# EUROCOMMERCIAL



# Annual Report
31 December 2021

# Contents



**This document is the PDF version of the 2021 Annual Report of Eurocommercial Properties N.V. in the European single electronic reporting format (ESEF) and has been prepared for ease of use. The ESEF reporting package is available on our website. Please note that, in case of discrepancies between this PDF version and the ESEF reporting package, the latter prevails.**



**Front cover (from top to bottom)**
Fiordaliso, Woluwe Shopping, Valbo and Val Thoiry.

2021
# Key events and performance overview

Positive retail sales over pre-pandemic levels
## +1.4% over pre-pandemic levels

Rent uplift on renewals and relettings
## 5.1%

EPRA vacancies at year end
## 1.5%

Resilient property valuations over calendar year 2021
## -0.3% (12 months) +0.8% (6 months)

Rent collection 2021
## 91% of invoiced rent

2021 disposals at around latest valuation
## €114.4 million

Loan to value ratio (LTV)
taking into account the 2022 property sales
## 40.5%

IFRS profit
## €104.7 million

Net earnings
## €110.6 million

Proposed dividend per share
## €1.50 + scrip 1:75

EPRA Net Tangible Asset (EPRA NTA)
## €40.11 per share

Direct investment result per share in 2021
## €2.18

EPRA sBPR Gold Award for the
eighth year in a row
## Gold Award

Green Star status
## four GRESB stars

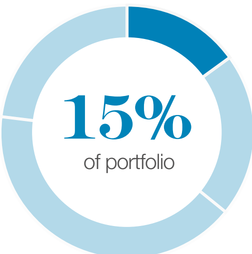
# Eurocommercial Properties

**We own and manage retail properties in Belgium, France, Italy and Sweden valued at €4 billion that have continued to perform well while serving their communities.**

## Belgium

**€579.0m** Property value

**1** Property

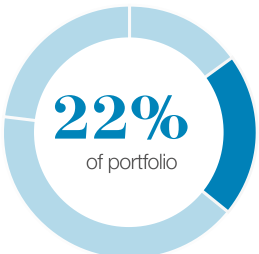



Read more in country report Belgium p58

## France

**€889.8m** Property value

**9*** Properties



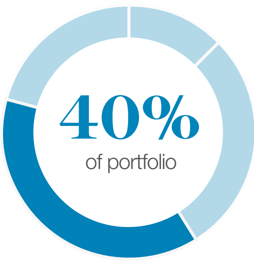

Read more in country report France p62

*before completion of the sale of Les Grands Hommes

# Italy


**€1,608.1m**
Property value

**8**
Properties

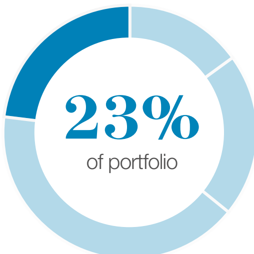



Read more in country report Italy p74

# Sweden

**€893.6m**
Property value

**7**
Properties




Read more in country report Sweden p84

# Board of Management review

*"Following the reopening of our shopping centres, it was encouraging to see the full recovery in retail sales during the second half of the year.*

Operationally, our business in 2021 can be divided into two approximately equal halves. During the first half of the year, the high incidence of COVID-19 continued to affect our shopping centres with government restrictions resulting in our non-essential stores being closed on average for 56 days, while restaurants were closed on average for 98 days. Only Sweden escaped closures where our seven shopping centres remained fully open and trading as they have been throughout the pandemic.

The lifting of government restrictions, mainly during May 2021, saw a swift rebound in retail sales that gathered pace during the second half of the year when sales exceeded the comparable periods in H2 2020 by 23.5%, and the pre-pandemic H2 2019 by 1.4%. This growth was achieved on around 84% of previous levels of footfall, demonstrating the high sales conversion rates and the increase in basket sizes that our retailers regularly comment on.

Against this background, tenant demand for our shopping centres continued to be characterised by strong letting activity with 264 lease renewals and relettings completed over the year producing an overall rental uplift of 5.1%. Our vacancies remain at their historically low levels at 1.5%, varying between 1.0% and 2.5% in our four markets.

The independent valuations at 31 December 2021 showed an increase of 0.8% compared to June 2021 and a slight decrease of 0.3% compared to 31 December 2020, supported by broadly stable yields on marginally higher net operating income (NOI). During 2021, we progressed our disposal programme completing the sale of Les Trois Dauphins, Grenoble in March for €34.4 million. In December, we announced the sale of Chasse Sud, our hypermarket anchored retail park located south of Lyon at a price of €80 million. The sale proceeds were partly used to fund the purchase from our joint venture partners, AXA, of their 50% share in Shopping Etrembières located outside Geneva at a price of €47 million.

On 22 March 2022, we completed the sale of Les Grands Hommes, Bordeaux for a price of €22.5 million. On 24 March 2022, we also completed the sale of our remaining 50% ownership of the office and residential parts of Passage du Havre together with two smaller adjoining buildings to AXA-IM Alts, acting on behalf of clients which are our joint venture partners, for a price of €57 million. The Company will remain owner of 50% of the retail part of the main building of Passage du Havre representing a GLA of around 14,000m² and will continue to manage this retail asset. These recent sales complete the Company's €200 million disposal programme announced in August 2020. Taking into consideration the sales of Les Grands Hommes, Bordeaux and parts of Passage du Havre for in total €79.5 million, the LTV ratio (on a proportional consolidated basis) reduces further to 40.5%, reaching our target level.

Rent collection improved during 2021 and currently stands at 91% of invoiced rent and 96% of due and collectable rent, i.e. allowing for deferrals or

COVID-19 rent relief provided and booked. These 2021 collection rates improved steadily during the year and are expected to improve further, particularly once the provisions of the delayed French government support package covering Q2 can be implemented.

We reported in August 2021 that the COVID-19 granted rent discounts were expected to be €14 million for the entire portfolio for 2021. This is now adjusted to €13.1 million and the largest part of this amount is already expensed in the 2021 financial year. Only €7.0 million has to be straight-lined over the period 2022 to 2027. Under the current circumstances and given the outlook for 2022, we do not expect to grant any rent concessions in 2022.

Towards the end of 2021, we saw another increase in the number of COVID-19 cases following the emergence of the Omicron variant which again threatened to impact upon our business. However, supported by advanced vaccination programmes and the rapid roll-out of the third dose, government authorities were able to limit any additional restrictions to a broader application of the relevant country health pass, with some additional limitations on visitor numbers. These restrictions came too late to impact the important Christmas trade, although they have suppressed footfall during the first months of 2022. However, it has been encouraging to see that all our shopping centres have been able to remain fully open and, despite rising inflation and energy prices, retail sales have continued to hold up well as any remaining restrictions are lifted.

Against this generally positive background and with full occupancy at affordable rental levels (our low occupancy cost ratios (OCRs) remain at around their pre-COVID levels), we expect normal trading patterns in our shopping centres to be maintained, providing a solid base for stable income with future rental growth encouraged by healthy levels of tenant demand and rental indexation currently averaging 3.6% across the portfolio. Although today the Company's operations are not directly impacted by the war in Ukraine, consumer confidence and spending in our markets could be affected, particularly if the situation persists or escalates at a time of rising living costs and inflation.

The results of the Company for the financial year 2021 enable us to propose to increase the cash dividend from €0.50 paid in 2021 to €1.50 to be paid on 1 July 2022. There will also be a small mandatory scrip dividend of 1 new share for every 75 existing shares to comply with the dividend distribution obligations resulting from the Company's tax status. We are also pleased to propose a new dividend policy which is a pay-out ratio for the cash dividend ranging between 65% and 85%, but with a target of 75% of the direct investment result per share and payment of two dividends per annum.

During the year, the Company celebrated its 30th anniversary. The solid results achieved were due to the professionalism, dedication and hard work of its employees to whom the Board of Management remains very grateful.

Evert Jan van Garderen
Peter Mills
Roberto Fraticelli

## Board of Management

**From left to right:**

**Roberto Fraticelli**
Chief Financial Officer

**Evert Jan van Garderen**
Chief Executive Officer

**Peter Mills**
Chief Investment Officer

# Strategy

> *Eurocommercial's strategy is based on rigorous economic and market research with country and property selection providing diversification.*
>
> **Evert Jan van Garderen**
> Chief Executive Officer

## Portfolio strategy

Eurocommercial is one of Europe's most experienced owners and managers of retail property with a portfolio of around €4 billion comprising 25* prime assets in Belgium, France, Italy and Sweden. These countries have substantial depth to their markets providing portfolio diversity, while the reasons they were initially selected still stand: sound economic fundamentals, an established institutional property market, a broad retail tenant base, transparency, including tenant sales data and a reliable planning and legal framework. These countries also continue to provide opportunities for future expansion and growth so that our experienced country teams can leverage our historic market position, knowledge, contacts and our professional reputation among retailers, financing institutions and market operators.

### Property selection

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

* before completion of the sale of Les Grands Hommes

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

Our existing property portfolio reflects our approach to investment diversification. Our five "flagship" assets representing around 45% of the portfolio by value are located in three of our four countries:

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

These five "flagships" are all very well known both nationally and internationally and are very well established regional shopping centres in their city catchments. They are also important destinations for an international expanding tenant base (e.g. Primark, Inditex, H&M, Apple, Nike) as well as the most important national brands (e.g. Fnac, OVS, Inno). Woluwe Shopping has been regarded as the national reference shopping centre in Belgium for over 50 years and the first calling point for new international brands. Fiordaliso and Carosello are two of the three regional centres that ring Milan, while I Gigli has been for many years already Italy's largest shopping centre by footfall. The flagships are all sufficiently large assets to accommodate joint venture partners providing capital diversification. Current examples are Passage du Havre (AXA) and Fiordaliso (Finiper).

The remainder of the portfolio (approximately 55%) are predominantly suburban hypermarket anchored shopping centres with more than 60% of their floor space devoted to everyday and essential retail providing consistent and regular footfall during the whole week. These centres are mainly located in important provincial cities in their countries and are characterised by their wealthy primary catchments and strategic road locations providing easy access, parking and public transport and are sufficiently large to be well represented by national and regional tenants in most retail sectors. They also provide their more local communities with important amenities and an increasing range of services including health care and dentistry, fitness, hair and beauty salons etc. Many of these centres were carefully sited and originally developed by the hypermarkets themselves, who then sold on the galleries to investors more experienced in shopping centre asset management. The hypermarkets still perform an important function, selling daily goods including groceries to a broad and diverse customer base. Their non-food function has now partly been replaced in our retail locations by an increasing range of specialist, destination, value retailers selling low cost goods in most sectors.

## Portfolio management

Our **asset management teams** work to ensure that our centres remain fresh, modern and relevant through regular refurbishments, extensions and tenant rotation that are designed to increase footfall and add further value to the property. Extensions have enabled us to generate enhanced returns while also improving the shopping centre's competitive position in its catchment and upgrading the offer and experience for our tenants and customers. Experienced development and technical expertise has been established in each of the local offices, allowing us to initiate, analyse and manage these projects in-house while also providing high standards of maintenance and presentation. They also help improve capital expenditure planning and identify ESG improvement targets. Analysis includes investigating opportunities to develop and introduce other compatible uses on our sites where appropriate. A current example is at Woluwe Shopping where a significant residential component forms part of the current extension plans. While project activity has been reduced during COVID-19, many assets continue to present outstanding and profitable extension opportunities, particularly with potential future competition now either stopped or on hold due to economic circumstances and tight new planning legislation.

Our **leasing teams** are in constant dialogue with the most important international, national and local retail and non-retail (i.e. health care, gyms and other services) groups, monitoring emerging trends and innovations in the retail world and often assisting and providing advice to new market entrants. Careful analysis of monthly sales turnover prepared by our **rent collection teams** provides information on which the teams are able to judge when and how to adjust tenant mix and identify potential tenants in difficulty at a moment when remedies can still be applied, thereby avoiding bankruptcy. Further information comes from our **research and marketing teams** who measure and analyse customer and tenant experience from regular surveys. Our **centre management teams** use these surveys and their local expertise as a reliable tool in order to constantly improve the shopping centres in terms of their outlook, environment, services, marketing and tenant mix. The marketing teams pilot and introduce digital initiatives as part of their customer relationship management (CRM) programmes to improve the customer journey. Our **treasury and finance teams** provide efficient management of the cash flow and financial needs of the properties, while our **accounting teams** are providers of timely information to improve returns and the financial management of the Company.

With most of our tenants operating omnichannel, we work with our retailers to customise their stores and our centres to improve the overall physical and digital experience for customers. As retailers rationalise their online administration, click & collect, logistics and returns, the efficient use of the store has become an integral part of the process. We have improved storage and drive-through stations for our hypermarkets which generally do not offer home delivery. Inside the centres we have installed click & collect facilities such as Amazon Lockers, InPost and Instabox delivery points. We use digital communication to assist our retailers in their advertising and brand awareness campaigns. The shopping centre websites provide an important platform, particularly for our local and independent omnichannel retailers who are able to directly advertise products to our wide customer base.

## Asset rotation

An important component of our asset management strategy are decisions on disposals of mature assets where value has been maximised and further growth potential may be limited compared to alternative

# Strategy continued

investment opportunities. The approximately €200 million disposal programme announced in August 2020 has now been completed following the sale of the Company's city centre mixed use investments in Grenoble and Bordeaux, its three standalone retail parks, Chasse Sud, Moraberg and Bronsen and its remaining 50% ownership of the office and residential parts of Passage du Havre. Our markets are now presenting interesting new investment products and opportunities to increase our retail exposure through selective acquisitions or joint ventures to further diversify the portfolio, risk and capital allocation.

## ESG strategy

Eurocommercial's view is that building a sustainable and resilient business is the foundation for long-term success and value creation for the Company. Our ESG and business strategies are carefully aligned and each business decision is approached with a long-term view supported by detailed research in order to evaluate its environmental and socio-economic impact. Our ESG strategy followed a detailed materiality assessment which was in line with the United Nations Sustainable Development Goals focusing on the four SDGs 7,8,11 and 13. For more information, see our corporate website at www.eurocommercialproperties.com

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

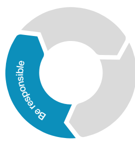

### Be green

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

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


### Be engaged

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




### Be responsible

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

### A successful strategy recognised by many external awards

Eurocommercial is committed to report on its ESG performance every year and was recently awarded the EPRA Gold Award for sustainability reporting for the eighth consecutive year. Eurocommercial achieved its highest ever score of 84 in the 2021 GRESB Assessment, a continuous improvement from previous years and an increase of 21 points since 2018. This result is both above the GRESB average and our peer group average. As a result, Eurocommercial maintained its Green Star status receiving four GRESB stars in 2021.

### A transparent business aiming for improved governance

We are always sensitive to shareholders' views and recognise and react to changing trends in providing good governance, accountability and transparency. Following consultation, we modernised our corporate governance by changing the Company's Articles of Association to include the abolishment of the depositary receipt structure and the winding up of STAK. This amendment of the Company's Articles of Association was required to implement the share consolidation and the conversion of the depositary receipts into shares. On 15 September 2021, the Company therefore terminated its depositary receipt structure, and on that date the consolidation and the conversion of depositary receipts into shares took place.

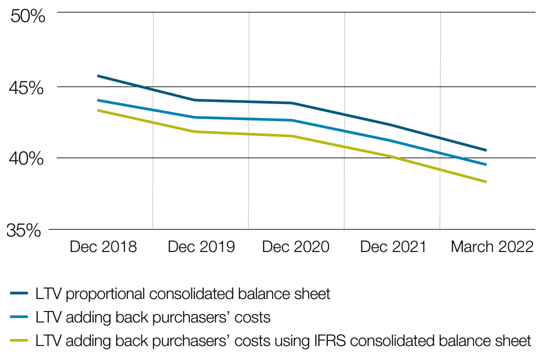
## Financial strategy

Eurocommercial's loan portfolio is primarily composed of mortgage loans secured against individual or groups of assets. These loans are often bilateral, allowing for a direct and long-term professional dialogue with the financing banks ensuring the necessary financing flexibility needed for a proactive management of the assets (i.e. extensions, refurbishments, unforeseen events). Our long-term financing contracts are secured by mortgages in favour of a group of more than 15 different banks, with whom we have strong and long-standing lending relationships. This financing structure presents several advantages as it enables the Company to raise debt without exposing it to the volatility linked to the fixed income capital markets or to a possible rating downgrade. However, we have also been monitoring the bond market, which we could use to further diversify our debt structure. To date, bond market financing conditions have been less attractive than those offered by standard mortgage loans. Eurocommercial has prepared a Green Finance Framework which will be published in 2022 on the corporate website to support the Company's strategy and the transition to a low carbon economy.

### Financial discipline

The average committed unexpired term of our bank loans is nearly four years and the interest rate on the majority of our debt is fixed or hedged (82% at 31 December 2021). The loan to value (LTV) ratio at year end on the basis of the proportionally consolidated balance sheet of the Company reduced to 42.3%, significantly below the 60% LTV loan to value covenant agreed with banks at Group level. The further disposals in the first quarter of 2022 are expected to reduce the ratio to 40.5% as per 31 March 2022. We have therefore reached our goal achieving a LTV ratio of around 40%. Over the past ten years our LTV ratio has ranged between 34.1% (2015) and 46.4% (2019).

### Loan to value



# Property performance

*Valuers recognised the low vacancy levels and robust tenant demand across the portfolio providing solid foundations for stable rental income. We completed our disposal programme with the sale of assets in France.*

**Peter Mills**
Chief Investment Officer

## Retail sales

Following the general reopening of our shopping centres from May 2021, there was a quick and full recovery in retail sales which increased by 23.5% during H2 2021 compared to H2 2020. However, even more encouraging was that during H2 2021 retail sales were higher than pre-pandemic levels, being 1.4% above H2 2019. Fashion sales have almost recovered to previous levels, while several sectors have moved ahead of their pre-COVID levels including groceries, home goods, gifts and jewellery, telecom and electrical, health and beauty and sport. The expanding value retail sector has also flourished, bringing an added dimension to our tenant mix. The strongest recovery and growth in both retail sales and footfall has been in Sweden where our seven shopping centres have remained open throughout the pandemic, albeit with some restrictions at times on visitor numbers in individual stores and specific distancing measures applied in restaurants and cafés.

### Like-for-like retail sales by country*

| | H2 2021/H2 2019 | H2 2021/H2 2020 |
|---|---|---|
| **Overall** | **1.4%** | **23.5%** |
| Belgium | -5.8% | 28.1% |
| France | 0.6% | 10.8% |
| Italy | 0.0% | 39.1% |
| Sweden | 5.7% | 14.3% |

* excluding extensions/developments

### Like-for-like retail sales by sector*

| | H2 2021/H2 2019 | H2 2021/H2 2020 |
|---|---|---|
| Hypermarkets/Supermarkets | 8.7% | 2.4% |
| Fashion | -3.5% | 31.5% |
| Shoes | -7.8% | 35.3% |
| Health & Beauty | 1.4% | 15.3% |
| Gifts & Jewellery | 6.8% | 28.6% |
| Sport | 13.1% | 32.4% |
| Home Goods | 13.5% | 15.1% |
| Telecom & Electrical | 1.2% | 21.4% |
| Books & Toys | -8.4% | 13.8% |
| F&B (Restaurants & Bars) | -3.7% | 43.0% |
| Services | -9.5% | 24.2% |

* excluding extensions/redevelopments.

## Uplift on renewals and relettings

Strong leasing activity has been maintained over the last 12 months with 264 leases renewed or relet producing an overall uplift in rent of 5.1%. These leases represent approximately €24 million equivalent to 12% of the annual minimum guaranteed rent. 100 of these transactions were new lettings to retailers entering our shopping centres achieving a 7.2% rental uplift. All countries recorded positive uplifts in their renewal and reletting programme and, in their negotiations, the leasing teams have been able to maintain standard lease terms and conditions including lease length.

## Renewals and relettings, 12 months to 31 December 2021

| | Number of relettings and renewals | Average rental uplift on relettings and renewals | % of leases relet and renewed (MGR) |
|---|---|---|---|
| **Overall** | **264** | **5.1%** | **12%** |
| Belgium | 25 | 1.1% | 17% |
| France | 36 | 5.1% | 6% |
| Italy | 106 | 7.6% | 12% |
| Sweden | 97 | 3.9% | 18% |

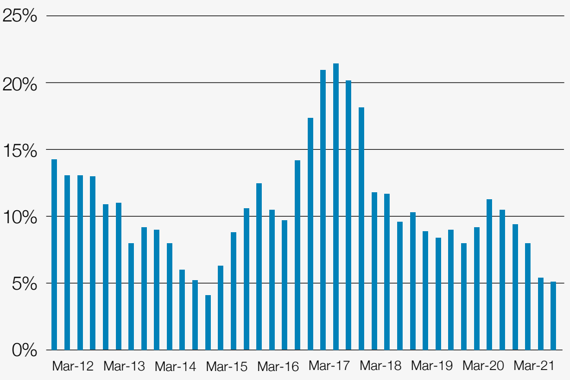
In Woluwe shopping, Belgium, 25 leases were renewed or relet over the last 12 months producing a rental uplift of 1.1%. Several new premium international brands have established stores during the year including Jott, Bexley, Xandres, Maison Dandoy and Guess. During the second half of the year, we signed a new lease with Fnac who will open in early summer 2022 in the former 2,600m² AS Adventure store, who themselves have relocated to a smaller unit.

In France, 36 lease renewals and relettings were completed over the year producing an average uplift in rent of 5.1%. Of these transactions, 14 lease renewals produced an uplift of 7.9%, while 22 relettings produced an uplift of 3.2%. Recent store openings include Superdry in MoDo, Comptoir de Mathilde in three of our shopping centres, Marc Orian, Morgan and Krys.

Italy again produced the highest rental uplift of 7.6% from 106 lease transactions. 36 of these transactions were signed with new retailers achieving an uplift of 12.8%. International brands establishing in Italy continue to take space in our centres with examples over the year including JD Sports, Nike, Adidas, PepCo, Starbucks, Dyson, Pull & Bear and Bershka.

In Sweden, 97 lease renewals and relettings were completed producing a rental uplift of 3.9%. 28 of these lease transactions were lettings to new tenants at rents 9.4% above previous levels. These lettings included Cassels, Hemtex, Clas Ohlson, New Yorker, Rituals and Normal, the expanding Danish value retailer who have now established in six of our shopping centres. At Hallarna there were summer openings for Lagerhaus and Newbie, KappAhl's expanding children's clothing concept, while IKEA have successfully opened their new planning studio concept in Grand Samarkand, Ingelsta Shopping and Hallarna.

## Uplift on renewals/relettings



# Property performance continued

## Property valuations

All the Company's properties were independently valued as usual at 31 December 2021 in accordance with the rules set out in the "Red Book" of the Royal Institution of Chartered Surveyors (RICS), the International Valuation Standards and IAS 40. The firms appointed this year were CBRE, Cushman & Wakefield, JLL, Knight Frank, and Savills.

Overall, the property valuations increased by 0.8% since June 2021 and slightly decreased by 0.3% compared to December 2020. Generally, the last six month increase was due to the adoption of stable or even marginally higher initial or exit yields (depending on methodology) applied to increased NOI resulting from rental uplifts, higher than anticipated indexation and less conservative assumptions on both estimated rental values (ERVs) and turnover rent.

The overall EPRA net initial yield has increased from 5% to 5.1% since June 2021. In their reporting, the valuers continued to identify the portfolio's sound property fundamentals and the solid outlook for income security and growth supported by rent affordability and steady tenant demand. The valuers also recognised the importance of having the appropriate tenant mix for each type of centre. While they identified the Company's five flagships have benefitted from their strong discretionary and international retail offer, the 20 suburban, hypermarket anchored centres have enjoyed the consistent footfall and defensive characteristics resulting from their 62% exposure to a broad range of essential and everyday retail including groceries.

The valuers removed all material uncertainty clauses in their valuations during 2021.

## Valuations at 31 December 2021

| | Net value 31 December 2021 € million | Valuation change From June 2021 | Valuation change From December 2020 | EPRA net initial yield | EPRA topped-up yield |
|---|---|---|---|---|---|
| **Overall** | **3,971** | **0.8%** | **-0.3%** | **5.1%** | **5.2%** |
| Belgium | 579 | -0.6% | -2.2% | 4.4% | 4.6% |
| France | 890 | -0.1% | -1.8% | 5.0% | 5.0% |
| Italy | 1,608 | 1.4% | 0.7% | 5.4% | 5.6% |
| Sweden | 894 | 1.4% | 1.1% | 5.0% | 5.1% |

## Valuation split

| 5 Flagships | Net value (€M) 31 December 2021 | EPRA net initial yield | EPRA topped up yield |
|---|---|---|---|
| Woluwe Shopping (Belgium)<br>Passage du Havre (France)<br>I Gigli, Carosello, Fiordaliso (Italy) | 1,785<br>(45% of the portfolio) | 4.7% | 4.8% |

| 20 suburban hypermarket anchored shopping centres | Net value (€M) 31 December 2021 | EPRA net initial yield | EPRA topped up yield |
|---|---|---|---|
| 8 in France<br>5 in Italy<br>7 in Sweden | 2,186<br>(55% of the portfolio) | 5.4% | 5.5% |

In Belgium, the value of Woluwe Shopping decreased slightly by 0.6% over six months, mainly due to a slight downward correction of ERVs and a more conservative approach to the future extension.

In France, the valuations slightly decreased by 0.1% over six months and by 1.8% over 12 months with the valuers identifying several retail transactions as references points, particularly retail parks and hypermarket anchored investments. The overall EPRA net initial yield remains at 5%, although it is worth noting that excluding the prime, mixed use central Paris asset, Passage du Havre, with its low yield of only 3.7%, the overall yield on the eight remaining suburban and provincial hypermarket centres is 5.4%.

In Italy, the valuations increased by 1.4% over six months and by 0.7% over 12 months with an overall EPRA net initial yield of 5.4%. The largest increase in value was on Fiordaliso in Milan, following the successful opening of the 7,000m² pre-let redevelopment of the former hypermarket. The three Italian flagships, I Gigli, Fiordaliso and Carosello were valued at an average yield of 5.1%, with the five hypermarket anchored provincial centres valued at 6%.

In Sweden, the valuations increased by 1.4% over six months and by 1.1% over 12 months. The valuers referred to a range of recent shopping centre transactions, including Solna Centrum, Väsby and Bålsta Center at yields of 5% or below.

## Disposals and acquisitions

During 2021, the Company completed the sale of Les Trois Dauphins, Grenoble, its city centre mixed use investment to the Crédit Agricole group for a price of €34.4 million. This was followed in December 2021 by the sale of Chasse Sud, its Géant hypermarket anchored retail park located south of Lyon alongside the Autoroute du Soleil. The property was sold to TwentyTwo Real Estate for a price of €80 million.


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


The sale of Chasse Sud, Chasse-sur-Rhône was completed on 9 December 2021.

# Property performance continued

On 22 March 2022, we completed the sale of Les Grands Hommes, Bordeaux for a price of €22.5 million. On 24 March 2022 we also completed the sale of our remaining 50% ownership of the office and residential parts of Passage du Havre together with two smaller adjoining buildings to AXA-IM Alts, on behalf of clients which are our joint venture partners, for a price of €57 million. The Company will remain owner of 50% of the retail part of the main building of Passage du Havre representing a GLA of around 14,000m² and will continue to manage this retail asset.

These sales were all achieved at or around their latest book values and form the final parts of the Company's €200 million disposal programme announced in August 2020 which included the sales of its other standalone retail parks located in Sweden, Moraberg outside Södertälje and Bronsen in Norrköping.

In November, the Company also completed the purchase from its joint venture partner, AXA, of their 50% share in Shopping Etrèmbieres located outside Geneva at a price of €45 million. The 1,600m² pre-let F&B project adjoining the existing shopping centre at Etrembières is scheduled to open in the first half of 2022. Etrembières and Val Thoiry provide the Company with two dominant shopping centres in an important and wealthy region of France next to the Swiss border and Geneva.

The sale of Les Grands Hommes was completed at the end of March 2022.

At the end of March 2022 we sold the remaining 50% ownership of offices and residential at Passage du Havre


The Company acquired the remaining 50% share in Shopping Etrembières from its joint venture partner AXA in November 2021.

## Vacancy levels

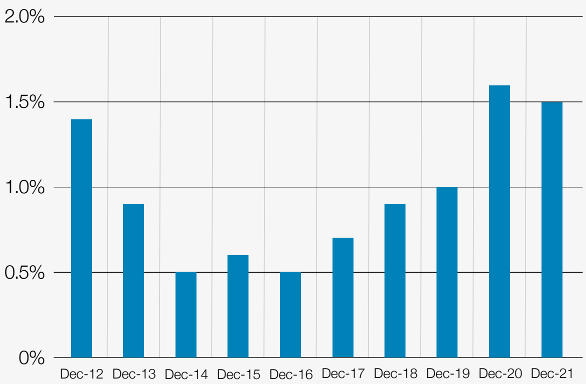
### EPRA vacancies

EPRA vacancy for the portfolio at 31 December 2021 remained very low at 1.5% ranging from 1.0% to 2.5%.

| | 30 June 2020 | 31 Dec 2020 | 30 June 2021 | 31 Dec 2021 |
|---|---|---|---|---|
| **Overall** | **1.4%** | **1.6%** | **1.3%** | **1.5%** |
| Belgium | 1.1% | 1.0% | 0.5% | 1.0% |
| France | 2.1% | 2.3% | 2.0% | 2.5% |
| Italy | 0.8% | 1.3% | 1.0% | 1.3% |
| Sweden | 1.7% | 1.7% | 1.3% | 1.2% |

Out of more than 1,700 shops, there were only 13 tenants in administration occupying 31 units, a 30% reduction compared to December 2020. For the majority of these units, rent continued to be paid.

### Long term vacancy levels




I Gigli, Florence is one of our portfolio's flagship centres

# Shopping centres fully reopened

## Government restrictions and closures in 2021

Operationally, our business in 2021 can be divided into two approximately equal halves. During the first half of the year, the high incidence of COVID-19 continued to affect our shopping centres with government restrictions resulting in our non-essential stores being closed on average for 56 days, while restaurants were closed on average for 98 days. Only Sweden escaped closures where our seven shopping centres remained fully open and trading as they have been throughout the pandemic.

In Belgium, Woluwe Shopping remained open during Q1 2021 with the exception of F&B and intermittently, hair and beauty salons, however, following the start of a third wave, the authorities announced a lockdown from 27 March which lasted for four weeks. There was more flexibility than in previous lockdowns, and in addition to click & collect, take-away and delivery activities, non-essential stores were able to receive customers by appointment and 80 of our 130 shops remained at least partially open.

In France, the first six months of 2021 were marked by new government restrictions that led to the closure of non-essential retail. On 31 January, shopping centres of more than 20,000m² had to close followed by shopping centres of more than 10,000m² (23 départements) from 6 March and those of more than 5,000m² (16 départements) from 20 March. Finally, there was a general closure of all non-essential retail during a third national lockdown that commenced on 3 April.


Our first priority has been to ensure the health and safety of employees, customers, retailers and suppliers

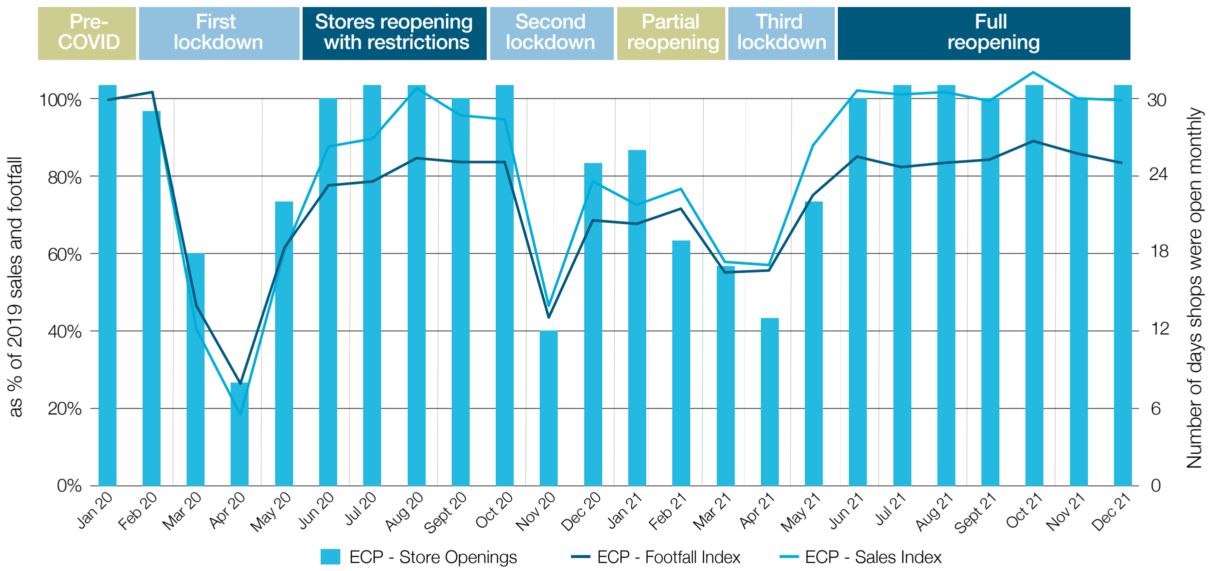

CremonaPo's vaccination hub

In Italy, the first half of the year saw further restrictive measures with the government's continued application of the colour-coded regional system. A third COVID-19 wave from February to May 2021 resulted in a tightening of these restrictions which were then gradually eased during May and June.

In Sweden, our seven shopping centres have remained fully open and trading during 2021, as they have been throughout the pandemic. In the first half of the year there were some restrictions covering the F&B sector and with government recommendations generally not encouraging retail activity, turnover and footfall were a little down on normal levels during the spring.

The lifting of government restrictions in all our markets, mainly during May 2021, saw a swift rebound in retail sales that gathered pace during the second half of the year when sales exceeded the comparable periods in H2 2020 by 23.5%, and the pre-pandemic H2 2019 by 1.4%. This growth was achieved on around 84% of previous levels of footfall, demonstrating the high sales conversion rates and the increase in basket sizes that our retailers regularly comment on.

### Evolution of footfall and retail sales since the start of the pandemic




## Rent collection and tenant support in 2021

Rent collection for 2021 is summarised in the table below. Our collaborative and reasonable approach with our retailers affected by the lockdowns has ensured higher rent collection rates in 2021 which has reached 91% of invoiced rent. Rent collection improved throughout the year and was 88% of invoiced rent for H1 2021 and 94% for H2 2021. These collection rates are expected to improve further, particularly in France once the provisions of the delayed French government support package covering Q2 2021 can be implemented. There were minimal concessions granted in Belgium where tenants were able to open by appointment during the short four-week lockdown from the end of March. Italy was the market most affected by closures and restrictions during 2021 with a number of rent concessions granted particularly to smaller tenants who also received a special tax credit from the government. In Sweden, full rent collection was maintained throughout 2021, with only minimal support granted to a few qualifying smaller tenants, a substantial portion of which was recovered from the government.

We assisted our tenants not only financially, but also by being receptive to their views and requests on issues including monthly payment of rent, shorter and more flexible opening hours and general support and advice on health and safety in the shopping centres to protect their staff and customers. Where possible we also helped to reduce their outgoings by limiting marketing expenses and service charge costs.

## Rent collected in 2021

| | Rent concessions granted (€ million) | % of invoiced rent collection 2021 | % of due and collectable rent collected 2021* |
|---|---|---|---|
| Belgium | 0.6 | 96% | 99% |
| France | 2.3 | 86% | 88% |
| Italy | 9.5 | 89% | 98% |
| Sweden | 0.7 | 98% | 100% |
| **Total** | **13.1** | **91%** | **96%** |

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

# Financial review


Passage du Havre, Paris

### Financial – Results Summary 2021

| *Includes joint ventures* | 2021 | 2020 |
|---|---|---|
| Rental income (€m)* | 208.7 | 211.7 |
| Net rental income (€m)* | 163.2 | 164.6 |
| Direct investment result (€m) | 110.6 | 112.0 |
| Direct investment result per share (€) | 2.18 | 2.26 |
| Dividend per share (€) | 1.50 + 1:75 scrip | 0.50 + 1:18 scrip |
| IFRS profit after taxation (€m) | 104.7 | 50.3 |
| | | |
| Adjusted net asset value per share (€) | 40.63 | 41.78 |
| IFRS net asset value per share (€) | 37.54 | 38.17 |
| Net loan to property value* | 42.3% | 43.8% |
| Average interest cost, including margins | 2.0% | 2.1% |

* Based on proportional consolidation.

*The asset disposal programme of 2021 and early 2022 enabled us to bring down our Loan to Value ratio to 40.5%, reaching our target of 40%. Our careful borrowing and hedging policy significantly limits the potential impact of rising interest rates.*

**Roberto Fraticelli**
Chief Financial Officer

## Overview

The COVID-19 pandemic still played a very important role in this financial year, especially in the first six months. Notwithstanding that rent concessions had to be granted for the first half of the year, the second half of the year was much better and enabled the Company to achieve good results both from a perspective of financial position as well as of direct and indirect results.

In 2021 and the beginning of 2022 the Company finalised its assets disposal programme at around book value and used part of the proceeds to repay outstanding facilities bringing the Loan to Value ratio at 40.5%, reaching its 40% target level. The fact that in the second half of 2021 our portfolio asset valuations increased on average is a clear sign that retail property values in our countries have stabilised.

The direct results of the Company were still impacted by the COVID-19 concessions given in the year 2021 and by the straight-lining of the rent concessions given in 2020 under IFRS 16. It is important to underline how the lower rental income (€3.7 million) derived from the sale of the properties in the disposal programme was partially compensated by higher rental income from the existing properties (€1.7 million) and partially compensated by the lower interest expenses (€1.6 million).

The indirect result was only slightly negative this year as property revaluations were minor and variations in the deferred tax were more than compensated by the gain on financial instruments due to the increase of the interest rates. The end of 2021 and beginning of 2022 also saw an important increase in the inflation figures pushed up by energy and raw material prices also in relation to the recent geopolitical tensions. As the Company is over 82% hedged against the risk of interest rates fluctuations we do not foresee significant changes in our interest expenses in the coming period.

## Funding

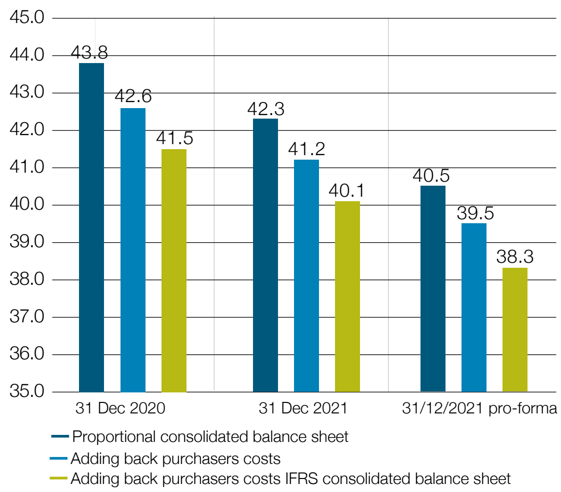
The Company's mortgage-based loan financing structure provides it with the flexibility to raise finance secured against single or groups of assets. The Company has strong and long-lasting business relationships with a group of over 15 Belgian, Dutch, French, German, Italian and Nordics specialist real estate financing banks, ensuring diversity of access to finance among lenders and across different geographies.

On 22 April 2021, the Company closed three 3-year sustainability linked loans for a total amount of €100 million with ABN AMRO on two properties in Italy. On 10 May 2021, the Company entered into a sustainability linked revolving credit facility with ING for an amount of €25 million. The margins on these facilities are linked to several sustainability KPIs including waste to landfill, renewable energy, green leases and the percentage of assets with BREEAM In-Use certification. If the Company achieves or exceeds these KPIs, the margin will be slightly reduced, if it misses the targets, the margins will be slightly increased.

At 31 December 2021, the proportionally consolidated net debt stood at €1,679 million compared to €1,742 million at 30 June 2021 and €1,769 million at 31 December 2020. The Loan to Value ratio on the basis of the proportionally consolidated balance sheet as per 31 December 2021 (after deducting purchaser's costs) decreased slightly to 42.3% compared to 30 June 2021 (43.8%). The Group covenant Loan to Value ratio agreed with the financing banks is 60%, the usual market practice ratio. For comparison purposes, our Loan to Value ratio adding back purchaser's costs as per 31 December 2021 was 41.2% and our Loan to Value ratio adding back purchaser's costs using the IFRS consolidated balance sheet was 40.1%.

The Loan to Value ratio, taking into account the completed sales of Les Grands Hommes and of the 50% of the residential and office parts of Passage du Havre in the first quarter of 2022 further reduces to 40.5% (on a proportional consolidated basis). For comparison purposes, this Loan to Value ratio adding back purchaser's cost goes down to 39.5% and our Loan to Value ratio adding back purchaser's costs using the IFRS consolidated balance sheet was 38.3%.

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

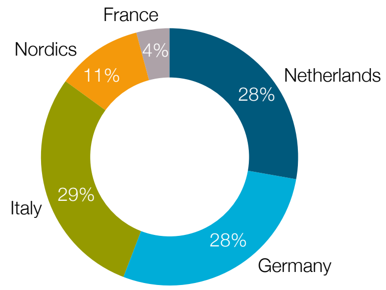


# Financial review continued

As per 31 December 2021, on a proportional consolidation basis, 82% of our interest expenses were fixed for an average period of almost six years. The Company's interest expenses are therefore expected to remain stable for the coming period. The average interest rate in December increased slightly to 2.0% (30 June 2021 was 1.9%).

On 9 March 2022, the Company signed a new 5-year loan of €66.5 million with ING to refinance two existing loans on the Curno shopping centre, Italy, expiring in April 2022. The new loan qualifies as a green loan, as the relevant proceeds will be used to refinance Curno (green asset), and also as a sustainability linked loan, since the margin is linked to two sustainability KPIs at Group level and to two KPIs agreed at asset level. As for the other facilities, if the Company achieves or exceeds these KPIs, the margin will be reduced, if it misses these targets, the margin will be increased. This green and sustainability linked loan together with the sustainability linked facilities signed in 2021 form part of Eurocommercial's ambition to increase its exposure to green financing. The average committed unexpired term of our bank loans is almost four years.

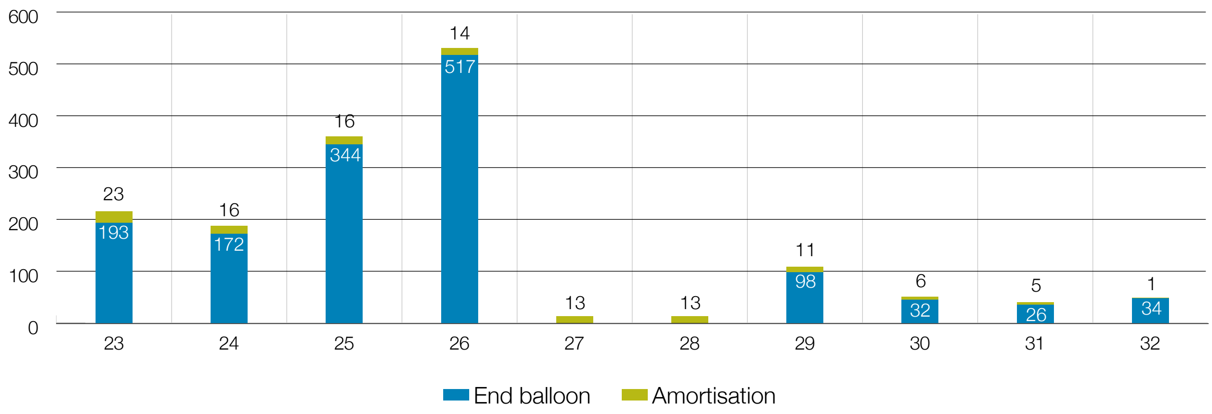
**Lenders' share by country** (%)




## Interest hedging policy

The Company has always applied a very careful interest rate risk management policy recurring either to fixed interest rate loans (around 27% of the portfolio) or floating interest rate loans, which are partly hedged through interest rate swaps. The final result is that as per 31 December 2021, on a proportional consolidation basis, 82% of our interest expenses were fixed for an average period of almost six years. The Company's interest expenses are therefore expected to remain stable for the coming period. The average interest rate in December increased slightly to 2.0% (30 June 2021 was 1.9%). An increase of 1% in interest rates would therefore have a limited negative impact on the annual interest expenses of around €1.5 million.

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



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

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

| (€'000) | 12 months ended 31/12/2021 | 18 months ended 31/12/2020 ***** | 12 months ended 31/12/2020 ***** |
|---|---|---|---|
| Rental income | 198,344 | 303,627 | 200,736 |
| Service charge income | 39,393 | 43,654 | 27,059 |
| Service charge expenses | (41,547) | (50,023) | (30,778) |
| Property expenses | (41,091) | (59,304) | (42,450) |
| Interest income | 11 | 35 | 20 |
| Interest expenses | (37,845) | (61,104) | (39,792) |
| Company expenses | (11,020) | (18,042) | (11,384) |
| Other income | 3,056 | 5,155 | 3,628 |
| Current tax | (1,291) | (1,116) | 432 |
| **Direct investment result including non-controlling interest** | 108,010 | 162,881 | 107,471 |
| Direct investment result joint ventures | 5,334 | 11,059 | 7,238 |
| Direct investment result non-controlling interests | (2,747) | (3,525) | (2,747) |
| **Direct investment result attributable to owners of the Company** | 110,597 | 170,416 | 111,962 |
| *Per share (€)**** | | | |
| Direct investment result per share | 2.18 | 3.45 | 2.27 |
| *Adjustment to calculate EPRA earnings:* | | | |
| *Interests on put option* | 2,140 | 2,816 | 2,816 |
| Investment expenses – pension costs | (598) | 162 | 403 |
| Investment expenses – JV | (10) | (13) | (9) |
| **EPRA earnings** | 107,848 | 167,749 | 109,540 |
| *Per share (€)***** | | | |
| EPRA Earnings per share | 2.07 | 3.22 | 2.10 |

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

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

*** The Company's shares are listed on Euronext Amsterdam and Brussels. The average number of shares on issue over the year was 50,778,635, compared with 49,302,982 for the eighteen month period to 31 December 2020 and 49,402,758 for the twelve month period to 31 December 2020.

**** The Company's shares are listed on the Euronext Amsterdam and Brussels. The number of issued shares after deduction of shares brought back is 52,146,993.

***** The comparative figures for illustrative purposes have been reclassified or changed.

### Direct investment result: €110.6 million (€2.18 per share)

The **direct investment result** (on a proportional consolidation basis) for the 12 months to 31 December 2021 decreased slightly to €110.6 million, compared to €112.0 million for the same period in 2020. The main reasons being the €14.1 million COVID-19 rent concessions to retailers (of which €5.3 million consist of straight-lined rent concessions under IFRS 16) and conservative bad debt provisions for an amount of €4.4 million. The residual future rent concessions still to be straight-lined as a result of the application of IFRS 16 is €7.0 million. The lower net property income of €3.7 million compared to 2020 deriving from the asset disposal programme was partially compensated by higher rental income from the properties (€1.7 million) and lower interest expenses (€1.6 million).

# Financial review continued

The **direct investment result per share** decreased to €2.18 at 31 December 2021, from €2.27 for the 12 months to 31 December 2020, partially due to the bad debt provisions and rent discounts mentioned above and partially due to the 5.6% increase in the average number of shares as a result of the July 2021 scrip dividend.

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

The **EPRA earnings** result for the 12 month reporting period to 31 December 2021 was €107.8 million, or € 2.07 per share, compared to €109.5 million or €2.10 per share for the same period last year. The decrease in EPRA earnings per share is mainly due to the COVID-19 impact mentioned before. The EPRA earnings are calculated on the basis of the issued shares after deduction of the shares bought back at the end of the reporting period and not on the average number of outstanding shares during the period, which mainly explains the difference between the direct investment result and EPRA earnings.

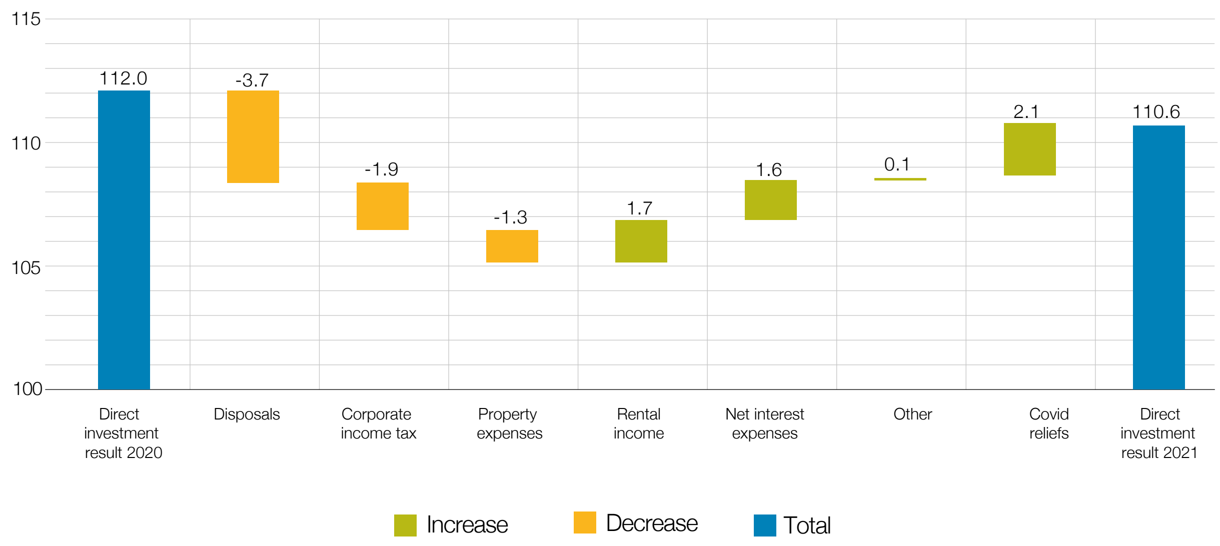
## IFRS profit: €104.7 million

The **IFRS profit after taxation**, excluding the non-controlling interest, for the 12 month reporting period to 31 December 2021 was €104.7 million (€2.01 per share) compared to €50.3 million (€0.96 per share) for the 12 month reporting period to 31 December 2020. This increase is largely explained by a lower negative movement in the value of the properties (€14.9 million negative compared to €162.7 million negative in 2020) and by a €35.1 million positive fair value movement of the derivative financial instruments (€12.3 million negative in 2020) for the financial year 2021, which was partially compensated by the lower impact of deferred taxation (€25.5 million negative in 2021 compared to €100.7 million positive in 2020 due to the fiscal revaluation of Italian properties).

## Rental income: €208.7 million

**Rental income,** including joint ventures (based on proportional consolidation) for the 12 months to 31 December 2021 was at €208.7 million, slightly lower than in the same period last year (€211.7 million), mainly as a consequence of the property sales completed.

**Direct investment result 2021 vs 2020** (Delta €m)



**Net property income,** including joint ventures (based on proportional consolidation), for the 12 months to 31 December 2021, after deducting net service charges and direct and indirect property expenses (branch overheads) decreased slightly to €163.2 million compared to €164.5 million for the same period in 2020 for reasons already described above.

## Net asset value

The **EPRA Net Tangible Assets** (EPRA NTA) at 31 December 2021 was €40.11 per share compared to €40.86 at 30 June 2021 and €41.49 at 31 December 2020. EPRA NTA includes only 50% of contingent capital gains tax liabilities and does not consider the fair value of financial derivatives. The decrease is mainly due to the share capital increase resulting from the scrip dividend in July 2021. The EPRA NTA in absolute values actually increased to €2,092 million in December 2021 from €2,050 million at the end of 2020 and from €2,019 million at 30 June 2021, mainly thanks to the direct result of the year and to the slight increase in the asset valuations at 31 December 2021.

The **adjusted net asset value** at 31 December 2021 was €40.63 per share compared to €41.19 at 30 June 2021 and €41.78 at 31 December 2020, also due to the scrip dividend mentioned above. The adjusted net asset value in absolute terms in fact increased to €2,119 million in December 2021 from €2,064 million at the end of 2020 and from €2,035 million at 30 June 2021. Adjusted net asset values do not consider contingent capital gains tax liabilities nor do they consider the fair value of financial derivatives (interest rate swaps).

The **IFRS net asset value** at 31 December 2021, after allowing for contingent capital gains tax liabilities if all properties were to be sold simultaneously and the fair value of the interest rate swap contracts, was €37.54 per share compared to €37.98 at 30 June 2021 and to €38.17 at 31 December 2020. The reduction was again due to the scrip dividend, as IFRS net asset value in absolute terms increased to €1,958 million in December 2021 from €1,886 million at 31 December 2020 and from €1,876 million at 30 June 2021.

## Dividend proposal

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

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

For the 12 month period ended 31 December 2021 the dividend to be distributed by the Company prior to 31 August 2022 in accordance with the FBI rules and the SIIC rules is €100 million.

Having regard to the results of the Company for the financial year 2021, the Board of Management and the Supervisory Board propose to pay a dividend of €1.50 per share in cash and to pay a mandatory scrip dividend of 1 new share per 75 existing shares in order to meet the fiscal distribution obligations for both the Company's FBI status and the Company's SIIC status. The dividend payment date will be Friday 1 July 2022.

The Company also announces a new dividend policy starting from the financial year 2022. This policy provides a cash dividend pay-out ratio ranging between 65% and 85%, but with a target of 75% of the direct investment result per share. With effect from the financial year 2022, an interim dividend will be payable in January and a final dividend payable in July. The interim dividend is expected to be 40% of the total cash dividend paid in the previous financial year.

As from March 2022 the shares of Eurocommercial are included in the AScX index after the annual review rebalancing of the AEX Index Family (AEX, AMX, AScX).

# Retailer relationships

**Professional, long-term relationships with retailers have always been important for Eurocommercial. We see our retailers as partners with the same goals in reaching strong sales volumes while maintaining reasonable occupancy costs.**

**Valeria Di Nisio**
Group Leasing Director

Building and developing long-term, professional relationships with our tenants has always been at the core of Eurocommercial's business model. This partnership approach allows us to continuously adapt our retail mix to changing consumer behaviours and to accompany retailers in their store expansion or remodelling.

Retailers are also adapting and responding to these changes by rationalising their estate, resizing and reorganising stores and innovating to provide a broad omnichannel experience. Eurocommercial's teams are in constant dialogue with them to understand and accompany their transformation. The projects at Fiordaliso and Valbo are a good illustration of how, by working closely with our tenants, we are able to renovate, expand and deliver modern shopping centre formats to our mutual benefit.


Fiordaliso – Strengthening of the merchandising mix.

Feature

# Redevelopment project at Fiordaliso

The redevelopment at Fiordaliso, Milan started in 2018 when the Finiper hypermarket reduced in size, allowing the renovation of the east mall. Part of the first phase, which was completed before Christmas 2019, included the opening of a new Primark, the relocation in the centre of enlarged stores for H&M and Oviesse, and the reconfiguration of Media World.

The second phase saw the construction of the new eastern entrance with ten newly built units and the subsequent relocation of the hypermarket outside but adjacent to and connected to the shopping centre through the east entrance.

In the third phase the vacant former hypermarket was then demolished and partly converted into 7,000m² of new shops which opened in November 2021 for new retailers including Adidas, Hollister, New Yorker and Game 7, while JD Sport and Bershka relocated to enlarged stores. As part of this second phase, a new multi-level car park was built with a direct access into the north mall. The new car park and improved road system will facilitate access for customers arriving from central Milan who can now benefit from direct access to the centre with a dedicated car park for 900 vehicles.

## Centro Commerciale Fiordaliso


Fiordaliso – Strengthening of the merchandising mix.

# Retailer relationships continued

Feature

## Redevelopment project at Fiordaliso (continued)

The opening of the new mall was communicated through a strong online and offline marketing campaign. The press, including mainstream and national media, responded enthusiastically with more than 100 news articles.

The fourth phase has recently started and involves the refurbishment of the 2,500m² food court with the addition of six new pre-let restaurants, including Wagamama, Mexican restaurant Calavera and craft brewery restaurant Giusto Spirito. Scheduled to be completed during the summer 2022, the works also include the refurbishment of the remainder of the mall thereby completing Fiordaliso's retail offer and reconfirming it as the dominant regional shopping centre to the south of Milan with a total of 150 stores.

The project's success can be seen in Fiordaliso's outstanding performance during 2021 when footfall was 6.1% higher than the pre-pandemic 2019.



**Above**
Hollister, Game 7 and Gilly Hicks are all new tenants at Fiordaliso.

**Left**
Adidas also joined Fiordaliso in its new north mall in November 2021.

## Building strong partnerships

Our leasing teams are in constant dialogue with the major international, national and local retail groups, monitoring emerging trends and often providing advice to new market entrants. Our strong relationships with retailers has allowed us to work closely together to expand their store network and implement their latest concepts in our portfolio to create successful shopping centres and better experiences for our customers.

Our partnership with Rituals started in Sweden where they now have stores in all our shopping centres. This was followed by further openings, in Passage du Havre, Paris and by their latest concept in Woluwe Shopping. Thanks to this close professional relationship, Rituals will shortly enter the Italian market with the opening of their first store in our Carosello shopping centre outside Milan.

During the COVID-19 pandemic, our partnership approach allowed us to find mutually acceptable solutions with our tenants for the lockdown periods, resulting in both high numbers of contracts signed and full rent collection rates.

It also preserved our long-term track record of low vacancies which are still only 1.5% despite the pandemic, thereby extending our long-term low vacancy record, which over the past ten years has always remained below 2%.

## Improving asset attractiveness

At Eurocommercial, we put considerable thought into ensuring that our centres are attractive and pleasant places where people can meet, shop, eat, be entertained and spend their leisure time. Last year, our dedicated technical teams successfully completed a number of refurbishments and extension projects that increased the attractiveness of our shopping centres in all our markets.


The Rituals store at Valbo shopping centre, Sweden.

# Retailer relationships continued

Feature

## Redevelopment project at Valbo

In January 2018, Eurocommercial acquired Valbo Köpcentrum located outside Gävle along the E16 motorway in a strong and very established retail zone adjoining IKEA. Valbo was originally built by Coop in 1970 and remains the only regional shopping centre in its catchment of around 250,000 inhabitants. Despite a strong provision of daily goods, including a Coop hypermarket and Systembolaget and the presence of most of Sweden's main retailers, Valbo was outdated when we acquired it in terms of its technical standard and commercial design, with many tenants only showcasing their old concepts and brands.

The objective of the three phased project was to improve and broaden the tenant mix, upgrade the property to a modern technical standard and create a better and more even customer flow while modernising and upgrading the centre, with the aim of encouraging its retailers to also invest in their own stores by introducing their latest concepts. Project investigations included a careful analysis of the customer profile and behaviour and a detailed assessment of the demographic and spending potential of the catchment. We also liaised closely with existing tenants and potential new retailers in order to evaluate tenant demand.

The project was programmed in three phases due to the complexity of keeping the centre open and in full operation during the works.

The first phase included the redirection of the mall to create a single loop as part of an improved masterplan. 17 tenants were relocated including Intersport, H&M, Cervera, Bik Bok, Apotek, Rituals, Carlings and Deichmann, while new arrivals included New Yorker, H&M Home, Normal and Hemtex. The second phase continued with the refurbishment of the common areas, a new interior design and shop fronts, the creation of a new public square and the upgrading of the restaurants. Valbo achieved a BREEAM certificate with mention Very Good following completion of the second phase of the project. Phase three will start in 2022 and includes an extension of around 1,000m$^2$ comprising seven new units, a new entrance to the centre and the refurbishment of the exterior façade and car park. The success of the project is illustrated by the 7% increase in visitor numbers and 5.4% increase in retail sales since the project commenced.


**Above**
Common areas have been refurbished and restaurants upgraded.

**Left**
Hemtex is a new arrival at Valbo.

## Adjusting the tenant mix to meet changing customer demand

The leasing team is constantly searching for new trends and innovation in the retail world to improve Eurocommercial's shopping centre retail mix.

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

While fashion remains our largest single sector across the portfolio, our merchandising mix is constantly adapting to changing consumer behaviour. For instance, electrical retailers are now downsizing their physical store requirements and the amount of floor space occupied by the telecom & electrical sector is reducing and being taken up by the sport and health and beauty sectors. Conversely, many fashion retailers are increasing the size of their stores in order to showcase their full product ranges in one location, adding sport, shoes, beauty, household, etc. and to facilitate click & collect internet sales.

The Pepco store in CremonaPo.

We have seen hypermarkets generally reducing their non-food assortment as they increasingly concentrate on groceries and everyday household goods. This has provided an opportunity to take back floor area and convert it to expanding retailers and sectors. One such example is at Fiordaliso, where the hypermarket downsized and then relocated to the main entrance providing us with the opportunity to redevelop the space into new and/or enlarged shops for new international retailers.

We have expanded the growing value retail sector and have recently added additional stores for Flying Tiger Copenhagen (home and gadget), Normal (health and beauty), Lidl (food), Pepco, New Yorker and Primark (fashion).

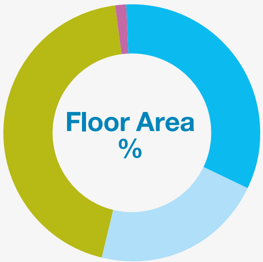
Eurocommercial has identified the discount/low cost/value sector as an increasingly important component of its essential and everyday tenant mix. These retailers which cross over different retail sectors currently make up approximately 9% of Eurocommercial's shopping centre portfolio by floor area, and 6% by rental income. Despite their focus on low cost and affordability, these retailers can also provide a pleasant shopping experience with innovative store layouts and design. Their common characteristics include:

- Destination retailers providing strong footfall who can therefore trade well in secondary positions in malls where rental levels are lower.
- Generally do not sell products online
- A requirement for large retail units
- Performed well during the COVID-19 period and are still expanding

# Retailer relationships continued

## Tenants and merchandising mix

### Merchandising mix per sector




| Essential Retail* + Everyday Retail | 54.7% |
|---|---|
| Hypermarket* | |
| Systembolaget* | |
| Health & Beauty | |
| Books & Toys | |
| Services | |
| Home Goods | |
| Telecom & Electrical | |

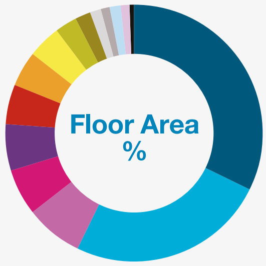
| Discretionary | 44% |
|---|---|
| Department store | |
| Fashion | |
| Shoes | |
| Gifts & Jewellery | |
| Food – Restaurants | |
| Cinema | |

| Non-retail assets: | 1.3% |
|---|---|
| Non-retail Assets (Office/Residential/Hotel) | |

Figures may not add up due to rounding.

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

### Broad range of retailers




| | % |
|---|---|
| Hypermarket | 32.4 |
| Fashion | 25.2 |
| Home Goods | 7.3 |
| Sport | 5.8 |
| Food – Restaurants | 5.7 |
| Telecom & Electrical | 5.0 |
| Services | 4.6 |
| Health & Beauty | 4.1 |
| Shoes | 2.9 |
| Cinema | 1.8 |
| Department store | 1.4 |
| Gifts & Jewellery | 1.3 |
| Non Retail Assets (Office/Residential/Hotel) | 1.3 |
| Books & Toys | 1.0 |
| Systembolaget | 0.5 |

Feature

## The remerchandising of Woluwe Shopping

*The Fnac Vanden Borre Group are delighted to open a third Fnac store in Brussels at Woluwe Shopping. We are convinced that the wide range of Fnac products, combined with our high-quality omnichannel offering will enable Woluwe to appeal to a new clientele.*

**Managing Director,**
Fnac Belgium

Since it opened over 50 years ago, Woluwe Shopping has been regarded as the most important shopping centre in Belgium, mainly due to its prime location in a densely populated and wealthy suburb of Brussels. Since acquiring Woluwe Shopping in March 2018, our merchandising strategy has been to improve and broaden the retail mix, maintaining a strong emphasis on fashion in a shopping centre which includes most international brands present in the Belgian market. During our period of ownership, 34 new brands have established in the centre, while many others have relocated such as Rituals, who last year opened a larger unit of 364m² for its first Premium Rituals concept in a Brussels shopping centre.

During 2021, we completed 25 lease negotiations adding several new international brands including Jott, Guess, Bexley and Histoire d'Or alongside important Belgian brands like Xandres and Maison Dandoy. Following their success in Woluwe Shopping with their Vanden Borre store, the French Fnac-Darty Group will open a 2,600m² Fnac at the end of May 2022. As a reference player in cultural products, electronics and small household appliances, Fnac will be an important addition to Woluwe Shopping's international tenant mix. Fnac are replacing AS Adventure, an established Belgian retailer who are relocating to a smaller unit, focusing on their core sport and outdoor assortment. Meanwhile, the fashion sector will be significantly strengthened with the arrival in May 2022 of the latest Mango concept.


Fnac will open at Woluwe Shopping at the end of May 2022

# Retailer relationships continued

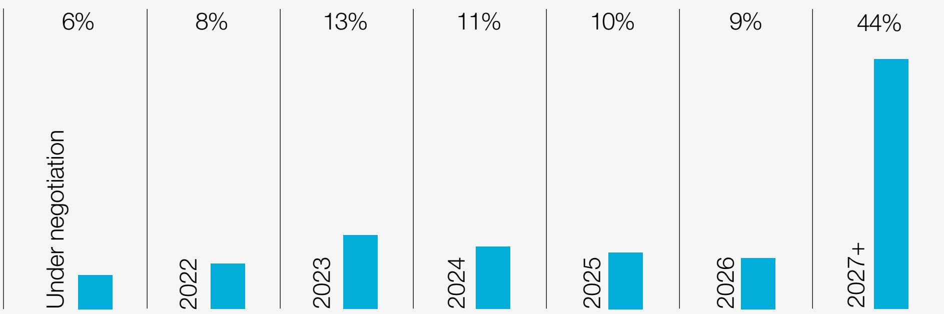
## Top 20 retail tenants

% of total Eurocommercial rental income

| | | | | | |
|---|---|---|---|---|---|
| 1 | INDITEX | 4% | 11 | Etam | 1.0% |
| 2 | H&M | 3.7% | 12 | THOM | 1.0% |
| 3 | Carrefour | 2.0% | 13 | coin | 1.0% |
| 4 | MAXI ICA STORMARKNAD | 1.5% | 14 | LEROY MERLIN | 1.0% |
| 5 | MediaMarkt | 1.5% | 15 | PRIMARK | 1.0% |
| 6 | GALERIA INNO | 1.4% | 16 | Stora coop | 1.0% |
| 7 | Varner VARNER RETAIL | 1.3% | 17 | celio* | 0.9% |
| 8 | fnac | 1.3% | 18 | Casino | 0.9% |
| 9 | OVS SpA | 1.2% | 19 | stadium | 0.8% |
| 10 | coop | 1.1% | 20 | SEPHORA | 0.8% |

## Lease expiry profile

As % of rental income



# Engaging with our customers

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

Understanding our customers and responding to their changing retail behaviour is pivotal to our success. Today, customers are more informed, connected and, therefore, more empowered with many alternative retail channels available. Our regular engagement with them through surveys and media ensures that we design and adapt our offer to meet their expectations, building trust and loyalty.

### Customer research and surveys

Research has always been an integral part of our business and we use a variety of tools to collect data through desktop analysis, customer surveys and other touchpoints both in the centres and online. Comprehensive data analysis provides us with a more informed and better understanding of our catchment populations, which we use to prepare and support our marketing plans, tenant mix choices and refurbishment projects.

Despite the pandemic, in 2021, we carried out more than 4,400 face-to-face interviews in our centres in order to monitor our customers' profile and assess their needs. From the conclusions of these interviews, marketing plans have been customised, new brands introduced and further improvements to the customer journey have been initiated.

For the second consecutive year, we carried out digital surveys simultaneously in France, Belgium and Italy to better understand our customers' online shopping habits. The questionnaire was available online on all our shopping centre websites, Facebook and Instagram pages, and was also sent by email to our newsletter subscribers. We received more than 3,000 responses which we were able to compare with responses received the previous year. It has been interesting to see how since the first lockdown in 2020, customer behaviour has changed towards an omnichannel approach. In general, there was a drop in preferences for online grocery shopping, and while the younger generations are comfortable with buying online, they still like showrooming in the stores and visiting shopping centres, spending leisure time with friends and family. This information encouraged our marketing teams to repeat targeted events including the installation of ice rinks in CremonaPO and Castello leading up to Christmas, and in Grand A we hosted an interactive game targeted at teenagers.

We have also introduced new technologies to track our customers and identify the variation in clusters from the different areas within a catchment. We initiated pilot schemes using mobile phone operators to gather more information about our visitors and their behaviour, and also used car registration plate readers to locate the origin of customers, particularly in some wide geographical catchments. We are testing a provider of geolocalisation data from phones and apps, monitoring our customers and competitors to understand the targets we are missing and improve our understanding of traffic flows. Using this data, we can measure the impact of targeted marketing campaigns in specific neighbourhoods. Over the last year, we have been working to collect data from our customers more systematically and include

Customer surveys are an integral part of our business

# Engaging with our customers continued

them in our extended CRM project. Data enrichment campaigns and loyalty programmes improve data collection and the information gathered helps us to provide services tailored according to clients' needs and also customise touchpoints such as newsletters and websites in order to make them more relevant for the clientele.

Going forward, we plan to continue using a mix of online and offline surveys. We want to build on the online audiences that we have been able to create and have been encouraged to see how active they are in their responses. We are aware that some customer profiles could not be included, and for this reason we consider it important to also continue interviewing our customers face-to-face in the shopping centres in order to maintain a constant dialogue.

In collaboration with IHM Business School in Sweden, we have used the COVID-19 period to create an online platform for the Eurocommercial Retail Academy® based on videos and questionnaires in order to improve training skills in sales and customer service. The programme will include online games to check abilities and customised videos and will be launched in 2022. The platform is designed to help tenants and brand ambassadors to further improve the customer experience and participants will be able to follow the programme online at their own pace and convenience. At the beginning, the platform will only be available in Sweden, but we are planning to customise it for the other countries too.

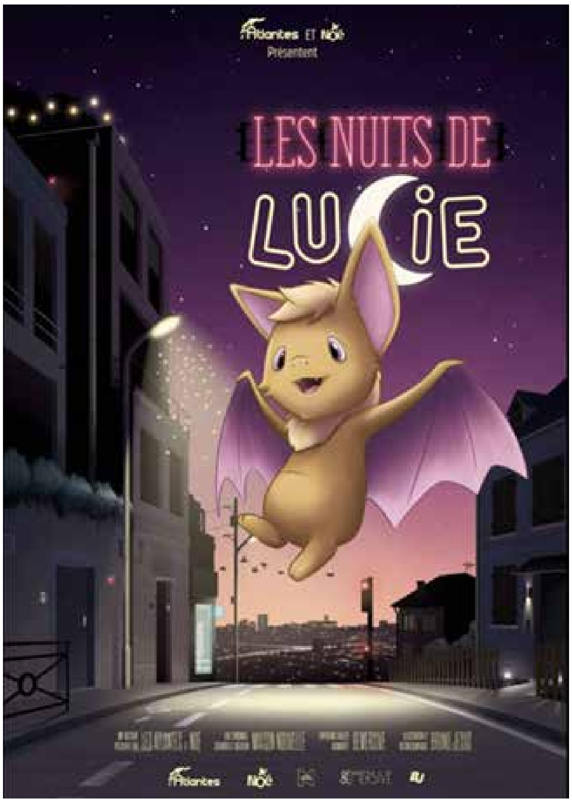



The Retail Academy® moved online during the pandemic

## Entertain and engage customers

The COVID-19 pandemic continued to pose challenges for our shopping centres which still had to follow government restrictions during the first half of the year, including various regulatory and health routines. Marketing campaigns and our communication with tenants and customers still focused on health and safety guidelines and we continued to emphasise the importance of good hygiene and social distancing. We concentrated on internal communication and tenant information including opening times, options for click & collect, pick-up points and delivery.

Despite these limitations, our marketing teams managed some creative activities to strengthen our relationship with the local communities, reinforcing our green engagement, and creating a positive environment for customers visiting our centres. Marketing campaigns and events also increased as the restrictions were lifted from early summer.



Raising awareness on biodiversity and the impact of light pollution

In France, an important project was put in place across all the shopping centres to create awareness on light pollution and the consequences for the environment. “Les Nuits de Lucie” was conceived in partnership with a French environmental association and messaged through compelling storytelling and gaming using augmented reality to illustrate the struggles of a little bat in these modern times.


Saint Nicolas at Woluwe Shopping greets young children

Leading up to Christmas we organised several initiatives in our centres. In Woluwe Shopping, the celebrations for Saint Nicolas were very welcomed by our very young customers who could visit Saint Nicolas and receive his greetings. In Collestrada, children could visit Santa’s grotto and create authentic videos featuring Santa Claus. Christmas was also an opportunity to support charity initiatives. In CremonaPO, collections of second hand toys were organised and more than a thousand toys were donated to local associations, while in Curno, second hand clothes were collected and distributed to charities.


Collection of second hand clothes for charities at Curno

During the year, we also supported other important initiatives which involved sport, inclusivity, inspiring positive and healthy lifestyles. In Hallarna, we sponsored a children’s marathon, “Hallarnaloppet” in order to encourage good health habits. The Hallarna mascot was used to promote the race and the money collected was donated to the Children Cancer Research Fund. In Castello, we hosted appointments in the mall with the Italian and foreign delegations participating in the Open Euro Trigames, an International sport event for athletes affected by Down syndrome.

# Engaging with our customers continued

## Building trust and loyalty

During the year we expanded and consolidated our customer base. In Italy, our existing and successful loyalty programmes at Fiordaliso (Fiordalclub) and I Gigli (Gigli Pass) were extended to Curno (Curno Più). In France, the Win Win programme launched in Passage du Havre received very positive feedback and was therefore repeated during autumn 2021 in Grand A and Les Atlantes shopping centres. In Sweden, at Hallarna a loyalty app was launched in the busy summer tourist months to download retail offers, subscribe to the centre newsletter and receive notifications. These programmes enabled us to collect information about our customers, providing important details about the customer journey to deliver targeted marketing and monitor changes in customer behaviour. We also used customer data for new marketing initiatives including the 50th Anniversary celebrations at Carosello where we auditioned our most loyal customers to find 50 testimonials for the marketing campaign.


50th anniversary Carosello

## Digital communication

As our world becomes more digital, we have adapted and improved the way we digitally communicate with customers including the regular redesign of our shopping centre websites to improve user experience. During the year, we improved the consistency of the information circulated on the internet. We introduced Partoo, a French company dedicated to improve the e-visibility of brands and we also closely monitored the e-reputation of our centres, benchmarking them against competitors. The results were very encouraging as the positive reviews we received in most cases outperformed other centres.

In Sweden, we continued working with students from Berghs School of Communication to develop new communication concepts and strategies for our social media channels, with the clear objective of giving our centres a personality and tonality, thereby creating a higher degree of commitment and interest in our communication. During 2021, we developed the creative concept which is Smakrådet, assembling a team of ambassadors at Elins Esplanad who represent the shopping centre as internal influencers, giving advice, inspiration and guidance to our customers, supported by social media channels. In 2022, we will introduce the campaign in the remaining Swedish shopping centres.

Smakrådet was awarded Best Marketing Campaign by the NCSC.

Furthermore, to improve the communication with our tenants we introduced an app to liaise more effectively and rapidly. The app, which has been adapted to the specific needs of each centre it is deployed in,  increases tenant engagement as it facilitates sharing digital updates about promotions, events and centre operations whilst enabling more effective operations of cleaning, security and maintenance. Tenants are now able to communicate with the centre team in a much more efficient way and many core centre functions will be streamlined as they are digitalised following the introduction of the platform. We have also used the programme to push  job vacancy and exclusive initiatives for the retailers and in the future we plan to use it to send questionnaires to listen to retailers' opinion on specific topics.

Customised space in Passage du Havre to celebrate summer.

In France, we created customised spaces with decors to celebrate summer. Customers could take selfies and post them on Instagram. In Passage du Havre, we received hundreds of posts tagged with the name of the centre.

In Les Portes de Taverny, using the Instagram account of the centre, we asked shoppers to choose a film for a drive-in cinema night. The event organised in the parking area was a great success and went viral on social media. The Instagram and Facebook pages of our French centres more than doubled their number of followers during last year.

Fiordaliso and Carosello initiated TikTok, the popular social media platform with over 30 million users in Italy, offering an exciting opportunity to get in touch with Gen Z people. At the beginning of 2022, we will open I Gigli We Chat account, the Chinese social media platform, in order to strengthen the relationship with the local Chinese community which is the largest in Italy. This follows the partnership we established with Alipay to attract this important cluster of customers.

## New generation of customer service

We see customer service as a key differentiator in shopping centres compared to online, and we therefore pay close attention to what our customers demand and tailor our services according to their needs. For example, in the majority of our shopping

Les Portes de Taverny's drive in cinema initiative went viral on social media

centres we provide kids areas to entertain children, and in 2022 we are evaluating how to improve and develop this successful concept.

In France, we launched a job portal that can be accessed via each shopping centre website to support local employment. In Les Portes de Taverny, in partnership with Taverny Town Hall and other institutions, we organised an event called "Santé et Bien-être" in order to provide information on careers including more than 300 job vacancies in the health & beauty sector. Retailers, including opticians and chemists participated enthusiastically contributing to the success of the initiative.

Instabox and Budbee in Sweden and Amazon lockers in all our markets are widely available in our centres. The majority of our retailers have click & collect facilities and hypermarkets are provided with an external area for drive through collection. We are also distributors of products that customers can sample in exchange for data, and we have successfully tested this pilot by distributing vegan cakes in CremonaPo and Carosello.

Santé et Bien-être event in Portes de Taverny

# Environmental, Social and Governance

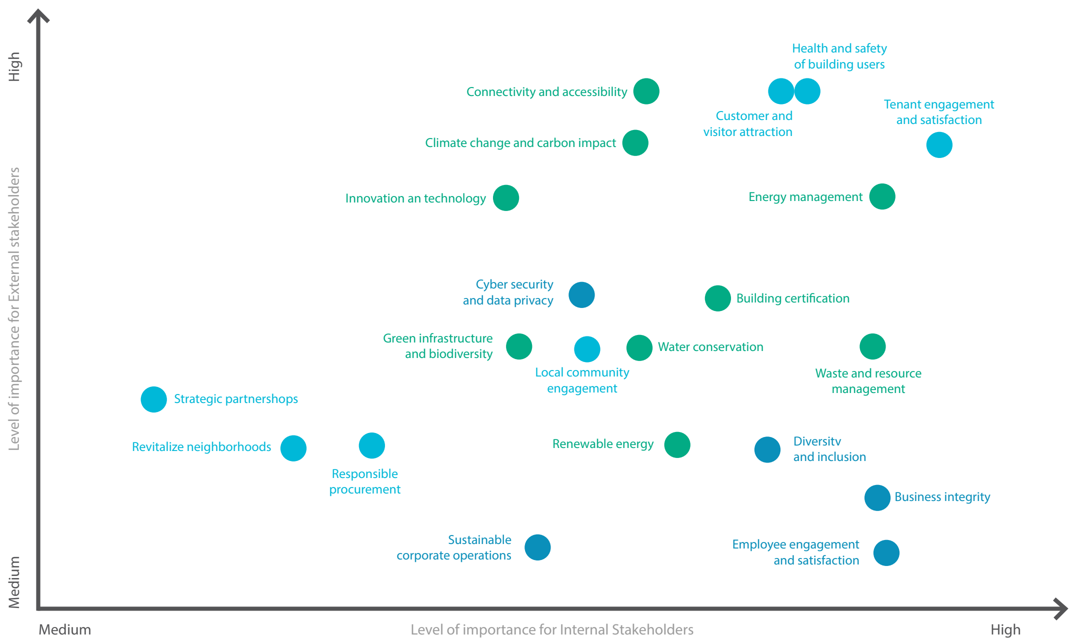
## As a long-term investor, Eurocommercial believes building a sustainable and resilient business is the foundation for success.

### Our ESG strategy

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

### Materiality assessment

ESG applies to all aspects of our business operations. Last year, we mapped out particular topics and targets to help us develop our business with impact while enhancing value. These clear objectives underpin our current strategy. The first step was executing a detailed materiality assessment to thoroughly assess a wide range of ESG facets. We then selected which topics would create the most value for the Company and its stakeholders while in line with the United Nations Sustainable Development Goals on the global agenda. We carefully examined the core components of our business strategy, progressing their integration with our ESG strategy over the short, medium and long term. An analysis among peers, data collection from different key stakeholders and in-house workshops helped develop a materiality matrix to determine the main ESG topics and their relative importance corresponding to the Global Reporting Initiatives (GRI) materiality principles. As we develop our ESG programme, we will continue to evaluate and revise it where appropriate and be ready to respond to new circumstances and opportunities as they arise.



## Three strategic pillars

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

# Environmental, Social and Governance continued

## Be green

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

| Objective | Status | Key fact |
|---|---|---|
| Operate carbon neutral by 2030 | On target | 25% carbon emissions reduced since 2018 (like-for-like market-based intensities) |
| Zero waste to landfill by 2030 | On target | 43% of assets with zero waste to landfill |
| BREEAM certifications in place for all shopping centres by 2025 | On target | 94% of assets BREEAM certified |

## Be engaged

Engaging with our tenants, customers and local communities is essential for success and we are in constant dialogue with them and we listen to their feedback to ensure that our centres evolve with the changing retail landscape and customer aspirations. We help our retailers invest in their teams through the Eurocommercial Retail Academy® working together to improve the overall shopping experience.

Our shopping centres are valuable for the community and make a positive social impact on the territories in which they operate. .

| Objective | Status | Key fact |
|---|---|---|
| Maintain all customer satisfaction scores above 7.5 by 2025 | On target | 88% of assets undertaken a survey in last five years<br>8.2 average score |
| Improve the average retailer satisfaction scores towards 7.0 by 2025 | On target | 80% of assets undertaken a survey in last five years<br>6.8 average score |
| Roll out the Eurocommercial Retail Academy® at an additional seven shopping centres by year-end 2023 | Due to COVID-19 limited actions taken | Online Academy developed in 2021 |

Roof insulation MoDo

## Be responsible

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

| Objective | Status | Key fact |
| --- | --- | --- |
| Zero breaches against the Code of Conduct annually | On target | Zero breaches in 2021 |
| Create an attractive and professional workplace | On target | 7.5% sickness ratio 6.1% turnover rate |
| Introduce Green Finance framework - NEW TARGET | On target | €125 million sustainability linked loans |

## ESG governance

We structured the Company's ESG governance in January 2021 with the ESG committee including members of the Board of Management. The ESG committee is responsible for the Company's ESG strategy and reports to the Supervisory Board. The ESG workgroup is responsible for implementing the ESG strategy and directing initiatives in the local countries, sharing information and best practices. ESG country committees are in place, and asset level Green Committees for all French shopping centres.

### Sustainable finance

Eurocommercial has prepared a Green Finance Framework which will be published in 2022 on the corporate website to support Eurocommercial's strategy and the transition to a low carbon economy. Through its Green Finance Framework, Eurocommercial contributes to the development of the Green Financing market through different financial instruments and also responds to growing investor appetite to finance sustainable green buildings.

The Green Finance Framework is established as a platform on which Eurocommercial intends to issue Green Finance Instruments which may include bonds (including private placements), commercial paper, loans, promissory notes and any other Green Finance Instruments in various formats and currencies, in order to finance and/or refinance green projects with an environmental benefit.

Eurocommercial's Green Finance Framework is aligned with the International Capital Markets Association Green Bond Principles, 2021 version and Loan Market Association Green Loan Principles, 2021 version. In addition, the Framework reflects requirements from the EU Taxonomy Regulation, the EU Taxonomy Climate Delegated Act and the EU Green Bond Standard, on a best effort basis. This Green Finance Framework also follows the recommendation of the Green Bond Principles and Green Loan Principles regarding External Review.

In April 2021, Eurocommercial closed three 3-year sustainability linked loans for a total amount of €100 million with ABN AMRO on two properties in Italy. Eurocommercial also entered into sustainability linked interest rate swap contracts with ABN AMRO Bank in order to partially hedge the interest rate risk related to the loans. In May 2021, Eurocommercial entered into a sustainability linked revolving credit facility with ING for an amount of €25 million.
The margins on these facilities are linked to our ESG strategy and are aligned with our objectives including zero waste to landfill, renewable energy, green leases and the percentage of assets with BREEAM In-Use certificates. These sustainability linked facilities form part of Eurocommercial's ambition to increase its exposure to green financing in the near future.

### Recognition

Eurocommercial is committed to report on its ESG performance every year. In 2021, we were awarded the EPRA Gold Award for sustainability reporting for the eighth consecutive year and achieved our highest ever score of 84 in the GRESB assessment. Our ESG performance was also recognised by the Global Real Estate Sustainability Benchmark (GRESB) with a Green Star position in line with industry best practices.

# Environmental, Social and Governance continued


## Be green

Eurocommercial is constantly addressing environmental challenges to ensure that its business activities meet current legislation and public expectations. We work closely and collaborate with key stakeholders on climate change, circularity, local biodiversity, low carbon transportation and pollution prevention. Through our green lease documentation, we exchange our ESG ambitions and responsibilities with our retailers.

### Climate change and carbon impact

Our target to operate carbon neutral by 2030 is fundamental to becoming a green company. Being carbon neutral means our operations in all our locations will not produce any carbon, so that our direct impact is emission-free. This includes all areas in which we can directly influence the use of energy sources through efficient energy management that provides for switching to renewable energy, generated on-site when possible. Our actions and targets are consistent with the United Nations Sustainable Development Goals and demonstrate that as local and responsible shopping centre owners, we fully appreciate our global impact and how we can contribute to achieving common goals. In 2021, we managed to reduce our absolute market-based carbon emissions by 12% due to our decarbonisation strategy. Since 2018, our carbon emissions per m$^2$ floor area have reduced by 25%.

We recognise that climate change poses risks to our assets, tenants, investors and local communities. Physical climate risks such as flooding are evaluated during our asset level risk assessments aligned with the international scheme of BREEAM In-Use. In the next year, we will perform a portfolio wide analysis of the impact of climate-related risks on our business and operations and we will report accordingly. Further, it is noted that the majority of the assets in the consolidated statement of financial position consists of investment property valued at fair value. On that basis, we have concluded that the effect of climate-related risks does not have a material impact on accounts and disclosures, including judgments and estimates in the financial statements for the financial year ended 31 December 2021.

### Energy management

During 2021, we continued to implement energy efficiency measures identified through our Environmental Management System (EMS). Our EMS structure supports the local teams to provide uniform measures including internal data collection, setting clear reduction targets reported regularly to senior management. To optimise our energy monitoring, the Italian team partnered with an external supplier to introduce a new online platform that enables the team to have a greater insight in the daily/hourly energy consumption across its portfolio, with smart meters installed in all centres.

In France, an Automatic Data Collection System for the collection of current and historical energy data for the common areas was implemented at the end of 2021 for the whole portfolio. This provides improved data on energy consumption in order to monitor the reduction targets. Consumption from the leased areas will also be collected from 2022, subject to the agreement of each individual tenant.

We have invested in several energy efficiency projects across our portfolio as part of our EMS. In Woluwe Shopping (Belgium), we introduced a smart lighting system in the multi-level carpark which will detect people and alter the brightness level from 10%, which is needed for security reasons, up to 100% when visitors are in the direct area, while respecting LUX standards. With this intelligent lighting system, the local team estimate achieving a saving of 62% in electricity consumption. This is a sustainable financial investment with an expected return in three years.

In I Gigli (Italy), we are collaborating with a supplier that assess and optimise the indoor air conditioning management. By changing the operations of the air conditioning units and adding new technical solutions we have been able to reduce the electricity consumption needed for heating and cooling by 50%, while improving the indoor air quality by using fresh air to create an improved experience for our customers.

Technical changes are also made to minimise our carbon impact. At Bergvik (Sweden), Eurocommercial has invested and upgraded its ground heating and cooling system. Over 60 holes running 160 metres deep use the cool ground temperatures in the summer and heat up the centre in the winter using the same technology. Switching from ammoniac in the system to carbon dioxide reduces the risks of harmful leaks without damaging the system pipes and is more energy efficient.

Il Castello (Italy) will transition from gas consumption to geo-thermal during colder periods to heat the shopping centre and will also benefit from having a lower carbon impact by connecting with the Ferrara municipality network which uses renewable sources from a natural geothermal deposit located 2,000 metres below sea level.

In addition to important investments made during 2021 to the French assets, including relamping parking areas with efficient LEDs and investing in new condensing boilers, we also invested in the insulation of several shopping centres, sometimes in combination with a green roof or white colouring to reduce the energy required to cool the centres while emitting fewer indirect carbon emissions.

As we gather more detailed, robust data we can improve the environmental performance of each centre. Eurocommercial's total energy consumption in its shopping centres increased by 4.5% compared to the previous year on a like for like basis . This was due to a number of centres not being fully operational during 2020 due to COVID-19 and the harsh winter of 2020/2021. Compared to 2018, Eurocommercial reduced its energy intensity on a like for like basis by 8%.

### Renewable energy

We continue to review opportunities to install renewable energy on the roofs of our shopping centres or on parking areas. In Sweden, we took significant actions in 2021 to install solar panels and all seven shopping centres now produce renewable energy, supporting our transition towards operating carbon neutral. Around 10,400 panels are producing 3,500 MWh every year, which is equivalent to approximately 10% of the energy usage of the centres in Sweden. On the roofs of Woluwe Shopping (Belgium), Around 1,700 solar panels introduced in 2020 produced 510 MWh renewable energy in 2021.

At the same time, we are procuring electricity from 100% renewable energy sources in all assets in Sweden and Belgium, while in Italy, Curno, I Gigli, Fiordaliso and Carosello also procure 100% of their electricity originating from renewable sources. In France, 100% renewable energy contracts were signed in 2021 at Centr'Azur and Grand A, which provides green electricity for common areas. In 2021, 67% of the total electricity consumption for the Group came from renewable sources.

Sweden's electricity comes from 100% renewable energy sources (Eurocommercial Sweden's directors, Patrik Sörnell and Jonas Gustavsson)

# Environmental, Social and Governance continued

### Connectivity and accessibility

Proximity to public transport is important to the well-being of the community and the environment. We want our shopping centres to integrate seamlessly with public transport infrastructure in our locations in order to encourage their use by our customers. We provide affordable and environmentally friendly transport options for our visitors to access our shopping centres including shuttle buses and car sharing schemes. We have also installed electric vehicle charging stations at several shopping centres and provide extensive and dedicated bicycle parking. All our centres are easily accessible for people with disabilities, and we have dedicated parking areas for low-emission cars, families and car sharing.

In all regions we have introduced EV charging stations to assist and encourage our visitors using electrical cars. In Belgium, we have eight charging stations and in Italy five assets provide charging stations for 30 cars. We expect to introduce electrical car charging stations in all Italian assets during 2022. In 2021, France had five centres providing 27 charging stations for our visitors with another 100 charging stations to be introduced in 2022 (including 10 new superchargers).

Charging station C4

All seven shopping centres in Sweden provide EV chargers for their customers. The total number of chargers is currently 45 with a capacity for up to 66 cars to charge simultaneously. In 2022, the number of chargers will increase further and Tesla will open up facilities for an additional 28-40 new Tesla superchargers at Hallarna.

### Zero waste target

In order to manage waste efficiently, we are increasing recycling and reducing the amount of waste going directly to landfill. We invest in cost-effective waste services for our tenants, encouraging them to have their own programme to handle waste efficiently. Eurocommercial aims to minimise the waste it produces and eliminate waste to landfill by 2030. We work closely with waste services and local authorities in order to meet these targets and 43% of our centres already achieved our zero waste to landfill goal during 2021. We will perform waste audits to provide improved data and qualitative information on waste streams so that we can prioritise actions to increase recycling.

### Water conservation

The water used in the centres is mainly for the benefit of the tenants and we collaborate with them to reduce its consumption and waste. The water consumed in 2021 was 28% less (like-for-like) than the amount used in 2020. In Italy, water consumption decreased significantly (-40%) as a result of restatements of underreporting consumption values for 2020 since water consumptions are based on invoices. Most water suppliers have lowered the consumption estimates due to restaurant closures. Over the past three years, we have introduced green walls in five of our centres and where possible use greywater to irrigate the greenery in and around our centres.

## Green building certifications

We continue to use green building certification as part of our Environmental Management System (EMS). This certification process assists our local teams to improve their understanding of the objectives and creates a uniform approach to management across the portfolio, developing programmes to reduce environmental impact. 25 shopping centres already had a BREEAM certificate in place by year end 2021.

In Italy, we obtained high BREEAM scores for the centres I Gigli, Carosello and Fiordaliso. In France, 100% of the portfolio was certified, with very high BREEAM scores obtained for Centr'Azur and MoDo. By year end 2021, 94% of our portfolio by floor area was certified with green building certificates (BREEAM). In February 2022, we achieved a milestone with the certification of the entire Swedish, French, Italian and Belgian portfolio with BREEAM, three years ahead of the target date of 2025.

## Examples of BREEAM In Use certifications

| Objective | Status | Key fact | Initiatives |
|---|---|---|---|
| Valbo | Very Good | Very Good | • Start installation of 1,332 solar panels (not yet included in the current BREEAM score).<br>• Stormwater pond<br>• Forest area supporting local ecology<br>• 100% electricity from renewable sources<br>• Pro-active energy and water management<br>• Waste sorting and recycling<br>• High standard for managing climate change related and safety risks.<br>• Excellent standard for property management. |
| I Gigli | Very Good | Excellent | • On-site solar panels<br>• 100% electricity from renewable sources<br>• Pro-active energy and water management<br>• Waste sorting and recycling<br>• $CO_2$ detectors installed in the common parts |
| Centr'Azur | Excellent | Excellent | • High quality standard for property maintenance and management.<br>• Pro-active energy and water management<br>• Waste sorting and recycling<br>• Improving health and wellbeing of building users (improvements in indoor air quality and acoustics).<br>• Plans for improving local biodiversity<br>• Tenant engagement through 'Green committees'<br>• Implementation of environmental policy.<br>• Creating awareness for customers through digital screens. |
| Woluwe Shopping | Good | Good | • On-site 1,788 solar panels<br>• 100% electricity from renewable sources<br>• Pro-active energy and water management<br>• Waste sorting and recycling<br>• 8 EV charging stations<br>• Smart Lighting system |

# Environmental, Social and Governance continued

## Biodiversity

As part of our BREEAM certification strategy to improve the green infrastructure at our properties and in the surrounding areas, we increase biodiversity and ecological values providing a connection to nature, to our customers and local communities. At Fiordaliso (Italy), we have a 1,300m² living wall with 44,000 plants which was designed by architect Francesco Bollani and named the world's largest living wall by the Guinness Book of World Records in 2012. The plants absorb noise and emissions from cars and improve the surrounding air quality.

Beehives at C4, Kristianstad.

We aim to enrich local species by installing beehives, insect hotels and nesting facilities for birds. The majority of our centres have initiatives in place to stimulate local ecologies. To improve the awareness on biodiversity, our French centres launched 'Les nuits de Lucie', a partnership with the Noé association to highlight the impact of light pollution on local biodiversity. As part of this campaign, Lucie is characterised as a bat threatened by light pollution. Through the use of a history notebook and an application using augmented reality technology, visitors are able to assist by completing different online missions while learning about light pollution. Almost 600 visitors participated in this event across France during 2021.


Les Nuits de Lucie at Centr'Azur.


## Be engaged

At Eurocommercial, we design shopping centres as social spaces not merely retail destinations, providing a cornerstone for their local communities. Our centres serve the everyday shopping needs of our customers and those of the local communities, providing them with a safe, service-oriented and enjoyable experience. We pay close attention to the changing needs and requirements of our tenants and customers, continuously liaising with them and learning from their feedback to enhance the overall experience in our shopping centres. Our tenant engagement surveys illustrate where we can further improve our centres and invest for the future. By rolling out the Eurocommercial Retail Academy®, we offer retailers the opportunity to invest in their teams and customer service which is resulting in higher service levels for the entire centre.

Engagement plays a key role in checking that our centres always remain aligned with our tenants' and customers' needs. The ongoing pandemic has highlighted the importance of hygiene and security and we ensure that our centres have best-in-class cleaning procedures and health and safety policies. Customer surveys, customer satisfaction and engagement are essential to our business, and we actively adapt our centres to the desires and expectations of customers by researching and monitoring them extensively. We analyse and cross-check the data we collect in order to interpret new developments and trends in spending habits and what customers like or dislike about our centres. This data also helps us analyse the local catchments around our centres and identify consumer groups that we are possibly missing. In 2021, we achieved an average customer satisfaction score of 8.2, ranging from 7.5 to 8.8.

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

### Genuine retailer partnerships

Our retailers are at the core of our business and we actively seek their feedback to identify areas for improvement. The continuous exchange of data, and the regular monitoring of retailer satisfaction through anonymous surveys are important factors behind the success of our centres. We recently initiated a pilot study on mystery shopping in four French shopping centres and extensively discussed and analysed the results with the centre management, asset managers and the leasing team and formulated action plans which we presented to our tenants. In some cases, we have organised tenant workshops to discuss results, expectations and possible actions.

In 2021, we achieved an average tenant satisfaction score of 6.8. Over the last five years we have undertaken engagement surveys in 28 shopping centres. We aim to improve these scores to achieve an average satisfaction score of 7.0 across our portfolio by 2025. We have also introduced the NPS in our tenant surveys alongside the Satisfaction Index, as we believe the two scores together are a very transparent indication about tenant appreciation and conclusive about what actions are required in order to improve our professional relationship.

### Formalising green collaboration through lease agreements

Last year we updated our Group Green Lease policy in order to exchange ESG ambitions, targets and responsibilities with our tenants to continue to create sustainable centres with a clear vision and full transparency towards our stakeholders.

The future of our commercial activities depends on sustaining our natural environment and our business partners share the responsibility in meeting our ESG objectives and adhere to ESG principles including:

- Contributing to our goal to operate carbon-neutral by 2030
- Decreasing the use of electricity, gas and water
- Reducing the production of waste and single-use products such as plastics and packaging
- Sharing information, setting targets, implementing best practice procedures and programmes to improve and track performance
- Implementing responsible procurement practices
- Encouraging the use of sustainable transport for customers and employees

In 2021, our teams started to implement the updated Green Lease clauses. Of the total signed leases, 5% in Belgium, 30% in Italy, 43% in Sweden and 50% in France, were considered green at year-end. In 2017, France also introduced Green Committees for all shopping centres. These on-site Committees meet at least once a year and support our joint initiatives to work together in order to minimise our environmental impact.

Green committee at Passage du Havre.

# Environmental, Social and Governance continued

### Eurocommercial Retail Academy®

Our Eurocommercial Retail Academy®, which is already well-established in all seven Swedish shopping centres, organises sales and customer training alongside its tenants and employees working as a team. As a result, retailers who establish in our shopping centres know that they will be actively involved in commercial operations and in return, they often respond by bringing their latest concepts, delivering novelty for our customers.

Throughout 2021, we made significant improvements to the programme through digitalisation, making it easier to participate in the training. A customised learning/training platform has been created in collaboration with the IHM Business School to improve and practice customer service skills. Together with our supplier, we developed an online gamification inspired learning platform with interactive services providing trainers and students with information, advice and tools, quizzes and chat functions. Students work together as brand ambassadors to provide new customer experiences and on completion of the course they are awarded with certification from the IHM Business School.

During 2020, we conducted similar programmes in two of our Italian shopping centres with our partner, Savills Tenants School by Eurocommercial. Following the positive experience and results, we shortly plan to establish our own retail academy in these centres and in an additional four French centres. By the end of 2023, we aim to have the Eurocommercial Retail Academy® established in at least 15 of our shopping centres.

### Responsible partners

Working alongside trusted partners, Eurocommercial has a number of sustainable procurement policies and procedures in place for each country that meet local regulations and standards. Our procurement process is an integral part of our Supplier Code of Conduct which includes clear guidelines with a focus on quality, innovation and creativity. We actively search for improved efficiencies in the use of energy, choosing low consumption and renewable energy options.

We prefer local businesses in order to promote local employment and reduce transportation and packaging.

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

## Eurocommercial Properties: Being a responsible partner

### Stimulating entrepreneurship

Every year in Woluwe Shopping (Belgium), the centre collaborates with partners in order to identify and promote young, local entrepreneurial talent by providing them with the opportunity to establish a small-scale business for six months. The project aims to broaden the experience and education of young people in their secondary education by introducing them to the commercial operations of a real business concept. Groups of young people create, manufacture, and market a product, service or event in Woluwe. In 2021, these potential entrepreneurs were selling recyclable bamboo-based cottons, responsible fashion magazines, a kit to grow an indoor aromatic garden, chocolate balls for hot chocolate and many other imaginative products. We hosted 17 mini-companies and a hundred young people presented their projects and interacted with our customers and retailers who could vote on the best new entrepreneurs.


Partnering with suppliers to create a positive working environment.

## Support local jobs

At Fiordaliso (Italy), we ran a programme with Intesa San Paolo (a major Italian bank) called Generation Italy. The purpose of the project was to help young people to find a job through free training and education. Intesa San Paolo asked Eurocommercial to be part of the programme and identify job opportunities in our shopping centres, sponsoring and providing well-trained candidates for our retailers. The programme coincided with the opening of the Fiordaliso extension where a group of 22 unemployed young people were provided with a training course, 17 of whom were then employed in the centre.

In France, we launched a job portal in almost every centre during 2021 to manage the retail employment vacancies in the centres. Retailers are able to advertise directly on the platform and contact candidates, while candidates looking for jobs can upload their resume. Since October 2021, we have already received around 700 resumes, making it easier for retailers to identify the right candidate.

## Strengthen partnerships with suppliers

In Sweden, the Eurocommercial team partners up every year with its main supplier of property management services. In order to create a positive working environment and actively share information, the teams prepare a carefully structured Summer Camp over two days. In 2021, the event was held at Grand Samarkand in Växjö, where internal and external speakers educate and motivate the teams on various relevant subjects including marketing trends, sustainability, leasing and company culture. The days were concluded with music and entertainment to further strengthen the partnership.


Promoting young local talent through the mini-entreprise event at Woluwe Shopping

# Environmental, Social and Governance continued

## Cooperation with various charitable organisations

In France, annual charitable events are held in our shopping centres. Community-sponsored food collection is organised by the charitable associations “ANDES” and “Banque Alimentaire” at Les Portes de Taverny, and by “The Lions Club” at MoDo.

Funds collection by the Scouts at Centr’Azur


Food collection by the “Lions Club” at MoDo

A book sale event takes place every year at Val Thoiry, raising funds donated to the charitable association “Le Secours Populaire”. At Centr’Azur, the scouts raise funds for various charitable associations by carrying out Christmas gift wrapping.


Food collection by the “Banque Alimentaire” at Les Portes de Taverny

## Community outreach

In 2021, we produced and distributed colour books for preschools around Växjö in Sweden for children to learn about recycling, stimulated by the Grand Samarkand mascots.

To promote healthy living, we organise an annual 1 km children’s race around the shopping centre Hallarna. Known as Hallarnaloppet, the race raises research funds for the Childhood Cancer Foundation with our communities for vital research, and increases awareness of children suffering from cancer.

During 2021, we developed the creative and award-winning concept Smakrådet at Elins Esplanad (Sweden), founded by students from Berghs School of Communication. We assembled a group of ”internal experts” or ambassadors for


Hallarnalopet raises research funds for the Childhood Cancer Foundation in Sweden

Elins Esplanad, called Smakrådet ("Taste Council") who represent the shopping centre within their field of expertise. As internal influencers they focus on giving advice, inspiration and guidance to our customers. This initiative helped the local management team strengthen their connection with the tenants and to reach out to our customers in a unique way while increasing social media presence and promoting the centre.


## Embracing diversity in our communities

In partnership with the local municipality and the non-profit organisation Le Troisième Oeil, Woluwe Shopping hosted the "Hand in Cap" photo exhibition by the artist Djanii Scholt. The exposition "Hand in Cap" supports the de-stigmatisation of people with disabilities by educating visitors through photographs of disabled models placed in unusual or impossible situations in order to touch people's imagination and sensitivity, while conveying a strong and impactful message. This event elevates disability in all its forms and highlights the strengths of each individual despite the obstacles encountered. A preview of the exhibition was held on the first evening in the presence of the artist, models and local authorities. The artist was able to demonstrate his work and explain the difficult daily life of people with disabilities.

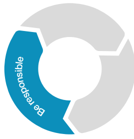

Hand in Cap event in Woluwe

# Environmental, Social and Governance continued

### Public awareness of the breast cancer: Octobre Rose

In France, many centres participated in the Breast Cancer Awareness Month called 'Octobre Rose', an annual international health campaign organised in our shopping centres by major breast cancer charities every October to increase awareness of the disease and to raise funds for research into its cause, prevention, diagnosis, treatment and cure.


Octobre Rose at Les Portes de Taverny : Awareness , fundraising and photography exhibition




### Be responsible

Eurocommercial is a pan-European owner of shopping centres and aims to be an attractive employer, providing a stimulating work environment where people can develop professionally, learn and fulfil their potential. Employees are able to express themselves and feel valued as part of a collegiate team. Our aim is to provide a fair and enjoyable workplace and a broad corporate and property experience supported by carefully prepared training programmes. We benefit from having multiple experienced local teams which work together and share best practices.

In 2021, Eurocommercial celebrated its 30th anniversary. Unfortunately we were not able to meet all in one place following national COVID-19 restrictions in every country, but teams have celebrated this unique milestone locally.

### Our workforce

We aim to create a fair work environment where all employees receive the same experience and opportunities and where they can express themselves and feel included in order to function at their best. People must feel appreciated and included which helps build stronger teams that perform better. We are based in different locations across Europe and our local teams in Belgium, France, Italy and Sweden carry out all property and asset management functions including leasing, rent collection, technical supervision and administration. Eurocommercial has a diverse culture with differences in nationality, age and gender.

In 2021, we employed 98 people in Belgium, France, Italy, Sweden, United Kingdom and The Netherlands. Of our total workforce, 56% are female and 44% are male, 9% of all employees are under the age of 30, 63% of employees are aged between 30 and 50 and 28% are over the age of 50. We are proud of our open and collegiate culture, and we encourage Eurocommercial colleagues to share their ideas for the improvement of the business. We organise regular group meetings for employees from different offices to share best practices, in particular with our leasing, marketing and sustainability teams. We are committed to our employees and as a result, we benefit from very loyal and engaged colleagues. Our low employee turnover at 6.1% and relatively low sickness ratio (during the pandemic) at 7.5% illustrate that we have motivated and dedicated teams. Furthermore, we maintain a gender balance within the Company that strengthens our positive culture and is in line with the gender balance of our customers.

### Business ethics

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

Our Code of Conduct sets out our procedures, guidelines and core values. All employees receive ethics training and review the Code of Conduct regularly to keep updated with business standards. Full transparency is provided to stakeholders concerning any breaches against the Code of Conduct. In 2021, no breaches of the Code occurred, in line with our target to have zero breaches every year. We have updated our Code of Conduct in 2021 and will provide further training for all our employees on this policy in 2022.

### Professional development and alignment of interests

We invest in the professional development of our staff by encouraging them to participate in various training courses. Our staff have regular review meetings with management in order to monitor performance and provide employee feedback. All employees under a permanent labour contract are entitled to participate in the Group's long-term Performance Share Plan, which aims at linking remuneration to a long-term commitment of the individual employee and the performance of the Company. In 2021, employees received 17 training hours on average and all employees received professional and ESG training. In Italy, team members received social media training from a third-party media company and time management and communication training to improve professional skills. Ergonomics training was also provided to new employees in Italy, which was especially useful during the months where teams had to work remotely due to COVID-19. All employees received a performance appraisal in 2021.

### Health and well-being

Each local office provides opportunities to invest in personal health and well-being opportunities for its employees. The Amsterdam office provides a gym on-site for employees who are able to exercise for free during workhours. In France, employees have a yearly subscription to a gym near the office in Paris and weekly yoga lessons in the office. Training from a medical advisor will be organised again in 2022, together with first aid and fire security training. Local offices have also installed $CO_2$, humidity and temperature sensors to measure indoor working environments, enabling teams to optimise their personal workspaces.

In Sweden, all employees in the Stockholm office are provided with an annual "Friskvårdsbidrag" which is a health contribution of 5.000 SEK (approximately €500) to invest in a sport activity of their choice. The majority have chosen a yearly gym subscription, tennis or padel membership. To encourage exercising and to create a positive team spirit, the Swedish team has taken part in the "stafesten", which is an annual 5x5km run. During 2021 the event was adjusted to meet the COVID-19 regulations and participants ran 5km individually.

## Environmental, Social and Governance continued

# Key Performance Indicators

The following pages provide more detailed information about the ESG performance over 2021 compared to 2020. Eurocommercial provides transparency on its ESG performance towards all stakeholders. In 2021, we were awarded EPRA sBPR Gold again for our sustainability report. EPRA sBPR is a sustainability reporting standard for listed Real Estate companies in Europe. Please note that 2021 (as well as 2020) was a different year in all aspects due to the pandemic.

## EPRA sustainability performance measures*

| | | Absolute measure (Abs) | | Like-for-like measure (LfL) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | | Belgium | | France | | Italy | | Sweden | | Total | |
| Impact area | | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Energy (MWh) | Total electricity | 76,002 | 74,843 | 2,920 | 2,760 | 17,263 | 16,532 | 16,121 | 15,955 | 33,767 | 33,252 | 70,071 | 68,499 |
| | % electricity from purchased renewable sources | 46% | 65% | 87% | 82% | 3% | 11% | 36% | 63% | 75% | 97% | 49% | 68% |
| | % electricity from on-site generated renewable sources | 1% | 2% | 13% | 18% | 0% | 0% | 1% | 1% | 1% | 3% | 1% | 2% |
| | Total district heating and cooling | 17,154 | 17,951 | 4,314 | 4,574 | 1.191 | 1,326 | - | - | 9,020 | 9,946 | 14,525 | 15,846 |
| | % heating and cooling from renewable sources | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Total fuels | 16,309 | 18,673 | 2,583 | 3,147 | 3,518 | 3,559 | 10,208 | 11,967 | - | - | 16,309 | 18,673 |
| | % fuels from renewable sources | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Total energy | 109,465 | 111,466 | 9,817 | 10,481 | 21,972 | 21,417 | 26,329 | 27,922 | 42,787 | 43,198 | 100,905 | 103,018 |
| | Renewable energy generated by third party on-site and sold | 5,141 | 5,556 | - | - | 5,141 | 5,556 | - | - | - | - | 5,141 | 5,556 |
| Greenhouse gas emissions (tonnes CO2e) Market based | Total direct GHG emissions Scope 1 | 1,381 | 1,674 | 127 | 154 | 564 | 596 | 690 | 923 | - | - | 1,381 | 1,674 |
| | Total indirect GHG emissions Scope 2 | 3,559 | 2,556 | 9 | 9 | 849 | 730 | 1,876 | 1,197 | 107 | 85 | 2,841 | 2,021 |
| | Total indirect GHG emissions Scope 3 | 3,798 | 3,479 | 432 | 521 | 747 | 667 | 2,103 | 1,807 | 429 | 371 | 3,711 | 3,366 |
| Greenhouse gas emissions (tonnes CO2e) Location based | Total direct GHG emissions Scope 1 | 1,381 | 1,674 | 127 | 154 | 564 | 596 | 690 | 923 | - | - | 1,381 | 1,674 |
| | Total indirect GHG emissions Scope 2 | 6,260 | 6,066 | 399 | 376 | 412 | 540 | 4,222 | 3,937 | 166 | 146 | 5,199 | 5,000 |
| | Total indirect GHG emissions Scope 3 | 4,356 | 4,438 | 432 | 521 | 446 | 471 | 2,573 | 2,704 | 768 | 492 | 4,219 | 4,188 |
| Energy and GHG coverage and estimates | Energy and associated GHG disclosure coverage (if applicable) | 30 of 30 | | 1 of 1 | | 11 of 11 | | 10 of 10 | | 6 of 6 | | 28 of 28 | |
| | % energy and associated GHG estimated | 1% | 0% | 0% | 0% | 3% | 0% | 0% | 0% | 0% | 0% | 1% | 0% |
| Water (cubic metres) (m³) | Total water withdrawal | 681,631 | 489,760 | 20,492 | 16,090 | 88,478 | 89,006 | 373,901 | 225,815 | 81,618 | 77,719 | 564,488 | 408,630 |
| | Water disclosure coverage (if applicable) | 30 of 30 | | 1 of 1 | | 11 of 11 | | 10 of 10 | | 6 of 6 | | 28 of 28 | |
| | % water disclosure estimated | 3% | 0% | 0% | 0% | 20% | 2% | 0% | 0% | 0% | 0% | 3% | 0% |
| Waste (landlord-handled) | Total weight of non-hazardous waste | 7,340 | 6,675 | 413 | 427 | 2,490 | 2,504 | 2,244 | 1,811 | 1,429 | 1,218 | 6,576 | 5,960 |
| | Total weight of hazardous waste | 25 | 64 | - | - | - | - | 4 | 54 | 18 | 8 | 22 | 63 |
| Waste by disposal routes (metric tonnes) | Reuse | - | - | - | - | - | - | - | - | - | - | - | - |
| | Recycling | 3,338 | 2,640 | 140 | 150 | 927 | 831 | 1,142 | 696 | 664 | 672 | 2,874 | 2,350 |
| | Composting | - | - | - | - | - | - | - | - | - | - | - | - |
| | Material Recovery Facility | - | - | - | - | - | - | - | - | - | - | - | - |
| | Incineration | 2,752 | 2,867 | 273 | 276 | 837 | 681 | 727 | 940 | 612 | 546 | 2,449 | 2,443 |
| | Landfill | 582 | 398 | - | - | 251 | 215 | 331 | 181 | - | 1 | 582 | 397 |
| | Other | 717 | 835 | - | - | 474 | 777 | 48 | 48 | 189 | 8 | 712 | 833 |
| | Waste disclosure coverage | 29 of 30 | | 1 of 1 | | 11 of 11 | | 9 of 10 | | 6 of 6 | | 27 of 28 | |
| | % waste disclosure estimated | 1% | 3% | 0% | 0% | 0% | 0% | 2% | 13% | 0% | 0% | 1% | 3% |

* All data relates to two years: Q4 2019 - Q3 2020 and Q4 2020 - Q3 2021, the comparative figures for both years have been restated as explained below.

## EPRA sustainability intensity measures

| Impact area | | 2020 | 2021 |
|---|---|---|---|
| Energy (kWh/m²/year) | Building energy intensity (like-for-like) | 174.2 | 182.0 |
| Greenhouse gas emissions (kg $CO_2e/m^2$/year) | GHG intensity from building energy (like-for-like, market-based) | 9.7 | 9.0 |
| | GHG intensity from building energy (like-for-like, location-based) | 12.7 | 13.0 |
| Water (m³/m²/year) | Building water intensity (like-for-like) | 0.6 | 0.4 |

## Building certification

Building certifications – BREEAM (% of floor area )

| | 2020 | 2021 |
|---|---|---|
| Excellent | 11% | 37% |
| Very Good | 32% | 51% |
| Good | 11% | 6% |
| Not certified | 46% | 6% |

Energy Performance Certificates (EU EPC) (% of floor area)

| | 2020 | 2021 | | 2020 | 2021 |
|---|---|---|---|---|---|
| A | 0% | 0% | E | 26% | 33% |
| B | 6% | 6% | F | 0% | 6% |
| C | 29% | 30% | G | 9% | 3% |
| D | 13% | 11% | No Label | 17% | 11% |

## Qualifying notes environmental indicators

### Organisational boundaries, reporting period and coverage

All retail assets included in this report are within Eurocommercial's operational control; corporate offices and sold assets were excluded from the tables. Eurocommercial provided performance data for all indicators. Data is collected for two years Q4 2019–Q3 2020 vs. Q4 2020–Q3 2021. Please note that data that is reported in previous reports was based on full calendar years. Two assets are excluded from the like-for-like comparisons: Fiordaliso in Italy and Valbo in Sweden, due to major renovations. Please see the EPRA environmental performance tables for the data coverage of each performance indicator. Restations on previous reporting years have been made for assets when improved data was available.

### Third party assurance

No third-party assurance is available.

### Energy consumptions

All electricity, fuel, district heating and cooling consumptions are landlord obtained for common parts and services provided to tenants. For Woluwe Shopping, MoDo and Valbo, district heating, cooling or electricity consumption that is sub-metered and in control of tenants was included in the report. Like-for-like energy consumption increased (2%) in 2021 compared to 2020, mainly due a harsh winter in 2020/2021. The proportion of electricity from renewable sources increased due to the installation of on-site solar panels and renewed contracts with electricity suppliers.

### Greenhouse gases (GHG)

GHG emissions are reported as tonnes of $CO_2$ equivalent (t $CO_2e$). The Scope 3 emissions include landlord-obtained consumption sub-metered to tenants as well as tenant-obtained energy consumption. These tables do not include any business travel or supply chain emissions. Emissions were calculated and reported market-based and location-based. Market-based emission factors consider contractual arrangements and were provided by local energy suppliers for 19 out of 30 assets. For the remaining 11 assets, local energy suppliers were not able to report conversion factors, hence DEFRA conversion factors were applied to convert energy consumption into carbon emissions. Purchasing renewable energy is part of Eurocommercial's decarbonisation strategy. Location-based emissions reflect the average emissions factors for the electricity grids that provide electricity. For the calculations country specific GRID factors are used. Emissions were reported using the Greenhouse Gas Protocol and EPRA Sustainability Best Practices guidelines.

### Water consumption

Water consumption represents water that is landlord-obtained and used for common areas and tenants. Like-for-like water consumption decreased by 28% in 2021 compared to 2020. Water consumption within the Eurocommercial portfolio is obtained via municipal supplies.

### Waste management

All waste figures are reported by mass (metric tonnes), in line with EPRA Sustainability Best Practice Recommendations. Waste disposal companies provided waste data for 29 assets in 2021. Waste data was not provided for I Portali (Italy) in 2020.

### Intensity calculations

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

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

# Environmental, social and governance continued

## EPRA Social & Governance indicators

| **All employees** | | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|---|
| Diversity – Emp 405-1 | *Employee gender diversity (based on headcount)* | **Total** | **Male** | **Female** | Total | Male | Female |
| | Supervisory Board | **3** | **1** | **2** | 5 | 3 | 2 |
| | Board of Management | **3** | **3** | **-** | 3 | 3 | - |
| | Management | **14** | **7** | **7** | 9 | 7 | 2 |
| | Staff | **81** | **29** | **52** | 80 | 30 | 50 |
| | Total number of employees | **98** | **43** | **55** | 92 | 40 | 52 |
| | *Age group distribution (percentage)* | | | | | | |
| | Under 30 years old | **9%** | | | 11% | | |
| | Between 30 and 50 years old | **63%** | | | 68% | | |
| | Over 50 years old | **28%** | | | 21% | | |
| Diversity – Pay 405-2 | *Gender pay ratio* | | **Male** | **Female** | | Male | Female |
| | Board | | **100%** | **0%** | | 100% | 0% |
| | Management | | **52%** | **48%** | | 48% | 52% |
| | Staff | | **61%** | **39%** | | 58% | 42% |
| Emp – Training 404-1 | *Employee training and development (based on headcount)* | | **Male** | **Female** | | Male | Female |
| | Training hours per employee | | **18** | **16** | | 11 | 11 |
| | % of employees who received professional training | | **100%** | **100%** | | 100% | 100% |
| | % of employees who received ESG training | | **100%** | **100%** | | 100% | 100% |
| Emp – Dev 404-3 | *Employee performance appraisals* | | | | | | |
| | % of employees | **100%** | | | 100% | | |
| Emp – Turnover 401-1 | *New hires and turnover* | | **New hires** | **Departures** | | New hires | Departures |
| | Male | | **4** | **1** | | 1 | 2 |
| | Female | | **8** | **5** | | 2 | 1 |
| | Total | | **12** | **6** | | 3 | 3 |
| | Employee turnover | **6.1%** | | | 3.3% | | |
| H&S – Emp 403-2 | *Employee health & safety* | | | | | | |
| | Workstation and/or workplace checks (%) | **62%** | | | 97% | | |
| | Absentee rate (%) | **1.57%** | | | 0.5% | | |
| | Injury rate (%) | **0.0%** | | | 0.0% | | |
| | Work-related fatalities (number) | **0** | | | 0 | | |
| H&S – Asset 416-1 | *Asset health & safety assessments* | | | | | | |
| | Health & Safety – assessments (in % of assets) | **100%** | | | 100% | | |
| H&S – Comp 416-2 | *Asset health & safety compliance* | | | | | | |
| | Health & Safety – incidents | **0** | | | 0 | | |
| Comty – Eng 413-1 | *Community engagement, impact assessments and development programmes* | | | | | | |
| | Community engagement programmes in place (in % of assets) | **100%** | | | 100% | | |
| Gov – Board 102-22 | *Composition of highest governance body* | | | | | | |
| | Number of executive board members | **3** | | | 3 | | |
| | Number of independent board members (Supervisory Board) | **3** | | | 5 | | |
| | Average tenure of all board members | **15** | | | 10 | | |
| | Number of independent board members with competencies relating to environmental and social topics | **2** | | | 2 | | |
| Gov – Selec 102-25 | *Process for nominating and selecting the highest governance body* | The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. Relevant information is reported in this Annual Report see page 95. | | | | | |
| Gov – Col 102-25 | *Process for managing conflicts of interest* | For Eurocommercial Properties it is very important that members of the Executive Board and Supervisory Board act independently. There have been no conflicts of interest with rules, regulations or the Dutch Corporate Governance Code in this reporting year. Relevant information is reported in this Annual Report page 107. The process for managing conflicts is included in the Rules and Regularions of the Supervisory Board and the Code of Conduct which can be found within the governance section on the corporate website. | | | | | |

## Qualifying notes social indicators

### Organisational boundaries, reporting period and coverage

All employees who work directly for Eurocommercial Properties in The Netherlands, United Kingdom, Sweden, Italy, France and Belgium were included in these figures. Eurocommercial provided performance data for the calendar years 2020 and 2021 for all social and governance indicators.

### Gender pay ratio

The gender pay ratio as reported in the table is the ratio of the base salary and remuneration of men to women in the mentioned employee categories. Base salary represents the salary excluding additional remuneration such as bonuses, share options or overtime pay. Please note that Eurocommercial only employed 98 persons at the end of 2021. Therefore, it is not possible to disclose more detailed information on gender pay ratio, due to the limited number of employees with the same function and experience within the organisation.

### Health and Safety assessments

These assessments are a review of health and safety impacts on asset level for compliance or improvement. For most assets Health and Safety is integrated into the BREEAM certification procedure, assets that haven't been certified yet use internal assessments on Health & Safety (for example on indoor air quality, fire, elevator safety, disabled access, emergency procedures).

### Narrative on performance

Employee absentee rates increased compared to 2020, this is mainly due to the pandemic. Other social indicators have remained consistent over both reporting periods.


City bikes at Woluwe Shopping

Electric car charging stations at Centr'Azur

# Belgium country report

*Remerchandising saw a broadening of the retail mix with several new international brands establishing in Woluwe Shopping which will be further strengthened by the arrival of Fnac and Mango this year.*

**Benjamin Frois**
Director, Eurocommercial Belgium

**€579m**
Property value

**1**
Number of properties

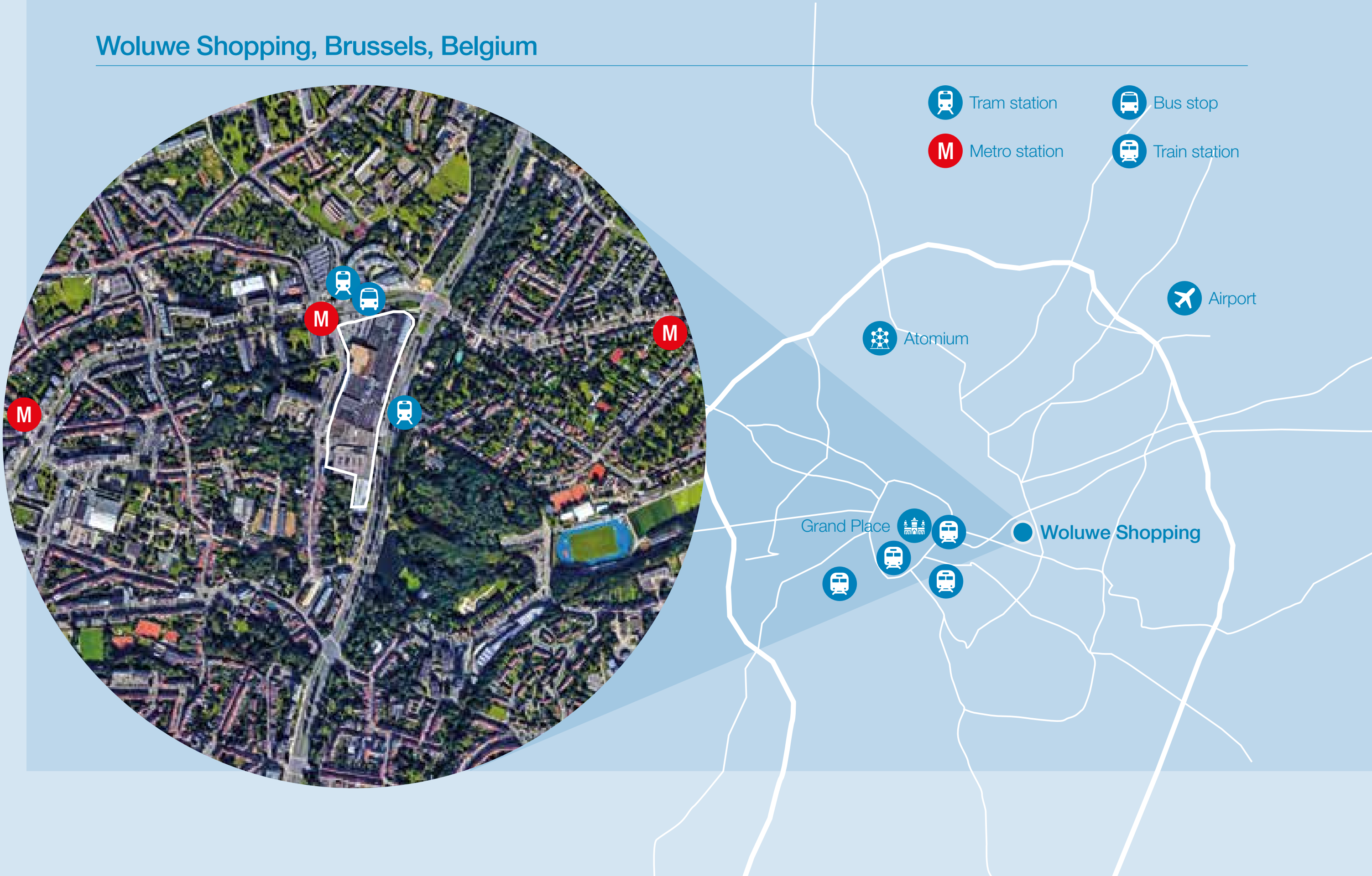
**-2.2%**
Valuation change (12 months)

**130**
Number of shops

**1.1%**
Average uplift from relettings & renewals

**47,000m²**
Gross lettable area

## Woluwe Shopping, Brussels, Belgium



The Company's retail business was again partially affected by COVID-19, with the government imposing several restrictive measures during the first half of the year. Woluwe Shopping remained open during Q1 2021 with the exception of F&B and intermittently, hair and beauty salons, however, following the start of a third wave, the authorities announced a third lockdown from 27 March which lasted for four weeks. There was more flexibility than in previous lockdowns, and in addition to click & collect, take-away and delivery activities, non-essential stores were able to receive customers by appointment and 80 of our 130 shops remained at least partially open. Once the restrictions were lifted from 26 April, Woluwe Shopping steadily recovered during H2 2021 when retail sales were 28% higher than the same period in 2020, reaching 95% of their pre-pandemic levels.

## Leasing

Leasing remained very active during 2021 with 25 lease transactions completed over the period including 11 lease renewals and 14 relettings generating an overall uplift in rents of 1.1%. Many retailers have initiated new expansion plans, although they are more selective in their choice of location, concentrating on shopping centres that are firmly established in their market. Woluwe Shopping continued to demonstrate its ability to attract premium brands with the opening of Rituals, Jott, Bexley, Xandres, Maison Dandoy and Guess. The Fnac-Darty Group, which already operate a Vanden Borre store at Woluwe, will open a 2,600m² Fnac during early summer 2022. As a reference player in cultural products, electronics and small household appliances, Fnac will be an important

Woluwe Shopping was refurbished at the end of 2019.

# Belgium country report continued

addition to Woluwe Shopping's international tenant mix. Fnac are replacing AS Adventure, a very established Belgium retailer who are relocating to a smaller unit, focusing on their core sport and outdoor assortment. Meanwhile, the fashion sector will be significantly strengthened with the arrival of the latest Mango concept in May 2022.

## Valuation

Investment volumes in the Belgian retail market were mainly restricted to retail parks and prime high street with several transactions achieving pre-pandemic yield levels. The year-end valuation of Woluwe Shopping decreased slightly by 0.6% over six months and by 2.2% over 12 months, mainly due to a slight downward correction in ERVs and a more cautious approach on the future project.

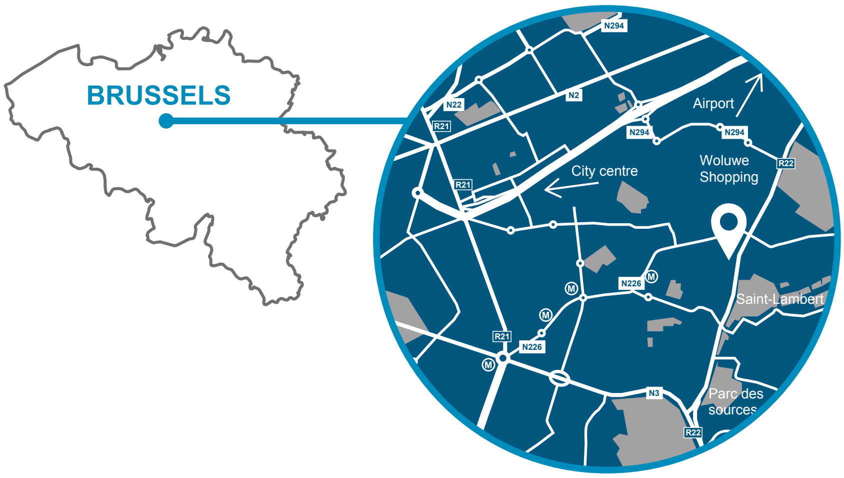
## Project

The planning application process for our mixed-use extension project including 7,800m² of retail and 100 apartments is progressing. The environmental impact study was successfully completed by the end of June. A one-month public enquiry from mid-September provided us with feedback which is now being incorporated in the project in close consultation with both the regional and municipal authorities.

## Outlook

Encouraging economic forecast for GDP growth together with falling unemployment, combined with the anticipated gradual lifting of restrictions provides an optimistic outlook for 2022 with steady and growing levels of retail sales.


Rituals at Woluwe Shopping.




**ESG**

BREEAM®

## BRUSSELS – OPENED 1968
*Refurbished in 2004 and 2019*

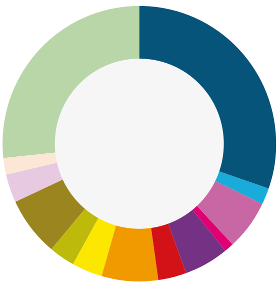
Since it opened in 1968, Woluwe Shopping has been the best known shopping centre in Belgium and remains one of the most successful due to its solid fundamentals: a prime location, excellent accessibility, a densely populated and wealthy catchment and broad retail mix, including most international brands present in the market.

## ACCESSIBILITY

- Bus 5 lines
- Metro Line 1
- Tram Line 8
- Parking (1,910 spaces)

## SERVICES

- Free Wi-Fi
- Click & Collect
- Electric Car Charging
- Welcome Desk
- Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Storage
- Books & Toys
- Office
- Department Store

## TOP BRANDS

ZARA, H&M, COURIR, MANGO, INNO, fnac

| | | | |
|---|---|---|---|
| **47,000** Gross lettable area Gallery | **1.6 million** Catchment (within 20 minutes) | **130** Number of stores<br>**10** Medium units<br>**16** Restaurants | **99%** Occupancy* |

* calculated on GLA

# France country report

*The French team had a very active year on the transactional front, with several asset sales and the purchase from our joint venture partner of their 50% share in Shopping Etrembières.*

**Pascal Le Goueff**
Director, Head of Eurocommercial France

**€889.8m**
Property value

**9***
Number of properties

**-1.8%**
Valuation change (12 months)

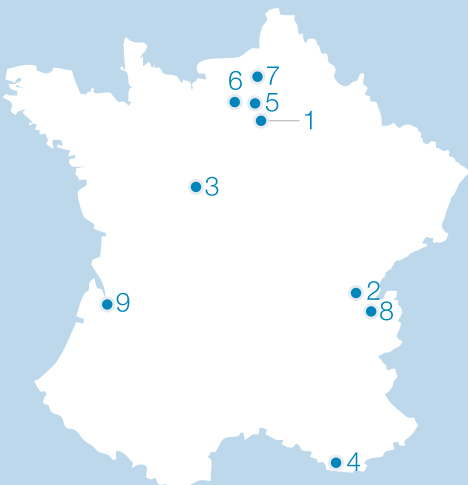
**514**
Number of shops

**5.1%**
Average uplift from relettings & renewals

**226,400m²**
Gross lettable area

## Property locations

1. Passage du Havre
   Paris
2. Val Thoiry
   Greater Geneva (Ain)
3. Les Atlantes
   Tours (Indre-et-Loire)
4. Centr'Azur
   Hyères (Var)
5. MoDo
   Moisselles (Val d'Oise)
6. Les Portes de Taverny
   Taverny (Val d'Oise)
7. Grand A
   Amiens (Somme)
8. Shopping Etrembières
   Greater Geneva
   (Haute-Savoie)
9. Les Grands Hommes
   Bordeaux (Gironde)




* before the completion of the sale of Les Grands Hommes

The first six months of 2021 were marked by new government restrictions that led to the closure of non-essential retail. On 31 January, shopping centres of more than 20,000m² had to close followed by shopping centres of more than 10,000m² (23 départements) from 6 March and those of more than 5,000m² (16 départements) from 20 March. Finally, there was a general closure of all non-essential retail during a third national lockdown that commenced on 3 April. Following a clear improvement in the health situation, the government allowed shops to reopen from 19 May with some restrictions, particularly restaurants, which were finally lifted on 30 June.

The full re-opening of our shopping centres from the summer has been very encouraging and H2 2021 saw an increase in retail sales of 10.8% compared to 2020 and 0.6% above the pre-pandemic H2 2019. Sales growth was spread across most retail sectors with a solid recovery in fashion and consistent performances from household and electronics with the continuation of remote working which itself has encouraged a very active housing market.

## Leasing

During 2021, we completed 36 lease renewals and relettings producing an average uplift of 5.1%. New merchandising has covered a broad range of sectors including Marc Orian and Lovisa (gifts and jewellery), Morgan and Superdry (fashion), Orange (electricals), Comptoir de Mathilde (food), and Krys (health and beauty). At Les Grands Hommes in Bordeaux we have added three new restaurants, while at Les Atlantes, Tours we have signed leases with Easy Gym and Mango.

## Valuations

The December 2021 valuations showed a decrease of 0.1% over six months and a decrease of 1.8% over 12 months. The overall EPRA net initial yield for the French portfolio currently stands at around 5%, although excluding the prime central Paris mixed-use property, Passage du Havre (yield 3.7%), the EPRA net initial yield on the remaining hypermarket anchored shopping centre portfolio is 5.4%.


Le Comptoir de Mathilde shop at Centr'Azur, Hyères.

# France country report continued

## Disposals, acquisition and projects

During Q1 2021, we completed the sale of Les Trois Dauphins in Grenoble to the Crédit Agricole Group for a price of €34.4 million. This was followed in December by the sale of Chasse Sud, a Géant hypermarket anchored retail park located between Lyon and Vienne, alongside the Autoroute du Soleil. The property was sold to TwentyTwo Real Estate for a price of €80 million. On 22 March 2022, we completed the sale of Les Grands Hommes, Bordeaux for a price of €22.5 million. On 24 March, we also completed the sale of our remaining 50% ownership of the office and residential parts of Passage du Havre together with two smaller adjoining buildings to AXA - IM Alts, on behalf of clients which are our joint venture partners, for a price of €57 million. The Company will remain owner of 50% of the retail part of the main building of Passage du Havre representing a GLA of around 14,000m², with 40 tenants including Fnac.

In November, the Company completed the purchase from its joint venture partner, AXA, of their 50% share in Shopping Etrembières located outside Geneva at a price of €45 million. The 1,600m² pre-let F&B project adjoining the existing shopping centre at Etrembières is scheduled to open in the first half of 2022. At nearby Val Thoiry, planning was secured for the 23,500m² extension where pre-letting is already advanced including relocated units for Leroy Merlin (10,500m²), Decathlon (2,600m²) and a new Primark unit of 6,600m². Etrembières and Val Thoiry provide the Company with two dominant shopping centres in an important and wealthy region of France next to the Swiss border and Geneva.

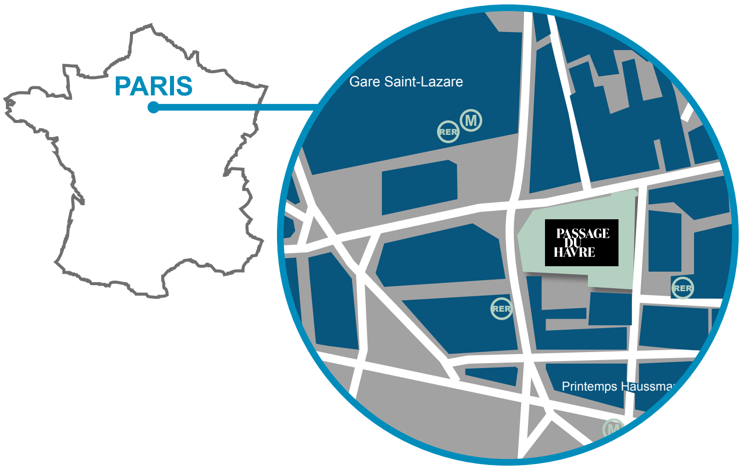
## Outlook

Despite a resurgence of inflation, the economic forecast for France is rather positive in terms of growth and unemployment, where the shortage of labour is beginning to be felt in several sectors of the economy, particularly in the hospitality sector. With the announcement of the easing of restrictions, and assuming a continuation of retails sales trends observed during the second half of 2021, we expect to see more activity in both retail letting and the investment market, reinforced by the limitations on future new developments as provided in the Loi Climat et Résilience.


New restaurants at Shopping Etrembières.


Val Thoiry extension project.

# PASSAGE DU HAVRE




## ESG

BREEAM®

**PARIS – OPENED 1997**
*Refurbished in 2012*

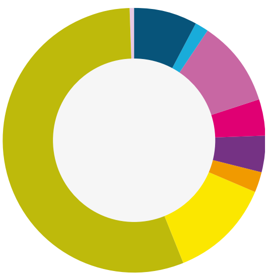
The Passage du Havre is located in central Paris opposite the Gare Saint-Lazare leading to the two department stores Galeries Lafayette and Printemps situated on boulevard Haussmann. It is anchored by Fnac, sits at the heart of the Haussmann-Saint-Lazare shopping district, with excellent transport links and incorporates offices and residential apartments.

## ACCESSIBILITY

- SNCF / TER Gare Saint-Lazare RER lines A and E
- Métro (6 lines) and Bus (15 lines)
- Parking (174 spaces)

## SERVICES

- Free Wi-Fi
- Loyalty Card
- Tax Free
- Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Storage

## TOP BRANDS

Nature & Découvertes, Starbucks, Rituals, Sephora, Fnac, Normal

**23,900*** Gross lettable area
**14,000** ECP-owned GLA

**7.4 million** Catchment (within 30 minutes)

**40** Number of stores
**2** Medium units
**5** Restaurants

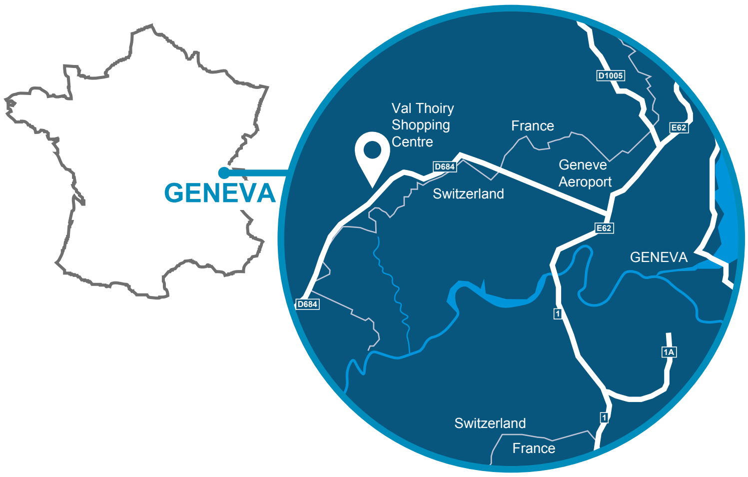
**100%** Occupancy*

* Includes external units, offices and residential areas.

* calculated on GLA

# France country report continued

VAL THOIRY SHOPPING




## ESG

BREEAM®

**GREATER GENEVA – OPENED 1993** *Refurbished in 2015*

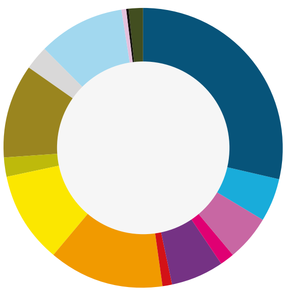
The leading shopping centre in Pays de Gex with 68 shops, Val Thoiry has a very strong track record. It is easily accessible from Geneva, in a prosperous Franco-Swiss area, and is anchored by Leroy Merlin, Decathlon and Migros. The centre benefits from a strong and diversified merchandising mix with brands that reflects its international catchment. It has planning consent for a 23,500m² extension to include Primark.

## ACCESSIBILITY

- SNCF TER Bellegarde
- Bus-Tram Line 68
- Parking (1,836 spaces)

## SERVICES

- Free Wi-Fi
- Loyalty Card
- Tax Free
- Electric Car Charging
- Welcome Desk



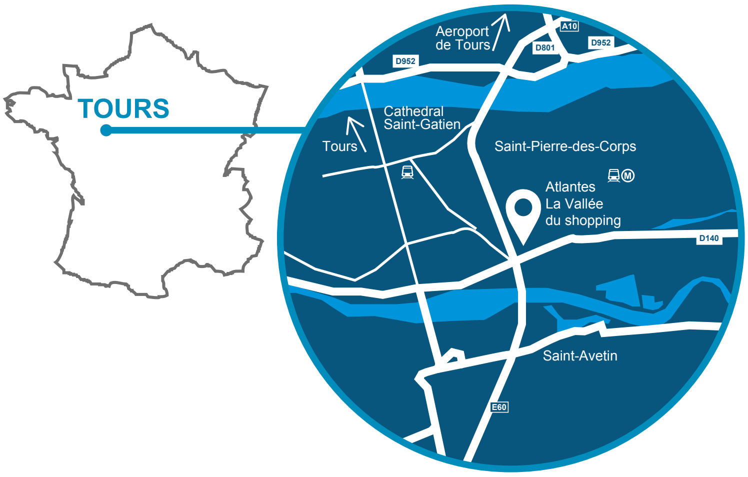
- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket

## TOP BRANDS

H&M, SEPHORA, DECATHLON, COURIR, CAROLL, GO SPORT

| | | | |
|---|---|---|---|
| 35,800 Gross lettable area<br>24,000 ECP-owned GLA | 410,000 Catchment (within 20 minutes) | 68 Number of stores<br>4 Medium units<br>5 Restaurants | 99% Occupancy* |

* calculated on GLA




# Atlantes
*La Vallée du shopping*

## ESG
BREEAM®

**TOURS – OPENED 1992**
*Refurbished in 2011*

Situated alongside the A10 autoroute outside the city of Tours, Les Atlantes is the leading shopping centre in the region, with 67 stores and restaurants, and is anchored by Carrefour and adjoins Ikea.

## ACCESSIBILITY
- Bus 4 lines
- Parking (1,930 spaces)

## SERVICES
- Free Wi-Fi
- Loyalty Card
- Welcome Desk
- Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Storage

## TOP BRANDS
Go Sport, boulanger, Blackstore, Courir, Pandora, Sephora

**35,800** Gross lettable area
**23,000** ECP-owned GLA

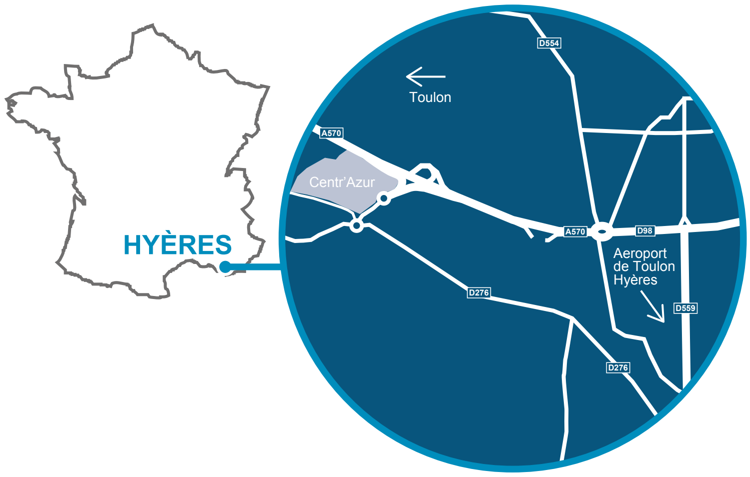
**358,000** Catchment

**67** Number of stores
**4** Medium units
**5** Restaurants

**88%** Occupancy*

* calculated on GLA

# France country report continued




CENTR' AZUR

## ESG

BREEAM®

**HYÈRES – OPENED 1993**
*Refurbished in 2013*

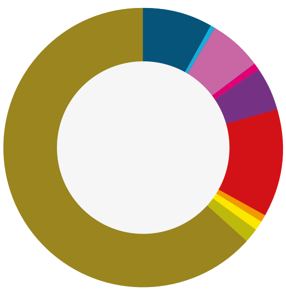
Located on the Côte d'Azur coast road to the west of Hyères in the south of France, this popular local shopping centre first opened in 1993 and features 56 stores. Centr'Azur is anchored by a Casino hypermarket and provides a broad mix of retail and food and beverage outlets. The shopping centre is undergoing a renovation project to improve its access and car park.

## ACCESSIBILITY

- Bus Sodetrav line Hyères-Toulon
- SNCF Hyères TGV
- Parking (1,460 spaces)

## SERVICES

- Free Wi-Fi
- Digital Signage/ Advertising



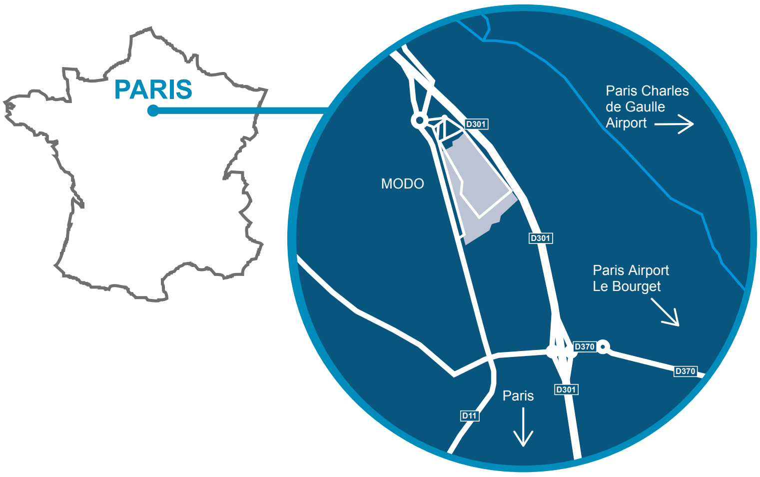

## TOP BRANDS

SEPHORA, JACK&JONES, KIKO, carréblanc, MORGAN

| | | | |
|---|---|---|---|
| 24,500 Gross lettable area<br>24,500 ECP-owned GLA | 330,000 Catchment (within 20 minutes) | 56 Number of stores<br>6 Restaurants | 99% Occupancy* |

* calculated on GLA

CENTRE COMMERCIAL
MOISSELLES–DOMONT




## ESG

BREEAM®

## MOISSELLES – OPENED 1985
*Refurbished in 2017*

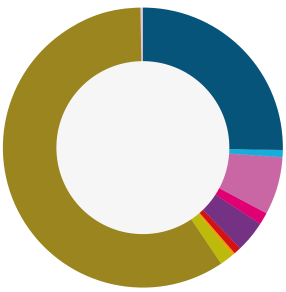
Located to the north of Paris, close to the Francilienne ring road, MoDo is anchored by the leading Leclerc hypermarket of Val d'Oise and is situated in a strong catchment of upper-middle class inhabitants, with significantly improved access following recent roadworks. MoDo has 58 stores and benefits from a diversified merchandising mix with national and international brands, including H&M, Mango and Gémo. A dental clinic will open at the beginning of 2022.

## ACCESSIBILITY

- SNCF Gare Domont
- Bus line 269
- Parking (1,585 spaces)

## SERVICES

- Free Wi-Fi
- Electric Car Charging
- Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Telecom & Electrical
- Hypermarket
- Storage

## TOP BRANDS

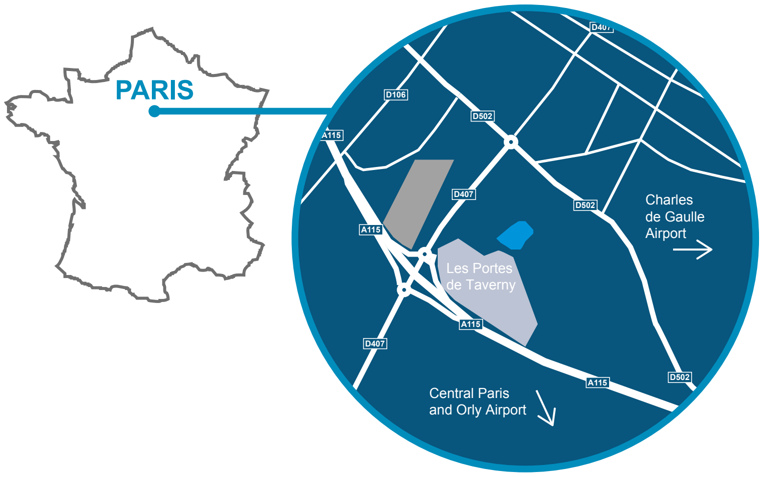
MANGO, promod, GÉMO, YVES ROCHER, CAROLL PARIS

| | | | |
|---|---|---|---|
| **26,500** Gross lettable area<br>**11,500** ECP-owned GLA | **417,000** Catchment | **58** Number of stores<br>**3** Medium units<br>**5** Restaurants | **100%** Occupancy* |

* calculated on GLA

# France country report continued

LES PORTES DE TAVERNY




## ESG

BREEAM®

**TAVERNY – OPENED 1990**
*Refurbished in 2005 and 2014*

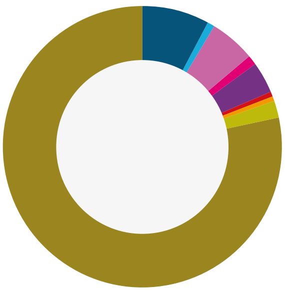
Situated alongside the A115 autoroute in Taverny, an expanding municipality in suburban Paris, this shopping centre has a wealthy catchment. Important road access works are completed and will be followed by the construction of an adjoining Olympic swimming pool complex (2024). Taverny has 50 stores and is anchored by a strong Auchan hypermarket.

## ACCESSIBILITY

- SNCF Gare Vaucelles
- Bus line 3010
- Parking (1,400 spaces)

## SERVICES

- Free Wi-Fi
- Electric Car Charging
- Digital Signage/ Advertising

- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Telecom & Electrical
- Hypermarket

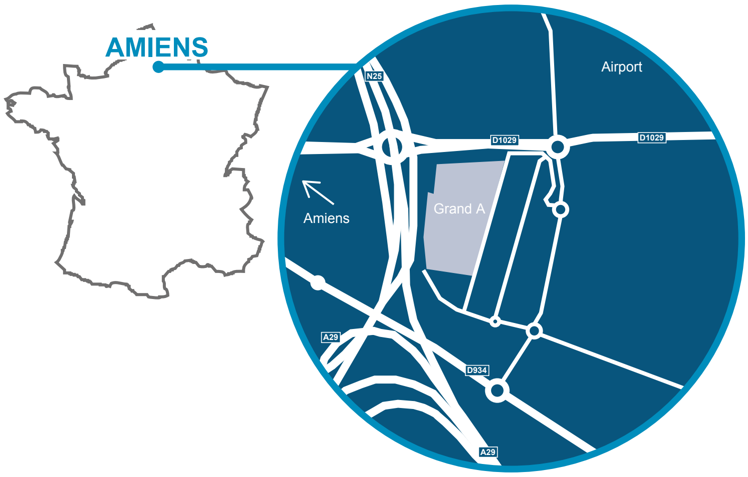
## TOP BRANDS

promod, Yves Rocher, KIKO, Courir, Pandora, Jack&Jones

| | | | |
|---|---|---|---|
| 30,500* Gross lettable area<br>5,600 ECP-owned GLA | 332,000 Catchment | 50 Number of stores<br>3 Medium units<br>3 Restaurants | 98% Occupancy* |

* Includes external units

* calculated on GLA




## ESG

BREEAM®

## AMIENS – OPENED 1994

*Extended in 2017*

Located alongside the Amiens ring road to the east of the city, the shopping centre has 59 stores, including strong national and international brands such as H&M, New Yorker and Pandora. Grand A is the dominant shopping centre within the Amiens conurbation and is anchored by a Casino hypermarket.

## ACCESSIBILITY

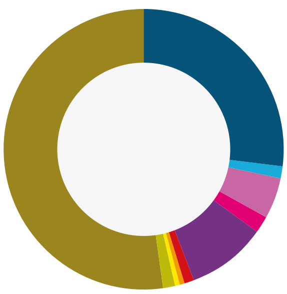
Bus 4 lines Amétis

Parking (1,850 spaces)

## SERVICES

Free Wi-Fi

Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket

## TOP BRANDS

H&M, New Yorker, Promod, Pandora, Courir, Nocibé

**22,500** Gross lettable area

**11,300** ECP-owned GLA

**230,000** Catchment (within 20 minutes)

**59** Number of stores

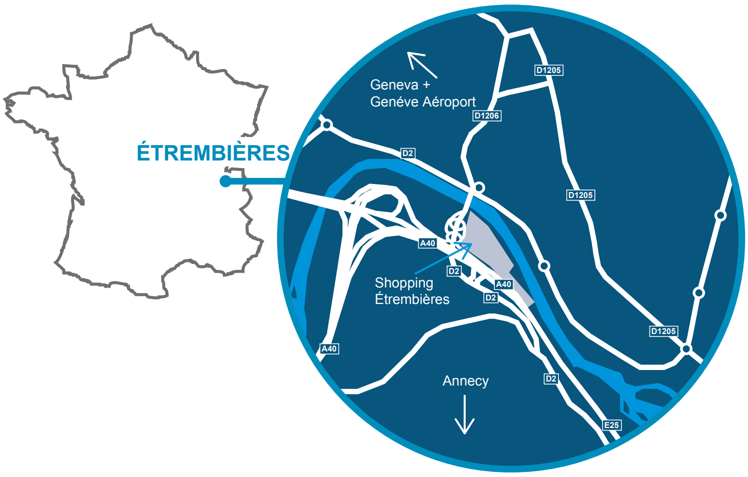
**2** Medium units

**7** Restaurants

**98%** Occupancy*

* calculated on GLA

# France country report continued




SHOPPING ÉTREMBIÈRES

## ESG

BREEAM®

**GREATER GENEVA – OPENED 1994** *Refurbished in 2018*

This shopping centre occupies a strategic and prominent position at the junction of the A40 (Lyon-Chamonix) and A411 (Geneva highway) autoroutes, 2km from the Swiss border to the south of Geneva. Major roadworks have significantly improved the access to the centre, which has 48 shops. An adjoining development to accommodate two new restaurants will open in May 2022.

## ACCESSIBILITY

Bus line 4 TAC

Parking (1,000 spaces)

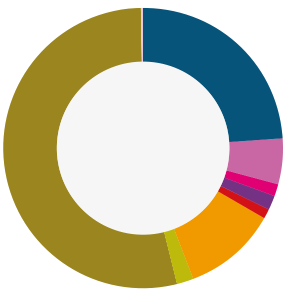
## SERVICES

Loyalty Card

Tax Free

Electric Car Charging

Welcome Desk



- Fashion
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Telecom & Electrical
- Hypermarket
- Storage

## TOP BRANDS

H&M, Go Sport, NAF NAF, PANDORA, COURIR, NOCIBÉ

**18,000** Gross lettable area
**9,000** ECP-owned GLA

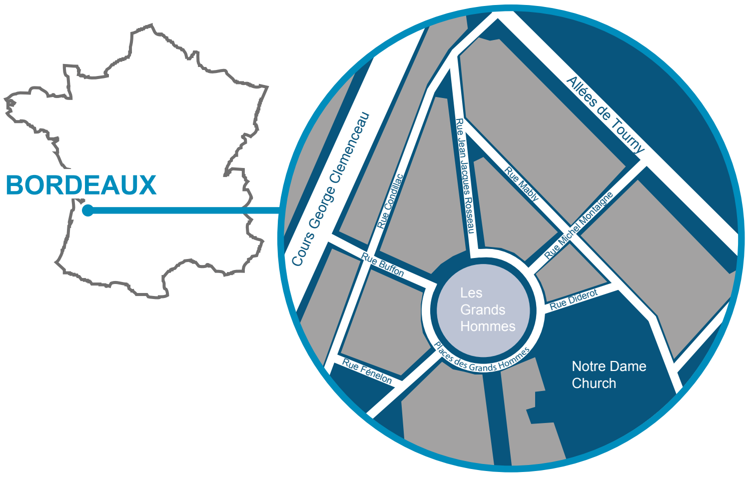
**417,000** Catchment

**48** Number of stores
**3** Medium units
**1** Restaurants

**94%** Occupancy*

* calculated on GLA

LES
GRANDS HOMMES
au coeur de Bordeaux




## ESG

BREEAM®

**BORDEAUX – OPENED 1991**
*Refurbished in 2019*

Located in a prime position in a prestigious retail district in central Bordeaux with a catchment of 593,000 people, Les Grands Hommes is a mixed use building with a new Signature concept by Regus.

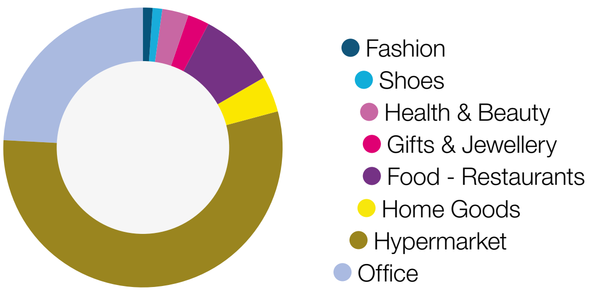
**SOLD PER 22 MARCH 2022**

## ACCESSIBILITY

- Bus 7 lines Arrêt Quinconces
- Tram 2 lines Arrêt Quinconces
- Airport Bordeaux-Mérignac

## SERVICES

Free Wi-Fi | Tax Free | Digital Signage/ Advertising




## TOP BRANDS

Villeroy & Boch
JONAK
BAILLARDRAN
Signature by Regus

**4,660** Gross lettable area
**2,600** ECP-owned GLA

**490,000** Catchment (within 15 minutes)

**15** Number of stores
**1** Medium units
**1** Restaurants

**100 %** Occupancy*

* calculated on GLA

# Italy country report

*Our shopping centres demonstrated their resilience and strength by achieving their pre-COVID turnover levels, notwithstanding that some restrictions remained in place.*

**Salvatore Occini**
Director, Eurocommercial Italy

**€1,608.1m**
Property value

**8**
Number of properties

**0.7%**
Valuation change (12 months)

**769**
Number of shops

**7.6%**
Average uplift from relettings & renewals

**411,323m²***
Gross lettable area


## Property locations

1 I Gigli
Florence (Tuscany)

2 Carosello, Carugate,
Milan (Lombardy)

3 Fiordaliso, Rozzano,
Milan (Lombardy)

4 Collestrada
Perugia (Umbria)

5 Il Castello
Ferrara (Emilia Romagna)

6 Curno
Bergamo (Lombardy)

7 CremonaPo
Cremona (Lombardy)

8 I Portali
Modena (Emilia Romagna)

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

Italy was still heavily affected by the restrictive measures implemented by the government and the colour-coded regional system during the first half of 2021.

It was encouraging to see that as soon as most restrictive measures were lifted from May, customers quickly returned to our shopping centres during the second half of the year when footfall steadily increased and reached around 80%-85% of their pre-COVID levels. An even stronger message came from retail sales which reached their pre-pandemic levels during this period.

Similar turnover levels achieved on reduced footfall can partially be explained by customers visiting less frequently and in smaller groups, due to the restrictions still applying to the (family) leisure, entertainment and food and beverage sectors.

## Leasing

Over the last 12 months, 106 relettings and renewals have produced an uplift in rent of 7.6%. 36 of the lease transactions were new lettings achieving an uplift of 12.8%. International brands establishing in Italy continue to take space in our centres with recent examples including JD Sports, Nike, Adidas, Starbucks, Dyson, Hollister and New Yorker. Rituals will soon open their first store in Italy at Carosello. The remerchandising of I Gigli and CremonaPo was completed, leading to the arrival of new international tenants including Starbucks, Pull & Bear and value retailer PepCo, further improving the merchandising mix and the attractiveness of these centres.

## Valuations

Valuations increased by 1.4% over the last six months and by 0.7% over the year, supported by stable exit yields and an increase in net operating income assisted by higher rental indexation. The largest increase in value was on Fiordaliso in Milan, following the successful opening of the 7,000m² pre-let redevelopment of the former hypermarket. The three Italian flagships, I Gigli, Fiordaliso and Carosello were valued at an average yield of 5.1% with the five hypermarket anchored provincial centres valued at 6%.

## Projects

On the project front, in November, we opened the redevelopment of the former Finiper hypermarket in Fiordaliso which has been converted into a multi-level car park and 7,000m² of pre-let shops. New tenants include Adidas, Hollister, New Yorker and Game7, while JD Sports and Bershka have relocated to new enlarged stores. Fiordaliso has traded exceptionally well during 2021, and with a strong Primark and the successful reopening of the Finiper hypermarket in their new external location at the main entrance, Fiordaliso has strengthened its market position as the dominant regional centre south of Milan. With the completion of the project at Fiordaliso, including the multi-level car park, all the Italian shopping centres have obtained BREEAM certifications. Smart meters have been installed at all shopping centres to register and monitor consumption of energy, water and gas. Investigations and feasibility studies are ongoing for the future installation of photovoltaic systems. Structural improvement works have been performed at five shopping centres to improve their resistance to seismic actions.

## Outlook

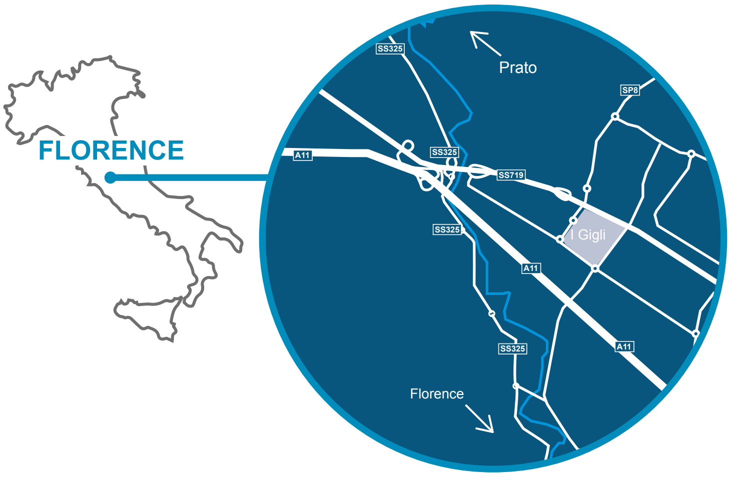
With the lifting of government restrictions we expect to see a continuation of the positive results achieved during 2021 in terms of renewals, relettings and rent collection. Many retailers are demonstrating their confidence in the quality of our shopping centre portfolio by establishing their presence.

We anticipate a positive impact on the economic environment in Lombardy resulting from the infrastructural investments in and around Milan relating to the XXV Winter Olympic games in 2026.

We also believe that the €250bn injection foreseen by the Recovery and Resilience Plan (PNRR), will significantly benefit the Italian economy between 2021 and 2026 and it is forecast that by 2026, Italy's gross domestic product will be 3.6 percentage points higher than the trend and that during the next three years (2024-2026) employment will be 3.2 percentage points higher.

# Italy country report continued

I GIGLI




## ESG

BREEAM®

**FLORENCE – OPENED 1997** *Refurbished in 2017 Extended in 2020*

As Tuscany's leading retail and leisure destination, I Gigli is home to an exceptional mix of 141 retailers, restaurants and services, including international brands such as Primark, Inditex and H&M. The recent opening of Il Cammin de' Gigli links the two main piazzas on the first floor where the merchandising mix has been improved with a new lifestyle destination including Adidas, Nike and JD Sports.

## ACCESSIBILITY

- Bus ATAF & CAP
- Trains from Florence SMN and Prato
- Parking (6,440 spaces)

## SERVICES

- Click & Collect
- Gift Card
- Loyalty Card
- Electric Car Charging
- Digital Signage/ Advertising


- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Books & Toys

## TOP BRANDS

PRIMARK
ZARA
PULL&BEAR
MediaWorld
NIKE

**87,203*** Gross lettable area
**87,203** ECP-owned GLA

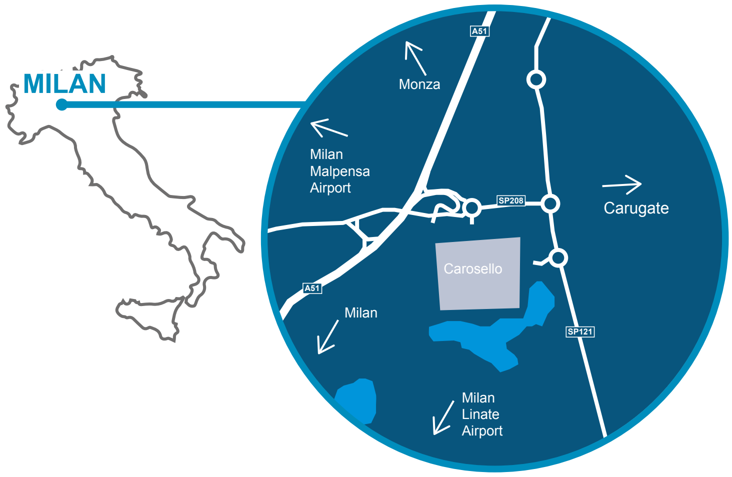
**1.1 million** Catchment

**141** Number of stores
**18** Medium units
**30** Restaurants

**100%** Occupancy*

* Includes retail park and cinema

* calculated on GLA




## ESG

BREEAM®

**MILAN – OPENED 1997**
*Refurbished and extended in 2008*

One of the most important shopping centres in Lombardy and strategically located alongside Milan's ring road, Carosello offers a unique mix of national and international retailers including Apple, Inditex, H&M and a Carrefour hypermarket and is opposite IKEA. Discussions are ongoing with the local municipality for a possible further extension.

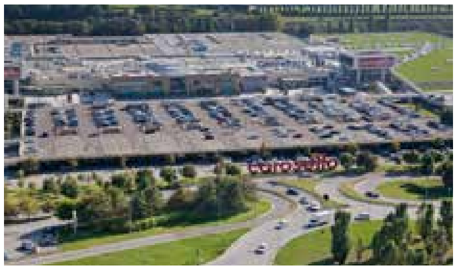
## ACCESSIBILITY

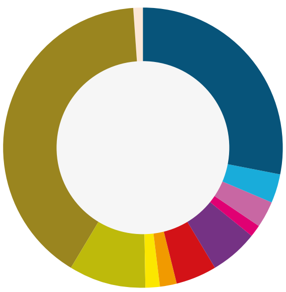
Bus shuttle service – Cologno Metro

Parking (4,000 spaces)

## SERVICES

Free Wi-Fi
Click & Collect
Gift Card
Digital Signage/ Advertising






## TOP BRANDS

52,880* Gross lettable area
52,880 ECP-owned GLA

1.2 million Catchment

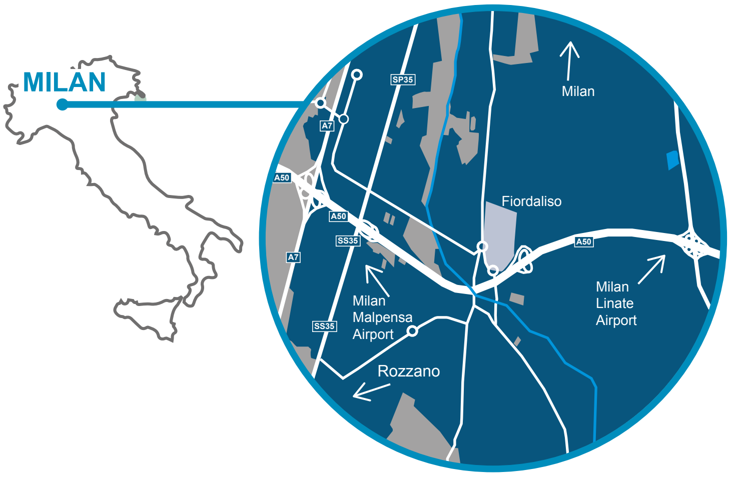
116 Number of stores
9 Medium units
13 Restaurants

100% Occupancy*

* Includes external units

* calculated on GLA

# Italy country report continued




FIORDALISO

## ESG

BREEAM®

**MILAN – OPENED 1992**
*Extended in 2010 and 2021 Refurbished in 2017*

Fiordaliso, to the south of Milan, is one of the dominant shopping centres in the city with a broad mix of national and international brands. Eurocommercial co-owns the centre with leading food retailing group Finiper who have relocated to a new hypermarket adjoining the main entrance. Following the opening of Primark, a 7,000m² extension was completed and pre-let in November 2021 to tenants including Adidas, Game 7, JD Sports, Bershka and New Yorker.

## ACCESSIBILITY

Metro line M2 Abbiategrasso-followed by Tram 15 Isonzo

Parking (4,750 spaces)

## SERVICES

Click & Collect
Gift Card
Loyalty Card
Electric Car Charging
Digital Signage/ Advertising


- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Books & Toys

## TOP BRANDS

PRIMARK, Apple, ZARA, H&M, MediaWorld, DECATHLON

**85,181*** Gross lettable area
**30,420** ECP-owned GLA

**1.3 million** Catchment

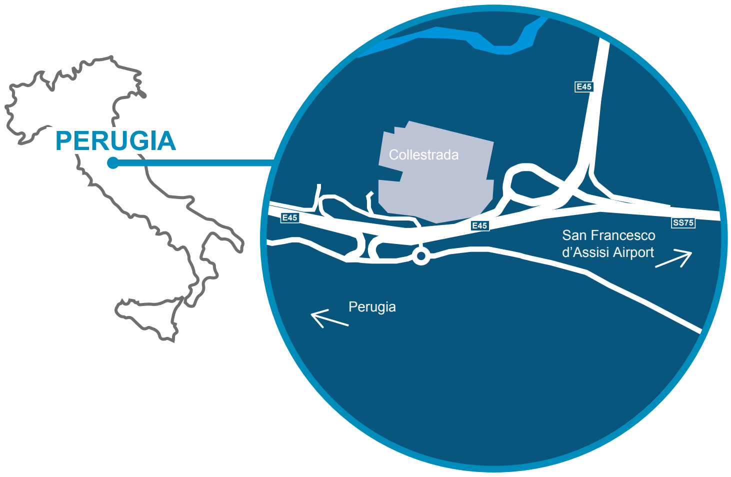
**150** Number of stores
**16** Medium units
**22** Restaurants

**96%** Occupancy*

* Includes retail park and external units

* calculated on GLA

# COLLESTRADA




## ESG

BREEAM®

**PERUGIA – OPENED 1997**
*Refurbished and extended in 2007 Refurbished in 2018*

Collestrada, located south-east of Perugia, is the prime regional shopping centre in Umbria. With a broad tenant mix, including leading brands such as Zara, H&M and Media World, innovative services and a diverse events programme, the centre has grown in popularity with young customers over the years. Following a recent refurbishment, investigations are ongoing for an extension.

## ACCESSIBILITY

- Bus line Q2
- Train Ponte San Giovanni
- Parking (1,900 spaces)

## SERVICES

- Click & Collect
- Gift Card
- Electric Car Charging
- Digital Signage/ Advertising

- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket

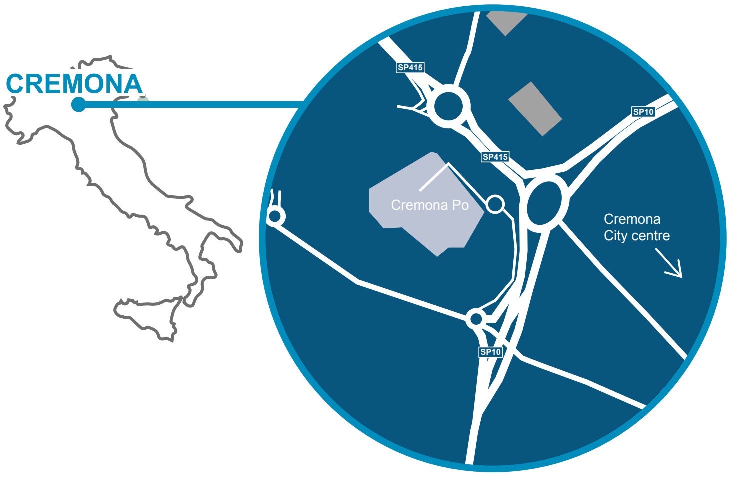
## TOP BRANDS

ZARA, H&M, PULL&BEAR, Bershka, MediaWorld, KING

| | | | |
|---|---|---|---|
| 32,134 Gross lettable area<br>32,134 ECP-owned GLA | 494,000 Catchment | 51 Number of stores<br>7 Medium units<br>6 Restaurants | 97% Occupancy* |

* calculated on GLA

# Italy country report continued




## ESG

BREEAM®

**CREMONA – OPENED 2006**
*Refurbished in 2017 New retail park built in 2018*

CremonaPo is located in the city of Cremona and is the largest shopping destination in the province including two adjacent retail parks. It is popular with families with its varied offer of retail and entertainment, with over 80 shops, 14 bars and restaurants, a multiplex 10-screen cinema and a wide range of family-friendly services.

## ACCESSIBILITY

Bus lines C & L

Parking (2,560 spaces)

## SERVICES

Free Wi-Fi
Click & Collect
Electric Car Charging

- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Books & Toys
- Cinema

## TOP BRANDS

H&M
Bershka
Maisons du Monde

53,864* Gross lettable area
42,470 ECP-owned GLA

166,000 Catchment

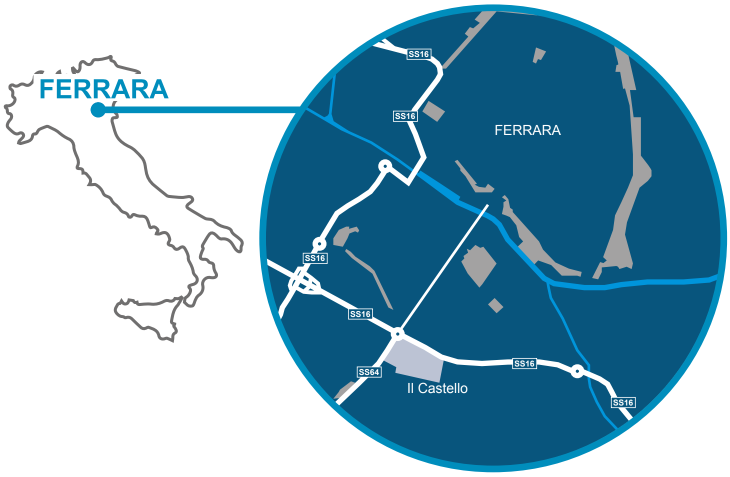
87 Number of stores
17 Medium units
14 Restaurants

94% Occupancy*

* Includes two retail parks and external units

* calculated on GLA

IL CASTELLO
CENTRO COMMERCIALE




## ESG

BREEAM®

**FERRARA – OPENED 1990**
*Extended in 1996 Refurbished in 2011 and 2018*

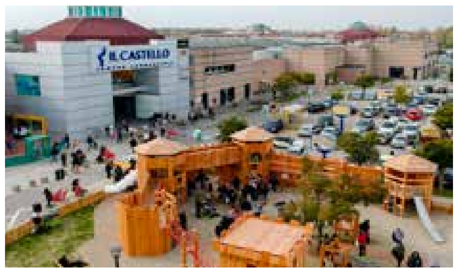
Il Castello is the leading shopping centre in the province of Ferrara with nearly 90 stores, including the only Zara and Bershka stores in the catchment. It is anchored by a Coop hypermarket.

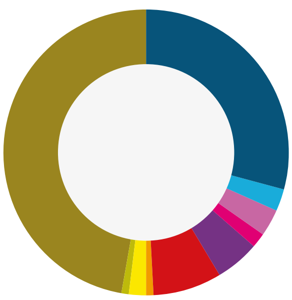
## ACCESSIBILITY

- Bus line 11
- Parking (2,360 spaces)

## SERVICES

- Free Wi-Fi
- Click & Collect
- Gift Card
- Digital Signage/ Advertising





- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket

## TOP BRANDS

ZARA, H&M, PULL&BEAR, NESPRESSO, coincasa, OVS

**38,520** Gross lettable area
**20,683** ECP-owned GLA

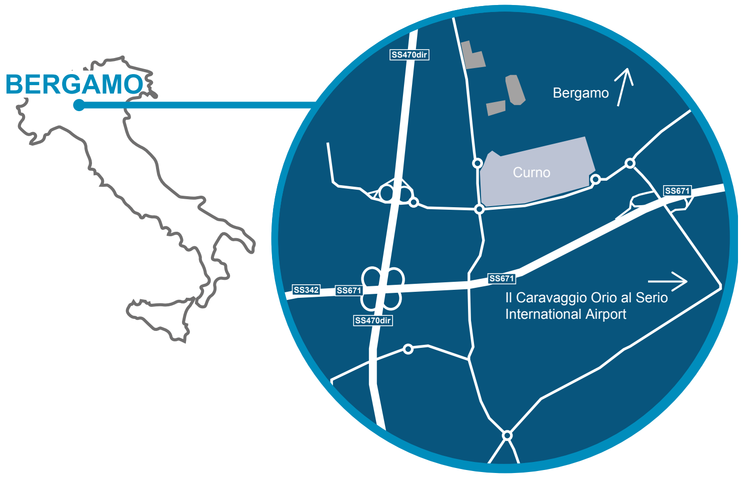
**428,000** Catchment

**88** Number of stores
**5** Medium units
**10** Restaurants

**95%** Occupancy*

* calculated on GLA

# Italy country report continued




## ESG

BREEAM®

**BERGAMO – OPENED 1991**
*Refurbished in 2004 Extended in 2019*

Curno is well established in a wealthy catchment area west of Bergamo. Comprising over 85 shops, it is one of the most important centres in Lombardy. It is anchored by a Spazio Conad hypermarket and 'Le Cucine di Curno', a themed dining hall providing visitors with 21 food and beverage outlets.

## ACCESSIBILITY

Parking (2,300 spaces)

## SERVICES

- Click & Collect
- Loyalty Card
- Electric Car Charging
- Digital Signage/ Advertising



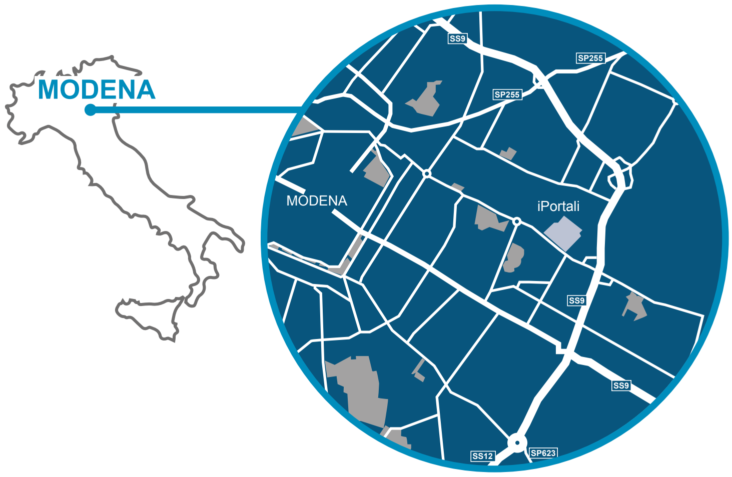
## TOP BRANDS

MediaWorld, Bershka, Foot Locker, Maisons du Monde, Sephora, KFC

| | | | |
|---|---|---|---|
| 39,113 Gross lettable area<br>20,918 ECP-owned GLA | 481,000 Catchment | 88 Number of stores<br>6 Medium units<br>21 Restaurants | 99% Occupancy* |

* calculated on GLA

# iPortali
CENTRO COMMERCIALE




ESG

BREEAM®

**MODENA – OPENED 1998**
*Refurbished in 2015*

Located close to Modena city centre, I Portali is well established in its catchment with a strong Coop anchor. Discussions are ongoing with the municipality of Modena regarding a possible extension.

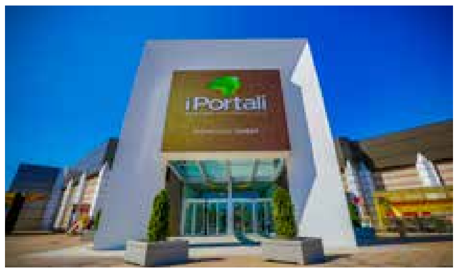
## ACCESSIBILITY

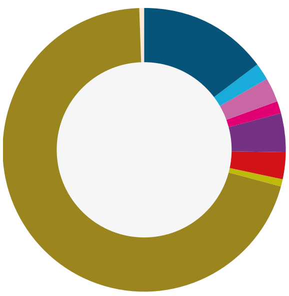
Bus lines 8 & 14

Parking (2,200 spaces)

## SERVICES

Click & Collect
Gift Card
Electric Car Charging
Digital Signage/ Advertising






## TOP BRANDS

PIAZZA ITALIA
Bata
OVS

22,428
Gross lettable area
7,770
ECP-owned GLA

346,000
Catchment

50 Number of stores
2 Medium units
7 Restaurants

94%
Occupancy*

* calculated on GLA

# Sweden country report

*“Our shopping centres again remained fully open resulting in full rent collection and significantly higher levels of footfall and sales than the pre-pandemic period.*

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

**€893.6m**
Property value

**7**
Number of properties

**1.1%**
Valuation change (12 months)

**475**
Number of shops

**3.9%**
Average uplift from relettings & renewals

**285,456m²***
Gross lettable area

## Property locations

1 Bergvik
Karlstad (Värmland)

2 Hallarna
Halmstad (Halland)

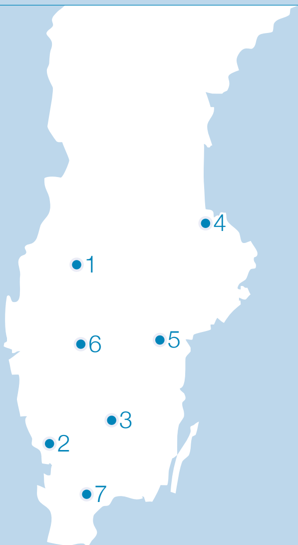
3 Grand Samarkand
Växjö (Småland)

4 Valbo
Gävle (Gästrikland)

5 Ingelsta Shopping
Norrköping (Östergötland)

6 Elins Esplanad
Skövde (Västergötland)

7 C4
Kristianstad (Skåne)




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

In Sweden, our seven shopping centres have remained fully open and trading during 2021, as they have been throughout the whole of the pandemic. In the first half of the year there were some restrictions covering the F&B sector and on the number of customers allowed in stores, and with government recommendations generally not encouraging retail activity, turnover and footfall were a little down on normal levels during the spring.

With the lifting of restrictions coinciding with the resumption of normal trading hours in the shopping centres, retail sales and footfall rebounded very strongly during the summer and maintained consistently high levels during the remainder of the year. Footfall reached their pre-pandemic levels by the end of June, while during H2 2021 retail sales showed exceptionally strong growth being 14.3% above H2 2020 and 5.7% above the pre-pandemic H2 2019. All sectors performed very well with particularly strong growth from fashion, sport, health and beauty, gifts and jewellery, home goods and groceries. Our shopping centres have all benefitted not only from their dominant position in their regions, but also from their strong provision of essential and everyday goods, particularly hypermarkets and Systembolaget (the state alcohol monopoly) which helped to maintain consistently high levels of footfall during the pandemic period.

## Leasing

2021 saw a continuation of the trend for the largest Scandinavian retail groups to rationalise their store portfolios, concentrating on a reduced number of profitable units in prime retail locations. H&M have been the most important of several examples and have almost doubled the size of their units in five of our centres by opening their full concept stores including H&M Home. In three of those locations, H&M have already closed their smaller, older city centre units leaving the new H&M stores in our centres as their only stores serving a catchment of up to 300,000. During in 2021, 97 lease renewals and relettings were completed producing an overall uplift of 3.9%. 28 of these lease transactions were new lettings producing an uplift 9.4%, including a lease to Cassels at C4 and new lettings to Hemtex, Clas Ohlson, New Yorker, Rituals and the expanding Danish value retailer, Normal who are now established in six of our shopping centres. At Hallarna there were important summer openings of Lagerhaus and Newbie, KappAhl's expanding children's clothing concept. By the end of October, IKEA had successfully opened their new planning studio concept in Grand Samarkand, Ingelsta Shopping and Hallarna.



**Above**
IKEA at Samarkand.

**Left**
Newbie at Hallarna.

# Sweden country report continued

## Valuations

Valuations increased by 1.1% over 12 months and by 1.4% over six months. In their reports, the valuers identified several shopping centre transactions that completed during December including Solna Centrum, Väsby and Bålsta, all at yields estimated at 5% or just below. The valuers also commented on the secure and increasing net operating income, strong retail sales growth and vacancy of only 1.2%, all resulting in full rent collection rates throughout the year.

## Project

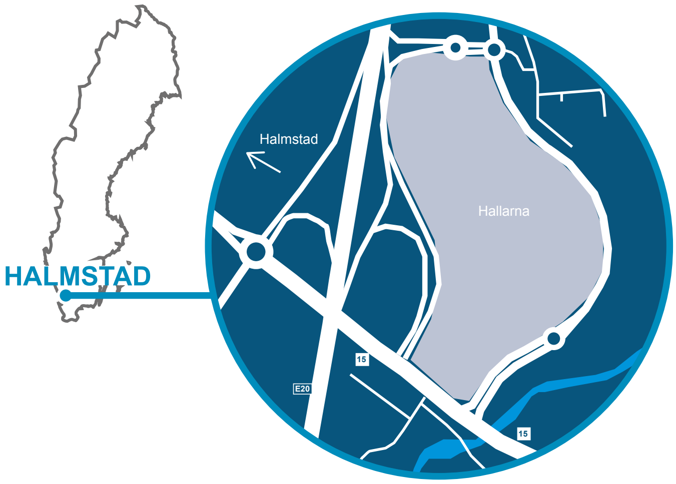
On the project side, the refurbishment and new masterplan at Valbo has provided stronger footfall and retail sales following the arrival of several new retailers including New Yorker and Hemtex and enlarged stores for H&M and Intersport. The focus is now on phase III of the project which will provide an additional 1,000m² and a new entrance to a renovated car park, thereby completing the masterplan and improving the tenant mix with seven new shops including further national brands in F&B and consumer electronics.

## Outlook

New government restrictions with the arrival of the Omicron variant were introduced in late December 2021, too late to have any serious impact on the busy Christmas trading period. With our centres remaining fully open and trading and with the lifting of all restrictions from February 2022, we expect another year of solid retail sales growth and healthy tenant demand for our shopping centres.

Hallarna Lagerhaus.

# Hallarna




## ESG

BREEAM®

**HALMSTAD – OPENED 1991**
*Refurbished and extended in 2017*

Hallarna is the dominant regional shopping centre in Halland with 85 shops, restaurants and a newly renovated hotel. Hallarna is located alongside the E6 motorway outside Halmstad, a popular west coast tourist destination. A major refurbishment and 16,000m² extension recently opened fully let. Hallarna was awarded Best Shopping Centre of the year 2019 by NCSC.

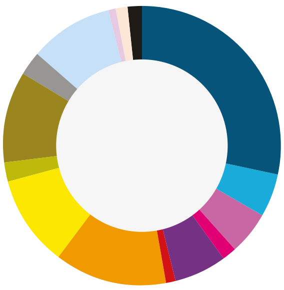
## ACCESSIBILITY

Bus lines 2 & 3 from Halmstad

Parking (1,500 spaces)

## SERVICES

Free Wi-Fi · Click & Collect · Gift Card · Bus · Digital Signage/ Advertising




## TOP BRANDS

H&M · XXL · McDonald's · Normal · Systembolaget · Coop · Stadium

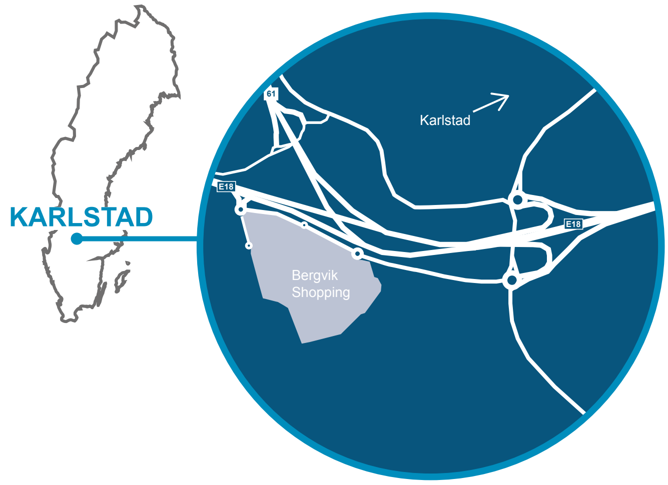
| | | | |
|---|---|---|---|
| 41,447* Gross lettable area<br>41,447 ECP-owned GLA | 270,000 Catchment | 85 Number of stores<br>12 Medium units<br>8 Restaurants | 92% Occupancy* |

* Includes hotel

* calculated on GLA

# Sweden country report continued

## Bergvik




### ESG

BREEAM®

**KARLSTAD – OPENED 1982**
*Refurbished and extended in 2003, 2015 and 2016*

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

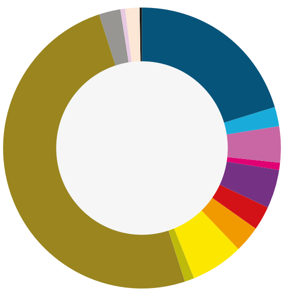
### ACCESSIBILITY

Bus lines 1 & 4 from Karlstad

Parking (2,200 spaces)

### SERVICES

Free Wi-Fi | Click & Collect | Gift Card | Bus | Digital Signage/ Advertising




### TOP BRANDS

H&M, Kappahl, Nordic Wellness, Normal, Systembolaget, Coop, Maxi ICA Stormarknad, Lindex

**48,786*** Gross lettable area
**32,561** ECP-owned GLA

**270,000** Catchment

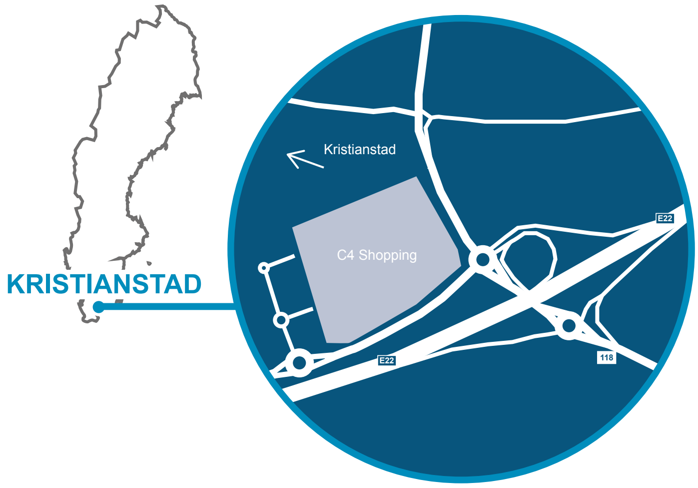
**70** Number of stores
**8** Medium units
**9** Restaurants

**100%** Occupancy*

* Includes external units

* calculated on GLA

# C4




## ESG

BREEAM®

## KRISTIANSTAD – OPENED 2018

C4 comprises a new shopping centre and an adjoining City Gross hypermarket located alongside the E22 motorway outside Kristianstad and serves a regional catchment of 300,000. An adjoining retail park and new residential developments strengthen the retail zone which has attracted most of Sweden's important retailers.

## ACCESSIBILITY

Bus lines 545, 551 & 558 from Kristianstad

Parking (1,700 spaces)

## SERVICES

Free Wi-Fi | Click & Collect | Gift Card | Bus | Digital Signage/Advertising

- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Storage
- Books & Toys

## TOP BRANDS

H&M, Stadium, Lindex, Lidl, City Gross, Normal

**39,464** Gross lettable area
**39,464** ECP-owned GLA

**300,000** Catchment (within 20 minutes)

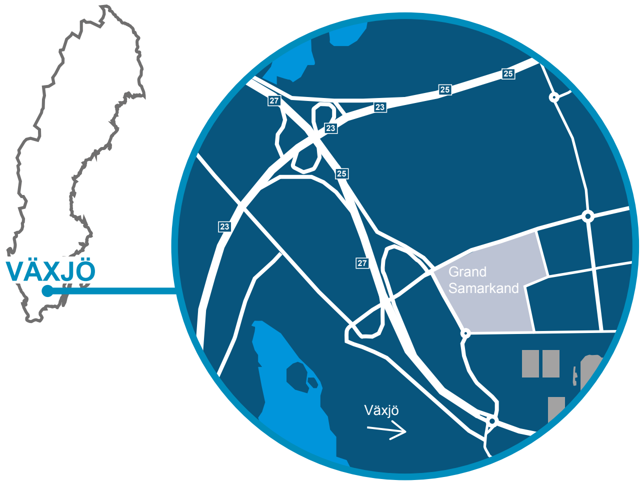
**90** Number of stores
**13** Medium units
**10** Restaurants

**99%** Occupancy*

* calculated on GLA

# Sweden country report continued

GRAND SAMARKAND




## ESG

BREEAM®

**VÄXJÖ – OPENED 1973**
*Refurbished and extended in 2011*

Grand Samarkand is located in the main external retail zone of Växjö and is the most popular shopping destination in Småland. The shopping centre was recently redeveloped in 2011 to provide 65 shops and restaurants and adjoins an ICA hypermarket.

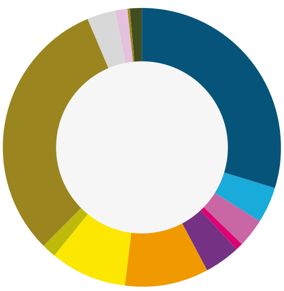
## ACCESSIBILITY

Bus lines 3, 4 & 8

Parking (1,500 spaces)

## SERVICES

Free Wi-Fi
Click & Collect
Gift Card
Bus
Digital Signage/ Advertising

- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Systembolaget
- Storage
- Other
- Parkings
- Books & Toys

## TOP BRANDS

H&M, Kappahl, Stadium, Normal, Systembolaget, Lindex, Maxi ICA Stormarknad

**37,155*** Gross lettable area
**24,723** ECP-owned GLA

**240,000** Catchment

**65** Number of stores
**9** Medium units
**9** Restaurants

**100%** Occupancy*

* Includes external units

* calculated on GLA

# VALBO


## ESG

BREEAM®

**GÄVLE – OPENED 1970**
*Refurbished in 2020*

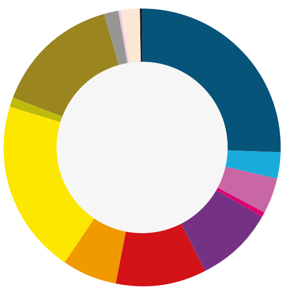
Valbo is located on the E16 motorway to the west of Gävle and is an established regional shopping centre having been inaugurated in 1970. Valbo comprises 37,000m² and is let to 75 retailers including a Coop hypermarket and part of the adjoining IKEA. An adjoining retail park further strengthens the retail zone. A major refurbishment and improvement to the masterplan was recently completed to include new stores for New Yorker, Hemtex and a full-concept H&M.

## ACCESSIBILITY

- Bus line 41 from Gävle
- Parking (1,800 spaces)

## SERVICES

- Free Wi-Fi
- Click & Collect
- Gift Card
- Bus
- Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Systembolaget
- Storage
- Books & Toys
- Other

## TOP BRANDS

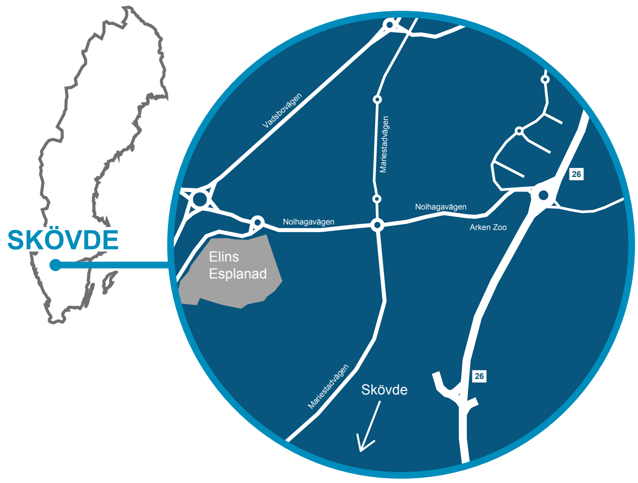
H&M, Kappahl, Stadium, Normal, Systembolaget, Coop, IKEA

| | | | |
|---|---|---|---|
| **54,543*** Gross lettable area<br>**36,953** ECP-owned GLA | **250,000** Catchment | **75** Number of stores<br>**11** Medium units<br>**8** Restaurants | **100%** Occupancy* |

* Includes retail park and external units

* calculated on GLA

# Sweden country report continued




## ELINS ESPLANAD

## ESG

BREEAM®

**SKÖVDE – OPENED 1997**
*Refurbished and extended in 2020*

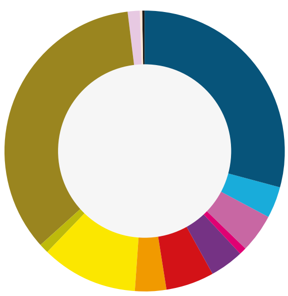
Elins Esplanad provides 40 shops and an ICA hypermarket and is the first shopping choice in Skövde, with a catchment of 240,000 people. Recent store openings include H&M, Cassels and a Nordic Wellness gym. Planning approval for a further 5,000m² GLA has been obtained and could provide 13 additional shops and restaurants.

## ACCESSIBILITY

- Bus lines 2 & 6 from Skövde
- Parking (1,000 spaces)

## SERVICES

Free Wi-Fi | Click & Collect | Gift Card | Bus | Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Storage
- Books & Toys
- Other

## TOP BRANDS

H&M
Kappahl
stadium
LINDEX
MAXI ICA STORMARKNAD

**26,317** Gross lettable area
**26,317** ECP-owned GLA

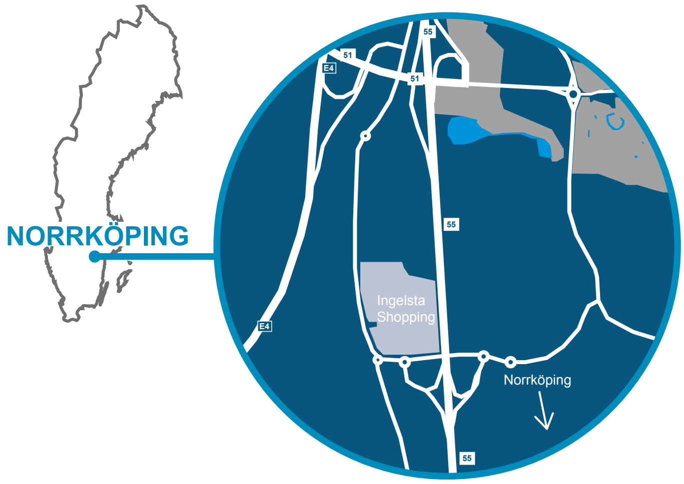
**240,000** Catchment

**40** Number of stores
**10** Medium units
**5** Restaurants

**100%** Occupancy*

* calculated on GLA

# ingelsta shopping




## ESG

BREEAM®

**NORRKÖPING – OPENED 1994**
*Refurbished in 2009 Extended in 2008 and 2018*

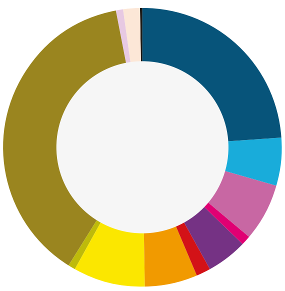
Ingelsta Shopping is located in the main external retail area of Norrköping at the city's northern entrance from the E4 motorway. Ingelsta Shopping was recently refurbished and extended and comprises an ICA hypermarket and 50 shops and a recently renovated foodcourt.

## ACCESSIBILITY

- Bus lines 12 & 13 from Norrk ping (stop Tennagatan)
- Parking (1,200 spaces)

## SERVICES

Free Wi-Fi | Click & Collect | Gift Card | Bus | Digital Signage/ Advertising



- Fashion
- Shoes
- Health & Beauty
- Gifts & Jewellery
- Food - Restaurants
- Services
- Sport
- Home Goods
- Telecom & Electrical
- Hypermarket
- Storage
- Books & Toys
- Office
- Other

## TOP BRANDS

H&M, LINDEX, Kappahl, MAXI ICA STORMARKNAD, stadium

| | | | |
|---|---|---|---|
| 37,744* Gross lettable area<br>24,981 ECP-owned GLA | 280,000 Catchment | 50 Number of stores<br>7 Medium units<br>6 Restaurants | 100% Occupancy* |

* Includes external units

* calculated on GLA

# Corporate Governance

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

The full text of the Code can be found on the website www.mccg.nl.

In the following paragraphs the aforementioned broad outline is presented.

## General Meeting of Shareholders

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

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

## Supervisory Board

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 vision of the Board of Management on long-term value creation for the Company, the related strategy and the achievement of corporate goals. In addition, the Supervisory Board supervises the proper management of internal risk and execution of control structures, the property and financial reporting process, and legal and regulatory compliance. Finally, the Supervisory Board is involved in drawing up the remuneration policy of the Company and ratifies the individual remuneration of the Board of Management members according to the policy and remuneration proposals approved by the General Meeting of Shareholders. Under powers granted to it by the General Meeting of Shareholders for the period to 31 December 2022, the Board of Management, subject to the approval of the Supervisory Board, is authorised to issue new shares up to a maximum of 10% of the issued share capital and to determine the terms of issue, including the power to limit or exclude the pre-emptive rights of existing shareholders. Mutatis mutandis the same applies to the granting of rights to subscribe for shares.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. This Board also determines the number of Managing Directors and Supervisory Directors of the Company. The General Meeting of Shareholders determines the remuneration of members of the Supervisory Board. 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. Any proposal for appointment or reappointment to the General Meeting of Shareholders shall be properly explained. In the case of a reappointment, account will be taken of the candidate's performance and functioning as a Supervisory Director. The rules and regulations of the Supervisory Board stipulate that the maximum term of office is 12 years. The Code provides for the basic principle that Supervisory Directors are appointed for two periods of four years. Reappointment is possible for a maximum term of a further two two-year periods. A resolution by the General Meeting of Shareholders to dismiss or suspend a Supervisory Director can be passed with a simple majority of the votes cast, representing more than half of the issued share capital.

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

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

## Board of Management

The Board of Management (consisting of Evert Jan van Garderen, Roberto Fraticelli and Peter Mills) is responsible for managing the Company and its subsidiaries. The Board of Management is responsible for the business continuity of the Company and sets the strategy for the Company to achieve long-term value creation. 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 optimises the risk management and control of the Company, its financing and ensures that the Company and its subsidiaries comply with legal and other applicable regulatory requirements.

The members of the Board of Management are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. Managing Directors are appointed for a maximum renewable period of four years. The Board of Management's remuneration is determined in line with the policy set out in the Remuneration Report. Key indicators for their remunerations are based on aligning the Board of Management's interests with those of the stakeholders. The remuneration of the Board of Management is submitted to the General Meeting of Shareholders for approval. The Supervisory Board annually prepares a Remuneration Report which is posted on the Company's website.

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

### Evert Jan van Garderen, Chief Executive Officer

Evert Jan van Garderen (60) joined Eurocommercial in 1994 after experience in a major law firm and an international investment group. He held the position of Chief Financial Officer from 1994 until he was appointed Chief Executive Officer in November 2020. Mr van Garderen, a graduate of Erasmus University Rotterdam, is both a Chartered Accountant and a qualified lawyer.

### Roberto Fraticelli, Chief Financial Officer

Roberto Fraticelli (50) joined Eurocommercial in 1998. He was appointed Chief Financial Officer in November 2020 and holds the position of Head of Italy since 2016. Mr Fraticelli holds a university degree in Business Administration from the LUISS University (Rome), a degree in Political Science from the University of Amsterdam and an Executive MBA from the Erasmus University Rotterdam. He is also a Chartered Surveyor.

### Peter Mills, Chief Investment Officer

Peter Mills (63) joined Eurocommercial in 1993 after experience at major international property consultants covering the UK and European retail markets. Mr Mills was responsible for the Company's operations in Sweden until he was appointed Chief Investment Officer in November 2020. Mr Mills is a Chartered Surveyor and read Land Economy at Cambridge University.

# Corporate Governance continued

## Change of the Company's governance by the winding up of the Administrative Foundation

In its 15 month results 2019/2020 report published on 27 October 2020, the Company announced it would modernise its corporate governance and that the Board of Management and the Supervisory Board would prepare a proposal for a change of the Company's governance for the winding up of the Administrative Foundation (STAK), to allow all shareholders and holders of depositary receipts to decide on the matter in the 2021 Annual General Meeting (AGM). Following the announcement of the intention to terminate the Company's depositary receipt structure, the AGM on 8 June 2021 approved the amendment of the Company's articles of association required to implement the share consolidation and the conversion of the depositary receipts into shares. On 15 September 2021, the Company terminated its depositary receipt structure and on that date the consolidation and conversion of depositary receipts into shares took place. As a result of the termination of the depositary receipt structure, STAK was subsequently dissolved on 6 October 2021.

As from 15 September 2021 there are only shares in the capital of the Company, each share having a nominal value of € 10 and each share carrying one vote.

## 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 Supervisory Board also meets the external auditor without the presence of the Board of Management. The quarterly, half-year and annual figures presented in press releases are discussed with the external auditor prior to publication. The annual accounts are audited by the external auditor.

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

KPMG Accountants N.V. were reappointed as the Company's auditors by the General Meeting of Shareholders in June 2021 for the financial year 2022. The reappointment of the Company's auditors for the financial year 2023 will be tabled at the 2022 Annual General Meeting.

## Corporate governance best practice

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

### Principle 1.3 of the Code

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

### Principle 3.2 of the Code

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

### Provision 4.3.3 of the Code

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

## Corporate responsibility

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

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

The Company is committed at both the corporate and operational level to minimising the impact of its business activities on the environment. The Company discloses its energy and water consumption, waste production and greenhouse gas emissions on an annual basis. This information can be found on page 54.

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

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

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

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

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

The Company employed an average of 92 full-time equivalent persons during the financial reporting period, of whom 21 are employed in The Netherlands, 34 in Italy, 26 in France and 11 in Sweden. 57% of employees are female and 43% are male. Of the workforce, 10 are under the age of 30, 57 are between the ages of 30 and 50 and 25 are over the age of 50. These facts show how diversity is implemented throughout the organisation by differences in nationality, age and gender.

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

# Corporate Governance continued

## Organisation, culture and long-term value creation

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

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

Investment in property is a local and long-term business. The country teams therefore comprise mainly nationals and residents of the country in which investments are made. The teams consist of skilled professionals with relevant experience who understand the importance of local values and practices to avoid errors and mistakes. There is a significant number of employees who have been employed for more than ten years.

At the same time an international organisation requires high standards of transparency, reporting and accountability. The Company is promoting clear and open communication and taking responsibility. Complying with high standards of good business practices is fundamental for long-term value creation. A good long-term relationship with tenants, local communities and governments requires diligent staff who adhere to proper business ethics and are fully aware that reputational risk for the Company and its employees is a very important risk factor which needs to be carefully managed. Training of management and staff in these areas and cross-country meetings and visits by management and staff members therefore take place regularly, so that there is good internal knowledge sharing and a good understanding of how Eurocommercial management and staff should act and perform. The Code of Conduct of the Company provides the core rules for management and staff to adhere to and provides guidance on behaviour and on maintaining the Eurocommercial values. During the financial reporting period no violation of the Code of Conduct has been reported or established.

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

## Remuneration

The remuneration policy for Supervisory Directors and Managing Directors, which has been applicable in previous years, has been continued. Supervisory Directors receive a fixed fee. Managing Directors may be entitled to cash bonuses in addition to their base salaries. These bonuses, like those of the senior managers, are directly linked to the annual growth in the Company's net asset value, dividend per share and the annual relative performance as per the end of the financial year of the listed shares of the Company compared with a peer group of ten listed retail property companies. This growth percentage, if any, is used to calculate the variable income as a percentage of base salary. Since 2012, a Performance Share Plan has been in place for Managing Directors, regional directors and permanent staff of the Company. Under this scheme, conditional shares receipts may be granted from time to time, but these only vest after three years have lapsed from the date of granting, provided certain targets are met. After vesting, these shares 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 108.

# Risk Management

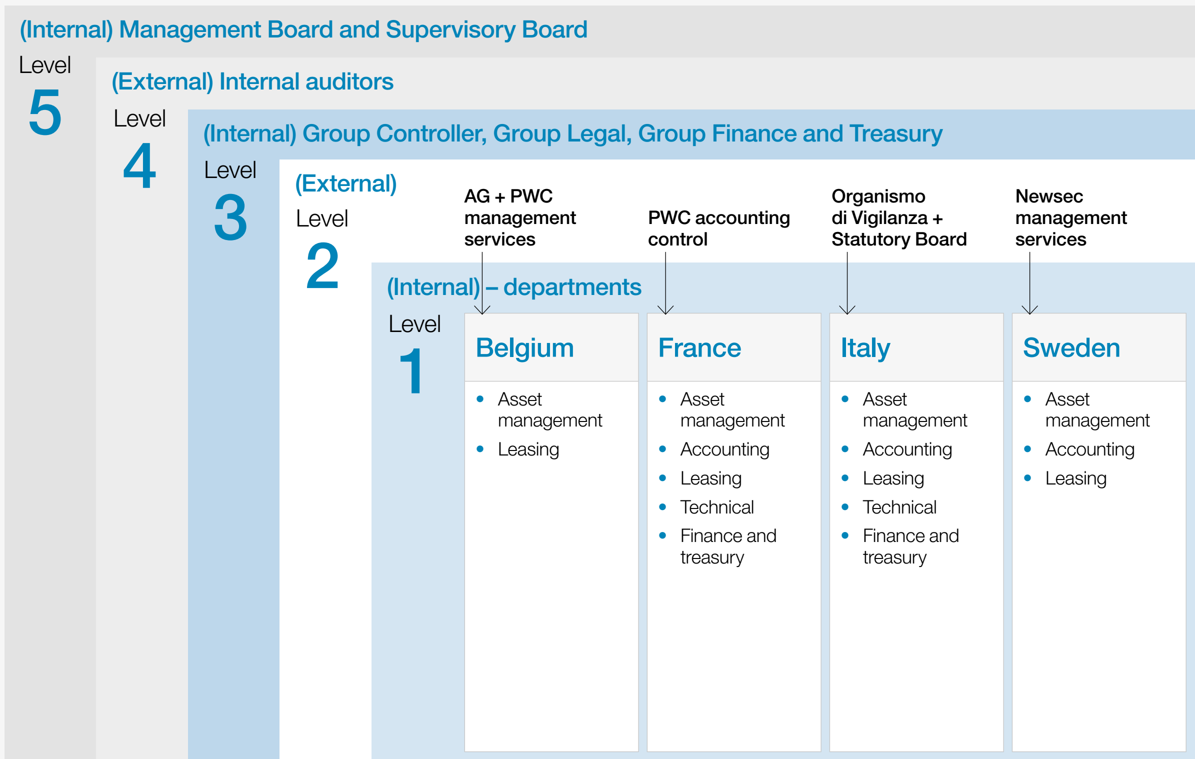
## Internal risk management and control systems

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

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

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

### Control systems for Eurocommercial Properties



# Risk Management continued

Detailed procedures and responsibilities for the various country teams, as well as for the segregation of duties and authorisation structures have been implemented and maintained. Payment procedures are very detailed and strict. Payments always require the involvement of the Amsterdam head office, where all payments for the Group are finally authorised by at least two senior signatories, as country offices cannot make any payments under the procedures in place. Strict procedures are also observed for the periodic drawing up of monthly, quarterly and annual figures on the basis of the adopted policies. The internal management reporting system is designed to directly identify developments in the value of investments and in income and expenses. For this purpose, use is made of electronic data processing within automated, integrated central information systems. There is a back-up and recovery plan in place so that data can be restored. IT systems and data bases are located at a professional specialised external data centre with high protection against disruptions and power failure. Professionally managing and controlling risks associated with safeguarding the continuity, availability, functioning and security of its IT systems is of vital importance to the Company. The Company invests in further digitalising its corporate processes, focusing extensively on the security of its data and other information, to prevent serious business interruptions and cybercrime and to comply with prevailing privacy legislation.

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

## Risk management policies

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

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

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

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

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

## Strategic risk

### Global economy/occurrence of a pandemic

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

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

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

### Evolution of the retail market

In the countries where the Company operates its shopping centres, online shopping has been increasing over the past years. However, physical retail still forms the foundation of our retailers' predominantly omnichannel business.

The Company owns shopping centres which have a good mix of shops and a supermarket/hypermarket for daily shopping needs. Although the pandemic increased risk concerns on the retail sector, it is now clear that notwithstanding the increased use of online shopping during the lockdowns, customers have returned to our shopping centres with a full recovery of retail sales.

### Country and sector weighting of assets

The Company invests in a relatively predictable real estate sector (retail) and in relatively wealthy and stable economies (Belgium, France, Italy and Sweden) to minimise economic and political risk. By limiting the number and types of sectors and countries in which the Company operates, management can maintain a high level of understanding and insight into how the assets perform, which in turn reduces risk. However, the diversification achieved by investing in these countries, both in provincial and major cities, reduces risk further, as well as the spread among a large number of tenants, with a relatively small exposure to any one single tenant (largest exposure to one single tenant is 4% of total portfolio rent.

### Timing of investments and divestments

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

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

# Risk Management continued

## Operational risk

### Asset selection

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

### Counterparty risks

The risk of the Company doing business with parties that are found not to operate in good faith, are fraudulent or have a bad reputation. It also concerns the risk of our employees being part of a fraudulent transaction. The Company only wishes to do business with parties of good standing and reputation. A Know your counterparty (KYC) check is a standard element of the due diligence process for acquisitions and divestments, as well as for new lease contracts, new suppliers or for entering into new partnerships. The Company's Code of Conduct provides the core rules for management and staff exposed to counterparty risks.

### Tenant selection and credit risk

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

### Physical condition of properties

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

### Property extension/redevelopment risk

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

### Taxation

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

## Cybersecurity risk

The rapid technological advancements, the constant change in the cyber threat landscape and the increasing digitalisation of the economic and social environments, have therefore greater cybersecurity risks that may potentially have an adverse impact on the Company's organisation and the achievement of its business objectives. The Company manages these cybersecurity risks as effectively as possible by identifying and classifying them and providing a business analysis of the impacts and of the processes linked to the digital assets.

## Financial risk

### Credit risk

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

### Interest rate risk

As the Company's policy is to have long-term investments, the borrowings used to fund them are also long-term (five to ten years but preferably for ten years or more). The Company uses fixed interest loans, interest rate swaps and other financial instruments to manage its interest rate risk. It is Company policy to operate a defensive interest rate hedging policy to protect the Company against increases in interest rates. The Company is hedged at an average interest rate of 1.6% and only 18% of the total borrowings are at a floating rate. An increase in interest rates of 1% would therefore only have a limited negative impact of an additional annual interest expense of €1.5 million, or 1.4%, of the reported direct investment result.

### Liquidity risk

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

### Currency risk

The only significant foreign currency exposure for the Company is its exposure to the Swedish property markets. However, due to SEK loan facilities with major financial institutions and currency swaps (if applicable), a hedging of the foreign currency is achieved up to 39%. The remaining exposure is relatively limited compared with the total size of the portfolio and will in principle not be hedged. Net SEK income may also be hedged from time to time by using defensive currency derivatives. A weakening of this currency by 5% would result, for example, in a decrease of shareholders' equity of only 1.1% and in a decrease of only 1.5% 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.

## Compliance risk and reputation risk

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

# Risk Management continued

## Climate and related risks

We recognize that climate change poses risks to our assets, tenants, investors and local communities. Physical climate risks such as flooding are evaluated during our asset level risk assessments aligned with the international scheme of BREEAM In-Use. In the next year we will perform a portfolio wide analysis of the impact of climate-related risks on our business and operations and we will report accordingly. Further, it is noted that the majority of the assets in the consolidated statement of financial position consists of investment property valued at fair value. On that basis, we have concluded that the effect of climate-related risks does not have a material impact on accounts and disclosures, including judgments and estimates in the financial statements for the financial year ended 31 December 2021.

## In control statement

The Company has a description of the organisation of its business operations (Administrative Organisation and Internal Control). During the financial year ended 31 December 2021, the Company has evaluated various aspects of the Company's Administrative Organisation and Internal Control and found nothing to indicate that the description of the structure of the Company's Administrative Organisation and Internal Control does not meet the requirements as included in the Code. Also, there have been no indications during the financial year ended 31 December 2021 that the Company's Administrative Organisation and Internal Control were ineffective and did not function in accordance with the description. The Board of Management therefore states with a reasonable level of assurance that the organisation of its business operations functioned effectively and in accordance with the description. It is not expected that during the current financial year a major change will be made to the design of the Company's administrative organisation and internal control. Due to its size, the Company has no internal audit department, but has outsourced the internal audit function to a reputable audit firm.

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

The Board of Management believes that the design of the internal controls for financial reporting provide a reasonable level of assurance: (i) to prevent material inaccuracies in the financial statements of the Company for the financial year ended 31 December 2021, as included in this Annual Report; and (ii) that the risk management and control systems as described above worked properly in the financial year ended 31 December 2021.

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

## Insurance

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

## Taxation

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

*Amsterdam, 13 April 2022*
**Board of Management**
E.J. van Garderen
R. Fraticelli
J.P.C. Mills

## Responsibility statement

With reference to the EU Transparency Directive and Article 5:25c, section 2 c sub 2 of the Act on Financial Supervision, we hereby state to the best of our knowledge that the financial statements for the financial year ended 31 December 2021 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, 13 April 2022*
**Board of Management**
E.J. van Garderen
R. Fraticelli
J.P.C. Mills.

# Report of the Board of Supervisory Directors

**To the General Meeting of Shareholders**

## Financial statements

We are pleased to present the Annual Report of Eurocommercial Properties N.V. for the financial year ended 31 December 2021, as drawn up by the Board of Management. The auditors, KPMG Accountants N.V., have audited the financial statements and have issued an unqualified report thereon. We recommend that you adopt the financial statements.

## Dividend proposal

We support the proposal of the Board of Management to distribute a cash dividend of €1.50 per share and a mandatory scrip dividend of one new share for 75 existing shares held for the financial year ended 31 December 2021.

## The impact of COVID-19

Since the start of the pandemic the Company has issued several press releases on the impact of the COVID 19 restrictions as issued by the national and local governments and the impact on its business. In these press releases attention was paid to among others (temporary) closures of the shopping centres, restrictions on client capacity, the impact on turnover and footfall, agreement on rent concessions, secured rental income and arrears. Per 1 May 2022 the restrictions will be lifted in all countries.

## Provision of information

During the financial year under review, there were eight formal meetings of the Supervisory Board which were also attended by the Board of Management. In the year under review there were numerous contacts between (members of) the Supervisory Board and (members of) the Board of Management to share information in respect of the impact of the COVID-19 pandemic on the business of the Company, apart from the scheduled Supervisory Board meetings. In addition to the extensive information provided in connection with these meetings, the Supervisory Board is kept informed on a monthly basis of activities and financial performance through monthly wide-ranging management accounts which contain detailed analyses of rental income, rent collection, liquidity, costs of maintenance and extensions, interest, financing, Company expenses, investment developments, relevant markets and various other operational and financial items during the month under review, set off against budget and previous relevant periods.

## Monitoring role

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

Among the recurring topics discussed in the Board meetings were:

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

The discussions included, inter alia, the impact of the COVID-19 pandemic on the business of the Company, rent collection, rent concessions, the changes in property markets, valuations and rents, the impact of the internet, e-commerce, social media and digitalisation in general. Also, marketing in the various countries, and the Company's bank loans and bank covenants were addressed and monitored during the financial reporting period. The Supervisory Board was informed of the liquidity of the Company on a weekly basis and about the cost savings and the funding of the Company.

The Board was also informed about the continuation of the current strategy of the Company and possible amendments thereto including the increased focus on digitalisation and ESG. Furthermore, the contents of press releases, the Annual Report, the Interim Report and the quarterly reports and Internal Audit were discussed.

The Supervisory Board convened in total ten times in 2021. These meetings were mostly held by videoconference and -respecting the COVID restrictions- one was held in Italy. In November 2021 the Supervisory Board visited the opening of the extension of the Milan shopping centre Fiordaliso as well as shopping centre Carosello and some competing centres. The Supervisory Board also visited the Milan office to meet the Italian team.

All Supervisory Directors attended each meeting held during the financial year. There have been no conflicts of interest.

## Advisory role

There has been frequent contact between Supervisory Directors and the Board of Management, through formal and informal meetings, telephone calls and written communication. Furthermore, the Supervisory Board advised on matters relating to strategy, governance and international financial and economic trends such as interest rates and inflation.

## Stakeholder and relationship management

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

## Professional training

During the year, Supervisory Directors participated in seminars and courses provided by the big four audit firms and major law firms and other institutions. The Supervisory Board has engaged in a number of activities relating to education and representation. These activities included following formal education programmes, contacts with professional service industry and sector associations, country visits and visits to shopping centres and various other individual activities.

## Diversity

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

## Gender diversity quota – new legislation

A bill introducing a quota for the supervisory boards of Dutch Amsterdam-listed companies and setting gender balance targets for board and senior management level of "large" listed and non-listed Dutch NVs and BVs has entered into force per 1 January 2022. In the event of non-compliance with the one-third quota, new appointments will be declared null and void. The company's gender balance targets will have to be reported to the Dutch Social and Economic Council (SER) annually and be included in the management report for transparency purposes. Amsterdam-listed Dutch NVs and BVs will have to comply with a quota of at least one-third for both women and men on their supervisory boards. The Company complies with this new law as its Supervisory Board is composed of one male member and two female members.

## Corporate governance

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

# Report of the Board of Supervisory Directors continued

## Audit Committee

The Audit Committee consisted of Mr Persson (chairman) and Mrs Attout. As from 7 November 2021 when Mr Persson retired, the committee is composed of all remaining members of the Supervisory Board. Mrs Attout is since that date Chair of the Audit Committee. The Audit Committee had three meetings with the auditors of the Company as well as two meetings with the auditors of the Company in the absence of the Board of Management. During those meetings, the Audit Committee discussed the report of the auditors, as well as the Annual Report and the Interim Report. The KPMG audit plan was also discussed. The internal audit function is outsourced to the audit firm BDO. Although the COVID-19 circumstances delayed the implementation of the internal audit work, BDO has been able to examine and audit a number of business processes of the Company in accordance with the audit plan for 2021. The Supervisory Board has analysed and reviewed the work performed by BDO for the year 2021 and discussed the audit plan for the year 2022. The audit committee has also discussed in detail the cybersecurity risk management policy and the plan to mitigate the related risks.

## Nomination and Remuneration Committee

The committee consisted of Mr Steins Bisschop (Chairman) and Mr Croff. As from 7 November 2021 when Mr Croff retired, the committee is composed of all remaining members of the Supervisory Board. Mr Steins Bisschop is since that date Chair of the Nomination and Remuneration Committee. Remuneration of the Management Team was discussed in one meeting on the basis of the draft updated Remuneration Report. The final 2021 Remuneration Report will be posted on the website of the Company when this Annual Report is published. The combined Nomination/Remuneration Committee had numerous contacts and meetings regarding various aspects of succession in the Board of Management and the Supervisory Board and prepared proposals for reappointments at the AGM to be held on 14 June 2022.

## Summary remuneration report

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

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

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

The Supervisory Board will propose some amendments to the remuneration policy for the Board of Management, which include, among other changes, the introduction of ESG key performance indicators as performance targets and a decrease of the cap for short term incentives and an increase of the cap for long term incentives. This amendment of the remuneration policy will be tabled at the Annual General Meeting to be held on 14 June 2022.

## Pension and other benefits

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

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

Supervisory Directors receive a fixed compensation only. As was the case in 2020 the workload of the Supervisory Directors has substantially increased during the financial year under review as a result of the increased activities required by the COVID-19 restrictions which affected the business of the Company. The workload also increased due to the reduced size of the Supervisory Board during the second half of 2021. The members of the Supervisory Board have decided that under the present circumstances they do not wish to propose any amendment to the remuneration policy for Supervisory Directors .

It is proposed for the financial year 2022 to maintain the remuneration of the Supervisory Directors unchanged at €47,000 for each member and at €61,000 for the Chairman and to maintain the base salaries for the members of the Board of Management. The General Meeting of Shareholders to be held on 14 June 2022 is invited to approve the proposed remuneration of Supervisory Directors and the members of the Board of Management.

## Composition of the Supervisory Board

Mr Carlo Croff, of Italian nationality and Mr Jan-Åke Persson, of Swedish nationality retired from the Supervisory Board as their terms expired per 7 November 2021. We are thankful for their very valuable contribution to the business of the Company during their membership of the Board.

All members of the Supervisory Board are independent. The profile, role and responsibilities of the Supervisory Board are laid down in specific rules and regulations which are posted on the Company's website. At 31 December 2021, the Supervisory Board was composed as follows:

**1. Bas Steins Bisschop** (72), Chairman, of Dutch nationality, was appointed as member of the Supervisory Board in 2014 and reappointed in 2018 for a period of four years. As "advocaat" he practised law from 1975 until 2019 in The Netherlands and abroad. He is also a (em) professor of Corporate Law and Corporate Governance at Maastricht University and Nyenrode Business University.

**2. Emmanuèle Attout** (62), of Belgian nationality, was appointed as a member of the Supervisory Board in 2018 for a period of four years. She was a former senior audit partner of PwC Brussels until she retired in 2014. Mrs Attout is a non-executive board member of Atenor, Oxurion, Schréder and AG Insurance and she is a co-founder and director of the Belgian NGO "Women on Board", whose aim is to promote women in Boards of Directors.

**3. Karin Laglas** (62), of Dutch nationality, was appointed as a member of the Supervisory Board in 2019 for a period of four years. She was Chief Executive Officer of the largest Dutch affordable housing investor Ymere, active in the greater Amsterdam area, until she retired in June 2021 after a long career in real estate in several senior and board positions. She is a Supervisory Board member of Royal De Vries Yachtbuilders (part of Feadship), Supervisory Board member of Brink Groep and Supervisory Board member of Utrecht University.

# Report of the Board of Supervisory Directors continued

## 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:

2022: Mr Steins Bisschop could be re-elected for another two years and Mrs Attout could be re-elected for another four years. The proposals for their reappointment will be put forward at the upcoming AGM.

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

## Change in corporate governance

### Administrative Foundation

Following our announcement of the intention to terminate the Company's depositary receipt structure, the AGM on 8 June 2021 approved the amendment of the Company's articles of association required to implement the share consolidation and the conversion of the depositary receipts into shares. On 15 September 2021, the Company terminated its depositary receipt structure and on that date the consolidation and conversion of depositary receipts into shares took place. As a result of the termination of the depositary receipt structure, STAK was subsequently dissolved on 6 October 2021. The Board members of STAK, Messrs Slangen, Schwarz and Van der Eerden therefore resigned on the same date. The Supervisory Board and the Board of Management wish to express their gratitude to the Board members of STAK and thank them for their contribution over the years.

## Conclusion

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

Amsterdam, 13 April 2022

## Board of Supervisory Directors

1. B.T.M. Steins Bisschop (Chairman)
2. E.R.G.M. Attout
3. K. Laglas


**From left to right:**

Emmanuèle Attout
Karin Laglas
Bas Steins Bisschop

# Ten year financial summary*

## Key financial information consolidated

| For the financial year ended | 30-06-12 €'000 | 30-06-13 €'000 | 30-06-14 €'000 | 30-06-15 €'000 | 30-06-16 €'000 | 30-06-17 €'000 | 30-06-18 €'000 | 30-06-19 €'000 | 31-12-20** €'000 | 31-12-21 €'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profit or loss account** | | | | | | | | | | |
| Net property income*** | 139,353 | 144,368 | 146,978 | 145,528 | 155,370 | 163,036 | 171,828 | 178,606 | 253,254 | 163,211 |
| Net interest expenses*** | (48,900) | (51,769) | (52,674) | (45,780) | (38,727) | (41,260) | (42,326) | (45,766) | (63,166) | (39,413) |
| Company expenses | (10,707) | (10,576) | (11,206) | (12,297) | (14,645) | (12,434) | (13,743) | (13,766) | (18,042) | (11,020) |
| Total direct investment result | 79,515 | 81,518 | 82,870 | 87,400 | 102,785 | 108,044 | 115,729 | 120,208 | 170,416 | 110,597 |
| Total indirect investment result | (91,633) | 41,790 | 16,920 | 80,374 | 104,614 | 152,709 | (43,665) | (45,622) | (55,049) | (5,910) |
| Result after taxation | (12,118) | 123,308 | 99,790 | 167,774 | 207,399 | 260,753 | 72,064 | 74,586 | 115,367 | 104,687 |
| **Balance sheet** | | | | | | | | | | |
| Total assets*** | 2,842,953 | 2,889,027 | 2,807,083 | 3,112,410 | 3,656,361 | 3,963,635 | 4,170,783 | 4,325,165 | 4,196,825 | 4,127,815 |
| Property investments*** | 2,690,467 | 2,806,023 | 2,688,603 | 2,907,726 | 3,489,358 | 3,835,195 | 4,078,285 | 4,201,185 | 4,036,648 | 3,970,519 |
| Cash and deposits*** | 120,954 | 51,422 | 85,372 | 170,249 | 131,541 | 90,424 | 44,278 | 75,566 | 64,401 | 59,095 |
| Borrowings*** | 1,252,744 | 1,286,923 | 1,173,236 | 1,160,222 | 1,496,210 | 1,595,263 | 1,835,349 | 1,995,139 | 1,833,591 | 1,737,710 |
| Shareholders' equity | 1,300,147 | 1,366,064 | 1,386,632 | 1,658,245 | 1,791,670 | 1,973,694 | 1,939,784 | 1,906,559 | 1,885,597 | 1,957,702 |
| Number of shares in issue after deduction of shares bought back, if any, at balance sheet date | 40,953,515 | 41,740,054 | 42,319,567 | 47,388,471 | 47,978,844 | 48,631,957 | 49,358,734 | 49,534,024 | 49,402,758 | 52,146,993 |
| Average number of shares in issue | 40,895,429 | 41,410,071 | 42,311,667 | 42,916,246 | 47,729,745 | 48,364,199 | 49,046,502 | 49,585,907 | 49,302,982 | 50,778,635 |

| Per share (€) | 30-06-12 | 30-06-13 | 30-06-14 | 30-06-15 | 30-06-16 | 30-06-17 | 30-06-18 | 30-06-19 | 31-12-20** | 31-12-21 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net asset value (IFRS) | 31.75 | 32.73 | 32.77 | 34.99 | 37.34 | 40.58 | 39.30 | 38.49 | 38.17 | 37.54 |
| Adjusted net asset value | 36.92 | 36.47 | 36.74 | 39.24 | 43.00 | 46.42 | 45.08 | 44.83 | 41.78 | 40.63 |
| Direct investment result | 1.94 | 1.97 | 1.96 | 2.04 | 2.15 | 2.23 | 2.36 | 2.42 | 3.45 | 2.18 |
| Indirect investment resul | (2.24) | 1.01 | 0.40 | 1.87 | 2.19 | 3.16 | (0.89) | (0.92) | (1.11) | (0.12) |
| Dividend | 1.92 | 1.92 | 1.94 | 1.98 | 2.05 | 2.10 | 2.15 | 2.18 | Scrip+€0.50 | Scrip+€1.50 |

| Property information – Geographical spread (%)*** | 30-06-12 | 30-06-13 | 30-06-14 | 30-06-15 | 30-06-16 | 30-06-17 | 30-06-18 | 30-06-19 | 31-12-20** | 31-12-21 |
|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | 0 | 0 | 0 | 0 | 0 | 0 | 11 | 13 | 15 | 15 |
| France | 36 | 41 | 39 | 41 | 36 | 35 | 31 | 29 | 24 | 22 |
| Italy | 39 | 37 | 39 | 38 | 43 | 43 | 37 | 37 | 39 | 40 |
| Sweden | 25 | 22 | 22 | 21 | 21 | 22 | 21 | 21 | 22 | 23 |
| | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Stock market – Euronext** | | | | | | | | | | |
| Closing price at the end of period (€ per share:) | 27.25 | 28.20 | 36.02 | 37.41 | 38.45 | 34.99 | 36.36 | 23.50 | 15.38 | 19.09 |
| Market cap | 1,115,983 | 1,176,928 | 1,540,754 | 1,783,118 | 1,855,530 | 1,710,563 | 1,802,240 | 1,172,878 | 767,611 | 995,486 |

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

** The figures are based on an eighteen month reporting period. These items have been restated due to the reclassification of Italian local tax from property expenses to current tax (net property income) and reclassification of interest on the put option non-controlling interest from direct investment result to indirect investment result.

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

## Note

The Company's shares are listed on Euronext Amsterdam and Brussels. The calculation of the direct and indirect investment results per share is based on the weighted average of the shares in issue over the financial year.

# Statement of consolidated direct, indirect and total investment results*

| | Note | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|---|
| Rental income | 4 | 198,344 | 303,627 | 200,736 |
| Service charge income | 4 | 39,393 | 43,654 | 27,059 |
| Service charge expenses | 4 | (41,547) | (50,023) | (30,778) |
| Property expenses** | 5 | (41,091) | (59,304) | (42,450) |
| Interest income | 11 | 11 | 35 | 20 |
| Interest expenses** | 11 | (37,845) | (61,104) | (39,792) |
| Company expenses*** | 7 | (11,020) | (18,042) | (11,384) |
| Other income | 10 | 3,056 | 5,155 | 3,628 |
| Current tax** | 12 | (1,291) | (1,116) | 432 |
| Direct investment result including non-controlling interest | | 108,010 | 162,882 | 107,471 |
| Direct investment result joint ventures | 14 | 5,334 | 11,059 | 7,238 |
| Direct investment result non-controlling interest | 28 | (2,747) | (3,525) | (2,747) |
| Total direct investment result attributable to owners of the Company | | 110,597 | 170,416 | 111,962 |
| | | | | |
| Investment revaluation and disposal of investment properties | 6 | (14,931) | (164,217) | (162,718) |
| Gain/loss (derivative) financial instruments** | 11 | 33,007 | (4,502) | (15,094) |
| Investment expenses*** | 7/9 | (598) | 162 | 403 |
| Deferred tax | 12 | (25,482) | 98,274 | 100,701 |
| Indirect investment result properties including non-controlling interest | | (8,004) | (70,283) | (76,708) |
| Indirect investment result joint ventures | 14 | 633 | 4,951 | 4,772 |
| Indirect investment result non-controlling interest | 28 | 1,461 | 10,283 | 10,258 |
| Total indirect investment result attributable to owners of the Company | | (5,910) | (55,049) | (61,678) |
| | | | | |
| Total investment result attributable to owners of the Company | | 104,687 | 115,367 | 50,284 |
| | | | | |
| Per share (€)**** | | | | |
| Total direct investment result | | 2.18 | 3.45 | 2.27 |
| Total indirect investment result | | (0.12) | (1.11) | (1.25) |
| Total investment result | | 2.06 | 2.34 | 1.02 |

* These statements contain additional information which is not part of the IFRS financial statements.
** The comparative figures for illustrative purposes have been reclassified or changed.
*** The company expenses and investment expenses in this statement differ slightly from the amounts in the consolidated profit or loss account due to a different accounting policy for pension costs.
**** The average number of shares on issue during the reporting year was 50,778,635 compared with 49,302,982 for the eighteen-month period to 31 December 2020 and 49,402,758 for the twelve-month period to 31 December 2020.

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

# Statement of adjusted net equity*

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| IFRS net equity per consolidated statement of financial position | 1,957,702 | 1,885,597 |
| Net derivative financial instruments** | 90,445 | 129,593 |
| Net deferred tax | 74,730 | 53,068 |
| Net derivative financial instruments and net deferred tax joint ventures and non-controlling | (3,933) | (4,421) |
| Adjusted net equity | 2,118,944 | 2,063,837 |
| | | |
| Number of shares in issue after deduction of shares bought back | 52,146,993 | 49,402,758 |
| Net asset value – € per share (IFRS) | 37.54 | 38.17 |
| Adjusted net asset value – € per share | 40.63 | 41.78 |
| Stock market prices – € per share | 19.09 | 15.38 |

* These statements contain additional information which is not part of the IFRS financial statements.
** The comparative figures for illustrative purposes have been reclassified or changed.

# EPRA performance measures*

The European Public Real Estate Association (EPRA) promotes, develops and represents the European public real estate sector. EPRA sets out best practice reporting guidelines on a number of financial and operational performance indicators relevant to the real estate sector. The definitions of the EPRA performance indicators can be found in the glossary of this annual report.

| | | | Per share € | |
|---|---|---|---|---|
| | 31-12-21 | 31-12-20*** | 31-12-21 | 31-12-20*** |
| EPRA earnings** | 107,848 | 109,540 | 2.07 | 2.10 |
| EPRA NRV | 2,240,736 | 2,194,882 | 42.96 | 44.42 |
| EPRA NTA | 2,092,087 | 2,050,252 | 40.11 | 41.49 |
| EPRA NDV | 1,930,770 | 1,836,925 | 37.02 | 37.17 |

| | Belgium*** | | France | | Italy | | Sweden | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| % | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 |
| EPRA net initial yield | 4.4 | 4.3 | 5.0 | 4.8 | 5.4 | 5.3 | 5.0 | 4.8 | 5.1 | 4.9 |
| EPRA topped-up yield*** | 4.6 | 4.4 | 5.0 | 4.9 | 5.6 | 5.4 | 5.1 | 5.0 | 5.2 | 5.0 |

| | Belgium | | France | | Italy | | Sweden | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| % | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 |
| EPRA vacancy rate | 1.0 | 1.0 | 2.5 | 2.3 | 1.3 | 1.3 | 1.2 | 1.7 | 1.5 | 1.6 |

Reconciliation EPRA earnings:

| | Total €'000 | | |
|---|---|---|---|
| | Twelve months ended 31-12-21 | Eighteen months ended 31-12-20 | Twelve months ended 31-12-20 for illustrative purposes |
| IFRS profit after taxation | 104,687 | 115,367 | 50,284 |
| Adjustments to IFRS profit after taxation: | | | |
| Investment revaluation and disposal of investment properties | 14,931 | 164,217 | 162,718 |
| Fair value movement derivative financial instruments | (35,148) | 1,686 | 12,278 |
| Deferred tax | 25,482 | (98,274) | (100,701) |
| Share of result of joint ventures | (643) | (4,964) | (4,781) |
| Share of result of non-controlling interest | (1,461) | (10,283) | (10,258) |
| EPRA earnings | 107,848 | 167,749 | 109,540 |
| | | | |
| Number of issued shares after deduction of shares bought back** | 52,146,993 | 52,146,993 | 52,146,993 |
| | | | |
| EPRA earnings per share (€) ** | 2.07 | 3.22 | 2.10 |

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

** The EPRA earnings as per 31 December 2020 are based on twelve month figures. The EPRA earnings per share for the previous financial periods are based on the number of shares in issue as a result of the scrip dividend paid on 2 July 2021, resulting in 52,146,993 shares outstanding (after deduction of shares bought back).

*** The comparative figures for illustrative purposes have been reclassified or changed.

Reconciliation NAV, EPRA NRV, EPRA NTA and EPRA NDV:

| | EPRA NRV | | EPRA NTA | | EPRA NDV | |
|---|---|---|---|---|---|---|
| | 31-12-21 €'000 | 31-12-20 €'000 | 31-12-21 €'000 | 31-12-20 €'000 | 31-12-21 €'000 | 31-12-20 €'000 |
| IFRS equity Eurocommercial shareholders | 1,957,702 | 1,885,597 | 1,957,702 | 1,885,597 | 1,957,702 | 1,885,597 |
| | | | | | | |
| Diluted NAV and Diluted NAV at fair value | 1,957,702 | 1,885,597 | 1,957,702 | 1,885,597 | 1,957,702 | 1,885,597 |
| Exclude: | | | | | | |
| Deferred tax assets and liabilities | 91,110 | 71,386 | 45,555 | 35,693 | n/a | n/a |
| Deferred tax liabilities Joint Ventures | (4,637) | (7,580) | (2,318) | (3,790) | n/a | n/a |
| Fair value financial instruments** | 90,445 | 129,593 | 90,445 | 129,593 | n/a | n/a |
| Fair value financial instruments Joint Ventures | 703 | 3,159 | 703 | 3,159 | n/a | n/a |
| Include: | | | | | | |
| Fair value of fixed interest rate debt | n/a | n/a | n/a | n/a | (26,932) | (48,672) |
| Real estate transfer tax | 103,528 | 107,704 | n/a | n/a | n/a | n/a |
| Real estate transfer tax Joint Ventures | 1,885 | 5,023 | n/a | n/a | n/a | n/a |
| NAV | 2,240,736 | 2,194,882 | 2,092,087 | 2,050,252 | 1,930,770 | 1,836,925 |
| | | | | | | |
| Fully diluted number of shares | 52,159,836 | 49,415,915 | 52,159,836 | 49,415,915 | 52,159,836 | 49,415,915 |
| NAV per share (€) | 42.96 | 44.42 | 40.11 | 41.49 | 37.02 | 37.17 |

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

** The fair value of financial instruments has been changed for the previous balance sheet date of 31 December 2020, now excluding the put option liability non-controlling interest.

For the assets owned by our local subsidiaries in Sweden, deferred tax liabilities (DTL) are reported in the Group IFRS financial statements adopting the initial recognition exemption of IAS 12 Income taxes; consequently the DTL is €78.3 million higher than reported in the balance sheet.

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

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

# EPRA performance measures* continued

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

| | Belgium** | | France | | Italy | | Sweden | | Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| (€'000) | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 | 31-12-21 | 31-12-20 |
| Property investments | 579,000 | 589,800 | 867,300 | 883,600 | 1,423,600 | 1,406,500 | 893,619 | 901,348 | 3,763,519 | 3,781,248 |
| Land and property held for development | (9,500) | (10,900) | (14,500) | (12,800) | (7,800) | (7,800) | (2,927) | 0 | (34,727) | (31,500) |
| Investments in joint ventures | 0 | 0 | 0 | 47,300 | 184,500 | 173,700 | 0 | 0 | 184,500 | 221,000 |
| Property investments held for sale | 0 | 0 | 22,500 | 34,400 | 0 | 0 | 0 | 0 | 22,500 | 34,400 |
| Property investments completed | 569,500 | 578,900 | 875,300 | 952,500 | 1,600,300 | 1,572,400 | 890,692 | 901,348 | 3,935,792 | 4,005,148 |
| Purchasers' costs | 13,465 | 14,478 | 61,738 | 65,123 | 19,892 | 23,508 | 5,468 | 9,010 | 100,563 | 112,119 |
| Gross value property investments | 582,965 | 593,378 | 937,038 | 1,017,623 | 1,620,192 | 1,595,908 | 896,160 | 910,358 | 4,036,355 | 4,117,267 |
| | | | | | | | | | | |
| Annualised net rents (EPRA NIY) | 25,493 | 25,554 | 46,813 | 49,045 | 88,203 | 84,394 | 44,816 | 44,091 | 205,325 | 203,084 |
| Lease incentives (incl. rent free periods) | 1,417 | 844 | 476 | 598 | 2,058 | 1,444 | 607 | 1,046 | 4,558 | 3,932 |
| Annualised rents (EPRA topped-up yield) | 26,910 | 26,398 | 47,289 | 49,643 | 90,261 | 85,838 | 45,423 | 45,137 | 209,883 | 207,016 |
| EPRA net initial yield % | 4.4 | 4.3 | 5.0 | 4.8 | 5.4 | 5.3 | 5.0 | 4.8 | 5.1 | 4.9 |
| EPRA topped-up yield % | 4.6 | 4.4 | 5.0 | 4.9 | 5.6 | 5.4 | 5.1 | 5.0 | 5.2 | 5.0 |

* This statement contains additional information which is not part of the IFRS financial statements.
** The December 2020 figures were restated for comparative purposes.

# Statement of adjusted net equity*

Reconciliation EPRA vacancy rate:

| Total (€'000) | Estimated rental value of vacant space | Estimated rental value of the whole portfolio | EPRA vacancy rate |
|---|---|---|---|
| Belgium | 242 | 24,246 | 1.0% |
| France | 1,212 | 48,160 | 2.5% |
| Italy | 1,236 | 94,575 | 1.3% |
| Sweden | 571 | 48,347 | 1.2% |
| EPRA vacancy 31-12-21 | 3,261 | 215,328 | 1.5% |
| | | | |
| Belgium | 264 | 25,134 | 1.0% |
| France | 1,157 | 50,858 | 2.3% |
| Italy | 1,219 | 91,155 | 1.3% |
| Sweden | 837 | 49,397 | 1.7% |
| EPRA vacancy 31-12-20 | 3,477 | 216,544 | 1.6% |

Capital expenditure disclosure:

| | Twelve months ended 31-12-21 | | | Eighteen months ended 31-12-20 | | |
|---|---|---|---|---|---|---|
| | Group €'000 | Joint Ventures* €'000 | Total €'000 | Group €'000 | Joint Ventures* €'000 | Total €'000 |
| Acquisitions | 47,926 | 0 | 47,926 | 67,000 | 0 | 67,000 |
| Investment properties | | | | | | |
| – Incremental lettable space | 8,760 | 7,270 | 16,030 | 109,526 | 22,933 | 132,459 |
| – No incremental lettable space | 9,014 | 2,033 | 11,047 | 7,761 | 0 | 7,761 |
| – Tenant incentives/capitalised letting fees | 1,138 | (144) | 994 | 9,544 | 1,210 | 10,754 |
| Capitalised interest | 0 | 92 | 92 | 1,145 | 356 | 1,501 |
| Total capital expenditure | 66,838 | 9,251 | 76,089 | 194,976 | 24,499 | 219,475 |
| Conversion from accrual to cash basis | 7,912 | 4,053 | 11,965 | (3,509) | (4,062) | (7,571) |
| Correction contribution in kind | 0 | 0 | 0 | (67,000) | 0 | (67,000) |
| Total capital expenditure on cash basis | 74,750 | 13,304 | 88,054 | 124,467 | 20,437 | 144,904 |

* Joint ventures are reported on their proportionate share.

# EPRA performance measures* continued

Reconciliation EPRA cost ratio:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|
| Operating and company expenses | 50,080 | 72,298 | 50,886 |
| Net service charge | 2,154 | 6,369 | 3,719 |
| Other income/recharge intended to cover overhead expenses less any related profits | (2,333) | (3,473) | (2,449) |
| Net expenses joint ventures | 2,616 | 1,653 | 1,359 |
| Exclude if part above | | | |
| Service charge and property expenses recovered through rents | (4,232) | (7,102) | (4,378) |
| Service charge and property expenses recovered through rents joint ventures | (458) | (647) | (426) |
| EPRA costs (including direct vacancy costs) | 47,827 | 69,098 | 48,711 |
| Vacancy costs | (1,690) | (2,283) | (1,410) |
| EPRA costs (excluding direct vacancy costs) | 46,137 | 66,815 | 47,301 |
| | | | |
| Rental income | 198,344 | 303,627 | 200,736 |
| Less: Service charge and property expenses recovered through rents | (4,232) | (7,102) | (4,378) |
| Share of joint venture rental income | 10,324 | 16,546 | 10,928 |
| Less: Service charge and property expenses recovered through rents joint ventures | (458) | (647) | (426) |
| Gross rental income | 203,978 | 312,424 | 206,860 |
| | | | |
| EPRA cost ratio (including direct vacancy costs) | 23.4% | 22.1% | 23.5% |
| EPRA cost ratio (excluding direct vacancy costs) | 22.6% | 21.4% | 22.9% |

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

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

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

Although the EPRA cost ratio recommends an additional disclosure about the capitalised overhead and operating expenses, these amounts do not form part of the ratio. With exception of the Italian office (€0.4 million in the financial year), Eurocommercial does not capitalise any of its overhead or local offices costs to extensions or developments in the IFRS financial statements. For comparison purposes an amount of €3.0 million (2020: €4.5 million) of overhead and other operating expenses has been capitalised in the calculation of the above EPRA cost ratio for the twelve months ended 31/12/2021. The amount capitalised for the calculation of EPRA cost ratio for the twelve months ended 31/12/2020 is €2.7 million.

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

# Consolidated statement of profit or loss

| | Note | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrativepurposes €'000 |
|---|---|---|---|---|
| Rental income | 4 | 198,344 | 303,627 | 200,736 |
| Service charge income | 4 | 39,393 | 43,654 | 27,059 |
| Total revenue | | 237,737 | 347,281 | 227,795 |
| | | | | |
| Service charge expenses | 4 | (41,547) | (50,023) | (30,778) |
| Property expenses** | 5 | (41,091) | (59,304) | (42,450) |
| Total expenses | | (82,638) | (109,327) | (73,228) |
| Net property income | 2 | 155,099 | 237,954 | 154,567 |
| | | | | |
| Share of result of joint ventures | 14 | 5,967 | 16,011 | 12,011 |
| Investment revaluation and disposal of investment properties | 6 | (14,931) | (164,217) | (162,718) |
| Company expenses | 7 | (11,118) | (18,094) | (11,415) |
| Investment expenses | 9 | (500) | 213 | 433 |
| Other income | 10 | 3,056 | 5,155 | 3,628 |
| Operating result | | 137,573 | 77,022 | (3,494) |
| | | | | |
| Interest income | 11 | 11 | 35 | 20 |
| Interest expenses | 11 | (39,986) | (63,920) | (42,608) |
| Revaluation of financial instruments | 11 | 35,148 | (1,686) | (12,278) |
| Net financing result | | (4,827) | (65,571) | (54,866) |
| | | | | |
| Profit before taxation | | 132,746 | 11,451 | (58,360) |
| | | | | |
| Current tax** | 12 | (1,291) | (1,116) | 432 |
| Deferred tax | 12 | (25,482) | 98,274 | 100,701 |
| Total tax | | (26,773) | 97,158 | 101,133 |
| | | | | |
| Profit after taxation | | 105,973 | 108,609 | 42,773 |
| | | | | |
| Profit after taxation attributable to: | | | | |
| Owners of the Company | | 104,687 | 115,367 | 50,284 |
| Non-controlling interest | 28 | 1,286 | (6,758) | (7,511) |
| | | 105,973 | 108,609 | 42,773 |
| | | | | |
| Per share (€)* | | | | |
| Profit after taxation | 28 | 2.01 | 2.21 | 0.96 |
| Diluted profit after taxation | 28 | 2.01 | 2.21 | 0.96 |

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

* These results per share are based on the number of shares in issue as a result of the scrip dividend paid on 2 July 2021, resulting in 52,146,993 shares outstanding (after deduction of shares bought back). The diluted number of outstanding shares is 52,159,836.

** The comparative figures have been reclassified or changed. In the consolidated statement of profit or loss, the Italian local tax (IRAP) is included in the corporate income tax, whereas in the previous reporting period it was included in the property expenses. Consequently, amounts of €323,000 and negative €92,000 have been reclassified to corporate income tax for the respective eighteen month and twelve month reporting periods ending 31 December 2020.

# Consolidated statement of comprehensive income

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrativepurposes €'000 |
|---|---|---|---|
| Profit after taxation | 105,973 | 108,609 | 42,773 |
| | | | |
| Foreign currency translation differences (subsequently reclassified to profit or loss) | (8,904) | 29,935 | 24,803 |
| Actuarial result on pension scheme (subsequently reclassified to profit or loss) | 936 | (1,026) | (439) |
| Total other comprehensive income | (7,968) | 28,909 | 24,364 |
| Total comprehensive income | 98,005 | 137,518 | 67,137 |
| | | | |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 96,719 | 144,276 | 74,648 |
| Non-controlling interest | 1,286 | (6,758) | (7,511) |
| | 98,005 | 137,518 | 67,137 |
| | | | |
| Per share (€)* | | | |
| Total comprehensive income | 1.85 | 2.77 | 1.43 |
| Diluted total comprehensive income | 1.85 | 2.77 | 1.43 |

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

* These income amounts per share are based on the number of shares in issue as a result of the scrip dividend of 2 July 2021, resulting in 52,146,993 shares outstanding (after deduction of shares bought back). The diluted number of outstanding shares is 52,159,836

# Consolidated statement of financial position

| Assets | Note | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|---|
| Property investments | 13 | 3,757,419 | 3,776,848 |
| Property investments under development | 13 | 6,100 | 4,400 |
| Investments in joint ventures | 14 | 77,690 | 122,097 |
| Tangible fixed assets | 15 | 3,347 | 4,754 |
| Deferred tax assets | 21 | 9,288 | 24,858 |
| Receivables | 16 | 139 | 243 |
| Derivative financial instruments | 20 | 2,207 | 188 |
| Total non-current assets | | 3,856,190 | 3,933,388 |
| | | | |
| Property investments held for sale | 13 | 22,500 | 34,400 |
| Trade and other receivables | 16 | 90,254 | 57,327 |
| Prepaid tax | 16 | 1,814 | 1,486 |
| Cash and deposits | 17 | 55,618 | 60,435 |
| Total current assets | | 170,186 | 153,648 |
| | | | |
| Total assets | | 4,026,376 | 4,087,036 |
| | | | |
| Equity | | | |
| Issue shared capital | 25 | 526,539 | 249,548 |
| Share premium reserve | 26 | 263,853 | 513,315 |
| Other reserves | 27 | 1,062,623 | 1,007,367 |
| Undistributed income | | 104,687 | 115,367 |
| Equity attributable to the owners of the Company | | 1,957,702 | 1,885,597 |
| Non-controlling interest | 28 | 61,528 | 60,242 |
| Total equity | | 2,019,230 | 1,945,839 |
| | | | |
| Liabilities | | | |
| Trade and other payables | 18 | 96,451 | 96,329 |
| Tax payable | 18 | 10,004 | 12,387 |
| Borrowings | 19 | 216,696 | 205,027 |
| Total current liabilities | | 323,151 | 313,743 |
| | | | |
| Trade and other payables | 18 | 13,853 | 14,529 |
| Tax payable | 18 | 7,458 | 14,813 |
| Borrowings | 19 | 1,429,083 | 1,536,061 |
| Derivative financial instruments | 20 | 92,652 | 129,781 |
| Deferred tax liabilities | 21 | 84,018 | 77,926 |
| Put option liability non-controlling interest | 22 | 55,769 | 52,464 |
| Provision for pensions | 23 | 1,162 | 1,880 |
| Total non-current liabilities | | 1,683,995 | 1,827,454 |
| Total liabilities | | 2,007,146 | 2,141,197 |
| | | | |
| Total equity and liabilities | | 4,026,376 | 4,087,036 |

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

# Consolidated statement of cash flows

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|
| Profit after taxation | 105,973 | 108,609 | 42,773 |
| Adjustments: | | | |
| Movement performance shares granted | 91 | (1,496) | (1,807) |
| Investment revaluation and disposal of investment properties | 10,272 | 158,098 | 156,186 |
| (Derivative) financial instruments | (35,148) | 1,687 | 12,279 |
| Share of result of joint ventures | (5,967) | (16,011) | (12,011) |
| Interest income | (11) | (35) | (20) |
| Interest expenses | 39,986 | 63,920 | 42,608 |
| Deferred tax | 25,482 | (98,274) | (100,701) |
| Current tax | 1,291 | 793 | (340) |
| Depreciation tangible fixed assets | 1,966 | 2,956 | 1,942 |
| Other movements* | 772 | (783) | (1,088) |
| Cash flow from operating activities after adjustments | 144,707 | 219,464 | 139,821 |
| Decrease/(increase) in receivables | 5,009 | (14,032) | (8,267) |
| (Decrease)/increase in creditors | (2,942) | 3,644 | (5,211) |
| | 146,774 | 209,076 | 126,343 |
| | | | |
| Current tax paid | (739) | (300) | (300) |
| Capital gain tax paid | (12,601) | (1,950) | 0 |
| (Derivative) financial instruments settled | (211) | (462) | (462) |
| Dividends received from joint ventures | 2,000 | 2,500 | 0 |
| Early close out cost | (2,609) | 0 | 0 |
| Borrowing costs | (1,005) | (2,520) | (2,043) |
| Interest paid | (35,143) | (59,356) | (38,772) |
| Interest received | 0 | 30 | 15 |
| Cash flow from operating activities | 96,466 | 147,018 | 84,781 |
| | | | |
| Acquisitions of remaining 50% of joint venture | (42,244) | 0 | 0 |
| Capital expenditure | (25,688) | (113,608) | (66,889) |
| Sale of investment | 0 | 56,779 | 56,779 |
| Sale of property | 92,901 | 199,000 | 0 |
| Investment in joint ventures | (345) | (430) | (430) |
| Loan to joint ventures | (9,900) | 6,900 | (5,100) |
| Additions to tangible fixed assets | (536) | (1,236) | (885) |
| Cash flow from investing activities | 14,188 | 147,405 | (16,525) |
| | | | |
| Borrowings added | 238,257 | 268,726 | 155,777 |
| Repayment of borrowings | (327,746) | (458,445) | (197,627) |
| Payments lease liabilities | (1,093) | (1,656) | (1,109) |
| Cost of performance shares settled | 0 | (362) | 0 |
| Shares bought back | 0 | (16,723) | (34) |
| Dividends paid | (24,705) | (93,707) | 0 |
| Increase in non-current creditors | 36 | 2,370 | 2,342 |
| Cash flow from financing activities | (115,251) | (299,797) | (40,651) |
| | | | |
| Net cash flow | (4,597) | (5,374) | 27,605 |
| Currency differences on cash and deposits | (220) | 598 | 777 |
| Increase/(decrease) in cash and deposits | (4,817) | (4,776) | 28,382 |
| Cash and deposits at beginning of year | 60,435 | 65,211 | 32,053 |
| Cash and deposits at end of year | 55,618 | 60,435 | 60,435 |

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

* Other movements include foreign currency movements and fair value movements on long-term creditors.

# Consolidated statement of changes in equity

The movements in shareholders' equity in the twelve month financial year ended 31 December 2021 were:

| | Issued share capital €'000 | Share premium reserve €'000 | Legal currency translation reserve €'000 | Other reserves €'000 | Undistributed income €'000 | Equity attributable to owners of the Company €'000 | Non-controlling interest €'000 | Total equity €'000 |
|---|---|---|---|---|---|---|---|---|
| 31-12-2020 | 249,548 | 513,315 | (36,633) | 1,044,000 | 115,367 | 1,885,597 | 60,242 | 1,945,839 |
| Profit after taxation | | | | | 104,687 | 104,687 | 1,286 | 105,973 |
| Other comprehensive income | | | (3,660) | (4,308) | | (7,968) | | (7,968) |
| Total comprehensive income | 0 | 0 | (3,660) | (4,308) | 104,687 | 96,719 | 1,286 | 98,005 |
| Profit previous financial year | | | | 8,339 | (8,339) | 0 | | 0 |
| Issued shares | 249,549 | (249,549) | | | | 0 | | 0 |
| Dividends distribution in cash | | (4) | | | (24,701) | (24,705) | | (24,705) |
| Dividends distribution in shares | 27,442 | | | 54,885 | (82,327) | 0 | | 0 |
| Performance shares granted | | 91 | | | | 91 | | 91 |
| 31-12-2021 | 526,539 | 263,853 | (40,293) | 1,102,916 | 104,687 | 1,957,702 | 61,528 | 2,019,230 |

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

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

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

# Notes to the consolidated financial statements

## 1. Principal accounting policies

Eurocommercial Properties N.V. (the Company) domiciled at Herengracht 469, 1017 BS in Amsterdam, The Netherlands, is a closed end property investment company. The Company is registered with the Commercial Register under number 33230134 since 18 June 1991. The consolidated financial statements of the Company for the financial year starting 1 January 2021 and ending 31 December 2021 will comprise the Company and its subsidiaries (together referred to as the "Group"). In order to make the Company's figures for the financial reporting period ended 31 December 2021 more comparable with the eighteen month reporting period ending 31 December 2020, one more column showing twelve month figures for the calendar year 2020 is added to the Consolidated statement of cash flows, the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income and notes 2 to 11 to these statements. This additional statement is for illustrative purposes and is not part of the statutory financial statements.

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as per 1 January 2021 and Part 9 of Book 2, section 2:362(9) of the Netherlands Civil Code.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting s beginning on or after 1 January 2022. 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 January 2021 are adopted as such by the Group. Additional information on new standards, amendments, interpretations and the relating effect on the financial statements, if significant and applicable to the Company, has been disclosed in note 1(c).

### (b) Basis of preparation

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

The financial statements are prepared on a going concern basis and have been authorised for issue on 13 April 2022. The COVID-19 pandemic still negatively impacted in 2021 the results of this financial reporting year, mainly due to rent concessions and additional expected credit losses for doubtful debtors. The restrictions and the uncertainty around the developments of COVID-19 also had an impact on the Group's valuations and, more in general, on the investment markets. In the first months of 2022 the sanitary situation improved significantly as a consequence of the vaccination campaign and most of the restrictions imposed by the governments have been lifted. New uncertainties arose however as a consequence of the war in Ukraine and the sanctions against Russia and of the effects that they can have on inflation, consumption and growth. For the 12 month reporting period to 31 December 2021 the Group reported an IFRS profit after taxation, attributable to the owners of the Company, of €104.7 million. As per 31 December 2021, the Group reported a negative working capital of €152.9 million primarily related to the current borrowings of €217 million, which are covered by existing debt facilities, by a new 5 years loan for €66.5 million signed in March 2022 and by the assets disposals completed in the first quarter of 2022. Taking these developments into account, we assessed our liquidity position for the period up to 30 June 2023 by performing stress tests on relevant loan covenants and liquidity, both in base and worst case scenarios. As part of the assessment, we reviewed our expected operational performance, loan maturities and available debt facilities, planned capital expenditure as well as our investment and divestment strategy. Finally, we assessed the impact on potential dividend distributions. We have also put in place several other measures to preserve liquidity, amongst others the deferral of large development projects and the proposed scrip dividend for July 2022 which will integrate the cash component. Based on the performed stress testing the Board of Management concludes that in the anticipated scenario's sufficient liquidity remains and/or other measures can be taken. Based on the above, our current knowledge and available information, we do consider the preparation of the financial statements based on the going concern assumption appropriate.

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

The accounting policies adopted are consistent with those of the previous financial year.

#### *Standards and interpretations issued but not yet effective*

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

*Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*, effective 1 January 2022. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. Earlier application is permitted.

## 1. Principal accounting policies continued

*Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* – The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. Earlier application is permitted.

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

- Annual Improvements to IFRS Standards 2018–2020, effective date 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) , effective date 1 January 2022
- Reference to Conceptual Framework (Amendments to IFRS 3) , effective date 1 January 2022
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1), effective date 1 January 2023
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts, effective date 1 January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) , effective date 1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8) , effective date 1 January 2023

### (d) Critical accounting estimates and assumptions

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

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

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

### (f) Basis of consolidation

#### *(i) Subsidiaries*

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

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

# Notes to the consolidated financial statements continued

## 1. Principal accounting policies continued

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

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

Unless otherwise stated, these subsidiaries are wholly owned.

Furthermore, the consolidated financial statements include the joint venture Galleria Verde S.r.l. in Milan, Italy.

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

### Foreign currency translations

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

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

### Property investments and property investments under development

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

## 1. Principal accounting policies continued

These experts are instructed to appraise in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). Both documents contain mandatory rules, best practice guidance and related commentary for all RICS members and appraisers undertaking property valuations. These revaluations represent the price, net of normal purchaser's costs, at which the property could be sold in the open market on the date of revaluation. At the balance sheet date the fair value of each property investment is based on comprehensive valuation reports from the independent experts. Valuations are prepared based on current prices for comparable investment properties in an active market. If, however, such information is not available, property valuations are prepared based on standard valuation techniques such as the capitalisation method and discounted cash flow method.

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

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

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

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

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

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

### Property investments held for sale

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

### Investments in joint ventures

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investments in joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date, measured in accordance with the Group's accounting policies. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the difference in the statement of profit or loss account. Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss. In case of a purchase of the remaining 50% of the shares of the joint venture during the financial year, the balance sheet items will be reported as a 100% subsidiary. With regard to the items in the statement of income and expense, the result up to and including the date of purchase of the remaining 50% of the shares will be reported as income joint ventures. The result after the date of purchase of the remaining 50% of the shares will be reported as a 100% shareholding.

# Notes to the consolidated financial statements continued

## 1. Principal accounting policies continued

### Non-controlling interests

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

### Tangible fixed assets

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

### Receivables

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

### Cash and deposits

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

### Issued share capital

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

### Borrowings

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

### Creditors

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

### Derivative financial instruments

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

Derivative financial instruments are recognised initially at trade date at fair value (cost price). Subsequent to initial recognition, derivative financial instruments are stated at their fair value. The gain or loss on measurement to fair value is recognised in the statement of profit or loss. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, the current creditworthiness of the swap counterparties and the Group’s own creditworthiness. Derivative financial instruments concern only derivative interest rate swap contracts. 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.

### Put option liability non-controlling interest

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

## 1. Principal accounting policies continued

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

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

### Leases

*(i) Leases as a lessee*

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

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

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

*(ii) Leases as a lessor*

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

### Provisions

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

### Provision for pensions

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

### Other assets and liabilities

Unless stated otherwise, assets and liabilities are shown at the amounts at which they were acquired or incurred.
Bad debts (expected credit losses) for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets., if appropriate.

### Rental income

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

# Notes to the consolidated financial statements continued

## 1. Principal accounting policies continued

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

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

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

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

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

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

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

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

## 1. Principal accounting policies continued

### Current tax and deferred tax

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

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

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

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

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

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

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

### Cash flow statement

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

### Segment information

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

# Notes to the consolidated financial statements continued

ESEF Company information

| | |
|---|---|
| Name of reporting entity or other means of identification | Eurocommercial Properties N.V. |
| Domicile of entity | The Netherlands |
| Legal form of entity | Public Limited Liability Company |
| Country of incorporation | The Netherlands |
| Address of entity's registered office | Herengracht 469, 1017 BS Amsterdam |
| Principal place of business | Amsterdam |
| Description of nature of entity's operations and principal activities | The Company is a closed end property investment company |

## 2. Segment information

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

2021

| For the 12 months ended 31-12-21 €'000 | Belgium | France | Italy | Sweden | The Netherlands* | Total proportional consolidation | Adjustments joint ventures | Total IFRS |
|---|---|---|---|---|---|---|---|---|
| Rental income | 25,453 | 49,425 | 87,474 | 46,316 | 0 | 208,668 | (10,324) | 198,344 |
| Service charge income | 6,277 | 6,130 | 14,329 | 15,267 | 0 | 42,003 | (2,610) | 39,393 |
| Service charge expenses | (6,820) | (6,138) | (14,109) | (17,503) | 0 | (44,570) | 3,023 | (41,547) |
| Property expenses | (2,343) | (14,849) | (20,499) | (5,198) | 0 | (42,889) | 1,798 | (41,091) |
| Net property income | 22,567 | 34,568 | 67,195 | 38,882 | 0 | 163,212 | (8,113) | 155,099 |
| Share of result of joint ventures | 0 | 0 | 0 | 0 | 0 | 0 | 5,967 | 5,967 |
| Investment revaluation and disposal of investment properties | (13,263) | (19,194) | 10,227 | 8,486 | (38) | (13,782) | (1,149) | (14,931) |
| Segment result | 9,304 | 15,374 | 77,422 | 47,368 | (38) | 149,430 | (3,295) | 146,135 |
| Net financing result | | | | | | (3,951) | (876) | (4,827) |
| Company expenses | | | | | | (11,122) | 4 | (11,118) |
| Investment expenses | | | | | | (510) | 10 | (500) |
| Other income | | | | | | 1,935 | 1,121 | 3,056 |
| Profit before taxation | | | | | | 135,782 | (3,036) | 132,746 |
| Current tax | | | | | | (1,365) | 74 | (1,291) |
| Deferred tax | | | | | | (28,444) | 2,962 | (25,482) |
| Profit after taxation | | | | | | 105,973 | 0 | 105,973 |
| Acquisitions, divestments and capital expenditure (including capitalised interest) | 2,406 | (59,613) | 16,842 | 2,062 | 0 | (38,303) | 37,796 | (507) |

| As per 31-12-21 €'000 | Belgium | France | Italy | Sweden | The Netherlands* | Total proportional consolidation | Adjustments joint ventures | Total IFRS |
|---|---|---|---|---|---|---|---|---|
| Property investments | 579,000 | 889,800 | 1,608,100 | 893,619 | 0 | 3,970,519 | (184,500) | 3,786,019 |
| Investment in joint ventures | 0 | 0 | 0 | 0 | 0 | 0 | 77,690 | 77,690 |
| Tangible fixed assets | 0 | 1,269 | 1,228 | 207 | 643 | 3,347 | 0 | 3,347 |
| Deferred tax assets | 0 | 0 | 13,925 | 0 | 0 | 13,925 | (4,637) | 9,288 |
| Receivables | 6,564 | 56,986 | 8,623 | 4,937 | 713 | 77,823 | (699) | 77,124 |
| Loan to Joint Venture | 0 | 0 | 0 | 0 | 0 | 0 | 15,083 | 15,083 |
| Derivative financial instruments | 0 | 0 | 2,715 | 391 | 0 | 3,106 | (899) | 2,207 |
| Cash and deposits | 2,834 | 8,520 | 29,011 | 15,426 | 3,304 | 59,095 | (3,477) | 55,618 |
| Total assets | 588,398 | 956,575 | 1,663,602 | 914,580 | 4,660 | 4,127,815 | (101,439) | 4,026,376 |
| | | | | | | | | |
| Creditors | 11,148 | 44,610 | 45,396 | 32,732 | 1,786 | 135,672 | (7,906) | 127,766 |
| Borrowings | 285,283 | 224,983 | 870,501 | 351,943 | 5,000 | 1,737,710 | (91,931) | 1,645,779 |
| Derivative financial instruments | 4,463 | 0 | 89,419 | 372 | 0 | 94,254 | (1,602) | 92,652 |
| Deferred tax liabilities | 0 | 0 | 0 | 84,018 | 0 | 84,018 | 0 | 84,018 |
| Put option liability non-controlling interest | 55,769 | 0 | 0 | 0 | 0 | 55,769 | 0 | 55,769 |
| Provision for pensions | 0 | 0 | 0 | 0 | 1,162 | 1,162 | 0 | 1,162 |
| Total liabilities | 356,663 | 269,593 | 1,005,316 | 469,065 | 7,948 | 2,108,585 | (101,439) | 2,007,146 |

* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V..

# Notes to the consolidated financial statements continued

## 2. Segment information continued

### 2020

| For the 18 months ended 31-12-2020 €'000 | Belgium | France | Italy | Sweden | The Netherlands* | Total proportional consolidation | Adjustments joint ventures | Total IFRS |
|---|---|---|---|---|---|---|---|---|
| Rental income | 39,685 | 79,731 | 131,077 | 69,680 | 0 | 320,173 | (16,546) | 303,627 |
| Service charge income | 8,432 | 12,507 | 7,921 | 19,313 | 0 | 48,173 | (4,519) | 43,654 |
| Service charge expenses | (8,594) | (14,691) | (8,038) | (23,315) | 0 | (54,638) | 4,615 | (50,023) |
| Property expenses** | (7,379) | (22,088) | (22,225) | (8,762) | 0 | (60,454) | 1,150 | (59,304) |
| Net property income | 32,144 | 55,459 | 108,735 | 56,916 | 0 | 253,254 | (15,300) | 237,954 |
| Share of result of joint ventures | 0 | 0 | 0 | 0 | 0 | 0 | 16,011 | 16,011 |
| Investment revaluation and disposal of investment properties | (39,935) | (37,485) | (73,576) | (24,285) | 887 | (174,394) | 10,177 | (164,217) |
| Segment result | (7,791) | 17,974 | 35,159 | 32,631 | 887 | 78,860 | 10,888 | 89,748 |
| Net financing result | | | | | | (67,947) | 2,376 | (65,571) |
| Company expenses | | | | | | (18,094) | 0 | (18,094) |
| Investment expenses | | | | | | 200 | 13 | 213 |
| Other income | | | | | | 2,967 | 2,188 | 5,155 |
| Profit before taxation | | | | | | (4,014) | 15,465 | 11,451 |
| Current tax** | | | | | | (1,072) | (44) | (1,116) |
| Deferred tax | | | | | | 113,695 | (15,421) | 98,274 |
| Profit after taxation | | | | | | 108,609 | 0 | 108,609 |
| Acquisitions, divestments and capital expenditure (including capitalised interest) | 75,370 | (189,210) | 86,222 | (16,401) | 0 | (44,019) | (23,022) | (67,041) |

| As per 31-12-2020 €'000 | Belgium | France | Italy | Sweden | The Netherlands* | Total proportional consolidation | Adjustments joint ventures | Total IFRS |
|---|---|---|---|---|---|---|---|---|
| Property investments | 589,800 | 965,300 | 1,580,200 | 901,348 | 0 | 4,036,648 | (221,000) | 3,815,648 |
| Investment in joint ventures | 0 | 0 | 0 | 0 | 0 | 0 | 122,097 | 122,097 |
| Tangible fixed assets | 0 | 1,703 | 1,772 | 389 | 890 | 4,754 | 0 | 4,754 |
| Deferred tax assets | 0 | 0 | 32,438 | 0 | 0 | 32,438 | (7,580) | 24,858 |
| Receivables | 7,465 | 31,459 | 10,585 | 7,722 | 1,165 | 58,396 | 660 | 59,056 |
| Derivative financial instruments | 0 | 0 | 0 | 0 | 188 | 188 | 0 | 188 |
| Cash and deposits | 2,571 | 8,212 | 30,349 | 19,558 | 3,711 | 64,401 | (3,966) | 60,435 |
| Total assets | 599,836 | 1,006,674 | 1,655,344 | 929,017 | 5,954 | 4,196,825 | (109,789) | 4,087,036 |
| Creditors | 9,741 | 39,488 | 66,360 | 34,018 | 2,578 | 152,185 | (14,127) | 138,058 |
| Borrowings | 285,098 | 249,989 | 926,955 | 361,549 | 10,000 | 1,833,591 | (92,503) | 1,741,088 |
| Derivative financial instruments | 9,108 | 0 | 123,168 | 664 | 0 | 132,940 | (3,159) | 129,781 |
| Deferred tax liabilities | 0 | 0 | 0 | 77,926 | 0 | 77,926 | 0 | 77,926 |
| Put option liability non-controlling interest | 52,464 | 0 | 0 | 0 | 0 | 52,464 | 0 | 52,464 |
| Provision for pensions | 0 | 0 | 0 | 0 | 1,880 | 1,880 | 0 | 1,880 |
| Total liabilities | 356,411 | 289,477 | 1,116,483 | 474,157 | 14,458 | 2,250,986 | (109,789) | 2,141,197 |

* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V..
** The comparative figures have been reclassified or changed.

## 2. Segment information continued

| For the 12 months ended 31-12-20<br>for illustrative purposes<br>€'000 | Belgium | France | Italy | Sweden | The Netherlands* | Total proportional consolidation | Adjustments joint ventures | Total IFRS |
|---|---|---|---|---|---|---|---|---|
| Rental income | 26,719 | 52,037 | 86,608 | 46,300 | 0 | 211,664 | (10,928) | 200,736 |
| Service charge income | 5,685 | 6,707 | 4,640 | 12,656 | 0 | 29,688 | (2,629) | 27,059 |
| Service charge expenses | (5,724) | (7,755) | (4,695) | (15,223) | 0 | (33,397) | 2,619 | (30,778) |
| Property expenses** | (6,456) | (16,850) | (14,022) | (6,081) | 0 | (43,409) | 959 | (42,450) |
| Net property income | 20,224 | 34,139 | 72,531 | 37,652 | 0 | 164,546 | (9,979) | 154,567 |
| Share of result of joint ventures | 0 | 0 | 0 | 0 | 0 | 0 | 12,011 | 12,011 |
| Investment revaluation and disposal of investment properties | (37,582) | (44,627) | (69,408) | (22,622) | 666 | (173,573) | 10,855 | (162,718) |
| Segment result | (17,358) | (10,488) | 3,123 | 15,030 | 666 | (9,027) | 12,887 | 3,860 |
| Net financing result | | | | | | (56,999) | 2,133 | (54,866) |
| Company expenses | | | | | | (11,415) | 0 | (11,415) |
| Investment expenses | | | | | | 424 | 9 | 433 |
| Other income | | | | | | 2,105 | 1,523 | 3,628 |
| Profit before taxation | | | | | | (74,912) | 16,552 | (58,360) |
| Current tax** | | | | | | 634 | (202) | 432 |
| Deferred tax | | | | | | 117,051 | (16,350) | 100,701 |
| Profit after taxation | | | | | | 42,773 | 0 | 42,773 |
| Acquisitions, divestments and capital expenditure (including capitalised interest) | 3,617 | 6,436 | 43,852 | (34,655) | 0 | 19,250 | (9,323) | 9,927 |

* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V..
** The comparative figures have been reclassified or changed.

# Notes to the consolidated financial statements continued

## 3. Exchange rates

It is generally the Company's policy for non-euro investments to use debt denominated in the currency of investment to provide a (partial) hedge against currency movements. Exceptionally, forward contracts may be entered into from time to time when debt instruments are inappropriate for cost or other reasons. The only non-euro investment assets and liabilities of the Company are in Sweden. As at 31 December 2021, €1 was SEK 10.2503 (31 December 2020: SEK 10.0343). The average SEK/€ exchange rate during 2021 was SEK10.1444 (2020: SEK10.5397).

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

### Rental income

Rental income in the current financial year comprised:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|
| Gross lease payments collected/accrued | 202,624 | 306,879 | 204,246 |
| Straight-lining of rent concessions | (4,237) | (1,968) | (1,968) |
| COVID-19 rent concessions | (1,522) | (3,767) | (3,767) |
| COVID-19 state support | 1,097 | 1,635 | 1,635 |
| Entry fees received/accrued | 382 | 848 | 590 |
| | 198,344 | 303,627 | 200,736 |

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

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

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

| | As at 31-12-21 €'000 | As at 31-12-20 €'000* |
|---|---|---|
| – less than one year | 163,098 | 163,364 |
| – between one and five years | 288,477 | 292,810 |
| – more than five years | 125,588 | 143,305 |
| | 577,163 | 599,479 |

* The comparative figures have been restated.

Approximately 0.89% of the rental income for the financial year ended 31 December 2021 is turnover rent (2019/2020: 0.99%).

The Company has recognised €1.1 million of government assistance in relation to rent concessions for the financial year.

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

| | As at 31-12-21 €'000 | As at 31-12-20 €'000 |
|---|---|---|
| – less than one year | 2,310 | 2,915 |
| – between one and five years | 3,179 | 4,331 |
| – more than five years | 881 | 677 |
| | 6,370 | 7,923 |

### Service charge income and expenses

Service charge income of €39.4 million (2019/2020: €43.7 million) represents income receivable from tenants for the services of utilities, caretakers etc. when the Group acts as principal.

The management of the service charges for I Gigli and Collestrada properties in Italy have been insourced as from this financial year. Therefore, the Company acts as a principal for Carosello, I Gigli and Collestrada properties in Italy and both the service charges income and expenses are presented in the consolidated statement of profit or loss.

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

Service charge expenses of €41.5 million (2019/2020: €50.0 million) represent costs related to the services of utilities, caretakers etc. which are rendered to tenants. The service charge expenses can be higher than the service charge income as costs are not always fully recoverable from tenants.

## 5. Property expenses

Property expenses in the current financial year were:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000* |
|---|---|---|---|
| Direct property expenses | | | |
| Bad debts (expected credit loss) | 4,218 | 4,827 | 4,198 |
| Centre marketing expenses | 1,708 | 3,218 | 2,115 |
| Impairment on tenant receivables (COVID-19 rent concessions) | 8,068 | 10,006 | 10,006 |
| Insurance premiums | 829 | 1,411 | 981 |
| Managing agent fees | 2,056 | 4,365 | 2,818 |
| Property taxes | 3,416 | 5,285 | 3,531 |
| Repair and maintenance | 775 | 1,440 | 854 |
| Shortfall service charges | 832 | 1,743 | 1,079 |
| | 21,902 | 32,295 | 25,582 |
| Indirect property expenses | | | |
| Accounting fees | 791 | 1,009 | 701 |
| Audit fees | 392 | 751 | 556 |
| Depreciation fixed assets | 538 | 989 | 640 |
| Depreciation right-of-use assets | 802 | 1,204 | 820 |
| Dispossession indemnities | 25 | 138 | 75 |
| Legal and other advisory fees | 2,430 | 3,524 | 2,383 |
| Letting fees and relocation expenses | 1,257 | 1,780 | 1,138 |
| Local office and accommodation expenses | 1,535 | 2,304 | 1,557 |
| Pension contributions | 193 | 230 | 146 |
| Salaries, wages and bonuses | 7,217 | 9,406 | 5,838 |
| Social security charges | 3,167 | 4,171 | 2,692 |
| Performance shares granted (IFRS 2) | 28 | (308) | (495) |
| Travelling expenses | 330 | 501 | 82 |
| Other local taxes | 324 | 1,104 | 599 |
| Other expenses | 160 | 206 | 136 |
| | 19,189 | 27,009 | 16,868 |
| | 41,091 | 59,304 | 42,450 |

* The comparative figures have changed. In the consolidated statement of profit or loss, the Italian local tax (IRAP) is included in the corporate income tax, whereas in the previous reporting period it was included in the property expenses. Consequently, amounts of €323,000 and negative €92,000 have been reclassified to corporate income tax for the respective eighteen month and twelve month reporting periods ending 31 December 2020.

Indirect property expenses include the expenses of the Brussels, Milan, Paris and Stockholm offices.

Depreciation right-of-use assets include the depreciation of right-of-use assets related to operating leases for the Company's Group offices in Milan was €428,000 (2020: €666,000), in Paris was €181,000 (2020: €258,000) and Stockholm was €193,000 (2019/2020: €280,000). These leases are standard lease contracts with no contingent rents and sublease payments and expire in February 2024, September 2028 and September 2022 respectively.

The depreciation of fixed assets for the financial year is €0 for the Brussels office (2020: €7,000), €134,000 for the Paris office (2020: €302,000), €366,000 for the Milan office (2020: €597,000) and €38,000 for the Stockholm office (2020: €83,000).

All depreciation amounts presented for the previous period in the two paragraphs above relate to eighteen months.

# Notes to the consolidated financial statements continued

## 6. Investment revaluation and disposal of investment properties

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

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|
| Revaluation of property investments | (9,827) | (145,387) | (144,746) |
| Revaluation of property investments under development | (1,474) | 869 | 984 |
| Revaluation of property investments held for sale | (533) | (4,721) | (4,638) |
| Divestment property sold | (994) | (8,860) | (7,663) |
| Elimination of accrued entry fees | (221) | (611) | (489) |
| Elimination of capitalised letting fees | (1,629) | (350) | (858) |
| Elimination of COVID-19 rent discounts | 719 | (7,092) | (7,092) |
| Movement long-term creditors | (523) | 1,122 | 1,128 |
| Foreign currency results | (449) | 813 | 656 |
| | (14,931) | (164,217) | (162,718) |

The divestment property sold of €994,000 negative, is mainly related to Chasse sur Rhône, as a result of additional costs due to sale. The movement of foreign currency results includes a realised amount of €269,000 negative (2019/2020: €960,000 positive) and an unrealised amount of €180,000 negative (2019/2020: €147,000 negative) and comprises foreign currency results on cash, receivables, creditors and other assets and liabilities.

## 7. Company expenses

Company expenses in the current financial year comprised:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|
| Audit fees | 407 | 430 | 292 |
| Depreciation fixed assets | 362 | 369 | 215 |
| Depreciation right-of-use assets | 263 | 393 | 259 |
| Directors' fees | 2,423 | 4,231 | 2,741 |
| IT expenses | 1,036 | 1,347 | 854 |
| Legal and other advisory fees | 671 | 1,669 | 1,221 |
| Marketing expenses | 155 | 758 | 407 |
| Office and accommodation expenses | 1,314 | 2,556 | 1,649 |
| Pension costs* | 98 | 52 | 32 |
| Pension contributions* | 503 | 755 | 525 |
| Salaries, wages and bonuses | 2,475 | 3,338 | 2,094 |
| Social security charges | 412 | 546 | 363 |
| Statutory costs | 435 | 721 | 496 |
| Performance shares granted (IFRS 2) | 18 | (211) | (409) |
| Travelling expenses | 86 | 293 | 92 |
| Other expenses | 460 | 847 | 584 |
| | 11,118 | 18,094 | 11,415 |

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

Depreciation right-of-use assets includes the lease for the Company's head office at Herengracht 469, Amsterdam. This lease is a standard lease contract with no contingent rents and sublease payments and expires in September 2023. The depreciation of fixed assets for the financial year is €362,000 (2019/2020: €369,000).

## 8. Personnel costs

Total personnel costs in the current financial year comprised:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|
| Salaries and wages | 10,156 | 15,957 | 10,618 |
| Social security charges and taxes | 3,826 | 4,994 | 3,232 |
| Pension costs | 1,057 | 1,357 | 949 |
| Bonuses | 1,214 | 0 | (661) |
| Performance shares granted (IFRS 2) | 91 | (1,496) | (1,808) |
| | 16,344 | 20,812 | 12,330 |

Total personnel costs are partly presented under (indirect) property expenses €10,605,000 (2019/2020: €13,499,000), partly under company expenses (remuneration of the members of the Board of Management inclusive) €5,929,000 (2019/2020: €8,290,000) and partly under investment expenses €45,000 (2019/2020: €977,000 negative). These expenses do not include the remuneration of the members of the Supervisory Board. The pension costs consist of €503,000 of pension contributions (2019/2020: €755,000) and a positive amount of €98,000 of fair value movement defined benefit plan (2019/2020: positive amount of €52,000). The bonuses paid to senior executives are directly linked to the annual growth in the Company's net asset value, the dividend per share and the annual relative performance as per the end of the financial year of the listed shares of the Company compared with a peer group of ten listed retail property companies. For this financial year there was no growth of the dividend per share and no growth of the net asset value per share during the financial year ended 31 December 2021. However, the relative outperformance for the financial year 2021 was 18.7%, which would have resulted in variable cash bonuses of 50% of base salaries. However, due to the impact of COVID-19 the Board of Management decided to reduce the current variable cash bonuses to a maximum of 15% of base salaries. The Group employed an average of 92 full-time equivalent persons during the financial year (2019/2020: 94), of whom 15 are resident in The Netherlands, 6 in the UK, 26 in France, 34 in Italy and 11 in Sweden. The Group staff (members of the Board of Management excluded) holds 99,615 shares, representing 0.19% of the issued share capital of the Company.

## 9. Investment expenses

Investment expenses in the current financial year comprised:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12 -20 for illustrative purposes €´000 |
|---|---|---|---|
| Aborted acquisition costs | 143 | 123 | 7 |
| Performance shares granted (IFRS 2) | 45 | (977) | (904) |
| Property valuation fees | 312 | 621 | 446 |
| Other income/expenses | 0 | 20 | 18 |
| | 500 | (213) | (433) |

## 10. Other income

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

# Notes to the consolidated financial statements continued

## 11. Net financing costs

Net financing costs in the current financial year comprised:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Twelve months ended 31-12-20 for illustrative purposes €'000 |
|---|---|---|---|
| Interest income | 11 | 35 | 20 |
| Gross interest expenses | (37,846) | (62,249) | (40,486) |
| Interest on put option non-controlling interest* | (2,140) | (2,816) | (2,816) |
| Capitalised interest | 0 | 1,145 | 694 |
| Early close out costs | (2,609) | 0 | 0 |
| Fair value movement derivative financial instruments | 38,921 | (6,843) | (17,435) |
| Movement in present value put option (other than interest) | (1,164) | 5,157 | 5,157 |
| | (4,827) | (65,571) | (54,866) |

* The interest on put option non-controlling interest is allocated to the indirect investment result.

Gross interest expense consists of interest on lease liabilities, interest payable on loans calculated using the effective interest rate method and on derivative financial instruments. The interest payable to finance the extension/acquisition of an asset is capitalised until completion/acquisition date and is reported as capitalised interest. The interest rate used for capitalised interest during this financial year was 1.9% (2019/2020: 1.9%).

Early close out costs refer to the early partial repayment of a fixed interest loan due to the disposal of Les Trois Dauphins in Grenoble.

The interest expenses related to lease liabilities for the financial year were €60,000 (2019/2020: €108,000).

## 12. Taxation

Total tax in the current financial year comprised:

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 |
|---|---|---|
| Current tax Italy* | (498) | 319 |
| Current tax Belgium | 310 | 410 |
| Current tax Sweden | 1,465 | 394 |
| Current tax United Kingdom | 14 | (7) |
| Current tax | 1,291 | 1,116 |
| | | |
| Deferred tax on unrealised value movements investment property Italy and Sweden | 18,722 | (94,001) |
| Deferred tax on properties sold | 0 | (3,980) |
| Deferred tax on unrealised value movements derivative financial instruments Italy and Sweden | 4,757 | (1,673) |
| Movement tax losses recognised Italy and Sweden | 2,003 | 1,380 |
| Deferred tax | 25,482 | (98,274) |
| Total tax | 26,773 | (97,158) |

* The comparative figures have been reclassified. The Italian local tax (IRAP) is included in the corporate income tax, whereas in the previous reporting period it was included in the property expenses, Consequently, the amount of €323,000 has been reclassified to corporate income tax for the respective eighteen months period ending 31 December 2020.

## 12. Taxation continued

| | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 |
|---|---|---|
| Tax-exempt income (including effect of FBI, FIIS and SIIC) | 17,569 | 26,370 |
| Result before tax attributable to Swedish tax rate of 20.6% | 30,857 | (7,853) |
| Result before tax attributable to Italian tax rate of 27.9%* | 78,369 | (23,050) |
| Result before tax attributable to UK tax rate of 19% | (16) | (27) |
| Result before taxation | 126,779 | (4,560) |
| | | |
| Tax on result before tax attributable to Swedish taxable subsidiaries at a tax rate of 20.6% | 6,357 | (1,618) |
| Tax on result before tax attributable to Italian taxable subsidiaries at a tax rate of 27.9%* | 21,865 | (5,610) |
| Tax on result before tax attributable to UK taxable subsidiary at a tax rate of 19.00% | (3) | (5) |
| Property investments fiscal step up and realignment | (3,476) | (100,422) |
| Usage of unrecognised tax losses Italy and Sweden | 0 | (63) |
| Change in tax rate | 187 | 0 |
| Non-taxable income/expense Belgium, Italy, Sweden and UK | 1,843 | 10,560 |
| Total tax | 26,773 | (97,158) |

* The comparative figures have been reclassified. The Italian local tax (IRAP) is included in the corporate income tax, whereas in the previous reporting period it was included in the property expenses, Consequently, the amount of €323,000 has been reclassified to corporate income tax for the respective eighteen months period ending 31 December 2020.

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

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

In Italy and Sweden, the properties are held by taxable entities. In Italy, the nominal tax rate is 27.9% and in Sweden the nominal tax rate of 20.6% has been applied for deferred tax. The nominal tax rate for the subsidiary in the United Kingdom is 19%.

The increase in the result before taxation attributable to Italy is mainly related to the positive properties revaluation and derivatives movement accounted in 2021 and to the different length of the comparative fiscal year. Last year the negative movement in deferred tax of €100.4 million is the result of a fiscal step up and fiscal realignment of the Company’s Italian entities’ assets. This step up was made mostly at 3% substitute tax rate compared to the 24% or 27.9% standard Italian corporate tax rates.

The Italian Tax Authorities issued two notices of assessment on the property depreciation and the following use of the fiscal losses carry forward for the fiscal years 2014/2015 and 2015/2016 of the Italian subsidiary Eurocommercial Properties Italia S.r.l.. In October 2020 and April 2021 respectively, the Italian tax court rendered a decision in the second degree confirming the first degree decision in favour of the Company. The Italian tax authorities have appealed to the final court for both the notices. No provisions have been accounted for in the financial statements.

# Notes to the consolidated financial statements continued

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

Property investments, property investments under development and property investments held for sale are stated at fair value. It is the Company's policy that all property investments and property investments under development be revalued semi-annually by qualified independent experts. The independent valuation figures for the Company's properties represent the net price expected to be received by the Company from a notional purchaser who would deduct any purchaser's costs including registration tax. All properties in the Group are freehold. The qualified independent valuers have prepared their appraisals in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). These standards require that valuers, among other activities, collect a variety of data, including general economic data, property-specific data and market supply and demand data. Property-specific data includes passing rent and future rent, expenses, lease terms, lease incentives, vacancies, rent concessions, etc. The Board of Management reviews the valuation reports and determines that the source data provided by the Company is processed correctly. The data and valuation methodologies used are set out in the independent valuation reports. All properties were revalued at 31 December 2021.

During the first quarter of 2021, the sale of Les Trois Dauphins in Grenoble was completed to the Crédit Agricole group for a price of €34.4 million.

On 5 November 2021, the Company purchased the remaining 50% share of Shopping Etrembières held by its joint venture partner at a price of €45 million and is now the 100% owner of the shopping centre. The project adjoining the existing shopping centre at Etrembières is under construction and reported as property investment under development and scheduled to open in the first half of 2022.

On 9 December 2021, the Company sold Chasse Sud and its hypermarket anchored retail park at Chasse-sur-Rhône in France. The property was sold at a price of €80 million net to the vendor.

### Purchasers' costs

The total purchasers' costs including registration tax, which are excluded from the fair value of the property investments, property investments under development and property investments held for sale, for the financial year ended 31 December 2021 were as follows:

| | 31-12-2021 | | | | | 31-12-20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Belgium | France | Italy | Sweden | Total | Belgium | France | Italy | Sweden | Total |
| Purchasers' costs (%) | 2.5% | 7.0% | 1.3% | 1.0% | 2.7% | 2.5 | 6.8 | 1.5 | 1.0 | 2.8 |
| Purchasers' costs (€'000) | 14,520 | 62,072 | 18,004 | 8,931 | 103,527 | 14,790 | 62,103 | 21,801 | 9,010 | 107,704 |

### Vacancy

EPRA vacancy for the property portfolio is 1.5% (31 December 2020: 1.6%).

### Fair value hierarchy

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

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

### Property portfolio

The current property portfolio is:

| | 31-12-21 Net value €'000 | 31-12-20 Net value €'000 | 31-12-21 Costs to date €'000 | 31-12-20 Costs to date €'000 |
|---|---|---|---|---|
| Belgium | 579,000 | 589,800 | 655,240 | 653,121 |
| France | 889,800 | 918,000 | 636,718 | 637,369 |
| Italy | 1,423,600 | 1,406,500 | 1,047,135 | 1,038,786 |
| Sweden | 893,619 | 901,348 | 755,357 | 753,295 |
| Total | 3,786,019 | 3,815,648 | 3,094,450 | 3,082,571 |
| Less: Property investments under development | (6,100) | (4,400) | (13,104) | (9,931) |
| Less: Property investments held for sale | (22,500) | (34,400) | (22,871) | (28,340) |
| Property investments | 3,757,419 | 3,776,848 | 3,058,475 | 3,044,300 |

The amount of €22.5 million of investment property held for sale relates to Les Grand Hommes, Bordeaux (31 December 2020: €34.4 million related to Les Trois Dauphins, Grenoble). The investment property under development of €6.1 million (31 December 2020: €4.4 million) relates to the project adjoining Shopping Etrembières.

### Assumptions and sensitivity analysis

The assumptions and sensitivity analysis of the valuations are made by the valuers and represent the property investments, excluding land and property held for development. The following assumptions were applied as per 31 December 2021:

| | 31-12-21 | | | | 31-12-20 | | | |
|---|---|---|---|---|---|---|---|---|
| | Belgium | France | Italy | Sweden | Belgium | France | Italy | Sweden |
| Passing rent per m² (€; average) | 587 | 373 | 309 | 244 | 567 | 261 | 312 | 237 |
| Estimated rent value per m² (€; average) | 575 | 393 | 323 | 245 | 551 | 270 | 326 | 240 |
| Net initial yield (%; average) | 4.4 | 4.9 | 5.4 | 5.0 | 4.1 | 4.8 | 5.3 | 4.9 |
| Reversionary yield (%; average) | 4.3 | 5.2 | 5.6 | 5.0 | 4.3 | 5.3 | 5.7 | 5.1 |
| Inflation rate (%; min/max)* | n.a. | n.a. | 1.3/1.7 | 2.0/2.5 | n.a. | n.a. | 1.1/1.7 | 1.0/2.2 |
| Long-term growth in rental value (%; min/max)* | n.a. | n.a. | 1.3/1.7 | 2.0/2.5 | n.a. | n.a. | 1.0/1.7 | n.a. |

* When DCF method is used.

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

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

| | 31-12-21 | | | | | 31-12-20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Belgium €'000 | France €'000 | Italy €'000 | Sweden €'000 | Total €'000 | Belgium €'000 | France €'000 | Italy €'000 | Sweden €'000 | Total €'000 |
| Increase average NIY by 25 bps | (32,420) | (40,750) | (48,940) | (35,582) | (157,692) | (32,146) | (42,122) | (50,390) | (35,744) | (160,402) |
| Increase average NIY by 50 bps | (61,810) | (78,200) | (93,470) | (72,344) | (305,824) | (60,868) | (80,062) | (95,950) | (72,869) | (309,749) |
| Decrease average NIY by 25 bps | 35,940 | 45,975 | 53,480 | 48,210 | 183,605 | 42,058 | 46,688 | 54,940 | 50,967 | 194,653 |
| Decrease average NIY by 50 bps | 76,580 | 97,025 | 112,230 | 97,598 | 383,433 | 77,298 | 98,766 | 115,330 | 101,901 | 393,295 |
| Increase ERV of 5% | 28,640 | 36,675 | 39,240 | 41,576 | 146,131 | 28,751 | 33,066 | 39,950 | 36,280 | 138,047 |
| Increase ERV of 10% | 57,270 | 73,150 | 78,780 | 84,460 | 293,660 | 57,502 | 65,789 | 78,780 | 75,051 | 277,122 |
| Decrease ERV of 5% | (28,640) | (36,350) | (35,040) | (40,491) | (140,521) | (28,761) | (31,711) | (39,910) | (38,572) | (138,954) |
| Decrease ERV of 10% | (57,270) | (72,900) | (78,750) | (84,148) | (293,068) | (57,512) | (66,446) | (79,850) | (76,148) | (279,956) |

# Notes to the consolidated financial statements continued

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

Changes in property investments and property investments held for sale for the financial year ended 31 December 2021 were as follows:

| | Property investments 31-12-21 €'000 | Property investments held for sale 31-12-21 €'000 | Property investments 31-12-20 €'000 | Property investments held for sale 31-12-20 €'000 |
|---|---|---|---|---|
| Book value at beginning of year | 3,776,848 | 34,400 | 3,793,385 | 199,000 |
| Acquisitions | 47,927 | 0 | 0 | 0 |
| Transfer from joint venture | 47,052 | 0 | 0 | 0 |
| Capital expenditure – general | 9,015 | 0 | 7,761 | 0 |
| Capital expenditure – extensions and refurbishments | 8,101 | 0 | 107,694 | 0 |
| Contribution in kind of property investment | 0 | 0 | 67,000 | 0 |
| Capitalised interest | 0 | 0 | 1,145 | 0 |
| Capitalised letting fees | 1,858 | 0 | 350 | 0 |
| Capitalised rent concessions | (719) | 0 | 7,092 | 0 |
| Elimination of capitalised letting fees | (1,858) | 0 | (350) | 0 |
| Elimination of capitalised rent concessions | 719 | 0 | (7,092) | 0 |
| Revaluation of property investments | (9,793) | 0 | (145,387) | 0 |
| Revaluation of property investments held for sale | 0 | (533) | 0 | (4,721) |
| Reallocation from property investments held for sale | (23,033) | 23,033 | (39,121) | 39,121 |
| Reallocation from property investments under development | 0 | 0 | 0 | 0 |
| Book value divestment property | (80,000) | (34,400) | (63,271) | (199,000) |
| Exchange rate movement | (18,698) | 0 | 47,642 | 0 |
| Book value at end of year | 3,757,419 | 22,500 | 3,776,848 | 34,400 |

On 5 November 2021 the Company acquired the remaining 50% of the shares of the companies owning the property Shopping Etrembières from the joint venture partner AXA and has become full owner of these companies. Consequently, the acquisition of €47,927 is related to the second half of the property Shopping Etrembières. The amount of €47,052 which is reported as transfer from joint venture is related to the 50% ownership of the property previously included in the net asset value of the joint venture.

The capitalised rent concessions movement of €0.7 million negative is related to COVID-19 for the properties in Italy as a result of the application of IFRS 16. The capitalised rent concessions will be straight-lined to the next break date of the lease. As the properties are reported at fair value, a corresponding revaluation of €0.7 million positive is recorded as elimination of capitalised rent concessions for this movement.

Changes in property investments under development for the financial year ended 31 December 2021 were as follows:

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | 4,400 | 1,700 |
| Capital expenditure | 659 | 1,831 |
| Revaluation property investments under development | 1,041 | 869 |
| Book value at end of year | 6,100 | 4,400 |

## 14. Investments in joint ventures

The French and Italian joint ventures reported in this statement have the same calendar year end. There are no contingent liabilities or other post balance sheet events in the joint ventures other than mentioned below. There are no unrecognised losses and no restrictions on the joint ventures' cash dividends or on the repayment of loans and advances. During this financial year, dividends for a total amount of €2.0 million were paid by the joint ventures (2019/2020: €2.5 million).

On 5 November 2021 the Company purchased the 50% share of SCI Val Commerce and SCI Winter held by its joint venture partner. Both SCI's are the owners of the shopping centre Shopping Etrembières. As from that date the companies are consolidated line by line and the shopping centre is reported as property investment.

On 11 November 2021 the Italian joint venture Galleria Verde opened 7,000m$^2$ of new shops area and a multi-level car park in the area of Fiordaliso shopping centre purchased from the other joint venture partner Iper Montebello (Finiper Group), which moved the former hypermarket in a new external building connected to the centre. The renovation works amounted to €41.3million.

The Italian joint venture is financed by ING and BNP Paribas who granted a loan of €177 million, maturing in 2026 with mortgage on the gallery, by Banca Intesa Sanpaolo who granted a loan of €21 million maturing in 2024 with a mortgage on the retail park and by Banca Popolare di Milano who provided in 2020 a State guaranteed unsecured facility of €5.5 million for a term of three years. The loans are hedged with interest rate swaps for a notional amount of €160 million, with an average maturity of 5.8 years and an average rate 0.68%. The two shareholders in addition granted to the joint venture two intercompany loans for a total amount of €30 million with interest at market rate.

| Property | Etrembières | Fiordaliso | Total | Etrembières | Fiordaliso | Total |
|---|---|---|---|---|---|---|
| Country | France | Italy | | France | Italy | |
| ECP ownership | 100% | 50% | | 50% | 50% | |
| Company name | SCI Winter and SCI Val Commerces | Galleria Verde S.r.l. | | SCI Winter and SCI Val Commerces | Galleria Verde S.r.l. | |
| Summarised profit or loss account | Period ended 05-11-21 €'000 | Twelve months ended 31-12-21 €'000 | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 | Eighteen months ended 31-12-20 €'000 | Eighteen months ended 31-12-20 €'000 |
| Rental income | 3,772 | 16,876 | 20,648 | 7,612 | 25,480 | 33,092 |
| Property expenses | (480) | (3,116) | (3,596) | (396) | (1,904) | (2,300) |
| Service charge income | 406 | 4,814 | 5,220 | 2,038 | 7,000 | 9,038 |
| Service charge expenses | (1,136) | (4,910) | (6,046) | (2,024) | (7,206) | (9,230) |
| Investment revaluation | (2,076) | 4,374 | 2,298 | (6,832) | (13,522) | (20,354) |
| Net interest expenses | 0 | (3,160) | (3,160) | 0 | (4,194) | (4,194) |
| Net derivatives movements | 0 | 4,912 | 4,912 | 0 | (558) | (558) |
| Other expenses to Group companies | 0 | (2,242) | (2,242) | 0 | (4,376) | (4,376) |
| Financial and investment expenses | (6) | (22) | (28) | (10) | (16) | (26) |
| Deferred tax | 0 | (5,924) | (5,924) | 0 | 30,842 | 30,842 |
| Corporate income tax | 0 | (148) | (148) | 0 | 88 | 88 |
| Result after taxation | 480 | 11,454 | 11,934 | 388 | 31,634 | 32,022 |
| Total comprehensive income | 480 | 11,454 | 11,934 | 388 | 31,634 | 32,022 |
| ECP share of total comprehensive income | 240 | 5,727 | 5,967 | 194 | 15,817 | 16,011 |

# Notes to the consolidated financial statements continued

## 14. Investments in joint ventures continued

| Property | Etrembières | Fiordaliso | Total | Etrembières | Fiordaliso | Total |
|---|---|---|---|---|---|---|
| Country | France | Italy | | France | Italy | |
| ECP ownership | 100% | 50% | | 50% | 50% | |
| Company name | SCI Winter and SCI Val Commerces | Galleria Verde S.r.l. | | SCI Winter and SCI Val Commerces | Galleria Verde S.r.l. | |
| Summarised statement of financial position | 31-12-21 €'000 | 31-12-21 €'000 | 31-12-21 €'000 | 31-12-20 €'000 | 31-12-20 €'000 | 31-12-20 €'000 |
| Property investments | 0 | 369,000 | 369,000 | 94,600 | 347,400 | 442,000 |
| Cash and deposits | 0 | 6,954 | 6,954 | 1,786 | 6,146 | 7,932 |
| Debtors | 0 | 1,398 | 1,398 | 5,740 | 2,186 | 7,926 |
| Deferred tax assets | 0 | 9,274 | 9,274 | 0 | 15,160 | 15,160 |
| Derivatives financial instruments (non-current) | 0 | 1,798 | 1,798 | 0 | 0 | 0 |
| Total assets | 0 | 388,424 | 388,424 | 102,126 | 370,892 | 473,018 |
| | | | | | | |
| Creditors (current) | 0 | 12,356 | 12,356 | 376 | 21,062 | 21,438 |
| Borrowings (current) | 0 | 3,590 | 3,590 | 0 | 1,726 | 1,726 |
| Loan from Group companies (current) | 0 | 30,166 | 30,166 | 0 | 9,246 | 9,246 |
| Creditors (non-current) | 0 | 3,456 | 3,456 | 900 | 5,916 | 6,816 |
| Borrowings (non-current) | 0 | 180,272 | 180,272 | 0 | 183,280 | 183,280 |
| Derivatives financial instruments (non-current) | 0 | 3,204 | 3,204 | 0 | 6,318 | 6,318 |
| Total liabilities | 0 | 233,044 | 233,044 | 1,276 | 227,548 | 228,824 |
| Net assets | 0 | 155,380 | 155,380 | 100,850 | 143,344 | 244,194 |
| ECP share of net assets in joint ventures | 0 | 77,690 | 77,690 | 50,425 | 71,672 | 122,097 |

## 15. Tangible fixed assets

Tangible fixed assets represent office equipment and inventory for the Company's head office at Herengracht 469, Amsterdam and the Group offices at 200, rue Saint-Lambert, Brussels; Via della Moscova 3, Milan; 107, rue Saint Lazare, Paris and Kungsgatan 48, Stockholm as well as the right-of-use assets related to the lease of these offices. The costs for office equipment and inventory are depreciated over the expected useful lives of the assets concerned varying from two to five years. The movements in the current financial year and the previous financial reporting period were:

| | Right-of-use assets €'000 | Office equipment €'000 | Total €'000 |
|---|---|---|---|
| Book value at 1 July 2019 | 3,954 | 1,333 | 5,287 |
| Additions | 1,165 | 1,264 | 2,429 |
| Disposals | 0 | (29) | (29) |
| Depreciation | (1,597) | (1,358) | (2,955) |
| Exchange rate movement | 19 | 3 | 22 |
| Book value at 31 December 2020 | 3,541 | 1,213 | 4,754 |
| Additions | 229 | 543 | 772 |
| Disposals | (201) | (7) | (208) |
| Depreciation | (1,065) | (900) | (1,965) |
| Exchange rate movement | (5) | (1) | (6) |
| Book value at 31 December 2021 | 2,499 | 848 | 3,347 |

| | Right-of-use assets €'000 | Office equipment €'000 | Total €'000- |
|---|---|---|---|
| Cost at 31 December 2021 | 5,147 | 9,899 | 15,046 |
| Accumulated depreciation | (2,662) | (9,005) | (11,667) |
| Accumulated exchange rate movement | 14 | (46) | (32) |
| Book value at 31 December 2021 | 2,499 | 848 | 3,347 |

During the financial year ended 31 December 2021, tangible fixed assets with a total cost price of €164,000 were disposed of or out of use (31 December 2020: €146,000).

## 16. Receivables

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| **Trade receivables** | | |
| Rents receivable | 43,684 | 41,862 |
| Provisions for bad debts (expected credit losses) | (10,066) | (6,846) |
| Provisions for bad debts (expected credit losses) – COVID-19 rent concessions | (5,398) | (3,174) |
| | 28,220 | 31,842 |
| **Other receivables** | | |
| Funds held by managing agents | 6,821 | 6,225 |
| Loan to joint venture | 15,000 | 5,100 |
| VAT receivable | 3,153 | 745 |
| Settlement service charges | (175) | 5,235 |
| Deposit gift cards | 4,084 | 2,290 |
| Funds held by bank | 21,499 | 0 |
| Escrow account sale Grenoble | 1,499 | 0 |
| Other receivables and prepayments | 10,292 | 6,133 |
| | 62,173 | 25,728 |
| **Total trade and other receivables** | 90,393 | 57,570 |
| **Prepaid Tax** | | |
| Other prepaid tax | 1,095 | 767 |
| COVID-19 government support | 719 | 719 |
| | 1,814 | 1,486 |

Under IFRS9, the lease receivables are subject to impairment testing. When the landlord has invoiced the rent as defined according to the existing contract and the tenant does not pay, the (expected) risk related losses are fully recognised in property expenses.

The loan to joint venture is the shareholder loan granted to the joint venture Galleria Verde S.r.l.

The funds held by bank are related to the transfer of the mortgage on the sold property Chasse Sud in favour of the bank Deutsche Hypo to shopping centre Etrembières and have been released after the registration of the new mortgage on 25 March 2022 (see note 34 post balance sheet events).

Receivables at 31 December 2021 include an amount of €139,000 (31 December 2020: €243,000) which is due after one year.

## 17. Cash and deposits

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

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Bank balances | 55,550 | 60,417 |
| Deposits | 68 | 18 |
| | 55,618 | 60,435 |

# Notes to the consolidated financial statements continued

## 18. Creditors

| | 31-12-21 €'000 | 31-12-20 €'000* |
|---|---|---|
| (i) Current liabilities | | |
| Interest payable | 6,827 | 6,737 |
| Lease liabilities | 869 | 1,016 |
| Local and property tax payable | 1,320 | 3,576 |
| Payable on purchased property/extensions | 17,514 | 25,426 |
| Rent received/invoiced in advance | 29,413 | 25,415 |
| Service charge accruals | 3,410 | 6,857 |
| VAT payable | 10,507 | 3,298 |
| Gift card debts | 4,084 | 2,290 |
| Other creditors and accruals | 22,507 | 21,714 |
| | 96,451 | 96,329 |
| (ii) Non-current liabilities | | |
| Lease liabilities | 1,711 | 2,574 |
| Tenant rental deposits | 12,142 | 11,955 |
| | 13,853 | 14,529 |
| Tax payable | | |
| Current liabilities corporate tax payable | 10,004 | 12,387 |
| Non-current liabilities corporate tax payable | 7,458 | 14,813 |
| | 17,462 | 27,200 |

* The amounts related to tenant rental deposits and non-current corporate tax payable in the comparative financial figures have been reclassified.

The corporate tax payable of €10.0 million and €7.5 million under the current liabilities and the non-current liabilities respectively is mainly due to the fiscal step up of Italian tax book values and are payable in Italy in the next financial year and the year thereafter.

## 19. Borrowings

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | 1,741,088 | 1,910,369 |
| Drawdown of funds | 238,257 | 268,726 |
| Repayments | (327,746) | (458,445) |
| Exchange rate movement | (7,613) | 18,871 |
| Movement prepaid borrowing costs | 1,793 | 1,567 |
| Book value at end of year | 1,645,779 | 1,741,088 |

73% of the borrowings are at a floating interest rate (31 December 2020: 73%), rolled over for a period of generally three months. The interest rate risk is managed by using interest rate swaps and other derivatives. 27% of the borrowings are at a fixed interest rate and the interest rate risk is managed by fixing the interest to maturity at the drawdown date (31 December 2020: 27%).

| | Borrowings €'000 | Borrowing cost €'000 | 31-12-21 €'000 | Fair value €'000 | 31-12-21 % | 31-12-20 €'000 | Fair value €'000 | 31-12-20 % |
|---|---|---|---|---|---|---|---|---|
| Borrowings with floating interest rate | 1,213,725 | 6,083 | 1,207,642 | 1,213,725 | 73 | 1,272,422 | 1,279,673 | 73 |
| Borrowings with fixed interest rate | 440,589 | 2,452 | 438,137 | 467,521 | 27 | 468,666 | 520,415 | 27 |
| Total borrowings | 1,654,314 | 8,535 | 1,645,779 | 1,681,246 | 100 | 1,741,088 | 1,800,088 | 100 |

## 19. Borrowings continued

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

The borrowings are all directly from major banks, with the exception of one loan which is from an insurance company, with an average committed unexpired term of nearly four years. Borrowings of €1,559 million are secured on property (31 December 2020: €1,644 million).

The average interest rate during the financial year ended 31 December 2021 on non-current borrowings including hedges was 2.2% (2019/2020: 2.3%). The average interest rate is calculated as the weighted average interest rate over the remaining principals until the respective interest maturity dates. There have been no defaults during the financial year in respect of any of the borrowings at 31 December 2021.

| Borrowings maturity profile | Secured €'000 31-12-21 | Unsecured €'000 31-12-21 | Total borrowings €'000 31-12-21 | Average interest rate as at 31 December % 31-12-21 | Total borrowings €'000 31-12-20 |
|---|---|---|---|---|---|
| Current borrowings | 140,946 | 75,750 | 216,696 | 0.9 | 205,027 |
| Non-current borrowings: | | | | | |
| One to two years | 200,217 | 10,750 | 210,967 | | 151,356 |
| Two to five years | 988,405 | | 988,405 | | 653,930 |
| Five to ten years | 179,170 | | 179,170 | | 653,542 |
| More than ten years | 59,076 | | 59,076 | | 87,561 |
| Total non-current borrowings | 1,426,868 | 10,750 | 1,437,618 | 2.2 | 1,546,389 |
| Borrowing costs | (8,535) | | (8,535) | | (10,328) |
| Total borrowings | 1,559,279 | 86,500 | 1,645,779 | 2.0 | 1,741,088 |

| Currency and interest rate profile | Fixed rate borrowings €'000 | Floating rate borrowings €'000 | Total borrowings €'000 | Average interest rate at 31 December % | Average interest maturity in years | Average maturity of borrowings in years |
|---|---|---|---|---|---|---|
| 2021 | | | | | | |
| Euro | 227,181 | 1,074,458 | 1,301,639 | 2.0 | 6.0 | 4.3 |
| Swedish krona | 213,408 | 139,267 | 352,675 | 2.0 | 3.3 | 3.4 |
| Borrowing costs | (2,452) | (6,083) | (8,535) | | | |
| | 438,137 | 1,207,642 | 1,645,779 | 2.0 | 5.8 | 3.9 |
| 2019/2020 | | | | | | |
| Euro | 252,445 | 1,136,362 | 1,388,807 | 2.1 | 6.6 | 5.1 |
| Swedish krona | 219,298 | 143,311 | 362,609 | 1.9 | 3.3 | 3.4 |
| Borrowing costs | (3,077) | (7,251) | (10,328) | | | |
| | 468,666 | 1,272,422 | 1,741,088 | 1.9 | 6.5 | 4.7 |

On 22 April 2021 the Company signed 3 three-year sustainability linked loans for a total amount of €100 million with ABN AMRO on two properties in Italy. On 10 May 2021 the Company entered into a sustainability linked revolving credit facility with ING for an amount of €25 million. The margins on these facilities are linked to several sustainability key performance indicators (KPIs) including waste to landfill, renewable energy, green leases and the percentage of assets with BREEAM In-Use certification. If the Company achieves or exceeds these KPIs, the margin will be slightly reduced, if it misses these targets, the margin will be slightly increased.

# Notes to the consolidated financial statements continued

## 20. Financial instruments

### Financial risks

In the normal course of business the Group is exposed to credit risks, liquidity risks, interest rate risks and foreign currency risks. The overall risk management policy focuses on the unpredictable nature of the financial markets with emphasis on minimising any negative impact on the financial performance of the business. The Group closely monitors its financial risks linked to its activities and the financial instruments it uses. However, as the Group is a long-term property investor, it believes that the funding of its investments should also be planned on a long-term basis, reflecting the overall risk profile of the business.

### Credit risk

The credit risk is defined as the unforeseen losses on assets if counterparties should default. The credit risk associated with lease debtors is determined through a detailed analysis of the outstanding debt and mitigated by requiring deposits, upfront payments or bank guarantees from tenants to cover rents for a limited period. The risk is further reduced by investing in mature markets and by choosing major tenants also on the basis of their financial strength. The carrying amounts of the financial assets represent the maximum credit risk and was made up as follows:

| Carrying amount of financial assets | Note | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|---|
| Receivables | 16 | 92,207 | 59,056 |
| Derivative financial instruments | | 2,207 | 188 |
| Cash and deposits | 17 | 55,618 | 60,435 |
| | | 150,032 | 119,679 |

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

| | 31-12-21 | | | | 31-12-20 | | | |
|---|---|---|---|---|---|---|---|---|
| | Rents receivable €'000 | Provision for bad debts (expected credit loss) €'000 | Other receivables €'000 | Receivables €'000 | Rents receivable €'000 | Provision for bad debts €'000 | Other receivables €'000 | Receivables €'000 |
| Due | 17,089 | 0 | 0 | 17,089 | 16,643 | 0 | 0 | 16,643 |
| Overdue by 0–90 days | 6,313 | (882) | 63,987 | 69,418 | 7,845 | 58 | 24,040 | 31,943 |
| Overdue by 90–120 days | 3,048 | (1,673) | 0 | 1,375 | 5,000 | (1,340) | 0 | 3,660 |
| Overdue by more than 120 days | 17,234 | (12,909) | 0 | 4,325 | 12,374 | (5,564) | 0 | 6,810 |
| | 43,684 | (15,464) | 63,987 | 92,207 | 41,862 | (6,846) | 24,040 | 59,056 |

With respect to the rents receivable, the Group holds rental deposits from its tenants totalling €12.1 million (31 December 2020: €12.0 million; restated) in addition to bank guarantees. The increase of bad debts (expected credit loss) is mainly due to additional rent concessions under negotiation in relation to the third wave of Covid-19 in France for which the French government provided state aid for certain tenants to enable them to pay outstanding rent to landlords.

## 20. Financial instruments continued

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets at a reasonable price. In order to reduce liquidity risk, the repayment dates of borrowings are well spread over time and 88% of borrowings are long term, with 14% of borrowings with a remaining term of over five years. The Group aims to enter into long-term loans, preferably five to ten years or longer. At the balance sheet date the average maturity of the borrowings was nearly four years. Group net borrowings on a proportional consolidated basis will not exceed 60% of the fair value of the property portfolio on a proportional consolidated basis, which further mitigates risk. The ratios to which the Group has committed itself are monitored at regular intervals. The loan to value ratio at 31 December 2021 was 42.2% (31 December 2020: 43.8%). Apart from these obligations and commitments, the Netherlands Fiscal Investment Institution status of the Company imposes borrowing limits and requires the Company to distribute its fiscal income as a dividend to the shareholders.

The risk related to the possible defaults of the Group's counterparties is minimised by dealing directly with a number of reputable banks for all its borrowings, interest rate swaps, foreign exchange contracts and deposits. These banks in their position as lenders have a credit rating AA- (28%), A (17%), A- (6%), BBB+ (6%), BBB (24%), B (4%) and 15% have no rating from Fitch; and, Aa2 (2%), Aa3 (31%), A1 (30%), A3 (3%), Baa1 (24%), Ba2 (2%), Caa1 (4%) and 4% have no rating according to Moody's.

For further disclosures on liquidity risk, we refer to the going concern paragraph in note 1b. Basis of preparation of the consolidated financial statements.

The following table shows the undiscounted contractual flows required to pay the Company's financial liabilities:

| | | | | 31-12-21 | | | | 31-12-20 |
|---|---|---|---|---|---|---|---|---|
| Undiscounted cash flows | Total cash flows €'000 | Less than 1 year €'000 | 1–5 years €'000 | More than 5 years €'000 | Total cash flows €'000 | Less than 1 year €'000 | 1–5 years €'000 | More than 5 years €'000 |
| Non-current borrowings | 1,437,617 | 0 | 1,199,372 | 238,245 | 1,546,389 | 0 | 805,286 | 741,103 |
| Current borrowings | 216,696 | 216,696 | 0 | 0 | 205,027 | 205,027 | 0 | 0 |
| Interest derivative financial instruments | 96 ,536 | 15,046 | 29,539 | 51,951 | 131,610 | 15,950 | 47,402 | 68,258 |
| Financial liability related to put option non-controlling interest | 67,000 | | 67,000 | 0 | 67,000 | 0 | 67,000 | 0 |
| Interest on borrowings | 94,400 | 18,075 | 60,269 | 16,056 | 100,362 | 18,425 | 56,363 | 25,574 |
| Non-current creditors | 13,552 | 1,665 | 10,007 | 1,880 | 13,439 | 5,527 | 6,567 | 1,345 |
| Non-current tax payable | 7,892 | 0 | 7,892 | 0 | 15,674 | 0 | 15,674 | 0 |
| Current creditors | 95,582 | 95,582 | 0 | 0 | 96,329 | 96,329 | 0 | 0 |
| Current tax payable | 10,004 | 10,004 | 0 | 0 | 12,387 | 12,387 | 0 | 0 |
| | 2,039,279 | 357,068 | 1,374,079 | 308,132 | 2,188,217 | 353,645 | 998,292 | 836,280 |

### Foreign currency risk

Foreign exchange risk is the risk that the profitability and shareholders' equity of the Group might be affected by currency fluctuations. Individual subsidiaries primarily execute their operating activities in their respective functional currencies which primarily comprise the euro and the Swedish krona. As a result, the Company has only a rather limited foreign currency exposure related to its day-to-day operations in the various countries. Since the financial reporting currency of the Company is the euro, the financial statements of those non-euro operating subsidiaries are translated so that the financial results can be presented in the Company's consolidated financial statements.

Due to Swedish property investments, the Group is exposed to the Swedish krona, the only significant foreign currency exposure for the Group. However, due to SEK loan facilities, this exposure is partly hedged. SEK borrowings amount to €352 million (31 December 2020: €362 million). The total property investments in Sweden are €894 million (31 December 2020: €901 million). Therefore 39% of this SEK exposure is hedged through these borrowings at 31 December 2021 (31 December 2020: 40%). The remaining exposure is relatively limited compared with the total size of the portfolio and will, in principle, not be hedged. A weakening of this currency by 5% would result, for example, in a decrease of shareholders' equity of only 1.1% and in a decrease of only 1.5% of direct investment result.

# Notes to the consolidated financial statements continued

## 20. Financial instruments continued

### Interest rate risk

It is the policy of the Company to operate a defensive interest rate hedging policy by using derivatives to protect the Company against increases in interest rates. The Company intends to hedge the majority of its loans outstanding for the medium to long term (five to 15 years). The fair value (mark to market) of the current interest rate hedge instruments as at 31 December 2021 is a negative value of €90.4 million (31 December 2020: negative €129.8 million).

The interest rate hedge instruments as at 31 December 2021 have a weighted average maturity of almost six years and the Company is hedged at an average interest rate of 1.6% (31 December 2020: 1.8%). Only 18% ((31 December 2020: 25%) of the total borrowings is at a floating rate without interest hedge. An increase in interest rates of 1% would therefore only have a limited negative impact of an additional annual interest expense of €1.5 million (31 December 2020: €2.8 million) or 1.4% (31 December 2020: 2.6%) of reported direct investment result.

If at 31 December 2021, the euro interest curve and the Swedish krona interest curve were 50 basis points higher, the fair value movement for derivative financial instruments would have increased the shareholders' equity by €30.4 million. If the interest curves were 50 basis points lower, the fair value movement for derivative financial instruments would have decreased the shareholders' equity by €32.4 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 | 31-12-21 Notional amount €'000 | 31-12-21 Fair value €'000 | 31-12-20 Notional amount €'000 | 31-12-20 Fair value €'000 |
|---|---|---|---|---|
| Up to one year | 62,000 | (655) | 40,447 | (265) |
| From one year to two years | 86,463 | (2,206) | 82,000 | (2,279) |
| From two years to five years | 434,389 | (10,709) | 393,144 | (18,743) |
| From five years to ten years | 297,660 | (17,362) | 261,934 | (34,061) |
| Over ten years | 85,000 | (59,512) | 85,000 | (74,245) |
| | 965,512 | (90,444) | 862,525 | (129,593) |

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

In addition to the notional amounts of the derivative financial instruments presented in the previous table, the financial instruments portfolio as per the balance sheet date includes forward starting interest rate swaps to extend existing interest rate swaps then maturing for a notional amount of €75 million (31 December 2020: €20 million). Although the notional amounts of the aforesaid financial instruments are not included in the previous table, the fair value of these financial instruments is reported.

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

Changes in net derivative financial instruments for the financial year ended 31 December 2021 were as follows:

| Net derivative financial instruments | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | (129,593) | (123,143) |
| Fair value movement derivative financial instruments | 38,921 | (6,843) |
| Settlement derivative financial instruments | 211 | 462 |
| Exchange rate movement | 16 | (69) |
| Book value at end of year | (90,445) | (129,593) |

## 20. Financial instruments continued

### Effective interest rate and ageing analysis

The following table shows the effective interest rate (variable rate is based on Euribor/Stibor as at 31 December 2021) on financial assets on which interest is receivable and liabilities on which interest is payable as at the balance sheet date. This table also includes an ageing analysis according to interest rate revision dates of these assets and liabilities.

| | 31-12-21 | | | | 31-12-20 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 (%) | 0.75 | 2.00 | 1.08 | (0.47) | 0.79 | 2.00 | 1.35 | (0.48) |
| Up to one year (€'000) | 208,124 | 8,557 | 62,000 | 62,000 | 196,958 | 8,069 | 25,000 | 25,000 |
| From one year to two years (€'000) | 49,108 | 161,859 | 225,852 | 225,852 | 143,162 | 8,194 | 82,000 | 82,000 |
| From two years to five years (€'000) | 907,593 | 80,828 | 295,000 | 295,000 | 472,103 | 181,827 | 393,144 | 393,144 |
| From five years to ten years (€'000) | 48,900 | 130,270 | 297,660 | 297,660 | 467,450 | 186,092 | 261,934 | 261,934 |
| Over ten years (€'000) | 0 | 59,075 | 85,000 | 85,000 | 0 | 87,561 | 85,000 | 85,000 |
| | 1,213,725 | 440,589 | 965,512 | 965,512 | 1,279,673 | 471,743 | 847,078 | 847,078 |

The following table shows the periods in which the interest cash flows (variable interest is based on Euribor/Stibor as at 31 December 2021) 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 31-12-21 | Borrowings floating rate €'000 | Borrowings fixed rate €'000 | Swaps fixed rate €'000 | Swaps floating rate €'000 | Total €'000 |
|---|---|---|---|---|---|
| Up to one year | 9,270 | 8,805 | 10,733 | 4,314 | 33,122 |
| From one year to two years | 11,466 | 7,760 | 9,564 | 1,381 | 30,171 |
| From two years to five years | 26,944 | 14,099 | 21,901 | (3,307) | 59,637 |
| From five years to ten years | 2,288 | 13,195 | 22,028 | (5,062) | 32,449 |
| Over ten years | 0 | 573 | 43,611 | (8,626) | 35,558 |
| | 49,968 | 44,432 | 107,837 | (11,300) | 190,937 |

### Fair value of financial instruments

The financial statements have been prepared on an historical cost basis, except for property investments, property investments under development, property investments held for sale and some of the financial instruments, which are carried at fair value. IFRS 9 contains the following principal classification categories for financial assets and liabilities: A. Financial assets and liabilities measured at amortised cost; and C. Financial assets at fair value through P&L.

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

| | | | 31-12-21 €'000 | | 31-12-20 €'000 | |
|---|---|---|---|---|---|---|
| | Note | Categories in accordance with IFRS 9 | Carrying amount | Fair value | Carrying amount | Fair value |
| Receivables | 16 | A | 92,207 | 92,207 | 59,056 | 59,056 |
| Derivative financial instruments | | C | 2,207 | 2,207 | 188 | 188 |
| Cash and deposits | 17 | A | 55,618 | 55,618 | 60,435 | 60,435 |
| | | | 150,032 | 150,032 | 119,679 | 119,679 |
| Creditors | | A | 127,766 | 127,766 | 138,058 | 138,058 |
| Borrowings | 19 | A | 1,645,779 | 1,681,246 | 1,741,088 | 1,800,088 |
| Put option liability non-controlling interest | | A | 55,769 | 55,769 | 52,464 | 52,464 |
| Derivative financial instruments | | C | 92,652 | 92,652 | 129,781 | 129,781 |
| | | | 1,921,966 | 1,957,433 | 2,061,391 | 2,120,391 |

# Notes to the consolidated financial statements continued

## 20. Financial instruments continued

The fair values of the financial instruments were determined as explained in the principal accounting policies (note 1) to the extent that for those borrowings with a fixed interest rate (carrying amount of €438,137,000), the fair value was based upon the relevant yield curves.
For the borrowings with a floating interest rate (carrying amount of €1,207,642,000), the carrying amount is deemed to approximate the fair value because the floating interest rate approximates the market interest rate and own credit risk is not deemed significant. Due to their short-term nature the carrying amount approximates to fair value for the other balance sheet items.

### Fair value hierarchy

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

### Climate and related risks

We recognize that climate change poses risks to our assets, tenants, investors and local communities. Physical climate risks such as flooding are evaluated during our asset level risk assessments aligned with the international scheme of BREEAM In-Use. In the next year we will perform a portfolio wide analysis of the impact of climate-related risks on our business and operations and we will report accordingly.

## 21. Deferred tax assets and liabilities

Deferred tax assets are attributable to the following items in the current year:

| | 31-12-20 €'000 | Recognised in profit or loss €'000 | Release to profit or loss due to property sale €'000 | Reallocation to tax payable €'000 | Reallocation from tax liabilities €'000 | Exchange rate movement €'000 | 31-12-21 €'000 |
|---|---|---|---|---|---|---|---|
| Investment property | 1,302 | (11,176) | 1,948 | 213 | 0 | 0 | (7,713) |
| Derivative financial instruments | 5,396 | (4,619) | 0 | 0 | 0 | 0 | 777 |
| Tax value of loss carry-forwards recognised | 18,160 | (1,936) | 0 | 0 | 0 | 0 | 16,224 |
| Total deferred tax assets | 24,858 | (17,731) | 1,948 | 213 | 0 | 0 | 9,288 |

Deferred tax assets are attributable to the following items in the previous reporting period :

| | 30-06-19 €'000 | Recognised in profit or loss €'000 | Release to profit or loss due to property sale €'000 | Reallocation to tax payable €'000 | Reallocation from tax liabilities €'000 | Exchange rate movement €'000 | 31-12-20 €'000 |
|---|---|---|---|---|---|---|---|
| Investment property | 0 | 0 | 0 | 0 | 1,302 | 0 | 1,302 |
| Derivative financial instruments | 0 | 0 | 0 | 0 | 5,396 | 0 | 5,396 |
| Tax value of loss carry-forwards recognised | 0 | 0 | 0 | 0 | 18,160 | 0 | 18,160 |
| Total deferred tax liabilities | 0 | 0 | 0 | 0 | 24,858 | 0 | 24,858 |

As at 31 December 2021, the total amount of deferred tax assets of €9.3 million is entirely related to Italy.

Deferred tax liabilities are attributable to the following items in the current financial year:

| | 31-12-20 €'000 | Recognised in profit or loss €'000 | Release to profit or loss due to property sale €'000 | Reallocation to tax payable €'000 | Reallocation to tax assets €'000 | Exchange rate movement €'000 | 31-12-21 €'000 |
|---|---|---|---|---|---|---|---|
| Investment property | (78,131) | (7,544) | 0 | 0 | 0 | 1,661 | (84,014) |
| Derivative financial instruments | 137 | (139) | 0 | 0 | 0 | (2) | (4) |
| Tax value of loss carry-forwards recognised | 68 | (67) | 0 | 0 | 0 | (1) | 0 |
| Total deferred tax liabilities | (77,926) | (7,750) | 0 | 0 | 0 | 1,658 | (84,018) |

## 21. Deferred tax assets and liabilities continued

Deferred tax liabilities are attributable to the following items in the previous reporting period:

| | 30-06-19 €'000 | Recognised in profit or loss €'000 | Release to profit or loss due to property sale €'000 | Reallocation to tax payable €'000 | Reallocation to tax assets €'000 | Exchange rate movement €'000 | 31-12-20 €'000 |
|---|---|---|---|---|---|---|---|
| Investment property | (204,989) | 98,139 | 4,450 | 30,012 | (1,302) | (4,441) | (78,131) |
| Derivative financial instruments | 3,844 | 1,673 | 0 | 0 | (5,396) | 16 | 137 |
| Tax value of loss carry-forwards recognised | 19,760 | (1,538) | 0 | 0 | (18,160) | 6 | 68 |
| Total deferred tax liabilities | (181,385) | 98,274 | 4,450 | 30,012 | (24,858) | (4,419) | (77,926) |

As at 31 December 2021, the total amount of deferred tax liabilities of €84.0 million is entirely related to Sweden (31 December 2020: €77.9 million, also entirely related to Sweden).

## 22. Put option liability non-controlling interest

Changes in put option liability non-controlling interest for the financial year ended 31 December 2021 were as follows:

| Financial liability related to the put option non-controlling interest | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | (52,464) | 0 |
| Initial discounted value put option non-controlling interest | 0 | (54,805) |
| Interest put option non-controlling interest | (2,140) | (2,816) |
| Movement of put option non-controlling interest Belgium | (1,165) | 5,157 |
| Book value at end of year | (55,769) | (52,464) |

The put option non-controlling interest Belgium of €55.8 million represents the financial liability related to the put option accounted for at the present value of the liability, where the minority shareholder has the right to sell its shares in Eurocommercial Properties Belgium S.A. The minority shareholder can exercise its rights at its sole discretion after a five year period has lapsed since September 2019. The discount rate applied in the amortised cost calculation is 4.1%. The variable component in the exercise price (net asset value of the subsidiary) is updated as per the reporting date (impact negative €1.2 million) and according to the accounting policies accounted for in the statement of profit or loss.

## 23. Provision for pensions

The provision for pensions is related to one defined benefit plan in the United Kingdom. The plan has no active members (31 December 2020: no active members) and no new members have entered the scheme since 2001. The scheme is based on a final salary plan with a pensionable salary cap and the Company expects no new members in the scheme in the near future.

The major categories of plan assets are as follows:

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Cash and cash equivalents | 450 | 255 |
| Unquoted investment funds – mixed | 10,891 | 9,875 |
| | 11,341 | 10,130 |

# Notes to the consolidated financial statements continued

## 23. Provision for pensions continued

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

| | Fair value of plan assets 31-12-21 €'000 | Defined benefit obligation 31-12-21 €'000 | Benefit liability 31-12-21 €'000 | Fair value of plan assets 31-12-20 €'000 | Defined benefit obligation 31-12-20 €'000 | Benefit liability 31-12-20 €'000 |
|---|---|---|---|---|---|---|
| Book value at beginning of year | 10,130 | (12,010) | (1,880) | 9,148 | (9,983) | (835) |
| Service cost | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest income/(expenses) | 59 | (158) | (99) | 337 | (359) | (22) |
| Pension cost charged to profit or loss account | 59 | (158) | (99) | 337 | (359) | (22) |
| | | | | | | |
| Return on plan assets | 512 | 0 | 512 | 920 | 0 | 920 |
| Actuarial changes arising from changes in assumptions | 0 | 705 | 705 | 0 | (1,832) | (1,832) |
| Experience adjustments | 0 | (281) | (281) | 0 | (123) | (123) |
| Actuarial result on pension scheme charged to OCI | 512 | 424 | 936 | 920 | (1,955) | (1,035) |
| Contributions by employer | 0 | 0 | 0 | 21 | 0 | 21 |
| Benefits paid | (62) | 62 | 0 | (238) | 238 | 0 |
| Insurance premiums paid by the fund | 0 | 0 | 0 | (21) | 0 | (21) |
| Administration expenses paid by the fund | 0 | 0 | 0 | (21) | 0 | (21) |
| Exchange rate movement | 701 | (820) | (119) | (16) | 49 | 33 |
| Book value at end of year | 11,340 | (12,502) | (1,162) | 10,130 | (12,010) | (1,880) |

The principal assumptions used in determining the pension obligations for the Group's plan are set out as follows for the year ended 31 December 2021. The discount rate is 1.9% (31 December 2020: 1.2%) and pension increase is 3.4% (31 December 2020: 2.9 %). The life expectancy for pensioners at the age of 60 is 26.3 years and 28.4 years for men and women respectively (31 December 2020: men 26.4 years and women 28.4 years).

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 is as shown below:

| Year | | Discount rate: 0.25% increase | Discount rate: 0.25% decrease | Rate of inflation: 0.25% increase | Rate of inflation: 0.25% decrease | Life expectancy: 1 year increase |
|---|---|---|---|---|---|---|
| 31 December 2021 | Liabilities (€'000) | 11,959 | 13,084 | 13,052 | 11,985 | 12,039 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The duration of the liabilities of the Scheme is approximately 18 years as at 31 December 2021 (31 December 2020: 18 years).

As all four active members of the Scheme opted out as per 1 June 2016 and based on an amended investment and funding strategy for the Scheme, it is expected that no contributions are to be paid by the employer under the Company's defined benefit plan for the next financial year (31 December 2021: €0).

## 24. Leases

### A. Leases as lessor (IFRS 16)

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

For the recognised rental income and the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, reference is made to note 4 of these statements.

### B. Leases as lessee (IFRS 16)

The Group leases office space and company cars. Previously, these leases were classified as operating leases under IAS 17.

## 24. Leases continued

### i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as tangible fixed assets (see Note 15).

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Balance at the beginning of the financial year | 3,541 | 0 |
| Initial recognition of right-of-use assets | 0 | 3,954 |
| Additions to right-of-use assets | 229 | 1,165 |
| Disposal of right-of-use assets | (201) | 0 |
| Depreciation for the period | (1,065) | (1,597) |
| Exchange rate movement | (5) | 19 |
| Balance as at 31 December 2021 | 2,499 | 3,541 |

### ii. Lease liabilities

The current and non-current portions of the Company's lease liabilities are presented as current liabilities and non-current liabilities respectively (see Note 18).

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Balance at the beginning of the financial year | (3,590) | 0 |
| Initial recognition of lease liabilities | 0 | (3,954) |
| Lease payments for the period | 1,093 | 1,655 |
| Additions to lease liabilities | (229) | (1,165) |
| Disposal of lease liabilities | 201 | 0 |
| Interest expenses | (60) | (108) |
| Exchange rate movement | 5 | (18) |
| Balance as at 31 December 2021 | (2,580) | (3,590) |

The Company uses a discount rate of 2%.

### iii. Amounts recognised in profit or loss

| | Twelve months 31-12-2021 €'000 | Eighteen months ended 31-12-20 €'000 |
|---|---|---|
| Interest from lease liabilities | 60 | 108 |
| Depreciation right-of-use assets | 1,065 | 1,597 |
| Expenses related to short-term and/or low-value leases | 28 | 32 |
| Total | 1,153 | 1,737 |

### iv. Amounts recognised in statement of cash flows

| | Twelve months 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 |
|---|---|---|
| Lease payments of lease liabilities | 1,093 | 1,655 |
| Interest expenses on lease liabilities | 60 | 108 |
| Total cash outflow for leases | 1,153 | 1,763 |

# Notes to the consolidated financial statements continued

## 25. Issued share capital

Share capital comprises of 100,000,000 authorised shares with a nominal value of €10, of which 52,653,917 shares are issued and fully paid as at 31 December 2021 and of which 506,924 were bought back as at 31 December 2021.

The weighted average number of shares in issue in the current financial year is 50,778,635. The number of shares in issue (after deduction of shares bought back) as per 31 December 2021 is 52,146,993. The Company's shares are listed on Euronext Amsterdam and Brussels. 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.

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | 249,548 | 249,548 |
| Increase nominal values shares | 249,549 | 0 |
| Dividend paid in shares | 27,442 | 0 |
| Book value at end of year | 526,539 | 249,548 |

On 8 June 2021 the articles of association of the Company were amended increasing the nominal value of the shares of the Company from €0.50 to €1.00 as per that date. This resulted in the increase of the share capital of the Company with an amount of €249,548,409. On 2 July 2021 the Company paid a cash dividend of €0.50 per depositary receipt and a mandatory scrip dividend of 1 new depositary receipt for every 18 existing depositary receipts. As a result of the aforementioned mandatory scrip dividend 27,442,356 shares were issued with a nominal value of € 1.00 each, which increased the nominal share capital of the Company with €27,442,356.

The articles of association of the Company were again amended on 15 September 2021 by which each ten shares with a nominal value of €1.00 were consolidated into one share with a nominal value of €10.00. This was followed by the immediate conversion of the depositary receipts into shares, which resulted in each holder of depositary receipts receiving automatically one share for each depositary receipt the holder owned.

| | 2021 | | 2019/2020 | |
|---|---|---|---|---|
| | No. of depositary receipts | No. of shares | No. of depositary receipts | No. of shares |
| Number of shares (DRs) on issue at beginning of year | 49,909,682 | 499,096,818 | 49,909,682 | 499,096,818 |
| Priority shares converted | 0 | 0 | 0 | 0 |
| Shares (DRs) bought back | 0 | 0 | (395,442) | (3,954,420) |
| Shares (DRs) (issued) for dividends in shares | 2,744,235 | 27,442,352 | 395,442 | 3,954,420 |
| Number of shares (DRs) on issue at end of year | 52,653,917 | 526,539,170 | 49,909,682 | 499,096,818 |
| | | | | |
| Number of shares (DRs) bought back at beginning of year | (506,924) | (5,069,240) | 375,658 | 3,756,580 |
| Shares (DRs) bought back | 0 | 0 | 617,621 | 6,176,210 |
| Shares (DRs) bought back used for dividends in shares | 0 | 0 | (395,442) | (3,954,420) |
| Shares (DRs) bought back used for the vesting of the performance share plan | 0 | 0 | (90,913) | (909,130) |
| Number of shares (DRs) bought back at end of year | (506,924) | (5,069,240) | 506,924 | 5,069,240 |
| | | | | |
| Number of shares (DRs) after deduction of shares (DRs) bought back and before conversion into shares | 52,146,993 | 521,469,930 | 49,402,758 | 494,027,578 |

As stated above on 15 September 2021 each ten shares with a nominal value of €1.00 were consolidated into one share with a nominal value of €10.00 and simultaneously the depositary receipts were converted into shares. There a no depositary receipts outstanding.

| | 2021 | |
|---|---|---|
| | No. of shares | No. of shares |
| Number of shares (DRs) before conversion | 0 | 521,469,930 |
| Conversion DRs to shares and increase nominal value | 52,146,993 | (521,469,930) |
| Number of shares (DRs) on issue at end of year | 52,146,993 | 0 |

## 25. Issued share capital continued

### Net asset value per share
The net asset value per share is €37.54 at 31 December 2021 (31 December 2020: €38.17).

### Shares bought back
During the current financial year no shares were bought back and as per 31 December 2021 the number of shares bought back remains 506,924.

### Performance shares
The Performance Share Plan (PSP) provides for an annual grant of free long-term performance shares for all employees and members of the Board of Management and is conditional upon the meeting of Company performance targets and that the employee remains with the Company for more than three years from the grant date of the performance shares and holds them from that vesting date for a further two years. All permanent employees and Directors of the Company are entitled to the scheme. The calculation is based on a Black, Scholes and Merton option valuation model. The fair value of the performance shares is based on the share price at grant date and a number of assumptions to be made relating to the expected volatility, risk free interest rate, dividend yield and the remaining life of the instruments.

| Performance Share Plan (PSP) | PSP 2019 | Total |
|---|---|---|
| Grant date | 11-11-2019 | |
| Vesting date | 11-11-2022 | |
| Share price at grant date | €27.50 | |
| Dividend yield | 7.63% | |
| Fair value per performance share | €21.87 | |
| Performance shares granted | 14,923 | 14,923 |
| Performance shares forfeited | (2,080) | (2,080) |
| Performance shares vested | 0 | 0 |
| Performance shares not vested | 0 | 0 |
| Outstanding performance shares at end of the year | 12,843 | 12,843 |

| Movements in the number of performance shares during the year | PSP 2019 | Total |
|---|---|---|
| Performance shares at beginning of year | 13,157 | 13,157 |
| Performance shares granted | 0 | 0 |
| Performance shares forfeited | (314) | (314) |
| Performance shares vested | 0 | 0 |
| Performance shares not vested | 0 | 0 |
| Outstanding performance shares at end of year | 12,843 | 12,843 |

The expenses for the performance shares granted (IFRS 2) are €91,000 positive (2019/2020: €1,496,000 negative). The outstanding performance shares as per 31 December 2021: 12,843 (31 December 2020: 13,157). As at 31 December 2021, the outstanding performance shares represent 0.02% of the issued share capital (31 December 2020: 0.03%).

## 26. Share premium reserve

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | 513,315 | 517,513 |
| Performance shares granted (IFRS 2) | 91 | (1,496) |
| Increase for nominal value of shares | (249,549) | 0 |

# Notes to the consolidated financial statements continued

## 27. Other reserves

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | 1,007,367 | 1,064,912 |
| Profit previous financial year | 8,339 | (19,121) |
| Put option non-controlling interest | 0 | (54,805) |
| Performance shares settled | 0 | (362) |
| Performance shares vested | 0 | 2,702 |
| Dividend paid in shares | 54,885 | 0 |
| Shares bought back | 0 | (14,868) |
| Actuarial result on pension scheme | (8,904) | (1,026) |
| Foreign currency translation differences | 936 | 29,935 |
| Book value at end of year | 1,062,623 | 1,007,367 |

For more information on the other reserves, reference is made to note 15 of the Company financial statements.

## 28. Non-controlling interest

Non-controlling interest is related to the 25.63% stake in Eurocommercial Properties Belgium S.A. owned by AG Insurance as a result of the contribution in kind made in 2019 of the Inno department store, part of the Woluwe shopping centre. No dividends were paid during the financial year to the minority shareholder.

| | 31-12-21 €"000 | 31-12-20 €"000 |
|---|---|---|
| Non-current assets | 579,000 | 589,800 |
| Current assets | 9,398 | 14,011 |
| Non-current liabilities | (336,233) | (355,967) |
| Current liabilities | (9,491) | (10,189) |
| Net assets | 242,674 | 237,655 |
| | | |
| Result after taxation | (5,109) | (23,718) |
| OCI | 0 | 0 |
| Total comprehensive income | (5,109) | (23,718) |
| | | |
| Calculation value minority shares | | |
| Balance at the beginning of the year | 60,242 | 0 |
| Capital contribution | 0 | 67,000 |
| Profit after taxation contributable to non-controlling interest | 1,286 | (6,758) |
| Equity attributable to non-controlling interest at the end of the year | 61,528 | 60,242 |

## 29. Earnings per share

### Basic earnings per share

The Company's shares are listed on Euronext Amsterdam and Brussels.

The calculation of basic earnings per share of €2.01 at 31 December 2021 (2020: €2.21) was based on the profit attributable to shareholders of €104.7 million (31 December 2020: €115.4 million) and total number of shares outstanding at the end of the financial year ended 31 December 2021 of 52,146,993 as calculated below.

## 29. Earnings per share continued

Profit attributable to shareholders:

| | 31-12-21 €'000 |
|---|---|
| Profit for the year | 104,687 |
| | |
| Issued shares (after deduction of shares bought back) at beginning of the year | 49,402,757 |
| Number of shares issued (dividend in shares) | 2,744,236 |
| Total number of shares (after deduction of shares bought back) at the end of the year | 52,146,993 |

### Diluted earnings per share

The calculation of diluted earnings per share of €2.01 at 31 December 2021 (2020: €2.21) was based on the profit attributable to holders of shares of €104.7 million (31 December 2020: €115.4 million) and a total number of shares (diluted) outstanding at the end of the year ended 31 December 2021 of 52,159,836, as calculated below.

Profit attributable to shareholders (diluted):

| | 31-12-21 €'000 |
|---|---|
| Profit for the year | 104,687 |
| | |
| Total number of shares at the end of the year | 52,146,993 |
| Granted performance shares | 12,843 |
| Total number of shares (diluted) | 52,159,836 |

## 30. Commitments not included in the balance sheet

As at 31 December 2021, bank and insurance guarantees have been issued to third parties in the interest of the Company for a total amount of €20.3 million.

The Company is committed to contribute to its Italian joint venture company Galleria Verde S.r.l. a residual amount of €2.5 million for the refurbishment of shopping centre Fiordaliso, which is included in the total amount of €20.3 million.

## 31. Capital management

The primary objective of the Company's capital management is to ensure that capital is available for the long term. No changes have been made to these objectives, policies or processes during the financial year ended 31 December 2021. The Company monitors capital primarily using a loan to value ratio. The loan to value (LTV) ratio is defined as the (net) borrowings expressed as a percentage of the total value of property investments, property investments under development, property investments in joint ventures and property investments held for sale, calculated on a proportionally consolidated basis. The total values are net of any (estimated) purchasers' costs. The net debt will not exceed 60 per cent, which is also a covenant agreed with a number of banks financing the Group.

The calculation of the LTV is as follows:

| Loan to value (on a proportional consolidated basis) | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Net borrowings (total borrowings less cash and deposits) | 1,678,615 | 1,769,190 |
| | | |
| Property investments | 3,757,419 | 3,776,848 |
| Property investments under development | 6,100 | 4,400 |
| Property investments held by joint ventures | 184,500 | 221,000 |
| Property investments held for sale | 22,500 | 34,400 |
| Total property investments | 3,970,519 | 4,036,648 |
| LTV (%) | 42.3% | 43.8% |

All bank covenants are monitored at regular intervals. During the year the Company complied with its bank covenants. The most frequently agreed covenants in the loan agreements are a loan to value ratio and an interest cover ratio.

# Notes to the consolidated financial statements continued

## 32. Related parties

### Introduction

Subsidiaries, minority shareholders and joint ventures of the Company, members of its Supervisory Board, Board of Management and the UK pension scheme are related parties. No transactions have been entered into with them other than those disclosed in this report.

The Directors' fees recognised in the company expenses for the current financial year include an amount of €235,000 (2019/2020: €420,500) in respect of gross remuneration paid to the members of the Supervisory Board to be specified as follows:

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| B.T.M. Steins Bisschop | 61 | 92 |
| E.R.G.M. Attout | 47 | 70 |
| B. Carrière | 0 | 63 |
| C. Croff | 40 | 70 |
| K. Laglas | 47 | 55 |
| J.–Å. Persson | 40 | 70 |

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 for the current financial year can be specified as follows:

| | J.P. Lewis | | E.J. van Garderen | | R. Fraticelli | | P. Mills | |
|---|---|---|---|---|---|---|---|---|
| | 31-12-21 €'000 | 31-12-20 €'000 | 31-12-21 €'000 | 31-12-20 €'000 | 31-12-21 €'000 | 31-12-20 €'000 | 31-12-21 €'000 | 31-12-20 €'000 |
| Salary | 0 | 989 | 475 | 689 | 508 | 736 | 482 | 655 |
| Housing allowance | 0 | 0 | 0 | 0 | 35 | 126 | 11 | 20 |
| Bonus | 0 | 0 | 71 | 0 | 76 | 0 | 71 | 0 |
| Pension premiums (defined contribution plan) | 0 | 0 | 67 | 62 | 117 | 144 | 79 | 114 |
| Social security charges | 0 | 135 | 9 | 15 | 162 | 15 | 76 | 112 |
| Performance shares granted (IFRS 2) | 0 | (126) | 5 | (77) | 6 | (80) | 5 | (73) |
| | 0 | 998 | 627 | 689 | 904 | 941 | 724 | 828 |

The bonuses paid to members of the Board of Management are directly linked to the annual growth in the Company's net asset value, the dividend per share and the annual relative performance as per 31 December of the listed share of the Company compared with a peer group of ten listed retail property companies. For this financial year there was no growth of the dividend per share and no growth of the net asset value per share during the financial year ended 31 December 2021. However, the relative outperformance for the financial year 2021 was 18.7%, which would have resulted in variable cash bonuses of 50% of base salaries. However, due to the impact of COVID-19 the Board of Management in consultation with the Supervisory Board decided to reduce the current variable cash bonuses to 15% of base salaries.

The total remuneration for the members of the Supervisory Board and the Board of Management for the financial year is €2,439,000 (2019/2020: €4,875,000).

The members of the Board of Supervisory Directors and the members of the Board of Management of Eurocommercial Properties N.V. have no personal interest in investments made by Eurocommercial Properties N.V. now nor at any time in the past year. The Company has no knowledge of property transactions taking place in the financial year under review with persons or institutions which can be considered to stand in a direct relationship to the Company.

## 32. Related parties continued

### Performance shares

In 2021, no performance shares have been granted to the Board of Management under the Performance Share Plan. At 31 December 2021, the outstanding performance shares held by the Board of Management represent 0.07% of the issued share capital.

For more information about the Performance Share Plan, reference is made to note 25.

17.43% (€15,856) of the amount included in the consolidated statement of profit or loss (€90,927) as performance shares granted (IFRS 2) is related to the performance shares granted to the members of the Board of Management.

### Shareholdings

As per 31 December 2021, E.J. van Garderen holds 30,827 shares, which includes 11,706 vested performance shares, in total representing 0.06% of the issued share capital of the Company. R. Fraticelli holds 28,000 shares, which includes 8,843 vested performance shares, in total representing 0.05% of the issued share capital of the Company. J.P.C. Mills holds 36,173 shares, which includes 12,602 vested performance shares, in total representing 0.07% 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.

## 33. Auditor's fee

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in section 2:382a(1) and (2) of the Netherlands Civil Code.

| | KPMG Accountants N.V. 2021 €'000 | Other KPMG network 2021 €'000 | Total KPMG 2021 €'000 | KPMG Accountants N.V. 2019/2020 €'000 | Other KPMG network 2019/2020 €'000 | Total KPMG 2019/2020 €'000 |
|---|---|---|---|---|---|---|
| Audit of the financial statements | 409 | 402 | 811 | 347 | 594 | 941 |
| Other audit engagements | 0 | 0 | 0 | 0 | 23 | 23 |
| Total audit fees | 409 | 402 | 811 | 347 | 617 | 964 |

## 34. Post balance sheet events

In February 2022 the Company signed in France the preliminary sale contract for Les Grands Hommes, Bordeaux for a price of €22.5 million, which sale was completed on 23 March 2022.

On 9 March 2022 a new 5 years loan of €66.5 million has been signed by an Italian subsidiary of the Company with ING to refinance two existing loans on the Curno Shopping Centre expiring in April 2022 for a total amount of €75 million. The new loan is qualified as a green loan, as the relevant proceeds will be fully used to refinance the green asset of Curno, and also as a sustainability linked loan, since the margin is linked to two of the sustainability KPIs at Group level already agreed for the other facilities signed in 2021 and to other two KPIs specifically agreed at asset level. As for the other facilities, if the Company achieves or exceeds these KPIs, the margin will be reduced, if it misses these targets, the margin will be increased.

On 24 March 2022 the Company sold in France the remaining 50% ownership of the office and residential parts of Passage du Havre together with two smaller adjoining buildings to its joint venture partner AXA IM Alts for a price of €57 million.

On 25 March 2022 the bank Deutsche Hypo released to the Company the amount of €21.5 million withheld from the sale of Chasse Sud retail park, after the completion of a mortgage on shopping centre Etrembières granted in favour of the lending bank Deutsche Hypo, which bank previously financed the Chasse Sud retail park.

## 35. Dividend distribution

The Board of Management and the Board of Supervisory Directors proposes to the Annual General Meeting of Shareholders, to be held on 14 June 2022 at 13.30 hours (CET), to distribute for the financial year ended 31 December 2021 to each of the 52,146,993 existing shares a cash dividend of €1.50 per share and to distribute a mandatory scrip dividend of one new share for each seventy-five shares held (31 December 2020: €0.50 cash dividend per share and a mandatory scrip dividend of one share for each eighteen existing shares). The distribution will be payable as from 1 July 2022. The shares will rank pari passu with the shares of the Company in respect of the financial year 2022.

Company financial statements

# Company balance sheet

(before profit appropriation)

| Assets | Note | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|---|
| Investments in subsidiaries | 3 | 1,813,095 | 1,820,847 |
| Tangible fixed assets | 4 | 1,906 | 2,587 |
| Total non-current assets | | 1,815,001 | 1,823,434 |
| | | | |
| Due from subsidiaries | 5 | 341,686 | 315,926 |
| Receivables | 6 | 776 | 1,301 |
| Derivative financial instruments | 7 | 0 | 188 |
| Cash and deposits | 8 | 3,067 | 4,017 |
| Total current assets | | 345,529 | 321,432 |
| Total assets | | 2,160,530 | 2,144,866 |
| Liabilities | | | |
| Creditors | 9 | 3,521 | 4,352 |
| Due to subsidiaries | 10 | 135,864 | 188,523 |
| Current lease liabilities | 13 | 361 | 407 |
| Borrowings | 11 | 5,000 | 10,000 |
| Total current liabilities | | 144,746 | 203,282 |
| Provision for pensions | 12 | 1,162 | 1,880 |
| Long-term lease liabilities | 13 | 1,151 | 1,643 |
| Put option liability non-controlling interest | 14 | 55,769 | 52,464 |
| Total non-current liabilities | | 58,082 | 55,987 |
| Total liabilities | | 202,828 | 259,269 |
| | | | |
| Net assets | | 1,957,702 | 1,885,597 |
| | | | |
| Shareholders' equity | 15 | | |
| Issued share capital | | 526,539 | 249,548 |
| Share premium reserve | | 263,853 | 513,314 |
| Legal reserve subsidiaries | | 554,292 | 748,376 |
| Currency translation reserve | | (40,293) | (36,633) |
| Retained profit reserve | | 548,624 | 295,625 |
| Undistributed income | | 104,687 | 115,367 |
| | | 1,957,702 | 1,885,597 |

Company financial statements continued

# Company statement of profit or loss

(before profit appropriation)

(before income appropriation)

| | Notes | Twelve months ended 31-12-21 €'000 | Eighteen months ended 31-12-20 €'000 |
|---|---|---|---|
| Company expenses | 16 | (5,318) | (9,228) |
| Operating result | | (5,318) | (9,228) |
| | | | |
| Interest income | 17 | 6,970 | 7,638 |
| Interest expenses | 17 | (2,557) | (3,269) |
| Net derivatives movement | 7 | (188) | 188 |
| Movement of put option non-controlling interest | 14 | (1,165) | 5,157 |
| Other income and financing costs | 17 | 9,326 | 46,681 |
| Net financing income | 17 | 12,386 | 56,395 |
| | | | |
| Profit before taxation | | 7,068 | 47,167 |
| Current tax | | 0 | 0 |
| Profit from subsidiaries after taxation | 3 | 97,619 | 68,200 |
| Profit after taxation | | 104,687 | 115,367 |

# Notes to the company financial statements

## 1. General

The description of the Company's activities and structure, as included in the notes to the consolidated financial statements, also applies to the Company financial statements. The Company financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Netherlands Civil Code. In order to harmonise the accounting principles of the Company financial statements with the consolidated financial statements, the Board of Management has decided, from 1 July 2005 onward, to adopt the provisions of Article 2:362 paragraph 8 of the Netherlands Civil Code, whereby the accounting principles applied in the consolidated financial statements also apply to the Company financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as per 1 January 2021 and Part 9 of Book 2 of the Netherlands Civil Code. The Company financial statements are prepared on a going concern basis. In this respect specific reference is made to Note 1(b) of the consolidated financial statements.

## 2. Principal accounting policies

The accounting principles as described in the notes to the consolidated financial statements also apply to the Company financial statements unless indicated otherwise.

### Investments in subsidiaries

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases.

In accordance with Article 2:362 paragraph 8 of the Netherlands Civil Code, all subsidiaries are accounted for on a net asset value basis. For determining the net asset value all assets, liabilities and profits and losses are subject to the accounting principles as applied to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

### Shareholders' equity

The Company recognises a legal reserve subsidiaries in its Company financial statements. This legal reserve subsidiaries is based on Article 2:389 paragraph 6 of the Netherlands Civil Code.

### Share of result in investments in subsidiaries

The share in the result of participating interests consists of the share of the Group in the results of these participating interests.

## 3. Investments in subsidiaries

The subsidiaries of the Company are listed in Note 1 Principal accounting policies in the consolidated financial statements.

Movements in investments in subsidiaries for the financial year ended 31 December 2021 were as follows:

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | 1,820,847 | 1,830,648 |
| Dividends from subsidiaries | (100,000) | (106,424) |
| Investments | 0 | 0 |
| Result from subsidiaries via reserves | (5,371) | 28,423 |
| Profit from subsidiaries | 97,619 | 68,200 |
| Book value at end of year | 1,813,095 | 1,820,847 |
| | | |
| Cost at end of year (less dividends received) | 140,111 | 240,111 |
| Cumulative result from subsidiaries via reserves | (11,858) | (6,486) |
| Cumulative profit from subsidiaries | 1,684,842 | 1,587,222 |
| Book value at end of year | 1,813,095 | 1,820,847 |

## 4. Tangible fixed assets

Tangible fixed assets represent office equipment and inventory for the Company's head office in Amsterdam and the Paris office. These costs are depreciated over the expected useful lives of the assets concerned varying from two to five years. The movements in the current financial year were:

| | Right-of-use assets €'000 | Office equipment €'000 | Total €'000 |
|---|---|---|---|
| Book value at 1 July 2019 | 1,528 | 575 | 2,103 |
| Additions | 1,141 | 665 | 1,806 |
| Disposals | 0 | 0 | 0 |
| Depreciation | (651) | (671) | (1,322) |
| Book value at 31 December 2020 | 2,018 | 569 | 2,587 |
| Book value at 01-01-2021 | 2,018 | 569 | 2,587 |
| Additions | 75 | 390 | 465 |
| Disposals | (201) | (6) | (207) |
| Depreciation | (444) | (495) | (939) |
| Book value at 31 December 2021 | 1,448 | 458 | 1,906 |
| | | | |
| Cost at 31 December 2021 | 2,543 | 4,909 | 7,452 |
| Accumulated depreciation | (1,095) | (4,451) | (5,546) |
| Book value at 31 December 2021 | 1,448 | 458 | 1,906 |

During the financial year ended 31 December 2021, tangible fixed assets for an amount of €159,000 were out of use (31 December 2020: no tangible fixed assets were disposed of or out of use).

## 5. Due from subsidiaries

The balance of €341.7 million at 31 December 2021 represents mainly funds advanced to Eurocommercial Properties France S.A.S., Eurocommercial Properties Sweden A.B. and Eurocommercial Properties Belgium S.A. These balances are characterised as current accounts used for funding or reimbursing cash to Group companies as part of the cash management of the Company. Consequently, these balances have been presented as current assets in the Company balance sheet.

The average interest rate of these advances is 3.1% (31 December 2020: 3.7%).

## 6. Receivables

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Prepayments | 660 | 1,186 |
| VAT receivable | 116 | 115 |
| | 776 | 1,301 |

## 7. Derivative financial instruments

The Group has exposure to credit risk, liquidity risk and foreign currency risk from its use of financial instruments.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the separate financial statements of the Company.

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of the financial period | 188 | 0 |
| Unrealised fair value movement interest rate swaps | (188) | 188 |
| Book value at end of the financial period | 0 | 188 |

## 8. Cash and deposits

Cash and deposits of €3.1 million consist of amounts held as bank balances. All bank balances are freely available.

# Notes to the company financial statements continued

## 9. Creditors

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Interest payable | 15 | 0 |
| Remuneration payable | 829 | 5 |
| VAT payable | 922 | 1,470 |
| Other creditors and accruals | 1,755 | 2,877 |
| | 3,521 | 4,352 |

## 10. Due to subsidiaries

The balance of €135.9 million at 31 December 2021 represents mainly funds advanced from ECP Service S.r.l. These balances are characterised as current accounts used for funding or reimbursing cash from Group companies as part of the cash management of the Company. Consequently, these balances have been presented as current liabilities in the Company balance sheet.

The average interest rate of these advances is 1.4% (2020: 2.2%).

## 11. Borrowings

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | 10,000 | 41,000 |
| Drawdown of funds | 95,000 | 60,000 |
| Repayments | (100,000) | (91,000) |
| Book value at end of year | 5,000 | 10,000 |

## 12. Provisions for pensions

An analysis of the provisions for pensions is provided in Note 23 of the consolidated financial statements.

## 13. Leases

As per 31 December 2021, right-of-use assets are reported as part of the Company's tangible fixed assets for an amount of €1.5 million. An analysis of the Company's right-of-use assets is provided in Note 4 of the Company financial statements.

The lease liabilities are reported as part of the current liabilities and non-current liabilities for amounts of €0.4 million and €1.1 million respectively.

| | 31-12-21 €'000 | 31-12-20 €'000 |
|---|---|---|
| Book value at beginning of year | (2,050) | 0 |
| Initial recognition of lease liabilities | 0 | (1,528) |
| Additions | (75) | (1,145) |
| Disposals | 201 | 0 |
| Lease payments | 446 | 675 |
| Interest on lease liabilities | (34) | (52) |
| Book value at end of year | (1,512) | (2,050) |

## 14. Put option liability non-controlling interest

An analysis of the provisions for pensions is provided in Note 22 of the consolidated financial statements.

## 15. 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 |
|---|---|---|---|---|---|---|---|
| 01-01-2021 | 249,548 | 513,315 | 748,375 | (36,633) | 295,625 | 115,367 | 1,885,597 |
| Profit previous financial year | | | | | 8,339 | (8,339) | 0 |
| Profit for the year | | | | | | 104,687 | 104,687 |
| Issued shares | 249,549 | (249,549) | | | | | 0 |
| Dividend distribution in cash | | (4) | | | | (24,701) | (24,705) |
| Dividend distribution in shares | 27,442 | | | | 54,885 | (82,327) | 0 |
| Performance shares granted | | 91 | | | | | 91 |
| Actuarial gain on pension scheme | | | | | 936 | | 936 |
| Foreign currency translation differences | | | | (3,660) | (5,244) | | (8,904) |
| Movement of legal reserve | | | (194,083) | | 194,083 | | 0 |
| 31-12-2021 | 526,539 | 263,853 | 554,292 | (40,293) | 548,624 | 104,687 | 1,957,702 |

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

| | Issued share capital €'000 | Share premium reserve €'000 | Legal reserve subsidiaries €'000 | Legal currency translation reserve €'000 | Retained profit reserve €'000 | Undistributed income €'000 | Total €'000 |
|---|---|---|---|---|---|---|---|
| 30-06-2019 | 249,548 | 517,513 | 857,924 | (36,804) | 243,792 | 74,586 | 1,906,559 |
| Profit previous financial year | | | | | (19,121) | 19,121 | 0 |
| Profit for the year | | | | | | 115,367 | 115,367 |
| Shares bought back | | | | | (14,868) | | (14,868) |
| Dividends paid | | | | | | (93,707) | (93,707) |
| Performance shares granted | | (1,496) | | | | | (1,496) |
| Performance shares settled | | | | | (362) | | (362) |
| Performance shares vested | | (2,702) | | | 2,702 | | 0 |
| Put option minority interest | | | | | (54,805) | | (54,805) |
| Actuarial gain on pension scheme | | | | | (1,026) | | (1,026) |
| Foreign currency translation differences | | | | 171 | 29,764 | | 29,935 |
| Movement of legal reserve | | | (109,549) | | 109,549 | | 0 |
| 31-12-2020 | 249,548 | 513,315 | 748,375 | (36,633) | 295,625 | 115,367 | 1,885,597 |

Both the retained earnings and the share premium reserve are available for distribution as dividend.

For further details on movements in shareholders' equity reference is also made to the consolidated financial statements and the notes thereto for movements in the components of shareholders' equity.

### Statutory reserves

The statutory reserves in the company balance sheet are reserves which must be retained pursuant to the Netherlands Civil Code and consist of the reserve subsidiaries and the reserve for foreign currency translation. The amounts recognised by these reserves amount to €554 million (31 December 2020: €748 million) and negative €40 million (31 December 2020: negative €36 million) respectively and are not freely distributable. For dividend distribution, however, both the retained profit reserve, share premium reserve and the undistributed income are available.

### Legal reserve subsidiaries

The legal reserve subsidiaries for participating interests in subsidiaries, pertains to participating interests in subsidiaries that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the company has been entitled to since the first measurement at net asset value, and less distributions that the company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

# Notes to the company financial statements continued

## 15. Shareholders' equity continued

### Legal currency translation reserve

The legal currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than that of the Company, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The foreign currency translation legal reserve of negative €40.0 million relates to investments in Sweden.

## 16. Company expenses

Company expenses in the current financial year comprised:

| | 2021 €'000 | 2019/2020 €'000 |
|---|---|---|
| Audit fees | 385 | 421 |
| Depreciation fixed assets | 939 | 1,322 |
| IT expenses | 1,036 | 1,354 |
| Legal and other advisory fees | 704 | 1,637 |
| Marketing expenses | 155 | 758 |
| Office and accommodation expenses | 1,736 | 2,993 |
| Pension costs | 465 | 701 |
| Salaries, wages, bonuses and performance shares granted* | 6,498 | 8,421 |
| Social security charges* | 1,947 | 2,833 |
| Statutory costs | 435 | 705 |
| Travelling expenses | 214 | 577 |
| Other expenses | 808 | 1,084 |
| | 15,322 | 22,806 |
| Recharge of company expenses to subsidiaries | (10,004) | (13,578) |
| | 5,318 | 9,228 |

* Including Directors' fees.

The Company employed an average of 48 full-time equivalent persons during the financial year (2019/2020: 48), of whom 15 are resident in The Netherlands, 6 in the UK, 26 in France and 0.5 in Italy. An analysis of the Directors' fees is provided in note 32 of the consolidated financial statements.

## 17. Net financing income

The net financing income of €12.4 million (2019/2020: €56.4 million) comprises interest income due from subsidiaries of €7.0 million (2019/2020: €7.7 million); interest expenses from borrowings and put option non-controlling interest amounting to €2.6 million (2019/2020: €3.3 million); net derivatives movement and put option liability non-controlling interest of €1.4 million (2019/2020: €5.3 million) and other income and financing costs of €9.3 million (2019/2020: €46.7 million). The other income and financing costs consist of €9.3 million positive (2019/2020: €36.1 million positive) for guarantees in favour of financial institutions for debts incurred by Group subsidiaries, net property disinvestment result €0.0 million (2019/2020: €3.0) and €0.0 million (2019/2020: €7.6 million positive) for foreign currency results.

## 18. Commitments not included in the balance sheet

The Company has entered into guarantees in favour of credit institutions for debts and interest rate swaps incurred by its subsidiaries to an amount of €1.6 billion and €931 million respectively.

The Company has entered into guarantees in favour of credit institutions for debts and interest rate swaps incurred by its joint ventures to an amount of €186 million and €160 million respectively.

Amsterdam, 13 April 2022

### Board of Management
E.J. van Garderen
R. Fraticelli
J.P.C. Mills

### Board of Supervisory Directors
B.T.M. Steins Bisschop, Chairman
E.R.G.M. Attout
K. Laglas

# Other information

## Provisions in the Articles of Association concerning the appropriation of income

The appropriation of income is subject to the Provisions of Article 42 of the Articles of Association of the Company of which the major provisions are as follows:

(a) Out of the profit as shown in the adopted annual accounts in which all taxes due by the Company have been deducted, such amount may be reserved as the Board of Management shall determine, which reserve shall be at the disposal only of the Board of Management.

(b) The remainder of the profit shall be at the disposal of the General Meeting of Shareholders for distribution of dividend, either in cash or in shares in the capital of the Company, or a combination of both, or for reserves or such other purposes covered by the objects of the Company, as the General Meeting of Shareholders shall decide.

(c) Distribution of dividend shall take place after the adoption of the annual accounts which show that such distribution is permitted. (Interim) dividends may be paid in cash or in shares in the capital of the Company, or a combination thereof.

## Financial calendar

| | |
|---|---|
| 6 May 2022 | Announcement of first quarter results 2022 |
| 14 June 2022 at 13.30 hours | Annual General Meeting of Shareholders |
| 16 June 2022 | Ex-dividend date |
| 1 July 2022 | Dividend payment date |
| 26 August 2022 | Announcement of half-year results 2022 |

## Holders of shares with a holding of 3% or more

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

Mr A. van Herk (20.22% – notification 8 May 2019), Ameriprise Financial Inc (6% - notification date 8 November 2021), BlackRock, Inc. (4.63% – notification 20 December 2021), ICAMAP Investments S.a.r.l. (3.06% – notification 20 February 2020), and Cohen & Steers (3.01% - notification 28 October 2021).

## Stock market prices and turnover

The Company is listed on Euronext Amsterdam and Brussels and was admitted to the Amsterdam Midcap (AMX) index until 21 March 2022 when it was included in the Amsterdam Smallcap (AScX) index.

| For the year 01/01/2021 to 31/12/2021 | | High | Low | Average |
|---|---|---|---|---|
| Closing price 31 December 2021 (€; shares) | 19.09 | 24.90 | 14.98 | 19.77 |
| Average daily turnover (in shares) | 107,608 | | | |
| Average daily turnover (€'000,000) | 2.1 | | | |
| Total turnover over the past 12 months (€'000,000) | 548.8 | | | |
| Market capitalisation (€'000,000) | 995 | | | |
| Total turnover divided by market capitalisation | 55.16 | | | |

Source: Euronext, Global Property Research

Shares listed on Euronext Amsterdam and Brussels have been accepted for delivery through the book entry facilities of the Netherlands Central Institute for Giro Securities Transactions (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.) trading as Euroclear Nederland.

ISIN – Code: NL 0015000K93, symbol: ECMPA

Stock market prices are followed by Bloomberg: ticker: ECMPA NA

## Valuers

The following independent firms have valued the Company's properties (including the properties held by joint ventures) at 31 December 2021:

| | |
|---|---|
| Belgium: | Cushman & Wakefield |
| France: | JLL, Knight Frank, Savills |
| Italy: | CBRE, Cushman & Wakefield, JLL, Savills |
| Sweden: | Cushman & Wakefield, JLL |

# Other information continued

# Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Eurocommercial Properties N.V.

## Report on the audit of the financial statements 2021 included in the annual report

### *Our opinion*

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 31 December 2021 and of its result and its cash flows for the twelve months then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

— the accompanying company financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 31 December 2021 and of its result for the twelve months then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *What we have audited*

We have audited the financial statements 2021 of Eurocommercial Properties N.V. ('the Company') based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2021;

2 the following consolidated statements for the twelve months ended 31 December 2021: the statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at 31 December 2021;

2 the company statement of profit or loss account for the twelve months ended 31 December 2021; and

3 the notes comprising a summary of the 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 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

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

### *Audit approach*

#### *Summary*

| Materiality |
|---|
| — Materiality of EUR 16 million |
| — 0.8% of Total Equity |
| — Lower materiality for results from net property income: EUR 8 million |

| Group audit |
|---|
| — Full scope audit of all significant components performed by KPMG auditors |
| — Audit coverage of 100% of investment property |
| — Audit coverage of 100% of rental income |

| Going concern, Fraud/Noclar and Climate |
|---|
| — Going concern: no significant going concern risks identified. |
| — Fraud & Non-compliance with laws and regulations (Noclar): 1) the presumed fraud risk related to management override of controls; and 2) fraud risk in relation to possible conflicting interests due to involvement of agents and/or advisors related to acquisition and disposal of investment property (we refer to our key audit matter). |
| — Climate: the response of the Board of Management to possible future effects of climate change and their anticipated outcomes have been disclosed in the chapter Environmental, Social and Governance of the annual report. We have considered the impact of climate-related risks on our identification and assessment of risks of material misstatement in the financial statements. |

# Other information continued

KPMG

| **Key audit matters** |
| --- |
| — Valuation of investment property<br>— Acquisition and disposal of investment property |

| **Opinion** |
| --- |
| Unqualified |

### *Materiality*

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 16 million (2020: EUR 15 million). The materiality is determined with reference to total equity (0.8%) (2020: 0.8%). We consider total equity as the most appropriate benchmark because the investors consider this to be an important indicator of the Company's value.

In addition, we applied a lower materiality of EUR 8 million (2020: EUR 7.5 million) for net property income. Net property income is an important measure of the performance of the Company's current portfolio, excluding the impact of changes in market value of investment property and derivatives and the result from the disposal of investment property.

Additionally, a lower materiality of EUR 100 thousand has been applied to the remuneration disclosure in the financial statements.

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 identified during our audit in excess of EUR 600 thousand would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### *Scope of the group audit*

Eurocommercial Properties N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Eurocommercial Properties N.V.

Our group audit mainly focused on significant components. The Group manages its investment property through its operating companies in France, Belgium, Italy and Sweden. Each of these operations is significant in the context of the Group's financial statements and therefore we have used KPMG audit teams in each country to perform an audit of the financial information of the operating companies in these countries. The audits performed in these countries covered the entire investment property portfolio and the related rental income.

Because we are ultimately responsible for the audit opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for operating companies and issued audit instructions to local auditors. As group auditor we were involved in the full-scope audits performed by local auditors of the subsidiaries.

Our involvement included, amongst others the following:

- issuing audit instructions to component auditors prescribing the scope of the audit procedures to be performed, our risk assessment, materiality to be applied and reporting requirements;
- participation in planning discussions with component auditors,
- virtual meetings with the component auditors to discuss the results of component audits and discussions on the valuation of investment property with independent appraisers engaged by the Company.
- review of the component audit files and verification that the audit work had been carried out in accordance with our instructions.

We have:

- performed audit procedures ourselves at group level on the standalone figures of Eurocommercial Properties N.V. and account balances which are coordinated at group level such as the valuation of investment property and derivative financial instruments;
- made use of the work of other auditors for the audit of ECP France, ECP Italy, ECP Sweden and ECP Belgium.

For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

- 100% of investment property; and
- 100% of rental income.

***Audit response to going concern - no significant going concern risks identified***

The Board of Management has performed its going concern assessment and has not identified any going concern risks. To assess the Board of Management's assessment, we have performed, inter alia, the following procedures:

- We considered whether the assessment of the going concern risks performed by the Board of Management included all relevant information of which we are aware of as a result of our audit;
- We assessed whether developments in share price, including the discount in comparison with the net asset value per share, indicates a significant going concern risk;
- We analyzed the financial position of the Group as at year end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks; and

# Other information continued

- We inspected the agreements related to external borrowings specifically on the repayment date and relevant loan covenants that could lead to significant going concern risks.

The outcome of our risk assessment procedures did not give a reason to perform additional audit procedures on the going concern assessment performed by the Board of Management.

### *Audit response to the risk of fraud and non-compliance with laws and regulations*

In the chapter Corporate Governance of the annual report, the Board of Management describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and The Supervisory Board reflects on this.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management and other relevant functions, such as Internal Audit and Compliance. As part of our audit procedures, we:

- assessed other positions held by the members of the Board of Management and Supervisory Board and other employees and paid special attention to procedures and compliance in view of possible conflicts of interest;
- evaluated correspondence with supervisory authorities and regulators (e.g. the AFM) as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- Anti-money laundering laws and regulations; and
- Anti-bribery and corruption laws and regulations.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

We assessed the presumed fraud risk on revenue recognition as irrelevant, because the Company's main form of revenue relates to rental income which involves limited judgement as the revenue related to rental income is contractually agreed and with various individual tenants.

Based on the above and on the auditing standards, we identified two fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards. A fraud risk is identified in relation to possible conflicting interests due to involvement of agents and/or advisors related to acquisition and disposal of investment property. We refer to our key audit matter. The other risk identified is the presumed fraud risk of management override of controls.

— **Management override of controls (a presumed risk)**

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed a data analysis of high-risk journal entries and evaluated the key estimates within valuation of investment property and investment property under development and judgments for bias by the Company's management including retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, which amongst others included inspection of expenses which were recharged to the Company by employees. We have also inspected a sample of invoices related to services provided by third parties associated with each acquisition and disposal of investment property.

We communicated our risk assessment, audit responses and results to the Board of Management and the Supervisory Board.

Our audit procedures did not reveal actual indications or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

### Audit response to climate-related risks

The Board of Management is responsible for preparing the financial statements in accordance with the applicable financial reporting framework, including considering whether the implications from climate-related risks and commitments have been appropriately accounted for and disclosed.

The Board of Management has performed its analysis of the impact of climate-related risks on the Company's business and operations going forward and on its accounting in the current financial statements. In chapter Environmental, Social and Governance of the annual report, the Board of Management concluded that the effect of climate-related risks do not have a material impact on accounts and disclosures, including judgements and estimates in the financial statements.

The evaluation of the effectiveness of the strategy of the Board of Management against internal or external goals set is not in scope of our audit of the financial statements. As part of our audit we consider potential effects of climate-related risks on the accounts and disclosures, including estimates and judgements in the current year's financial statements to determine whether the financial statements are free from material misstatements. This includes discussion of the

# Other information continued

Company's strategy in relation to climate change with the Board of Management and the Supervisory Board.

### *Our key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Compared to last year the key audit matter with respect to 'Going Concern and Liquidity risk' is not included. The 'Going Concern and Liquidity risk' related to COVID-19 impacts on the loan covenants and to the loans coming to the end of their term in 2021, therefore this risk specifically related to the financial year 2020.

## Valuation of investment property

### Description

Investment property amounts to €4.0 billion and represent 96% of the Group's total assets as at 31 December 2021.

Investment property is valued at fair value; therefore, the Group has to make estimates and use assumptions to determine those fair values. The fair value is based on appraisal reports by independent appraisers, as explained in notes 1 and 13 to the financial statements.

Because the valuation of investment property is complex and highly dependent on estimates and significant assumptions (such as estimated rental value and yield/discount rate, and specifically for investment property under development the development margin) and the availability of comparable transactions, we consider the valuation of investment property and investment property under development as a key audit matter in our audit.

### Our response

With involvement of KPMG auditors in the Netherlands, Italy, France, Sweden and Belgium, we performed the following procedures:

- assessment of the valuation process with respect to the investment property as at 31 December 2021, including an evaluation of the design and implementation of related internal controls and test of details;
- local audit teams verified whether lease data provided to the appraisers is consistent with the property management systems, and whether any significant changes have occurred since providing the data to the appraisers;
- assessment of the competence, capabilities and objectivity of the external appraisal firms;
- involvement of our property valuation experts to verify the appropriateness of the valuation methodology and determine the mathematical accuracy of the valuation model;

- additionally, our property valuation experts verified the appropriateness of key assumptions in the valuation process, which consists of estimated rental values and yields/discount rates. This includes an assessment of the historical accuracy of the assumptions in previous periods, our understanding of the market and market developments and a comparison of assumptions and movements therein with publicly available data;
- discussion of the results of the valuation process and our findings and observations with management and the appraisal firms; and
- evaluation of the adequacy of the related disclosures in note 1 and 13 in relation to the requirements of EU-IFRS, including the adequate disclosure of the material valuation uncertainty statements in the applicable independent external valuation reports.

### Our observation

Overall, we consider that the assumptions and related estimates within the valuation of the investment property are reasonable and we determined that the related disclosures are adequate.

## Acquisition and disposal of investment property

### Description

As part of the normal course of business acquisitions and disposals take place. Acquisitions and disposals of investment property are significant transactions which are subject to error due to the nature of these transactions. Transactions often involve a variable consideration (earn-outs, rental guarantees, etc.) and are structured as asset deals or share deals (depending on tax considerations). In addition to the risk of error, a fraud risk is flagged in relation to the use of agents and/or advisors within the acquisition and disposal of investment property and related potential conflicts of interest.

We selected the following transactions based on size and complexity:

- Disposal: Sale of the property Chasse Sud
- Acquisition: Acquisition of the remaining 50% of the shares in Shopping Etrembières

Given the size and complex nature of these transactions we consider the accounting for these acquisitions and disposals of investment property to be a key audit matter.

### Our response

With the involvement of KPMG component auditor in France, we performed audit procedures in respect of the acquisitions and disposals of investment property to ensure these transactions are accurately accounted for. These procedures included obtaining an understanding of the purchase or sales contracts and related cash movements, gaining an understanding of the variable considerations in the contracts and testing of the accounting entries to record the initial purchase or result on disposition.

# Other information continued

In respect of the fraud risk related to transactions with investment property, local auditors obtained an understanding of management's anti-fraud controls (for example, counterparty due diligence, four-eyes principle). In addition the agent fees and broker fees have been inspected to ensure there are no indications of fraud.

At group level, we also inspected minutes of Board meetings in which these transactions are discussed to verify that the governance around the transactions is appropriate and the required approvals are obtained.

Finally, we verified whether the disclosures in Notes 1 and 13 to the financial statements in respect of investment property transactions are in conformity with EU-IFRS.

### Our observation

Overall we assess that the results of our procedures on the acquisitions and disposals of investment property and the related disclosure in the financial statements are adequate.

## Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information. In addition, other information includes the remuneration report.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements and ESEF

### *Engagement*

We were engaged by the General Meeting of Shareholders as auditor of Eurocommercial Properties N.V. on 3 November 2015, as of the audit for the year 2015/2016 and have operated as statutory auditor ever since that financial year.

### *No prohibited non-audit services*

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

### European Single Electronic Format (ESEF)

Eurocommercial Properties N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Eurocommercial Properties N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.

### Description of responsibilities regarding the financial statements

### *Responsibilities of the Board of Management and the Supervisory Board for the financial statements*

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Management , under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

# Other information continued

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### *Our responsibilities for the audit of the financial statements*

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 13 April 2022

KPMG Accountants N.V.

W.L.L. Paulissen RA

Appendix:
Description of our responsibilities for the audit of the financial statements

## Appendix

### Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provided 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

# Other information continued

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

# Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Eurocommercial Properties N.V.

## Report on the audit of the financial statements 2021 included in the annual report

### *Our opinion*

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 31 December 2021 and of its result and its cash flows for the twelve months then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

— the accompanying company financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 31 December 2021 and of its result for the twelve months then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *What we have audited*

We have audited the financial statements 2021 of Eurocommercial Properties N.V. ('the Company') based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2021;

2 the following consolidated statements for the twelve months ended 31 December 2021: the statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at 31 December 2021;

2 the company statement of profit or loss account for the twelve months ended 31 December 2021; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

# Glossary

| | |
|---|---|
| Adjusted net asset value (NAV): | 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 share is calculated using the number of shares outstanding at the balance sheet date. |
| BREEAM (Building Research Establishment's Environmental Assessment Method: | BREEAM is an assessment undertaken by independent licensed assessors using scientifically-based sustainability metrics and indices which cover a range of environmental issues. Its categories evaluate energy and water use, health and wellbeing, pollution, transport, materials, waste, ecology and management processes. Buildings are rated and certified on a scale of 'Pass', 'Good', 'Very Good', 'Excellent' and 'Outstanding'. |
| Boutique: | Retail unit 300m² or less. |
| CPI: | Consumer price index. |
| Direct investment result: | Net property income less net interest expenses and company expenses after taxation. Direct investment result per share is calculated using the weighted average number of shares outstanding during the period. |
| 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 ratio: | Administrative and operating costs (including and excluding costs of direct vacancy) including the share of joint venture overheads and operating expenses (net of any service fees) divided by gross rental income. |
| EPRA Earnings: | Recurring earnings from core operational activities. EPRA earnings per share is calculated using the same number of shares used for the calculation of Earning per share according to IFRS. Equivalent to the direct investment result less investment expenses and related costs. |
| EPRA (Non) Incremental lettable space: | Incremental lettable space: additional lettable area. If expenditure cannot be classified as incremental or no incremental lettable space, these expenses are allocated to incremental letting space if the total area is increased by at least 10% of the total lettable area. No incremental lettable space: enhancement of the existing space. |
| EPRA NAV metrics: | EPRA Net Reinstatement Value (NRV): Assumes that entities never sell assets and aims to represent the value required to recreate the entity. EPRA Net Tangible Assets (NTA): Assumes that entities buy and sell assets, thereby crystallising certain levels of deferred tax. EPRA Net Disposal Value (NDV): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. EPRA NRV, NTA and NVD per share is calculated using the number of shares (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 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 discounted rent periods and step rents). |
| EPRA sBPR: | The EPRA Sustainability Best Practices Recommendations (sBPR) are intended to raise the standards and consistency of sustainability reporting for listed real estate companies across Europe. Each year, EPRA recognises companies which have issued the best-in-class annual sustainability performance report. Based on adherence to the EPRA sBPR in their public disclosure, companies are identified for Gold, Silver or Bronze Awards. |
| EPRA Vacancy Rate: | The ERV of vacant retail space expressed as a percentage of the ERV of the total property portfolio, 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. |

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| FBI: | Fiscale Beleggingsinstelling (Dutch Fiscal Investment Institution). As a result of being an FBI all of Eurocommercial's income, whatever its source, is taxed at a zero rate at the corporate level if it is distributed to shareholders by way of a dividend. |
| FIIS/GVBF: | Fonds d'investissement immobilier spécialisé. Belgian tax-exempt regime available to property companies with assets in Belgium. |
| Gallery: | All retail units in a shopping centre excluding the hypermarket. |
| GRESB: | Global Real Estate Sustainability Benchmark. |
| 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 ILC index. |
| ILC: | Indice des Loyers Commerciaux. Index used for French retail leases derived 50% from the consumer price index, 25% from the cost of construction index and 25% from the retail sales index. |
| Interest cover ratio (ICR): | Net property income less company expenses divided by interest expenses less interest income, calculated on a proportionally consolidated basis. |
| 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. |
| 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. |
| Minimum guaranteed rent (MGR): | Contracted annual rent paid by a tenant, excluding indexation, turnover rent and entry premiums. Also referred to as base rent. |
| | |
| (Net) loan to value (LTV ratio): | Total borrowings net of cash expressed as a percentage of the total value of property investments, property investments under development, property investments in joint ventures and property investments held for sale, calculated on a proportionally consolidated basis.<br>The total values are net of any (estimated) purchasers' 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, calculated on a proportionally consolidated basis. |
| 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. |
| Occupancy cost ratio (OCR): | Rent plus marketing contributions, service charges and tenant property taxes as a proportion of turnover including VAT. |
| Passing rent: | The annualised rental income at 31 December 2021 including 2021 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. |
| Share(s): | Shares in the capital of the Company, traded on Euronext Amsterdam and Brussels. |
| SIIC: | Société d'investissements immobiliers cotée. French tax-exempt regime available to listed property companies with assets in France. |
| Stock dividend: | See Scrip dividend. |
| 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

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E.R.G.M. Attout
K. Laglas

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EURONEXT

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Eurocommercial (ECMPA) is listed on the Euronext stock exchange in Amsterdam and Brussels

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