
# Corio's first quarter 2014 update

Utrecht, 7 May 2014

*Business update for the period 1 January – 31 March 2014*

**HIGHLIGHTS**

- Footfall and tenant sales improved 0.9% and 0.7%, respectively
- GRI like-for-like slightly down, but better than Q4 2013, expected to improve during the remainder of 2014 driven by an increase in occupancy
- GRI like-for-like in Italy outperformed with 3.7% in Q1 2014 despite flattish growth of footfall and tenant sales
- Successful opening of Nave de Vero near Venice (17 April 2014) with a 98% occupancy rate
- Vast majority of disposal programme completed

Gerard Groener (CEO): *'The turn we started to make in the second half of 2013 is continuing. The first quarter of 2014 showed better performance than the last quarter of 2013. A number of large assets, predominantly in France and Italy, where we completed a repositioning in the second half of 2013, have a positive impact on the performance. While GRI like-for-like is slightly negative, though better than in Q4 2013, we expect to see further improvement during the remainder of the year. We have sold 31 assets which represent the vast majority of our disposal programme. The remainder currently accounts for less than 8% of our total portfolio and we will integrate this in our regular asset allocation process with the objective to actively recycle capital on a continuous basis. The average value of the shopping centres increased to € 125 m and the top 25 represents over 70% of the total portfolio.'*

## Footfall

| Footfall (like-for-like) change retail portfolio (%)* | Q1 2014 | National Index Q1 2014 | Q1 2013 |
|---|---|---|---|
| **Portfolio average** | **0.9** | | **-2.0** |
| | | | |
| The Netherlands | 2.2 | 2.2 | -3.4 |
| France | 4.5 | -0.9 | -3.9 |
| Italy | -0.1 | NA | 1.9 |
| Germany | 3.9 | NA | -6.9 |
| Spain / Portugal | -3.8 | -2.0 | -2.7 |
| Turkey | 1.8 | 0.8 | 0.5 |

*Footfall, tenant sales and like-for-like exclude Hoog Catharijne (NL), St Jacques (FR) and Centrum Galerie (GE) as these projects are subject to major redevelopments

Overall footfall was positive with a growth of 0.9%, showing growth in the Netherlands, France, Germany and Turkey. The footfall in France was positively impacted by the opening of Primark in Grand Littoral in Marseille.

## Tenant sales

| Tenant sales (like-for-like) change retail portfolio (%) | Q1 2014 | National Index Q1 2014 | Q1 2013 |
|---|---|---|---|
| **Portfolio average** | **0.7** | | **-4.3** |
| | | | |
| The Netherlands | NA | NA | NA |
| France | -0.5 | -1.1 | -2.6 |
| Italy | -0.7 | -0.9 | -3.5 |
| Germany | 3.6 | 1.0 | -11.8 |
| Spain / Portugal | -3.7 | NA | -3.6 |
| Turkey* | 6.5 | NA | 0.2 |

* In YTL

During Q1, we saw sales growth turn into a positive number again. What made this number particularly encouraging is that the Easter period (which is normally a driver for additional sales), took place in April this year (while last year it was in March). The Italian tenant sales % does not yet include the new contracts of Campania, Porta di Roma and Le Gru. In a period where the Turkish Lira remains weak, it was encouraging to see sales increase.

## Like-for-like

| Like-for-like change GRI retail portfolio (%) | Q1 2014 | Q4 2013 | Q1 2013 |
|---|---|---|---|
| **Portfolio average** | **-1.3** | **-4.5** | ***0.1** |
| | | | |
| The Netherlands | -0.8 | -2.0 | 0.9 |
| France | 0.7 | -1.0 | 2.3 |
| Italy | 3.7 | 4.2 | -1.8 |
| Germany | -0.3 | 0.9 | *16.3 |
| Spain | -9.6 | -19.9 | -3.5 |
| Turkey | -7.0 | -12.5 | -3.8 |

* Number adjusted for one-off

The like-for-like Gross Rental income (GRI) is slightly negative as discounts were provided to temporarily support a select number of key tenants, particularly in Spain. The performance in Spain is the result of ongoing challenging market conditions. The increased like-for-like in Italy is largely related to the refurbishments and re-tenanting in Le Gru in Turin, Campania near Naples and Porta di Roma which resulted in higher rent in general and decreased vacancy. In Turkey the decline is predominantly the result of renovation works in Akmerkez. For the remainder of 2014 we expect to see improvement of the GRI like-for-like number.

**Pipeline**

| (€ million) | Committed | Deferrable | Total |
|---|---|---|---|
| **Already paid** | 145 | 118 | **263** |
| **Cost to completion** | 624 | 265 | **889** |
| **Total** | **769** | **383** | **1,152** |

The total pipeline decreased € 71 m from € 1,223 m to € 1,152 m in the first quarter of 2014. The decrease relates mainly to a cancelled project in France (extension of Cote de Nacre in Caen). In addition, some smaller changes in the composition of the pipeline also occurred. The yield on cost of the pipeline improved 10 bps from 7.6% at year-end 2013 to 7.7% at 31 March 2014. After reporting date we transferred Nave de Vero to the operational portfolio.

**Nave de Vero near Venice opened on 17 April 2014 with 98% pre-letting, rents slightly above projection**

Nave de Vero shopping centre in Marghera (near Venice) opened its doors on 17 April 2014 (just before Easter). The launch campaign was built around the three key themes ‘good looks, good taste and good fun’, this refers to the three tiered offering of the shopping centre. A state of the art design with strong reference to the region and the city, excellent food offer and a full entertainment offer, applying the experience and skills gained in our dominant centres like Le Gru in Torino and Campania near Naples. The new building is also the first project in Italy in this sector to have obtained the BREEAM ‘Very Good’ certification. In addition to its success Nave de Vero is set to create over 1,000 new jobs. On the opening day we hosted 50,000 visitors.

Given the successful opening, demonstrating the appreciation by consumers and the track record of our Italian team in development and management of our portfolio we expect the centre to grow in GRI and value over the years to come.

*Tenants*

- Coop&Coop with its innovative format standing on an area of 5,500 $m^2$ offering quality food, a pharmacy, and an eatery;
- Six of the best known brands of Inditex: Zara, Pull & Bear, Bershka, Oysho, Stradivarius and Zara Home
- Other tenants are a.o. Oviesse, Cisalfa, Alcott, Liu Jo, Calzedonia, Intimissimi, Tezenis, Benetton, Piazza Italia, Scarpe & Scarpe, Desigual, Sephora and Footlocker.

Corio acquired the shopping centre in line with last published pipeline details. The shopping centre was 98% occupied at opening.

**Organisation**

On the back of substantial disposals in the Netherlands and France we have started to adjust our organisation and operating model accordingly. The programme is near to completion. In the Netherlands we finalized as of 1st May and in France by the 1st July. In the Netherlands and France combined we managed to reduce staff by more than 25%. The reorganisation and related staff reduction have resulted in increased efficiency and execution power.

**Financing**

The average interest rate in Q1 2014 was 3.5% (Q4 2013: 3.5%). Committed facilities amounted to € 605 m which is sufficient for the commitments for the next 24 months.

**Dividend**

The General Meeting of Shareholders approved the dividend of € 2.13 per share for the 2013 financial year in cash or stock, within the constraints imposed by the company's FBI status. Period of choice of dividend ends on 28 May 2014 at 3.00 pm, Corio will announce the dividend ratio on the same date after close of trading. The cash and stock dividend will be transferred on 3 June 2014.

| **The time schedule for the choice of dividend is as follows:** | |
|---|---|
| 23 April 2014 | Corio share ex-dividend |
| 25 April 2014 | dividend 'record date' |
| 28 April-28 May 2014, 3 pm | period for shareholders to make choice |
| 28 May 2014 (after trading) | establish the number of dividend rights that give entitlement to one new ordinary share in Corio |
| 3 June 2014 | delivery of shares and payment of cash dividend |

**CONFERENCE CALL Q1 2014 UPDATE**

Gerard Groener (CEO) and Ben van der Klift (CFO) are available for questions on Thursday 8 May 2014 at 10.00 CET. You can listen to the call and ask questions by dialling: +31 (0)20 7965 008 or +44 (0)20 7162 0077, Conference ID: 944091. You can also listen to the call via: http://corio.dutchview.nl/corio20140508-q1. More details about the audiocast and call (more toll free numbers) can be found on Corio's website: www.corio-eu.com.

**Financial calendar**

| **Date** | **Event** |
|---|---|
| 6 August 2014 (after market close) | Half-year 2014 results |
| 5 November 2014 (after market close) | First nine months 2014 update |

**Qualification regarding forward-looking information**

*This press release contains forward-looking information with respect to the financial position, plans and objectives, activities and market conditions in which the company operates. By their nature, forward-looking statements and forecasts imply risks and uncertainties, as they relate to known and unknown events and circumstances which may or may not happen in the future. The forward-looking statements and forecasts in this press release are based on management's current insights and assumptions. The actual earnings and developments may deviate from those expected, under the influence of factors such as: general economic circumstances, results on the financial markets, changes in interest rate levels and exchange rates, changes in the law and regulatory framework and in the policy of governments and/or regulatory authorities.*

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