)	0

## Notes to the Company financial statements continued

### 14. Shareholders' equity

The movements in shareholders' equity in the current financial reporting period were:

	Issued share capital €'000	Share premium reserve €'000	Legal reserve subsidiaries €'000	Legal currency translation reserve €'000	Retained profit reserve €'000	Undistributed income €'000	Total €'000
<b>30-06-2019</b>	<b>249,548</b>	<b>517,513</b>	<b>857,924</b>	<b>(36,804)</b>	<b>243,792</b>	<b>74,586</b>	<b>1,906,559</b>
Profit previous financial year					(19,121)	19,121	0
Profit for the year						115,367	115,367
Depositary receipts bought back					(14,868)		(14,868)
Dividends paid						(93,707)	(93,707)
Performance shares granted		(1,496)					(1,496)
Performance shares settled					(362)		(362)
Performance shares vested		(2,702)			2,702		0
Put option minority interest					(54,805)		(54,805)
Actuarial gain on pension scheme					(1,026)		(1,026)
Foreign currency translation differences				171	29,764		29,935
Movement of legal reserve			(109,549)		109,549		0
<b>31-12-20</b>	<b>249,548</b>	<b>513,315</b>	<b>748,375</b>	<b>(36,633)</b>	<b>295,625</b>	<b>115,367</b>	<b>1,885,597</b>

The movements in shareholders' equity in the previous financial year were:

	Issued share capital €'000	Share premium reserve €'000	Legal reserve subsidiaries €'000	Legal currency translation reserve €'000	Retained profit reserve €'000	Undistributed income €'000	Total €'000
30-06-2018	247,833	518,812	841,005	(34,323)	294,393	72,064	1,939,784
New IFRS standards adopted					(6,055)		(6,055)
01-07-2018	247,833	518,812	841,005	(34,323)	288,338	72,064	1,933,729
Issued shares	1,715	(1,715)					0
Profit previous financial year					(20,779)	20,779	0
Profit for the year						74,586	74,586
Depositary receipts bought back					(5,168)		(5,168)
Dividends paid		(5)				(92,843)	(92,848)
Stock options exercised					74		74
Performance shares granted		2,150					2,150
Performance shares settled					(195)		(195)
Performance shares vested		(1,729)			1,729		0
Actuarial gain on pension scheme					249		249
Foreign currency translation differences				(2,481)	(3,537)		(6,018)
Movement of legal reserve			16,919		(16,919)		0
30-06-2019	249,548	517,513	857,924	(36,804)	243,792	74,586	1,906,559

Both the retained earnings and the share premium reserve are available for distribution as dividend.

For further details on movements in shareholders' equity reference is also made to the consolidated financial statements and the notes thereto for movements in the components of shareholders' equity.

#### Statutory reserves

The statutory reserves in the company balance sheet are reserves which must be retained pursuant to the Dutch Civil Code and consist of the reserve subsidiaries and the reserve for foreign currency translation. The amounts recognised by these reserves amount to €748 million (30 June 2019: €858 million) and negative €36 million (30 June 2019: negative €37 million) respectively and are not freely distributable. For dividend distribution, however, both the retained profit reserve, share premium reserve and the undistributed income are available.

Holders of depositary receipts representing 12.1% of the issued share capital (last year 12.5%) opted for 395,442 bonus depositary receipts at an issue price of €32.70 from the Company's share premium reserve, instead of a cash dividend of €2.18 per depositary receipt for the financial year ended 30 June 2019.



## 14. Shareholders' equity continued

### Legal reserve subsidiaries

The legal reserve subsidiaries for participating interests in subsidiaries, pertains to participating interests in subsidiaries that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the company has been entitled to since the first measurement at net asset value, and less distributions that the company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

### Legal currency translation reserve

The legal currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than that of the Company, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The foreign currency translation legal reserve of €36.6 million relates to investments in Sweden.

## 15. Company expenses

Company expenses in the current financial reporting period comprised:

	2019/2020 €'000	2018/2019 €'000
Audit fees	421	389
Depreciation fixed assets	1,322	739
IT expenses	1,354	1,000
Legal and other advisory fees	1,637	892
Marketing expenses	758	621
Office and accommodation expenses	2,993	2,396
Pension costs	701	505
Salaries, wages, bonuses and performance shares granted*	8,421	7,655
Social security charges*	2,833	2,136
Statutory costs	705	12
Travelling expenses	577	657
Other expenses	1,084	907
	<b>22,806</b>	17,909
Recharge of company expenses to subsidiaries	<b>(13,578)</b>	(9,884)
	<b>9,228</b>	8,025

\* Including Directors' fees.

The Company employed an average of 48 full-time equivalent persons during the financial year (2018/2019: 43), of whom 16 are resident in The Netherlands, 4 in the UK, 27 in France and one in Italy. An analysis of the Directors' fees is provided in note 32 of the consolidated financial statements.

## 16. Net financing income

The net financing income of €56.4 million (2018/2019: €33.9 million) comprises interest income due from subsidiaries €7.7 million (2018/2019: €10.0 million); interest expenses from borrowings and put option non-controlling interest amounted to €3.3 million (2018/2019: €0.6 million); net derivatives movement €5.3 million (2018/2019: €0) and other income and financing costs of €46.7 million (2018/2019: €24.4 million). The other income and financing costs consist of €36.1 million positive (2018/2019: €24.2 million positive) for guarantees in favour of financial institutions for debts incurred by Group subsidiaries, net property disinvestment result €3.0 million (2018/2019: €0) and €7.6 million positive (2018/2019: €0.2 million positive) for foreign currency results.

## Notes to the Company financial statements continued

### 17. Commitments not included in the balance sheet

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The Company has entered into guarantees in favour of credit institutions for debts and interest rate swaps incurred by its subsidiaries to an amount of €1.7 billion and €847 million respectively.

The Company has entered into guarantees in favour of credit institutions for debts and interest rate swaps incurred by its joint ventures to an amount of €188 million and €160 million respectively.

Amsterdam, 23 April 2021

#### Board of Management

E.J. van Garderen

R. Fraticelli

J.P.C. Mills

#### Board of Supervisory Directors

B.T.M. Steins Bisschop, Chairman

E.R.G.M. Attout

C. Croff

K. Laglas

J.-Å. Persson

## Other information

### Provisions in the Articles of Association concerning the appropriation of income

The appropriation of income is subject to the Provisions of Article 42 of the Articles of Association of the Company of which the major provisions are as follows:

- (a) Out of the profit as shown in the adopted annual accounts in which all taxes due by the Company have been deducted, such amount may be reserved as the Board of Management shall determine, which reserve shall be at the disposal only of the Board of Management.
- (b) The remainder of the profit shall be at the disposal of the General Meeting of Shareholders for distribution of dividend, either in cash or in shares in the capital of the Company, or a combination of both, or for reserves or such other purposes covered by the objects of the Company, as the General Meeting of Shareholders shall decide.
- (c) Distribution of dividend shall take place after the adoption of the annual accounts which show that such distribution is permitted. (Interim) dividends may be paid in cash or in shares in the capital of the Company, or a combination thereof.

### Financial calendar

7 May 2021	Announcement of first quarter results 2021
8 June 2021 at 13.30 hours	Annual General Meeting of Shareholders
10 June 2021	Ex-dividend date
2 July 2021	Dividend payment date
27 August 2021	Announcement of half-year results 2021

### Holders of depositary receipts/ordinary shares with a holding of 3% or more

Under the Netherlands Act on Financial Supervision, the Netherlands Authority for the Financial Markets has received notification from four holders of depositary receipts/ordinary shares with interests greater than 3% in the Company. According to the latest notifications these interests were as follows:

Stichting Administratiekantoor Eurocommercial Properties (99.84% – notification 1 November 2006), Mr A. van Herk (20.22% – notification 8 May 2019), Bank of Montreal (5.11% – notification 29 March 2021), BlackRock, Inc. (4.80% – notification 12 January 2021) and ICAMAP Investments S.a.r.l. (3.06% – notification 20 February 2020).

### Stock market prices and turnover

The Company is listed on Euronext Amsterdam and Brussels and is admitted to the Amsterdam Midkap (AMX) index.

		High	Low	Average
<b>For the period 01/01/2020 to 31/12/2020</b>				
Closing price 31 December 2020 (€; depositary receipts)	15.38	25.18	7.75	13.52
Average daily turnover (in depositary receipts)	206,875			
Average daily turnover (€'000,000)	2.6			
Total turnover over the past 12 months (€'000,000)	675.6			
Market capitalisation (€'000,000)	768			
Total turnover divided by market capitalisation	88.01%			

Source: Euronext, Global Property Research

		High	Low	Average
<b>For the period 01/07/2019 to 31/12/2020</b>				
Closing price 31 December 2020 (€; depositary receipts)	15.38	29.60	7.75	17.40
Average daily turnover (in depositary receipts)	172,126			
Average daily turnover (€'000,000)	2.6			
Total turnover over the past 18 months (€'000,000)	1,019			
Market capitalisation (€'000,000)	768			
Total turnover divided by market capitalisation	132.70%			

Source: Euronext, Global Property Research

## Other information continued

Depository receipts listed on Euronext Amsterdam and Brussels have been accepted for delivery through the book entry facilities of the Netherlands Central Institute for Giro Securities Transactions (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.) trading as Euroclear Nederland.

ISIN – Code: NL 0000288876, symbol: ECMPA

Stock market prices are followed by Bloomberg: ticker: ECMPA NA

### Valuers

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The following independent firms have valued the Company's properties (including the properties held by joint ventures) at 31 December 2020:

Belgium:	Cushman & Wakefield
France:	Cushman & Wakefield, JLL, Knight Frank, Savills
Italy:	CBRE, Cushman & Wakefield, JLL, Savills
Sweden:	Cushman & Wakefield, JLL



# Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Eurocommercial Properties N.V.

## Report on the audit of the financial statements 2020 included in the annual report

### *Our opinion*

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 31 December 2020 and of its result and its cash flows for the 18 months then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Eurocommercial properties N.V. as at 31 December 2020 and of its result for the 18 months then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *What we have audited*

We have audited the financial statements 2020 of Eurocommercial Properties N.V. (the Company) based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 31 December 2020;
- 2 the following consolidated statements for the 18 months ended 31 December 2020: the statement of profit or loss, the statements of comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- 1 the company balance sheet as 31 December 2020;
- 2 the company statement of profit or loss for the 18 months ended 31 December 2020; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

## Other information continued



### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Eurocommercial Properties N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Audit approach**

#### **Summary**

##### **Materiality**

- Materiality of EUR 15 million
- 1% of Net Assets
- Materiality for results from continuing operations before tax : EUR 7.5 million

##### **Group audit**

- Full scope audit of all significant components performed by KPMG auditors
- 100% of investment property
- 100% of rental income

##### **Key audit matters**

- Valuation of investment property
- Acquisition and disposal of investment property
- Going concern and liquidity risk

##### **Opinion**

Unqualified opinion

### **Materiality**

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 15 million (30 June 2019: EUR 20 million). The materiality is determined with reference to net assets. We consider net assets as the most appropriate benchmark because the investors consider this to be an important indicator of the company's value. Materiality



significantly reduced compared to last year due to the negative revaluation of investment property mainly as a result of the economic consequences of COVID-19.

In addition, we applied a materiality of EUR 7.5 million for results from continuing operations before tax. Results from continuing operations before tax is an important measure of the performance of the company's current portfolio, excluding the impact of changes in market value of investment property and derivatives and the result from the disposal of investment property.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 500 thousand which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### ***Scope of the group audit***

Eurocommercial Properties N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Eurocommercial Properties N.V.

Our group audit focused on the significant components. The Group manages its investment property through its operating companies in France, Belgium, Italy and Sweden. Each of these operations is significant in the context of the Group's financial statements and therefore we have used KPMG audit teams in each country to perform an audit of the financial information of the operating companies in these countries. The audits performed in these countries covered the entire investment property portfolio and the related net property income.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for operating companies and issued audit instructions to local auditors. As group auditor we were involved in the full-scope audits performed by local auditors of the subsidiaries.

Our involvement included, amongst others, the following

- issuing audit instructions to subsidiary auditors prescribing the scope of the audit procedures to be performed, our risk assessment, materiality to be applied and reporting requirements;
- participation in planning discussions with subsidiary auditors;
- attending conference calls during the audit with respect to relevant audit matters;
- attending virtual closing meetings at the subsidiaries to discuss relevant audit findings with the subsidiary auditor and country management;
- follow up on reported audit findings;
- discussions on reporting of component auditors with country management; and
- review of the audit files of all significant components to verify the audit work by subsidiary auditors has been carried out in accordance with our instructions.

## Other information continued



In view of restrictions on the movement of people across borders as a consequence of COVID-19, and also within significantly affected countries, we considered changes to the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. According to our audit plan, we originally intended to visit the components in countries France, Italy, Belgium and Sweden to review selected component auditor documentation. As this was not possible given the restrictions mentioned we have obtained remote access to the audit workpapers of the component auditors to perform our file review. We consider these alternative communications as sufficient for us to evaluate and conclude on the appropriateness and adequacy of the component auditor's work. In addition, due to the inability to arrange in-person meetings with such component auditors, we have increased the use of alternative methods of communication with them, including through written instructions, exchange of emails and virtual meetings.

For the remaining components not in scope we performed analytical procedures in order to confirm that our scoping remained appropriate throughout the audit.

As operating companies prepare their financial information for consolidation purposes based on local accounting standards, the EU-IFRS adjustments are prepared and processed at group level.

These adjustments and related disclosures relate mainly to:

- the valuation of investment property at fair value;
- the valuation of derivatives at fair value;
- accounting for minority interest;
- deferred income taxes;
- equity accounting for the group's share in joint ventures.

At group level we have performed, amongst others, audit procedures on:

- the financial statements of the parent company;
- the EU-IFRS adjustments mentioned above;
- the going concern assumption; and
- the consolidation process and the consolidated financial statements.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

- 100% of investment property; and
- 100% of rental income.





### ***Our focus on the risk of fraud and non-compliance with laws and regulations***

#### ***Our objective***

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

With respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Board of Management, with oversight by the Supervisory Board. We refer to chapter 'Risk management and internal controls' of the Annual Report where the Board of Management included its risk assessment and the Supervisory Board report where the Supervisory Board reflects on this assessment.

#### ***Our risk assessment***

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

## Other information continued



In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and we inquired the Board of Management and the Supervisory Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting (including related Company legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation. We identified anti-money laundering laws and regulations as an area most likely to have such an indirect effect.

In accordance with the auditing standard we evaluated the following presumed fraud risks that are relevant to our audit:

- revenue recognition, in relation to rental income; and
- management override of controls.

We rebutted the presumed fraud risk on revenue recognition in relation to gross rental income as there is limited perceived pressure on management and limited opportunity. Additionally, there is little judgement involved as the revenue related to rental income is contractually agreed.

We communicated the identified risks of fraud throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit. This included communication from the group to component audit teams of relevant risks of fraud and/or non-compliance with laws and regulations identified at group level.

In all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matters 'valuation of investment property', that are examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

We communicated our risk assessment and audit response to management and the Audit Committee of the Supervisory Board. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.



#### *Our response to the risks identified*

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and implementation of internal controls that mitigate fraud risks.
- We determined high-risk criteria to select high risk journal entries and evaluated key estimates and judgements for bias by the company, including retrospective reviews of prior period's estimates. Where we identified high risk journal entries, we performed additional audit procedures. These procedures also included testing of transactions back to source information.
- We assessed matters, if any, reported through the company's incident/whistleblowing and complaints procedures and the results of management's follow up to such matters.
- With respect to the risk of bribery and corruption across various countries, we evaluated the company's controls and procedures such as due diligence procedures on third parties. We considered the possibility of fraudulent or corrupt payments made through third parties and use of agents in connection with transactions, obtaining permits, etc.
- We incorporated elements of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements.

We do note that our audit is based on the procedures described in line with applicable auditing standards. In addition to the requirements of the auditing standards we have performed the following additional procedures:

- Evaluated the accessibility of the whistle blower hot line; and
- Included an element of unpredictability by conducting a public news research

Our procedures to address identified risks of fraud and related to non-compliance with laws and regulations did not result in a key audit matter.

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

## Other information continued



### **Our key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Compared to the previous reporting period the key audit matter with respect to Liquidity Risk has been added.

### **Valuation of investment property**

#### **Description**

Investment property amounts to €3.8 billion and represent 92% of the Group's total assets as at 31 December 2020.

Investment property is valued at fair value; therefore, the Group has to make estimates and use assumptions to determine those fair values. The fair value is based on appraisal reports by independent appraisers, as explained in notes 1 and 13 to the financial statements.

The Covid-19 pandemic has influenced the availability of reliable market information. Independent appraisers in Sweden have determined there was a sufficient level of market evidence upon which to base opinions of value as at the valuation date. A number of external valuation reports for properties in Belgium, France and Italy include a material valuation uncertainty statement due to the lack of relevant market information. This is applicable to approximately 55% of the balance sheet value of Investment property as at 31 December 2020. For these properties there is a lower level of certainty and more caution should be applied to the valuations than would be the case under normal market conditions. The Group evaluated the impact of the uncertainty statements on the valuations and the associated disclosures on valuation uncertainties.

Due to the significance of investment property, representing 92% of total assets, high dependency on estimates and assumptions and the estimation uncertainties, we consider this a key audit matter.

#### **Our response**

With involvement of KPMG auditors in the Netherlands, Italy, France, Sweden and Belgium, we performed the following procedures:

- assessment of the valuation process with respect to the investment property as at 31 December 2020, including an evaluation of the design and implementation of related internal controls and test of details;
- local audit teams verified whether lease data provided to the appraisers is consistent with the property management systems, considering the impact of COVID-19 on future Net Operating Income estimates, and whether any significant changes have occurred since providing the data to the appraisers;
- assessment of the competence, capabilities and objectivity of the external appraisal firms;



- involvement of our property valuation experts to verify the appropriateness of the valuation methodology and determine the mathematical accuracy of the valuation model;
- additionally, our property valuation experts verified the appropriateness of key assumptions in the valuation process, which consists of estimated rental values and yields/discount rates. This includes an assessment of the historical accuracy of the assumptions in previous periods, our understanding of the market and market developments and a comparison of assumptions and movements therein with publicly available data;
- assessment of the impact of the material valuation uncertainty statements of the investment property valuations and related disclosures;
- discussion of the results of the valuation process and our findings and observations with management and the appraisal firms; and
- evaluation of the adequacy of the related disclosures in note 1 and 13 in relation to the requirements of EU-IFRS, including the adequate disclosure of the material valuation uncertainty statements in the applicable independent external valuation reports.

#### **Our observation**

Overall, we consider that the assumptions and related estimates within the valuation of the investment property are reasonable and we determined that the related disclosures are adequate.

### **Acquisition and disposal of investment property**

#### **Description**

As part of the normal course of business acquisitions and disposals take place. Acquisitions and disposals of investment property are significant transactions which are subject to error due to the nature of these transactions. Transactions often involve a variable consideration (earn-outs, rental guarantees, etc.) and are structured as asset deals or share deals (depending on tax considerations). In addition to the risk of error, a potential fraud risk is flagged in relation to possible illegal payments and use of agents in connection with transactions, obtaining permits, etc.

We selected the following transactions based on size and complexity:

- Acquisition: Contribution in kind of Inno department store to Woluwe, the Belgian Shopping centre, representing a value of EUR 67 million which was completed in exchange for shares resulting in a minority shareholder.
- Disposal: 50% sale of the property Passage du Havre as it is a partial sale.

Given the size and complex nature of these transactions we consider the accounting for these acquisitions and disposals of investment property to be a key audit matter.

## Other information continued



### Our response

With the involvement of KPMG component auditors in France and Belgium, we performed audit procedures in respect of the acquisitions and disposals of investment property to ensure these transactions are accurately accounted for. These procedures included obtaining an understanding of the purchase or sales contracts and related cash movements, gaining an understanding of the variable considerations in the contracts and testing of the accounting entries to record the initial purchase or result on disposition.

In respect of fraud risks related to transactions with investment property, local auditors obtained an understanding of management's anti-fraud controls (for example, counterparty due diligence, four-eyes principle, procurement procedures for development/construction contracts).

At group level, we also inspected minutes of Board meetings in which these transactions are discussed to verify that the governance around the transactions is appropriate and the required approvals are obtained. Due to the complexity of the Woluwe transaction we performed additional procedures, such as inquiry with the management's legal expert, to understand the nature of the transaction and the related accounting treatment.

Finally, we verified whether the disclosures in Notes 1 and 13 to the financial statements in respect of investment property transactions are in conformity with EU-IFRS.

### Our observation

Overall we assess that the results of our procedures on the acquisitions and disposals of investment property and the related disclosure in the financial statements are adequate.

## Going concern and liquidity risk

### Description

As part of the preparation of the financial statements IFRS standards require management to annually assess its ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. This assessment includes the possible effects of the negative net working capital of EUR 160.1 million and COVID-19 on the Company's liquidity. This going concern assessment has been set forth in note 1b. The COVID-19 pandemic is an unprecedented challenge for the Company, and poses significant levels of uncertainty and pressure on the (forecasted) liquidity of the Company. The resulting market circumstances impacted valuations, investment markets as well as the discussions with financing institutions to secure liquidity and funding of the Company. Management prepared a financial and liquidity risk analysis covering the period up to 30 June 2022 addressing, amongst others, future compliance with financing conditions as well as the financing and cash requirements to ensure continuation of the Company's operations. Based on this analysis management concluded that there is no material uncertainty to continue as a going concern.



### **Our response**

We considered the going concern and liquidity risk in planning and performing our audit. Our procedures included:

- We considered management's going concern assessment including COVID-19-related sources of risk for the company's business and financial resources compared with our own understanding of the risks.
- We evaluated whether the assumptions were realistic and achievable and consistent with the external and/or internal environment and other matters identified in the audit. We applied professional scepticism in this challenge and considered potential management bias.
- We evaluated the reasonableness of management's cash flow forecasts including a base/worst-case scenario and stress-testing on debt covenants.
- We challenged management's plans for future actions, and verified the reliability and relevance of data used.
- We inspected supporting documentation such as contracts and underlying calculations.
- We evaluated of the adequacy of the disclosure about liquidity risk and the related going concern assumption as set forth in note 1b to the financial statements

### **Our observation**

We found management's assumptions appropriate and related going concern and liquidity risk disclosures in note 1b to be adequate.

### **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information. Additionally, other information includes the remuneration report.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## Other information continued



### **Report on other legal and regulatory requirements**

#### ***Engagement***

We were engaged by the General Meeting of Shareholders as auditor of Eurocommercial Properties N.V. on 3 November 2015, as of the audit for the financial year 2015/2016 and have operated as statutory auditor ever since that financial period.

#### ***No prohibited non-audit services***

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

### **Description of responsibilities regarding the financial statements**

#### ***Responsibilities of the Board of Management and the Supervisory Board for the financial statements***

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.





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

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are 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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 23 April 2021

KPMG Accountants N.V.

H.D Grönloh RA

Partner

Appendix:

Description of our responsibilities for the audit of the financial statements

## Other information continued



### Appendix

#### Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.



We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## Glossary

<b>Adjusted net asset value (NAV):</b>	IFRS shareholders' equity excluding the carrying amount of contingent capital gains tax liabilities and the fair value of financial derivatives (interest rate swaps). Adjusted NAV per depositary receipt is calculated using the number of DRs (basic) outstanding at the balance sheet date.
<b>Boutique:</b>	Retail unit 300m <sup>2</sup> or less.
<b>CPI:</b>	Consumer price index.
<b>Depositary receipt (DR):</b>	Security, representing ten shares in the capital of the Company, traded on Euronext Amsterdam and Brussels.
<b>Direct investment result:</b>	Net property income less net interest expenses and company expenses after taxation. Direct investment result per depositary receipt is calculated using the weighted average number of DRs (basic) outstanding during the period.
<b>Drive:</b>	A drive-through collection point for hypermarket goods ordered online.
<b>Entry premium:</b>	One-off payment by a tenant, in addition to the MGR, to secure a lease on a particularly desirable retail unit.
<b>EPRA:</b>	European Public Real Estate Association.
<b>EPRA cost ratio:</b>	Administrative and operating costs (including and excluding costs of direct vacancy) including the share of joint venture overheads and operating expenses (net of any service fees) divided by gross rental income.
<b>EPRA Earnings:</b>	Recurring earnings from core operational activities. EPRA earnings per depositary receipt is calculated using the weighted average number of DRs (basic) outstanding during the year. Equivalent to the direct investment result less investment expenses.
<b>EPRA (Non) Incremental lettable space</b>	Incremental lettable space: additional lettable area. If expenditure cannot be classified as incremental or no incremental lettable space, these expenses are allocated to incremental letting space if the total area is increased by at least 10% of the total lettable area. No incremental lettable space: enhancement of the existing space.
<b>EPRA NAV metrics:</b>	EPRA Net Reinstatement Value (NRV): Assumes that entities never sell assets and aims to represent the value required to recreate the entity. EPRA Net Tangible Assets (NTA): Assumes that entities buy and sell assets, thereby crystallising certain levels of deferred tax. EPRA Net Disposal Value (NDV): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. EPRA NRV, NTA and NVD per depositary receipt is calculated using the number of DRs (diluted) outstanding at the balance sheet date.
<b>EPRA Net Initial Yield:</b>	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. The following operating costs are not deducted in arriving at the EPRA NIY: letting and rent review fees, provision for doubtful debtors, marketing costs and eviction costs.
<b>EPRA topped-up Net Initial Yield:</b>	The EPRA net initial yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
<b>EPRA Vacancy Rate:</b>	The ERV of vacant retail space expressed as a percentage of the ERV of the total property portfolio, excluding property investments under development.
<b>ERV:</b>	The estimated rental value of the whole portfolio if all space was let at current market levels at the balance sheet date.
<b>FBI:</b>	Fiscale Beleggingsinstelling (Dutch Fiscal Investment Institution). As a result of being an FBI all of Eurocommercial's income, whatever its source, is taxed at a zero rate at the corporate level if it is distributed to shareholders by way of a dividend.
<b>FIIS/GVBF:</b>	Fonds d'investissement immobilier spécialisé. Belgian tax-exempt regime available to property companies with assets in Belgium.
<b>Gallery:</b>	All retail units in a shopping centre excluding the hypermarket.
<b>GRESB:</b>	Global Real Estate Sustainability Benchmark.
<b>Gross/total lettable area (GLA):</b>	Total area of a property that can be leased to a tenant, including storage area.

<b>ICC:</b>	Indice du Coût de la Construction. Cost of construction index still used for some French retail leases although the majority have adopted the ILC index.
<b>ILC:</b>	Indice des Loyers Commerciaux. Index used for French retail leases derived 50% from the consumer price index, 25% from the cost of construction index and 25% from the retail sales index.
<b>Interest cover ratio (ICR):</b>	Net property income less company expenses divided by interest expenses less interest income, calculated on a proportionally consolidated basis.
<b>Like-for-like:</b>	Compares the gross rental income and/or the gross sales turnover of units which existed for the whole of the current and prior year period, i.e. excluding acquisitions, divestments and extensions. Entry premiums are not included in the like-for-like rental growth figures.
<b>Medium Surface/Moyenne Surface/Media Superficie (MS):</b>	A major unit occupying a large space within a shopping centre or retail park which serves as a draw to other retailers and customers. The total lettable area is usually greater than 600m <sup>2</sup> .
<b>Minimum guaranteed rent (MGR):</b>	Contracted annual rent paid by a tenant, excluding indexation, turnover rent and entry premiums. Also referred to as base rent.
<b>Net (initial) yield:</b>	Expected rental income for the year ahead as provided by the external valuers, less non-recoverable property operating expenses, divided by the reported gross value of the property. Excludes land and property investments under development.
<b>(Net) loan to value:</b>	Total borrowings net of cash expressed as a percentage of the total value of property investments, property investments under development, property investments in joint ventures and property investments held for sale, calculated on a proportionally consolidated basis. The total values are net of any (estimated) purchasers' costs.
<b>Net rental income:</b>	Gross rental income for the period less service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and real estate management costs and other vacant property costs, calculated on a proportionally consolidated basis.
<b>Net return on cost:</b>	Net rental income generated by an extension/development as a proportion of the total cost of the development including financing costs.
<b>Occupancy cost ratio (OCR):</b>	Rent plus marketing contributions, service charges and tenant property taxes as a proportion of turnover including VAT.
<b>Passing rent:</b>	The annualised rental income at 31 December 2020 including 2020 turnover rent.
<b>Pre-let:</b>	A lease signed with a tenant prior to completion of a development.
<b>Rental arrears:</b>	Rent which is unpaid 90 days after the due date, expressed as a percentage of the total rent due.
<b>Reversionary yield:</b>	Estimated rental value (ERV) as calculated by the external valuers, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
<b>Sales area:</b>	Gross/total lettable area excluding storage area.
<b>Sales turnover:</b>	Sales income, including VAT, of retail tenants.
<b>Scrip dividend:</b>	Dividend received in the form of shares.
<b>SIIC:</b>	Société d'investissements immobiliers cotée. French tax-exempt regime available to listed property companies with assets in France.
<b>Stock dividend:</b>	See Scrip dividend
<b>Turnover rent:</b>	Any element of rent received or to be received related to a tenant's sales turnover.
<b>Vacancy:</b>	See EPRA vacancy.

# Directory

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K. Laglas  
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