EUROCOMMERCIAL

Annual Report 30 June 2015

This year's report

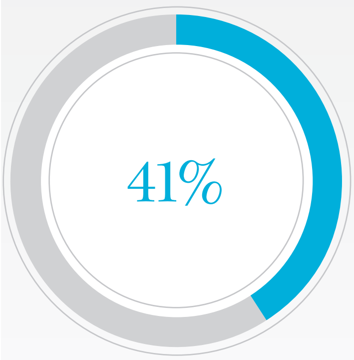
Focus and experience

We own and manage some of the most consistently popular shopping centres in France, Northern Italy and Sweden.

We have focused on three of the wealthiest areas of Europe and, within those countries, long-established cities with sound economies and demographics.

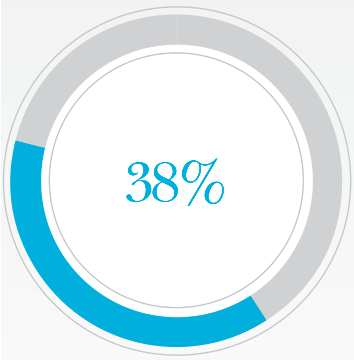
The attention to detail of our highly experienced teams has resulted in the highest property occupancy levels in the industry – a position we have held for more than 15 years.

France



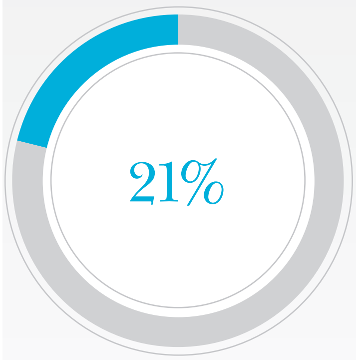
Property value	Number of properties
€1,188m	14

Northern Italy



Property value	Number of properties
€1,099m	10

Sweden



Property value	Number of properties
€621m	9

Chief Executive's overview

The year in summary

"A year of solid growth in earnings as retail sales, rents and property values have risen whilst interest costs have reduced."

Jeremy Lewis
Chief Executive

Financial highlights

Direct investment result:
€87.4m
+5.5%

Adjusted net asset value per depositary receipt:
€39.24
+6.8%

Dividend per depositary receipt:
€1.98
+2.1%

Like for like rental growth:
1.0%

Property valuations:
€2.9bn
+4.8%

Operational highlights

- Announcement of the acquisition of a 50% share of Fiordaliso, a major shopping centre in southern Milan, for €135 million. The transaction is due to complete before the end of October 2015.
- Agreement signed with Gruppo PAM to acquire their hypermarket and gallery shops at I Gigli in Florence for €82 million, bringing Eurocommercial's ownership of this, one of the most visited shopping centres in Italy, to 100%. The purchase is due to complete in April 2016.
- Joint venture partnership established with AXA Real Estate in January 2015 through the acquisition of a 50% stake in Shopping Etrembières, on the outskirts of Geneva, for €43.3 million.
- Accelerated equity offering raised €164.5 million to fund these acquisitions and other property extensions.
- Works began at Eurostop in Halmstad for the 16,000m² extension of the shopping centre. Construction also started of the 5,500m² extension to the Chasse Sud retail park in Chasse-sur-Rhône.
- Refurbishments were completed during the year at I Portali in Modena and Cremona Po in Cremona and are currently underway at Val Thoiry to the north of Geneva and Bergvik in Karlstad.
- Interest costs have reduced significantly during the year by 14.5% to €46.2 million at 30 June 2015, compared with €54.0 million at 30 June 2014, with further reductions to come.

This has been, overall, a good year for Eurocommercial. Our rents have risen, despite almost zero indexation, due to market rent reviews which have reflected retail sales growth in our shops of almost 3% for the year from successful tenants whose sales growth is well above inflation. Our occupancy levels have never been higher at over 99.5%, considerably above the industry average for the 15th year running.

We think that we can attribute this record to a number of factors – sound property selection, good centre management and a strong rapport with the national, regional and local retailers who give our centres life and variety. Both we and they are united in our dedication to giving our customers the goods and services they want in a safe, pleasant and convenient setting.

We have been active this year in negotiating the purchase of additional high quality properties that will stand the test of time despite increasing competition, not only from other centres but of course the internet and changing consumer tastes.

Investment markets are very strong, driven by low interest rates and improving GDP growth. Quite unremarkable properties in Europe have sold at record price levels so investment selection is more important than ever. We have, and will continue to, study with considerable care the fundamentals of every property we buy through, amongst other things, assessing demographics, access, rent and retail sales levels, tenant mix, lease terms and competition.

Our equity raising in May this year, which increased our shares in issue by just under 10%, was highly successful at a price above net asset value. The proceeds were earmarked for new investment properties, the purchases of which are progressing as planned. We are taking advantage of the current low interest rates to not only reduce our cost of debt but also to significantly lengthen maturities and guard against future interest rate rises.

Jeremy Lewis
Chief Executive

Our strategy

Our strategy is straightforward and effective

We buy, manage and develop well-located retail properties in established, wealthy markets, and work in partnership with our tenants to maximise the centres' value and attraction.

1 Careful purchasing

We buy shopping centres in France, Northern Italy and Sweden, only after exhaustive research on catchments, wealth and demographics, as well as retail densities and tenants' occupancy cost ratios.

Shopping Etrembières, Greater Geneva

2 Refurbishment and extensions

We keep the centres fresh and current through regular refurbishments and extensions that are designed to increase footfall and add value to the property.

Grand Samarkand, Växjö

3 Customer experience

We are constantly working in partnership with our tenants to improve our centres and ensure they are clean, secure and enjoyable places to shop, with a selection of retailers which is appropriate for the particular customer base.

Cremona Po, Cremona

Each of our strategic priorities feed into our overall performance which we measure using four key metrics:

- Retail sales growth
- Vacancy levels
- Rental growth
- Value growth

How we measure our performance

Strong retail sales growth

The key driver of rental and capital value growth in any shopping centre is the volume and growth of retail sales by the tenants. Eurocommercial only invests in properties where retail tenants disclose their sales every month. If tenants prosper so will the centre. 2015 has seen the strongest retail sales growth for many years in our centres and is particularly commendable against almost zero inflation.

Like for like retail sales growth*
12 months to 30 June 2015

Overall	2.9%
France	1.0%
Italy	3.9%
Sweden	3.6%

Like for like retail sales growth*
Six months to 30 June 2015

Overall	4.4%
France	2.2%
Italy	6.0%
Sweden	4.6%

*Excluding extensions, hypermarkets and Systembolaget

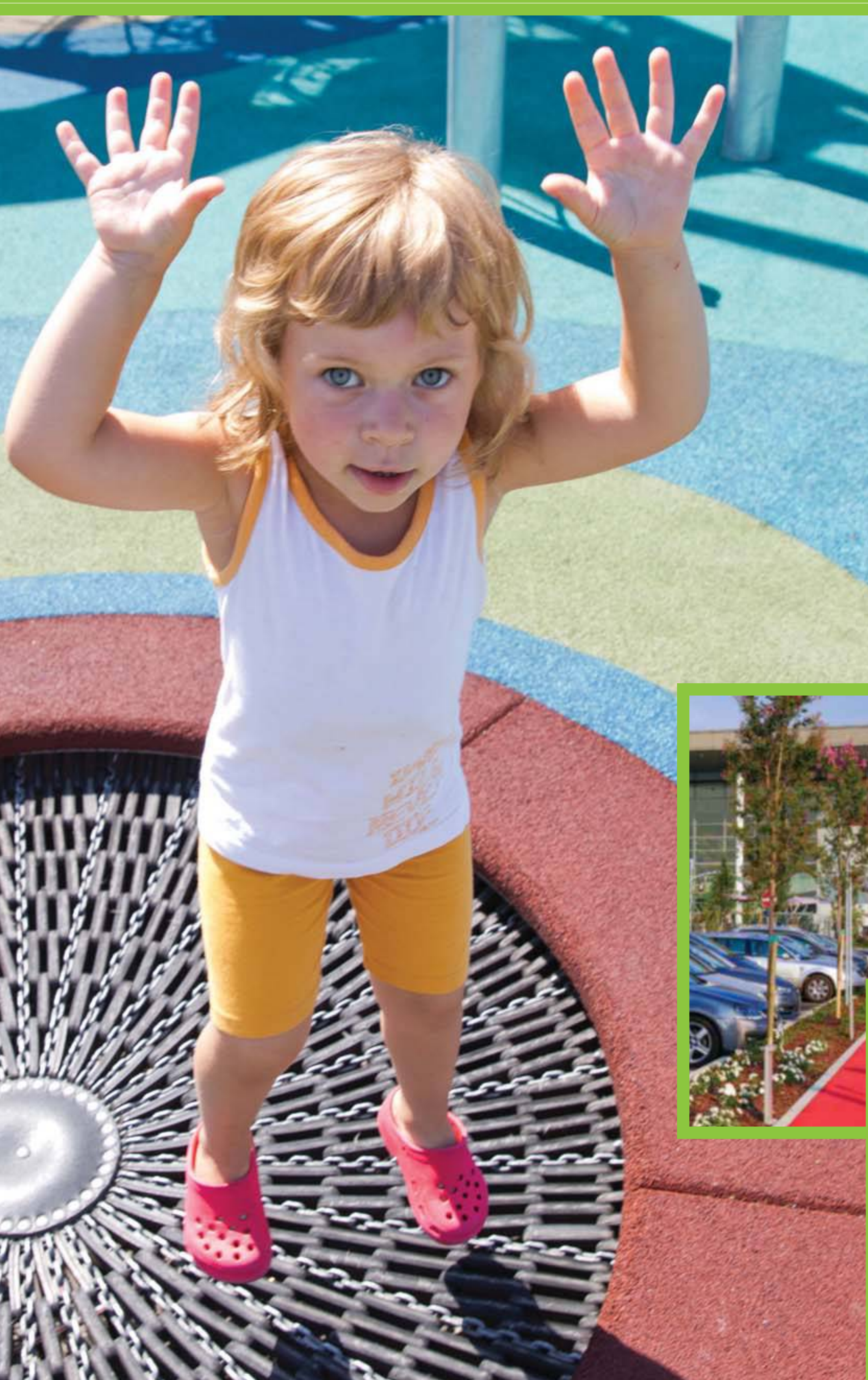
Like for like retail sales growth by sector*
12 months to 30 June 2015

Fashion	0.8%
Shoes	2.4%
Gifts and jewellery	6.6%
Health and beauty	3.6%
Sport	1.6%
Restaurants	1.3%
Home goods	4.8%
Electricals	5.0%
Hyper/supermarkets	1.3%

*Excluding extensions

Like for like retail sales growth by sector*
Six months to 30 June 2015

Fashion	2.3%
Shoes	4.1%
Gifts and jewellery	6.9%
Health and beauty	4.4%
Sport	7.2%
Restaurants	1.0%
Home goods	5.7%
Electricals	6.9%
Hyper/supermarkets	0.5%



Cremona Po, Cremona

Since purchasing Cremona Po we have replaced almost 20% of stores to remove underperforming retailers and freshen up the tenant mix. We have also made changes to the traffic flow in the car park, added 250 new surface parking spaces and built a large children's playground. The result is an impressive 7.0% growth in retail sales for the 12 months to June 2015 – one of the best performers in our portfolio.

How we measure our performance

Vacancies consistently below 1% over the long term

Eurocommercial has kept vacancies in its shopping centres below 1% for at least the last 15 years – a record in the industry. In fact, 2015 has been one of our best years ever with an overall vacancy of 0.4%.

We have achieved this level of success by very careful tenant selection, rents that allow tenants to be profitable and, most importantly, centre management teams with vast experience and dedication.

Vacancies
ERV of vacant units as % of total retail ERV

Overall	0.4%
France	0.6%
Italy	0.2%
Sweden	0.4%

Carosello, Milan

We regularly conduct customer surveys which help us to understand which brands our visitors would like to see in the centre and to measure their satisfaction levels on a number of different criteria. At Carosello in Milan recent new retailers include Victoria's Secret, Vans, Liu Jo and Superdry. From this year's survey, customers awarded Carosello a very high satisfaction rating of 8.4 out of 10.

How we measure our performance

Rental growth continues, supported by undemanding OCRs

Everything else being equal, rental growth will follow tenant retail sales growth with a time lag depending on national lease structures. There is clearly a link between our low vacancy levels and our undemanding OCRs.

OCR stands for occupancy cost ratio, a figure derived from the ratio between a tenant's annual sales and the annual rent paid, including all service charges, taxes and marketing expenses. This ratio should vary depending on the kind of retail operation and the location of the shop. For example, a suburban hypermarket should be profitable at an OCR of between 3% and 5%, whereas at the other extreme a small jeweller in a prime location in a major city centre can be happy with an OCR of up to 25%.

Renewals and relettings 2014/15

	No. of renewals and relettings	% of total leases renewed/ relet	Average rental uplift achieved
Overall	176	12%	6%
France	22	4%	15%
Italy	115	17%	6%
Sweden	39	17%	4%

Like for like rental growth
2014/15

Overall	1.0%
France	0.5%
Italy	1.1%
Sweden	1.5%

Lease renewal profile
As % of rental income

Expired	5%
2015/16	8%
2016/17	15%
2017/18	11%
2018/19	11%
2019+	50%

Average lease length: 4.8 years

Occupancy cost ratios (excl. hypermarkets)
Turnover including VAT

Overall	8.1%
France	8.1%
Italy	8.0%
Sweden	8.1%

Occupancy cost ratios (excl. hypermarkets)
Turnover excluding VAT

Overall	9.7%
France	9.8%
Italy	9.6%
Sweden	10.1%

Passage du Havre, Paris

Passage du Havre's prime position in the centre of Paris close to the Grands Magasins on Boulevard Haussmann makes it highly sought after by retailers. Renewals and relettings during the year resulted in an uplift in rent on those deals of almost 20%.

How we measure our performance

Property values increase by 4.8%

Eurocommercial's markets of France, Italy and Sweden have attracted significant amounts of investment this year as buyers have sought high quality property with safe income streams.

The major independent firms who value our properties every six months have reflected strong investor demand in the yields they apply to the properties, but, more importantly, they reflect the very low vacancies, security of income and improving retail sales in our centres.

Value growth
12 months to June 2015

Overall	4.8%
France	5.1%
Italy	4.4%
Sweden	4.8%

Value growth
Six months to June 2015

Overall	3.2%
France	3.0%
Italy	3.3%
Sweden	3.3%

Net initial yields
June 2015

Overall	5.4%
France	4.8%
Italy	6.0%
Sweden	5.4%

Grand Samarkand, Växjö

The property value of Grand Samarkand in Växjö increased by 9.3% over the 12 month period. Eurocommercial redeveloped the property in 2011 into a high quality 24,000m² shopping centre with over 60 tenants. The centre has performed extremely well with a third of tenants already paying turnover rent. For the 12 months to June 2015 retail sales are up 9.5% and, with 16 lease renewals next year, there is significant reversionary potential which contributed to the appraiser's decision to increase the valuation.

Management team

A highly qualified and experienced management team

The Eurocommercial management team has worked together for over 20 years. A key feature of the management structure is that directors are as involved in the ongoing management of our shopping centres as they are in their acquisition.

Management report

Results summary

	2014/15	2013/14
Rental income (€m)*	**173.9**	174.9
Net rental income (€m)*	**145.5**	147.0
Direct investment result (€m)	**87.4**	82.9
Direct investment result per depositary receipt (€)	**2.04**	1.96
Dividend per depositary receipt (€)	**1.98**	1.94
IFRS profit after taxation (€m)	**167.8**	99.8
Adjusted net asset value per depositary receipt (€)	**39.24**	36.74
IFRS net asset value per depositary receipt (€)	**34.99**	32.77
Net debt to adjusted net equity	**53%**	70%
Net debt to property value	**34%**	40%
Average interest cost, including margins	**3.6%**	3.9%

*Includes joint ventures and reflects property sales during the period

Management team

From left to right:

Tim Santini
Director

Peter Mills
Director

Jeremy Lewis
Chief Executive

Evert Jan van Garderen
Finance Director

Tom Newton
Director

Dividend

The Board proposes increasing the annual dividend to €1.98 per depositary receipt (10 ordinary shares) from €1.94 per depositary receipt for the previous financial year.

Adjusted and IFRS net asset values

The adjusted net asset value figure at 30 June 2015 was €39.24 per depositary receipt, up 6.8% compared with €36.74 at 30 June 2014 and 7.7% compared with €36.45 at 31 December 2014. Adjusted net asset values do not take into account contingent capital gains tax liabilities nor do they take into account the fair value of financial derivatives (interest rate swaps) which are used to stabilise interest costs.

The IFRS net asset value at 30 June 2015 was €34.99 per depositary receipt, compared with €32.77 at 30 June 2014 and €31.91 at 31 December 2014 and includes both contingent capital gains tax liabilities if all the properties were to be sold simultaneously and the fair value of financial derivatives (interest rate swaps).

Both adjusted and IFRS net asset values per depositary receipt at 30 June 2015 reflect the increased number of depositary receipts in issue following the 25.7% take-up of the 2014 stock dividend and the 9.9% placement of shares in May 2015. The number of depositary receipts outstanding at the end of the period, excluding the 282,105 depositary receipts held in treasury, was 47,388,471.

International Financial Reporting Standards (IFRS)

The total investment result (IFRS profit after taxation) for the year rose to €167.8 million from €99.8 million for the previous financial year, mainly due to an increase in the "investment revaluation and disposal of investment properties" from €33.1 million for the 12 months ended 30 June 2014 to €129.8 million for the 12 months to 30 June 2015 caused predominantly by higher property valuations, a less negative fair value movement of the derivative financial investments (interest rate swap contracts) of €1.4 million caused by higher interest rates (previous financial year negative €12.6 million) and lower interest expenses of €46.2 million (previous financial year €54.0 million). These three items offset the adverse impact of the increase in deferred tax from €1.7 million to €33.5 million, caused by rising property values in Italy and Sweden, and debt extinguishment costs of €8.7 million.

It is the view of the Board that the total investment result, as it includes unrealised "capital" movements, does not properly represent continuing underlying earnings which are better defined by the direct investment result, the standard representation of operational profit for Dutch property companies.

Management report

EPRA performance measures

Eurocommercial is an active member of the European Public Real Estate Association (EPRA), a body which aims to promote, develop and represent the listed real estate sector. The Company has adopted the EPRA performance measures to assist in improving the transparency, comparability and relevance of the published results of listed real estate companies. Further information on the calculation of these metrics can be found on pages 73 and 74.

	2014/15	2013/14	Definition
EPRA earnings per depositary receipt	**€2.04**	€1.96	Earnings from operational activities.
EPRA NAV per depositary receipt	**€38.95**	€35.71	Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.
EPRA NNNAV per depositary receipt	**€35.24**	€32.13	EPRA NAV adjusted to include the fair values of (i) financial instruments; (ii) debt; and (iii) deferred taxes.
EPRA net initial yield (NIY)	**5.4%**	5.7%	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.
EPRA 'topped-up' NIY	**5.4%**	5.7%	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
EPRA vacancy rate	**0.4%**	0.7%	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio.
EPRA cost ratio (excluding costs of direct vacancy)	**25.7%**	23.4%	Administrative and operating costs divided by gross rental income.

Les Atlantes, Tours

Ingelsta Shopping, Norrköping

I Gigli, Florence

Property markets

We will cover the individual markets of France, Italy and Sweden more thoroughly in the country sections of this report, but European investment markets generally have remained strong with demand for good quality assets, particularly in the retail sector, exceeding supply. Yields have therefore dropped by varying degrees, with competition for large portfolios particularly fierce as sovereign wealth funds and large asset managers work to meet their investment quotas.

The Greek debt crisis has had no effect on the institutional property investment market in Europe, nor should it have, given the small size of the Greek economy. The so-called "contagion" failed to materialise because, unlike Greece, Ireland, Portugal and Spain had taken the painful but necessary steps to restore economic security. Italy, of course, was never in the category of countries needing external assistance with a deficit of only 3% of GDP, notwithstanding high government debt levels.

Previous antipathy towards smaller shopping centres has evaporated with few of any quality available above a 5% yield in France and Sweden. Smaller Italian centres can still be acquired at around 6% but the market is heading in the same direction as France and Sweden.

Very few long-term investors need debt finance, except for tax purposes, so the market is not being driven by highly geared buyers relying on cheap finance. Rather, investors are reacting to the lower yields available elsewhere whether in bond or equity markets.

Carosello, Milan

Grand Samarkand, Växjö

Passage du Havre, Paris

Management report

Fiordaliso, Milan

Property portfolio

Three acquisitions were either announced or completed during the year. In France, the acquisition of a 50% share of Shopping Etrembières in January 2015 consolidated our position close to Geneva. Research has begun into a possible extension to the property following the purchase of some additional land alongside the centre. On the other side of Geneva, in Val Thoiry, a major refurbishment is underway and plans are progressing for a considerable extension.

An agreement was signed in December 2014 with Gruppo PAM to acquire their hypermarket and gallery of shops at I Gigli in Florence. The €82 million transaction is due to complete in April 2016, when Eurocommercial's ownership of this most visited Italian shopping centre will increase to 100% and allow for a reorganisation and refurbishment of the gallery.

Later in the year the Company announced the acquisition of 50% of the Fiordaliso shopping centre in southern Milan from the major Italian hypermarket chain Gruppo Finiper for €135 million. Fiordaliso is one of the best shopping centres in the Milan region and, together with our existing ownership of Carosello to the north-east of the city, further strengthens our position in Italy's second largest city and most important business centre. This transaction is expected to complete by the end of October 2015.

At Chasse Sud the development of a 5,500m^2 retail park alongside the shopping centre is moving forward. 83% of the new space is now let and it is expected to produce a net return on cost of over 7.5% when it opens in summer 2016. Pre-leasing is also underway for the 16,000m^2 extension of Eurostop in Halmstad.

The refurbishment of I Portali in Modena was completed during the year and further refurbishments are underway at Val Thoiry and Bergvik, both of which are due to be finished by the end of 2015. We are beginning the planning journey for a number of extensions in all three of our markets which will add further value to our portfolio.

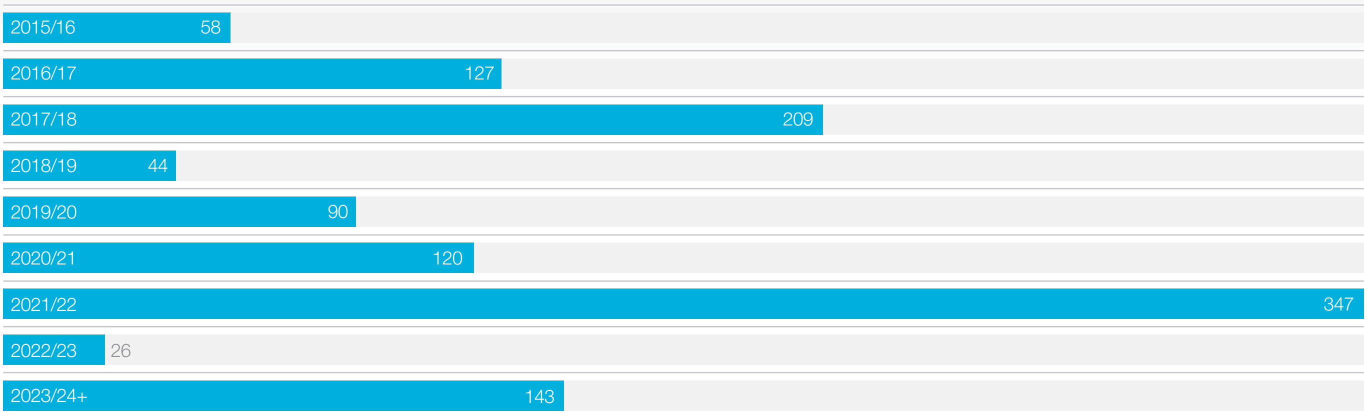
Outlook

It seems likely that European interest rates will remain low for some time but are eventually likely to follow the US and UK, whose economies are currently seeing greater growth. We doubt that eurozone ten year interest swap rates will rise significantly over the next year, nor yields on government bonds. We think it would take a rise in German bunds to over 3% to have any effect on prime property investment yields providing there is no recession. If these expectations are correct, we think that European property investment markets will remain strong but further significant yield reductions are unlikely, except perhaps in Italy where prices are recovering from the euro concerns of the last few years.

Val Thoiry, Greater Geneva

I Portali, Modena

Borrowings maturity schedule
€m



Loans transacted:

€540m

Net loan to value:

34%

Reduction in interest expense:

14.5%

Funding
Eurocommercial took advantage of the favourable market conditions to raise, or refinance, substantial amounts of both equity and debt during the year. The Company closed nine debt (re)financing transactions over the past 12 months for a total amount of €540 million, representing approximately half of the Company's total debt. An equity placement was also successfully completed in May 2015, issuing 4.33 million new depositary receipts at a price of €38.00, raising €164.5 million. At 30 June 2015 net debt consequently totalled €991 million.

As a result of renegotiating a number of loans, agreeing new loans under very favourable terms and undertaking a "blend and extend" and unwinding programme on soon to be expiring swaps, the Company was able to reduce its interest expense for the financial year by 14.5% to €46.2 million compared to the previous financial year.

A total of €8.7 million in debt breakage costs were incurred during the period but the revised terms of the affected long-term loans will result in significant future annual savings in interest expenses. The average length of the loan portfolio has been extended to six years and, at the end of the financial year, 80% of interest costs were fixed for an average of more than eight years.

The proceeds of the equity raising were used to repay short-term loans, which has resulted in a fall in the net debt to adjusted net equity ratio at year end to 53% (30 June 2014: 70%) and the net loan to property value to 34% (30 June 2014: 40%). This reduction in short-term loans has also resulted, however, in a temporary uplift in the average overall interest rate for the total loan portfolio at 30 June 2015 to 3.6%, including margins averaging 91 bps (30 June 2014: 89 bps), from 3.4% at 31 March 2015 (30 June 2014: 3.9%).

It is the Company's intention to use the cash proceeds from the equity offering together with existing credit lines to fund the upcoming acquisitions of I Gigli and Fiordaliso in Italy, which are due to complete during the 2015/16 financial year, as well as its programme of extensions and refurbishments. Consequently, the financial ratios are expected to move back towards historical levels.

Eurocommercial initiated a share buy-back programme in June 2014 to cover anticipated exercises of employee stock options. During the 12 months ended 30 June 2015, the Company bought back 728,098 depositary receipts, in addition to the 577,000 depositary receipts bought back during the previous financial year. Employees exercised a total of 901,398 of these stock options during the financial year, leaving 282,105 depositary receipts still held in treasury at 30 June 2015.

Lending institutions

France	BNP Paribas
	Natixis
Germany	Deutsche Hypo
Italy	Intesa Sanpaolo
	MPS
	UBI-Centrobanca
	Unicredit
Sweden	Handelsbanken
	Nordea
	SEB
Netherlands	ABN AMRO
	ING
UK	RBS

Retailer and customer relationships

Working in partnership with our tenants and customers

Ingelsta Shopping, Norrköping

Merchandising mix (excluding hypermarkets)

Floor area %

1. Fashion	33.4%
2. Home goods	15.4%
3. Telecom and electrical	14.0%
4. Sport	7.5%
5. Food and restaurants	7.3%
6. Health and beauty	5.3%
7. Shoes	5.3%
8. Cinema	3.3%
9. Books and toys	2.6%
10. Services	2.4%
11. Gifts and jewellery	2.4%
12. Other	1.1%

Minimum guaranteed rent %

1. Fashion	40.5%
2. Home goods	7.5%
3. Telecom and electrical	11.1%
4. Sport	4.9%
5. Food and restaurants	7.7%
6. Health and beauty	9.8%
7. Shoes	5.5%
8. Cinema	1.7%
9. Books and toys	1.8%
10. Services	3.3%
11. Gifts and jewellery	5.7%
12. Other	0.5%

It was another busy year across the Eurocommercial portfolio. The leasing team renewed or relet 176 contracts, resulting in a 6% average uplift in rent on those agreements. In spite of a somewhat challenging economic environment in France, the desire of retailers to be present in well-located shopping centres with a good track record means that our portfolio can still command decent rental uplifts which averaged 15% during the 12 month period. In Italy, the improving economy has resulted in excellent retail sales performance and uplifts on relettings and renewals therefore amounted to 6% for the 2014/15 financial year. The leasing market in Sweden remains sound. However, the shorter lease terms of three to five years means rents increase at a steadier rate with uplifts of 4% achieved this year.

Top ten retail tenants

% of total Eurocommercial income

ICA Maxi	3.9%
Carrefour	3.5%
Inditex	3.4%
H&M	3.2%
Media Markt	2.4%
Gruppo Coin	2.3%
Fnac	2.3%
Groupe Casino	1.7%
Groupe Vivarte	1.4%
Sephora	1.1%
Total	**25.2%**

The charts to the right show the nationalities of the retailers in our centres.

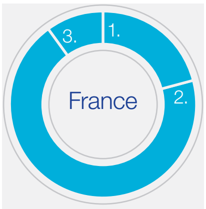
France is well supplied with national brands, although newcomers are making strong headway into the country, with Primark a key example of a non-domestic retailer trading extremely well in France.

While Sweden seems to be the most "international" of our three markets, this is somewhat misleading as all but a few of these tenants are Scandinavian. German retailers, including Deichmann and New Yorker, have successfully entered Sweden but other global brands such as Zara, Apple or Hollister only have a handful of stores across the country.

Italy is the most truly international of our markets with almost a quarter of tenants coming from outside the home nation. In addition, of the 49% of national retailers in our Italian centres, almost half have a presence outside of Italy. Local retailers also play a major role, particularly in the restaurant sector where home-grown traders tend to be popular.

The latest names to be added to Eurocommercial's tenant roster include Victoria's Secret and Vans at Carosello in Milan, Picard Surgelés in Chasse Sud, Chasse sur Rhône and Rituals into Grand Samarkand, Växjö and Bergvik, Karlstad. Negotiations are also underway with several other major international retailers looking to gain a position in our shopping centres.

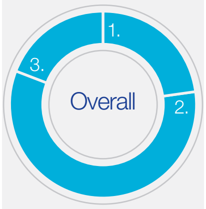
Nationality of our retail tenants



1. Local	21%
2. National*	69%
3. International	10%

1. Local	29%
2. National*	49%
3. International	22%

1. Local	10%
2. National*	63%
3. International	27%



1. Local	23%
2. National*	58%
3. International	19%

* Refers to the retailer's home market

Retailer and customer relationships

Engaging with tenants and customers

Eurocommercial contracts CFI Group, a global research institute, to interview tenants and customers at our shopping centres to gauge opinions, provide us with insight into how we are perceived as owners and managers and, most importantly, to understand what we can do to improve.

The major items reviewed in the tenant surveys include feedback on the management of the centre, marketing and their perception of Eurocommercial as a business partner. The responses are analysed and action plans are drawn up to address areas for improvement.

Feedback sessions are held with the centre managers as well as the tenants to ensure everyone is aware of the outcome of the analysis and to relay what will be done to rectify any problems.

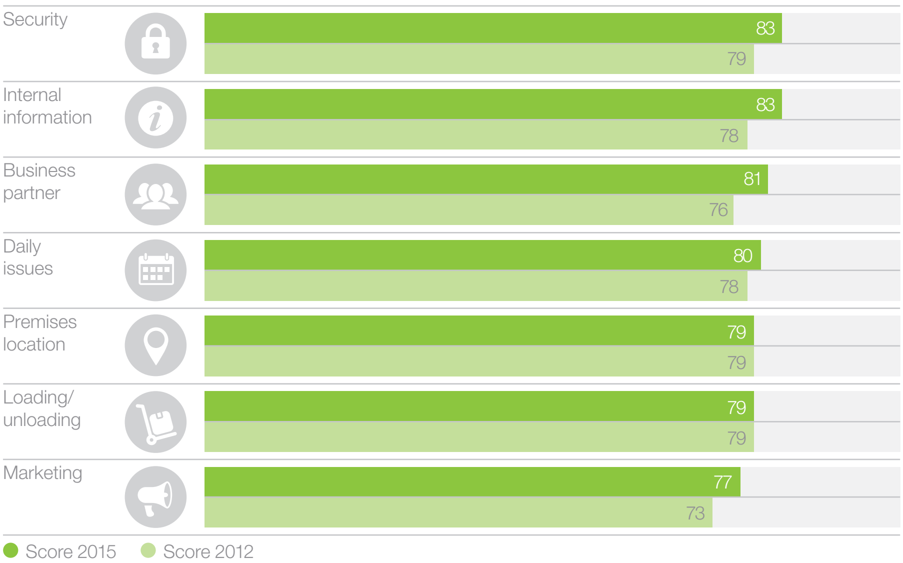
The customer surveys help us to understand the visitor base – quantitative data such as their age, wealth etc., but also their shopping habits, their preferences and their satisfaction levels with the shopping centre. The surveys provide valuable information about where to direct resources, be that a change in tenant mix or the need for more services. They are particularly useful for merchandising decisions as they identify which brands visitors would like in their centres and are therefore important for discussions with new retailers.

We have a mystery shopper survey whereby independent researchers visit our centres with no prior warning and without identifying themselves to conduct spot checks on matters such as cleanliness, customer service and security. The overall scores were extremely positive and confirmed our thoughts about the quality of the management in our centres, but there were plenty of small details to work on which will help us to continue to improve the quality of our centres.

In Sweden we have once again been nominated for Landlord of the Year – a prestigious award from the Nordic Council of Shopping Centres which is voted for by retailers and which Eurocommercial won in 2013.

Tenant satisfaction survey for a Eurocommercial centre

%

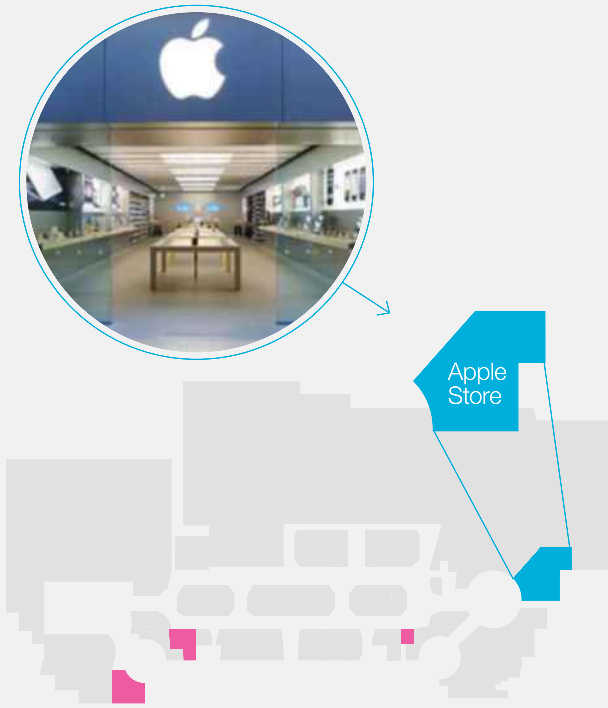


Accommodating new retailers in our centres

We pride ourselves on having the lowest vacancy rate in the European retail sector – it's a sign of our proactive management style and testament to our emphasis on ensuring that tenants' occupancy cost ratios are sustainable. However, a drawback is that it can be difficult to bring new retailers into a centre if there are no vacant units.

We therefore have to work hard in order to create the space. The graphic to the right indicates the reorganisation that took place at I Gigli in Florence to accommodate Apple. Three tenants were moved within the centre and two were removed altogether. Four years on, and combined with further tenant rotations and improvements to the gallery, it is clear to see the benefits – visitor numbers at the shopping centre have increased by 31% over that period, retail sales have risen 22%, rents have grown by 26% and, most importantly, vacancy remains zero.

Bringing Apple into I Gigli



● Retailer moved

Impact on I Gigli from July 2011 to June 2015

Visitors:	Retail sales:	Rent:	Vacancy:
+31%	+22%	+26%	0%

Marketing

Creating an enjoyable shopping experience

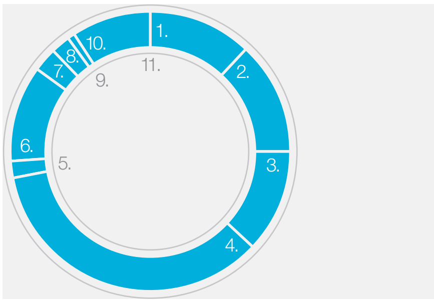
Eurocommercial uses a combination of advertising campaigns, customer services, loyalty programmes and events to attract visitors to its centres. The most authentic marketing is that which is generated by the customers themselves who can become advocates for our centres. If they enjoy their experience they are more likely to tell a friend, whether through social media or face-to-face, and a personal recommendation is invaluable. We strive to make a visit to our shopping centres as enjoyable and stress-free as possible. Just some of the services we provide include parking spaces for expectant mothers, mobile phone charging points, free Wi-Fi, crèches, welcome desks, click and collect lockers and loyalty cards.

A marketing strategy is drawn up for every centre each year, focused on achieving the aims of that particular property, be it attracting a younger customer base, focusing on convenience or rewarding loyal visitors. The budget, 87% of which comes from tenants, is then attributed to different marketing channels. The impact of each campaign is analysed to see whether it should be repeated or not.

The breakdown of our marketing spending can be seen in the pie charts to the right. The budgets vary quite significantly between countries and shopping centres. In Sweden, for example, regional TV is a very popular marketing medium while in Italy billboards and direction signage take up a greater portion of the budget. Large centres tend to spend more on events with celebrity attendance or music acts drawing sizeable crowds. For centres with smaller budgets though, something like a social media campaign can go a long way to attracting a relatively large following while also allowing us to collect important information about our customers.

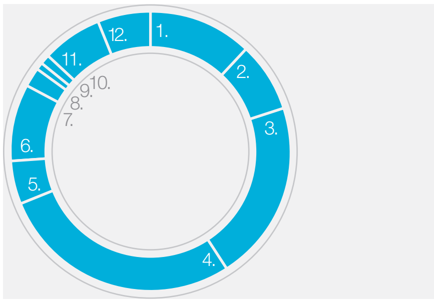
Eurocommercial publishes a quarterly in-house digital magazine called In Plaza, which is circulated to all employees. It allows marketing managers to share ideas and benefit from the experience of their colleagues in different centres. One of the most popular campaigns over the past year was an educational event about Space targeted at school-age children which was replicated in France and Italy.

France



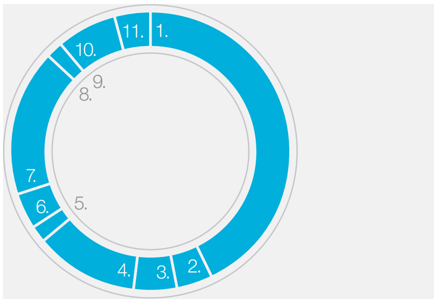
1.	Traditional communications	12%
2.	In-mall communications	13%
3.	Exterior communications	12%
4.	Events	35%
5.	Internet	2%
6.	Customer services	11%
7.	Marketing staff costs	3%
8.	Sponsorship	2%
9.	PR	1%
10.	Fees	9%
11.	Other	0%

Italy



1.	Traditional communications	12%
2.	In-mall communications	8%
3.	Exterior communications	21%
4.	Events	28%
5.	Internet	5%
6.	Customer services	9%
7.	Marketing staff costs	2%
8.	Re-branding/refurbishment related costs	0%
9.	Sponsorship	1%
10.	PR	1%
11.	Fees	7%
12.	Other	6%

Sweden



1.	Traditional communications	43%
2.	In-mall communications	4%
3.	Exterior communications	5%
4.	Events	12%
5.	Internet	2%
6.	Customer services	4%
7.	Marketing staff costs	17%
8.	Sponsorship	2%
9.	PR	0%
10.	Fees	7%
11.	Other	4%

Creating award-winning marketing campaigns

Eurocommercial was awarded the top prize in 2015 at the highly acclaimed ICSC* Solal Marketing Awards for its unique "Due Cuori e un Carosello" campaign at Carosello in Milan which held the first ever wedding in an Italian shopping centre. The event attracted considerable attention and generated national television and press coverage. In the last three years, Eurocommercial has won the greatest number of marketing awards of all shopping centre owners in Italy.

*International Council of Shopping Centres

Year in review: Eurocommercial France

France

Shopping Etrembières, Greater Geneva

Property value

€1,188m
41%

Number of properties

14

Gross lettable area (m²)

219,000

Like for like rental growth

0.5%

Number of shops

517

Net rental income (€m)

53.4

Like for like retail sales growth

1.0%

Number of visitors (m)

49.9

Valuation change

5.1%

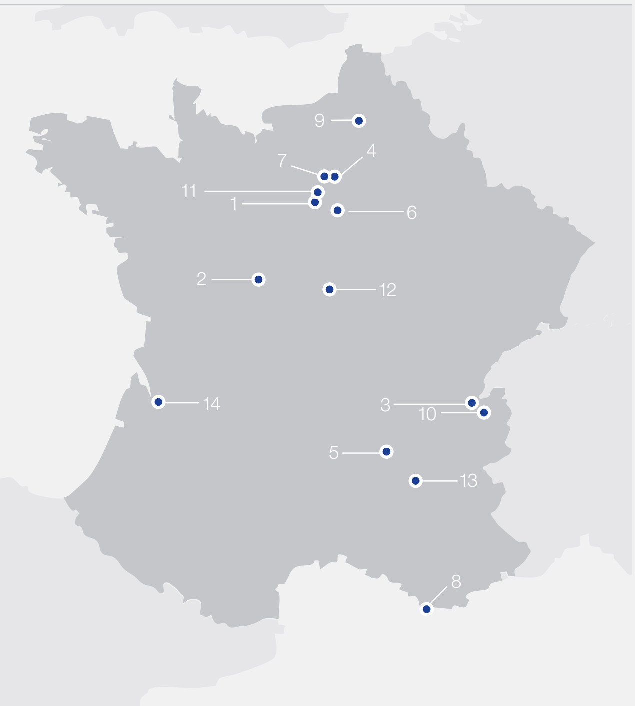
Occupancy cost ratio

8.1%

Top ten retail tenants in France % of total Eurocommercial income

Fnac	2.3%
Inditex	1.8%
Groupe Casino	1.7%
H&M	1.6%
Groupe Vivarte	1.4%
Groupe Etam	0.8%
Celio	0.8%
Castorama	0.8%
GO Sport	0.8%
Sephora	0.7%
Total	**12.7%**

1. Passage du Havre
   Paris
2. Les Atlantes
   Tours (Indre-et-Loire)
3. Val Thoiry
   Greater Geneva (Ain)
4. Plaine de France
   Moisselles (Val d'Oise)
5. Chasse Sud
   Chasse-sur-Rhône (Isère)
6. Rue de Rivoli
   Paris
7. Les Portes de Taverny
   Taverny (Val d'Oise)
8. Centr'Azur
   Hyères (Var)
9. Amiens Glisy
   Amiens (Somme)
10. Shopping Etrembières
    Greater Geneva
    (Haute-Savoie)
11. Les Allées de Cormeilles
    Cormeilles (Val d'Oise)
12. Saint Doulchard
    Bourges (Cher)
13. Les Trois Dauphins
    Grenoble (Isère)
14. Les Grands Hommes
    Bordeaux (Gironde)



Year in review: Eurocommercial France

Pascal Le Gouef
Director,
Eurocommercial
France

Economy

Within the context of a socialist administration, Prime Minister Vals and Economy Minister Macron are endeavouring to reform France. Labour market rigidities are being tentatively addressed and it remains a government priority to support consumer spending power. Failure to create jobs nevertheless remains the dark cloud against which François Hollande will be judged when he seeks re-election against a fractured opposition in two years.

Rental growth

Rental growth this year was a modest 0.5% on account of practically zero inflation. In a relatively flat trading environment retailers have been cautious in renewing existing leases at higher rents so transaction times have become longer. Nonetheless, lease renewals in Eurocommercial's properties produced an average uplift in rent of 4%, while lettings to new tenants generated an uplift of almost 20%. In addition, pre-lettings have been signed for 83% of the 5,500m² retail park extension at Chasse Sud. Principal retailers include a Beaumanoir multistore of 1,020m², Armand Thiery, Picard Surgelés and restaurant operators Memphis Coffee and Buffalo Grill.

Retail sales

Gallery retail sales in Eurocommercial's centres were up 1.0% for the financial year, with an improving trend. Retail sales growth for the six and three months to 30 June 2015 was 2.2% and 2.6% respectively, comparing favourably to the Conseil National des Centres Commerciaux (CNCC) index for the six months to June 2015 of 0.8%. The three centres located in the Rhône-Alpes region have performed particularly well. In spite of major building works underway at both Val Thoiry and Chasse Sud, these centres, together with Shopping Etrembières, have seen average increases in sales of 11% for the six month period to June 2015. Vacancies in Eurocommercial's French centres total just 0.6% of rental income.

Sales are slightly down in the Passage du Havre, Les Atlantes and the two suburban Paris centres at Taverny and Moisselles. In each case increased competition has affected performance, which is symptomatic of the market as a whole. Fashion in particular is struggling, as indicated by the IFM (Institut Français de la Mode) figures which point to a 1.7% reduction in national clothing sales for the 12 months to June, which is consistent with Eurocommercial's performance. That being said, the retailers faring best are those which are competitive on price.

Property market

It is fair to say that capital markets for shopping centres have rarely been stronger and some significant transactions have taken place over the past year. Our larger listed peers continue to rationalise their portfolios and have been selling non-core assets, meaning those which are perceived

Passage du Havre, Paris

Chasse Sud, Chasse-sur-Rhône

Independent valuations by property

(€ million)	**Net value June 2015**	Net value June 2014	Net yield including purchase costs	Cost to date	Year of acquisition
Passage du Havre, Paris[1]	**366.50**	324.10	4.1%	189.44	2000
Les Atlantes, Tours[4]	***139.30**	129.40	4.9%	64.71	1992
Val Thoiry, Greater Geneva[2]	***122.80**	107.70	5.1%	131.59	2013
Plaine de France, Moisselles[2]	**76.10**	75.20	5.6%	63.29	2009
Chasse Sud, Chasse-sur-Rhône[2]	****65.90**	56.00	5.5%	66.65	2007
74 rue de Rivoli, Paris[4]	**64.50**	56.30	3.7%	20.72	1998
Les Portes de Taverny, Taverny[4]	**62.60**	61.50	5.0%	25.78	1995
Centr'Azur, Hyères[2]	**53.70**	51.60	5.1%	21.69	1993
Amiens Glisy, Amiens[4]	**48.90**	47.50	5.5%	16.17	1995
Shopping Etrembières, Greater Geneva[3]	***46.80**	–	5.1%	49.97	2015
Les Allées de Cormeilles, Cormeilles[4]	**43.50**	40.50	5.5%	44.68	2007
Saint Doulchard, Bourges[1]	**39.70**	39.10	6.0%	49.69	2007
Les Trois Dauphins, Grenoble[4]	**39.70**	36.80	5.3%	26.62	2003
Les Grands Hommes, Bordeaux[1]	**18.00**	17.80	4.3%	18.26	2012
Total	**1,188.00**	1,043.50	4.8%	789.26	

*Including land acquisitions

**Including retail park development and acquisition of retail warehouse

Valuations by: [1]CBRE, [2]Cushman & Wakefield, [3]DTZ, [4]JLL

to be either too small in capital value or too dry in future performance. In conjunction with these strategic moves we have also seen continued activity from unlisted funds, both domestic and European, in addition to CIC from China acquiring a series of "value add" shopping centres both in the Paris region and the provinces.

With this flurry of activity the property valuers have reduced capitalisation rates and increased values, nowhere more so than in Paris where the appetite for prime stock remains high.

Valuations

Valuations are up 5.1% over the 12 month period and 3.0% for the six months. Most of this increase is due to a 50 bps yield shift for the central Paris properties which make up 36% of our portfolio. The retail parks (almost 10% of the portfolio) increased in value by 6%, whereas the suburban and provincial centre values have remained stable.

Acquisitions and extensions

In January 2015, the Company established a joint venture partnership with AXA Real Estate through the purchase of a 50% interest in Shopping Etrembières for €43.3 million, representing a net initial yield of 5.2%. Shopping Etrembières is a well-established centre situated on the eastern edge of Geneva with exceptional visibility to the autoroute which runs from Lyon to Chamonix and the Alps. It is anchored by a 5,500m² Migros hypermarket which did not form part of the acquisition. Since acquiring

Shopping Etrembières, Greater Geneva

the shopping centre, a 3,600m² block of land has been purchased directly in front of the property to facilitate an extension.

During the year the Company acquired three further strategic parcels of land next to its shopping centres. In Les Atlantes and Val Thoiry they were purchased to accommodate extensions which are expected to begin within the next three years. At Chasse Sud a logistics warehouse of 5,650m² was acquired in May 2015 alongside the Company's existing investment and this will be used to improve the visibility of this growing retail zone from the A7 autoroute.

Outlook

Our main "chantiers" for the year ahead in France, beyond driving sales growth, are twofold. Firstly, to increase the velocity of our renewals programme where we have approximately 20% of our leases to renew. On the ground we are also focused on delivering the extension of Chasse Sud and progressing extensions of the two Geneva centres.

Year in review: Eurocommercial France

French portfolio

Name	Description	Services	Major tenants
Passage du Havre Paris Value (€m) 366.50	An overall dip in sales of 1.7% is primarily due to weakness in the fashion sector. Anchor store Fnac, on the other hand, continues its recovery and has produced a stable performance for the year and its OCR remains a healthy 2.5%. Our merchandising remains focused on increasing dwell times. The Passage du Havre is now valued off an initial yield of 4.1% relative to 4.5% 12 months ago and this sizeable increase in value can be ascribed to the considerable appetite for prime central Paris assets of this type.	Free Wi-Fi, Website, Facebook page, Mobile app	Fnac Nature et Découvertes Zara Sephora H&M
Les Atlantes Tours (Indre-et-Loire) Value (€m) 139.30	The gallery has shown a positive performance over the year but the anchor stores have failed to respond to the positive impact of Carrefour's renaissance. Plans for a major extension to the centre continue to be discussed with local politicians so as to permit the arrival of new brands to enhance the current line-up.	Free Wi-Fi, Website, Facebook page, Mobile app, Gift card, Loyalty card	GO Sport Flunch Boulanger H&M Toys R Us Sephora
Val Thoiry Greater Geneva (Ain) Value (€m) 122.80	The centre has enjoyed an exceptional performance this year with sales up 8% for the 12 months to June 2015 and 14% for six months, helped significantly by the Swiss Franc currency reform in January 2015. The centre is undergoing a major refurbishment, including the installation of an entirely new translucent roof to the central piazza. The Company has also acquired five hectares of land opposite the centre and constructive discussions are being held with the municipality for a major extension.	Free Wi-Fi, Website, Facebook page	H&M GO Sport Sephora Leroy Merlin

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area 23,385m²	Value (€ million) 366.50	Turnover growth -1.7%
Retail/Gallery 14,894m²	Occupancy 100%	Occupancy cost ratio 6.7%
Residential 2,374m²	Passing rent (€ million) 16.97	Visitors 2014/15 13.6m
Office 6,117m²	Rental growth 0.9%	
ECP ownership 23,385m²	Boutiques <300m² turnover/m² (€) 13,730	

Total lettable area 39,290m²	Value (€ million) 139.30	Boutiques <300m² turnover/m² (€) 7,040
Retail/Gallery 22,690m²	Occupancy 100%	Turnover growth -1.1%
Hyper (Carrefour) 16,600m²	Passing rent (€ million) 7.13	Occupancy cost ratio 9.3%
ECP ownership 22,690m²	Rental growth -0.2%	Visitors 2014/15 5.5m

Total lettable area 33,416m²	Value (€ million) 122.80	Boutiques <300m² turnover/m² (€) 5,450
Retail/Gallery 14,826m²	Occupancy 100%	Turnover growth 8.0%
Hyper (Migros) 10,000m²	Passing rent (€ million) 6.52	Occupancy cost ratio 7.7%
Retail boxes 8,590m²	Rental growth 2.4%	Visitors 2014/15 3.3m
ECP ownership 23,416m²		

Year in review: Eurocommercial France

French portfolio

Name	Description	Services	Major tenants
Plaine de France Moisselles (Val d'Oise) Value (€m) 76.10	A light refurbishment of the centre is underway, starting with the creation of new high quality toilet facilities. We have a dynamic new centre manager and a rebranding of the centre as "MoDo" will soon be launched in recognition of the very strong and faithful primary catchment of shoppers to be found in Moisselles and Domont. Sales for the year are flat with fashion weak in contrast to all other sectors which are positive.		H&M Mango Zara Kids Bonobo
Chasse Sud Chasse-sur-Rhône (Isère) Value (€m) 65.90	A very active year at Chasse Sud has seen many initiatives. The retail park is trading well, particularly fashion and sport, and a new Aubert maternity store recently opened. With the park now well established as a retail destination we have started on a 5,500m² extension which fronts the Géant hypermarket. Two new freestanding restaurants, Buffalo Grill and Memphis Coffee, are expected to open in early 2016 and the remaining units will be delivered during the course of the year. The total cost for this extension will be €9.5 million and we expect a net return on cost in excess of 7.5%.		Géant Décathlon Boulanger Conforama C&A Gémo Bricomarché
Rue de Rivoli Paris Value (€m) 64.50	The capital value of this prime Paris building has increased by almost 50% over the past five years, testament to the strength of demand for this type of property. The retail component is somewhat reversionary and the apartments are leased at an average rent of €250/m².		Stradivarius Oysho

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area 25,980m²	Value (€ million) 76.10	Boutiques <300m² turnover/m² (€) 5,550
Retail/Gallery 10,980m²	Occupancy 96%	Turnover growth -0.3%
Hyper (Leclerc) 15,000m²	Passing rent (€ million) 4.79	Occupancy cost ratio 12.3%
ECP ownership 10,980m²	Rental growth 1.0%	Visitors 2014/15 4.5m

Total lettable area 46,159m²	Retail park/boxes 30,551m²	Passing rent (€ million) 3.86
Retail/Gallery 1,529m²	ECP ownership 46,159m²	Rental growth 1.2%
Hyper (Géant) 14,079m²	Value (€ million) 65.90	Visitors 2014/15 3.2m
	Occupancy 100%	

Total lettable area 3,035m²	ECP ownership 3,035m²	Passing rent (€ million) 2.61
Retail 1,065m²	Value (€ million) 64.50	Rental growth 0.0%
Residential 1,970m²	Occupancy 100%	Turnover growth 3.0%

Year in review: Eurocommercial France

French portfolio

Name	Description	Services	Major tenants
Les Portes de Taverny Taverny (Val d'Oise) Value (€m) 62.60	Sales densities remain very strong and the occupancy cost ratio a comfortable 10%, but the centre has lost a small amount of turnover following the opening of the new Qwartz shopping centre ten minutes away. Significant access improvements will be undertaken in 2016 and it is hoped that an extension of the centre can begin soon after. The primary catchment continues to appeal to professional families commuting to Paris and the demographics are particularly attractive.		H&M Kiko Promod
Centr'Azur Hyères (Var) Value (€m) 53.70	For the second only time in its long history, retail sales in this refurbished centre are flat but the OCR remains undemanding. The car park has seen some disruption with the installation of photovoltaic sun shades, but these are, it appears, warmly appreciated by our clientele.		Sephora IKKS Jack & Jones
Amiens Glisy Amiens (Somme) Value (€m) 48.90	The centre has clearly been assisted by the new low pricing policy of the Géant hypermarket with sales up 4.6% for the year. We now have planning consent for an extension of 5,000m², part of which may include a reduction of the hypermarket non-food sales area. Letting of this potential extension is now underway.		Flunch Camaïeu Nocibé

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area 30,532m²	Value (€ million) 62.60	Turnover growth -1.4%
Retail/Gallery 5,660m²	Occupancy 100%	Occupancy cost ratio 9.9%
Hyper (Auchan) 16,200m²	Passing rent (€ million) 3.42	Visitors 2014/15 3.4m
Other 8,672m²	Rental growth -0.5%	
ECP ownership 5,660m²	Boutiques <300m² turnover/m² (€) 8,750	

Total lettable area 17,035m²	Value (€ million) 53.70	Boutiques <300m² turnover/m² (€) 7,620
Retail/Gallery 6,235m²	Occupancy 98%	Turnover growth -0.9%
Hyper (Géant) 10,800m²	Passing rent (€ million) 2.99	Occupancy cost ratio 9.3%
ECP ownership 6,235m²	Rental growth -2.3%	Visitors 2014/15 3.1m

Total lettable area 22,769m²	Value (€ million) 48.90	Turnover growth 4.6%
Retail/Gallery 6,279m²	Occupancy 99%	Occupancy cost ratio 9.9%
Hyper (Géant) 16,000m²	Passing rent (€ million) 2.94	Visitors 2014/15 3.2m
Other 490m²	Rental growth 0.5%	
ECP ownership 6,279m²	Boutiques <300m² turnover/m² (€) 6,590	

Year in review: Eurocommercial France

French portfolio

Name	Description	Services	Major tenants
Shopping Etrembières Greater Geneva (Haute Savoie) Value (€m) 46.80	Since acquiring 50% of the shopping centre in January 2015, we have enjoyed the flow of Swiss shoppers travelling across the border to take advantage of the weaker euro. Turnovers for the six months to June 2015 increased by 8.7%. A block of land has also been purchased directly in front of the property to facilitate an extension.		H&M GO Sport
Les Allées de Cormeilles Cormeilles (Val d'Oise) Value (€m) 43.50	The food-anchored retail park continues to enjoy new greenfield housing development in the primary catchment area. Merchandising is stable and Lidl is gaining market share in France.		Castorama Lidl Kiabi Celio
Saint Doulchard Bourges (Cher) Value (€m) 39.70	Following the recent refurbishment and extension the centre is trading well.		Géant Flunch Camaïeu Nocibé

Website   Mobile app   Gift card   Loyalty card   Free Wi-Fi   Facebook page

Property summary

Total lettable area 19,655m²	Value (€ million)* 46.80	Turnover growth 3.1%
Retail/Gallery 8,906m²	Occupancy 100%	Occupancy cost ratio 11.8%
Hyper (Migros) 9,780m²	Passing rent (€ million)* 2.36	Visitors 2014/15 2.4m
ECP ownership 8,906m²	Boutiques <300m² turnover/m² (€) 8,220	

*Figures represent Eurocommercial's 50% interest in this property

Total lettable area 20,294m²	Occupancy 100%	Turnover growth 6.2%
ECP ownership 20,294m²	Passing rent (€ million) 2.63	Occupancy cost ratio 3.8%
Value (€ million) 43.50	Rental growth 0.2%	Visitors 2014/15 2.8m

Total lettable area 22,229m²	ECP ownership 22,229m²	Rental growth 0.4%
Retail/Gallery 3,789m²	Value (€ million) 39.70	Visitors 2014/15 2.1m
Hyper (Géant) 16,482m²	Occupancy 98%	
Retail boxes 1,958m²	Passing rent (€ million) 2.59	

Year in review: Eurocommercial France

French portfolio

Name	Description	Services	Major tenants
Les Trois Dauphins Grenoble (Isère) Value (€m) 39.70	New chiller units installed on the roof of the property will permit a significant saving in environmental taxes, while the retail tenants continue to trade well.		Fnac C&A Groupe Accor
Les Grands Hommes Bordeaux (Gironde) Value (€m) 18.00	A constructive dialogue has been established with the City of Bordeaux regarding our request to make significant changes to the property. We hope the works will be able to begin shortly.	Free Wi-Fi, Website, Facebook page	Villeroy & Boch Jonak

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area 16,845m²	Hotel/Office 3,545m²	Occupancy 100%
Retail/Gallery 8,600m²	ECP ownership 16,845m²	Passing rent (€ million) 2.56
Residential 4,700m²	Value (€ million) 39.70	Rental growth -0.6%

Total lettable area 4,660m²	Passing rent (€ million) 0.91	Occupancy cost ratio 10.3%
ECP ownership 2,662m²	Rental growth 0.5%	Visitors 2014/15 2.8m
Value (€ million) 18.00	Boutiques <300m² turnover/m² (€) 6,005	
Occupancy 97%	Turnover growth 4.6%	

Year in review: Eurocommercial Italy

Italy

Fiordaliso, Milan

Property value

€1,099m
38%

Number of properties

10

Gross lettable area (m^2)

227,000

Like for like rental growth

1.1%

Number of shops

692

Net rental income (€m)

62.1

Like for like retail sales growth

3.9%

Number of visitors (m)

62.8

Valuation change

4.4%

Occupancy cost ratio

8.0%

Top ten retail tenants in Italy % of total Eurocommercial income

Carrefour	3.6%
Gruppo Coin	2.3%
Media Markt	1.9%
Inditex	1.7%
Miroglio Fashion	1.0%
H&M	0.7%
Leroy Merlin	0.6%
Scarpe & Scarpe	0.6%
Foot Locker	0.6%
Piazza Italia	0.5%
Total	**13.5%**

1. Carosello
   Carugate,
   Milano (Lombardia)
2. I Gigli
   Firenze (Toscana)
3. Il Castello
   Ferrara (Emilia Romagna)
4. Curno
   Bergamo (Lombardia)
5. Cremona Po
   Cremona (Lombardia)
6. Centro Leonardo
   Imola (Emilia Romagna)
7. I Portali
   Modena
   (Emilia Romagna)
8. La Favorita
   Mantova (Lombardia)
9. Centro Lame
   Bologna
   (Emilia Romagna)
10. Centroluna
    Sarzana (Liguria)

Year in review: Eurocommercial Italy

Carlo Romagnoli
Director, Eurocommercial Italy

Economy

After another year of recession in 2014, the economy is starting to move in a more positive direction in 2015, helped by the depreciation of the euro, the drop in the oil price and the ECB's monetary policy. The introduction of long overdue labour reforms has been welcomed and consumer confidence is high, which is clearly filtering through into retail sales growth.

Rental growth

A further drop in inflation in Italy has translated into extremely low rental indexation, although Eurocommercial achieved overall rental growth over the 12 months of 1.1%. Uplifts on relettings and renewals were the biggest contributor and helped to offset the negative impact of a slight reduction in turnover rent. 115 new leases were signed across the portfolio during the year, producing a rental uplift on those deals of around 6%. The best overall results came from I Gigli, Cremona Po and I Portali. The Italian vacancy rate has improved once again over the year and stands at just 0.2% at June 2015.

Of particular note this year was the arrival of retailers Vans, America Graffiti, Liu Jo and O bag, all of which are performing well.

Retail sales

Retail sales growth has improved considerably over the period, totalling 3.9% for the 12 months to June 2015 with performance improving steadily throughout the year with six and three month figures to 30 June 2015 at 6.0% and 7.1% respectively. The gifts and jewellery sector was the best performer, helped largely by the arrival of Pandora. The hypermarkets (which apart from at Carosello are not owned by Eurocommercial) saw a dip in performance but remain important footfall generators, although less so in the largest centres which are driven more by the overall attraction of the destination.

For the second year in a row, the best centre in terms of turnover growth was Cremona Po at 7%, where the investment programme to upgrade the centre is paying off. The improved access to the car park, additional parking for the retail park and a large children's play area have all contributed to this robust performance. Centroluna also performed very well with 6.1% retail sales growth, confirming its position as a strong local centre and overcoming the opening of a big competitor in the catchment. This is testament to the fact that the position and the appropriate sizing of a shopping centre are two of the main contributors to its success.

Property market

Interest from international investors in the Italian real estate market continues to grow, although a general lack of large-scale product for sale has led to a prevalence of smaller transactions in the first half of 2015. Yields for prime and better secondary centres have moved downwards with increased interest being shown for smaller lot sizes. Development activity is expected to increase with banks increasingly keen to lend.

Valuations

Valuations conducted in June 2015 showed an increase of 4.4% compared to June 2014, and an increase of 3.3% compared to December 2014. This annual increase is reflected in the net initial yield which, at 6.0%, has fallen 30 bps over the past 12 months.

I Gigli, Florence

Independent valuations by property

(€ million)	Net value June 2015	Net value June 2014	Net yield including purchase costs	Cost to date	Year of acquisition
Carosello, Carugate, Milano[1]	**302.30**	295.60	5.6%	189.58	1997
I Gigli, Firenze[3]	**280.20**	250.80	6.0%	215.89	1999
Il Castello, Ferrara[3]	**106.90**	104.70	6.2%	84.92	2001
Curno, Bergamo[2]	**103.30**	97.40	6.1%	34.78	1994
Cremona Po, Cremona[3]	**83.10**	80.20	6.5%	86.25	2011
Centro Leonardo, Imola[2]	**67.90**	66.50	6.1%	64.97	1998
I Portali, Modena[3]	**47.50**	40.80	5.9%	46.78	2009
La Favorita, Mantova[1]	**44.60**	43.90	6.5%	34.22	1997
Centro Lame, Bologna[1]	**38.60**	36.20	6.4%	30.04	2003
Centroluna, Sarzana[2]	**24.70**	24.60	6.4%	14.92	1998
Total	**1,099.10**	1,040.70	6.0%	802.35	

Valuations by: [1]CBRE, [2]Cushman & Wakefield, [3]JLL

Acquisitions and refurbishments

In December 2014 an agreement was reached with Gruppo PAM for Eurocommercial to acquire their 15,800m² hypermarket and 9,000m² of gallery shops at I Gigli in Florence for €82 million, which will increase our ownership of the property to 100%. The acquisition is due to complete in April 2016. On completion of the transaction, the hypermarket will be reduced to around 10,000m² GLA and leased back to PAM. We intend to then convert the former hypermarket space into gallery shops and discussions are at an advanced stage with major international retailers to lease the new space.

We also reached agreement during the year to acquire from the major hyper and supermarket chain Gruppo Finiper a 50% share of Centro Commerciale Fiordaliso in southern Milan, together with an adjoining retail park, for a total price of €135 million reflecting a net initial yield in the order of 5.8%. The centre opened in 1992 and was extended in 2010 to reach its current total floor area of 55,800m², including an 11,800m² Iper hypermarket (which does not form part of the acquisition) and 12,000m² of external retail units. The purchase is expected to be finalised by the end of October 2015.

Fiordaliso is one of the best shopping centres in the Milan region and, together with our existing ownership of Carosello, further strengthens our position in Italy's second largest city and most important business centre. Fiordaliso is well connected to the city centre by public transport and also to the suburbs due to its direct access from the ring road. The centre has over 125 shops, 8.6 million annual visitors and is anchored by Iper, Media World, Scarpe & Scarpe, H&M, Leroy Merlin, Decathlon, OVS, Zara, Apple, GAP and McDonald's. Eurocommercial will be responsible for rent collection and leasing, and plans are already progressing to refurbish the centre and improve the merchandising.

Cremona Po, Cremona

I Portali, Modena

At I Portali, Modena, the refurbishment has been completed at a total cost of around €5 million. Public spaces have been improved with natural light, better use of the piazzas, more comfortable furniture and natural touches (wood on the floor, green walls and internal planting). New entrances, toilets and taller shop fronts have also been installed.

Outlook

Investment activity is expected to increase further in Italy in the coming year as the macroeconomic situation improves, assisted by a more stable government. Several transactions are in the pipeline and, if confirmed, will help to underpin future valuations. We also expect an increase in development over the course of the year which could see smaller, non-prime centres pushed out of the sights of the better retailers.

This year strong retail sales growth and slightly improved rental growth place our portfolio in robust health. The pending acquisition of 50% of Fiordaliso in Milan will be an important addition, reinforcing our position in Lombardy, Italy's wealthiest region.

Year in review: Eurocommercial Italy

Italian portfolio

Name	Description	Services	Major tenants
Carosello Carugate, Milano (Lombardia) Value (€m) 302.30	One of the leading shopping centres in Milan, Carosello is often the first choice for major international retailers. The most recent new addition to the centre is Victoria's Secret, which is due to open before Christmas and will be the retailer's first store in an Italian shopping centre.		Carrefour Media World Oviesse H&M Zara Apple Hollister
I Gigli Firenze (Toscana) Value (€m) 280.20	With 18.7 million annual visitors I Gigli is one of the most visited shopping centres in Italy. The forthcoming purchase of the hypermarket and part of the gallery in spring 2016 will bring our ownership to 100%, after which we will start a major reconfiguration and refurbishment. The goal is to complete this by summer 2017 in time for the 20th anniversary of the centre. The leasing of the new gallery space is well advanced, including negotiations with major international retailers for large units which will anchor the new gallery. Retailers which entered the centre this year include Liu Jo Jeans, Claire's, O bag and Baccanale.		Leroy Merlin Media World Coin Zara Apple Hollister Oviesse Universo Sport
Il Castello Ferrara (Emilia Romagna) Value (€m) 106.90	Il Castello is the leading shopping centre in the province of Ferrara, located just south of the city centre at an important junction. 15 new leases were signed during the past year, producing an average uplift in rent on those leases of 4.5%.		Euronics Oviesse H&M Cisalfa Pull & Bear Bata

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area	52,842m^2
Retail/Gallery	23,810m^2
Hyper (Carrefour)	27,743m^2
Other	1,289m^2
ECP ownership	52,842m^2
Value (€ million)	302.30
Occupancy	100%
Passing rent (€ million)	18.48
Rental growth	-0.1%
Boutiques <300m^2 turnover/m^2 (€)	8,810
Turnover growth	5.0%
Occupancy cost ratio	7.1%
Visitors 2014/15	8.5m

Total lettable area	85,898m^2
Retail/Gallery	54,257m^2
Hyper (Panorama)	15,838m^2
Retail park	4,663m^2
Cinema	11,140m^2
ECP ownership	61,316m^2
Value (€ million)	280.20
Occupancy	100%
Passing rent (€ million)	18.75
Rental growth	3.6%
Boutiques <300m^2 turnover/m^2 (€)	9,010
Turnover growth	5.0%
Occupancy cost ratio	6.8%
Visitors 2014/15	18.7m

Total lettable area	38,457m^2
Retail/Gallery	17,850m^2
Hyper (Ipercoop)	17,837m^2
Other	2,770m^2
ECP ownership	20,620m^2
Value (€ million)	106.90
Occupancy	100%
Passing rent (€ million)	7.30
Rental growth	-0.3%
Boutiques <300m^2 turnover/m^2 (€)	6,520
Turnover growth	0.5%
Occupancy cost ratio	9.6%
Visitors 2014/15	5.2m

Year in review: Eurocommercial Italy

Italian portfolio

Name	Description	Services	Major tenants
Curno Bergamo (Lombardia) Value (€m) 103.30	Curno is still one of the leading centres in Lombardy in terms of visitors, despite growing competition. The municipality of Curno intends to invest in the area which, it is hoped, should facilitate a small extension of the centre. The Company has started the planning process to improve access and car parking and refurbish the entrances. Curno has been strengthened by the recent arrival of the new anchor store, Terranova.	Free Wi-Fi, Website, Facebook page	Media World Passatempo Terranova Cisalfa Brek
Cremona Po Cremona (Lombardia) Value (€m) 83.10	Cremona Po delivered very strong turnover growth for the 12 months to June 2015, driven by a nearly 20% rotation of tenants since purchase in 2011. Several projects have been concluded such as the new access, 250 additional car spaces, better parking for the retail park and the construction of a new open air children's playground.	Free Wi-Fi, Website, Facebook page, Loyalty card	H&M Oviesse Unieuro Sport Specialist Pull & Bear Stradivarius
Centro Leonardo Imola (Emilia Romagna) Value (€m) 67.90	As Imola's only shopping centre, Centro Leonardo continues to dominate the catchment with turnover growing strongly. The Company has started the planning process for the construction of a new open air children's playground, which will make the centre more attractive to families in the area.	Free Wi-Fi, Website, Facebook page	Media World Oviesse Pittarello Zara

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area
36,292m²

Retail/Gallery
15,597m²

Hyper (Auchan)
18,195m²

Other
2,500m²

ECP ownership
18,097m²

Value (€ million)
103.30

Occupancy
100%

Passing rent (€ million)
7.05

Rental growth
0.4%

Boutiques
<300m² turnover/m² (€)
8,010

Turnover growth
2.9%

Occupancy cost ratio
8.0%

Visitors 2014/15
7.1m

Total lettable area
42,938m²

Retail/Gallery
20,626m²

Hyper (Ipercoop)
14,500m²

Retail park
5,674m²

Other
2,138m²

ECP ownership
28,438m²

Value (€ million)
83.10

Occupancy
100%

Passing rent (€ million)
6.32

Rental growth
0.8%

Boutiques
<300m² turnover/m² (€)
5,585

Turnover growth
7.0%

Occupancy cost ratio
10.6%

Visitors 2014/15
4.9m

Total lettable area
33,026m²

Retail/Gallery
15,252m²

Hyper (Ipercoop)
17,774m²

ECP ownership
15,252m²

Value (€ million)
67.90

Occupancy
100%

Passing rent (€ million)
4.70

Rental growth
-3.0%

Boutiques
<300m² turnover/m² (€)
6,505

Turnover growth
4.0%

Occupancy cost ratio
9.4%

Visitors 2014/15
4.8m

Year in review: Eurocommercial Italy

Italian portfolio

Name	Description	Services	Major tenants
I Portali Modena (Emilia Romagna) Value (€m) 47.50	The shopping centre was fully refurbished during the year, including major upgrades to the façade, entrances and the gallery itself, which have positively impacted the performance of the centre in terms of visitor numbers and retail sales. We are planning to improve the car parking and are in preliminary discussions with the municipality of Modena regarding an extension.		Oviesse Bata McDonald's
La Favorita Mantova (Lombardia) Value (€m) 44.60	La Favorita is the leading centre in Mantova. The tenant mix has been strengthened by the recent arrival of new national and international retailers and the addition of customer services including a dentist and a new restaurant.		Media World Oviesse Piazza Italia Terranova Scarpe & Scarpe UPIM
Centro Lame Bologna (Emilia Romagna) Value (€m) 38.60	Centro Lame is an urban centre serving the dense local catchment. The hypermarket is the top performer in Coop Adriatica's portfolio. The centre is easily accessed by public transport and is on a major artery connecting the city to the ring road. A new residential complex with approximately 1,700 apartments has recently opened close to the centre which is expected to boost performance.		Camaïeu Camst Benetton
Centroluna Sarzana (Liguria) Value (€m) 24.70	This strong neighbourhood centre is performing very well after the arrival of new retailers including AW Lab. The addition of new toilets with a nursery area and an open air playground are in the planning.		Piazza Italia Benetton Camaïeu

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area
24,810m^2

Retail/Gallery
7,937m^2

Hyper (Ipercoop)
16,989m^2

ECP ownership
7,937m^2

Value (€ million)
47.50

Occupancy
100%

Passing rent (€ million)
2.99

Rental growth
4.1%

Boutiques
<300m^2 turnover/m^2 (€)
6,245

Turnover growth
1.6%

Occupancy cost ratio
9.2%

Visitors 2014/15
4.1m

Total lettable area
32,334m^2

Retail/Gallery
7,400m^2

Retail park
8,734m^2

Hyper (Ipercoop)
11,000m^2

Brico
2,700m^2

Cinema
2,500m^2

ECP ownership
13,679m^2

Value (€ million)
44.60

Occupancy
100%

Passing rent (€ million)
3.47

Rental growth
1.1%

Boutiques
<300m^2 turnover/m^2 (€)
4,500

Turnover growth
0.5%

Occupancy cost ratio
8.6%

Visitors 2014/15
2.8m

Total lettable area
16,610m^2

Retail/Gallery
5,574m^2

Hyper (Ipercoop)
11,036m^2

ECP ownership
5,574m^2

Value (€ million)
38.60

Occupancy
100%

Passing rent (€ million)
2.70

Rental growth
0.8%

Boutiques
<300m^2 turnover/m^2 (€)
4,565

Turnover growth
-1.1%

Occupancy cost ratio
13.7%

Visitors 2014/15
3.8m

Total lettable area
15,128m^2

Retail/Gallery
3,553m^2

Hyper (Ipercoop)
11,580m^2

ECP ownership
3,553m^2

Value (€ million)
24.70

Occupancy
100%

Passing rent (€ million)
1.84

Rental growth
1.8%

Boutiques
<300m^2 turnover/m^2 (€)
5,270

Turnover growth
6.1%

Occupancy cost ratio
12.2%

Visitors 2014/15
2.9m

Year in review: Eurocommercial Sweden

Sweden

Ingelsta Shopping, Norrköping

Property value

€621m

21%

Number of properties

9

Gross lettable area (m²)

206,000

Like for like rental growth

1.5%

Number of shops

260

Net rental income (€m)

30.0

Like for like retail sales growth

3.6%

Number of visitors (m)

28.0

Valuation change

4.8%

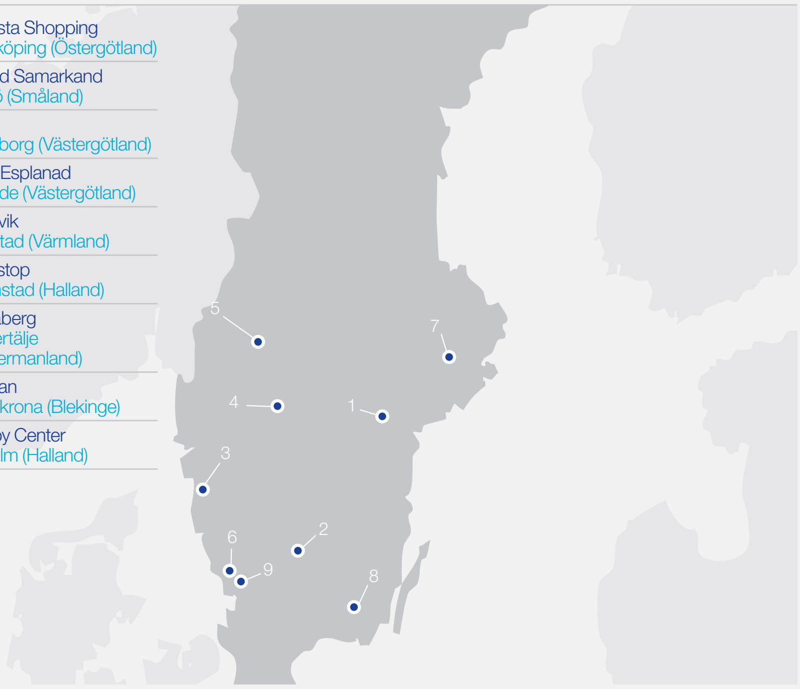
Occupancy cost ratio

8.1%

Top ten retail tenants in Sweden % of total Eurocommercial income

ICA Maxi	4.0%
Varnergruppen	1.0%
H&M	0.9%
Stadium	0.9%
KappAhl	0.8%
Elgiganten	0.8%
Lindex	0.8%
Intersport	0.7%
Coop	0.6%
Media Markt	0.5%
Total	**11.0%**

1. Ingelsta Shopping
   Norrköping (Östergötland)
2. Grand Samarkand
   Växjö (Småland)
3. 421
   Göteborg (Västergötland)
4. Elins Esplanad
   Skövde (Västergötland)
5. Bergvik
   Karlstad (Värmland)
6. Eurostop
   Halmstad (Halland)
7. Moraberg
   Södertälje
   (Södermanland)
8. Kronan
   Karlskrona (Blekinge)
9. Mellby Center
   Laholm (Halland)



Year in review: Eurocommercial Sweden

Martin Bjöörn
Director, Eurocommercial Sweden

Economy

The driving force behind an expanding economy continues to be strong household consumption and construction. National retail sales have been boosted by a trend of rising employment and real incomes and a lower cost of living (debt and energy). Low inflation has been the main target of the Riksbank as it has continued to cut its repo rate.

Rental growth

Despite negligible indexation, rental growth remained positive at 1.5%. 39 lease renewals and relettings were completed, producing an average uplift approaching 4%. For the year ahead, active tenant rotation will freshen up several galleries, particularly at Bergvik, which is currently under refurbishment and where new anchor stores for Clas Ohlson (1,488m²) and Cubus (566m²) will shortly open and will strengthen the tenant mix. The successful re-merchandising of Kronan was also completed following the break-up of an old two-level KappAhl store that has been modernised and relet to Cassels, Scorett and Lyko.

Turnover rent was marginally up on the year, with the main contributors being the ICA Maxi hypermarket at 421, Göteborg and Grand Samarkand, Växjö, where one third of tenants are paying turnover rent over and above the minimum guaranteed rent in only the third year of trading since its redevelopment.

Retail sales

Retail sales have been very strong in the galleries and were up 3.6% over the year and by 4.6% for the six months to June 2015. The outperformers were again Grand Samarkand, Växjö, at 9.5%, with a notable contribution also from Ingelsta Shopping, Norrköping, which is clearly increasing its market share at the expense of its weaker competitors with retail sales up 9% over the six month period. The four owned ICA Maxi hypermarkets increased their sales by 3.6% over the year, further illustrating ICA's dominant position in the Swedish food market.

Property market

The Swedish retail investment market had another very active year with several notable transactions covering most segments of the market. The strongest appetite was reserved for Stockholm as illustrated by the disposal of Skärholmen, a shopping centre of 70,000m² located in the less affluent suburbs on the southern edge of the city. It attracted very serious interest, particularly from international investors, with the eventual reported sale price of SEK 3.6 billion yielding just below 5%, a keen price bearing in mind that IKEA intend to develop a similar sized centre less than a kilometre away. More recently, the smaller municipal centre, Tyresö Centrum, sold to an experienced local investor at a yield understood to be well under 5%, albeit containing some potential residential development value.

More directly comparable to Eurocommercial's provincial shopping centre portfolio was the sale of Nova Lund at a reported price of SEK 1.6 billion and initially yielding around 5.25%. It is interesting that the price equates to a capital value of over SEK 60,000/m² which is substantially higher than Grand Samarkand and Bergvik, both comparable sized galleries in similar cities suggesting that both these properties have room for further capital growth as rental levels advance on the back of strong tenant demand and increasing retail sales.

The last six months has also seen renewed activity in the secondary retail market as bank finance has become increasingly available in a competitive lending market and there were several portfolio deals completed, including some that had previously failed to find buyers.

Valuations

The value of Eurocommercial's Swedish portfolio increased by 4.8% over the year and by 3.3% since December 2014, when the properties were last independently valued. The average net yield of the portfolio currently stands at 5.4%, a decrease of 20 bps over the 12 months.

Extensions and refurbishments

The main focus has been the Eurostop project along the E6/E20 motorway outside Halmstad where a new zoning plan was granted at the end of 2014 for a 16,000m² gallery extension. The existing 13,600m² gallery including Willys, H&M, KappAhl, Lindex and Systembolaget will be refurbished simultaneously. Tenant demand is strong for what will be the only external shopping centre serving a catchment of some 200,000 people and with the first signed leases already secured, we expect to hit our pre-leasing targets later this year to allow the €75 million project to commence and open towards the end of 2017.

Independent valuations by property

(SEK million)	**Net value June 2015**	Net value June 2014	Net yield including purchase costs	Cost to date	Year of acquisition
Ingelsta Shopping, Norrköping[3]	**1,044.00**	990.00	5.5%	891.05	2003
Grand Samarkand, Växjö[2]	**996.00**	910.00	4.9%	736.87	2003
421, Göteborg[3]	**762.00**	758.00	5.5%	831.60	2007
Elins Esplanad, Skövde[2]	**758.00**	720.00	5.3%	549.78	2003
Bergvik, Karlstad[2]	**689.00**	670.00	5.3%	364.45	2005
Eurostop, Halmstad[1]	**666.00**	594.00	5.5%	615.89	2012
Moraberg, Södertälje[1]	**440.00**	408.00	5.7%	365.52	2006
Kronan, Karlskrona[2]	**186.00**	174.00	5.6%	162.20	2007
Mellby Center, Laholm[2]	**178.00**	169.00	5.7%	141.37	2003
Total	**5,719.00**	5,393.00	5.4%	4,658.73	

Valuations by: [1]Cushman & Wakefield, [2]DTZ, [3]JLL
*1€ = 9.2149 SEK

The €5 million refurbishment of Bergvik outside Karlstad commenced in May with completion expected during the autumn. The works will include new entrances and façade as well as new floors and ceilings. With the adjoining (not owned) Coop hypermarket downsizing, their gallery will be enlarged to accommodate brands currently missing at Bergvik which will emerge much stronger and maintain its position as the dominant regional shopping centre in Värmland.

Our development programme has seen seven shopping centres refurbished and/or extended since 2006. Three of those centres at Växjö, Norrköping and Skövde are now starting to present opportunities for a second round of extensions of up to a total of approximately 25,000m² and will ensure that the portfolio continues to provide a steady pipeline in the medium term.

Acquisitions and disposals

While no property was acquired during the year, Hälla Shopping in Västerås was sold in March 2015. Hälla Shopping was one of the first properties acquired by Eurocommercial in Sweden in 2002 and while it initially performed well, this tailed off following IKEA's relocation from Hälla to the other side of the city where it also built a much larger competing shopping centre. With little potential for future rental growth, it was decided to sell Hälla while it was still fully income producing.

Outlook

In the absence of any meaningful indexation, rental growth will continue to be challenging although there are high expectations for continued retail sales growth in Sweden of 5% for 2015 and 3% in 2016. We have a further 49 lease renewals to negotiate over the next 12 months and with a very healthy occupancy cost ratio of only 8.1% across the portfolio we can expect significant rental uplifts, particularly at Grand Samarkand, where we have 16 renewals coming up.

There is immense depth to the investment market and with so much unsatisfied demand searching for relatively scarce product it is hard to see yields doing anything other than remaining at their current levels, or possibly even hardening a little further.

Kronan, Karlskrona

Eurostop, Halmstad

Bergvik, Karlstad

Year in review: Eurocommercial Sweden

Swedish portfolio

Name	Description	Services	Major tenants
Ingelsta Shopping Norrköping (Östergötland) Value (€m) 113.29	Retail sales at Ingelsta Shopping have increased steadily during the year and the centre is clearly gaining market share at the expense of its weaker external competitors. With strong demand from retailers wanting representation in the shopping centre, a new zoning plan was recently submitted to the municipality for a possible extension of around 8,000m².		ICA Maxi H&M KappAhl Stadium Lindex Intersport Gina Tricot Elgiganten K-rauta
Grand Samarkand Växjö (Småland) Value (€m) 108.09	Grand Samarkand is the only external shopping centre serving a catchment of approaching 300,000 people. Retail sales continue to outperform the market and were up 9.5% over the year. There are already 20 tenants paying turnover rent over and above the minimum guaranteed rent in what is only the third year of trading since its redevelopment, providing good prospects for future rental growth.		H&M Stadium New Yorker Lindex KappAhl Gina Tricot Clas Ohlson Systembolaget
421 Göteborg (Västergötland) Value (€m) 82.69	421 is located in Sisjön Högsbo, the main external retail zone to the south of Göteborg and is anchored by one of Sweden's fastest growing ICA Maxi hypermarkets. The property is ten years old and is currently being refurbished to include new lighting, signage and flooring.		ICA Maxi Media Markt H&M KappAhl Lindex Dressmann Intersport Hemtex

Website · Mobile app · Gift card · Loyalty card · Free Wi-Fi · Facebook page

Property summary

Total lettable area
36,727m²

Retail/Gallery
15,626m²

Retail park
11,520m²

Hyper (ICA Maxi)
9,581m²

ECP ownership
36,727m²

Value (€ million)
113.29

Occupancy
100%

Passing rent (€ million)
6.72

Rental growth
0.6%

Boutiques
<600m² turnover/m² (€)
4,500

Turnover growth
5.8%

Occupancy cost ratio
9.5%

Visitors 2014/15
3.2m

Total lettable area
34,820m²

Retail/Gallery
18,579m²

Retail park
3,954m²

Hyper (ICA Maxi)
10,632m²

Offices
1,655m²

ECP ownership
24,188m²

Value (€ million)
108.09

Occupancy
100%

Passing rent (€ million)
5.57

Rental growth
1.9%

Boutiques
<600m² turnover/m² (€)
4,720

Turnover growth
9.5%

Occupancy cost ratio
8.5%

Visitors 2014/15
4.9m

Total lettable area
33,422m²

Retail/Gallery
18,522m²

Hyper (ICA Maxi)
11,783m²

Offices
3,117m²

ECP ownership
33,422m²

Value (€ million)
82.69

Occupancy
97%

Passing rent (€ million)
4.97

Rental growth
0.6%

Turnover growth
5.0%

Occupancy cost ratio
9.5%

Visitors 2014/15
3.5m

Year in review: Eurocommercial Sweden

Swedish portfolio

Name	Description	Services	Major tenants
Elins Esplanad Skövde (Västergötland) Value (€m) 82.26	Elins Esplanad has been a consistently solid performer in terms of rental growth and retail sales since its refurbishment and extension in 2008. Investigations are ongoing with the assistance of a supportive municipality for a further extension to meet retailer demand, particularly from the fashion sector.	Free Wi-Fi, Website, Facebook page	ICA Maxi KappAhl Lindex Cassels Stadium Clas Ohlson H&M Cubus
Bergvik Karlstad (Värmland) Value (€m) 74.77	Bergvik is currently undergoing a major refurbishment to include new entrances, façades, floors and ceilings. During the year it was decided to take back some retail space from underperforming tenants which has been relet to several national chains to improve the tenant mix, including Clas Ohlson and Cubus.	Website, Gift card, Facebook page, Free Wi-Fi	H&M Stadium Lindex KappAhl Clas Ohlson Indiska Cubus
Eurostop Halmstad (Halland) Value (€m) 72.27	The new zoning plan for the 16,000m² extension has been approved and will more than double the size of the existing gallery, which will also be refurbished. External works are already in progress to improve access and parking and it is planned that the extension will start at the end of 2015.	Facebook page, Website, Gift card	Coop Forum Willy's H&M Lindex KappAhl Systembolaget

Website Mobile app Gift card Loyalty card Free Wi-Fi Facebook page

Property summary

Total lettable area 28,783m²	Value (€ million) 82.26	Turnover growth 3.6%
Retail/Gallery 17,994m²	Occupancy 100%	Occupancy cost ratio 7.2%
Hyper (ICA Maxi) 10,039m²	Passing rent (€ million) 4.84	Visitors 2014/15 3.9m
Office 750m²	Rental growth -0.6%	
ECP ownership 28,783m²	Boutiques <600m² turnover/m² (€) 5,085	

Total lettable area 47,400	Value (€ million) 74.77	Turnover growth -1.7%
Retail/Gallery 22,000	Occupancy 100%	Occupancy cost ratio 9.0%
Hypers (ICA, Coop) 21,000	Passing rent (€ million) 4.24	Visitors 2014/15 5.4m
Retail boxes 4,400m²	Rental growth 3.5%	
ECP ownership 13,754m²	Boutiques <600m² turnover/m² (€) 4,970	

Total lettable area 31,129m²	ECP ownership 31,129m²	Turnover growth 0.8%
Retail/Gallery 13,643m²	Value (€ million) 72.27	Occupancy cost ratio 7.5%
Hyper (Coop Forum) 10,810m²	Boutiques <600m² turnover/m² (€) 5,225	Visitors 2014/15 3.0m
Hotel/Office 5,346m²		
Other 1,330m²		

Year in review: Eurocommercial Sweden

Swedish portfolio

Name	Description	Services	Major tenants
Moraberg Södertälje (Södermanland) Value (€m) 47.75	Moraberg is a modern retail park located on the E20/E4 motorway outside Södertälje, a city of over 90,000 people located just to the south of Stockholm. With no external shopping centre in the catchment, Moraberg continues to trade well and has attracted Sweden's most important box retailers in the electrical, sport, DIY and household sectors.		Elgiganten Rusta Jysk Plantagen Jula Stadium Intersport
Kronan Karlskrona (Blekinge) Value (€m) 20.18	Kronan is the main gallery located in the prime pedestrianised pitch in Karlskrona, an important coastal city of 65,000 people. During the year an old two-level KappAhl unit was refurbished and replaced by new tenants including Cassels, Scorett and Lyko, which has improved the merchandising mix.	Facebook page, Website	Stadium Gina Tricot MQ Brothers Cassels Scorett
Mellby Center Laholm (Halland) Value (€m) 19.32	Mellby Center is a small shopping centre located on the E6 motorway on Sweden's popular west coast and enjoys strong seasonal trade. The property was refurbished three years ago and is anchored by an ICA Maxi hypermarket. A recent planning application has been made for a 2,000m² retail box that could trade off the southern car park.	Website	ICA Maxi KappAhl Lindex Dressmann

Website · Mobile app · Gift card · Loyalty card · Free Wi-Fi · Facebook page

Property summary

Total lettable area 19,043m²	Passing rent (€ million) 2.84	Occupancy cost ratio 5.6%
ECP ownership 19,043m²	Rental growth 6.3%	Visitors 2014/15 1.7m
Value (€ million) 47.75	Turnover growth 2.3%	
Occupancy 100%		

Total lettable area 7,052m²	Occupancy 100%	Turnover growth -3.1%
Retail/Gallery 5,878m²	Passing rent (€ million) 1.42	Occupancy cost ratio 9.3%
Offices 1,174m²	Rental growth 0.8%	Visitors 2014/15 1.4m
ECP ownership 7,052m²	Boutiques <600m² turnover/m² (€) 3,490	
Value (€ million) 20.18		

Total lettable area 11,550m²	Occupancy 100%	Turnover growth 2.7%
Retail/Gallery 3,315m²	Passing rent (€ million) 1.41	Occupancy cost ratio 7.7%
Hyper (ICA Maxi) 8,235m²	Rental growth -0.1%	Visitors 2014/15 1.0m
ECP ownership 11,550m²	Boutiques <600m² turnover/m² (€) 2,960	
Value (€ million) 19.32		

Corporate social responsibility (CSR)

Environmental review

Eurocommercial has made considerable progress over the past financial year to reduce its energy consumption and improve the efficiency of its properties. Like for like energy consumption fell 8.8% over the period and like for like greenhouse gas emissions reduced by 6.2%. Water consumption increased by 1.4% due to a major leak at Les Atlantes in Tours which has since been identified and remedied.

These energy savings have mainly been due to upgrades to HVAC (heating, ventilating and air conditioning) equipment, the installation of low energy LED lighting in the malls and increased education of the asset and centre management teams about minimising energy consumption.

Eurocommercial was awarded a Gold Award in 2014 and 2015 by EPRA for achieving the highest level of compliance with their best practice recommendations in sustainability reporting. This is something we are proud of and will continue to report on.

In 2015 Eurocommercial participated in the Global Real Estate Sustainability Benchmark (GRESB) survey for the first time. The process encouraged us to gather and log significant amounts of information on the Company's CSR practices and helped involve a broad cross-section of employees in understanding the importance of such matters for the Company. Eurocommercial was awarded a score of 55/100, which was precisely in line with the GRESB average. We feel this is a good starting point on which to build further improvement.

Two properties are currently being assessed for BREEAM In-Use certification. It is intended to certify the Company's most valuable assets over the coming years in order to gain further insight into how the management and structure of the buildings can be improved.

Employees

All permanent employees are enrolled in the performance share programme, which aims to reward staff for their contribution to the Company while also promoting their long-term interest in the business through making them shareholders. As a result of the corporate culture, staff turnover is extremely low. The senior Directors have served the Company for an average of 20 years.

In 2014/15, Eurocommercial employed 72 full-time employees, of which 44% were male and 56% were female. The Management Board, which consists of two individuals, are both male and the Supervisory Board has six members, one of whom is female.

All employees must adhere to the Company's Code of Conduct and Code to Prevent Insider Trading. They are also advised of their rights under the Whistleblower's Code. Employees completed the equivalent of over two days of training per person during the course of the financial year, including a comprehensive workshop on fraud risk awareness which was attended by all staff and Directors across the organisation.

Like for like total energy consumption

MWh -8.8%

Like for like total water withdrawal

m^3 +1.4%

Like for like total greenhouse gas emissions

Tonnes CO_2e -6.2%

Energy consumption

			Absolute	Like for like comparison							
			Total		France		Italy		Sweden		Total
Impact area	EPRA sustainability performance measures	Units of measurement	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**
Energy	Total energy consumption from electricity [GRI: EN4]	MWh	**65,072**	6,613	**6,169**	25,294	**24,795**	34,232	**34,108**	66,139	**65,072**
	of which exclusively sub-metered to tenants		**(5,317)**			(5,409)	**(5,317)**	(23)		(5,432)	**(5,317)**
	for landlord shared services		**59,755**	6,613	**6,169**	19,885	**19,478**	34,209	**34,108**	60,708	**59,755**
	Total energy consumption from district heating and cooling [GRI: EN4]		**10,011**	1,709	**1,810**	1,178	**934**	8,928	**7,267**	11,815	**10,011**
	Total energy consumption from fuels [GRI: EN3]		**9,969**	4,230	**3,063**	11,067	**6,906**			15,297	**9,969**
Greenhouse gas emissions	Total direct GHG emissions [GRI: EN16 – GHG Protocol Scope 1]	tonnes CO_2e	**1,844**	779	**567**	2,037	**1,277**			2,816	**1,844**
	Total indirect GHG emissions [GRI: EN16 – GHG Protocol Scope 2]		**10,955**	893	**769**	8,341	**8,032**	2,944	**2,154**	12,178	**10,955**
	Total indirect GHG emissions [GRI: EN16 – GHG Protocol Scope 3]		**7,058**	59	**47**	5,932	**6,879**	189	**132**	6,180	**7,058**
Water	Total water withdrawal [GRI: EN8 partial]	cubic metres (m^3)	**480,786**	13,610	**18,416**	137,870	**132,809**	59,735	**62,947**	211,215	**214,172**
Waste	Total weight of waste [GRI: EN22]	metric tonnes	**6,435**	2,323	**2,321**			1,028	**1,269**	3,351	**3,590**
	Disposal route – Reused	proportion by weight (%)	**3%**								
	Disposal route – Recycled		**47%**	38%	**41%**			41%	**100%**	39%	**62%**
	Disposal route – Off-site materials recovery facility		**29%**	44%	**31%**			1%		31%	**20%**
	Disposal route – Landfill facility – non-hazardous		**9%**	7%	**8%**					5%	**5%**
	Disposal route – Hazardous waste treatment facility										
	Disposal route – Incineration with energy recovery		**8%**	11%	**21%**			58%		25%	**13%**
	Disposal route – Composting/anaerobic digestion facility		**4%**								

Impact area	EPRA sustainability intensity measures	Units of measurement	2013	**2014**
Energy	Building energy intensity [GRI-CRESS: CRE1]	$kWh/m^2/year$	606	**553**
Greenhouse gas emissions	Greenhouse gas intensity from building energy [GRI-CRESS: CRE3]	$kg\ CO_2e/m^2/year$	97	**83**
Water	Building water intensity [GRI-CRESS: CRE2]	$m^3/m^2/year$	2.0	**3.1**

Percentage figures may not add up to 100% due to rounding.

The information provided is for the calendar years 2014 and 2013. The emission factors are based upon the Department for Environment, Food and Rural Affairs (DEFRA) guidance and are reported using the Greenhouse Gas Protocol and EPRA Sustainability Best Practices. Jones Lang LaSalle assisted Eurocommercial in preparing this data in line with the reporting guidelines.

For 2014 the absolute coverage data disclosed for all energy, greenhouse gas and water performance measures, for which the landlord has control, is for 27 out of 33 properties. The data disclosed for waste refers to 21 out of 33 properties. For the like for like figures, 27 properties are included for the energy and greenhouse gas data, 22 for water and 16 for waste. The reported data contains the total landlord-obtained energy and water consumed in the Company's properties.

2013 gas data for Curno, electricity data for Bergvik and district heating data for 421 have been restated because of incorrect historic data.

Energy, emission intensities and water are reported using "shared services" as the numerator and common parts area as the denominator. "Shared services" refer to landlord-obtained consumption for common parts and any services provided to tenant areas that have not been sub-metered. Where tenant consumption is sub-metered, this is excluded from "shared services". Eurocommercial acknowledges, as recommended in the EPRA sustainability best practice recommendations, that the intensity indicator may be affected due to a mismatch between numerator and denominator.

Natural gas and diesel emissions use the DEFRA emissions factors based on UK natural gas calculations, as the greenhouse gas content of natural gas and diesel varies only marginally over time and between regions.

Scope 3 emissions are for landlord-obtained consumption that is sub-metered to tenants and tenant-obtained energy.

EPRA sBPR GOLD SUSTAINABILITY REPORTING

Corporate governance

In accordance with the Dutch 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. A detailed list of these best practice provisions can be found on the Company's website (www.eurocommercialproperties.com).

General Meeting of Shareholders

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.

The General Meeting of Shareholders is usually held in the first week of November each year. Holders of depositary receipts are entitled to attend and to vote at the meeting. 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 and copies of such minutes are available free of charge on request.

Supervisory Board

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.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Meeting of Holders of Priority Shares. 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 (six 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. 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 capital.

Due to the size of the Company and the nature of its organisation and activities, the Supervisory Board has also decided to function as a whole as the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee.

The Supervisory Board meets according to a fixed schedule of meetings and at least four times a year. Furthermore, there is a special meeting dedicated to a discussion – without the Board of Management being present – of the Supervisory Board's own functioning, the relationship to 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 and are available free of charge on request.

With reference to article 2:391, section 7 of the Netherlands Civil Code regarding gender diversity, it is reported that the new rules effective 1 January 2013 providing that 30% of the members of the Supervisory Board and of the Board of Management should be male or female, have not been met. The members of the Board of Management are both male and were appointed in November 2012 for a period of four years, so it is not expected that the Company will comply with the new rules in respect of its Board of Management. At the Annual General Meeting of 4 November 2014 one female and two male members were appointed to the Supervisory Board for a period of four years. The current terms of appointment of the respective members of the Supervisory Board will be fully honoured and for new appointments the best candidates will be proposed, whether male or female. The profile of the Supervisory Board states that each gender should be represented and it is expected that future appointments will continue to include proposals to appoint female members, if they are the best candidates.

Board of Management

The Board of Management (Jeremy Lewis and Evert Jan van Garderen) 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 Meeting of Holders of Priority Shares. 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. The remuneration of the Board of Management will be submitted to the General Meeting of Shareholders for approval. In 2004 the Supervisory Board drew up a Remuneration Report which is updated 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 capital. The amount of compensation that a member of the Board of Management may receive on termination of his employment may not exceed one year's salary.

Jeremy Lewis, Chief Executive
The founding Chief Executive of the Company, Jeremy Lewis (70), a Chartered Surveyor, has almost 50 years of international experience in commercial property and the running of quoted property investment vehicles.

Evert Jan van Garderen, Finance Director
Evert Jan van Garderen (53), a graduate of Erasmus University Rotterdam, joined the Company in 1994 after experience in a major law firm and an international investment group. He is both a Chartered Accountant and a qualified lawyer.

Country heads

Peter Mills, Director
Peter Mills (56) joined Eurocommercial in 1993 and is responsible for the Company's operations in Sweden. Prior to joining the Company, he worked for major international property consultants covering the UK and European retail markets. Peter is a Chartered Surveyor and read Land Economy at Cambridge University.

Tom Newton, Director
Having acquired experience in the property markets of the UK, Australia and Europe, Tom Newton (57) joined Eurocommercial in 1992. Since then he has been involved in the acquisition programme in France and Italy and has responsibility for all French operations. Tom has a degree in modern languages from Durham University and is a Chartered Surveyor.

Tim Santini, Director
Tim Santini (49) joined Eurocommercial in 1994 and is responsible for the Italian activities of the Company. Prior to joining Eurocommercial he was with a major international property consultant in London working on projects in the UK and continental Europe. Tim read modern languages at UEA and is a Chartered Surveyor.

Hostile takeover defence

The mechanism for protecting the Company against hostile takeovers comprises the 100 priority shares which have been issued and are held by the Stichting Prioriteitsaandelen Eurocommercial Properties. The Board of Trustees of this foundation (stichting) currently comprises the Chairman of the Board of Management and an independent member. The determination of the number of Managing Directors and Supervisory Directors of the Company, the drawing up of a binding nomination for their appointment and the approval of the appropriation of income of the Company are the principal rights attached to the priority shares. The priority shares are in all other respects identical to the registered ordinary shares.

Under powers granted to it by the General Meeting of Shareholders for the period to 30 June 2016, the Meeting of Holders of Priority Shares is empowered to authorise the issue of new shares up to a maximum of 20% of the issued share capital and 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.

External auditor

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 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 are subject to a limited 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 may address the meeting in respect of this matter.

Corporate governance best practice

After the publication of the Dutch Corporate Governance Code in December 2003 the Supervisory Board and the Board of Management discussed in detail the effect of the Code on the corporate governance structure of the Company. Various codes, rules and regulations for the Company and its subsidiaries were prepared and adopted.

The Company complied with all but four best practices of the Code and has amended its Articles of Association and Conditions of Administration to bring the corporate governance structure further in compliance with the Code. These amendments were tabled and approved at the Annual General Meeting of Shareholders held on 2 November 2004. All introduced or amended codes, rules and regulations have been posted on the Company's website.

On 10 December 2008 the Monitoring Committee Corporate Governance Code published its report including amendments to the Dutch Corporate Governance Code. The Company has obtained external advice about the implications of this amended Code on the corporate governance structure of the Company. This advice has been discussed in a dedicated extraordinary meeting with the Supervisory Board and the Board of Management held in April 2009. Following the advice and the meeting, various changes and additions have been made to the Company's codes, rules and regulations in order to comply with the amended Code. These documents have been posted on the Company's website. The only principles and best practice provisions of the amended Code with which the Company does not fully comply or which require an explanation are:

Principle II.2 of the Code

The Netherlands Civil Code and the Articles of Association of the Company provide that the remuneration of the individual members of the Board of Management is determined and adopted by the General Meeting of Shareholders.

Provision II.2.3 of the Code

The remuneration of the Board of Management is not determined by reference to non-financial indicators due to the nature of the Company's business. The key indicator for remuneration is based on aligning the Board of Management with the interests of shareholders.

Provision IV.1.1 of the Code

The Netherlands Civil Code provides for the possibility to set aside binding nominations for the appointment of Directors by a shareholders' resolution passed by two-thirds of the votes cast representing more than half of the issued capital. The Company will maintain this system so that a substantial majority of shareholders and holders of depositary receipts decides these issues.

Provision IV.3.13 of the Code

The Company has not implemented an outline policy on one-to-one contact with its shareholders. The Company is of the opinion that the current applicable law is clear and provides sufficient guidance about what is and what is not allowed in respect of price sensitive information.

Provision V.3.1 of the Code

Due to its size the Company will not appoint an internal auditor.

Corporate governance

Corporate responsibility

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.

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 sponsor 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 and continues to make steady reductions in all areas. 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 its properties as part of ongoing maintenance and upgrade works. Several centres now have facilities to collect rainwater to use for irrigation and waste facilities. The Carosello centre in Italy has a 16,000m^2 grass roof which not only insulates the gallery and regulates the mall temperature thus reducing the need for air-conditioning, but also adds to the biodiversity of the area.

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 a video conferencing system to lower internal travel costs. In addition, the offices have recycling programmes in place.

The Company employed an average of 72 full-time equivalent persons during the financial year, of which 14 are based in The Netherlands, 10 in the UK, 20 in France, 21 in Italy and seven in Sweden. 44% of employees are male and 56% are female. Of the workforce, 13 are under the age of 30, 50 are between the ages of 30 and 50 and nine are over the age of 50.

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

Eurocommercial has had offices in Amsterdam and London since inception, but the Company's focus on France, Italy and Sweden has necessitated the opening of offices in Paris, Milan and Stockholm. The French, Italian and Swedish teams have been expanding during recent years as various property functions such as leasing and rent collection have been brought in-house.

The three senior Directors responsible for property have a regional management role as well as contributing their expertise to collective major investment decisions. Tom Newton is responsible for France, Tim Santini for Italy and Peter Mills for Sweden.

The Management Board and regional Directors keep the Supervisory Board of the Company fully informed of operations through formal management reports and informal discussions as necessary.

Remuneration

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 and dividend per share and directly linked to the annual relative performance as per 30 June of the listed depositary receipts of the Company compared to 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 depositary receipts may be granted from time to time, but these only vest after three years have lapsed since the date of granting, provided certain targets are met. After vesting these depositary 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 68.

Internal risk management and control systems

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

The strategic risks mainly concern the property sector and country allocation, as well as 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, but 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 turnovers in shopping centres, rent collection, vacancy, arrears and doubtful debtors and weekly meetings between the Board of Management and regional Directors 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. 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.

Due to its size the Company has no internal audit department. 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

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 is designed to maximise shareholder value while minimising risk.

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 Chief Executive, the Finance Director and the finance team, the heads of the French, Italian and Swedish businesses, their deputies, the research department and the Investor Relations Director. 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 year the revised risk management policies were reviewed, discussed and approved by the Board of Management and the Supervisory Board.

Strategic risk

Country and sector weighting of assets

The Company invests in a relatively predictable real estate sector (retail) and relatively wealthy and stable economies (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 3.9% of total portfolio rent).

Timing of investments and divestments

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

The internal research team maintains 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.

Tenant selection and credit risk

The creditworthiness of tenants is researched thoroughly and bank guarantees or deposits are always required in France and Italy but not in Sweden where this is not market practice. 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.

Technical 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 technical conditions 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 regularly 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.

Corporate governance

Taxation

The Company is tax-exempt in The Netherlands and France, 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. A clear example was the increase of property tax in Italy in 2012, which resulted in an extra tax burden for the Company.

Financial risk

Credit risk

The Company minimises the risks related to the possible defaults of its counterparties by dealing with 17 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 for funding them are also long-term (five years but preferably for ten years or more). The Company uses 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 3.2% excluding margins and only 20% of the existing loans 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 €2.36 million, or 2.7%, 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 19 (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 banks and currency swaps (if applicable), a hedging of the foreign currency is achieved up to 35%. The remaining exposure is relatively limited compared to 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 1.0% of reported net asset value and in a decrease of only 1.2% of reported direct investment result.

Reporting risk

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 subject to a limited review by the external auditor.

Compliance 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) due to its listing on Euronext Amsterdam. All employees are made aware of the regulations, and procedures are in place to ensure that employees comply with the rules. The Company has an internal code of conduct and a whistleblower's code which 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

Pursuant to The Netherlands Corporate Governance Code, the Board of Management states that it has a description of the organisation of its business operations (Administrative Organisation and Internal Control). During the financial year 2014/2015 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 Netherlands Corporate Governance Code. Also, there have been no indications during the financial year 2014/2015 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.

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 year 2014/2015, as included in this Annual Report, and (ii) that the risk management and control systems as described above worked properly in the financial year 2014/2015.

Insurance

The Company is fully insured against property damage and 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 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). In Italy and Sweden the Company is currently not in a corporate income tax payable position.

Amsterdam, 18 September 2015

Board of Management
J.P. Lewis, Chairman
E.J. van Garderen

Responsibility statement

With reference to the EU Transparency Directive and the Act on Financial Supervision, we hereby state to the best of our knowledge that the financial statements for the financial year ended 30 June 2015 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, 18 September 2015

Board of Management
J.P. Lewis, Chairman
E.J. van Garderen

Report of the Board of Supervisory Directors

To the General Meeting of Shareholders

Financial statements

We are pleased to present the Annual Report of Eurocommercial Properties N.V. for the financial year ending 30 June 2015, as drawn up by the Board of Management. The Auditors, Ernst & Young Accountants LLP, have audited the financial statements and will issue an unqualified report thereon. We recommend that you adopt the financial statements.

Dividend proposal

We support the proposal of the Board of Management to distribute a cash dividend of €1.98 per depositary receipt (ten ordinary shares) for the financial year ending 30 June 2015. We also support the offer, at the option of the holders of depositary receipts, of a scrip issue to be charged to the share premium reserve as an alternative to the cash dividend.

Activities

During the year under review there were seven meetings of the Supervisory Board which were also attended by the members of the Board of Management. All Supervisory Directors attended each meeting with the exception of one meeting where one member was unable to attend. In addition to those meetings there was regular contact between the Supervisory Board members and the members of the Board of Management. Furthermore, the Supervisory Board is kept informed of activities and financial performance through monthly management accounts which contain detailed analysis of rental income, interest and Company expenses and investment developments. During the year the new Chairman of the Supervisory Board attended a few meetings of the senior management team to observe the detailed property management, investment and funding discussions.

Amongst the topics discussed in the Board meetings were strategy and risk, property and financial markets, management and financial accounts, funding, currency and dividend policy, the system of internal controls, remuneration levels, systems and corporate governance. In particular the changes in property markets, valuations and rents, the impact of the internet and marketing in the various countries, but also the Company's bank loans and bank covenants were discussed in great detail and monitored during the year. The Supervisory Board was fully informed of the investment and funding policy of the Board of Management. The Board was also informed about the continuation of the current strategy of the Company. Furthermore, the contents of press releases, the Annual Report, the Interim Report and the quarterly reports were discussed.

In the August 2014 meeting, in addition to the approval of the annual results and other usual items, the agenda for the Annual General Meeting included the proposal to appoint three new members of the Supervisory Board. Ms Brigitte Carrière and Mr Richard Foulkes were proposed to succeed Mr Willem van Hassel and Mr Andre Teeuw. Mr Bas Steins Bisschop was proposed to be appointed as Supervisory Director with the intention of the new Supervisory Board to elect him as Chairman. The candidates were also present at this meeting as observers. These proposals were the result of the amended profile of the Supervisory Board and the subsequent search. In the Annual General Meeting held on 4 November 2014, Ms Carrière, Mr Foulkes and Mr Steins Bisschop were appointed. The Board is very grateful for the valuable contributions and excellent service to the Company for so many years by both Mr van Hassel and Mr Teeuw, who stepped down in that Annual General Meeting.

In the November 2014 meeting the Board focused in particular on the new composition of the Supervisory Board. The three new candidates also attended this meeting as observers. The meeting included a presentation on the Dutch corporate governance rules and the specific corporate governance of the Company.

The May 2015 meeting took place in Milan and gave the Board the opportunity to visit the shopping centres Carosello and Curno, to review the retail competition in that area and also meet local management. In this meeting particular focus was given to the funding and debt strategy of the Company, as well as the equity position of the Company and the remuneration policy for the Group. Having regard to external benchmark studies and international practice, the fixed and variable remuneration of senior executives and management was discussed.

The Supervisory Board also took the opportunity to meet in the absence of the Board of Management to discuss its own functioning and that of the Board of Management.

In the August 2015 meeting the annual results were discussed together with the auditors of the Company. The results of the capital raising and the extension and renewal of the loan book were also discussed.

There have been no conflicts of interest.

As from 1 January 2013 the Dutch Civil Code has been amended and provides new rules on diversity, implying that 30% of the members of the Supervisory Board and of the Board of Management should be male or female and, if not, that the Company should explain in its Annual Report why it does not comply. The amended profile provides for a target over time that each gender is represented, but does not require a particular minimum percentage to ensure the best candidates can be selected. The new rules also require an explanation on gender diversity when an appointment proposal is made to the shareholders' meeting, which does not result in a percentage close to or above 30%. In the Annual General Meeting held on 4 November 2014, three new members of the Supervisory Board were proposed: Ms Carrière, a French national, Mr Foulkes, a British national and Mr Steins Bisschop, a Dutch national. These new appointments were in line with the profile of the Company and resulted in more diversity.

Corporate governance

In accordance with the recommendations of the Dutch Corporate Governance Committee, 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 recommendations.

The Supervisory Board as a whole also functions as the Audit Committee and had two meetings with the auditors of the Company as well as one meeting 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 and the management letter, as well as the Annual Report and the Interim Report. The Audit Committee reviewed the need for an internal audit function and concluded again that this is not necessary due to the size of the Company.

The Supervisory Board as a whole also functions as the Remuneration Committee. Remuneration was discussed in two meetings on the basis of an updated external benchmark report and the draft updated remuneration report. The final 2014/2015 Remuneration Report will be posted on the website of the Company when this Annual Report is published.

The Supervisory Board as a whole also functions as the Selection and Appointment Committee, which discussed in the meeting of August 2014 the future composition of the Supervisory Board. At the forthcoming Annual General Meeting to be held on 3 November 2015, there will be no appointment proposals on the agenda. With reference to the new rules on gender diversity already mentioned, we are pleased to report that one of the new members is female.

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 key 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 decisions on all aspects of the remuneration of the members of the Board of Management, within the scope of the remuneration policy, to the Annual General Meeting of Shareholders. 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 reflects the differences in responsibilities of the Board members, as well as their individual performance. The benchmark for remuneration of the Board of Management is based on an independent survey of the remuneration for Directors of international real estate companies with comparable positions, determined by the size and complexity of the organisation and the responsibilities of the Board members.

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 shares plan; and
- pension and other benefits.

Variable cash bonuses may be granted each year in addition to the base salary. Variable cash bonuses for executives and members of the Board of Management are directly linked to the annual growth in the Company's net asset value and dividend per share and are also directly linked to the annual relative performance as per 30 June of the listed depositary receipts of the Company compared to 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. Only one member of the Board of Management has joined a pension scheme. This scheme is a defined contribution scheme with current annual premiums being capped using a maximum pensionable salary.

Supervisory Directors receive a fixed fee only. The remuneration policy for Supervisory Directors and Managing Directors has been continued during the year under review. Following a benchmarking exercise, it is proposed for the next financial year to increase the remuneration of the Supervisory Directors by €3,000 to €42,000 for each member and to €55,000 for the Chairman and to maintain the base salary at £515,000 for Mr J.P. Lewis and to increase the base salary to €435,000 for Mr E.J. van Garderen. The Annual General Meeting of Shareholders to be held on 3 November 2015 is invited to approve the proposed remuneration of the members of the Supervisory Board and the members of the Board of Management.

Report of the Board of Supervisory Directors

Composition of the Supervisory Board

All members of the Supervisory Board are independent. Only Mr C. Croff is considered to be dependent 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 available for inspection at the Company's office and placed on the Company's website. At 30 June 2015 the Supervisory Board was composed as follows:

1. Mr B.T.M. Steins Bisschop (66), Chairman, of Dutch nationality, was appointed as member of the Supervisory Board in 2014 for a period of four years. He is a professor of Corporate Law and Corporate Governance at Maastricht University and Nyenrode Business University. He is also an attorney at law in The Hague. He began practising law in 1975.

2. Ms B. Carrière (69), of French nationality, was appointed as member of the Supervisory Board in 2014 for a period of four years. She was formerly an asset manager and real estate financial analyst at Amundi, the asset management arm of Crédit Agricole, a major French bank, until her recent retirement.

3. Mr C. Croff (60), of Italian nationality, was appointed as a member of the Supervisory Board in 2013 for a 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. Mr R.R. Foulkes (69), of British nationality, was appointed as member of the Supervisory Board in 2014 for a period of four years. Formerly he was Vice Chairman of Schroder Investment Management Limited in London. He graduated from Queens' College, Cambridge, UK, and was made a Fellow-Commoner there in 2006. He worked at Schroders in senior investment management positions until he retired in 2005 and is a member of the investment committees of Queens' College and the Royal Opera House pension fund.

5. Mr P.W. Haasbroek (67), of Dutch nationality and member of the Supervisory Board since 2008, was reappointed in 2012 for a period of four years. He is a former Director Real Estate Europe of PGGM, the manager of the Dutch pension fund for the healthcare sector. He worked for more than 25 years in the international property investment markets until he retired in 2007.

6. Mr J.-Å. Persson (65), of Swedish nationality, was appointed as a member of the Supervisory Board in 2013 for a 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.

At the Annual General Meeting of Shareholders held on 4 November 2014, Ms B. Carrière, Mr R.R. Foulkes and Mr B.T.M. Steins Bisschop were appointed for a period of four years. At the forthcoming Annual General Meeting of Shareholders to be held on 3 November 2015, no appointments or reappointments will be proposed.

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:

2016: Mr P.W. Haasbroek

2017: Mr C. Croff and Mr J.-Å. Persson

Members of the Supervisory Board will resign in the Annual General Meeting of Shareholders held after the end of the financial year in which they reach the age of 75.

Staff

We would like to take this opportunity to express our gratitude to the Board of Management and all staff for their efforts during the year.

Amsterdam, 18 September 2015

Board of Supervisory Directors

B.T.M. Steins Bisschop, Chairman
B. Carrière
C. Croff
R.R. Foulkes
P.W. Haasbroek
J.-Å. Persson

1


2


3


4


5


6


Ten year financial summary*

Key financial information consolidated

For the financial year ended	30-06-06 €'000	30-06-07 €'000	30-06-08 €'000	30-06-09 €'000	30-06-10 €'000	30-06-11 €'000	30-06-12 €'000	30-06-13 €'000	30-06-14 €'000	30-06-15 €'000
Profit and loss account										
Net property income**	87,215	95,830	110,033	114,380	120,472	131,116	139,353	144,368	146,978	**145,528**
Net financing expenses	(23,477)	(28,944)	(38,117)	(40,822)	(41,862)	(44,501)	(48,900)	(51,769)	(52,674)	**(45,780)**
Company expenses	(7,671)	(8,243)	(9,114)	(8,510)	(8,611)	(9,789)	(10,707)	(10,576)	(11,206)	**(12,297)**
Total direct investment result	56,087	58,653	62,802	65,048	69,999	76,826	79,515	81,518	82,870	**87,400**
Total indirect investment result	177,840	200,819	47,484	(245,753)	23,741	124,451	(91,633)	41,790	16,920	**80,374**
Result after taxation	233,927	259,472	110,286	(180,705)	93,740	201,277	(12,118)	123,308	99,790	**167,774**
Balance sheet										
Total assets	1,891,430	2,267,934	2,528,936	2,172,037	2,505,718	2,671,251	2,842,953	2,889,027	2,807,083	**3,111,787**
Property investments**	1,782,338	2,197,070	2,446,615	2,136,750	2,359,574	2,522,054	2,690,467	2,806,023	2,688,603	**2,907,726**
Cash and deposits	76,581	18,044	13,796	7,827	116,218	112,976	120,954	51,422	85,372	**169,133**
Borrowings	643,537	798,302	970,249	913,186	1,017,841	1,107,964	1,252,744	1,286,923	1,173,236	**1,160,222**
Shareholders' equity	1,037,679	1,242,118	1,300,981	1,033,080	1,214,323	1,370,150	1,300,147	1,366,064	1,386,632	**1,658,245**
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back, if any, at balance sheet date	35,277,619	35,277,619	35,727,332	35,840,442	40,304,266	40,813,650	40,953,515	41,740,054	42,319,567	**47,388,471**
Average number of depositary receipts representing shares in issue	34,938,162	35,277,619	35,554,261	35,797,301	38,543,725	40,602,632	40,895,429	41,410,071	42,311,667	**42,916,246**
Per depositary receipt (€)										
Net asset value	29.41	35.21	36.41	28.82	30.13	33.57	31.75	32.73	32.77	**34.99**
Adjusted net asset value	33.12	39.52	40.63	33.02	33.90	36.35	36.92	36.47	36.74	**39.24**
Direct investment result	1.61	1.66	1.77	1.82	1.82	1.89	1.94	1.97	1.96	**2.04**
Indirect investment result	5.09	5.69	1.34	(6.87)	0.61	3.07	(2.24)	1.01	0.40	**1.87**
Dividend	1.60	1.67	1.75	1.78	1.82	1.88	1.92	1.92	1.94	**1.98**
Property information										
Sector spread (%)										
Retail	91	92	93	100	100	100	100	100	100	**100**
Office	7	6	5	0	0	0	0	0	0	**0**
Warehouse	2	2	2	0	0	0	0	0	0	**0**
	100	100	100	100	100	100	100	100	100	**100**
Stock market										
Closing price at the end of June on Euronext Amsterdam (€: depositary receipts)	29.96	38.32	30.27	21.95	26.25	34.30	27.25	28.20	36.02	**37.41**
Market cap	1,056,917	1,351,838	1,081,466	786,698	1,057,987	1,399,908	1,115,983	1,176,928	1,540,754	**1,783,118**

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

** The items net property income and property investments are presented including the Group's share of the joint ventures.

Note

The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam. One bearer depositary receipt represents ten ordinary registered 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 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	2014/2015 €'000	2013/2014 €'000
Rental income	4	**172,753**	174,899
Service charges income	4	**25,520**	26,368
Service charges expenses		**(28,168)**	(29,229)
Property expenses	5	**(25,697)**	(25,060)
Interest income	7	**420**	1,330
Interest expenses	7	**(46,200)**	(54,004)
Company expenses**	8	**(12,297)**	(11,206)
Current tax	11	**(51)**	(228)
Direct investment result 100% ownership		**86,280**	82,870
Direct investment result joint ventures		**1,120**	0
Total direct investment result		**87,400**	82,870
Investment revaluation and disposal of investment properties	6	**129,835**	33,084
Fair value movement derivative financial instruments	7	**(1,448)**	(12,592)
Debt extinguishment	7	**(8,721)**	0
Investment expenses	8/10	**(3,982)**	(1,867)
Deferred tax	11	**(33,459)**	(1,705)
Indirect investment result 100% ownership		**82,225**	16,920
Indirect investment result joint ventures		**(1,851)**	0
Total indirect investment result		**80,374**	16,920
Total investment result		**167,774**	99,790
Per depositary receipt (€)***			
Total direct investment result		**2.04**	1.96
Total indirect investment result		**1.87**	0.40
Total investment result		**3.91**	2.36

Statement of adjusted net equity*

	30-06-15 €'000	30-06-14 €'000
IFRS net equity per balance sheet	**1,658,245**	1,386,632
Derivative financial instruments	**131,723**	132,379
Deferred tax liabilities	**69,369**	36,795
Deferred tax assets	**0**	(800)
Adjusted net equity	**1,859,337**	1,555,006
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back	**47,388,471**	42,319,567
Net asset value – € per depositary receipt (IFRS)	**34.99**	32.77
Adjusted net asset value – € per depositary receipt	**39.24**	36.74
Stock market prices – € per depositary receipt	**37.41**	36.02

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

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

*** The average number of depositary receipts on issue over the year was 42,916,246 compared with 42,311,667 for the previous financial year.

Alongside the consolidated profit and 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 financing expenses, company expenses 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, debt extinguishment, investment expenses and deferred tax.

EPRA performance measures*

The European Public Real Estate Association (EPRA) is an organisation which 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.

	Total (€'000)		Per depositary receipt (€)	
	30-06-15	30-06-14	**30-06-15**	30-06-14
EPRA earnings	**87,400**	82,870	**2.04**	1.96
EPRA NAV	**1,859,337**	1,555,006	**38.95**	35.71
EPRA NNNAV	**1,682,177**	1,398,739	**35.24**	32.13

	France		Italy		Sweden		Total	
	2014/2015 %	2013/2014 %	**2014/2015 %**	2013/2014 %	**2014/2015 %**	2013/2014 %	**2014/2015 %**	2013/2014 %
EPRA net initial yield	**4.8**	5.1	**6.1**	6.4	**5.4**	5.6	**5.4**	5.7
EPRA topped up yield	**4.8**	5.1	**6.1**	6.4	**5.5**	5.7	**5.4**	5.7
EPRA vacancy rate	**0.6**	1.3	**0.2**	0.3	**0.4**	0.6	**0.4**	0.7

Reconciliation NAV, EPRA NAV and EPRA NNNAV:	Total (€'000)		Per depositary receipt (€)	
	30-06-15	30-06-14	**30-06-15**	30-06-14
Equity balance sheet	**1,658,245**	1,386,632	**34.99**	32.77
Derivative financial instruments	**131,723**	132,379		
Deferred tax liabilities	**69,369**	36,795		
Deferred tax assets	**0**	(800)		
EPRA NAV***	**1,859,337**	1,555,006	**38.95**	35.71
Derivative financial instruments	**(131,723)**	(132,379)		
Deferred tax liabilities****	**(34,608)**	(11,039)		
Deferred tax assets	**0**	800		
Fair value borrowings*****	**(10,829)**	(13,649)		
EPRA NNNAV***	**1,682,177**	1,398,739	**35.24**	32.13

Reconciliation EPRA net initial yield and EPRA topped up yield:

	France		Italy		Sweden		Total	
	2014/2015 %	2013/2014 %	**2014/2015 %**	2013/2014 %	**2014/2015 %**	2013/2014 %	**2014/2015 %**	2013/2014 %
Property investments	**1,101,500**	1,043,500	**1,099,100**	1,040,700	**620,626**	604,403	**2,821,226**	2,688,603
Land held for development	**(10,700)**	0	**0**	0	**0**	0	**(10,700)**	0
Investment in joint ventures	**42,000**	0	**0**	0	**0**	0	**42,000**	0
Property investments held for sale	**39,700**	0	**0**	0	**0**	0	**39,700**	0
Property investments completed	**1,172,500**	1,043,500	**1,099,100**	1,040,700	**620,626**	604,403	**2,892,226**	2,688,603
Purchasers' costs	**75,854**	67,667	**43,993**	41,796	**6,170**	6,064	**126,017**	115,527
Gross value property investments completed	**1,248,354**	1,111,167	**1,143,093**	1,082,496	**626,796**	610,467	**3,018,243**	2,804,130
Annualised net rents (EPRA NIY)	**59,585**	57,169	**69,708**	69,011	**33,887**	34,076	**163,180**	160,256
Lease incentives (incl. rent free periods)	**54**	54	**9**	27	**380**	465	**443**	546
Annualised rents (EPRA topped up yield)	**59,639**	57,223	**69,717**	69,038	**34,267**	34,541	**163,623**	160,802

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

** The average number of depositary receipts on issue over the year was 42,916,246 compared with 42,311,667 for the previous financial year.

*** EPRA NAV and EPRA NNNAV per depositary receipt are based on the diluted number of depositary receipts. The diluted number of depositary receipts on issue at 30 June 2015 was 47,736,256 compared with 43,539,813 at 30 June 2014.

**** The calculation of the deferred tax liabilities takes into account the likelihood that the Company can recover the deferred tax in the case of a possible sale.

***** The fair value of the borrowings with a fixed interest rate from drawdown date to maturity is based on the confirmations received from the bank.

EPRA performance measures*

Reconciliation EPRA cost ratio:

	2014/2015 €'000	2013/2014 €'000
Net service charges	**2,648**	2,861
Property expenses	**25,697**	25,060
Company expenses	**11,918**	11,120
Investment expenses	**4,361**	1,953
Share of joint ventures expenses	**64**	0
EPRA costs (including direct vacancy costs)	**44,688**	40,994
Vacancy costs	**(360)**	(450)
EPRA costs (excluding direct vacancy costs)	**44,328**	40,544
Rental income	**172,753**	174,899
Share of joint ventures rental income	**1,183**	0
Gross rental income	**173,936**	174,899
EPRA cost ratio (including direct vacancy costs)	**25.7%**	23.4%
EPRA cost ratio (excluding direct vacancy costs)	**25.5%**	23.2%

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

Eurocommercial does not have a policy of capitalising any property, company or investment expenses.

The EPRA cost ratio is not directly comparable between companies due to costs associated with different countries of operation, business models and accounting treatments. Investment expenses can also vary over periods causing distortions to the EPRA cost ratio.

Consolidated profit and loss account

	Note	2014/2015 €'000	2013/2014 €'000
Rental income	4	**172,753**	174,899
Service charges income	4	**25,520**	26,368
Service charges expenses		**(28,168)**	(29,229)
Property expenses	5	**(25,697)**	(25,060)
Net property income	2	**144,408**	146,978
Result joint ventures	13	**(731)**	0
Investment revaluation and disposal of investment properties	6	**129,835**	33,084
Interest income	7	**420**	1,330
Interest expenses	7	**(46,200)**	(54,004)
Fair value movement derivative financial instruments	7	**(1,448)**	(12,592)
Debt extinguishment	7	**(8,721)**	0
Net financing cost	7	**(55,949)**	(65,266)
Company expenses	8	**(11,918)**	(11,120)
Investment expenses	10	**(4,361)**	(1,953)
Profit before taxation		**201,284**	101,723
Current tax	11	**(51)**	(228)
Deferred tax	11	**(33,459)**	(1,705)
Total tax	11	**(33,510)**	(1,933)
Profit after taxation		**167,774**	99,790
Per depositary receipt (€)*			
Profit after taxation	25	**3.91**	2.36
Diluted profit after taxation	25	**3.83**	2.28

* The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam. One bearer depositary receipt represents ten ordinary registered shares.

Consolidated statement of comprehensive income

	30-06-15 €'000	30-06-14 €'000
Profit after taxation	**167,774**	99,790
Foreign currency translation differences (to be recycled through profit and loss account)	**(1,603)**	(14,291)
Actuarial result on pension scheme (not to be recycled through profit and loss account)	**(1,045)**	55
Total other comprehensive income	**(2,648)**	(14,236)
Total comprehensive income	**165,126**	85,554
Per depositary receipt (€)*		
Total comprehensive income	**3.85**	2.03
Diluted total comprehensive income	**3.78**	1.97

* The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam. One bearer depositary receipt represents ten ordinary registered shares.

Consolidated balance sheet

	Note	30-06-15 €'000	30-06-14 €'000
Property investments	12	**2,821,226**	2,688,603
Property investments under development	12	**4,800**	0
Investment in joint ventures	13	**42,598**	0
Tangible fixed assets	14	**1,865**	1,906
Receivables	15	**237**	234
Derivative financial instruments	19	**353**	0
Deferred tax assets	20	**0**	800
Total non-current assets		**2,871,079**	2,691,543
Receivables	15	**31,875**	30,168
Cash and deposits	16	**169,133**	85,372
Total current assets		**201,008**	115,540
Property investments held for sale	12	**39,700**	0
Total assets		**3,111,787**	2,807,083
Creditors	17	**78,712**	65,464
Borrowings	18	**58,162**	131,935
Total current liabilities		**136,874**	197,399
Creditors	17	**10,312**	10,733
Borrowings	18	**1,102,060**	1,041,301
Derivative financial instruments	19	**132,076**	132,379
Deferred tax liabilities	20	**69,369**	36,795
Provision for pensions	21	**2,851**	1,844
Total non-current liabilities		**1,316,668**	1,223,052
Total liabilities		**1,453,542**	1,420,451
Net assets		**1,658,245**	1,386,632
Equity Eurocommercial Properties shareholders			
Issued share capital	22	**238,353**	213,875
Share premium reserve	23	**524,098**	385,838
Other reserves	24	**728,020**	687,129
Undistributed income		**167,774**	99,790
Total equity		**1,658,245**	1,386,632

Consolidated cash flow statement

	Note	2014/2015 €'000	2013/2014 €'000
Cash flow from operating activities			
Profit after taxation		**167,774**	99,790
Adjustments:			
Increase in receivables		**(1,980)**	(1,325)
Increase in creditors		**1,471**	7,444
Interest income	7	**(420)**	(1,330)
Interest expenses	7	**46,200**	54,004
Movement stock options and performance shares granted	23	**459**	(78)
Investment revaluation and disposal of investment properties	6	**(129,825)**	(32,604)
Derivative financial instruments	7	**1,448**	12,592
Debt extinguishment	7	**8,721**	0
Deferred tax	11	**33,459**	1,705
Current tax	11	**51**	228
Other movements		**716**	725
Result from joint ventures	13	**731**	0
		128,805	141,151
Cash flow from operations			
Current tax paid	11	**(232)**	(390)
Derivative financial instruments	7	**(2,035)**	0
Borrowing costs	18	**(1,833)**	(599)
Interest paid	7	**(46,286)**	(54,426)
Interest received	7	**738**	1,205
		79,157	86,941
Cash flow from investing activities			
Acquisitions	12	**(25,576)**	0
Capital expenditure	12	**(23,850)**	(24,593)
Property sale	12	**12,902**	141,000
Investment in joint ventures	13	**(43,329)**	0
Additions to tangible fixed assets	14	**(719)**	(591)
		(80,572)	115,816
Cash flow from financing activities			
Net proceeds issued shares	22	**162,299**	0
Borrowings added	18	**291,830**	155,867
Repayment of borrowings	18	**(303,546)**	(259,178)
Stock options exercised	24	**30,925**	4,796
Debt extinguishment	7	**(8,721)**	0
Depositary receipts bought back	24	**(26,766)**	(21,084)
Dividends paid	23/24	**(60,429)**	(48,620)
Decrease in non-current creditors		**(418)**	(27)
		85,174	(168,246)
Net cash flow		**83,759**	34,511
Currency differences on cash and deposits		**2**	(561)
Increase in cash and deposits		**83,761**	33,950
Cash and deposits at beginning of year		**85,372**	51,422
Cash and deposits at end of year		**169,133**	85,372

Consolidated statement of changes in shareholders' equity

The movements in shareholders' equity in the financial year ended 30 June 2015 were:

	Issued share capital €'000	Share premium reserve €'000	Other reserves €'000	Undistributed income €'000	Total €'000
30-06-2014	**213,875**	**385,838**	**687,129**	**99,790**	**1,386,632**
Profit after taxation				**167,774**	**167,774**
Foreign currency translation differences (to be recycled through profit and loss account)			**(1,603)**		**(1,603)**
Actuarial loss on pension scheme (not to be recycled through profit and loss account)			**(1,045)**		**(1,045)**
Total comprehensive income			**(2,648)**	**167,774**	**165,126**
Issued shares	**24,478**	**137,820**			**162,298**
Profit previous financial year			**39,380**	**(39,380)**	**0**
Depositary receipts bought back			**(26,766)**		**(26,766)**
Dividends paid		**(19)**		**(60,410)**	**(60,429)**
Performance shares granted		**459**			**459**
Stock options exercised			**30,925**		**30,925**
30-06-2015	**238,353**	**524,098**	**728,020**	**167,774**	**1,658,245**

The movements in shareholders' equity in the previous financial year were:

	Issued share capital €'000	Share premium reserve €'000	Other reserves €'000	Undistributed income €'000	Total €'000
30-06-2013	208,890	393,547	640,319	123,308	1,366,064
Profit after taxation				99,790	99,790
Foreign currency translation differences (to be recycled through profit and loss account)			(14,291)		(14,291)
Actuarial gain on pension scheme (not to be recycled through profit and loss account)			55		55
Total comprehensive income			(14,236)	99,790	85,554
Issued shares	4,985	(4,985)			0
Profit previous financial year			74,749	(74,749)	0
Depositary receipts bought back			(21,084)		(21,084)
Dividends paid		(61)		(48,559)	(48,620)
Stock options and performance shares granted		(78)			(78)
Stock options exercised			4,796		4,796
Stock options not vested		(2,585)	2,585		0
30-06-2014	213,875	385,838	687,129	99,790	1,386,632

Notes to the consolidated financial statements

1. Principal accounting policies

General

Eurocommercial Properties N.V. (the Company) domiciled in Amsterdam, The Netherlands, is a closed end property investment company. The consolidated financial statements of the Company for the financial year starting 1 July 2014 and ending 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as per 1 July 2014 and Part 9 of Book 2 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 2015. 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 2014 are adopted as such by the Group. Additional information on new standards, amendments and 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 profit and loss account included in the Company financial statements is presented in abbreviated form in accordance with Article 2:402 of The Netherlands Civil Code.

The financial statements are prepared on a going concern basis.

c) Change in accounting policies and reclassifications

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC Interpretations applicable as of 1 July 2014:

- IFRS 10 Consolidated Financial Statements, effective 1 January 2014. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of IAS 27 'Consolidated and Separate Financial Statements' that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 'Consolidation - Special Purpose Entities'. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As the Company holds 100 per cent interest in all of its subsidiaries, the new standard has no impact on the Group.
- IFRS 11 Joint Arrangements, effective 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. As from this financial year the Group has joint arrangements and is applying the new standard.
- IFRS 12 Disclosure of Interests in Other Entities, effective 1 January 2014. IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previous existing disclosure requirements for subsidiaries. The standard will not affect the Group's financial position or performance and additional disclosures, where required, will be provided.
- IFRS 10-12 – Transition Guidance, effective 1 January 2014. The amendments clarify the transition guidance in IFRS 10 'Consolidated Financial Statements' and also provide additional transition relief in IFRS 10, IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities'. The transition guidance will have no impact on the Group.
- IFRS 10, IFRS 12 and IAS 27 – Investment Entities, effective 1 January 2014. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to measure particular subsidiaries at fair value through profit or loss. The amendments will have no impact on the Group, as the Group is not considered to be an investment entity in accordance with the IFRS 10 definition.
- IAS 28 Investments in Associates and Joint Ventures. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. As from this financial year the Group has joint arrangements and is applying the new standard. The revised standard becomes effective for financial years beginning on or after 1 January 2014.
- IAS 32 Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014. The amendments clarify the meaning of "currently has a legally enforceable right to set off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The amendment will not affect the Company as the Group does not set off financial instruments.

Notes to the consolidated financial statements

1. Principal accounting policies continued

- IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets. The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units (CGUs) for which impairment losses have been recognised or reversed during the period. As the Group has no impairment of assets, there will be no impact. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014.
- IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. As the Group does not apply hedge accounting, there will be no impact. These amendments become effective for financial years beginning on or after 1 January 2014.
- IFRIC 21 Levies – IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. This interpretation will have no impact on the Group's financial position and performance. The interpretation becomes effective for financial years beginning on or after 17 June 2014.

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.

- IFRS 9 Financial Instruments, effective 1 January 2018. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting. It is not expected that the impairment requirements will have an impact on the Group's financial assets or financial liabilities and the Group does not apply for hedge accounting.
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate of Joint Venture, effective 1 January 2016. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. This amendment will have no impact on the Group.
- IFRS 10, IFRS 12 and IAS 28 Investment Entities – Applying the Consolidation Exception, effective 1 January 2016. The amendments provide guidance in applying the investment entities exception under IFRS 10. The amendments will have no impact on the Group, as the Group is not considered to be an investment entity in accordance with the IFRS 10 definition.
- IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interest in Joint Operations, effective 1 January 2016. The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendment is not expected to have a material impact on the Group's financial position or performance.
- IFRS 15 Revenue from Contract with Customers, effective 1 January 2018. IFRS 15 specifies the accounting treatment for all revenue arising from contract with customers. It affects all entities that enter into contracts to provide goods or services to customers, unless the contracts are in the scope of other IFRS requirements, such as IAS 17 Leases. It is not expected that the new standard will have an impact on the Group's financial position and performance.
- IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016. The amendments mark the completion of the five narrow-focus improvements to disclosure requirements. They are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The Group is currently assessing the impact of these improvements.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments are applied prospectively and clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments will have no impact on the Group's financial position and performance. The amendments become effective for financial years beginning on or after 1 January 2016.
- IAS 19 Defined Benefit Plans – Employee Contributions. The amendments require an entity to consider contributions from employees or third parties that are linked to service, to be attributed to period of service as a negative benefit. The amendment will have no impact on the Group's financial position and performance. The revised standard will become effective after 1 February 2015.

1. Principal accounting policies continued

The IASB issued the 2010-2012 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. The improvements become effective for financial years beginning on or after 1 February 2015. IFRS 2 Share-based Payment: This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. IFRS 3 Business Combinations: This improvement is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 Financial Instruments. IFRS 8 Operating Segments: These improvements are applied retrospectively and clarify that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12 and that the reconciliation of segment assets to total assets is only required to be disclosed if this reconciliation is reported to the chief operating decision-maker. IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets: This improvement is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. IAS 24 Related Party Disclosures: This improvement is applied retrospectively and clarifies that a management entity is a related party subject to the related party disclosures.

The IASB issued the 2011-2013 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. The improvements become effective for financial years beginning on or after 1 January 2015. IFRS 3 Business Combinations: This improvement is applied prospectively and clarifies for the scope exceptions within IFRS. IFRS 13 Fair Value Measurement: This improvement is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39 Financial Instruments. IAS 40 Investment Property: The description of ancillary services in IAS 40 differentiates between investment and owner-occupied property.

The IASB issued the 2012-2014 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements cover the following standards and subjects. The improvements become effective for financial years beginning on or after 1 January 2016. IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal: Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. IFRS 7 Financial Instruments: These improvements are applied retrospectively and clarify disclosures about servicing contracts and disclosures about applicability of the amendments to IFRS 7 to condensed interim financial statements. IAS 19 Employee Benefits - Regional market issue: This improvement is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated. IAS 34 Interim Financial Reporting - Disclosure of information “elsewhere in the interim financial report”. This improvement is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

The Group is currently assessing the impact of these improvements.

(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.

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

Notes to the consolidated financial statements

1. Principal accounting policies continued

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

Holgura B.V., Amsterdam	ECP Högsbo AB, Stockholm
Sentinel Holdings B.V., Amsterdam	ECP Karlskrona AB, Stockholm
Eurocommercial Properties Ltd., London	ECP Moraberg Holding AB, Stockholm
Eurocommercial Properties Caumartin S.N.C., Paris	ECP Moraberg KB, Stockholm
Eurocommercial Properties France S.A.S., Paris	Eurocommercial Properties Sweden AB, Stockholm
Eurocommercial Properties Taverny S.N.C., Paris	Fastighetsbolaget ES Örebro AB, Stockholm
SCI Chasse Distribution, Paris	KB Degeln 1, Stockholm
Eurocommercial Properties Italia S.r.l., Milan	Kronan Fastigheter i Karlskrona AB, Stockholm
Eurcommercial Management Italia S.r.l., Milan	Lagergatan i Växjö, AB, Stockholm
Aktiebolaget Laholm Mellby 2:129, Stockholm	Premi Fastighets AB, Stockholm
Aktiebolaget Norrköping Silvret 1, Stockholm	Samarkandfastigheter AB, Stockholm
Aktiebolaget Skövde K-mannen 2, Stockholm	Sar Degeln AB, Stockholm
Bergvik Köpet 3 KB, Stockholm	Ugglum Fastigheter AB, Stockholm

Furthermore, the consolidated financial statements include the joint ventures of SCI Val Commerces in Paris and SCI Winter in Paris.

(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 profit and loss account.

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 and 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 profit and loss account.

Property investments and property investments under development

Property investments and property investments under development are stated at fair value. It is the Company's policy that all property investments and property investments under development be valued semi-annually by qualified independent experts. 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 31 December the independent experts draw up an updated version of the previous June 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 profit and loss account in the period in which they occur.

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

1. Principal accounting policies continued

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 that is measured at fair value continues to be so measured.

Investment in joint ventures

The Group's investment in joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures is 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. 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 profit and loss account. Upon loss of significant influence over the associate or 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 significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

Share capital

Depositary 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 depositary receipts are shown as a deduction, net of tax, in equity from the proceeds. When depositary receipts recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased depositary receipts are classified as treasury depositary 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 stated at amortised costs with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

Non-current creditors

Non-current creditors are stated at amortised cost.

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 profit and loss account, unless cash flow hedge accounting applies, in which case the value changes are accounted for through other comprehensive income in equity. The Company does not apply hedge accounting as it implements its derivative hedging at a consolidated corporate level. The detailed requirements of a formal hedge accounting procedure are not applied.

Notes to the consolidated financial statements

1. Principal accounting policies continued

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 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. 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.

Provisions

A provision is recognised in the balance sheet 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. 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 and loss account on a straight-line basis over the term of the lease. Rent-free periods, rent discounts and other lease incentives 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.

Service charges income and service charges expenses

Service charges for which the Company acts as a principal are presented in the profit and 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 charges 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 its 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 and loss account and represents 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 and loss account. Interest income is recognised in the profit and loss account as it accrues.

1. Principal accounting policies continued

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 and the unrealised movement in the provision for pensions, are recognised as investment expenses.

Stock options and performance shares granted to employees

Since 2000 a stock option plan has been in place for Managing Directors and certain staff of the Company. The stock option plan (SOP) has been replaced by a performance share plan (PSP) in the financial year 2011/2012. The cost of stock options/performance shares granted under these plans are 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.

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 per cent of French tax-exempt income and of at least 50 per cent of tax-exempt capital gains to shareholders.

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

Tax on profit and 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. Tax receivable is only taken into account if it is reasonably expected that losses will be compensated.

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 and loss account is the movement in deferred tax liabilities and deferred tax assets, 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.

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 (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 proportionate consolidation. The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its offices in Amsterdam and London.

Notes to the consolidated financial statements

2. Segment information

For the balance sheet all items are allocated to the respective segments, whereas for the profit and loss account the items net financing cost, company expenses, investment expenses and taxation are not allocated to the respective segments.

2015

For the 12 months ended 30-06-15 €'000	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	62,062	75,253	36,621	0	173,936	(1,183)	172,753
Service charge income	7,240	8,003	10,609	0	25,852	(332)	25,520
Service charge expenses	(8,441)	(8,003)	(12,056)	0	(28,500)	332	(28,168)
Property expenses	(7,436)	(13,129)	(5,195)	0	(25,760)	63	(25,697)
Net property income	53,425	62,124	29,979	0	145,528	(1,120)	144,408
Result joint ventures	0	0	0	0	0	(731)	(731)
Investment revaluation and disposal of investment properties	57,791	46,667	23,909	(384)	127,983	1,852	129,835
Segment result	111,216	108,791	53,888	(384)	273,511	1	273,512
Net financing cost					(55,949)	0	(55,949)
Company expenses					(11,918)	0	(11,918)
Investment expenses					(4,360)	(1)	(4,361)
Profit before taxation					201,284	0	201,284
Current tax					(51)	0	(51)
Deferred tax					(33,459)	0	(33,459)
Profit after taxation					167,774	0	167,774

As per 30-06-15 €'000	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	1,143,500	1,099,100	620,626	0	2,863,226	(42,000)	2,821,226
Property investments under development	4,800	0	0	0	4,800	0	4,800
Investment in joint ventures	0	0	0	0	0	42,598	42,598
Tangible fixed assets	513	1,106	96	150	1,865	0	1,865
Receivables	23,224	5,229	3,045	719	32,217	(105)	32,112
Derivative financial instruments	307	0	46	0	353	0	353
Cash and deposits	3,414	11,225	17,343	138,267	170,249	(1,116)	169,133
Property investments held for sale	39,700	0	0	0	39,700	0	39,700
Total assets	1,215,458	1,116,6600	641,156	139,136	3,112,410	(623)	3,111,787
Creditors	38,798	15,823	20,114	4,140	78,875	(163)	78,712
Non-current creditors	9,094	1,653	25	0	10,772	(460)	10,312
Borrowings	398,558	541,898	219,766	0	1,160,222	0	1,160,222
Derivative financial instruments	13,222	102,328	16,526	0	132,076	0	132,076
Deferred tax liabilities	0	19,710	49,659	0	69,369	0	69,369
Provision for pensions	0	0	0	2,851	2,851	0	2,851
Total liabilities	459,672	681,412	306,090	6,991	1,454,165	(623)	1,453,542

For the 12 months ended 30-06-15 €'000	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	86,460	11,541	(9,617)	0	88,384	(43,908)	44,476

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

2. Segment information continued

2014

For the 12 months ended 30-06-14 €'000	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	61,939	74,647	38,313	0	174,899	0	174,899
Service charge income	7,065	8,197	11,106	0	26,368	0	26,368
Service charge expenses	(8,262)	(8,197)	(12,770)	0	(29,229)	0	(29,229)
Property expenses	(6,982)	(12,523)	(5,555)	0	(25,060)	0	(25,060)
Net property income	53,760	62,124	31,094	0	146,978	0	146,978
Investment revaluation and disposal of investment properties	17,463	8,092	7,651	(122)	33,084		33,084
Segment result	71,223	70,216	38,745	(122)	180,062	0	180,062
Net financing cost					(65,266)	0	(65,266)
Company expenses					(11,120)	0	(11,120)
Investment expenses					(1,953)	0	(1,953)
Profit before taxation					101,723	0	101,723
Current tax					(228)	0	(228)
Deferred tax					(1,705)	0	(1,705)
Profit after taxation					99,790	0	99,790

As per 30-06-14 €'000	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	1,043,500	1,040,700	604,403	0	2,688,603	0	2,688,603
Tangible fixed assets	351	1,278	141	136	1,906	0	1,906
Receivables	20,993	6,007	2,414	988	30,402	0	30,402
Deferred tax assets	0	800	0	0	800	0	800
Cash and deposits	2,288	746	15,704	66,634	85,372	0	85,372
Total assets	1,067,132	1,049,531	622,662	67,758	2,807,083	0	2,807,083
Creditors	26,912	16,211	15,127	7,214	65,464	0	65,464
Non-current creditors	8,641	2,081	11	0	10,733	0	10,733
Borrowings	371,328	548,142	233,766	20,000	1,173,236	0	1,173,236
Derivative financial instruments	17,960	98,354	16,065	0	132,379	0	132,379
Deferred tax liabilities	0	0	36,795	0	36,795	0	36,795
Provision for pensions	0	0	0	1,844	1,844	0	1,844
Total liabilities	424,841	664,788	301,764	29,058	1,420,451	0	1,420,451

For the 12 months ended 30-06-14 €'000	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	(134,695)	6,398	4,813	0	(123,484)	0	(123,484)

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

Notes to the consolidated financial statements

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 and to a very small extent in the United Kingdom as the Company has an office in London. As at 30 June 2015 €1 was SEK 9.2149 (30 June 2014: SEK 9.1762) and €1 was GBP 0.7114 (30 June 2014: GBP 0.8015).

4. Rental income and service charges income

Rental income in the current financial year comprised:

	2014/2015 €'000	2013/2014 €'000
Gross lease payments collected/accrued	**171,599**	173,851
Entry fees received/accrued	**1,154**	1,048
	172,753	174,899

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. Furthermore, most retail leases have turnover rent clauses, which imply that if the agreed percentage of turnover from the shop exceeds the indexed base rent, the tenant will pay the difference to the landlord.

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 aggregate minimum rent (turnover rent not included) receivable under non-cancellable operating leases amounts approximately to:

	2014/2015 €'000	2013/2014 €'000
– less than one year	**140,388**	144,296
– one to five years	**296,306**	321,678
– five years or more	**101,901**	64,635
	538,595	530,609

Approximately 1.1 per cent of the rental income for the year ended 30 June 2015 is turnover rent (2013/2014: 1.1 per cent).

Service charges income of €25.5 million (2013/2014: €26.4 million) represents income receivable from tenants for the services of utilities, caretakers etc. when the Group acts as principal.

5. Property expenses

Property expenses in the current financial year were:

	2014/2015 €'000	2013/2014 €'000
Direct property expenses		
Bad debts	**406**	323
Centre marketing expenses	**2,108**	2,186
Insurance premiums	**662**	657
Managing agent fees	**1,911**	1,951
Property taxes	**2,794**	2,736
Repair and maintenance	**1,424**	1,345
Shortfall service charges	**392**	398
	9,697	9,596
Indirect property expenses		
Accounting fees	**384**	409
Audit fees	**286**	265
Depreciation fixed assets	**621**	528
Dispossession indemnities	**477**	581
Italian local tax (IRAP)	**1,269**	1,247
Legal and other advisory fees	**1,593**	1,467
Letting fees and relocation expenses	**1,710**	1,571
Local office and accommodation expenses	**1,480**	1,387
Pension contributions	**157**	136
Salaries, wages and bonuses	**4,589**	4,573
Social security charges	**1,847**	1,785
Stock options and performance shares granted (IFRS 2)	**102**	(89)
Travelling expenses	**668**	577
Other local taxes	**536**	772
Other expenses	**281**	255
	16,000	15,464
	25,697	25,060

Indirect property expenses include the expenses of the Milan, Paris and Stockholm offices. Local office and accommodation expenses include rent paid under operating leases for the Company's Group offices in Milan and Stockholm. These leases are standard lease contracts with no contingent rents and sublease payments and expire in February 2018 and September 2017 respectively. The depreciation amount is €535,000 (2013/2014: €445,000) for the Milan office, €42,000 (2013/2014: €36,000) for the Paris office and €44,000 (2013/2014: €47,000) for the Stockholm office.

6. Investment revaluation and disposal of investment properties

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

	2014/2015 €'000	2013/2014 €'000
Revaluation of property investments	**139,760**	32,604
Revaluation of property investments under development	**(1,265)**	0
Revaluation of land held for development	**(7,071)**	0
Revaluation of property investments held for sale	**516**	0
Disinvestment movement property sold	**(2,115)**	594
Elimination of accrued entry fees	**(521)**	(527)
Elimination of capitalised letting fees	**908**	537
Movement long term creditors	**7**	(145)
Foreign currency results	**(384)**	(149)
Other movements	**0**	170
	129,835	33,084

Notes to the consolidated financial statements

6. Investment revaluation and disposal of investment properties continued

The movement of foreign currency results includes a realised amount of €42,000 negative (2013/2014: €20,000 negative) and an unrealised amount of €342,000 negative (2013/2014: €129,000 negative) and comprises foreign currency results on cash, receivables, creditors and other assets and liabilities.

Other movements relate to valuation adjustments of other assets and liabilities.

7. Net financing costs

Net financing costs in the current financial year comprised:

	2014/2015 €'000	2013/2014 €'000
Interest income	**421**	1,330
Gross interest expense	**(46,853)**	(54,182)
Capitalised interest	**652**	178
Unrealised fair value movement derivative financial instruments	**588**	(12,592)
Realised fair value movement derivative financial instruments	**(2,036)**	0
Debt extinguishment	**(8,721)**	0
	(55,949)	(65,266)

Gross interest expense consists of 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 4.4 per cent (2013/2014: 4.8 per cent).

Two related ten year loans totalling €59 million due to expire in five and six years' time with fixed interest coupons of 4.06% and 4.6%, respectively, have been converted into a new €70 million loan with a term of 15 years at a fixed interest coupon of 2.1%. Breakage costs of €8.7 million for the extinguishment of the debt were incurred.

8. Company expenses

Company expenses in the current financial year comprised:

	2014/2015 €'000	2013/2014 €'000
Audit fees	**247**	292
Depreciation fixed assets	**140**	239
Directors' fees	**1,615**	1,709
Legal and other advisory fees	**1,039**	928
Marketing expenses	**542**	435
Office and accommodation expenses	**1,569**	1,456
Pension costs*	**829**	723
Salaries, wages and bonuses	**3,688**	3,743
Social security charges	**568**	448
Statutory costs	**535**	540
Stock options and performance shares granted (IFRS 2)	**127**	(283)
Travelling expenses	**486**	427
Other expenses	**533**	463
	11,918	11,120

* €1,208,000 of pension costs are allocated to the direct investment result and (€379,000) to the indirect investment result.

Office and accommodation expenses include the expenses of the Amsterdam and London offices and include rent paid under operating leases for the Company's head office at Herengracht 469, Amsterdam and the Group office at 4 Carlton Gardens, London. These leases are standard lease contracts with no contingent rents and sublease payments and expire in September 2018 and March 2018 respectively. The depreciation amount is €134,000 (2013/2014: €209,000) for the Amsterdam office and €6,000 (2013/2014: €30,000) for the London office.

9. Personnel costs

Total personnel costs in the current financial year comprised:

	2014/2015 €'000	2013/2014 €'000
Salaries and wages	**8,547**	8,053
Social security charges and taxes	**2,876**	2,512
Pension costs	**1,023**	896
Bonuses	**3,114**	2,712
Stock options and performance shares granted (IFRS 2)	**459**	(78)
	16,019	14,095

Total personnel costs are partly presented under (indirect) property expenses (€6,695,000 (2013/2014: €6,145,000)), partly under company expenses (remuneration of the members of the Board of Management inclusive) (€6,595,000 (2013/2014: €6,405,000)) and partly under investment expenses (€2,729,000 (2013/2014: €1,545,000)). Under the pension costs an amount of €936,000 is related to the total of defined contribution plans (30 June 2014: €575,000). The bonuses paid to senior executives are directly linked to the annual growth in the Company's net asset value and dividend per share and are also directly linked to the annual relative outperformance as per 30 June of the listed depositary receipts of the Company compared to a peer group of ten listed retail property companies. For this financial year there was no relative outperformance. The Group employed an average of 72 full-time equivalent persons during the financial year (2013/2014: 67), of which 14 are based in The Netherlands, 10 in the UK, 20 in France, 21 in Italy and seven in Sweden. The Group staff (members of the Board of Management excluded) holds 39,792 depositary receipts, representing 0.08 per cent of the issued share capital of the Company.

10. Investment expenses

Investment expenses in the current financial year comprised:

	2014/2015 €'000	2013/2014 €'000
Aborted acquisition costs	**1,219**	0
Bonuses linked to NAV growth and relative outperformance	**2,148**	1,087
Social security charges and taxes related to bonuses linked to NAV growth and relative outperformance	**351**	164
Stock options and performance shares granted (IFRS 2)	**230**	294
Property valuation fees	**413**	408
	4,361	1,953

11. Taxation

Total tax in the current financial year comprised:

	2014/2015 €'000	2013/2014 €'000
Current tax Italy	**33**	209
Current tax United Kingdom	**18**	19
Current tax	**51**	228
Deferred tax on realised value movements disposal property Sweden	**35**	0
Deferred tax on unrealised value movements investment property Italy and Sweden	**58,892**	4,160
Deferred tax on unrealised value movements derivative financial instruments Italy and Sweden	**(28,240)**	(907)
Movement tax losses recognised Italy and Sweden	**2,772**	(1,548)
Deferred tax	**33,459**	1,705
Total tax	**33,510**	1,933

Notes to the consolidated financial statements

11. Taxation continued

Reconciliation of total tax:

	2014/2015 €'000	2013/2014 €'000
Tax-exempt income (including effect of FBI and SIIC)	**98,113**	67,145
Profit before tax attributable to Swedish tax rate of 22%	**32,653**	11,147
Profit before tax attributable to Italian tax rate of 27.5%/31.4%	**70,413**	23,398
Profit before tax attributable to UK tax rate of 21%	**105**	33
Profit before taxation	**201,284**	101,723

Tax on profit before tax attributable to Italian taxable subsidiaries at a tax rate of 27.5%/31.4%	**19,364**	6,434
Tax on profit before tax attributable to Swedish taxable subsidiaries at a tax rate of 22%	**7,184**	2,452
Tax on profit before tax attributable to UK taxable subsidiary at a tax rate of 21%	**24**	7
Usage of unrecognised tax losses Italy	**(1,657)**	(8,034)
Benefit of property sale Sweden	**35**	0
Non-taxable income/expense Italy, Sweden and UK	**8,561**	1,074
Total tax	**33,510**	1,933

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

In Italy and Sweden the properties are held by taxable entities. In Italy the nominal tax rate is 31.40 per cent or 27.50 per cent depending on the type of property and in Sweden the nominal tax rate is 22 per cent. The nominal tax rate for the subsidiary in the United Kingdom is 21 per cent.

The books for the financial years 2009/2010 to 2012/2013 of the Italian subsidiary Eurocommercial Properties Italia S.r.l. have been audited by the Italian tax authorities. This lead to the issue of a notice by the Italian tax authorities on one item and for a non-material amount for the financial year 2009/2010. The Company firmly believes it acted properly and has filed an appeal against this notice.

12. Property investments, property investments under development and property investments held for sale

Property investments and property investments under development

Property investments and property investments under development 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, amongst other activities, collect a variety of data, including general economic data, property specific data and market supply and demand data. Property specific data include passing rent and future rent, expenses, lease terms, lease incentives, vacancies etc. The data and valuation methodologies used are set out in the independent valuation reports. All properties were revalued at 30 June 2015. During the second half of the financial year Hälla Shopping in Västerås was sold for a sale price of SEK 118.4 million (c. €13 million).

Property investments held for sale

The book value of property investments held for sale is stated at fair value and is entirely related to Saint Doulchard, Bourges in France.

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 year ended 30 June 2015 were as follows:

	30-06-15				30-06-14			
	France	Italy	Sweden	Total	France	Italy	Sweden	Total
Purchasers' costs (%)	**6.4**	**4.0**	**1.0**	**4.3**	6.5	4.0	1.0	4.3
Purchasers' costs (€'000)	**73,239**	**43,993**	**6,170**	**123,402**	67,667	41,796	6,064	115,527

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. There were no valuation reports for this financial year which contained an uncertainty paragraph setting out these circumstances.

Vacancies in the property portfolio represent 0.4 per cent of rental income (30 June 2014: 0.7 per cent).

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

The current property portfolio is:

	30-06-15 Book value €'000	30-06-14 Book value €'000	30-06-15 Costs to date €'000	30-06-14 Costs to date €'000
France				
Amiens Glisy, Amiens*	**48,900**	47,500	**16,174**	16,066
Les Grands Hommes, Bordeaux	**18,000**	17,800	**18,255**	18,224
Saint Doulchard, Bourges* **	**39,700**	39,100	**49,693**	49,665
Chasse Sud, Chasse-sur-Rhône* ***	**65,900**	56,000	**66,650**	60,044
Les Allées de Cormeilles, Cormeilles*	**43,500**	40,500	**44,679**	44,733
Shopping Etrembières, Etrembières ****	**4,800**	0	**6,065**	0
Les Trois Dauphins, Grenoble*	**39,700**	36,800	**26,621**	25,686
Centr'Azur, Hyères*	**53,700**	51,600	**21,686**	21,754
Plaine de France, Moisselles*	**76,100**	75,200	**63,291**	62,765
Passage du Havre, Paris*	**366,500**	324,100	**189,442**	189,265
74 rue de Rivoli, Paris*	**64,500**	56,300	**20,725**	20,640
Les Portes de Taverny, Taverny*	**62,600**	61,500	**25,784**	25,119
Val Thoiry, Thoiry *****	**122,800**	107,700	**131,592**	112,020
Les Atlantes, Tours* *****	**139,300**	129,400	**64,710**	56,834
	1,146,000	1,043,500	**745,367**	702,815
Italy				
Curno, Bergamo*	**103,300**	97,400	**34,782**	34,604
Centro Lame, Bologna*	**38,600**	36,200	**30,038**	29,709
Cremona Po, Cremona*	**83,100**	80,200	**86,253**	83,998
Il Castello, Ferrara*	**106,900**	104,700	**84,924**	84,851
I Gigli, Firenze*	**280,200**	250,800	**215,892**	212,492
Centro Leonardo, Imola*	**67,900**	66,500	**64,968**	65,037
La Favorita, Mantova*	**44,600**	43,900	**34,222**	34,066
Carosello, Carugate, Milano*	**302,300**	295,600	**189,583**	188,575
I Portali, Modena*	**47,500**	40,800	**46,781**	42,561
Centroluna, Sarzana*	**24,700**	24,600	**14,915**	14,923
	1,099,100	1,040,700	**802,358**	790,816
Sweden				
421, Göteborg*	**82,692**	82,607	**89,117**	88,920
Eurostop, Halmstad	**72,274**	64,734	**73,814**	70,130
Kronan, Karlskrona*	**20,185**	18,962	**17,540**	16,724
Bergvik, Karlstad*	**74,770**	73,016	**39,714**	37,714
Mellby Center, Laholm*	**19,317**	18,417	**15,671**	15,626
Ingelsta Shopping, Norrköping*	**113,295**	107,891	**93,490**	93,215
Elins Esplanad, Skövde*	**82,258**	78,466	**59,002**	58,969
Moraberg, Södertälje	**47,749**	44,464	**38,895**	38,895
Hälla Shopping, Västerås*	**0**	16,674	**0**	21,594
Grand Samarkand, Växjö*	**108,086**	99,172	**79,497**	79,481
	620,626	604,403	**506,740**	521,268
	2,865,726	2,688,603	**2,054,465**	2,014,899
Less: Property investments under development	**(4,800)**	0	**(6,065)**	0
Less: Property investments held for sale	**(39,700)**	0	**(49,693)**	0
Property investments	**2,821,226**	2,688,603	**1,998,707**	2,014,899

* These properties carry mortgage debt up to €1,155 million at 30 June 2015 (30 June 2014: €1,093 million).

** This property is transferred to property investments held for sale.

*** Including retail park development and acquisition of warehouse.

**** This parcel of land is next to Shopping Etrembières (partly owned via a joint venture) and is classified as property under development.

***** Including land acquisitions.

Notes to the consolidated financial statements

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

The following table shows an analysis of the fair value of property investments recognised in the balance sheet by level of the fair value hierarchy:

	Level 1 30-06-15 €'000	Level 1 30-06-14 €'000	Level 2 30-06-15 €'000	Level 2 30-06-14 €'000	Level 3 30-06-15 €'000	Level 3 30-06-14 €'000	Total fair value 30-06-15 €'000	Total fair value 30-06-14 €'000
Property investments	0	0	0	0	2,821,226	2,688,603	2,821,226	2,688,603
Property investments under development	0	0	0	0	4,800	0	4,800	0
Property investments held for sale	0	0	0	0	39,700	0	39,700	0
	0	0	0	0	2,865,726	2,688,603	2,865,726	2,688,603

The following assumptions were applied by the valuers as per 30 June 2015:

	30-06-15 France	30-06-15 Italy	30-06-15 Sweden	30-06-14 France	30-06-14 Italy	30-06-14 Sweden
Passing rent per m² (€; average)	272	321	185	281	301	197
Estimated rent value per m² (€; average)	296	322	185	287	306	205
Net initial yield (%; average)	4.7	6.0	5.3	5.1	6.3	5.6
Reversionary yield (%; average)	5.4	6.1	5.5	5.4	6.3	5.8
Inflation rate (%; min/max)*	n.a.	1.4/2.0	1.9/2.0	n.a.	1.7/2.0	2.0/2.0
Long term growth in rental value (%; min/max)*	n.a.	1.4/2.0	n.a.	n.a.	1.6/2.0	n.a.

* When DCF method is used.

A sensitivity analysis of the valuations is made by the valuers based on the assumptions of the two major items listed below. The amounts reflect the increase or decrease of the value of the respective property portfolio.

	30-06-15 France €'000	30-06-15 Italy €'000	30-06-15 Sweden €'000	30-06-15 Total €'000	30-06-14 France €'000	30-06-14 Italy €'000	30-06-14 Sweden €'000	30-06-14 Total €'000
Increase in the average net initial yield by 25 bps	(56,240)	(42,750)	(26,660)	(125,650)	(44,860)	(33,070)	(22,220)	(100,150)
Increase in the average net initial yield by 50 bps	(105,930)	(82,500)	(50,530)	(238,960)	(86,230)	(63,680)	(43,690)	(193,600)
Decrease in the average net initial yield by 25 bps	60,370	47,210	27,890	135,470	51,710	36,070	26,230	114,010
Decrease in the average net initial yield by 50 bps	129,900	98,210	59,110	287,220	107,970	74,880	53,880	236,730
Increase in the estimated rental value of 5 per cent	43,670	37,810	25,240	106,720	38,600	21,500	25,560	85,660
Increase in the estimated rental value of 10 per cent	81,900	75,430	52,210	209,540	76,420	42,950	51,010	170,380
Decrease in the estimated rental value of 5 per cent	(50,760)	(37,260)	(29,010)	(117,030)	(39,410)	(21,490)	(25,500)	(86,400)
Decrease in the estimated rental value of 10 per cent	(98,450)	(75,070)	(56,090)	(229,610)	(80,270)	(42,910)	(50,900)	(174,080)

Changes in property investments and property investments held for sale for the financial year ended 30 June 2015 were as follows:

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	2,688,603	2,781,423
Acquisition of land held for development	20,955	0
Capital expenditure – general	3,865	11,898
Capital expenditure – extensions and refurbishments	30,553	5,977
Capitalised interest	652	178
Capitalised letting fees	(908)	(537)
Elimination of capitalised letting fees	908	537
Revaluation of land held for development	(7,071)	0
Revaluation of property investments	139,760	32,604
Revaluation of property investments held for sale	516	0
Reallocation from properties under development	0	24,600
Book value divestment property	(14,653)	(141,000)
Exchange rate movement	(2,254)	(27,077)
Book value at end of year	2,860,926	2,688,603

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

Changes in property investments under development for the financial year ended 30 June 2015 were as follows:

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	0	24,600
Acquisitions	6,065	0
Revaluation property investments under development	(1,265)	0
Reallocation to property investments	0	(24,600)
Book value at end of year	4,800	0

13. Investment in joint ventures

In January 2015 the Group entered into its first two joint ventures through the acquisition of the 50 per cent share in Shopping Etrembières. The acquisition of the 50 per cent share in this shopping centre is a strategic investment for the Group. The investment is classified as a joint venture. The joint ventures reported in this statement have a calendar year end, unlike the Group which has a June year end. However, the figures reported for the joint ventures are for the same reporting period as the Group and are provided from the date of acquisition (7 January 2015). The joint ventures are funded both by the Group and its partner.

There are no contingent liabilities or post balance sheet events in the joint venture. There are no unrecognised losses and no restrictions of the joint venture's cash dividends on repaid loans or advances. During this financial year no dividends were paid by the joint ventures.

Property	Etrembières	Etrembières	Total
Country	France	France	
ECP ownership	50%	50%	
Company name	SCI Val Commerces	SCI Winter	
Summarised profit and loss account	2014/2015 €'000	2014/2015 €'000	2014/2015 €'000
Rental income	2,320	48	2,368
Property expenses	(122)	(4)	(126)
Service charges income	642	24	666
Service charges expenses	(650)	(16)	(666)
Investment revaluation	(3,552)	(148)	(3,700)
Financial and investment expenses	(4)	0	(4)
Result after taxation	(1,366)	(96)	(1,462)
Other comprehensive income	0	0	0
Total comprehensive income	(1,366)	(96)	(1,462)
ECP share of total comprehensive income	(683)	(48)	(731)
Summarised balance sheet	30-06-15	30-06-15	30-06-15
Property investments	81,178	2,822	84,000
Cash and deposits	2,168	64	2,232
Debtors	210	2	212
Total assets	83,556	2,888	86,444
Creditors (current)	320	6	326
Creditors (non-current)	918	4	922
Total liabilities	1,238	10	1,248
Net assets	82,318	2,878	85,196
ECP share of net assets in joint ventures	41,159	1,439	42,598

Notes to the consolidated financial statements

13. Investment in joint ventures continued

Interest in joint ventures (ECP share)	30-06-15 €000
Book value at beginning of the year	0
Capital contributions	43,329
Result after taxation	(731)
Book value at end of the year	42,598

Cash flow statement joint ventures (ECP share)	30-06-15 €000
Result after taxation	(731)
Adjustments:	
Decrease in receivables	(12)
Increase in creditors	136
Investment revaluation	1,908
Other movements	(56)
Cash flow from operations	1,245
Capital expenditure	(170)
Cash flow from investing activities	(170)
Net cash flow	1,075
Increase in cash and deposits	1,075
Cash and deposits at beginning of year	41
Cash and deposits at end of year	1,116

14. 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 4 Carlton Gardens, London, Via della Moscova 3, Milan, 107, rue Saint Lazare, Paris and Kungsgatan 48, Stockholm. These costs 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 year were:

	30-06-15 €000	30-06-14 €000
Book value at beginning of year	1,906	2,034
Additions	434	639
Depreciation	(442)	(767)
Disposals	(33)	0
Book value at end of year	1,865	1,906
Cost at end of year	5,118	5,039
Accumulated depreciation	(3,253)	(3,133)
Book value at end of year	1,865	1,906

During the financial year ended 30 June 2015 tangible fixed assets with a total cost price of €355,000 were disposed of or out of use (30 June 2014: disposals €5,000).

15. Receivables

	30-06-15 €'000	30-06-14 €'000
Funds held by managing agents	**2,701**	1,467
Prepaid acquisition costs	**233**	1,754
Provision for bad debts	**(1,233)**	(1,289)
Rents receivable	**21,475**	21,280
VAT receivable	**3,523**	1,530
Other receivables and prepayments	**5,413**	5,660
	32,112	30,402

Receivables at 30 June 2015 include an amount of €0.2 million (30 June 2014: €0.2 million) which is due after one year.

16. Cash and deposits

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

	30-06-15 €'000	30-06-14 €'000
Bank balances	**131,004**	27,219
Deposits	**38,129**	58,153
	169,133	85,372

17. Creditors

	30-06-15 €'000	30-06-14 €'000
(i) Current liabilities		
Interest payable	**7,597**	8,569
Local and property tax payable	**416**	435
Payable on purchased property/extensions	**24,055**	12,043
Rent received in advance	**24,185**	23,090
VAT payable	**0**	1,372
Other creditors and accruals	**22,459**	19,955
	78,712	65,464
(ii) Non-current liabilities		
Tenant rental deposits	**10,312**	10,733
	10,312	10,733

18. Borrowings

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	**1,173,236**	1,286,923
Drawdown of funds	**291,830**	155,867
Repayments	**(303,546)**	(259,178)
Exchange rate movement	**(262)**	(10,633)
Movement prepaid borrowing costs	**(1,036)**	257
Book value at end of year	**1,160,222**	1,173,236

88 per cent of the borrowings are at a floating interest rate, rolled over for a period of generally three months. The interest rate risk is managed by using interest rate swaps and other derivatives. 12 per cent 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.

At 30 June 2015 the Group has at its disposal undrawn borrowing facilities for a total amount of €110 million (30 June 2014: €75 million). These amounts are committed and immediately available to the Company and are eventually subject to reimbursement schemes. At 30 June 2015 the Group has also at its disposal undrawn borrowing facilities, which are not committed, for a total amount of €135 million (30 June 2014: €55 million).

Notes to the consolidated financial statements

18. Borrowings continued

	Borrowings €'000	Borrowing cost €'000	30-06-15 €'000	Fair value €'000	30-06-15 %	30-06-14 €'000	Fair value €'000	30-06-14 %
Borrowings with floating interest rate	**1,026,300**	**(2,808)**	**1,023,492**	**1,026,300**	**88**	1,044,896	1,047,312	89
Borrowings with fixed interest rate	**138,172**	**(1,442)**	**136,730**	**146,120**	**12**	128,340	143,562	11
Total borrowings	**1,164,472**	**(4,250)**	**1,160,222**	**1,172,420**	**100**	1,173,236	1,190,874	100

The borrowings are all directly from major banks with average committed unexpired terms of almost six years. Borrowings of €1,155 million are secured on property (30 June 2014: €1,093 million). The average interest rate during the financial year ended 30 June 2015 on non-current borrowings including hedges was 4.1 per cent (2013/2014: 4.4 per cent). 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 year in respect of any of the borrowings at 30 June 2015.

Borrowings maturity profile	Secured €'000 (30-06-15)	Unsecured €'000 (30-06-15)	Total borrowings €'000 (30-06-15)	Average interest rate during the year in % (30-06-15)	Total borrowings €'000 (30-06-14)
Current borrowings	**53,162**	**5,000**	**58,162**	**1.0**	131,935
Non-current borrowings:					
One to two years	**127,483**		**127,483**		238,931
Two to five years	**342,714**		**342,714**		458,531
Five to ten years	**498,624**		**498,624**		263,828
More than ten years	**137,489**		**137,489**		84,000
Total non-current borrowings	**1,106,310**		**1,106,310**	**4.1**	1,045,290
Borrowing costs	**(4,250)**		**(4,250)**		(3,989)
Total borrowings	**1,155,222**	**5,000**	**1,160,222**	**3.6**	1,173,236

Currency and interest rate profile	Fixed rate borrowings €'000*	Floating rate borrowings €'000**	Total borrowings €'000	Average interest rate at 30 June in %	Average interest maturity in years	Average maturity of borrowings in years
2014/2015						
Euro	**797,172**	**147,339**	**944,511**	**3.6**	**9.1**	**6.8**
Swedish krona	**131,201**	**88,760**	**219,961**	**3.4**	**3.9**	**1.8**
Borrowing costs	**(4,250)**	**0**	**(4,250)**			
	924,123	**236,099**	**1,160,222**	**3.6**	**8.2**	**5.9**
2013/2014						
Euro	815,913	127,243	943,156	4.3	8.3	5.0
Swedish krona	146,905	87,164	234,069	3.2	4.2	3.0
Borrowing costs	(3,989)	0	(3,989)			
	958,829	214,407	1,173,236	4.1	7.6	4.6

* Fixed rate borrowings consist of five 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.

A loan for €150 million maturing in 2016 has been renegotiated and extended for a term of seven years. Two related 10 year loans totalling €59 million due to expire in five and six years' time with fixed interest coupons of 4.06 per cent and 4.6 per cent respectively have been converted into a new €70 million loan with a term of 15 years at a fixed interest coupon of 2.1 per cent (see also note 7 debt extinguishment). Two existing loans on Italian property maturing in 2015 have been refinanced by one new five year loan for an amount of €65 million, while a further €55 million of new loans was also recently concluded in Italy.

Further information about borrowings and bank covenants can be found in note 27.

19. 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 Company 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 of AA- (24 per cent), A+ (4 per cent), A (28 per cent), B-(1 per cent) and BBB+ (24 per cent), BBB (7 per cent) and 12 per cent has no rating from Fitch; and Aa2 (12 per cent), Aa3 (16 per cent), Aa1 (12 per cent), A3 (1 per cent), A2 (8 per cent), A1 (18 per cent), B3 (2 per cent), Baa1 (24 per cent) and Baa2 (7 per cent) 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	**30-06-15 €'000**	30-06-14 €'000
Receivables	15	**32,112**	30,402
Derivative financial instruments	19	**353**	0
Cash and deposits	16	**169,133**	85,372
		201,598	115,774

The ageing analysis of the receivables on the balance sheet date was as follows:

	30-06-15				30-06-14			
	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	**16,992**	**0**	**0**	**16,992**	16,374	0	0	16,374
Overdue by 0-90 days	**3,017**	**(165)**	**11,870**	**14,722**	3,300	(35)	10,411	13,676
Overdue by 90-120 days	**291**	**(14)**	**0**	**277**	213	(51)	0	162
Overdue by more than 120 days	**1,175**	**(1,054)**	**0**	**121**	1,393	(1,203)	0	190
	21,475	**(1,233)**	**11,870**	**32,112**	21,280	(1,289)	10,411	30,402

With respect to the rents receivable, the Group holds rental deposits from its tenants totalling €10.3 million (2014: €10.7 million) in addition to bank guarantees.

Liquidity risk

In order to reduce liquidity risk, the repayment dates of borrowings are well spread over time and 95 per cent of borrowings are long-term, with 55 per cent of borrowings with a remaining term of more than six years. The Group aims to enter into long-term loans, preferably ten years or longer. At the balance sheet date the average maturity of the borrowings was almost six years. Group borrowings will not exceed the adjusted net equity of the Company, so that the debt to equity ratio is less than one, which further mitigates risk. The ratios to which the Group has committed itself are monitored at regular intervals. The net debt to adjusted net equity ratio at 30 June 2015 was 0.53 (30 June 2014: 0.70).

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 cash dividend to the shareholders.

Notes to the consolidated financial statements

19. Financial instruments continued

The following table shows the undiscounted contractual flows required to pay its financial liabilities:

Undiscounted cash flows	Total cash flows €000 30-06-15	Less than 1 year €000 30-06-15	1–5 years €000 30-06-15	More than 5 years €000 30-06-15	Total cash flows €'000 30-06-14	Less than 1 year €'000 30-06-14	1–5 years €'000 30-06-14	More than 5 years €'000 30-06-14
Non-current borrowings	**1,106,310**	**0**	**470,197**	**636,113**	1,045,290	0	697,461	347,829
Current borrowings	**58,162**	**58,162**	**0**	**0**	131,935	131,935	0	0
Interest derivative financial instruments	**210,670**	**29,244**	**85,563**	**95,863**	203,288	29,709	89,253	84,326
Interest on borrowings	**76,839**	**12,279**	**38,816**	**25,744**	86,874	18,126	47,148	21,600
Tenant rental deposits	**11,818**	**2,310**	**6,147**	**3,361**	12,232	2,316	5,959	3,957
Other creditors	**71,115**	**71,115**	**0**	**0**	56,895	56,895	0	0
	1,534,914	**173,110**	**600,723**	**761,081**	1,536,514	238,981	839,821	457,712

Foreign currency risk

Individual subsidiaries primarily execute their operating activities in their respective functional currencies which are primarily comprised of 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 with major banks, this exposure is partly hedged. SEK borrowings amount to €220.0 million (30 June 2014: €234.1 million). The total property investments in Sweden are €620.6 million (30 June 2014: €604.4 million) so 35 per cent of this SEK exposure is hedged through these borrowings at 30 June 2015 (30 June 2014: 39 per cent). The remaining exposure is relatively limited compared to the total size of the portfolio and will, in principle, not be hedged. A weakening of this currency by five per cent would result, for example, in a decrease of shareholders' equity of only 1.0 per cent and a decrease of only 1.2 per cent of the profit after taxation.

The Group also has a small foreign currency exposure of approximately €7.6 million to the British pound as a result of company expenses relating to the London office and staff.

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 30 June 2015 is a negative value of €131.7 million (30 June 2014: negative €132.4 million).

The interest rate hedge instruments as at 30 June 2015 have a weighted average maturity of more than eight years and the Company is hedged at an average interest rate of 3.2 per cent excluding margins (30 June 2014: 3.7 per cent). Only 20 per cent (30 June 2014: 18 per cent) of the total borrowings is at a floating rate without interest hedge. An increase in interest rates of 1 per cent would therefore only have a limited negative impact of an additional annual interest expense of €2.36 million (30 June 2014: €2.14 million) or 2.7 per cent (30 June 2014: 2.6 per cent) of reported direct investment result.

If at 30 June 2015 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 shareholder's equity by €31.0 million. If the interest curves were 50 basis points lower, the fair value movement for derivative financial instruments would have decreased the shareholder's equity by €33.0 million. Both calculations assume that all other variables were held constant and do not take into account the impact of deferred tax.

Maturity profile derivative financial instruments	30-06-15 Notional amount €000	30-06-15 Fair value €000	30-06-14 Notional amount €'000	30-06-14 Fair value €'000
Up to one year	**0**	**0**	30,898	(1,285)
From one year to two years	**0**	**0**	29,000	(3,826)
From two years to five years	**328,497**	**(50,786)**	226,895	(49,097)
From five years to ten years	**326,704**	**(33,621)**	466,113	(49,641)
Over ten years	**135,000**	**(47,316)**	80,000	(28,530)
	790,201	**(131,723)**	832,906	(132,379)

Derivative financial instruments comprise the fair value of interest rate swap contracts entered into to hedge the Group's interest rate exposure.

19. Financial instruments continued

In addition to the notional amounts of the derivative financial instruments presented in the table above, the financial instruments portfolio as per the balance sheet date included forward starting interest rate swaps to extend existing interest rate swaps then maturing for a notional amount of €195 million (2014: €255 million), forward starting interest rate swaps for a notional amount of €32 million (2014: €11 million), interest rate caps for a notional amount of €70 million (2014: €70 million) and basis interest rate swaps swapping three months Euribor for one month Euribor for a notional amount of €80 million (2014: €80 million). Although the notional amounts of the aforesaid financial instruments are not included in the table above, the fair value of these financial instruments is reported in the table above.

The Company accounts for the purchase/sale of an interest rate swap at its transaction date.

Derivative financial instruments	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	(132,379)	(120,350)
Unrealised fair value movement interest rate swaps	588	(12,592)
Exchange rate movement	68	563
Book value at end of year	(131,723)	(132,379)

Effective interest rate and ageing analysis

The following table shows the effective interest rate (variable rate is based on Euribor/Stibor as at 30 June 2015) 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.

	30-06-15				30-06-14			
	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 (%)	0.97	1.70	3.48	(0.03)	1.37	2.92	3.94	0.43
Up to one year (€'000)	55,281	2,880	0	0	129,068	2,867	30,898	30,898
From one year to two years (€'000)	124,521	2,962	0	0	235,951	2,980	29,000	29,000
From two years to five years (€'000)	333,312	9,403	328,497	328,497	448,865	9,666	221,446	221,446
From five years to ten years (€'000)	430,186	68,438	326,704	326,704	149,428	114,400	471,562	471,562
Over ten years (€'000)	83,000	54,489	135,000	135,000	84,000	0	80,000	80,000
	1,026,300	138,172	790,201	790,201	1,047,312	129,913	832,906	832,906

The following table shows the periods in which the interest cash flows (variable interest is based on Euribor/Stibor as at 30 June 2015) 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 €'000	Borrowings fixed rate €'000	Swaps fixed rate €'000	Swaps floating rate €'000	Total €'000
Up to one year	9,929	2,350	29,382	(138)	41,523
From one year to two years	9,416	2,301	27,192	(128)	38,781
From two years to five years	20,505	6,594	59,203	(704)	85,598
From five years to ten years	11,558	7,420	32,813	(339)	51,452
Over ten years	2,435	4,331	63,453	(64)	70,155
	53,843	22,996	212,043	(1,373)	287,509

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. The categories of financial instruments in accordance with IAS 39 are: A. Assets and liabilities at fair value through profit or loss, B. Loans and receivables, C. Available-for-sale financial assets, D. Financial liabilities measured at amortised cost.

Notes to the consolidated financial statements

19. Financial instruments continued

The carrying amounts of the financial instruments and their fair values were as follows:

	Note	Categories in accordance with IAS 39	30-06-15 €'000 Carrying amount	30-06-15 €'000 Fair value	30-06-14 €'000 Carrying amount	30-06-14 €'000 Fair value
Receivables	15	B	**32,112**	**32,112**	30,402	30,402
Derivative financial instruments		A	**353**	**353**	0	0
Cash and deposits	16	B	**169,133**	**169,133**	85,372	85,372
			201,598	**201,598**	115,774	115,774
Creditors	17	D	**89,024**	**89,024**	76,197	76,197
Borrowings	18	D	**1,160,222**	**1,172,420**	1,173,236	1,190,874
Derivative financial instruments (liabilities)		A	**132,076**	**132,076**	132,379	132,379
			1,381,322	**1,393,520**	1,381,812	1,399,450

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 €136,730,000), the fair value was based upon the confirmations received from the bank as the rates from the Pfandbrief curve are not available. The borrowings with a floating interest rate (carrying amount of €1,023,492,000), 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 approximate fair value for the other balance sheet items.

Fair value hierarchy

The following table shows an analysis of the fair value of financial instruments recognised in the balance sheet by level of the fair value hierarchy:

	Level 1 30-06-15 €'000	Level 1 30-06-14 €'000	**Level 2 30-06-15 €'000**	Level 2 30-06-14 €'000	**Level 3 30-06-15 €'000**	Level 3 30-06-14 €'000	**Total fair value 30-06-15 €'000**	Total fair value 30-06-14 €'000
Creditors	**0**	0	**89,024**	76,197	**0**	0	**89,024**	76,197
Borrowings	**0**	0	**1,172,420**	1,190,874	**0**	0	**1,172,420**	1,190,874
Derivative financial instruments (liabilities)	**0**	0	**132,076**	132,379	**0**	0	**132,076**	132,379

All derivative financial instruments are at level 2: the Group uses a model to determine the fair value with inputs that are directly or indirectly observable market data.

20. Deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

	30-06-14 €'000	**Recognised in profit and loss account €'000**	**Release to profit and loss account due to property sale €'000**	**Reallocation €'000**	**Exchange rate movement €'000**	**30-06-15 €'000**
Investment property	**(48,222)**	**(58,892)**	**(35)**	**0**	**170**	**(106,979)**
Derivative financial instruments	**3,535**	**28,240**	**0**	**0**	**(9)**	**31,766**
Tax value of loss carry-forwards recognised	**7,892**	**(3,478)**	**0**	**1,506**	**(76)**	**5,844**
Total deferred tax liabilities	**(36,795)**	**(34,130)**	**(35)**	**1,506**	**85**	**(69,369)**
Deferred tax assets	**800**	**706**	**0**	**(1,506)**	**0**	**0**
	(35,995)	**(33,424)**	**(35)**	**0**	**85**	**(69,369)**

Deferred tax assets and liabilities are attributable to the following items in the previous year:

	30-06-13 €'000	Recognised in profit and loss account €'000	Release to profit and loss account due to property sale €'000	Reallocation €'000	Exchange rate movement €'000	30-06-14 €'000
Investment property	(46,136)	(4,160)	0	0	2,074	(48,222)
Derivative financial instruments	2,752	907	0	0	(124)	3,535
Tax value of loss carry-forwards recognised	7,192	1,032	0	0	(332)	7,892
Total deferred tax liabilities	(36,192)	(2,221)	0	0	1,618	(36,795)
Deferred tax assets	284	516	0	0	0	800
	(35,908)	(1,705)	0	0	1,618	(35,995)

As at 30 June 2015 the total amount of deferred tax liabilities of €69.4 million is related to Italy for an amount of €19.7 million (30 June 2014: tax asset €0.8 million) and to Sweden for an amount of €49.7 million (30 June 2014: €36.0 million).

21. Provision for pensions

The provision for pensions is related to one defined benefit plan in the United Kingdom. The plan has only four 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:

	30-06-15 €'000	30-06-14 €'000
Investments quoted in active markets:	**0**	0
Unquoted investments:		
Investment funds – equities	**6,915**	5,169
Investment funds – bonds	**1,591**	890
Investment funds – property	**350**	250
Investment funds – cash	**340**	367
	9,196	6,676

Changes in the defined benefit obligation and fair value of plan assets in the current and previous financial year:

	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 year 30-06-14/30-06-13	**6,676**	**(8,520)**	**(1,844)**	5,247	(7,103)	(1,856)
Service cost	**0**	**(545)**	**(545)**	0	(443)	(443)
Interest income/(expenses)	**334**	**(411)**	**(77)**	255	(336)	(81)
Pension cost charged to profit and loss account	**334**	**(956)**	**(622)**	255	(779)	(524)
Return on plan assets	**315**	**0**	**315**	211	0	211
Actuarial changes arising from changes in assumptions	**0**	**(1,391)**	**(1,391)**	0	(198)	(198)
Experience adjustments	**0**	**31**	**31**	0	42	42
Actuarial result on pension scheme charged to OCI	**315**	**(1,360)**	**(1,045)**	211	(156)	55
Contributions by employer	**1,000**	**0**	**1,000**	610	0	610
Benefits paid	**(20)**	**20**	**0**	(11)	11	0
Exchange rate movement	**891**	**(1,231)**	**(340)**	364	(493)	(129)
Book value at end of year 30-06-15/30-06-14	**9,196**	**(12,047)**	**(2,851)**	6,676	(8,520)	(1,844)

The principal assumptions used in determining the pension obligations for the Group's plan are set out as follows for the period ended 30 June 2015. The discount rate is 3.6 per cent (30 June 2014: 4.2 per cent), salary growth is 3.4 per cent (30 June 2014: 3.4 per cent) and pension increase is 3.4 per cent (30 June 2014: 3.4 per cent). The life expectancy for pensioners at the age of 60 has decreased for both men and women to 29.2 years and 31.6 years respectively (30 June 2014: men 29.6 years and women 31.8 years).

A quantitative sensitivity analysis for significant assumptions as at 30 June 2015 is as shown below:

Year	Sensitivity level	Discount rate: 0.5% decrease	Future salary increases: 0.5% increase	Rate of inflation: 0.5% increase	Life expectancy: 1 year increase
30 June 2015	Impact on defined benefit obligation	Increase by 14%	Increase by 3%	Increase by 8%	Increase by 4%
30 June 2014	Impact on defined benefit obligation	Increase by 14%	Increase by 4%	Increase by 9%	Increase by 4%

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 sensitivity of the defined benefit obligation to significant actuarial assumptions has been estimated based on the average age and the Normal Retirement Age of members and the duration of the liabilities of the Scheme. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The duration of the liabilities of the Scheme is approximately 27 years as at 30 June 2015 (30 June 2014: 25 years).

Based on the existing Schedule of Contributions, it is expected that the contributions to be paid by the employer under the Company's defined benefit plan for the next financial year is €988,000 (30 June 2014: €599,000).

Notes to the consolidated financial statements

22. Issued share capital

Share capital comprises:

– 999,999,900 authorised ordinary shares of €0.50 par value, of which 476,705,663 shares are issued and fully paid as at 30 June 2015 and of which 2,821,050 were bought back as at 30 June 2015.

– 100 authorised priority shares of €0.50 par value, which are entirely issued and fully paid. All issued priority shares are held by Stichting Prioriteitsaandelen Eurocommercial Properties. The holders of the priority shares are entitled to determine the number of members of the Company's Supervisory and Management Boards, to nominate the persons to be submitted to the vote of all shareholders for election to the Board of Management and the Supervisory Board and to approve the appropriation of income of the Company. For the period to 30 June 2016, the Stichting is empowered by the shareholders to authorise the issue of new shares and the terms of issue, including a 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 priority shares are in all other respects identical to the registered ordinary shares.

The weighted average number of shares in issue in the current financial year is 429,162,461.

The number of shares in issue as per 30 June 2015 is 473,884,713.

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

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	**213,875**	208,890
Issued shares	**21,650**	0
Issued bonus shares	**2,828**	4,985
Book value at end of year	**238,353**	213,875

The number of shares on issue increased on 28 November 2014 as a result of the issue of 565,600 bonus depositary receipts under the stock dividend plan. Holders of depositary receipts representing 25.7 per cent of the issued share capital (last year 39.5 per cent) opted for the bonus depositary receipts at an issue price of €36.86 from the Company's share premium reserve, instead of a cash dividend of €1.94 per depositary receipt for the financial year ended 30 June 2014. On 21 May 2015 a further 4,330,000 depositary receipts were issued at a price of €38.00 per depositary receipt by an accelerated equity offering to institutional investors on 18 May 2015, representing 9.9 per cent of the issued share capital of the Company.

	2014/2015		2013/2014	
	No. of depositary receipts	**No. of shares**	No. of depositary receipts	No. of shares
Number of shares (DRs) on issue at beginning of year	**42,774,962**	**427,749,623**	41,778,044	417,780,444
Shares (DRs) issued	**4,330,000**	**43,300,000**	0	0
Shares (DRs) issued under the stock dividend plan	**565,604**	**5,656,040**	996,918	9,969,179
Number of shares (DRs) on issue at end of year	**47,670,566**	**476,705,663**	42,774,962	427,749,623
Priority shares	**10**	**100**	10	100
Shares (DRs) bought back	**(282,105)**	**(2,821,050)**	(455,405)	(4,554,050)
Number of shares (DRs) after deduction of shares (DRs) bought back	**47,388,471**	**473,884,713**	42,319,567	423,195,673

Net asset value per depositary receipt

The net asset value per depositary receipt is €34.99 at 30 June 2015 (30 June 2014: €32.77).

Stock options and performance shares

Since 2000 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 to the right to one depositary receipt representing ten ordinary 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.

22. Issued share capital continued

In June 2014 a programme was initiated under which depositary receipts are bought back to cover future anticipated exercises of the options granted under the SOP 2007 and SOP 2010. From 1 July 2014 to 1 September 2014 728,098 depositary receipts were bought back at an average price of €36.70. After options were exercised during the financial year, the Company holds 282,105 depositary receipts as per 30 June 2015 (30 June 2014: 455,405 depositary receipts).

The SOP has been replaced with an annual grant of free long-term depositary receipts (Performance Shares) under a new Performance Share Plan (PSP), which 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.

Stock Option Plan (SOP) and Performance Share Plan (PSP)	SOP 2007	SOP 2010	PSP 2012	PSP 2013	PSP 2014	Total
Grant date	12-11-07	08-11-10	12-11-12	11-11-13	11-11-14	
Vesting date	12-11-10	08-11-13	12-11-15	11-11-16	11-11-17	
Expiry date	12-11-17	08-11-20	n.a.	n.a.	n.a.	
Exercise price	€37.28	€32.45	n.a.	n.a.	n.a.	
Fair value per option/performance share	€4.10	€4.01	€23.14	€24.69	€28.59	
Options/performance shares granted	716,000	825,000	14,841	22,828	30,079	
Options/performance shares forfeited	(25,019)	(16,012)	(969)	(1,099)	0	
Options/performance shares vested	647,795	657,303	0	0	0	
Options exercised	(459,657)	(563,336)	0	0	0	
Exercisable options/performance shares at end of year	188,138	93,967	0	0	0	282,105

Movements in the number of options/ performance shares during the year	SOP 2007	SOP 2010	PSP 2012	PSP 2013	PSP 2014	Total
Options/performance shares at beginning of the year	647,795	535,708	14,332	22,411	0	1,220,246
Performance shares granted	0	0	0	0	30,079	30,079
Performance shares forfeited	0	0	(460)	(682)	0	(1,142)
Options exercised*	(459,657)	(441,741)	0	0	0	(901,398)
Outstanding options/performance shares at end of the year	188,138	93,967	13,872	21,729	30,079	347,785

* Weighted average sale price SOP 2007: €42.07 per depositary receipt, weighted average sale price SOP 2010: € 38.31 per depositary receipt.

The expenses for the stock options and performance shares granted (IFRS 2) are €459,000 (2013/2014 €78,000 positive). The outstanding options and performance shares as per 30 June 2015 are 347,785 (30 June 2014: 1,220,246). As at 30 June 2015 the outstanding options and performance shares represent 0.7 per cent of the issued share capital (30 June 2014: 2.9 per cent).

23. Share premium reserve

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	385,838	393,547
Issued shares	142,890	0
Issue cost	(2,242)	0
Stock options and performance shares granted (IFRS 2)	459	(78)
Release for issued bonus shares	(2,828)	(4,985)
Cost for dividends paid	(19)	(61)
Stock options vested	0	(2,585)
Book value at end of year	524,098	385,838

Notes to the consolidated financial statements

24. Other reserves

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	**687,129**	640,319
Profit previous financial year	**99,790**	123,308
Dividends paid	**(60,410)**	(48,559)
Depositary receipts bought back	**(26,766)**	(21,084)
Stock options exercised	**30,925**	4,796
Stock options not vested	**0**	2,585
Actuarial result on pension scheme	**(1,045)**	55
Foreign currency translation differences	**(1,603)**	(14,291)
Book value at end of year	**728,020**	687,129

25. Earnings per depositary receipt

Basic earnings per depositary receipt

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

The calculation of basic earnings per depositary receipt of €3.91 at 30 June 2015 was based on the profit attributable to holders of depositary receipts of €167.8 million (30 June 2014: €99.8 million) and a weighted average number of depositary receipts outstanding during the year ended 30 June 2015 of 42,916,246 (30 June 2014: 42,311,667), as calculated below.

Profit attributable to holders of depositary receipts:

	30-06-15 €'000	30-06-14 €'000
Profit for the year	**167,774**	99,790

Issued depositary receipts (after deduction of depositary receipts bought back) at beginning of year	**42,319,567**	41,740,054
Effect of depositary receipts issued (share placement)	**486,384**	0
Effect of depositary receipts issued (stock dividend)	**333,164**	584,494
Effect of depositary receipts issued (staff options exercised)	**434,204**	10,876
Effect of depositary receipts bought back	**(657,073)**	(23,757)
Weighted average number of depositary receipts	**42,916,246**	42,311,667

Diluted earnings per depositary receipt

The calculation of diluted earnings per depositary receipt of €3.83 at 30 June 2015 was based on the profit attributable to holders of depositary receipts of €167.8 million (30 June 2014: €99.8 million) and a weighted average number of depositary receipts (diluted) outstanding during the year ended 30 June 2015 of 43,720,752 (30 June 2014: 43,724,510), as calculated below.

Profit attributable to holders of depositary receipts (diluted):

	30-06-15 €'000	30-06-14 €'000
Profit for the year	**167,774**	99,790

Weighted average number of depositary receipts	**42,916,246**	42,311,667
Effect of issued options and performance shares on depositary receipts	**804,506**	1,412,843
Weighted average number of depositary receipts (diluted)	**43,720,752**	43,724,510

26. Commitments not included in the balance sheet

As at 30 June 2015 bank guarantees have been issued for a total amount of €2.0 million.

The expected commitments under the operating leases entered into for the Company's Group offices in Amsterdam, London, Milan and Stockholm amount to approximately €0.8 million for the financial year 2015/2016 and approximately €1.4 million for the three year period thereafter.

In December 2014 an agreement was reached with Gruppo PAM for Eurocommercial to acquire their 15,800m² hypermarket and 9,000m² of gallery shops at I Gigli in Florence for €82 million, which will increase our ownership of the property to 100%.

The Company also reached agreement during the year to acquire from the major hyper and supermarket chain Gruppo Finiper a 50% share of Centro Commerciale Fiordaliso in southern Milan, together with an adjoining retail park, for a total price of €135 million reflecting a net initial yield in the order of 5.8%.

27. 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 year ended 30 June 2015. The Company monitors capital primarily using a debt to equity ratio. The debt to equity ratio is defined as the (net) borrowings divided by the shareholders' equity. Equity means the adjusted net equity calculated as the sum of the net equity increased by the book values of the deferred tax liabilities and the derivative financial instruments. The net debt will not exceed adjusted net equity.

The calculation of the debt to equity is as follows:

Debt to equity ratio	**30-06-15 €'000**	30-06-14 €'000
Net borrowings	**991,089**	1,087,864
Shareholders' equity	**1,658,246**	1,386,632
Derivative financial instruments	**131,723**	132,379
Deferred tax assets and liabilities	**69,369**	35,995
Adjusted net equity	**1,859,338**	1,555,006
Debt to equity ratio	**0.53**	0.70

All bank covenants are monitored at regular intervals. During the period the Company complied with its banking covenants. The most frequent agreed covenants in the loan agreements are: net debt to adjusted equity, loan to value and interest cover ratio.

28. Related parties

Introduction

Subsidiaries and joint ventures of the Company and members of its Supervisory Board and Board of Management 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 include an amount of €232,000 (2013/2014: €195,000) in respect of gross remuneration paid to the members of the Supervisory Board to be specified as follows:

	30-06-15 €'000	30-06-14 €'000
B.T.M. Bisschop	**33**	0
W.G. van Hassel*	**17**	47
H.W. Bolland**	**0**	13
B. Carrière	**26**	0
C. Croff	**39**	24
R. R. Foulkes	**26**	0
P.W. Haasbroek	**39**	37
J.-Å. Persson	**39**	24
J.C. Pollock**	**0**	13
A.E. Teeuw*	**13**	37

* Retired at the Annual General Meeting of 4 November 2014.

** Retired at the Annual General Meeting of 5 November 2013.

Notes to the consolidated financial statements

28. Related parties continued

The Directors' fees also include salaries, bonuses, pension premiums and social security charges for the members of the Board of Management.

The total remuneration for the members of the Board of Management can be specified as follows:

	J.P. Lewis		E.J. van Garderen	
	30-06-15 €'000	30-06-14 €'000	**30-06-15 €'000**	30-06-14 €'000
Salary	**677**	616	**415**	415
Bonus	**386**	362	**231**	234
Pension premiums (defined contribution plan)	**0**	0	**37**	37
Social security charges	**151**	128	**7**	7
Stock options and performance shares granted (IFRS 2)	**41**	(12)	**27**	(9)
	1,255	1,094	**717**	684

The base salaries for J.P. Lewis and E.J. van Garderen for the financial year 2014/2015 compared to the financial year 2013/2014 remained unchanged in local currencies. However, due to the appreciation of the pound sterling against the euro, Mr Lewis' salary has increased in euro terms.

The bonuses paid to members of the Board of Management are directly linked to the annual growth in the Company's net asset value and dividend per depositary receipt and are also directly linked to the annual relative performance as per 30 June of the listed depositary receipts of the Company compared to a peer group of ten listed retail property companies. The total remuneration for the members of the Supervisory Board and the Board of Management is €2,204,000 (2013/2014: €1,973,000).

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 year under review with persons or institutions which can be considered to stand in a direct relationship to the Company.

Stock options and performance shares

During the year 226,249 options granted in 2007 (exercise price €37.28) and 2010 (exercise price €32.45) held by the Board of Management have been exercised, resulting in a gross option gain of €724,000 for J.P. Lewis and €481,000 for E.J. van Garderen. No options have been granted during the year. The outstanding options for the Board of Management as per 30 June 2015 are 79,375 (30 June 2014: 305,624). At the end of the year J.P. Lewis has 43,750 options and E.J. van Garderen has 35,625 options. At 30 June 2015 the outstanding options held by the Board of Management represent 0.17 per cent of the issued share capital (30 June 2014: 0.71 per cent).

In November 2014 performance shares were granted to the Board of Management under the new Performance Share Plan. 2,564 performance shares were granted to J.P. Lewis and 1,656 performance shares were granted to E.J. van Garderen. At 30 June 2015 the outstanding performance shares held by the Board of Management represent 0.02 per cent of the issued share capital. In November 2015 performance shares will be granted to the Board of Management with a value of 26.5 per cent of base salaries, subject to the approval of the shareholders meeting.

For more information about the Stock Option Plan and Performance Share Plan, see note 22.

15 per cent (€68,000) of the positive amount charged to the profit and loss account (€459,000) as stock options and performance shares granted (IFRS 2) is related to the stock options and performance shares granted to the members of the Board of Management.

Shareholdings

Mr J.P. Lewis and entities associated with him hold 942,056 depositary receipts in total, representing 1.98 per cent of the issued share capital of the Company. Mr E.J. van Garderen holds 24,000 depositary receipts in total, representing 0.05 per cent 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.

29. Post balance sheet events

On 9 July 2015 the Group acquired 3,000m^2 of land adjacent to I Gigli in Florence for an amount of €2.3 million.

Company balance sheet
(before income appropriation)

	Note	**30-06-15 €'000**	30-06-14 €'000
Investments in subsidiaries	3	**1,176,825**	1,094,358
Due from subsidiaries	4	**202,861**	207,396
Tangible fixed assets	5	**658**	480
Total non-current assets		**1,380,344**	1,302,234
Due from subsidiaries	4	**147,376**	47,112
Receivables	6	**633**	1,009
Cash and deposits	7	**138,195**	66,524
Total current assets		**286,204**	114,645
Total assets		**1,666,548**	1,416,879
Creditors	8	**5,452**	8,403
Borrowings	9	**0**	20,000
Total current liabilities		**5,452**	28,403
Total liabilities		**5,452**	28,403
Provision for pensions	10	**2,851**	1,844
Net assets		**1,658,245**	1,386,632
Shareholders' equity	11		
Issued share capital		**238,353**	213,875
Share premium reserve		**524,098**	385,838
Legal reserve subsidiaries		**585,798**	380,315
Currency translation reserve		**(2,841)**	4,187
Retained profit reserve		**145,063**	302,627
Undistributed income		**167,774**	99,790
		1,658,245	1,386,632

Company profit and loss account

	2014/2015 €'000	2013/2014 €'000
Company profit after taxation	**14,651**	19,602
Profit from subsidiaries after taxation	**153,123**	80,188
Profit after taxation	**167,774**	99,790

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 apply 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 (IFRS) as per 1 July 2014 and Part 9 of Book 2 of The Netherlands Civil Code. The Company financial statements are prepared on a going concern basis.

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

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.

Shareholders equity

The Company recognises a legal reserve subsidiaries in its Company financial statements. This legal reserve subsidiaries is based on Article 389 of Book 2 of The Netherlands Civil Code.

3. Investments in subsidiaries

Movements in investments in subsidiaries for the financial year ended 30 June 2015 were as follows:

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	**1,094,358**	1,019,503
Dividends from subsidiaries	**(70,000)**	0
Investments	**0**	25
Exchange rate movement	**(656)**	(5,358)
Profit from subsidiaries	**153,123**	80,188
Book value at end of year	**1,176,825**	1,094,358
Cost at end of year	**196,330**	266,330
Exchange rate movement	**(8,488)**	(7,832)
Cumulative profit from subsidiaries	**988,983**	835,860
Book value at end of year	**1,176,825**	1,094,358

4. Due from subsidiaries

The balance of €202.9 million at 30 June 2015 principally represents mainly funds advanced to Eurocommercial Properties Sweden AB. These advances were made under long-term loan facilities with a maturity of less than three years and the average interest rate of these advances is 3.3 per cent (30 June 2014: 4.9 per cent).

The balance of €147.4 million at 30 June 2015 principally represents mainly funds advanced to Eurocommercial Properties France S.A.S. The average interest rate of these advances is 2.3 per cent (30 June 2014: 2.9 per cent).

Notes to the Company financial statements

5. Tangible fixed assets

Tangible fixed assets represent office equipment and inventory for the Company's head office in Amsterdam, the Paris office and partly the London 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 year were:

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	**480**	506
Additions	**414**	219
Depreciation	**(190)**	(245)
Disposals	**(46)**	0
Book value at end of year	**658**	480
Cost at end of year	**2,494**	2,448
Accumulated depreciation	**(1,836)**	(1,968)
Book value at end of year	**658**	480

During the financial year ended 30 June 2015 tangible fixed assets with a total cost price of €368,000 were disposed of or out of use (30 June 2014: disposals €3,800).

6. Receivables

	30-06-15 €'000	30-06-14 €'000
Interest receivable from banks	**53**	372
Prepayments	**579**	637
	632	1,009

7. Cash and deposits

Cash and deposits of €138.2 million consist of time deposits and amounts held as bank balances and other liquid assets. All bank balances and deposits are freely available.

8. Creditors

	30-06-15 €'000	30-06-14 €'000
Due to bank for shares bought back	**0**	3,612
Interest payable	**7**	225
Remuneration payable	**2,762**	2,464
VAT payable	**357**	309
Other creditors and accruals	**2,326**	1,793
	5,452	8,403

9. Borrowings

	30-06-15 €'000	30-06-14 €'000
Book value at beginning of year	**20,000**	55,000
Drawdown of funds	**10,000**	30,000
Repayments	**(30,000)**	(65,000)
Book value at end of year	**0**	20,000

10. Provisions for pensions

An analysis of the provisions for pensions is provided in note 21 of the consolidated financial statements.

11. Shareholders' equity

The movements in shareholders' equity in the current 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
30-06-2014	213,875	385,838	380,315	4,187	302,627	99,790	1,386,632
Adjustment currency translation				(5,425)	5,425		0
Issued shares	24,478	137,820					162,298
Profit previous financial year					39,380	(39,380)	0
Profit for the year						167,774	167,774
Dividends paid		(19)				(60,410)	(60,429)
Stock options exercised					30,925		30,925
Performance shares granted		459					459
Actuarial loss on pension scheme					(1,045)		(1,045)
Depositary receipts bought back					(26,766)		(26,766)
Foreign currency translation differences				(1,603)			(1,603)
Addition to legal reserve			205,483		(205,483)		0
30-06-2015	238,353	524,098	585,798	(2,841)	145,063	167,774	1,658,245

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
30-06-2013	208,890	393,547	350,907	13,531	275,881	123,308	1,366,064
Issued shares	4,985	(4,985)					0
Profit previous financial year					74,749	(74,749)	0
Profit for the year						99,790	99,790
Dividends paid		(61)				(48,559)	(48,620)
Stock options exercised					4,796		4,796
Stock options and performance shares granted		(78)					(78)
Actuarial gain on pension scheme					55		55
Depositary receipts bought back					(21,084)		(21,084)
Foreign currency translation differences				(9,344)	(4,947)		(14,291)
Addition to legal reserve			29,408		(29,408)		0
Stock options not vested		(2,585)			2,585		0
30-06-2014	213,875	385,838	380,315	4,187	302,627	99,790	1,386,632

Reference is also made to the consolidated financial statements and the notes thereto for movements in the components of shareholders' equity.

Under The Netherlands Civil Code the Company has to maintain legal reserves which comprise of the reserve subsidiaries and the currency translation reserve. The 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. Currency translation of €5,425 negative has been incorrectly recorded in the retained profit reserve in prior years. This amount has been transferred to the currency translation reserve.

The amounts recognised by these reserves amount to €583 million (30 June 2014: €385 million) 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 25.7 per cent of the issued share capital (last year 39.5 per cent) opted for 565,604 bonus depositary receipts at an issue price of €36.86 from the Company's share premium reserve, instead of a cash dividend of €1.94 per depositary receipt for the financial year ended 30 June 2014. Accordingly, an amount of €60.5 million of the undistributed income was taken to fund the cash dividend paid on 28 November 2014.

An analysis of the Directors' fees is provided in note 28 of the consolidated financial statements.

Notes to the Company financial statements

12. Audit fee

The fee for professional audit services and other services rendered by Ernst & Young Accountants LLP of Amsterdam, The Netherlands, for the financial year ended 30 June 2015 is €240,000 (2013/2014: €220,000). The services rendered by the external audit firm during 2014/2015 and 2013/2014 are only related to the audit of the financial statements.

13. Commitments not included in the balance sheet

The Company has entered into guarantees in favour of Intesa Sanpaolo S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of €112 million and for guarantees issued for Eurocommercial Properties Italia S.r.l. to an amount of €0.3 million.

The Company has entered into guarantees in favour of UniCredit Banca d'Impresa S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of €121 million.

The Company has entered into guarantees in favour of Banca Nazionale Del Lavoro (part of BNP Paribas) for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of €5 million and for guarantees issued for Eurocommercial Properties Italia S.r.l. to an amount of €1.5 million.

The Company has entered into a guarantee in favour of Monte Dei Paschi Di Siena S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of €15 million.

The Company has entered into a guarantee in favour of ABN Amro Bank N.V. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of €135 million.

The Company has entered into a guarantee in favour of UBI-CentroBanca S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of €75 million.

The Company has entered into guarantees in favour of ING Bank N.V., Milan Branch, for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of €80 million.

The Company has entered into a guarantee in favour of ING Bank N.V., Real Estate Finance for debts incurred by Eurocommercial Properties Caumartin S.N.C. and Eurocommercial Properties France S.A.S. to an amount of €170 million.

The Company has entered into guarantees in favour of Deutsche Hypothekenbank AG for debts incurred by Eurocommercial Properties Taverny S.N.C. and Eurocommercial Properties France S.A.S. to an amount of €138 million.

The Company has entered into a guarantee in favour of Svenska Handelsbanken AB, French Branch, for debts incurred by Eurocommercial Properties France S.A.S. to an amount of €93 million.

The Company has entered into guarantees in favour of Nordea AB for debts incurred by Aktiebolaget Laholm Mellby 2:129, Aktiebolaget Norrköping Silvret 1, Aktiebolaget Skövde K-mannen 2, Bergvik Köpet 3 KB, and ECP Högsbo AB to an amount of SEK 1,152 million.

The Company has entered into a guarantee in favour of Skandinaviska Enskilda Banken AB for debts incurred by KB Degeln 1 and Kronan Fastigheter i Karlskrona AB to an amount of SEK 450 million.

The Company has entered into a guarantee in favour of Svenska Handelsbanken AB for debts incurred by Samarkandfastigheter AB to an amount of SEK 425 million.

The Company has entered into guarantees in favour of credit institutions for interest rate swap contracts hedging the exposure of subsidiaries to interest rate movements over a total notional amount of €790 million (see also note 19 to the consolidated financial statements).

Amsterdam, 18 September 2015

Board of Management
J.P. Lewis, Chairman
E.J. van Garderen

Board of Supervisory Directors
B.T.M. Steins Bisschop, Chairman
B. Carrière
C. Croff
R.R. Foulkes
P.W. Haasbroek
J.-Å. Persson

Other information

Post balance sheet events

An analysis of the post balance sheet events is provided in note 29 of the consolidated financial statements.

Priority shares

All issued priority shares are held by Stichting Prioriteitsaandelen Eurocommercial Properties.

The holders of the priority shares are entitled to determine the number of members of the Company's Supervisory and Management Boards, to nominate the persons to be submitted to the vote of all shareholders for election to the Board of Management and the Supervisory Board and to approve the appropriation of income of the Company.

For the period to 30 June 2016, they are empowered to authorise the issue of new shares and the terms of issue, including a 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 priority shares are in all other respects identical to the registered ordinary shares.

The Board of Stichting Prioriteitsaandelen Eurocommercial Properties at 30 June 2015 comprised:

J.P. Lewis
N.R.L. Mijnssen

Provisions in the Articles of Association concerning the appropriation of income

The appropriation of income is subject to the Provisions of Article 44 of the Articles of Association of the Company of which the major provisions are as follows:

(a) Out of the profit as evidenced by the adopted annual accounts and after deduction of all taxes due by the Company, such amount may be reserved as the Board of Management shall determine which reserve shall be at the exclusive disposal 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, on the priority shares and ordinary shares, or for reserves or such other purposes covered by the objects of the Company, as the General Meeting of Shareholders shall decide after prior approval of the meeting of holders of priority shares. If it is decided to distribute dividends in full or in part, the distributable part of the profit shall be distributed amongst holders of priority shares and holders of ordinary shares pro rata to the nominal value of their shares.

(c) The distribution of profit shall take place after the adoption of the annual accounts showing that such distribution is permitted. (Interim) dividends may be distributed in cash or in shares in the capital of the Company or a combination thereof.

Dividend distribution

The Board of Management proposes to the Annual General Meeting of Shareholders to be held at the Hotel Schiphol A4, Rijksweg A4 nr. 3, Hoofddorp on 3 November 2015 at 09:00 hours to distribute a cash dividend of €1.98 per depositary receipt (ten ordinary shares) for the financial year ended 30 June 2015 (30 June 2014: €1.94 per depositary receipt). Subject to its fiscal and other limitations, the Company will offer holders of depositary receipts the option of taking new depositary receipts from the Company's share premium reserve, instead of a cash dividend. The percentage of such scrip issue will be announced on 30 October 2015. The distribution will be payable as from 30 November 2015. In the case of the scrip issue, the depositary receipts would be issued from the share premium reserve and will therefore not be subject to Netherlands dividend withholding tax which is charged at the rate of 15 per cent for The Netherlands and certain overseas holders, respectively. The depositary receipts will rank pari passu with the existing depositary receipts of the Company in respect of the financial year 2015/2016. Holders of depositary receipts are given the opportunity to make their choice known up to and including 20 November 2015. If notification is not received by that date a cash dividend only will be payable. The part of the profit not distributed in cash will be added to shareholders' equity.

Financial calendar

30 October 2015	Announcement of scrip issue price
3 November 2015 at 09:00	Annual General Meeting of Shareholders
5 November 2015	Ex-dividend date
6 November 2015	Announcement of first quarter results 2015/2016
30 November 2015	Dividend payment date
12 February 2016	Announcement of half year results 2015/2016
13 May 2016	Announcement of third quarter results 2015/2016
26 August 2016	Announcement of annual results 2015/2016
1 November 2016	Annual General Meeting of Shareholders

Other information

Holders of depositary receipts/ordinary shares with a holding of 3 per cent or more

Under The Netherlands Act on Financial Supervision, The Netherlands Authority for the Financial Markets has received notification from five holders of depositary receipts/ordinary shares with interests greater than 3 per cent in the Company. According to the latest notifications these interests were as follows:

Stichting Administratiekantoor Eurocommercial Properties (99.84 per cent), the Government of Singapore (12.75 per cent), BlackRock, Inc. (5.01 per cent), CBRE Clarion Securities, LLC (4.94 per cent) and PGGM Vermogensbeheer B.V. (3.77 per cent).

The dates of the aforesaid notifications were 1 November 2006, 1 November 2006, 18 June 2015, 4 February 2014 and 19 May 2015.

Stock market prices and turnover 2014/2015

The Company is listed on Euronext Amsterdam and is admitted to the Euronext 150 index and the Amsterdam Midkap (AMX) index.

		High	Low	Average
Closing price 30 June 2015 (€; depositary receipts)	**37.41**	**43.77**	**33.00**	**37.85**
Average daily turnover (in depositary receipts)	**97,504**			
Average daily turnover (€'000,000)	**3.7**			
Total turnover over the past 12 months (€'000,000)	**954.2**			
Market capitalisation (€'000,000)	**1,783.1**			
Total turnover divided by market capitalisation	**54%**			

Source: Euronext, Global Property Research

Depositary receipts listed on Euronext Amsterdam are registered with Centrum voor Fondsenadministratie B.V. under code: 28887

ISIN – Code: NL 0000288876

Stock market prices are followed by:

Bloomberg: ECMPA NA
Datastream: 307406 or H:SIPF
Reuters: SIPFc.AS

Valuers

The following independent firms have valued the Company's properties at 30 June 2015:

France: CBRE, Cushman & Wakefield, DTZ, JLL
Italy: CBRE, Cushman & Wakefield, JLL
Sweden: Cushman & Wakefield, DTZ, JLL

Independent auditor's report

To the shareholders and holders of depositary receipts of Eurocommercial Properties N.V.

Report on the audit of the financial statements 2014/2015

Our opinion

We have audited the financial statements for the year ended 30 June 2015 of Eurocommercial Properties N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 30 June 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 30 June 2015, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated balance sheet for the year ended 30 June 2015.
- The following statements for the year then ended: the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended.
- The notes to the consolidated financial statements comprising the principal accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet for the year ended 30 June 2015.
- The company profit and loss account for the year then ended.
- The notes to the company financial statements comprising the principal accounting policies and other explanatory information.

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 Regulation regarding the Independence of Accountants in the case of Assurance Engagements (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten or ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Regulation Code of Conduct and Professional Practice Auditors (*Verordening gedrags- en beroepsregels accountants (VGBA)*).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

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.

Based on our professional judgment we determined the materiality for the financial statements as a whole at €16.5 million. The materiality is based on 1% of equity. 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 €0.8 million, 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 head of a group of entities. The financial information of this group is included in the consolidated financial statements of Eurocommercial Properties N.V.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

For the components in Sweden, France and Italy a full scope audit of the financial information was performed. For all components outside The Netherlands we used component auditors from EY who are familiar with the local laws and regulations and have the real estate industry knowledge and experience to perform their audit work.

Other information

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. In this respect we performed the following procedures as group audit team:

- We have issued detailed audit instructions to the component auditors prescribing the scope of work to be performed, our risk assessment, the key audit areas, materiality to be applied and the reporting requirements to the group audit team;
- We had communication several times during the year with the component teams on the progress of the audit;
- We assessed the reports of the component auditors and observations were discussed with the component auditors and with group management;
- We visited and attended the audit closing meetings in Sweden, France and Italy where the audit findings were discussed with group and local management.

The group consolidation, financial statement disclosures and a number of complex items were audited by the group audit team at the company's head office. These include, amongst others, valuation of investment properties and valuation of derivatives. Our group audit team was complemented by our own EY real estate, tax, IT, valuation and treasury specialists.

By performing the procedures mentioned above at group entities, 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 consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. 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.

Valuation of property investments

Property investments is the most significant account in the consolidated balance sheet of the Company. The property investments are presented at fair value in the financial statements. Because the valuation of property investments cannot be based on quoted prices in active markets, there is significant estimation uncertainty involved in this valuation. As a result, the valuation of these property investments is significant for our audit.

All property investments are valued bi-annually by external valuators appointed by management of the Company. These external 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). We evaluate the competence, capabilities and objectivity of the experts.

Valuations of investment properties are highly dependent on estimates like amongst other the estimated rent value per m^2, the yield and the long term growth in rental value. During our audit, we have verified the compliance with the policy of the Company to have a tri-yearly rotation of the external valuators per property investment. We have determined that investment properties are externally valued twice a year and that the valuation reports are based on the correct data. We have used our EY real estate valuation specialists to assist us in obtaining an understanding of the work of the external valuators, evaluating the work of external valuators and concluding whether the work of the external valuators is adequate for our purposes. We held meetings with a selection of the external valuators in each of the countries in which the Company operates to discuss the valuation methods, the key assumptions of the valuations and the results of the valuations. For more information about property investments, please refer to note 12.

Valuation of derivatives

The policy of the Company is to operate an interest rate hedging policy by using derivatives to protect the Company against increase of interest rates. As the Company does not apply hedge accounting under International Financial Reporting Standards, the fair value of the derivatives is accounted for in the consolidated balance sheet and the valuation differences are reported in the consolidated profit and loss account. We focused on the valuation of the derivatives as it is a significant component of the financial statements.

The Company uses value confirmations of the counterparties to challenge the internal model valuations of the derivative financial contract. We have assessed the input parameters of the internal valuation, such as the interest swap curve in the internal model of the Company and we involved EY specialists in verifying valuation of the derivatives at year end. For more information about derivatives, please refer to note 19.

Responsibilities of management and the supervisory board for the financial statements

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, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. 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 assignment 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 have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 for one 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 management.
- Concluding on the appropriateness 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 the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed by the general shareholders meeting as auditor of Eurocommercial Properties N.V. in 1991 and have operated as statutory auditor ever since that date.

Amsterdam, 18 September 2015
Ernst & Young Accountants LLP

Signed by J.C.J. Preijde

Glossary

Adjusted net asset value:	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.
Boutique:	Retail unit less than 300m².
CPI:	Consumer price index.
Depositary receipt (DR):	Stock certificate, representing ten ordinary registered shares, traded on Euronext Amsterdam.
Direct investment result:	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 year.
Drive:	A drive-through collection point for hypermarket goods ordered online.
Entry premium:	One-off payment by a tenant, in addition to the MGR, to secure a lease on a particularly desirable retail unit.
EPRA:	European Public Real Estate Association.
EPRA cost ratios:	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 rental income.
EPRA earnings:	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.
EPRA NAV:	IFRS shareholders' equity excluding the carrying amount of contingent capital gains tax liabilities and the fair value of financial derivatives (interest rate swaps). EPRA NAV per depositary receipt is calculated using the number of DRs (diluted) outstanding at the balance sheet date.
EPRA net initial yield:	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.
EPRA NNNAV:	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes. EPRA NNNAV per depositary receipt is calculated using the number of DRs (diluted) outstanding at the balance sheet date.
EPRA topped up net initial yield:	The EPRA net initial yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discount rent periods and step rents).
EPRA vacancy:	The ERV of vacant retail space expressed as a percentage of the total retail ERV, excluding property investments under development.
ERV:	The estimated rental value of the whole portfolio if all space was let at current market levels at the balance sheet date.
FBI:	Fiscale Beleggingsinstelling (Dutch fiscal investment institution). As a result of being an FBI all of Eurocommercial's income, whatever its source, is tax free at the corporate level if it is distributed to shareholders in the form of a dividend.
Gallery:	All retail units in a shopping centre excluding the hypermarket.
Gross/total lettable area (GLA):	Total area of a property that can be leased to a tenant, including storage area.
ICC:	Indice du Coût de la Construction. Cost of construction index still used for some French retail leases although the majority have adopted the new ILC index.
ILC:	Indice des Loyers Commerciaux. Index used for French retail leases derived 50 per cent from the consumer price index, 25 per cent from the cost of construction index and 25 per cent from the retail sales index.
Interest cover ratio (ICR):	Net property income less company expenses divided by interest expenses less interest income.
Like for like:	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.
Minimum guaranteed rent (MGR):	Contracted annual rent paid by a tenant, excluding indexation, turnover rent and entry premiums. Also referred to as base rent.
Medium Surface/Moyenne Surface/Media Superficie (MS):	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 600m².

Net debt to adjusted net equity:	Total borrowings net of cash expressed as a percentage of adjusted net equity. This is the definition used in debt covenants.
Net (initial) yield:	Expected rental income for the year ahead as provided by the external valuers, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
(Net) loan to value:	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. The total values are net of any (estimated) purchasers' costs.
Net return on cost:	Net rental income generated by an extension/development as a proportion of the total cost of the development including financing costs.
Net rental income:	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.
Occupancy cost ratio (OCR):	Rent plus marketing contributions, service charges and tenant property taxes as a proportion of turnover.
Passing rent:	The annualised rental income at 30 June 2015 including 2014 turnover rent.
Pre-let:	A lease signed with a tenant prior to completion of a development.
Rental arrears:	Rent which is unpaid 90 days after the due date, expressed as a percentage of the total rent due.
Reversionary yield:	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.
Sales area:	Gross/total lettable area excluding storage area.
Sales turnover:	Sales income, including VAT, of retail tenants.
Scrip dividend:	Dividend received in the form of shares.
SIIC:	Société d'investissements immobiliers cotée. French tax-exempt regime available to listed property companies with assets in France.
Turnover rent:	Any element of rent received or to be received related to a tenant's sales turnover.
Vacancy:	See EPRA vacancy.

Directory

Supervisory Board
B.T.M. Steins Bisschop, Chairman
B. Carrière
C. Croff
R.R. Foulkes
P.W. Haasbroek
J.-Å. Persson

Management Board
J.P. Lewis, Chairman
E.J. van Garderen

Country Heads
J.P.C. Mills, Director
T.R. Newton, Director
T.G.M. Santini, Director

Property Directors
M. Bjöörn
V. Di Nisio
P.H. Le Goueff
C. Romagnoli

Board of Stichting Prioriteitsaandelen Eurocommercial Properties
J.P. Lewis, Chairman
N.R.L. Mijnssen

Board of Stichting Administratiekantoor Eurocommercial Properties
A. Plomp
C.M. Slangen

Head Office
Eurocommercial Properties N.V.
Herengracht 469
1017 BS Amsterdam
The Netherlands
Tel: 31 (0)20 530 60 30
Fax: 31 (0)20 530 60 40

info@eurocommercialproperties.com
www.eurocommercialproperties.com

Eurocommercial Properties N.V.
is registered with the Amsterdam Trade
Register under number: 33230134

S. Aimoni
D.R.L. Albers
M.V. Alvares
S. Baldi
N.P.J. Desoeuvre
M.H. Ekman
L. Fabbrini
R. Fraticelli
K. Goode
T. Klitsee
T. Kloosterman
C.M.A. Mangel
Q. Saleh
J.M. Veldhuis
I. Vitaloni
J. Vlietstra-Passer
T. Zevenbergen

United Kingdom
4 Carlton Gardens
London SW1Y 5AB
United Kingdom
Tel: 44 (0)20 7925 7860
Fax: 44 (0)20 7925 7888

France
107 rue Saint Lazare
75009 Paris
France
Tel: 33 (0)1 48 78 06 66
Fax: 33 (0)1 48 78 79 22

C. Amchin
Z. Bahmane
J. Bentz
C. Bonaldi
N. Bourimoff
E. Compain
L. Ducrocq
B. Frois
S. Jorge
L. Lamouller
A. Leroy
C. Limousin
C. Marest
J. Martinelli
N. McGee
E. Rizzotti
G. Sesboüé
A.F. Vredenbregt

Italy
Via della Moscova, 3
20121 Milano
Italy
Tel: 39 02 760 759 1
Fax: 39 02 760 161 80

C. Anderlini
F. Aquilina
F. Da Rin
S. De Robertis
S. Fava
E. Gasparini
S. Gelain
V. Manzoni
M. Marchesi
M. Monteleone
E. Nicoletti
S. Olgiati
M. Oppini
R. Parisi
M. Parrello
D. Pugliese
I. Ravagnani
F. Rossi
R. Ruggiero
A. Tani
V. Vecchione

Sweden
Kungsgatan 48
111 35 Stockholm
Sweden
Tel: 46 (0)8 678 53 60
Fax: 46 (0)8 678 53 70

T. Ågren
F. Forsling
J. Gustavsson
A. Lundberg
P. Sörnell
K. Stork
S. White