

# EUROCOMMERCIAL

Investor Days  
*31 May - 1 June 2023*

Florence  
Milan





# AGENDA

1	<b>Introductions</b>	Luca Lucaroni, Investor Relations Director
2	<b>Company history, overview and strategy</b>	Evert Jan van Garderen, CEO
3	<b>Financial strategy</b>	Roberto Fraticelli, CFO
4	<b>Property portfolio and strategy</b>	Peter Mills, CIO
5	<b>Q&amp;A</b>	





# Company history, overview and strategy

Evert Jan van Garderen

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# History

1991

Company founded and listed on the Amsterdam Stock Exchange



1992

First shopping centre acquisition in France - Les Atlantes, Tours



1994

First shopping centre acquisition in Italy – Curno, Bergamo



1995 - 2000

Acquisitions: Grand A, Les Portes de Taverny (1995), **Carosello (1997)**, Passy Plaza and **I Gigli (1999)**, Passage du Havre (2000)



2001

First shopping centre acquisition in Sweden – Burlöv, Malmö



2003- 2008

Acquisition of four shopping centres in Sweden, Elins Esplanad, Ingelsta Shopping, Grand Samarkand and Mellby Center (2003) and 12,000m<sup>2</sup> extension of Carosello completed



2008 -2011

Three major extension projects completed in Sweden – Elins Esplanad, Ingelsta Shopping and Grand Samarkand



2009 - 2013

Eurocommercial becomes 100% retail (2009). Sale of Passy Plaza (2013) with proceeds reinvested in Val Thoiry



2015

Further refurbishment in France (Portes de Taverny and Val Thoiry), Italy (CremonaPo and I Portali) and Sweden (Bergvik) and acquisition of 50% of Fiordaliso, Milan



2016

5,500m<sup>2</sup> extension of Chasse Sud retail park opens. Eurocommercial's 25<sup>th</sup> anniversary. Acquisition of hypermarket at I Gigli brings ECP's ownership to 100%. Reorganisations at Carosello and I Gigli to welcome new anchors incl Zara and Primark



# Last seven years



# The geographical portfolio (% of value)



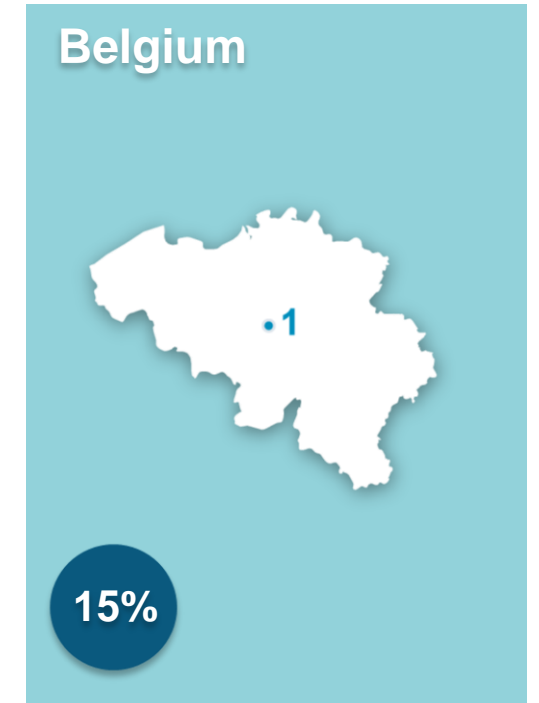
- 1 I Gigli, Florence
- 2 Carosello, Carugate, Milan
- 3 Fiordaliso, Rozzano, Milan
- 4 Collestrada, Perugia
- 5 Il Castello, Ferrara
- 6 Curno, Bergamo
- 7 CremonaPo, Cremona
- 8 I Portali, Modena



- 1 Hallarna, Halmstad
- 2 Bergvik, Karlstad
- 3 C4, Kristianstad
- 4 Grand Samarkand, Växjö
- 5 Valbo, Gävle
- 6 Ingelsta Shopping, Norrköping
- 7 Elins Esplanad, Skövde



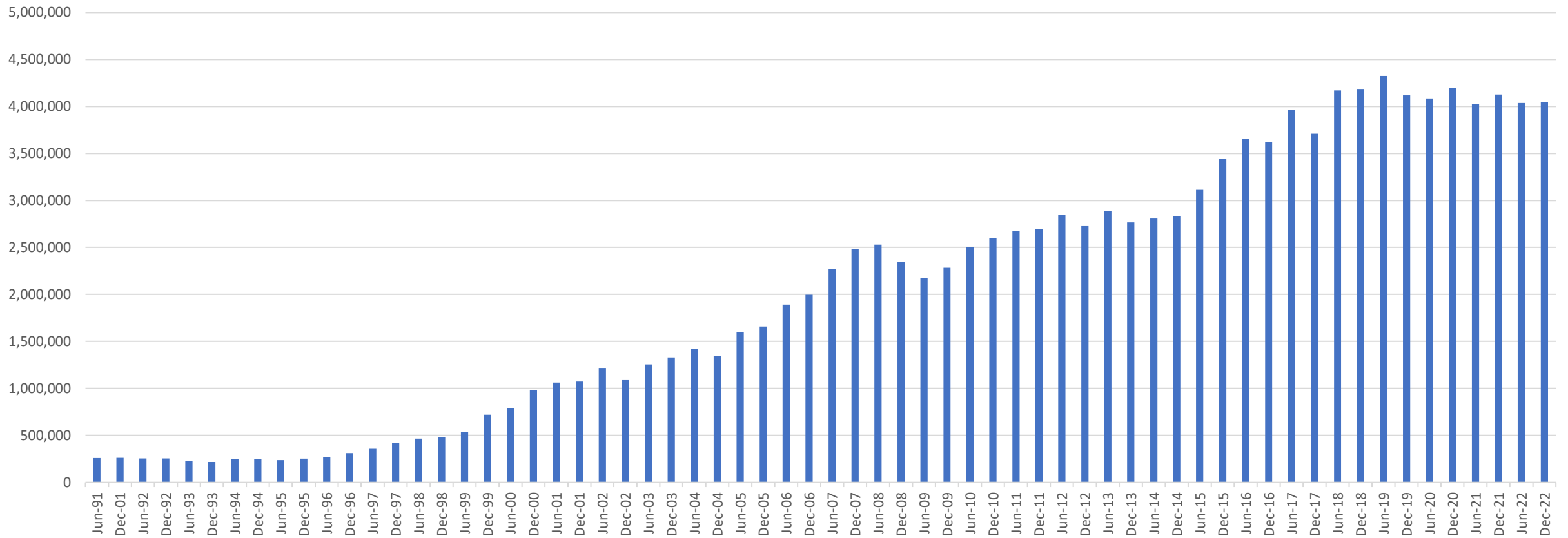
- 1 Passage du Havre, Paris
- 2 Val Thoiry, Greater Geneva
- 3 Les Atlantes, Tours
- 4 Centr'Azur, Hyères
- 5 MoDo, Moisselles
- 6 Les Portes de Taverny, Taverny
- 7 Grand A, Amiens
- 8 Shopping Etrembières, Greater Geneva



- 1 Woluwe Shopping, Brussels

# Development of total assets since inception

Total assets (€'000)



# Share price development from IPO in 1991 (€\*)

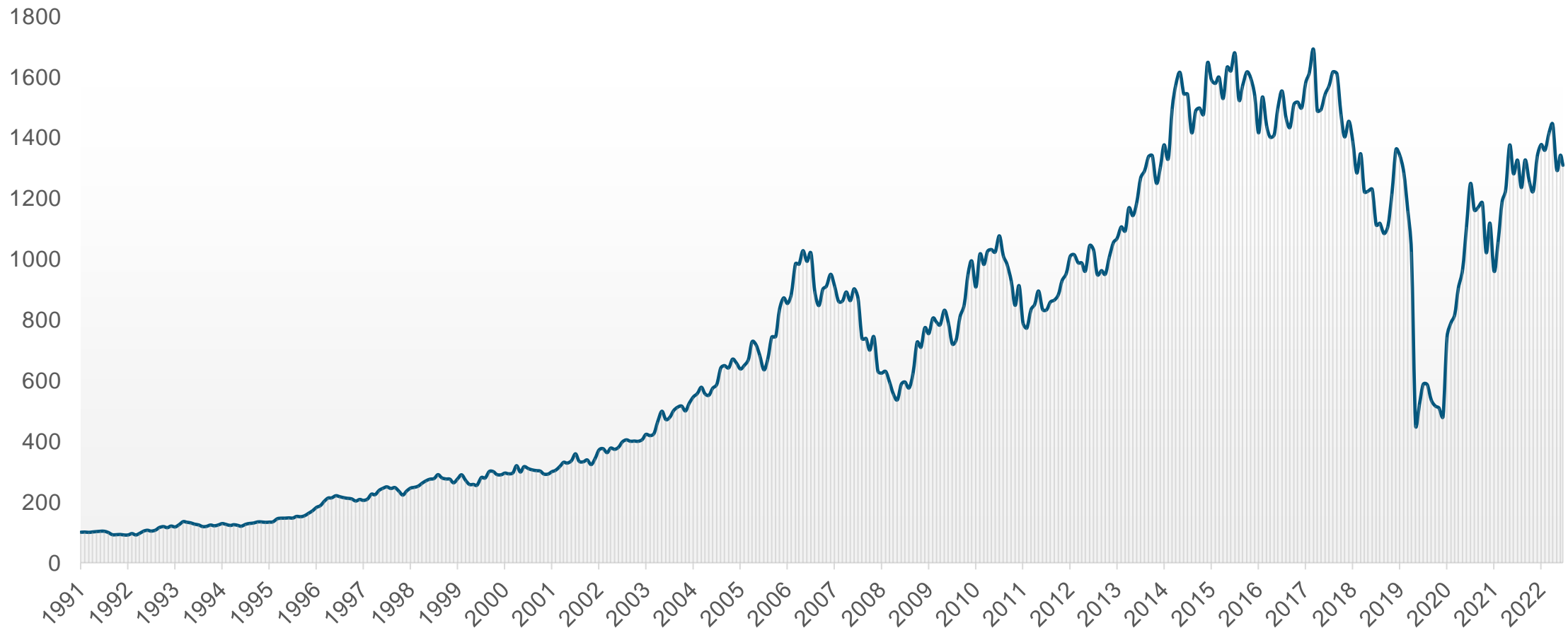


\* Historical prices are adjusted for stock dividends and prices before 1 January 1999 are converted from NLG to EUR.

Source: Global Property Research

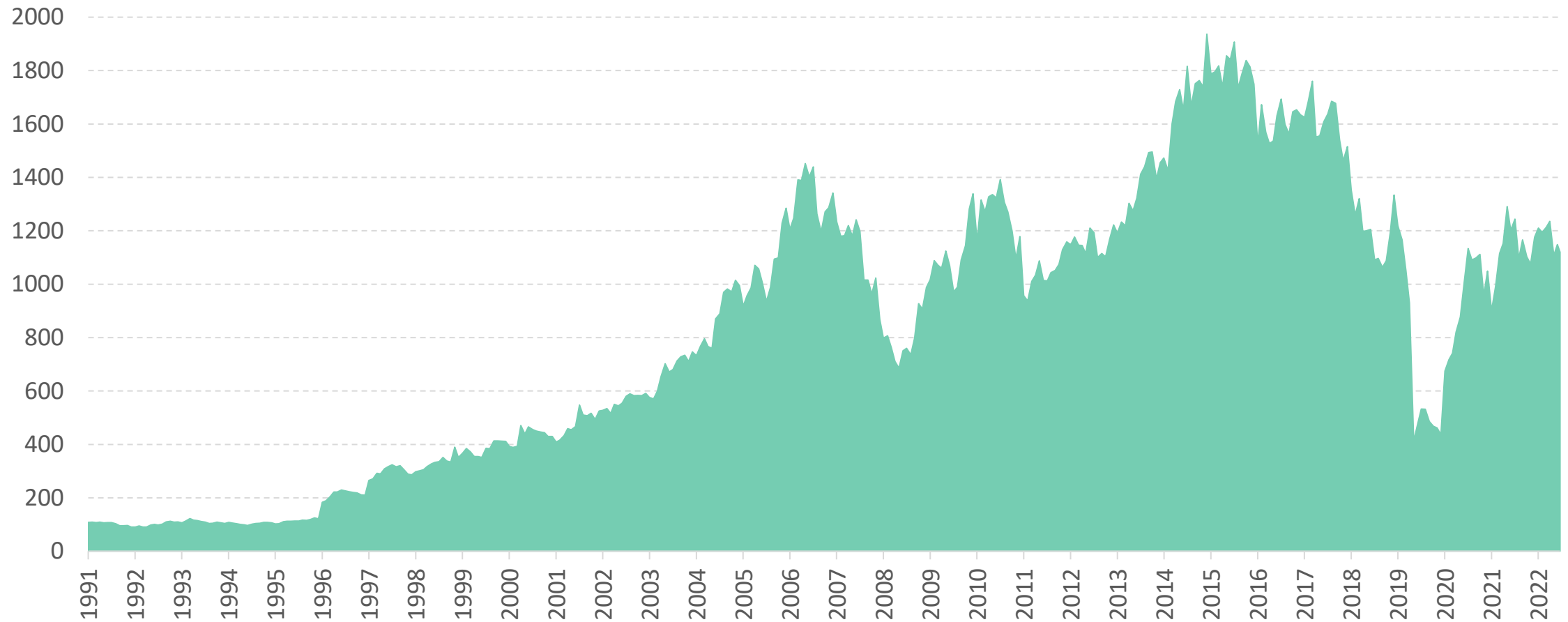


# Total Shareholder Return development from IPO in 1991



\* Rebased to 100 at IPO and prices before 1 January 1999 are converted from NLG to EUR. All calculations are based on nominal total returns with reinvestment of dividends.

# Market capitalisation from IPO in 1991 (€ million\*)



\* Market caps before 1 January 1999 are converted from NLG to EUR  
Source: Global Property Research



## Vision

Shopping centres are constantly evolving but remain essential for their retailers' brand building while delivering frictionless and omnichannel experiences for their local communities in a safe and inspiring meeting place, providing a wide range of retail products, services and leisure.

## Mission

To create, own and actively manage enjoyable spaces which serve as a focal point for their communities. To protect and enhance long-term stakeholders' value through professional management, engagement, training, digitalisation and shared experiences provided responsibly within an increasingly sustainable framework.



# Strategy

## INVESTMENT STRATEGY

- A shopping centre specialist
- A diversified shopping centre portfolio
- Selective growth and asset rotation



## FINANCIAL STRATEGY

- Mortgage loans financing
- Long-standing relationship with lenders
- Green Finance Framework



## OPERATIONAL STRATEGY

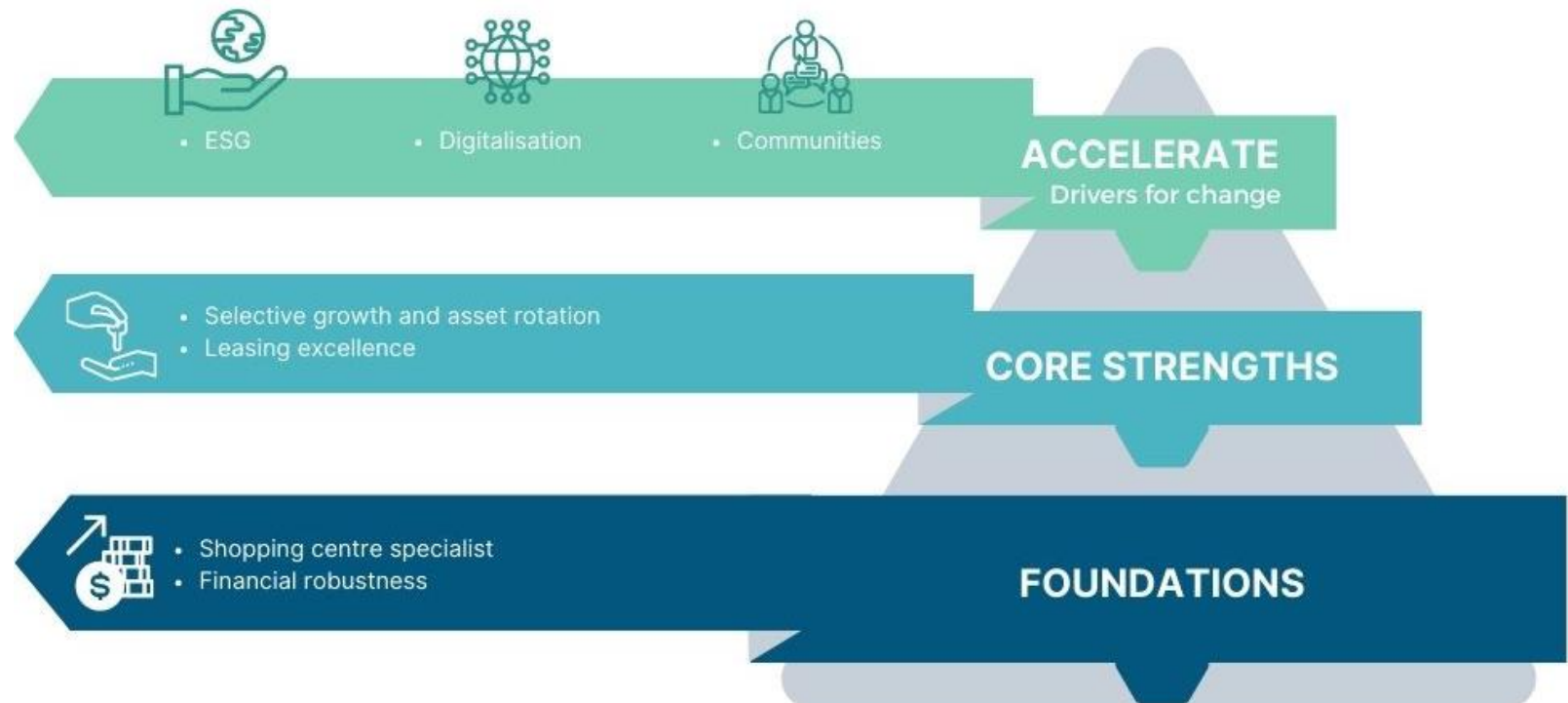
- Leasing excellence
- Portfolio management



# Three drivers for change: ESG, digitalisation and communities

Corporate values:  
professionalism, team spirit,  
transparency, focus and the  
creation of long-term value  
in a sustainable manner

## Strategic pathway





# Environmental, social and governance



## ESG Strategy framework



## ESG Governance



## Recognition



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BREEAM®

# Digital strategy

## Digital Vision:

- Our shopping centres are pivotal for retailers to satisfy consumer needs
- Retailers need physical stores to deliver a frictionless, integrated and digital experience

## Digital Mission:

- To partner with retailers to deliver a seamless experience to clients through strong locations, attractive spaces, well-known and loyal customer bases and established digital infrastructure



**Be the partner  
retailers want to be  
with**



**Be connected to  
our visitors**



**Be the place  
where people  
want to be**



# Digitalisation

Be the partners retailers want to be with

From supporting (new) retail formats to **integrated retail**

From regular tenant survey to **continuous communication and data partnership**



Customer journey is central to digital transformation



From desk research to **visitor analysis**  
From surveys to **building a consumer relationship**

**MORE SHOPPERS, MORE LOYALTY, MORE SPENDING**



Centres as cornerstone for their local communities

From shopping centre to **community hub**

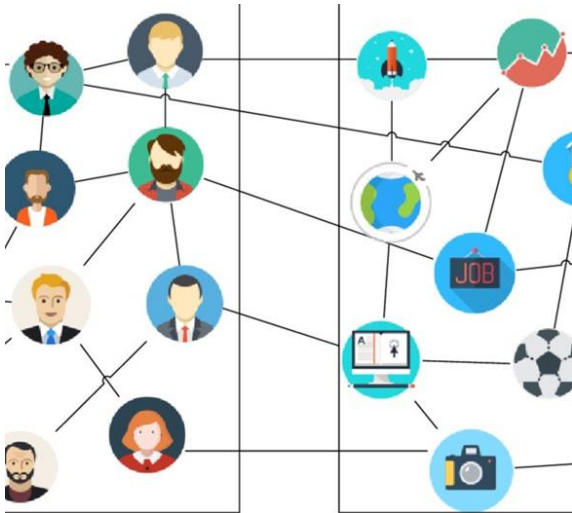
From providing services to a **tailor-made experience**



# Communities

People want/need a **physical place** where they can come together as a **community**.

A **community hub** fulfils the **needs of local communities** that goes beyond the classical function of a mall.



## Eurocommercial's engagement with our communities

- Build on participation through social media in a continuous two-way communication
- Respond to communities' needs by providing the best levels of retail, services, amenities and experiences
- Create community spaces (online and offline)



# Ready for the future after 32 years of history in the retail property sector

- Strategy update not only identified Drivers for change
- But also the following points
  - ❑ Continue in current four countries
  - ❑ Shopping centre specialist
  - ❑ Leasing excellence





# Financial strategy

Roberto Fraticelli, CFO



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# Financial strategy



## FINANCIAL PRINCIPLES

- Rigorous financial discipline
  - Long-term sustainable finance
  - Financial risk monitoring and management
  - Financial planning
  - Dividend policy
- Solid bank financing
  - Time flexibility in borrowing and interest rate hedging
  - Strong and long-standing lending relationships
- Finance as support to Business
  - Careful Capex planning
  - Tax efficiency
- Green Finance

# Financial strategy

## FINANCIAL MEASURES

- Rigorous financial discipline
  - Loan to value ratio at around 40%
  - Loans maturities management
  - Strong hedging policy
  - New dividend policy with a target of 75% of Direct Investment Result Per Share
  - Listing on 3 Euronext's platforms to be closer to local investors and increase the liquidity of the shares
- Solid bank financing
  - Mortgage loans financing – (low dependency on capital markets)
  - Full recourse and asset-backed loans
  - Time flexibility in borrowing and interest rate hedging
  - Strong and long-standing relationships with a group of over 15 Belgian, Dutch, French, German, Italian and Swedish specialist real estate financing banks



# Financial strategy

## FINANCIAL MEASURES

- Finance as support to Business
  - Tailor-made, asset-backed financing solutions
  - Euro/SEK exchange rate risk covered through natural hedge
  - Careful Capex planning
  - Tax efficiency through
    - REIT structure in The Netherlands, France and Belgium,
    - Tax efficient structures in Italy and Sweden
- Green Finance
  - All assets have BREEAM certificate very good or excellent
  - Green Finance Framework to support transition to a low carbon economy

# Financial Performance 2022 vs 1991

(at 31 December 2022)

Income statement		
(€ million)	FY 2022	FY 18/6/1991-30/6/1992*
Rental income	€199.3	€8.6
Net property income	€163.9	€8.5
Net interest expenses	- €39.6	€3.4
Direct investment result	€119.5	€10.1

Financial position		
(€ million)	FY 2022	FY 18/6/1991-30/6/1992*
Property investments	€3,643	€127.3
Net borrowings	- €1,454	€25.8
“EPRA” NTA	€2,043	€148.7
“EPRA” Net initial yield	5.5%	6.4%

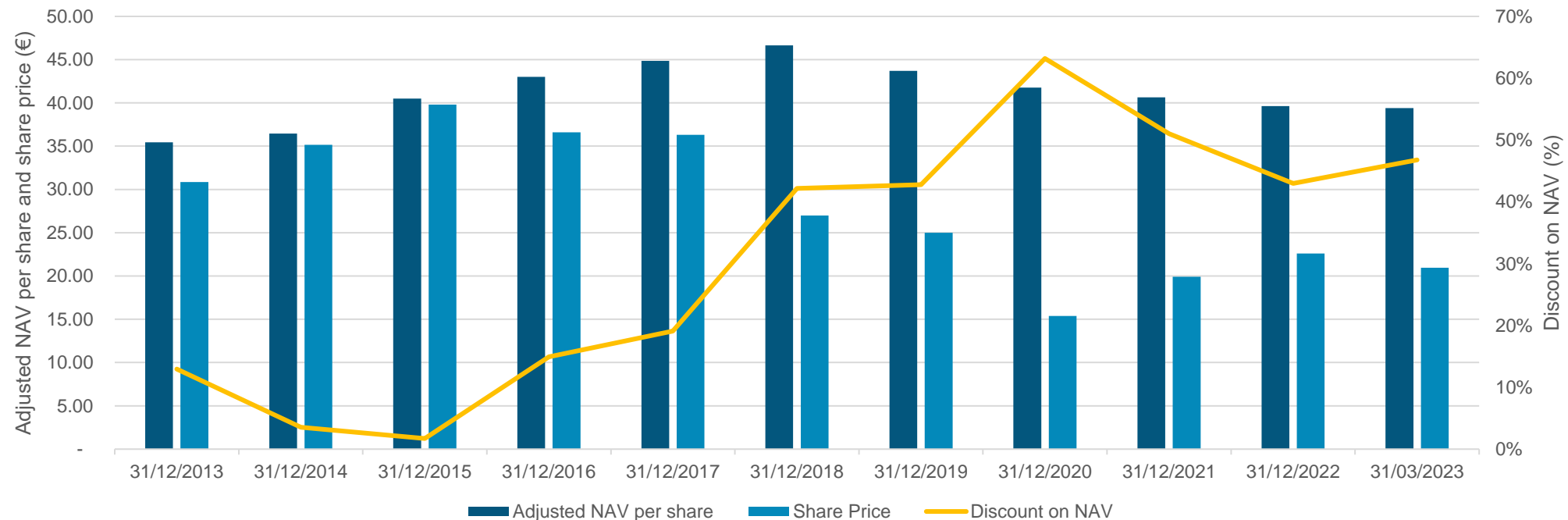
Per share		
	FY 2022	FY 18/6/1991-30/6/1992*
Net asset value	€38.68	€15.74
Adjusted net asset value	€39.62	€15.74
“EPRA” NTA	€38.64	€15.74
Indirect investment result	€ 1.54	€0.01
Direct investment result	€2.28	€1.07
Total investment results	€3.82	€1.08
Number of shares**	52,842,238	9,446,595

\*\*At the end of the period after deduction of shares bought back

\* Financial statements of Schrodgers International Fund N.V. for the year ended at 30/6/1992 – NLG converted in € at the exchange rate of 0.45378

# Net Asset Value vs Share Price

- Adjusted NAV per share stable at around €40
- Gradual decline in asset values related to the increase in asset yields over the past 6 years
- Discount to NAV still high and far from historical levels



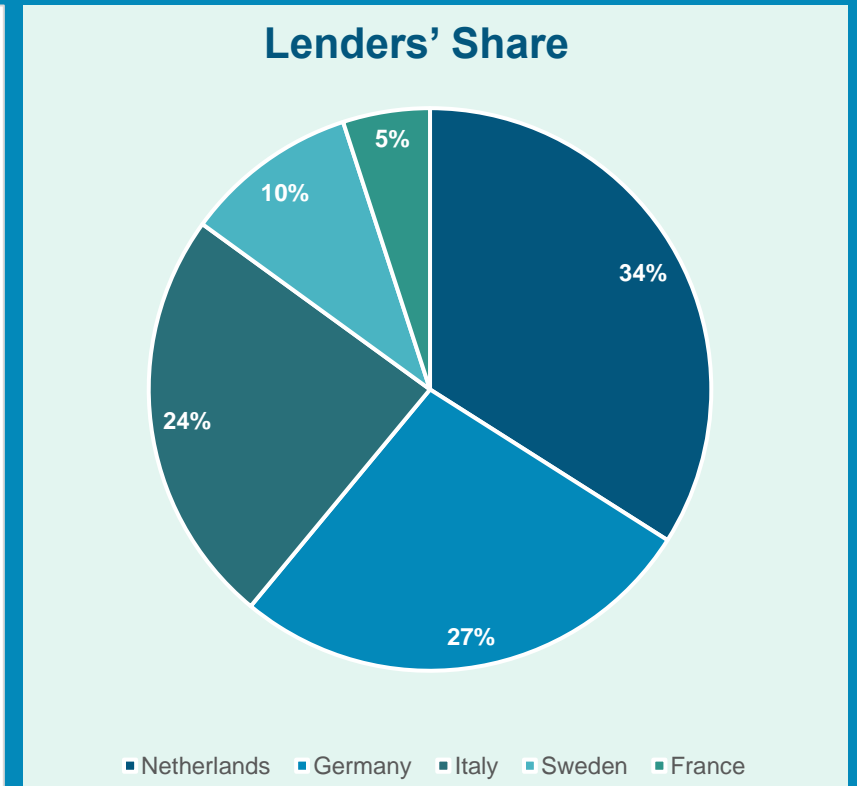
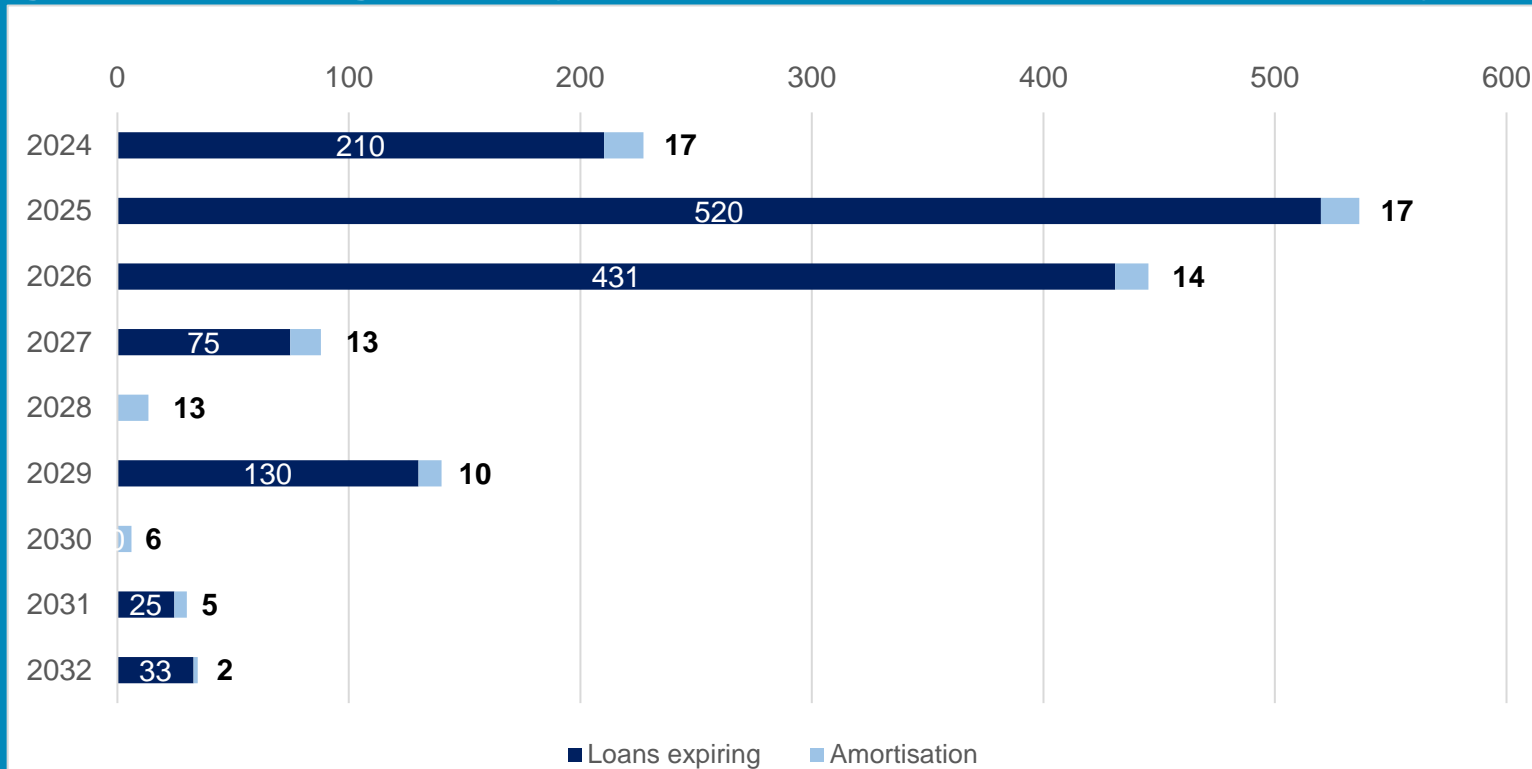
# Financial summary at 31 March 2023

Proportionally consolidated

Total net borrowings  
**€1.546 billion**

€1,521 million long-term borrowings  
 €94 million short-term borrowings  
**Minus:**  
 €60 million cash and deposit  
 €9 million borrowing costs

## Long-term borrowings maturity and amortisation schedule (proportionally consolidated)





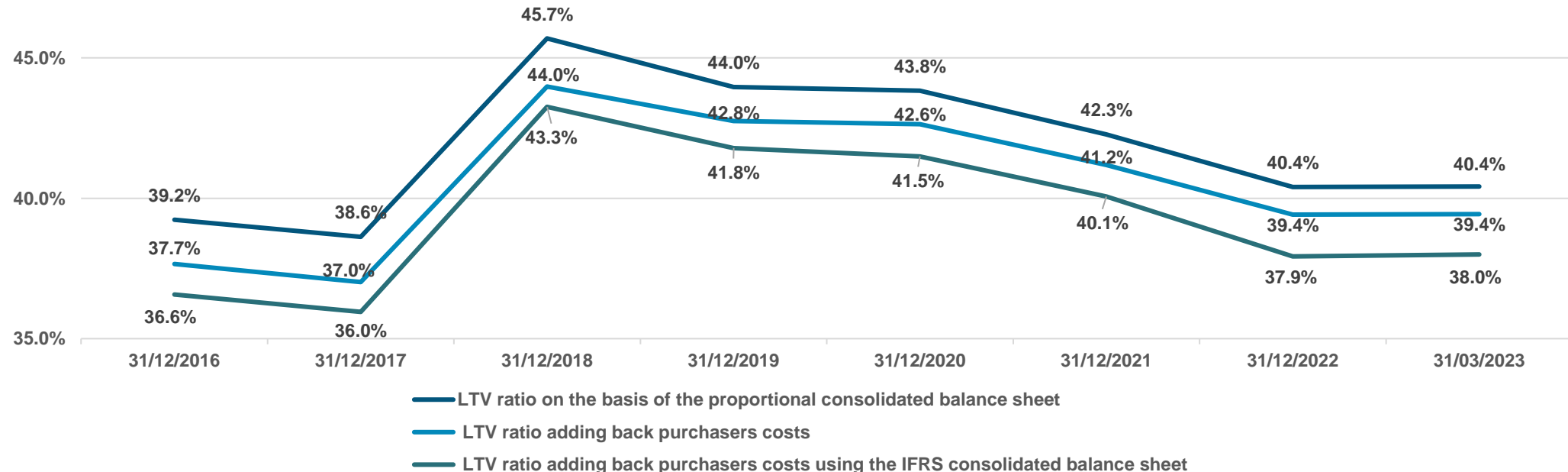
# Flexible bank financing structure

A flexible financing structure based on mostly bilateral bank loans that allows:

- Lower impact of exogenous events (i.e. movements in capital markets)
- Lower size of single loans and relative lower refinancing risk
- Diversification among over 15 banks to reduce risk concentration and to optimise the economic conditions
- More flexibility in the management of interest rate risk through a dedicated, proactive and opportunistic hedging activity
- More flexibility in adapting the structure of the loans to the operating activity, also thanks to the long-term relationship with financing banks
- No credit rating also implies no liquidity collateral and no margin step-up in case of a worsening of the credit profile

# Loan to Value ratio evolution

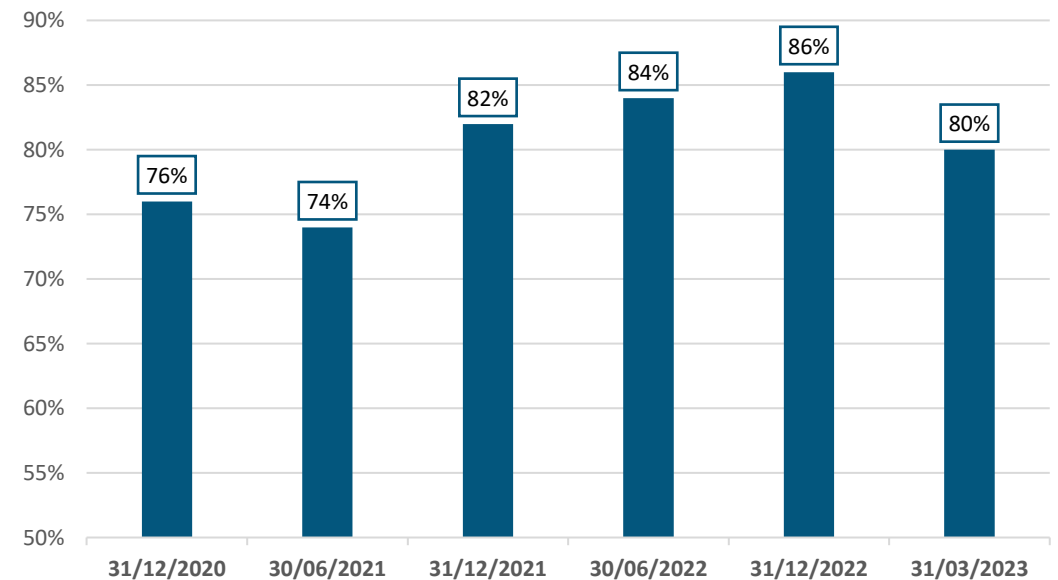
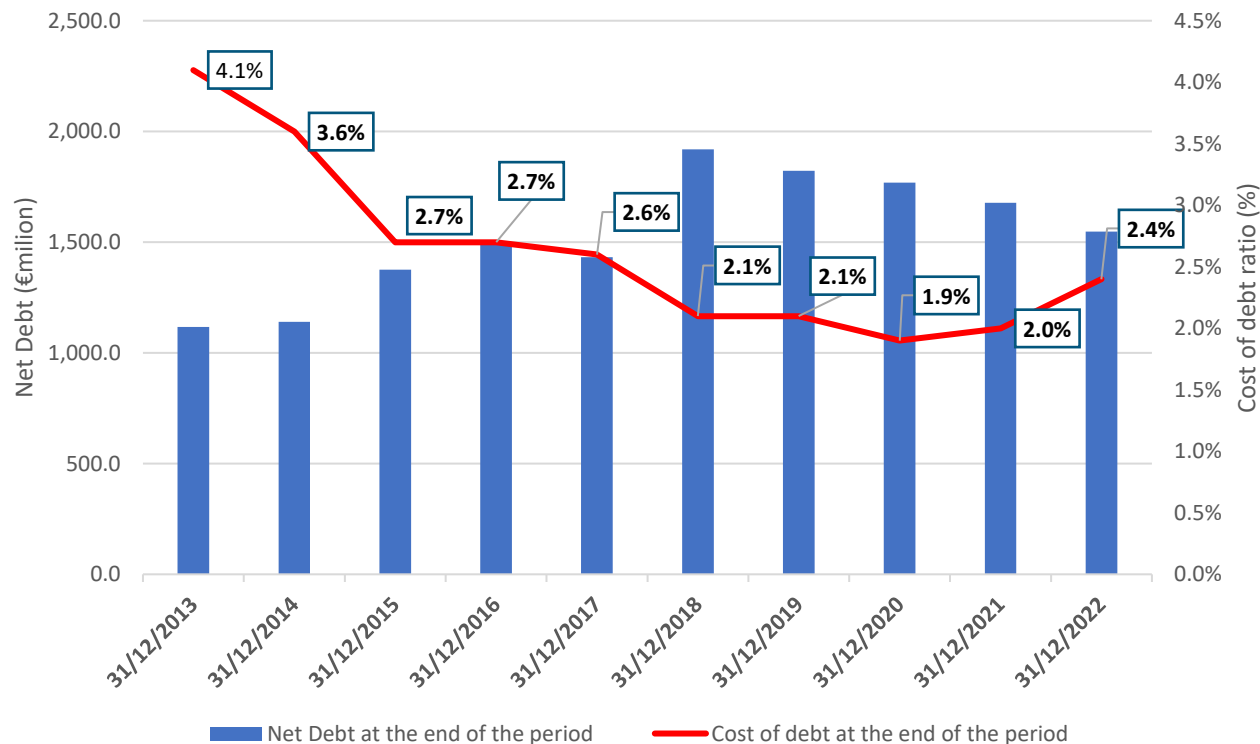
- LTV ratio back to historical levels thanks to the implementation of the sale programme, after the increase in 2018 related to the Woluwe acquisition
- LTV ratio 40% target confirmed
- LTV ratio bank covenant threshold at 60%



# Cost of debt

Cost of debt under control thanks to:

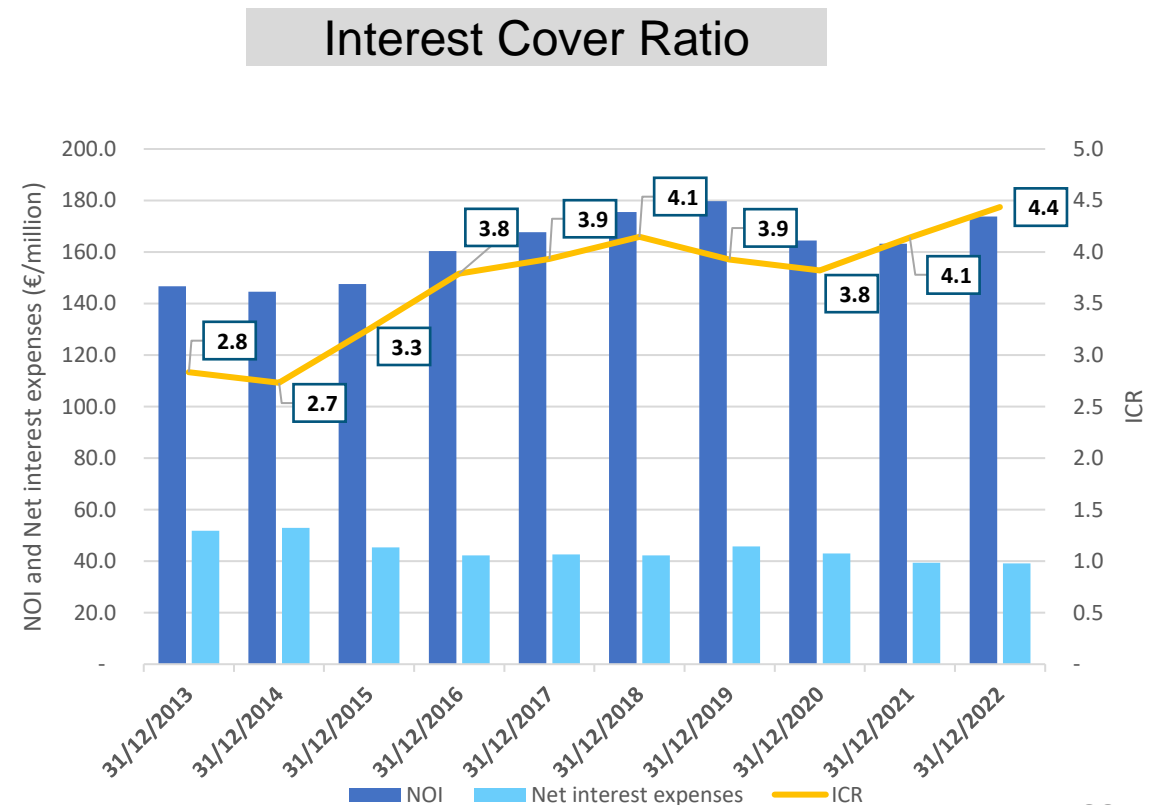
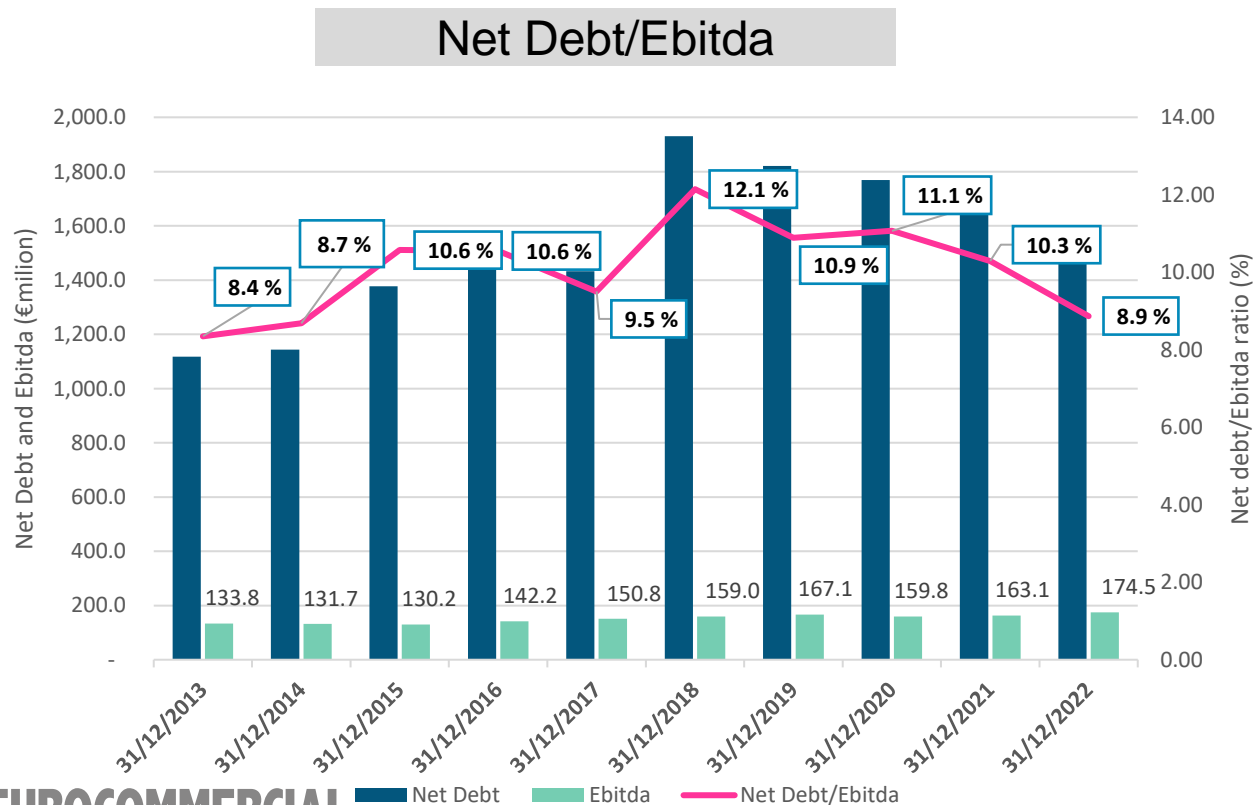
- low bank loans margins
- an effective interest rate risk management through long-term hedging policy



Latest hedging levels

# Financial leverage parameters

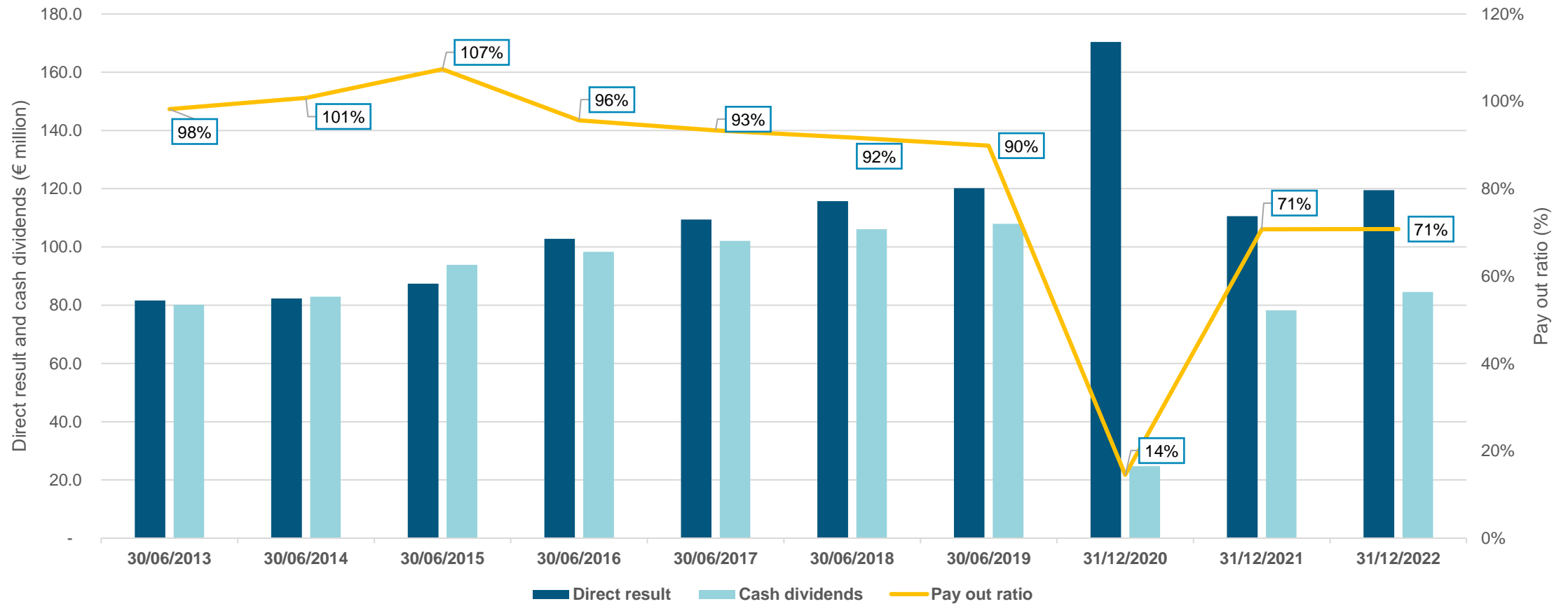
- Debt service guaranteed by a steady operating cash-flow
- Constant Ebitda growth and debt reduction set the Net Debt/Ebitda ratio back to its historical lows
- ICR stable thanks to a stable NOI and to a strict control of net interest expenses





# Capital Management

A new dividend policy: a disciplined approach to finance the business



NB: in the financial years 2020 and 2021 a mandatory scrip dividend was also distributed.

## Green Finance

- **Green Finance Framework** developed to issue Green Finance Instruments; second party opinion issued by ISS Corporate Solutions
- **4 green loans** for a total amount of **€386** million (€302.5 group share)
- **5 sustainability linked loans** for a total amount of **€216.5** million (3 of which (€117 million) are also green loans)
- Margins on sustainability linked loans set on the achievement of **KPIs** at corporate and asset levels
- **100% BREEAM in Use** certifications in place for the whole portfolio
- **Green financing strategy**: convert existing loans in green finance instruments as soon as practicable or at the next available refinancing date.
- Special purpose green finance instruments will be used when and where available to support green investments (solar panels, EV chargers, LED relamping etc)



# Property portfolio and investment strategy

Peter Mills, CIO

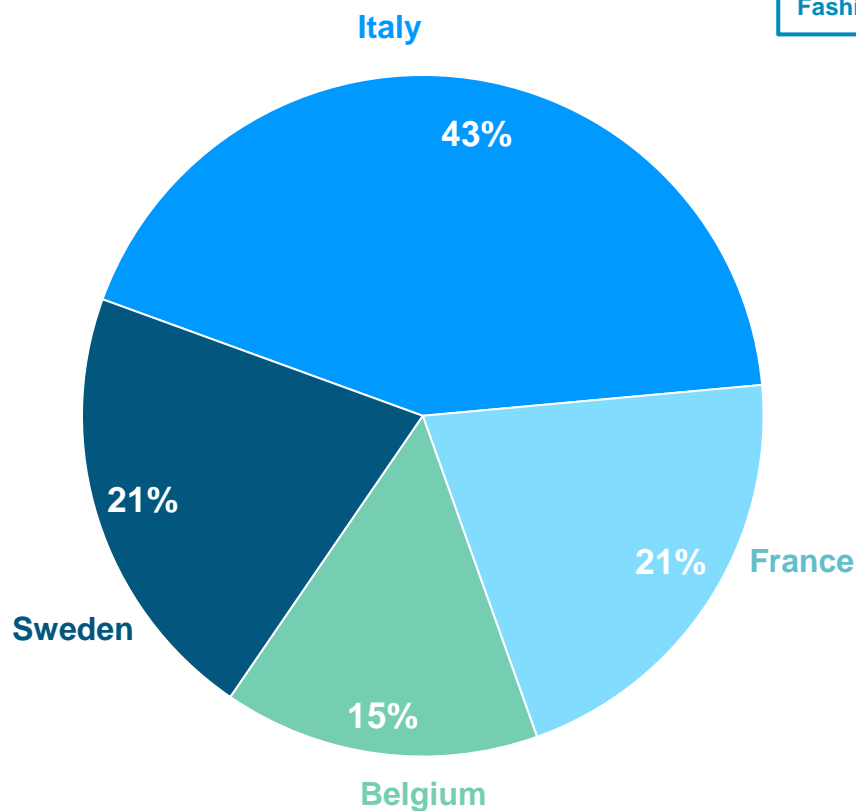
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# A well diversified portfolio (as at 31 December 2022)

## Geographical (by value)

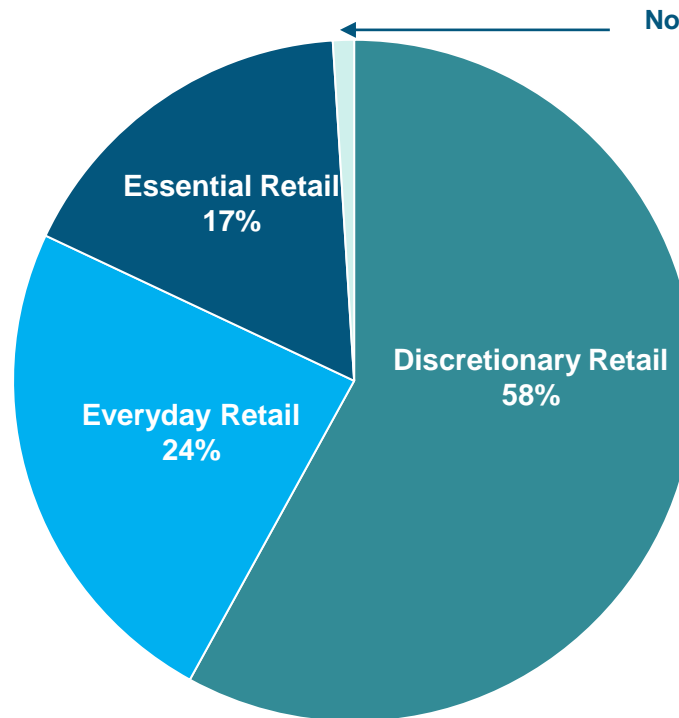


## 5 Flagship centres\*

I Gigli/Carosello/Fiordaliso/Woluwe Shopping/  
Passage du Havre

Fashion & Shoes = 36%

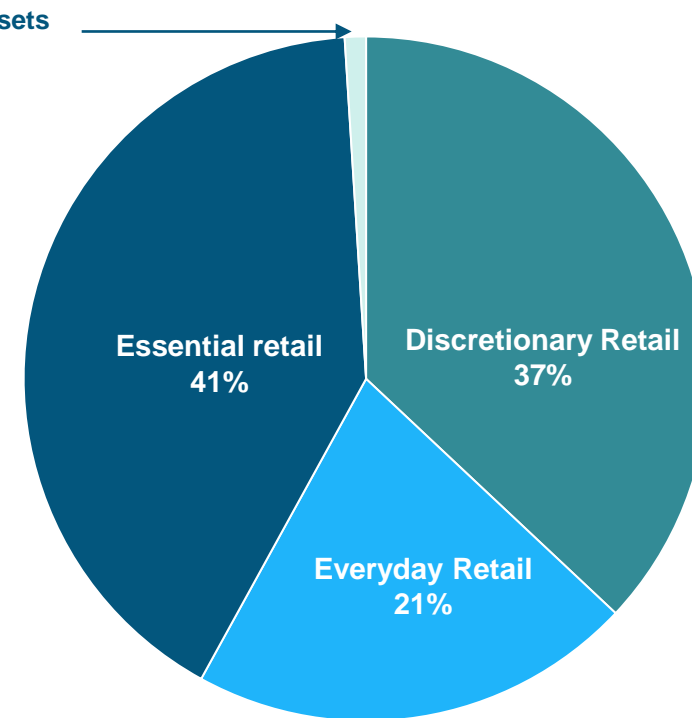
Essential and Everyday Retail = 41%



## 19 suburban hypermarket anchored shopping centres\*

Fashion & Shoes = 24%

Essential and Everyday retail = 62%



Non-retail assets  
1%



# Valuations by country and asset type

	Net value	Valuation change	EPRA yields	
	31 Dec 2022 € million	From 31 Dec 2021	NIY	Topped-up
Belgium	578	-0.4%	4.6%	4.9%
France	810	-0.5%	5.3%	5.4%
Italy	1,630	0.6%	6.0%	6.1%
Sweden	815	-1.7%	5.6%	5.8%
<b>Overall</b>	<b>3,833</b>	<b>-0.3%</b>	<b>5.5%</b>	<b>5.7%</b>



5 Flagships	Net value (€M) 31 December 2022	EPRA net initial yield (%)	EPRA topped up yield (%)
Woluwe Shopping (Belgium) Passage du Havre (France) I Gigli, Carosello, Fiordaliso (Italy)	1,729 (45% of the portfolio)	5.2	5.4

19 suburban hypermarket anchored shopping centres	Net value (€M) 31 December 2022	EPRA net initial yield (%)	EPRA topped up yield (%)
7 in France 5 in Italy 7 in Sweden	2,104 (55% of the portfolio)	5.8	6.0

# Investment strategy

## A shopping centre specialist

- A rigorous, research-led approach to acquisitions (accessibility, location, catchment)
- Economic and research teams conduct detailed catchment studies (current and prospective demographic and economic profiles)
- Analysis of current and future provision of retail space and competition to ensure that the retail density is appropriate
- Rental levels and retail sales carefully reviewed
- Check OCR levels are appropriate to underwrite long-term sustainable rental income and to maintain low vacancy.

## A diversified shopping centre portfolio

- Five flagships representing 45% of the portfolio by value:
  - Woluwe Shopping, Brussels
  - Passage du Havre, Paris
  - I Gigli, Florence
  - Carosello, Milan
  - Fiordaliso, Milan
- 19 suburban hypermarket anchored shopping centres representing 55% of the portfolio by value and with more than 60% of floor space dedicated to everyday and essential retail.

## Selective growth and asset rotation

- Further growth and diversification of the property portfolio could be achieved through joint ventures with financial partners.
- Extensions of shopping centres have to provide a minimum return reflecting the risks and strategic value of the projects.
- Asset rotation where value has been maximised compared to growth potential of alternative investment opportunities

# €200 million disposals completed

## France



**Les Trois Dauphins,**  
Grenoble,  
completed in March  
2021 for €34.4 M



**Chasse Sud,**  
Chasse-sur-Rhône,  
completed in  
December 2021 for  
€80 M



**Les Grands Hommes,**  
Bordeaux completed  
in March 2022 for  
€22.5 M



**Passage du Havre,**  
Paris, 50% office &  
residential  
completed in March  
2022 for €57 M

## Sweden



**Moraberg**  
retail park  
sold in  
October 2020  
for €41.1 M



**Bronsen** retail  
park sold in  
December 2020  
for €20.9 M



# Project

Valbo, Gävle



- Phase 1 – Improved masterplan and circulation (completed)
- Phase 2 – Refurbishment of malls and common areas (completed)
- Phase 3 – 1,000m<sup>2</sup> extension, 7 prelet shops, renovation of car park and external façade – completion autumn 2023



# Future project

## Woluwe Shopping, Brussels

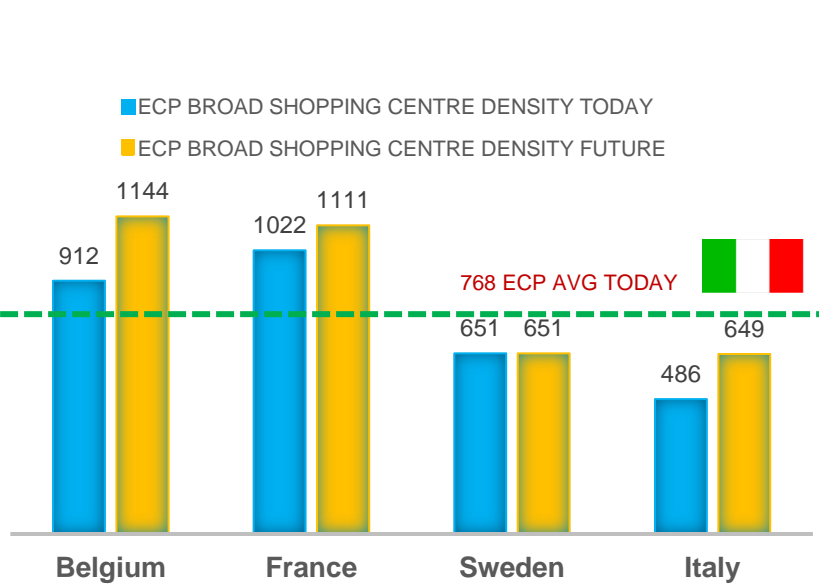


- ❑ Planning decision during summer 2023
- ❑ 7,800m<sup>2</sup> retail and 70 apartments
- ❑ Major leasing improvements under negotiation
- ❑ Joint venture possibility

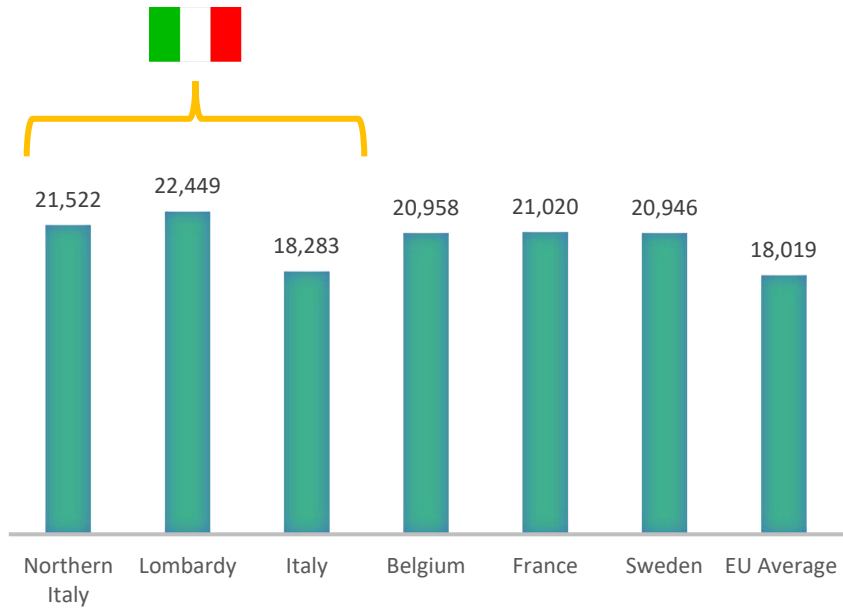


# The case for Northern Italy

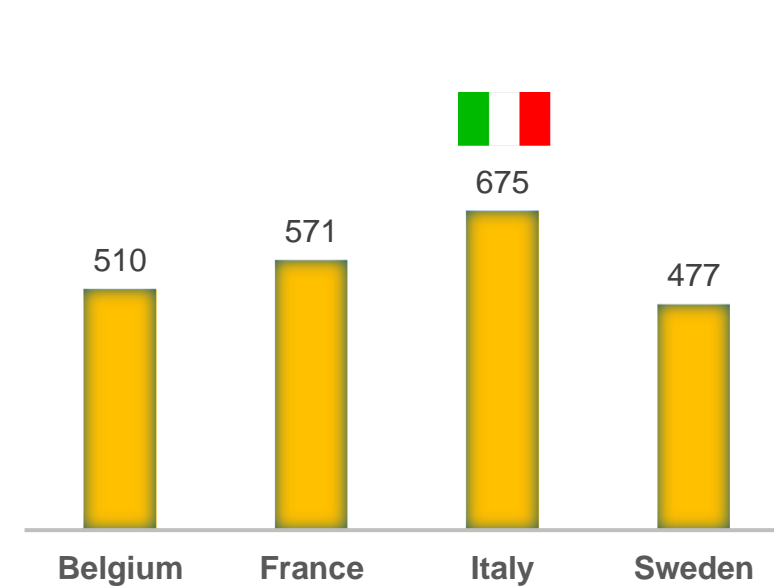
ECP - Broad shopping centre densities



Disposable income per capita (€)



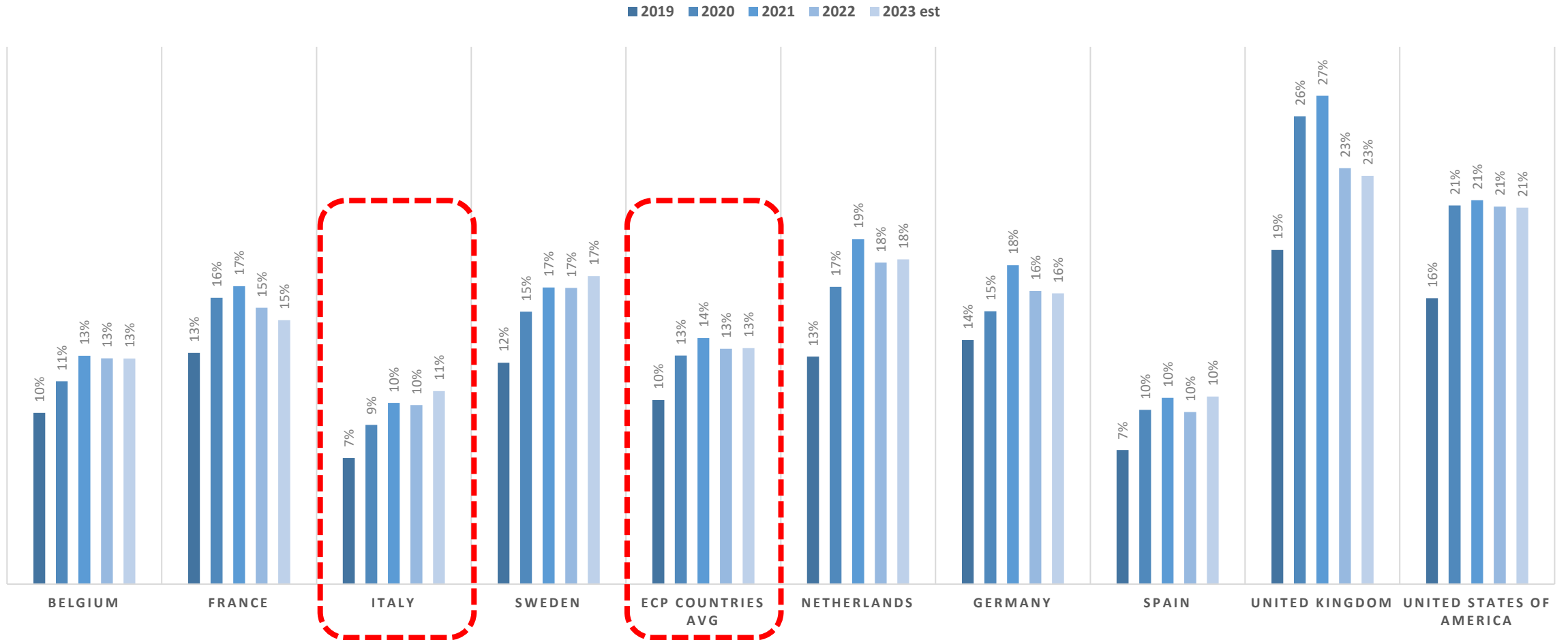
Passenger cars per 1,000 inhabitants



ECP SHOPPING CENTRE DEFINITION: Area of SC >5,000m<sup>2</sup> GLA + Retail Parks >5,000m<sup>2</sup> GLA and 1 or more boxes + other galleries/dept stores of more than 5,000m<sup>2</sup> GLA – Densities as retail square meters available per 1,000 people

Source: Eurostat  
 Latest data released

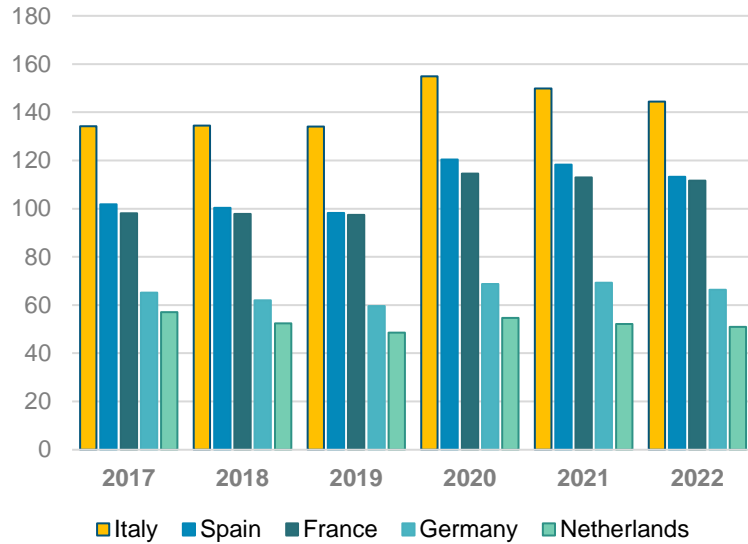
# Online retail sales share of total sales by country



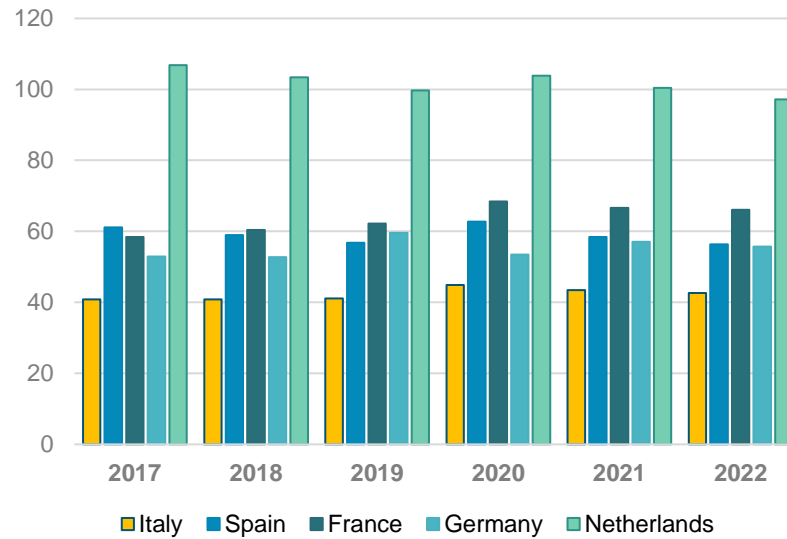
Source: Global Data

# Debt levels

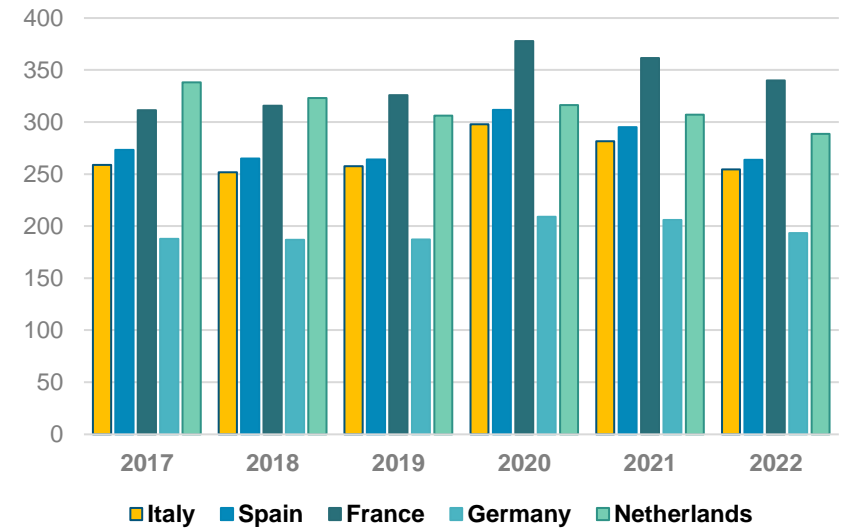
## Gov't Debt/GDP



## Household Debt/GDP



## Total Debt/GDP

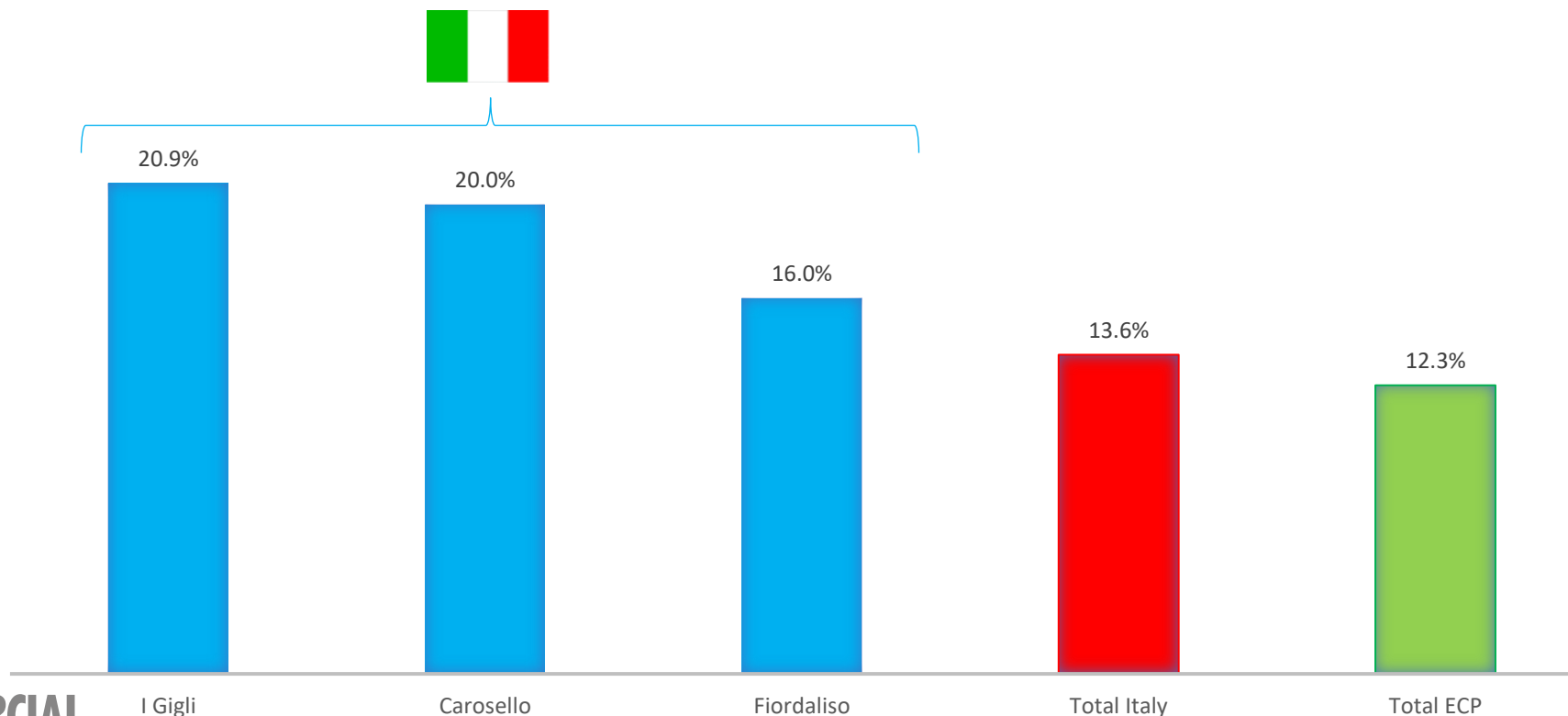


Source: Eurostat

# Italy flagships renewals and relettings

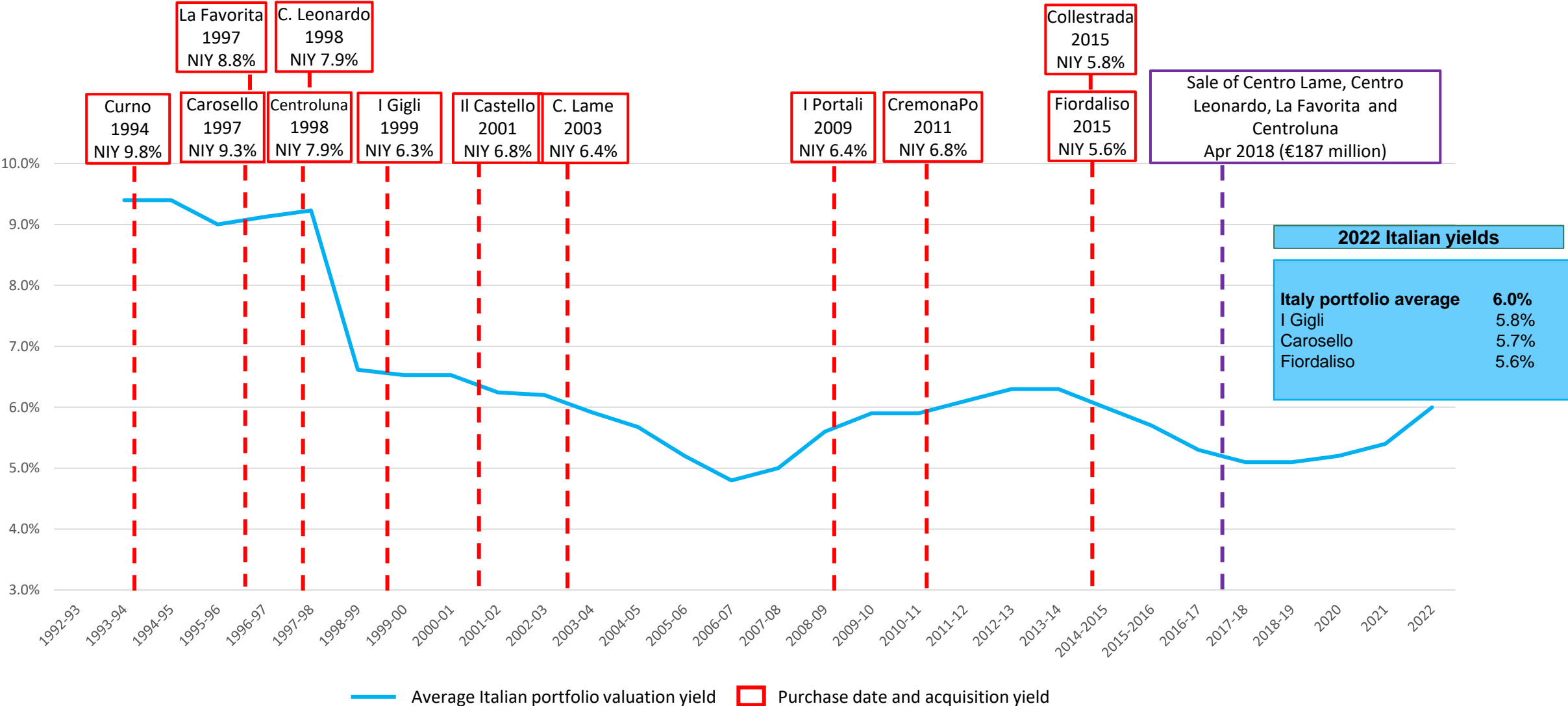
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2020	2021	2022	AVG
I Gigli	11.7%	30.8%	29.8%	12.9%	15.4%	13.4%	16.2%	57.1%	22.3%	18.3%	30.6%	6.0%	7.7%	20.9%
Carosello	44.4%	80.4%	11.2%	15.8%	5.4%	8.1%	16.4%	28.1%	9.4%	11.8%	9.9%	6.0%	13.3%	20.0%
Fiordaliso							22.5%	33.5%	12.4%	11.6%	8.3%	12.0%	11.9%	16.0%
Total Italy	22.8%	18.8%	17.6%	9.4%	5.7%	5.5%	12.9%	28.0%	11.4%	11.9%	16.6%	7.6%	8.8%	13.6%
Total ECP	32.0%	18.0%	13.0%	11.0%	8.0%	6.0%	10.0%	21.0%	11.3%	8.9%	10.5%	5.1%	5.4%	12.3%

AVERAGE ANNUAL RENT UPLIFT FROM RENEWALS & RELETTINGS 2009-2022



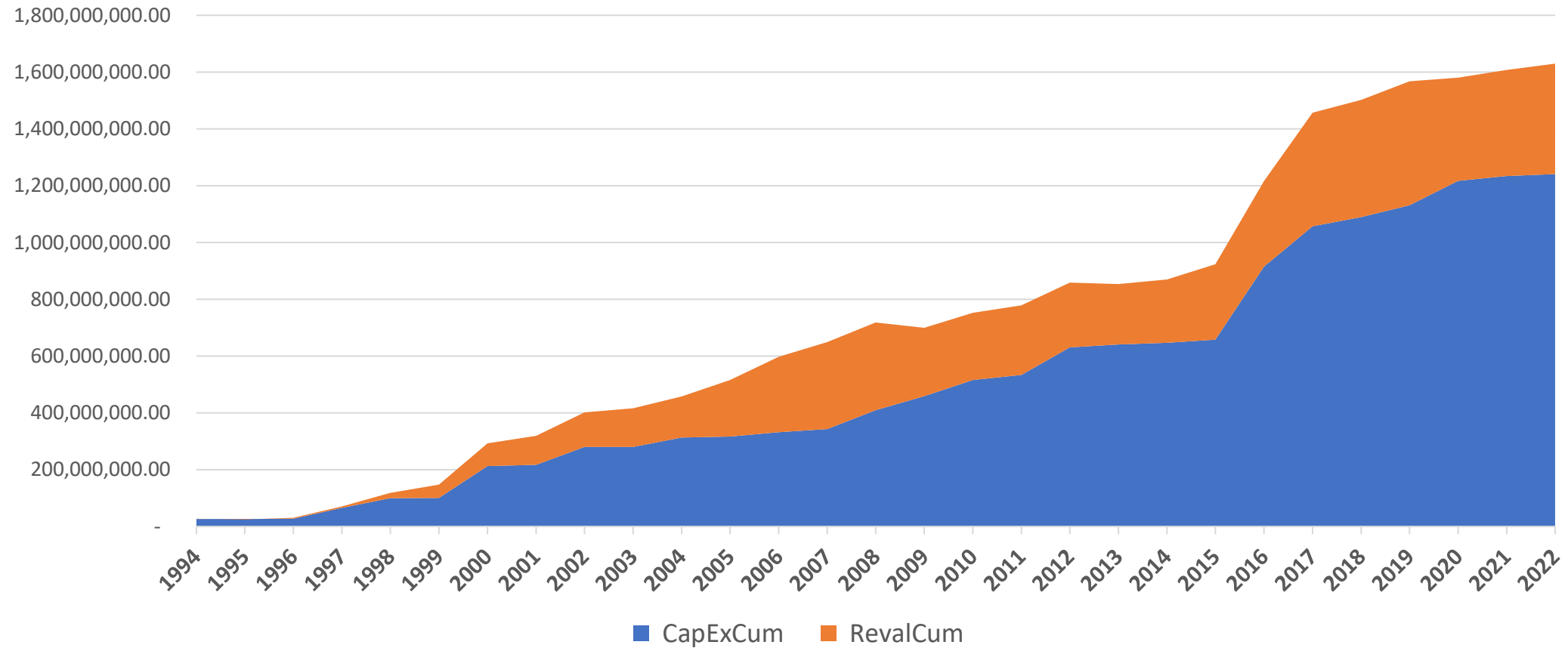


# ECP yields in Italy



# Italy asset growth

Italy (EUR) – Asset growth (cumulative)







★ PRET A MANGER ★

Q & A

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NAF NAF  
PASSAGE DU HAVRE

Derjeeling  
NIN & LOUR  
CAROLL  
PASSAGE DU HAVRE

5€ Offerts  
sur votre prescription

PASSAGE DU HAVRE

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# Disclaimer/forward-looking statements

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# EUROCOMMERCIAL

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