30 August 2019

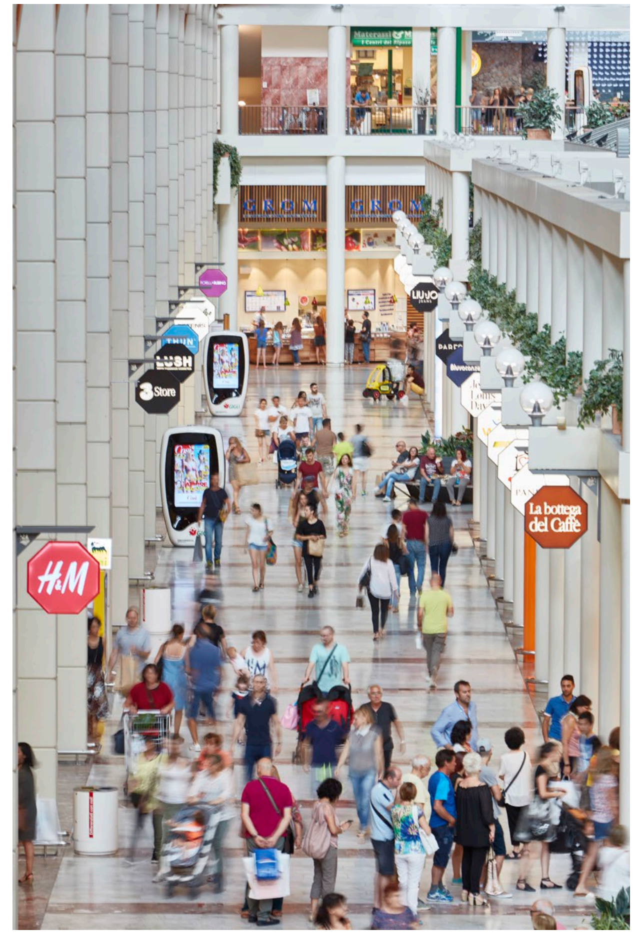
EUROCOMMERCIAL

Full year 2018/19 results

Eurocommercial Properties

One of Europe's most experienced owners and managers of institutional property

Highly-experienced investor	Listed on Euronext Amsterdam for 27 years
Clear business model	Buy, manage and develop well-located and resilient retail properties in prosperous markets
Balanced portfolio of high-quality assets	Shopping centres, city galleries and retail parks in four major European economies
Well-established management team	Board members and senior management have worked together for over 20 years
Strong track record	Stable to rising earnings and dividends every year since inception in 1991 Only 1% vacancies for over 20 years
Tax efficient	Zero rate tax status in the Netherlands (FBI), France (SIIC) and Belgium (FIIS)



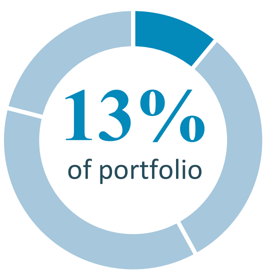
Balanced portfolio of high-quality assets

30 June 2019

Belgium

Property value

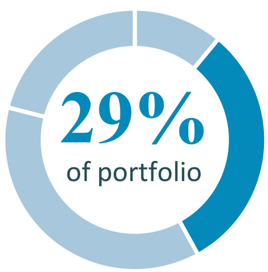
€554m



France

Property value

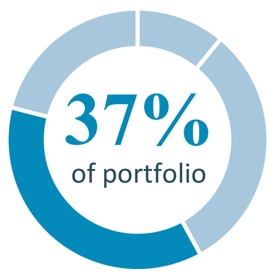
€1,191m



N. Italy

Property value

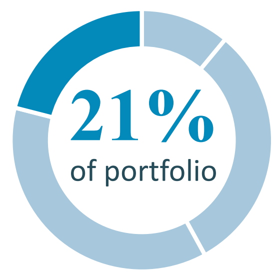
€1,568m



Sweden

Property value

€888m



Total

Property value

€4.2bn

No. of properties

28

Figures are provided on a proportionally consolidated basis

Strong operational and financial performance

Earnings
(Direct investment result)
€2.42 per depositary receipt
Earnings increased +3.9%

Rental growth on relettings and renewals
+8.9%

Net property income
(versus 2017/18)
+3.9%
€178.6 million for 12 months to 30 June 2019

Proposed dividend of
€2.18 per share

Like-for-like Rental growth
(12 months)
+2.1%

Property valuations within
0.4%
of June 2018
Adjusted net asset value €44.83 per depositary receipt

Chief Executive Comments

Notwithstanding slowing European economies, fears of world trade wars and the French "Gilets Jaunes" protests, our 2019 financial year has been a good one in terms of rental income and vacancies. Property valuations are stable with a very small decrease of 0.4% overall and our earnings have risen notwithstanding the properties we have sold. We will increase the dividend once more this year and move to two dividend payments per annum from next year, without any diminution in the total payout.

Our centres continue to perform well with shop sales turnover positive over the year except in France due to protesters blocking access to the centres which reduced the overall growth to -1.8%. Whilst lease negotiations are often taking longer than in previous years, relettings and lease renewals of our shops are showing solid rental uplifts averaging 8.9% overall. The French group AXA, one of the world's largest and most experienced property investors, has demonstrated its confidence in the French market for prime shopping centres by becoming our 50% joint venture partner in central Paris Passage du Havre at a price at the level of our 2018 independent property valuation and a net yield of 3.7%. This property has been an outstanding performer for Eurocommercial, having doubled in value since acquisition.

There has been much recent comment on the very poor retail property climate in the UK with rents under extreme pressure through bankruptcies and yields rising with an expectation that those conditions are caused by online sales and will spread to Western European markets. We believe that this is unlikely because the main reason for the UK problems is that tenants' occupancy costs (rents + business rates) are often double those in our markets of Belgium, France, Italy and Sweden. The weakening economic climate due to Brexit is also reducing consumer confidence in the UK.

Eurocommercial's sensible occupancy cost ratios averaging 8.9% allow retailers to make a profit in our centres, so our vacancies remain at around 1%, still the lowest in the industry and compare with an average of 10-15% in the UK or US.
Online sales are increasing in our markets but the rate of growth is slowing. Shops are seen by retailers nowadays as very effective marketing tools, more relevant often than electronic advertising. Shops will continue as a key channel for brands to engage with and acquire customers. It will remain vital for retailers therefore to be present in the best and most profitable shopping centres. Good retailers increasingly ensure that their physical and online 'stores' complement each other, with an emphasis on click & collect and in store returns rather than expensive home delivery.

Our balance sheet remains strong. The purchase of the prime Woluwe shopping centre in Brussels – a long term strategic purchase for the company last year increased net debt slightly to €1.9 billion, however, our loan to value ratio (LTV) will reduce to approximately 43% after closing the committed sale at a price of €203 million of 50% of Passage du Havre to our joint venture partner AXA and other sales are under negotiations. As we announced at the time of the acquisition of Woluwe, we plan to extend and redevelop this prime centre.

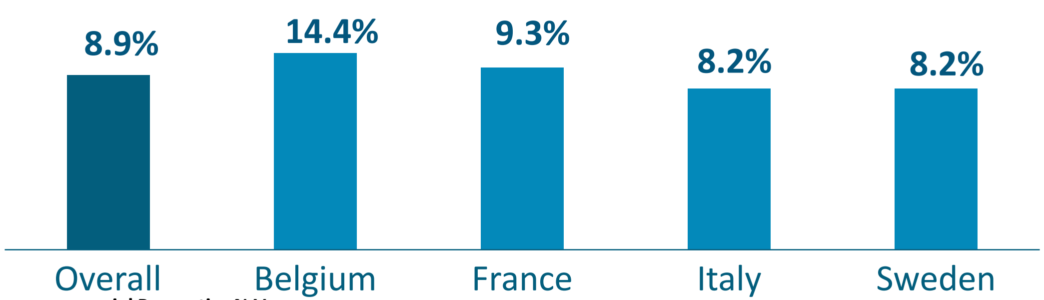
Rental growth and sustainable levels of OCR

12 months to June 2019

Rental growth for year ending 30 June 2019

	Average rental uplift on relettings and renewals	% of total leases relet and renewed	Number of relettings and renewals	Overall like-for-like rental growth
Overall	**+8.9%**	**14.6%**	**248**	**+2.1%**
Belgium	+8.2%	+12.4%	16	**-0.5%**
France	+11.0%	10.5%	53	**+2.9%**
Italy	+11.9%	12.3%	87	**+1.9%**
Sweden	+4.6%	25.8%	92	**+2.9%**

Stable occupancy cost ratio for year ending 30 June 2019



Eurocommercial's strategy is to lease its shops to the best retailers which increases the overall attraction of the shopping centre.

Keeping rents in proportion with turnovers ensures retailers are profitable and better positioned to survive temporary downturns.

Sustainable rental levels, together with first class asset management, has consistently kept vacancies in the portfolio at the lowest level in the quoted sector **(1% of rental income at 30 June 2019).**

Valuations

12 and 6 months to June 2019

	Valuation growth		Net initial yield including purchase costs	
	Twelve months to 30 June 2019	Six months to 30 June 2019	At 30 June 2019	At 30 June 2018
Overall	**-0.4%**	**0.0%**	**4.9%**	**4.7%**
Belgium	-1.0%	-0.4%	4.1%	4.0%
France	-2.1%	-0.2%	4.5%	4.4%
Italy	+1.6%	+2.1%	5.1%	5.1%
Sweden	-0.9%	-2.0%	5.0%	4.9%

Net initial yield figures are derived by dividing expected net income for the coming year by the valuation figure, to which has been added the relevant standardised market allowance for deemed purchaser's costs (usually notional transfer taxes) in the particular country.

Retail sales growth

Year-on-year growth of 0.3%, slightly dampened in France
by weather, transport strikes and “Gilets Jaunes” protests.

	Twelve months to 30 June 2019	Six months to 30 June 2019
Overall	**+0.3%**	**+0.6%**
Belgium	+2.0%	+1.3%
France	-1.8%	-0.3%
Italy	+0.8%	+0.6%
Sweden	+1.4%	+1.6%

Excluding hypermarkets, Systembolaget and extensions/redevelopments

Belgium
Performance overview

Like-for-like retail sales (12 months)

+2.0%

Rental growth on relettings and renewals (12 months)

+8.2%

Valuation of property

-1.0% **Since June 2018, reflecting acquisitions costs**

Net initial yield

4.1%

Occupancy cost ratio

+14.4%

Belgium

Performance

We expect to submit the planning application for the future northern extension of the shopping centre in October. In the meantime, our renovation of the existing centre is proceeding at pace.

When approved the northern extension will consist of two levels of retail space either side of a central mall to give a net increase of 8,500m². The mall will lead directly into a new Metro entrance, a great improvement on the rather lengthy underground passageway, which currently serves the centre. Above the new mall will be four levels of apartments arranged around a central landscaped courtyard. There will be ca. 100 apartments with a total lettable area of 8,000m². Access to the residential accommodation will be from street level and therefore independent from the shopping.

Meanwhile, we have succeeded in extending the opening hours to 20.00 on Saturdays and have upped free parking times in the evenings. Given the success of these measures we are working with our retailers to free up trading hours further.

New international brands introduced to the centre include Levi's, Kusmi Tea, Unisa and La Chaise Longue. The imminent arrival of Courir will be a first step in enhancing the sports sector and a full-service pharmacy will be opening shortly.

We expect to obtain 100% ownership of Woluwe Shopping Centre in September by concluding our joint venture agreement with AG Insurance for the contribution the 12,000m² Inno department store. The lease to Inno has recently been renewed and the new situation will allow us to make long term strategic decisions to the benefit of the shopping centre.

Belgium

Woluwe Shopping

- **Refurbishment** to be completed in the autumn with a new identity for the centre
- **New international brands** (Levi's, Kusmi Tea, Unisa, La Chaise Longue, Courir)
- **Northern Extension** will give a net increase of 8,500m^2
- The mall will lead directly into a **new Metro entrance**
- **C.100 apartments** above the mall

France

Performance overview

Like-for-like retail sales (12 months)

-1.8%

Rental growth on relettings and renewals (12 months)

+11%

Valuation of portfolio

-2.1% **Since June 2018, -0.2% since December 2018**

Net initial yield

4.5% **(2018: 4.4%)**

Occupancy cost ratio

+9.3%

Disposals

Sale of 50% of Passage du Havre at December 2018 valuation and yield of 3.7% validates ECP valuations and strength of French market.

France

Performance

Like-for-like rental growth for the 12 months to June 2019 was 2.9%. The major contribution to this growth came from the 53 reletting and renewals which produced an uplift of 11%. The best overall results came from the reletting of Le Fromentiers and L'Ostréa in Centr'Azur (replacing part of the former Cafétéria Casino) and from the renewal of Minelli lease (10 rue du Havre), Yves Rocher and Histoire d'Or (Passage du Havre) and CapOr in Chasse sur Rhône.

Despite the Gilets Jaunes movement which had a significant impact on retail sales over the last six months, retail sentiment remains positive among retailers, perhaps less so in the fashion sector where competition is fierce. Over the last 12 months the best sectors were home goods and food & beverage and to a lesser degree health and beauty and sports. The electrical sector which first showed signs of difficulty 10 years ago is now indicating clear signs of recovery in our provincial centres. In Passage du Havre our electrical anchor has been in positive territory for the last 6 months which is a major improvement on past performance.

On a like-for-like basis, the value of the portfolio has decreased by 0.2% over six months and by 2.1% over 12 months. The average net yield of the portfolio stands at 4.5%, our suburban and provincial shopping centres are now valued at an average yield of 5%, our Parisian properties at 3.7% and our retail park at 4.5%. Yields have increased by 14 basis points over 12 months and remain stable over six months reflecting market trends.

Portfolio development

On the project front, the new application for our project of a 20,000m² extension in Val Thoiry has been granted. Pre-leasing with the major tenants has concluded. The light renovation of Shopping Etrembières was completed at the end of 2018 and we received an authorisation to build a 1,600m² GLA of restaurant complex along with an underground parking also on the land adjacent to the centre. Leasing is well advanced with a national restaurant chain and we expect the works to start at the beginning of 2020. In Bordeaux the refurbishment of Les Grands Hommes is well underway and negotiations for the lease of the 1st floor with a major international office operator are at an advanced stage.

Property sales

As part of Eurocommercial's asset rotation programme, we have signed a joint venture agreement with AXA Investment Managers – Real Assets by which AXA becomes the owner of a 50% interest in the Passage du Havre shopping centre. The price for the 50% share in Passage du Havre was based on Eurocommercial's 31 December 2018 independent valuation resulting in an amount of €203 million for the half share and the purchase yield was 3.7%. Closing is expected to take place in October. The Passage du Havre has been an excellent performer for Eurocommercial, doubling in value since acquisition.

Over the last 12 months, we also completed the sale of Les Allées de Cormeilles to Aberdeen Standard Investments for €49.9 million in line with the June 2018 valuation.

France

Shopping Etrembières

Planning permit obtained to build 1,600m² GLA along with an underground parking on the land adjacent to the centre

Val Thoiry

- Planning permit obtained for a 20,000m² extension.
- Pre-leasing with major tenants completed

Italy
Performance overview

Like-for-like retail sales (12 months)

+0.8%

Rental growth on reletting and renewals (12 months)

+11.9%

Valuation of portfolio

+1.6% **Since June 2018, +2.1% since December 2018**

Net initial yield

5.1% **(2018: 5.1%)**

Occupancy cost ratio

8.2%

Italy

Performance

Like-for-like rental growth for the 12 months to June 2019 was a good 1.9% the main drivers were an inflation of around 1% and the average rental uplift of almost 12% in renewals and relettings. The best overall rental growth came from I Gigli and Curno. We expect further rental income starting from the end of 2019 thanks to the opening to the public of the Fiordaliso, Curno and Cremona Po extensions.

Retail sales turnover in Eurocommercial's Italian centres was positive over the year (+0.8%), with an outstanding June at +6.6%! Sports and home-goods were amongst the best performing sectors, while shoes and fashion were slightly negative. Cremona Po (Cremona), Il Castello (Ferrara) and I Gigli (Florence) were the assets with the highest turnover sales increase over the year, while Fiordaliso (Milan) registered a small decrease, due to the construction works related the opening of the new H&M and Primark stores, expected on time for the Christmas season.

Occupancy cost ratio is still at a very healthy 8.2%, with 90-days arrears still well below 1%.

Property developments

In July 2019, through its Joint Venture vehicle, Eurocommercial acquired the existing Fiordaliso hypermarket in Milan from Finiper. The hypermarket has already reduced its size to accommodate the new 6,675m² unit for Primark and an enlarged 2,900m² H&M. This Primark opening will be the second in the Eurocommercial portfolio, following the one in I Gigli in 2017. These leases will boost the fashion retail on offer at the centre, which is already one of Milan's leading shopping destinations.

Works for the innovative restaurant zone at Curno, Bergamo, are almost finalised with opening expected for the Christmas period.

Works are also almost finalized on the new retail park in Cremona Po, Cremona, with opening also expected for Christmas. The new retail offer will be complementary to the existing one, with a new Decathlon and a Brico as main anchors further consolidating the leading position of the centre.

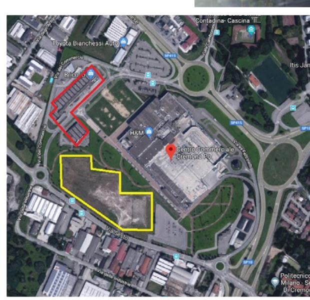
Italy

Curno

20 new restaurants including Dispensa Emilia, Old Wild West, Rossopomodoro, Doppio Malto, Johnny Rockets, KFC, Cioccolatitaliani, and more
New GLA: 3.300 m^2
Expected completion: End of November 2019

Cremona Po

Main new tenants: Decathlon, Brico Io, Burger King, and more
New GLA: 11.200 m^2
Expected completion: End of November 2019



Sweden

Performance overview

Like-for-like retail sales (12 months)

+1.4% **Hypermarkets +1.7%**

Rental growth on relettings and renewals (12 months)

+4.6%

Valuation of portfolio

-0.9% **since June 2018**

Net initial yield

5.0% **(2018: 4.9%)**

Occupancy cost ratio

8.2%

Sweden

Performance

Like-for-like rental growth increased by 2.9% with the largest contribution coming from the 92 re-lettings and renewals negotiated during the period producing an average uplift of 4.6%. While this uplift was lower than last year, there remains strong tenant demand for retail space in our portfolio of regional shopping centres which is also reflected in low vacancy and arrears, both still below 1%. During the year two full concept H&M stores opened in C4 and Bergvik and in December, we signed for three more of their large format stores in Valbo, Hallarna and Elins Esplanad where H&M will be almost doubling their floor space.

Retail sales remained positive over the year at +1.4% and while fashion and shoes were marginally negative, other sectors more than made up the shortfall with strong performances from health and beauty, gifts and jewellery, sport and electricals. Our seven owned and let food stores also had another year of strong sales growth at 1.7%, and together with our four Systembolaget (state alcohol monopoly), they continue to provide regular footfall to the benefit of the whole shopping centre.

Portfolio development

On 20 September 2018 our C4 shopping centre development located outside Kristianstad opened 96% pre-let. Most major Scandinavian tenants are present including H&M, KappAhl, Lindex, New Yorker, Stadium, the Varner Group and Bestseller brands, Afound (the latest H&M concept) and Clas Ohlson. The adjoining and owned hypermarket let to City Gross had already successfully opened a year earlier and compliments the latest Lidl concept situated in the gallery. Footfall and retail sales over the first nine months have been very encouraging and C4 has clearly already established a strong market position in its 300,000 catchment.

Following the acquisition of Valbo early last year, asset management initiatives have focussed on re-merchandising and the preparation of a project to improve the masterplan and deliver an extension of around 1,000m². Phase 1 of the project is well underway and involves re-routing the mall from a new entrance off the main car park to form a single loop around the whole centre which will significantly improve customer flow. This has involved 17 lease negotiations and will result in new stores for H&M and Intersport. We have also taken back 600m² from the Coop hypermarket which we are in the course of re-letting to facilitate the establishment of a new international fashion anchor. The total project will take almost two years to complete by when Valbo will be technically updated and fully refurbished to include new shopfronts, malls, common areas and external façade.

Sweden

C4 opened on 20 September 2018

- 96% pre-let
- Anchors: H&M, KappAhl, Lindex, New Yorker, Stadium, Clas Ohlson
- Hypermarkets: City Gross, Lidl

Valbo

- Improve masterplan and small extension1,000m²
- 17 lease negotiations
- H&M full concept store opens Spring 2020

Funding summary

At 30 June 2019

Shareholders' adjusted net equity
€2.2 billion

Loan book hedged for interest exposure
78%

Average overall interest rate (incl. margin)
+2.1%

Total net borrowings
€1.9 billion

Average term of hedges
c. 6.5 years

Net debt to adjusted net equity ratio
86%

Net loan to property value ratio
46%

Average term of loan book
c. 5.5 years

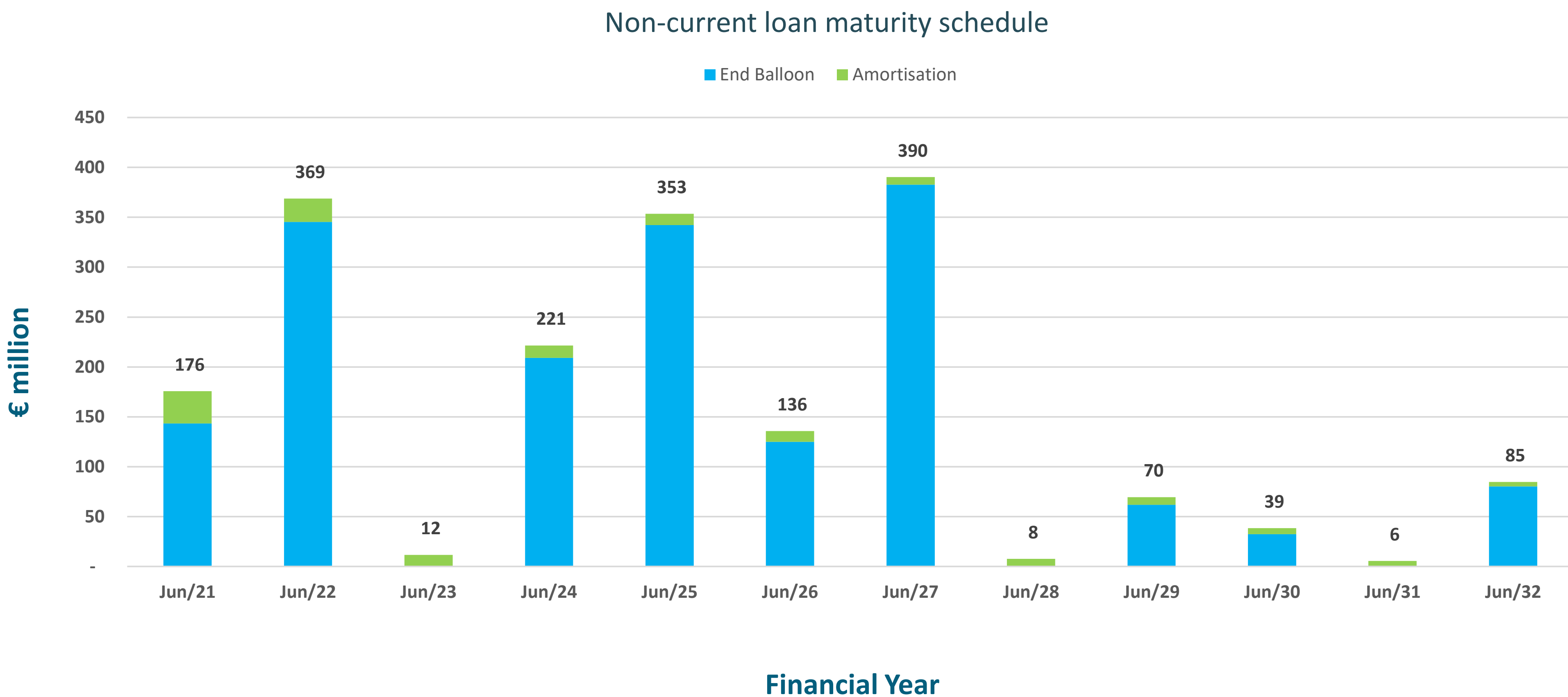
Figures are provided on a proportionally consolidated basis

Finance Transactions during 2018/2019

Since 30 June 2018, Eurocommercial has completed six finance transactions for a total amount of €484 million.

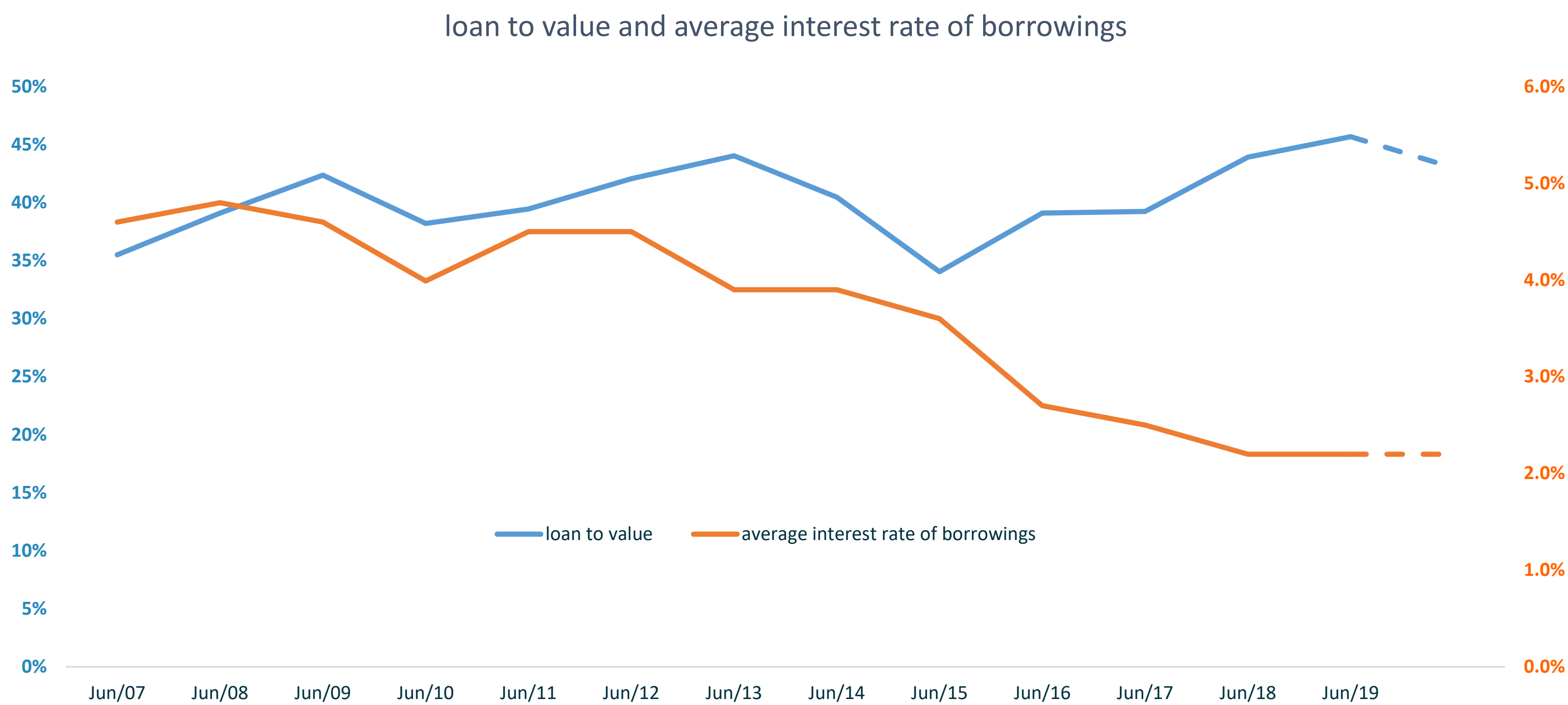
Date	Value amount	Term	Type of loan	Bank / partner	Secured against
July 2018	€248 million	Eight years	Bullet loan	Intesa San Paolo, BNP Paribas & UBI	Carosello
December 2018	€50 million	Seven years	Bullet loan	ABN AMRO & ING	Woluwe Shopping
March 2019	€35 milion	Short	Revolving	Banca Popolare di Milano & UBI	-
June 2019	SEK 650 million	Seven years	Fixed rate	Postbank	C4 Shopping
June 2019	€72.5 million	Ten years	Fixed rate	Berlin Hyp	Val Thoiry
July 2019	€17 million	Seven years	Bullet loan	BNP Paribas & ING	Fiordaliso

Non-current loan maturity schedule



Figures are provided on a proportionally consolidated basis

LTV and average interest rate of borrowings



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