

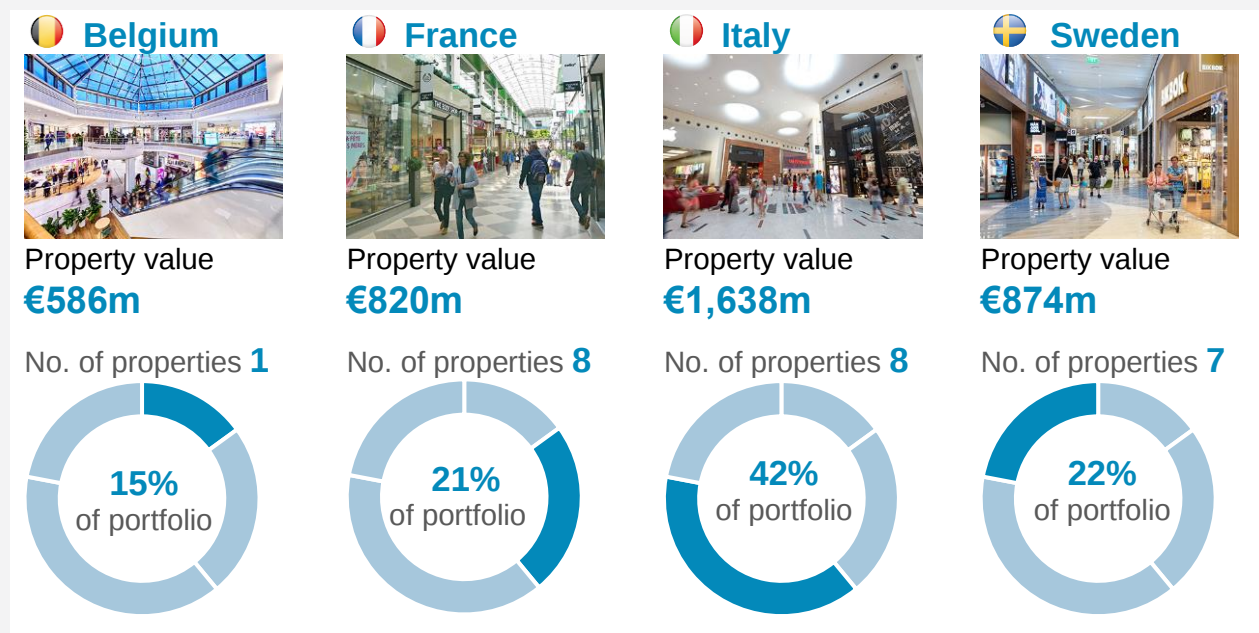
EUROCOMMERCIAL



Half Year Report

30 June 2022

Portfolio, split by country, at 30 June 2022*



* Figures based on proportional consolidation as set out in Note 2 of the Consolidated Interim Financial Statements. The Belgian property is not wholly owned, but a minority stake is held by a joint venture partner.

Contents

- | | |
|---|---|
| 01 Highlights | 13 Statement of consolidated direct, indirect and total investment results and Statement of adjusted net equity |
| 02 Operational & financial review | 14 EPRA performance measures |
| 07 Funding | 17 Consolidated interim financial statements |
| 09 Country commentary | 22 Notes to the interim financial statements |
| 11 Environmental, social and governance | 33 Other information |
| 12 Responsibility statement | |

Highlights

Performance and business highlights

- Sales turnover in H1 2022 was 2.4% higher than the pre-pandemic H1 2019.
- Very strong Q2 retail sales at 7.3% above Q2 2019 with all four markets significantly positive.
- Continued strong tenant demand resulted in 4.3% rent uplifts on renewals and relettings from 268 lease transactions signed during the 12-month period ending 30 June 2022.
- EPRA vacancy rate at 30 June 2022 remains around its long-term historically low level at 1.5%, the same as at 31 December 2021.
- Occupancy cost ratio (OCR) was 9.2% at 30 June 2022.
- Full BREEAM certification was achieved on the entire portfolio by the end of February 2022.
- €79.5 million of disposals at or close to their latest valuations, which successfully completed the €200 million disposal programme announced in August 2020.
- Property values at 30 June 2022 increased by 1.4% over six months and by 2.2% over 12 months.
- Loan to value ratio (on the basis of proportional consolidation) reduced further to 38.9% compared to 42.3% at 31 December 2021 and 43.8% at 30 June 2021.
- €116.5 million of loans renewed with green and sustainability linked facilities.
- Cash dividend of €1.50 and one for 75 scrip dividend per share paid on 1 July 2022.
- Net earnings €1.21 (direct investment result) per share for six months to 30 June 2022.
- Direct investment result guidance for full year 2022 ranging between €2.20 and €2.30 per share.

Board of Management's commentary

Following the early part of 2022 when our business activities were impacted by the Omicron variant, our 24 shopping centres continued the steady recovery seen during the second half of 2021. It was encouraging to see H1 2022 retail sales at 2.4% above the corresponding pre-pandemic period of H1 2019. Retail sales in Q2 2022 were particularly strong at 7.3%, with all countries and sectors showing positive growth compared to Q2 2019.

Tenant demand for our shopping centres has continued to be characterised by strong letting activities with 268 lease renewals and relettings, completed over the last 12 months, producing an uplift of 4.3%. Our vacancies remain around their historically low levels at 1.5%, varying between 0.3% and 2.5% in our four markets. Rent collection levels are closely approaching normal levels, reaching 96% of invoiced rent in H1. The independent valuations at 30 June 2022 showed increases of 1.4% compared to 31 December 2021 and 2.2% compared to 30 June 2021. With yields stable, or in some cases marginally higher, the main driver behind the valuation increases was higher net operating income arising from rental indexation and the successful renewal and reletting programme.

During H1 2022, we completed our €200 million disposal programme with the sales in March of Les Grands Hommes, Bordeaux, and our remaining 50% ownership of the office and residential parts of Passage du Havre, Paris. The disposal programme has allowed us to achieve our current loan to value ratio (on a proportional consolidated basis) of 38.9% at 30 June 2022, below our target level of 40%. We closely monitor any impact on our business arising from the changing geopolitical landscape, inflation and rising living costs, which is expected to affect consumer spending in the second half of the year. However, our low occupancy cost ratio (OCR) of 9.2% provides our retailers with a sound base to face the anticipated headwinds.

Assuming no major COVID-19 related restrictions and no major deterioration of the macro-economic environment we expect the direct investment result for the year 2022 to be between €2.20 and €2.30 per share. The direct investment result is the basis for the applicable dividend policy providing for a cash dividend pay-out ratio ranging between 65% and 85%, but with a target of 75% of the direct

investment result per share. An interim dividend will be payable in January 2023 and a final dividend payable in July 2023. The interim dividend is expected to be 40% of the total cash dividend paid in the previous financial year, which was €1.50 per share, so for January 2023 the interim dividend is expected to be €0.60 per share.

Operational & financial review

Retail sales

During the early part of 2022, particularly in January, the highly contagious Omicron variant affected footfall and therefore retail sales in our shopping centres. However, once the comparatively light government restrictions were lifted, retail sales once again rebounded strongly, so that overall our H1 2022 retail sales were 2.4% above the pre-pandemic H1 2019. Q2 showed the strongest growth being 7.3% above Q2 2019 (April +6.1%, May +9%, June +5.5%). This growth continued in the month of July 2022 with 5.7% compared to July 2019. While all countries and sectors showed positive growth in Q2, it was particularly encouraging to see the fashion & shoes and food & beverage sectors recover and grow sales well beyond their pre-pandemic levels as these sectors had suffered most from trading restrictions during the COVID-19 period. High conversion rates and high average basket sizes continued to drive the increase in sales.

Like-for-like retail sales by country*

	H1 2022/H1 2019	Q2 2022/Q2 2019
Overall	2.4%	7.3%
Belgium	-3.7%	4.3%
France	-2.6%	1.8%
Italy	0.4%	6.4%
Sweden	10.2%	12.4%

* Excluding extensions/redevelopments.

Like-for-like retail sales by sector*

	H1 2022/H1 2019	Q2 2022/Q2 2019
Hyper/Supermarkets	10.6%	10.6%
Fashion/Shoes	-6.4%	2.5%
Health & Beauty	4.6%	8.1%
Gifts & Jewellery	6.1%	9.8%
Sport	7.5%	13.7%
Home Goods	26.5%	27.9%
Books & Toys	18.7%	17.1%
Electricals	1.7%	1.9%
F&B (Restaurants & Bars)	-0.2%	5.9%
Services	-5.6%	-2.5%

*Excluding extensions/redevelopments.

Visitor numbers

During the early part of 2022 the impact of the Omicron variant affected footfall, although there has been a steady improvement since, and overall during H1 footfall reached 88% of the pre-pandemic levels.

Rental growth

Like-for-like (same floor area) rental growth for the twelve months ending 30 June 2022 was 2.9% resulting from the renewal and reletting programme, rental indexation and an increase in turnover rent.

Rental growth

	Like-for-like rental growth
Overall	2.9%
Belgium	1.4%
France	3.0%
Italy	3.2%
Sweden	2.7%

Like-for-like rental growth is calculated based on 12-month data and excludes the impact of acquisitions, disposals and development projects to provide an accurate figure for comparison. It includes the impact of indexation, turnover rent, vacancies and leasing activity and excludes COVID-19 rent concessions.

Rental indexation

Overall, estimated rental indexation for 2022 across the portfolio is 3.6% corresponding to approximately €7 million, partly already invoiced and collected and partly to be invoiced during the course of the year. Despite different indexation methods and timing, all countries are benefitting from indexation, with Belgium estimated to be the highest at 5.6%.

Rental indexation

	Average Indexation	Estimated indexation to be invoiced during 2022
Overall	3.6%	€7.0 million
Belgium	5.6%*	€1.3 million*
France	2.8%	€1.8 million
Italy	3.8%	€2.7 million
Sweden	2.8%	€1.2 million

*indexation estimate for 2022

Renewals and relettings

Strong leasing activity has been maintained over the last 12 months with 268 leases renewed or relet producing an overall uplift in rent of 4.3%. These leases represent approximately €25 million equivalent to 12.7% of the annual minimum guaranteed rent. 94 of these transactions were new lettings to retailers entering our shopping centres achieving a 5.1% rental uplift.

Renewals and relettings for the 12 months to June 2022

	Number of renewals and relettings	Average rental uplift on renewals and relettings	% of total leases renewed and relet (MGR)
Overall	268	4.3%	13%
Belgium	15	-3.2%	17%
France	44	4.3%	8%
Italy	123	8.5%	13%
Sweden	86	1.8%	16%

In Woluwe Shopping, Belgium, 15 leases were renewed or relet over the last 12 months at an overall rent 3.2% below the previous level. Several new premium international brands have established stores

including Mango, Pandora, Xandres, and Guess. During the early part of this summer, Fnac opened a flagship store in the former 2,600m² AS Adventure unit, who themselves have successfully relocated to a smaller store.

In France, 44 lease renewals and relettings were completed over the year producing an average uplift in rent of 4.3%. Of these transactions, 19 lease renewals produced an uplift of 3.1%, while 25 relettings produced an uplift of 5.2%. New merchandising has covered a broad range of sectors including Dr. Martens at Passage du Havre, Naf Naf at Grand A and Devred in Shopping Etrembières (fashion), Bouygues Telecoms at Les Atlantes (electricals), Comptoir de Mathilde at Les Portes de Taverny, La Cure Gourmande and Palais des Thés at Shopping Etrembières (food), Kryss Audition at MoDo and Grand Optical at Centr'Azur (health and beauty).

Italy produced the highest rental uplift of 8.5% from 123 lease transactions. 35 of these transactions were new lettings with retailers achieving an uplift of 12%. International brands establishing in Italy continue to take space in our centres with recent examples including JD Sports, Adidas, Rituals, Hollister and Abercrombie & Fitch, Pull & Bear, Sephora, Miniso and Wagamama.

In Sweden, 86 lease renewals and relettings were completed producing a rental uplift of 1.8%. 23 of these lease transactions were lettings to new tenants at rents 5.3% above previous levels. These new 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. IKEA have successfully opened their new planning studio concept in Grand Samarkand, Ingelsta Shopping and Hallarna. Three new leases have been signed with the Bestseller group during H1 and will open during the third quarter: two Vila stores (C4 and Hallarna) and Only (Hallarna).

EPRA vacancies

EPRA vacancy for the portfolio at 30 June 2022 remained very low at 1.5% ranging from 0.3% to 2.5% in our four markets.

EPRA vacancies

	30 September 2021	31 December 2021	31 March 2022	30 June 2022
Overall	1.5%	1.5%	1.8%	1.5%
Belgium	0.4%	1.0%	1.0%	0.3%
France	2.4%	2.5%	3.4%	2.5%
Italy	1.4%	1.3%	1.5%	1.0%
Sweden	1.2%	1.2%	1.5%	2.2%

Out of more than 1700 shops, there were only 13 tenants in administration occupying 28 units, a 22% reduction compared to June 2021. For the majority of these units, rent continued to be paid.

Occupancy cost ratio

The total occupancy cost ratio (rent plus marketing contributions, service charges and tenant property taxes as a proportion of turnover including VAT) for Eurocommercial's shopping centres at the end of June 2022 was 9.2% overall, one of the lowest OCRs in the industry.

Occupancy cost ratio

	H1 2022
Overall	9.2%
Belgium	14.8%
France	10.6%
Italy	9.1%
Sweden	7.1%

Rent collection

We have continued to collect rent that was due in 2021, particularly in France, thereby improving our 2021 rent collection which stands at 93% of invoiced rent. Rent collection for H1 2022 has currently reached 96% and is expected to improve further.

Rent collected in H1 2022

	% of H1 invoiced rent collected
Belgium	100
France	93
Italy	96
Sweden	100
Total	96

Property valuations

All the Company's properties were independently valued as usual at 30 June 2022 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 and Knight Frank.

Overall, property valuations increased by 1.4% since December 2021 when the properties were last valued and by 2.2% compared to June 2021. 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 higher net operating income (NOI) mainly 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 to 5.3% mainly due to higher NOI and also the sale of the low yielding office and residential property of Passage du Havre, Paris.

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 19 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.

Valuations at 30 June 2022*

	Net value (€M) 30 June 2022	Valuation change (%) from Dec 2021	Valuation change (%) from Jun 2021	EPRA Net initial yield (%)	EPRA Topped- up yield (%)
Overall	3,917	1.4	2.2	5.3	5.4
Belgium	586	0.7	0.1	4.4	4.7
France	820	0.8	1.0	5.1	5.2
Italy	1,637	1.5	2.9	5.7	5.8
Sweden	874	2.3	3.4	5.1	5.2

*Valuations are like-for-like, thus excluding the values of the properties sold.

5 Flagships	Net value (€M) 30 June 2022	EPRA net initial yield (%)	EPRA topped up yield (%)
Woluwe Shopping (Belgium) Passage du Havre (France) I Gigli, Carosello, Fiordaliso (Italy)	1,745 (45% of the portfolio)	5.0	5.1

19 mainly suburban hypermarket anchored shopping centres	Net value (€M) 30 June 2022	EPRA net initial yield (%)	EPRA topped up yield (%)
7 in France 5 in Italy 7 in Sweden	2,172 (55% of the portfolio)	5.5	5.5

Direct investment result: €62.7 million (€1.21 per share)

The **direct investment result** for the six months to 30 June 2022 was €62.7 million, compared to €46.8 million for the same period in 2021. The increase is mainly due to lower property expenses related to COVID-19 concessions for €8.8 million, lower bad debts provisions (€4.2 million) and a higher rental income of €3.2 million.

The **direct investment result per share** increased 27% to €1.21 at 30 June 2022, from €0.95 for the six months to 30 June 2021, notwithstanding the 5.6% increase in the number of shares outstanding.

The direct investment result is defined as net property income plus other income less net interest expenses, company expenses after taxation and less the share of result related to the minority interest. 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 six month reporting period to 30 June 2022 was €61 million, or €1.15 per share.

IFRS profit: €172.1 million

The **IFRS profit after taxation** attributable to owners of the Company for the six month reporting period to 30 June 2022 was €172.1 million compared to €17.8 million for the six month reporting period to 30 June 2021. This increase is largely explained by a €88.5 million difference in the investment revaluation of the properties (€46.8 million positive for the first six months of 2022 compared to a €41.8 million negative for the first six months in 2021) and by a €72.2 million positive difference in the fair value of the derivative financial instruments (€92.8 million positive for the first six months of 2022 compared to a €20.6 million positive in the first six months of 2021) due to a rise and a steepening of the Euro and Swedish interest rate curves. These amounts are partially offset by a €32.3 million increase in the deferred tax provision (€36.5 million in H1 2022 compared to €4.2 million in H1 2021).

Gross rental income: €106.2 million

Gross rental income for the first six months (based on proportional consolidation) was at €106.2 million, higher than the same period last year (€103.2 million) mainly due to rent indexation, lower rent concessions related to COVID-19 and higher income from renewals and relettings, which more than offset the loss of income due to the property sales. **Net property income**, including joint ventures (based on proportional consolidation), for the six months to 30 June 2022, after deducting net service charges and direct and indirect property expenses (branch overheads), increased to €90.3 million compared to €74.3 million for the six months to 30 June 2021, for the same reasons illustrated above.

EPRA Net Tangible Assets: €39.54 per share

The **EPRA Net Tangible Assets** (EPRA NTA) at 30 June 2022 was €39.54 per share compared with €40.11 at 31 December 2021. EPRA NTA includes only 50% of contingent capital gains tax liabilities and does not consider the fair value of financial derivatives.

The negative movement of the EPRA NTA mainly reflects the provision for the dividend payable (€1.50 cash per share) relating to 2021, partly offset by the 6-month direct investment result.

The **adjusted net asset value** at 30 June 2022 was €40.71 per share compared with €40.63 at 31 December 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 30 June 2022, after allowing for contingent capital gains tax liabilities if all properties were to be sold simultaneously and the fair value of the interest rate swap contracts, was €38.97 per share compared with €37.54 at 31 December 2021.

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-standing business relationships with a group of over 15 Belgian, Dutch, French, German, Italian and Swedish specialist real estate financing banks, ensuring diversity of access to finance among lenders and across different geographies.

In April 2022, the Company entered into a new 5-year loan of €66.5 million with ING to refinance two existing loans on the Curno Shopping Centre, Italy. In June 2022, the Company entered into a new 3-year loan of €50 million with ABN AMRO bank to refinance an existing loan on the CremonaPo Shopping Centre, Italy. These new loans qualify as green loans, as the relevant proceeds are used to refinance two green assets, and also as sustainability linked loans, since the margins are linked to two sustainability KPIs at Group level and to two sustainability KPIs agreed at asset level. 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.

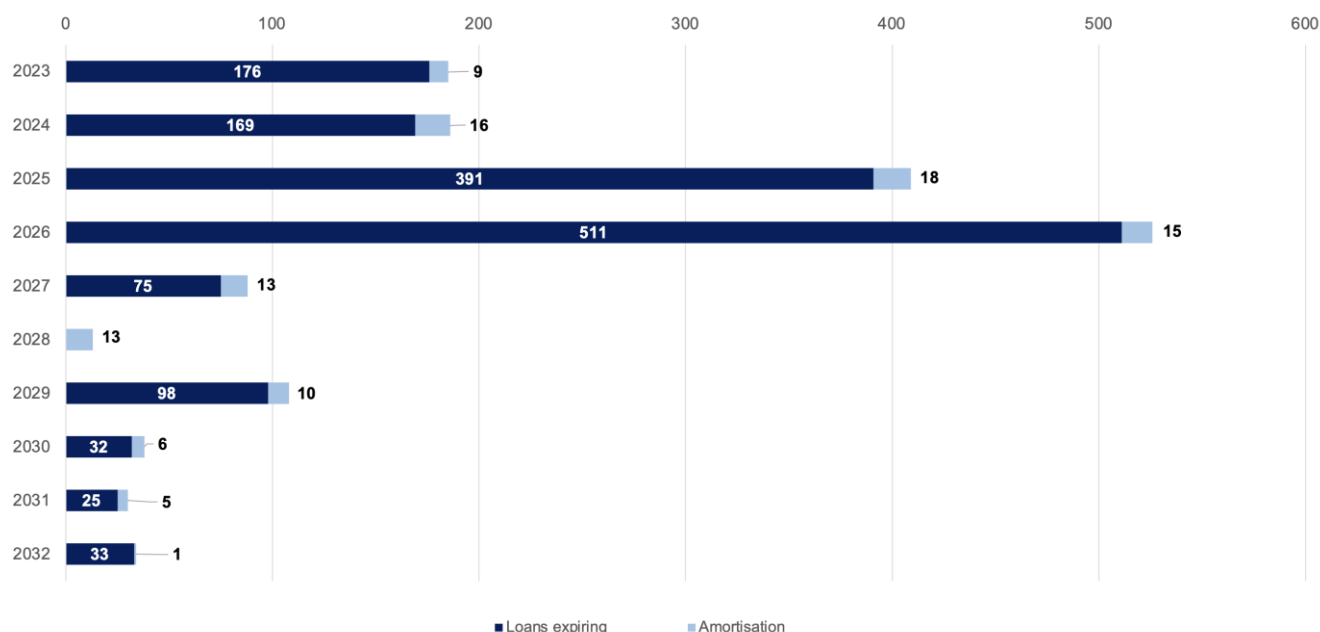
In May 2022, the Italian joint venture Galleria Verde, 50% owned by Eurocommercial, signed a new 5-year mortgage loan of €21.5 million (€10.8 million Group share) with Banca Popolare di Milano to finance the recently completed gallery extension at Fiordaliso Shopping Centre, Milan.

Non-current borrowings maturity and amortisation schedule at 30 June 2022

The first long-term refinancing need will materialise in the second half of 2023 when borrowings mainly related to properties in Sweden will be up for renewal. We are starting the discussions on the refinancing of these properties with our partner banks and further updates are expected by the beginning of 2023.

Non-current borrowings maturity and amortization schedule*

Euro million



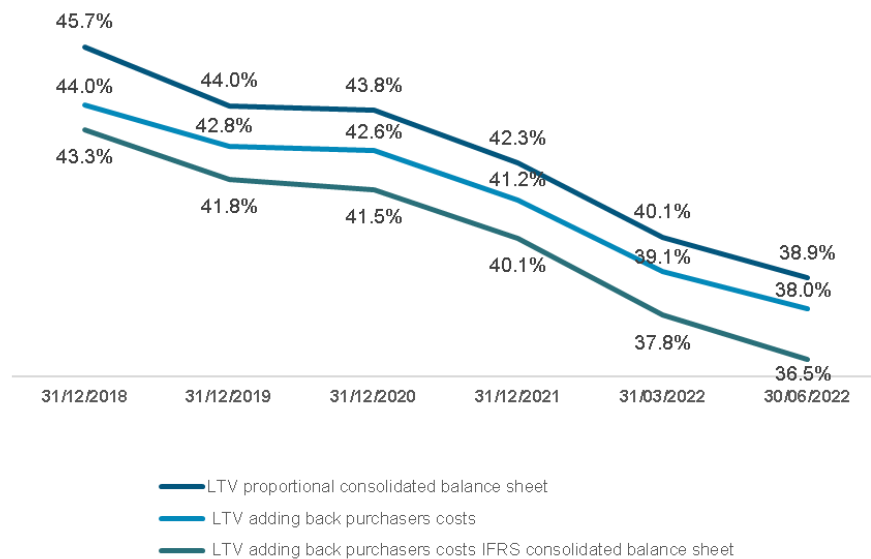
* Maturities are stated on a proportionally consolidated basis.

The loan to value ratio on the basis of the proportionally consolidated balance sheet of the Company as per 30 June 2022 (after deducting purchaser's costs) decreased to 38.9% compared to 42.3% at 31 December 2021, mainly as a result of the increase in net property values, the sale of Les Grands Hommes and of the remaining 50% of the residential and office parts of Passage du Havre and to the release of €21.9 million by Deutsche Hypo NORD/LB related to the transfer of the mortgage on the sold property Chasse Sud to Shopping Etrembières. The Group covenant loan to value ratio agreed with the banks is 60%, the usual market practice ratio. The table below shows the methodology adopted by the Company to calculate the Loan to Value ratio and which has been agreed with all the Company's financing banks.

Loan to value calculation

30/06/2022 (€'000)	Group as reported	Share of joint ventures	Proportional consolidation
Borrowings from financial institutions	1,548,365	102,456	1,650,821
Cash and cash equivalents	(119,288)	(7,140)	(126,428)
Net debt (a)	1,429,077	95,316	1,524,393
Investment properties at fair value	3,723,969	193,481	3,917,449
Total property value (b)	3,723,969	193,481	3,917,449
LTV ratio (a/b)	38.4%		38.9%

Loan to value ratio decrease



As per 30 June 2022, 84% of our interest expenses are fixed for an average period of almost six years and the average interest rate as per June 2022 is stable at 2.0%. As a result, the Company's interest expenses are expected to remain substantially stable for the coming period. The average committed unexpired term of its bank loans is almost four years.

Country commentary

Belgium

Government restrictions on the number of visitors in response to the Omicron variant continued to affect both footfall, and to a lesser extent retail sales, during Q1. However, following the lifting of restrictions from 7 March 2022, footfall steadily recovered and during Q2 reached 92% of the corresponding pre-pandemic level with retail sales 4.3% higher than Q2 2019.

Leasing has remained very active over the last 12 months with 15 lease transactions completed over the period showing a marginal decline in rents of 3.2%. Woluwe Shopping continues to attract new premium brands including Pandora, Xandres and Guess. The Fnac-Darty Group, which already operate a Vanden Borre store at Woluwe, opened a 2,600m² Fnac at the end of May. As a reference player in cultural products, electronics and small household appliances, Fnac is already proving to be an important addition to Woluwe Shopping's international tenant mix. Fnac replaced AS Adventure, an established Belgium retailer who have successfully relocated to a smaller store in the mall, focusing on their core sport and outdoor assortment. Meanwhile, the fashion sector has been significantly strengthened with the recent arrival of the latest Mango concept.

We have recently resubmitted our planning application for the proposed retail extension and residential development following a consultation exercise with the municipality and the Brussels region. This has resulted in a slight delay to the planning approval which is now expected in the first half of 2023.

France

Although our shopping centres remained open during Q1, both footfall and to a lesser extent retail sales were impacted by reduced visitor numbers resulting from government restrictions in response to the Omicron variant. With the lifting of the restrictions, our eight shopping centres have seen strong retail sales growth which in Q2 reached 1.8% above the pre-pandemic Q2 2019.

Over the last 12 months, 44 lease renewals and relettings were completed producing an average uplift in rent of 4.3%. New merchandising has covered a broad range of sectors including Dr. Martens, Naf Naf and Devred (fashion), Bouygues Telecoms (electricals), Comptoir de Mathilde, La Cure Gourmande and Palais des Thés (food), and Krys Audition and Grand Optical (health and beauty). The former 2,600m² PicWicToys store at Les Atlantes, Tours has been subdivided and let to EasyGym, fashion retailer Bonobo, who will open in the early autumn, and Mango, who will open in January 2023. A medical and dental centre recently opened at MoDo.

On the project front, the 1,600m² new development adjoining the shopping centre at Shopping Etrembières has been completed and let to two restaurants, Les Trois Brasseurs restaurant and microbrewery and Il Ristorante, a traditional Italian restaurant who both opened in June. The new building dedicated to F&B is an ideal complement to the current tenant mix and provides an attractive rooftop terrace with exceptional views of the Alps. Meanwhile 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. We are currently assessing the updated construction costs and the timing in order to take a decision on the extension. Etrembières and Val Thoiry provide the Company with two important shopping centres in this wealthy and growing region of France next to the Swiss border and Geneva.

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 who 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.

Italy

Following the lifting of the remaining government restrictions retail sales grew strongly in Q2 at 6.4% above the corresponding pre-pandemic period. The leasing activity continued at a steady pace with 123 renewals and relettings completed over the last 12 months, producing a rental uplift of 8.5%. 35 of these lease transactions were new lettings achieving an uplift of 12% and demonstrating the strong interest from international brands to be present in our dominant Italian shopping centres including Miniso in Fiordaliso, a new Pull&Bear in I Gigli, and Rituals in Carosello who recently opened their first Italian store. New brands will join our Italian portfolio in the coming months including Poltronasofà, Portobello and Tedi. Several established brands are also expanding in our shopping centres including Sephora, JD Sports, Signorvino, Teddy Group, Inditex, Calzedonia Group, Adidas and Abercrombie.

At Fiordaliso, the refurbished and extended food court opened in June. Known as “Fiordafood”, the 2,500m² food court adds nine restaurants including Wagamama, Mexican restaurant Calavera and craft brewery restaurant Giusto Spirito. The works also allowed for 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.

Sweden

In Sweden, our seven shopping centres continued to trade strongly during H1 2022 with the full recovery of footfall and sales growth of almost 12% compared to the pre-pandemic period.

Over the last 12 months, 86 lease renewals and relettings were completed producing an overall uplift of 1.8%. 23 of these lease transactions were new lettings producing an uplift of 5.3%. The expanding Danish value retailer, Normal are now established in six of our shopping centres including a large unit of 574m² in Grand Samarkand. IKEA have successfully opened their new planning studio concept in Grand Samarkand, Ingelsta Shopping and Hallarna. Three new leases have been signed with the Bestseller group during H1 and will open during the third quarter: two Vila stores (C4 and Hallarna) and Only (Hallarna).

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, Normal and Hemtex and enlarged stores for H&M and Intersport. The focus is now on phase III of the project which has commenced and 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. The project will be completed during 2023.

Environmental, social and governance

Eurocommercial aim to continue building a sustainable and resilient business and approach each business decision with a long-term view in order to evaluate its environmental and socio-economic impact, thereby ensuring that our ESG and business strategies are aligned. Each of our shopping centres offers its individual set of challenges and opportunities, yet we have developed a broad ESG vision and strategy so that we can meet global challenges and the future demands of our customers, tenants and employees while creating sustainable centres. Our approach is articulated around three strategic pillars: Be green, Be engaged, Be responsible.

• BREEAM certification

Eurocommercial use BREEAM building certification as part of its Environmental Management System (EMS) and to standardise and improve the sustainable quality of its buildings and their management. The initial certification programme has been completed with all 24 shopping centres being BREEAM-certified by February 2022, three years ahead of target. 23 shopping centres received the scores *very good* or *excellent*.

• Sustainable finance

Eurocommercial is making substantial progress in obtaining sustainable finance. As part of its core aims, the Company is entering into new green and sustainability linked loans replacing its expiring borrowings. The new €66.5 million ING loan to refinance two existing loans on Curno Shopping Centre, Italy and the €50 million ABN AMRO bank loan, financing the shopping centre CremonaPo in Italy, in fact qualify both as green loans, as the relevant proceeds are used to refinance these two green assets, and also as sustainability linked loans, since the margins are linked to two sustainability KPIs at Group level and to two sustainability KPIs at asset level. The Company has so far entered into four sustainability linked loans for a total amount of €216.5 million.

• Eurocommercial awarded “Prime” status in ISS ESG Corporate Rating

Eurocommercial has earned “Prime” status in the ESG Corporate Rating by ISS ESG, an investment solutions business unit of the world's leading proxy advisory firm, Institutional Shareholder Services Inc. (ISS) of the United States.

Responsibility statement

We hereby state that to the best of our knowledge, and in accordance with the applicable IFRS reporting principles for interim financial reporting, that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the Group, and that the interim management report of the Board of Management includes the most important transactions with related parties as well as a fair review of the development and performance of the business during the reporting period and the position of the Group at the balance sheet date, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the current financial year.

Risks

This report makes reference to the 2021 Annual Report with regard to existing risks, which have not materially changed. In addition, there is a risk that high and prolonged inflation could have a significant effect on consumer demand and the performance of retailers.

Financial agenda

The third quarter results will be published on Friday 4 November 2022.
The full year results will be published on Friday 24 March 2023.

Amsterdam, 26 August 2022

Board of Management

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

About Eurocommercial

Eurocommercial Properties N.V. is a Euronext-quoted property investment company and one of Europe's most experienced retail property investors. Founded in 1991, Eurocommercial currently owns and operates 24 retail properties in Belgium, France, Italy, and Sweden with total assets of almost €4 billion.

www.eurocommercialproperties.com

Conference call and audio webcast

Eurocommercial will host a conference call and audio webcast today, Friday 26 August 2022 at 10:00 AM (UK) / 11:00 AM (CET) for investors and analysts.

To access the call, please dial:

- Netherlands : +31 (0) 20 708 5073
- UK-Wide: +44 (0) 33 0551 0200
- France: +33 (0) 1 7037 7166
- Italy: +39 06 83360400
- US: +1 212 999 6659
- Tell the operator the password **Eurocommercial**

To access the webcast, please click on the link:

- Webcast: https://channel.royalcast.com/landingpage/eurocommercialproperties/20220826_1/

At all other times, management can be reached at +31 (0)20 530 6030

Statement of consolidated direct, indirect and total investment results*

(€'000)	Note	Six months ended 30-06-22	Six months ended 30-06-21
Rental income	4	101,210	98,026
Service charge income		19,866	18,039
Service charge expenses		(21,108)	(19,086)
Property expenses	5	(14,461)	(26,592)
Interest income	8	1	1
Interest expenses ****	8	(17,836)	(19,159)
Company expenses***		(5,884)	(5,330)
Other income		1,769	1,232
Current tax		(2,542)	(1,652)
Direct investment result including non-controlling interest		61,015	45,479
Direct investment result joint ventures		3,091	2,659
Direct investment result non-controlling interest		(1,374)	(1,373)
Total direct investment result attributable to owners of the Company		62,732	46,765
Investment revaluation and disposal of investment properties		46,752	(41,782)
Gain/loss (derivative) financial instruments ****	8	91,648	19,512
Investment expenses***		(606)	(221)
Deferred tax	15	(36,460)	(4,163)
Indirect investment result properties including non-controlling interest		101,334	(26,654)
Indirect investment result joint ventures		11,671	(4,206)
Indirect investment result non-controlling interest		(3,647)	1,891
Total indirect investment result attributable to owners of the Company		109,358	(28,969)
Total investment result attributable to owners of the Company		172,090	17,796
Per share (€)**			
Total direct investment result		1.21	0.95
Total indirect investment result		2.09	(0.59)
Total investment result		3.30	0.36

Statement of adjusted net equity*

(€'000)	30-06-22	31-12-2021	30-06-21
IFRS net equity per consolidated statement of financial position	2,031,937	1,957,702	1,876,205
Net derivative financial instruments	(6,811)	90,445	106,654
Net deferred tax	107,399	74,730	56,317
Net derivative financial instruments and net deferred tax joint ventures and non-controlling interest	(9,361)	(3,933)	(4,212)
Adjusted net equity	2,123,164	2,118,944	2,034,964
Number of shares in issue after deduction of shares bought back	52,146,993	52,146,993	49,402,758
Net asset value - € per share (IFRS)	38.97	37.54	37.98
Adjusted net asset value - € per share	40.71	40.63	41.19
Stock market prices - € per share	20.54	19.09	20.98

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

** The Company's shares are listed on Euronext Amsterdam and Brussels. The average number of shares on issue after deduction of shares bought back during the six month period was 52,146,993 (30 June 2021: 49,402,758).

*** 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 difference between the interest expenses and the gain/loss (derivative) financial instruments in this statement and the consolidated profit or loss account is related to a different accounting policy for the interest on the put option non-controlling interest.

EPRA performance measures*

The European Public Real Estate Association (EPRA) is an organisation which promotes, develops and represents the European public real estate sector. EPRA sets out best practice reporting guidelines on a number of financial and operational performance indicators relevant to the real estate sector.

	Total (€'000)			Per share (€)		
	30-06-22	31-12-21	30-06-21	30-06-22	31-12-21	30-06-21
EPRA Earnings**	60,990		45,474	1.15		0.86
EPRA NRV***	2,206,948	2,240,736		42.31	42.96	
EPRA NTA***	2,062,626	2,092,087		39.54	40.11	
EPRA NDV***	2,027,063	1,930,770		38.86	37.02	

	Belgium		France		Italy		Sweden		Total	
	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21
(%)										
EPRA net initial yield	4.4	4.4	5.1	5.0	5.7	5.4	5.1	5.0	5.3	5.1
EPRA topped-up yield	4.7	4.6	5.2	5.0	5.8	5.6	5.2	5.1	5.4	5.2
EPRA vacancy rate	0.3	1.0	2.4	2.5	1.0	1.3	2.2	1.2	1.5	1.5

Reconciliation EPRA Earnings*

	Total (€'000)	
	30-06-22	30-06-21
For the six months ended		
IFRS result after taxation	172,090	17,796
Adjustment to IFRS result after taxation:		
Investment revaluation and disposal of investment properties	(46,752)	41,782
Fair value movement derivative financial instruments	(92,778)	(20,575)
Deferred tax	36,460	4,163
Share of result of joint ventures	(11,677)	4,199
Share of result of non-controlling interest	3,647	(1,891)
EPRA Earnings	60,990	45,474
Number of issued shares after deduction of shares bought back**	52,842,238	52,842,238
EPRA Earnings per share (€)	1.15	0.86

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

** 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 on 1 July 2022, resulting in 52,842,238 shares outstanding (after deduction of shares bought back).

*** The EPRA NRV per share, the EPRA NTA per share and the EPRA NDV per share is based on the fully diluted number of shares in issue after deduction of shares bought back at the end of the reporting period (30 June 2022: 52,159,836 shares and 31 December 2021: 52,159,836 shares)

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

(€'000)	EPRA NRV		EPRA NTA		EPRA NDV	
	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21
IFRS equity Eurocommercial shareholders	2,031,937	1,957,702	2,031,937	1,957,702	2,031,937	1,957,702
Diluted NAV and diluted NAV at fair value	2,031,937	1,957,702	2,031,937	1,957,702	2,031,937	1,957,702
Exclude:						
Deferred tax assets and liabilities	94,054	91,110	47,027	45,555	n/a	n/a
Deferred tax liabilities joint ventures	331	(4,637)	166	(2,318)	n/a	n/a
Fair value financial instruments	(6,811)	90,445	(6,811)	90,445	n/a	n/a
Fair value financial instruments joint ventures	(9,693)	703	(9,693)	703	n/a	n/a
Include:						
Fair value of fixed interest rate debt	n/a	n/a	n/a	n/a	(4,874)	(26,932)
Real estate transfer tax	95,197	103,528	n/a	n/a	n/a	n/a
Real estate transfer tax joint ventures	1,933	1,885	n/a	n/a	n/a	n/a
NAV	2,206,948	2,240,736	2,062,626	2,092,087	2,027,063	1,930,770
Fully diluted number of shares	52,159,836	52,159,836	52,159,836	52,159,836	52,159,836	52,159,836
NAV per share (€)	42.31	42.96	39.54	40.11	38.86	37.02

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

For the assets owned by our local subsidiaries in Sweden and the Italian joint venture, deferred tax liabilities are reported in the Group IFRS financial statements adopting the initial recognition exemption of IAS 12 Income taxes; consequently the DTL is €33.5 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.

Capital expenditure disclosure*

(€'000)	Six months ended 30-06-22			Six months ended 30-06-21		
	Group	Joint Ventures**	Total	Group	Joint Ventures**	Total
Acquisitions	0	0	0	0	0	0
Investment properties						
– Incremental lettable space	4,915	2,612	7,527	8,143	4,617	12,760
– No incremental lettable space	4,940	60	5,000	5,181	442	5,623
– Tenant incentives/capitalised letting fees	957	68	1,025	6,625	78	6,703
Capitalised interest	0	23	23	0	29	29
Total capital expenditure	10,812	2,763	13,575	19,949	5,166	25,115
Conversion from accrual to cash basis	1,414	944	2,358	6,300	1,980	8,280
Total capital expenditure on cash basis	12,226	3,707	15,933	26,249	7,146	33,395

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

** Joint ventures are reported on a proportionate share.

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

(€'000)	Belgium		France		Italy		Sweden		Total	
	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21
Property investments	585,971	579,000	819,930	867,300	1,444,110	1,423,600	873,958	893,619	3,723,969	3,763,519
Land and property investments held for development	(11,210)	(9,500)	(15,650)	(14,500)	(7,500)	(7,800)	(2,781)	(2,927)	(37,141)	(34,727)
Investments in joint ventures	0	0	0	0	193,480	184,500	0	0	193,400	184,500
Property investments held for sale	0	0	0	22,500	0	0	0	0	0	22,500
Property investments completed	574,761	569,500	804,280	875,300	1,630,090	1,600,300	871,177	890,692	3,880,228	3,935,792
Purchasers' costs	14,367	13,465	64,302	61,738	16,294	19,892	5,318	5,468	100,281	100,563
Gross value property investments	589,128	582,965	868,582	937,038	1,646,384	1,620,192	876,495	896,160	3,980,509	4,036,355
Annualised net rents (EPRA NIY)	25,787	25,493	44,167	46,813	94,157	88,203	44,919	44,816	209,030	205,325
Lease incentives (incl. rent free periods)	1,808	1,417	591	476	1,582	2,058	526	607	4,507	4,558
Annualised rents (EPRA topped-up yield)	27,595	26,910	44,758	47,289	95,739	90,261	45,445	45,423	213,537	209,883
EPRA net initial yield (%)	4.4	4.4	5.1	5.0	5.7	5.4	5.1	5.0	5.3	5.1
EPRA topped-up yield (%)	4.7	4.6	5.2	5.0	5.8	5.6	5.2	5.1	5.4	5.2

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

Reconciliation EPRA vacancy rate*

(€'000)	Estimated rental value of vacant space		Estimated rental value of the whole portfolio		EPRA vacancy rate (%)	
	30-06-22	31-12-21	30-06-22	31-12-21	30-06-22	31-12-21
Belgium	85	242	25,256	24,246	0.3	1.0
France	1,133	1,212	46,326	48,160	2.4	2.5
Italy	971	1,236	94,038	94,575	1.0	1.3
Sweden	991	571	46,001	48,347	2.2	1.2
EPRA vacancy	3,180	3,261	211,621	215,328	1.5	1.5

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

Consolidated statement of profit or loss

(€'000)	Note	Six months ended 30-06-22	Six months ended 30-06-21
Rental income	4	101,210	98,026
Service charge income		19,866	18,039
Total revenue		121,076	116,065
Service charge expenses		(21,108)	(19,086)
Property expenses	5	(14,461)	(26,592)
Net property income		85,507	70,387
Share of result of joint ventures		14,762	(1,547)
Investment revaluation and disposal of investment properties	6	46,752	(41,782)
Company expenses **	7	(5,899)	(5,349)
Investment expenses **		(591)	(202)
Other income		1,769	1,232
Operating result		142,300	22,739
Interest income	8	1	1
Interest expenses ***	8	(18,966)	(20,222)
Gain/loss (derivative) financial instruments ***	8	92,778	20,575
Net financing result		73,813	354
Profit before taxation		216,113	23,093
Current tax		(2,542)	(1,652)
Deferred tax	15	(36,460)	(4,163)
Total tax		(39,002)	(5,815)
Profit after taxation		177,111	17,278
Profit after taxation attributable to:			
Owners of the Company		172,090	17,796
Non-controlling interest		5,021	(518)
		177,111	17,278
Per share (€)*			
Profit after taxation		3.26	0.34
Diluted result after taxation		3.25	0.34

* These results per share are based on the number of shares in issue after the balance sheet date as a result of the scrip dividend paid on 1 July 2022, resulting in 52,842,238 shares outstanding (after deduction of shares bought back). The diluted number of outstanding shares is 52,900,941.

** The company expenses and investment expenses in this statement differ slightly from the amounts in the statement of consolidated direct, indirect and total investment results due to a different accounting policy for pension costs.

*** The difference between the interest expenses and the gain/loss (derivative) financial instruments in this statement and the statement of consolidated direct, indirect and total investment results is related to a different accounting policy for the interest on the put option non-controlling interest.

Consolidated statement of comprehensive income

(€'000)	Six months ended 30-06-22	Six months ended 30-06-21
Result after taxation	177,111	17,278
Foreign currency translation differences (subsequently reclassified to profit or loss)	(20,103)	(3,273)
Actuarial result on pension scheme (subsequently reclassified to profit or loss)	419	579
Total other comprehensive income	(19,684)	(2,694)
Total comprehensive income	157,427	14,584
Total comprehensive income attributable to:		
Owners of the Company	152,406	15,102
Non-controlling interest	5,021	(518)
	157,427	14,584
Per share (€)*		
Total comprehensive income	3.09	0.29
Diluted total comprehensive income	3.08	0.29

* These income amounts per share are based on the number of shares in issue after the balance sheet date as a result of the scrip dividend paid on 1 July 2022, resulting in 52,842,238 shares outstanding (after deduction of shares bought back). The diluted number of outstanding shares is 52,900,941.

Consolidated statement of financial position

(€'000)	Note	30-06-22	31-12-21	30-06-21
Assets				
Property investments	9	3,723,969	3,757,419	3,745,576
Property investments under development	9	0	6,100	4,000
Investments in joint ventures	10	92,553	77,690	118,605
Tangible fixed assets		4,017	3,347	4,340
Deferred tax assets	15	0	9,288	22,216
Receivables	11	138	139	216
Derivative financial instruments	14	31,172	2,207	82
Total non-current assets		3,851,849	3,856,190	3,895,035
Property investments held for sale	9	0	22,500	0
Trade and other receivables	11	62,833	90,254	73,982
Prepaid tax	11	2,096	1,814	3,756
Cash and deposits		119,288	55,618	52,846
Total current assets		184,217	170,186	130,584
Total assets		4,036,066	4,026,376	4,025,619
Equity				
Issued share capital		526,539	526,539	499,097
Share premium reserve		263,900	263,853	263,813
Other reserves		1,069,408	1,062,623	1,095,499
Undistributed income		172,090	104,687	17,796
Equity attributable to owners of the Company		2,031,937	1,957,702	1,876,205
Non-controlling interest		66,550	61,528	59,724
Total equity	17	2,098,487	2,019,230	1,935,929
Liabilities				
Trade and other payables	12	168,429	96,451	111,667
Tax payable	12	11,862	10,004	9,368
Borrowings	13	36,716	216,696	256,167
Total current liabilities		217,007	323,151	377,202
Trade and other payables	12	14,946	13,853	13,891
Tax payable	12	0	7,458	7,458
Borrowings	13	1,511,649	1,429,083	1,451,396
Derivative financial instruments	14	24,361	92,652	106,736
Deferred tax liabilities	15	107,399	84,018	78,533
Put option liability non-controlling interest	16	61,484	55,769	53,065
Provisions for pensions		733	1,162	1,409
Total non-current liabilities		1,720,572	1,683,995	1,712,488
Total liabilities		1,937,579	2,007,146	2,089,690
Total equity and liabilities		4,036,066	4,026,376	4,025,619

Consolidated statement of cash flows

(€ '000)	Six months ended 30-06-22	Six months ended 30-06-21
Profit after taxation	177,111	17,278
Adjustments:		
Movement performance shares granted	47	47
Investment revaluation and disposal of investment properties	(46,737)	38,443
(Derivative) financial instruments	(92,779)	(20,575)
Share of result of joint ventures	(14,762)	1,547
Interest income	(1)	(1)
Interest expenses	18,764	20,222
Deferred tax	36,460	4,163
Current tax	2,541	1,652
Depreciation tangible fixed assets	905	928
Other movements	453	690
Cash flow from operating activities after adjustments	82,002	64,394
(Increase) in receivables	(564)	(11,415)
(Decrease) in creditors	(2,636)	(2,265)
	78,802	50,714
Current tax paid	(1,460)	(271)
Capital gain tax paid	(7,909)	(12,601)
Dividends received from joint ventures	0	2,000
Derivative financial instruments settled	0	(211)
Early close out costs	0	(2,609)
Borrowing costs	(1,207)	(861)
Interest paid	(17,218)	(17,932)
Interest received	1	1
Cash flow from operating activities	51,009	18,230
Capital expenditure	(11,268)	(19,623)
Sale of property	100,999	34,400
Investments in joint ventures	(101)	(55)
Loan to joint ventures	6,000	(7,500)
Additions to tangible fixed assets	(223)	(315)
Cash flow from investing activities	95,407	6,907
Borrowings added	78,698	119,819
Repayment of borrowings	(160,492)	(151,459)
Payments lease liabilities	(568)	(550)
(Decrease)/increase in non-current creditors	147	(468)
Cash flow from financing activities	(82,215)	(32,658)
Net cash flow	64,201	(7,521)
Currency differences on cash and deposits	(531)	(68)
Increase/(decrease) in cash and deposits	63,670	(7,589)
Cash and deposits at beginning of period	55,618	60,435
Cash and deposits at the end of period	119,288	52,846

Consolidated statement of changes in equity

The movements in equity in the six month period ended 30 June 2022 were:

(€'000)	Issued share capital	Share premium reserve	Other reserves	Undis- tributed income	Equity attributable to owners of the Company	Non- controlling interest	Total equity
31-12-2021	526,539	263,853	1,062,623	104,687	1,957,702	61,528	2,019,230
Profit after taxation				172,090	172,090	5,022	177,112
Other comprehensive income			(19,684)		(19,684)		(19,684)
Total comprehensive income			(19,684)	172,090	152,406	5,022	157,428
Result previous financial year			26,469	(26,469)	0		0
Performance shares granted		47			47		47
Dividend payable				(78,218)	(78,218)		(78,218)
30-06-2022	526,539	263,900	1,069,408	172,090	2,031,937	66,550	2,098,487

The movements in equity in the six month period ended 30 June 2021 were:

(€'000)	Issued share capital	Share premium reserve	Other reserves	Undis- tributed income	Equity attributable to owners of the Company	Non- controlling interest	Total equity
31-12-2020	249,548	513,315	1,007,367	115,367	1,885,597	60,242	1,945,839
Profit after taxation				17,796	17,796	(518)	17,278
Other comprehensive income			(2,694)		(2,694)		(2,694)
Total comprehensive income			(2,694)	17,796	15,102	(518)	14,584
Result previous financial year			90,826	(90,826)			0
Increase nominal value shares	249,549	(249,549)					0
Performance shares granted		47			47		47
Dividend payable				(24,541)	(24,541)		(24,541)
30-06-2021	499,097	263,813	1,095,499	17,796	1,876,205	59,724	1,935,929

Notes to the consolidated interim financial statements

as at 30 June 2022

General

Eurocommercial Properties N.V. (the Company) domiciled in Amsterdam, the Netherlands, is a closed-end property investment company. This interim report included the figures for the six month period starting 1 January 2022 and ending 30 June 2022 and comprise the Company and its subsidiaries (together referred to as the “Group”).

This interim financial information has not been audited or reviewed by the Company’s auditors.

1. Principal accounting policies

• (a) Statement of compliance

The consolidated interim financial statements for the six month period ending 30 June 2022 have been drawn up in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (IFRS). The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2021.

• (b) Change in accounting policies, reclassifications, amendments and improvements to IFRS

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

Notes to the consolidated interim financial statements

as at 30 June 2022

2. Segment information

(€'000)								
For the six month period ended 30-06-22	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	13,155	22,888	46,579	23,605	0	106,227	(5,017)	101,210
Service charge income	3,095	1,618	8,155	8,422	0	21,290	(1,424)	19,866
Service charge expenses	(3,422)	(1,842)	(8,090)	(9,211)	0	(22,565)	1,457	(21,108)
Property expenses	(682)	(4,741)	(6,508)	(2,713)	0	(14,644)	183	(14,461)
Net property income	12,146	17,923	40,136	20,103	0	90,308	(4,801)	85,507
Share of result of joint ventures	0	0	0	0	0	0	14,762	14,762
Investment revaluation and disposal of investment properties	4,240	4,900	24,640	19,262	(41)	53,001	(6,249)	46,752
Segment result	16,386	22,823	64,776	39,365	(41)	143,309	3,712	147,021
Net financing result						83,340	(9,527)	73,813
Company expenses						(5,899)	0	(5,899)
Investment expenses						(597)	6	(591)
Other income						975	794	1,769
Profit before taxation						221,128	(5,015)	216,113
Current tax						(2,589)	47	(2,542)
Deferred tax						(41,428)	4,968	(36,460)
Profit after taxation						177,111	0	177,111

(€'000)								
As per 30-06-22	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	585,971	819,930	1,637,590	873,958	0	3,917,449	(193,480)	3,723,969
Property investments under development	0	0	0	0	0	0	0	0
Investments in joint ventures	0	0	0	0	0	0	92,553	92,553
Tangible fixed assets	0	2,336	1,000	144	537	4,017	0	4,017
Receivables	8,385	35,539	8,750	3,832	635	57,141	(1,155)	55,986
Loan to joint ventures	0	0	0	0	0	0	9,081	9,081
Derivative financial instruments	0	0	37,009	3,856	0	40,865	(9,693)	31,172
Cash and deposits	4,010	5,255	17,097	27,781	72,285	126,428	(7,140)	119,288
Total assets	598,366	863,060	1,701,446	909,571	73,457	4,145,900	(109,834)	4,036,066
Creditors	11,497	32,842	32,789	29,723	80,013	186,864	(6,573)	180,291
Non-current creditors	2,044	9,834	3,273	213	56	15,420	(474)	14,946
Borrowings	285,388	221,490	808,668	335,275	0	1,650,821	(102,456)	1,548,365
Derivative financial instruments	(2,793)	0	27,154	0	0	24,361	0	24,361
Deferred tax liabilities	0	0	20,659	87,071	0	107,730	(331)	107,399
Put option liability non-controlling interest	61,484	0	0	0	0	61,484	0	61,484
Provision for pensions	0	0	0	0	733	733	0	733
Total liabilities	357,620	264,166	892,543	452,282	80,802	2,047,413	(109,834)	1,937,579

(€'000)								
For the six month period ended 30-06-22	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	2,621	(75,760)	4,384	1,076	0	(67,679)	(2,668)	(70,347)

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

Notes to the consolidated interim financial statements

as at 30 June 2022

2. Segment information (continued)

(€'000)								
For the six month period ended 30-06-21	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	12,968	25,037	42,372	22,799	0	103,176	(5,150)	98,026
Service charge income	3,205	2,078	6,290	7,694	0	19,267	(1,228)	18,039
Service charge expenses	(3,578)	(2,579)	(6,151)	(8,019)	0	(20,327)	1,241	(19,086)
Property expenses	(2,017)	(9,408)	(13,427)	(2,979)	0	(27,831)	1,239	(26,592)
Net property income	10,578	15,128	29,084	19,495	0	74,285	(3,898)	70,387
Share results of joint ventures	0	0	0	0	0	0	(1,547)	(1,547)
Investment revaluation and disposal of investment properties	(9,701)	(17,634)	(13,338)	(5,077)	(5)	(45,755)	3,973	(41,782)
Segment result	877	(2,506)	15,746	14,418	(5)	28,530	(1,472)	27,058
Net financing result						282	72	354
Company expenses						(5,349)	0	(5,349)
Investment expenses						(209)	7	(202)
Other income						783	449	1,232
Profit before taxation						24,037	(944)	23,093
Current tax						(1,651)	(1)	(1,652)
Deferred tax						(5,108)	945	(4,163)
Profit after taxation						17,278	0	17,278

(€'000)								
As per 31-12-21	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
Investments 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	8,626	4,937	711	77,824	(699)	77,125
Loan to Joint Venture	0	0	(3)	0	2	(1)	15,083	15,082
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

(€'000)								
For the six month period ended 30-06-21	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	855	(30,723)	12,337	1,917	0	(15,614)	(5,057)	(20,671)

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

Notes to the consolidated interim financial statements

as at 30 June 2022

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 deemed inappropriate for cost or other reasons. The only non-euro investment assets and liabilities of the Company are in Sweden. As at 30 June 2022 the exchange rate for €1 was SEK 10.7300 (30 June 2021: SEK 10.1110).

4. Rental income

Rental income in the current financial period comprised:

For the six months ended (€'000)	30-06-22	30-06-21
Gross lease payments collected/accrued	102,411	101,842
Straight-lining of rent concessions	(1,344)	(3,449)
COVID-19 rent concessions	0	(1,406)
COVID-19 state support	0	808
Entry fees received/accrued	143	231
	101,210	98,026

5. Property expenses

Property expenses in the current financial period were:

For the six months ended (€'000)	30-06-22	30-06-21
Direct property expenses		
Bad debts (expected credit loss)	(737)	3,426
Centre marketing expenses	1,304	912
Impairment on tenant receivables (Covid-19 rent concessions)	39	8,848
Insurance premiums	479	406
Managing agent fees	1,049	1,123
Property taxes	1,617	1,721
Repair and maintenance	332	317
Shortfall service charges	456	426
	4,539	17,179
Indirect property expenses		
Accounting fees	390	368
Audit fees	272	235
Depreciation fixed assets	214	282
Depreciation right-of-use assets	430	406
Dispossession indemnities	8	12
Legal and other advisory fees	1,075	1,063
Letting fees and relocation expenses	445	592
Local office and accommodation expenses	911	833
Pension contributions	100	97
Salaries, wages and bonuses	3,467	3,500
Social security charges	1,708	1,569
Performance shares granted (IFRS 2)	15	15
Travelling expenses	356	132
Other local taxes	366	330
Other expenses	165	(21)
	9,922	9,413
	14,461	26,592

Notes to the consolidated interim financial statements

as at 30 June 2022

6. Investment revaluation and disposal of investment properties

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

For the six months ended (€'000)	30-06-22	30-06-21
Revaluation of property investments	47,219	(35,892)
Revaluation of property investments under development	547	(2,515)
Divestment property sold	(1,072)	(36)
Elimination of accrued entry fees	(55)	(44)
Elimination of capitalised letting fees	(607)	(1,709)
Elimination of COVID-19 rent concessions*	1,344	(786)
Movement long-term creditors	(189)	(539)
Foreign currency results	(435)	(261)
	46,752	(41,782)

* The positive movement in Covid-19 rent concessions is due to the elimination of the H1 2022 amortisation of the concessions capitalised in the previous periods.

7. Company expenses

Company expenses in the current financial period comprised:

For the six months ended (€'000)	30-06-22	30-06-21
Audit fees	251	223
Depreciation fixed assets	135	110
Depreciation right-of-use assets	126	134
Directors' fees	1,200	1,121
IT expenses	564	554
Legal and other advisory fees	532	349
Marketing expenses	108	112
Office and accommodation expenses	646	606
Pension costs*	15	19
Pension contributions*	314	253
Salaries, wages and bonuses	1,204	1,175
Social security charges	191	203
Statutory costs	135	249
Performance shares granted (IFRS 2)	9	9
Travelling expenses	121	4
Other expenses	348	228
	5,899	5,349

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

8. Net financing result

Net financing result in the current financial period comprised:

For the six months ended (€'000)	30-06-22	30-06-21
Interest income	1	1
Gross interest expenses	(17,836)	(19,159)
Interest on put option non-controlling interest*	(1,130)	(1,063)
Fair value movement derivative financial instruments	97,363	22,932
Loss derivative financial instruments	0	(211)
Movement in present value put option (other than interest)	(4,585)	463
Early close out costs	0	(2,609)
	73,813	354

*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 derivative financial instruments. Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements so that 84% (30 June 2021: 74%) of interest costs are fixed at an average interest rate of 2.0% (30 June 2021: 2.0%) for an average period of almost six years (30 June 2021: more than six years).

Notes to the consolidated interim financial statements

as at 30 June 2022

9. Property investments and property investments under development

Property investments and property investments under development are stated at fair value. It is the Company's policy that all property investments and property investments under development be revalued semi-annually by qualified independent experts. The independent valuation figures for the Company's properties represent the net price expected to be received by the Company from a notional purchaser who would deduct any purchaser's costs including registration tax. All properties in the Group are freehold. The qualified independent valuers have prepared their appraisals in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). These standards require that valuers, amongst other activities, collect a variety of data including general economic data, property specific data and market supply and demand data. Property specific data include passing rent and future rent, expenses, lease terms, lease incentives, vacancies, 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 30 June 2022.

The current property portfolio is:

(€'000)	30-06-22 Fair value	31-12-21 Fair value	30-06-22 Costs to date	31-12-21 Costs to date
Belgium	585,971	579,000	657,860	655,240
France	819,930	889,800	601,377	636,718
Italy	1,444,110	1,423,600	1,048,851	1,047,135
Sweden	873,958	893,619	756,434	755,357
Total	3,723,969	3,786,019	3,064,522	3,094,450
Less: Property investments under development	0	(6,100)	0	(13,104)
Less: Property investments held for sale	0	(22,500)	0	(22,871)
Property investments	3,723,969	3,757,419	3,064,522	3,058,475

Changes in property investments and property investments held for sale for the financial period ended 30 June 2022 were as follows

(€'000)	Property Investments 30-06-22	Property Investments held for sale 30-06-22	Property Investments 30-06-21	Property Investments held for sale 30-06-21
Book value at beginning of the six months report period	3,757,419	22,500	3,776,848	34,400
Capital expenditure - general	4,940	0	5,181	0
Capital expenditure - extensions and refurbishments	4,561	0	6,027	0
Capitalised interest	0	0	0	0
Capitalised letting fees	641	0	1,710	0
Capitalised rent concessions	1,344	0	786	0
Elimination of capitalised letting fees	(641)	0	(1,710)	0
Elimination of capitalised COVID-19 rent concessions	(1,344)	0	(786)	0
Revaluation of property investments	47,262	0	(35,892)	0
Book value divestment property	(57,000)	(22,500)	0	(34,400)
Exchange rate movement	(40,213)	0	(6,588)	0
Reallocation from property investments under development	7,000	0	0	0
Book value at end of period	3,723,969	0	3,745,576	0

Notes to the consolidated interim financial statements

as at 30 June 2022

9. Property investments and property investments under development

(continued)

Changes in property investments under development for the financial period ended 30 June 2022 were as follows:

(€'000)	30-06-22	30-06-21
Book value at beginning of period	6,100	4,400
Capital expenditure	353	2,115
Revaluation property investments under development	547	(2,515)
Reallocation to property investments	(7,000)	0
Book value at end of period	0	4,000

The fair value measurement of all the property investments and property investments under development are categorised within level 3 of the fair value hierarchy (30 June 2021: level 3).

Assumptions and sensitivity analysis:

The average net initial yield applied by the valuers is 4.3% for Belgium, 4.9% for France, 5.5% for Italy and 4.9% for Sweden, compared to the yields reported as per 30 June 2021 of 4.3% for Belgium, 4.9% (France), 5.3% (Italy) and 5.0% (Sweden), respectively.

An increase in the average net initial yield of 25 bps would result in a decrease in the value of the property portfolio of €171 million (30 June 2021: €150 million), whereas a decrease in the average yield of 25 bps would result in an increase in the value of the property portfolio of €187 million (30 June 2021: €188 million).

An increase in the estimated rental value of 5% would result in an increase in the value of the property portfolio of €139 million (30 June 2021: €138 million). A decrease in the estimated rental value of 5% would result in a decrease in the value of the property portfolio of €143 million (30 June 2021: €136 million).

10. Investments in joint ventures

Changes in investments in joint ventures for the financial period ended 30 June 2022 were as follows:

(€'000)	30-06-22	30-06-21
Book value at beginning of period	77,690	122,097
Investments in joint ventures	101	55
Dividends received from joint ventures	0	(2,000)
Eurocommercial's share of total comprehensive income	14,762	(1,547)
Book value at end of period	92,553	118,605

Investments in joint ventures refer to the shopping centre Fiordaliso in Italy and for the comparative figures also to Shopping Centre Etrembières in France.

On 5 November 2021 the Company purchased the 50% share of SCI Val Commerce and SCI Winter held by its joint venture partner. Both SCIs 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.

Notes to the consolidated interim financial statements

as at 30 June 2022

11. Receivables

(€'000)	30-06-22	31-12-21
Trade receivables		
Rents receivable	38,940	43,684
Provision for bad debts (expected credit losses)	(7,833)	(10,066)
Provision for bad debts (expected credit losses) – COVID-19 rent concessions	(2,960)	(5,398)
	28,147	28,220
Other receivables		
Funds held by managing agents	7,353	6,821
Funds held by bank	0	21,499
Escrow account sale Grenoble	1,499	1,499
Loan to joint venture	9,000	15,000
VAT receivable	1,387	3,153
Settlement service charges	540	(175)
Deposit gift cards	2,243	4,084
Other receivables and prepayments	12,802	10,292
	34,824	62,173
Total trade and other receivables	62,971	90,393
Prepaid tax		
Other prepaid tax	1,377	1,095
COVID-19 government support	719	719
	2,096	1,814

The rents receivable as per 30 June 2022 can be addressed as follows: €7.7 million in Belgium; €22.5 million in France; €7.4 million in Italy and € 1.3 million in Sweden. The rents receivable also include invoiced rents for the third quarter which were not yet due at 30 June 2022 for a total amount of €19.2 million. The COVID-19 government support is related to France.

12. Creditors

(€'000)	30-06-22	31-12-21
(i) Current liabilities		
Dividend payable	78,518	0
Interest payable	6,184	6,827
Lease liabilities	939	869
Local and property tax payable	1,286	1,320
Payable on purchased property/extensions	16,102	17,514
Rent received/invoiced in advance	31,761	29,413
Service charge accruals	4,281	3,410
VAT payable	3,783	10,507
Gift cards debts	2,243	4,084
Other creditors and accruals	23,332	22,507
	168,429	96,451
(ii) Non-current liabilities		
Lease liabilities	2,455	1,711
Tenant rental deposits	12,491	12,142
	14,946	13,853
Tax payable		
Current liabilities corporate tax payable	11,862	10,004
Non-current liabilities corporate tax payable	0	7,458
	11,862	17,462

Notes to the consolidated interim financial statements

as at 30 June 2022

13. Borrowings

Changes in borrowings for the financial period ended 30 June 2022 were as follows:

(€'000)	30-06-22	30-06-21
Book value at beginning of period	1,645,779	1,741,088
Drawdown of funds	78,715	119,819
Repayments	(160,509)	(151,459)
Exchange rate movement	(15,726)	(2,753)
Movement prepaid borrowing costs	106	868
Book value at end of period	1,548,365	1,707,563

The borrowings are all provided by major banks and have an average committed unexpired terms of almost four years. The average interest rate, including derivative financial instruments, in the current financial period was 2.1% (six months ended 30 June 2021: 2.0%). At 30 June 2022 the Company has hedged its exposure to interest rate movements on its borrowings for 84% (30 June 2021: 74%) at an average term of almost six years (30 June 2021: 6.2 years). The fair value of the loans net of borrowing costs is €1,553.2 million (book value at 30 June 2022: €1,548.4 million). The fair value of the borrowings with a fixed interest rate from drawdown date to maturity is calculated on a model taking into account the applicable interest rate of the underlying loan.

14. Derivative financial instruments

Changes in net derivative financial instruments for the financial period ended 30 June 2022 were as follows:

(€'000)	30-06-22	30-06-21
Book value at beginning of period	(90,445)	(129,593)
Fair value movement derivative financial instruments	97,365	22,932
Exchange rate movement	(109)	7
Book value at end of period	6,811	(106,654)

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 consolidated 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 own credit risk regarding counterparties. Derivative financial instruments concern derivative interest rate swap contracts. A valuation technique is used to determine the fair value of the derivatives with inputs that are directly or indirectly observable market data. The fair value of the derivatives is estimated by discounting expected future cash flows using current market interest rates and the yield curve over the remaining term of the instrument. In connection with the non-current borrowings, the derivative financial instruments are presented as non-current assets and non-current liabilities. The fair value measurement of all derivative financial instruments is categorised within level 2 of the fair value hierarchy (31 December 2021: level 2).

Notes to the consolidated interim financial statements

as at 30 June 2022

15. Deferred tax assets and liabilities

No deferred tax assets are accounted at 30 June 2022 (30 June 2021: €22.2 million). The deferred tax liabilities of €107.4 million (30 June 2021: €78.5 million) are related to Italy and Sweden.

Changes in net deferred tax assets and liabilities for the financial period ended 30 June were as follows:

(€'000)	30-06-22	30-06-21
Book value at beginning of period	(74,730)	(53,068)
Recognised in statement of profit or loss	(36,460)	(2,859)
Release to statement of profit or loss due to property sale	0	(974)
Exchange rate movement	3,791	584
Book value at end of period	(107,399)	(56,317)

16. Put option liability non-controlling interest

The put option non-controlling interest of €61.5 million represents the financial liability related to the put option accounted for at the present value of the liability, where the minority shareholder has the right to sell its shares in Eurocommercial Properties Belgium S.A. The minority shareholder can exercise its rights at its sole discretion after a five year period has lapsed since September 2019.

Changes in put option liability non-controlling interest for the financial period ended 30 June 2022 were as follows:

(€'000)	30-06-22	30-06-21
Book value at beginning of period	(55,769)	(52,464)
Interest on put option non-controlling interest	(1,130)	(1,063)
Movement of put option non-controlling interest	(4,585)	462
Book value at end of period	(61,484)	(53,065)

17. Share capital and reserves

The Annual General Meeting of the Company held on 14 June 2022 adopted the dividend proposal by the Board of Supervisory Directors and the Board of Management to declare a dividend over the financial year ended 31 December 2021 comprising the following two elements: (i) a cash dividend of €1.50 per share; and (ii) a mandatory scrip dividend of one new share for every 75 existing shares.

The dividend was paid on 1 July 2022. As a result of the scrip dividend the issued share capital increased by 1.32% from €526.5 million to €533.5 million. The number of issued shares increased to 53,349,162 million shares and after deducting 506,924 shares bought back, there are currently 52,842,238 shares outstanding with third parties.

18. Commitments not included in the balance sheet

The Company is also committed to contribute to its Italian joint venture a residual amount of €2.4 million for works at shopping centre Fiordaliso. The Company is also committed to €4.5 million related to the extension project of Val Thoiry.

Notes to the consolidated interim financial statements

as at 30 June 2022

19. Post balance sheet events

Following the Annual General Meeting held on 14 June 2022, in which meeting the dividend proposal was adopted, the Company paid out a dividend on 1 July 2022. The dividend comprised a gross cash dividend of €1.50 per share and a scrip dividend of one new share for each 75 existing shares resulting in a cash amount of € 78.5 million paid in July 2022 and the issue of 695,245 new shares on 1 July 2022. The current number of issued shares outstanding with third parties is 52,842,238.

Amsterdam, 26 August 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

• 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 (5.01% - notification 22 July 2022), Cohen & Steers (4.99% - notification 19 July 2022), BlackRock, Inc. (4.63% - notification 20 December 2021) and ICAMAP Investments S.a.r.l (3.06% - notification 20 February 2020).

• Stock market prices and turnovers

Stock market prices and turnovers from 1 January 2022 to 30 June 2022

		High	Low	Average
Closing price 30 June 2022 (€; shares)	20.54	25.92	18.35	22.30
Average daily turnover (in shares)	91,074			
Average daily turnover (€'000,000)	2.0			
Total turnover over the past six months (€'000,000)	260			
Market capitalisation (€'000,000)	1,085			
Total turnover as a percentage of market capitalisation	23.96%			

Source: Euronext, Global Property Research.

Stock market prices are followed by Bloomberg:

Ticker: ECMPA NA

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