

EPRA PERFORMANCE MEASURES*

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

	Total €'000		Per depositary receipt €		Italy		Sweden		Total	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
EPRA earnings**	118,811	112,235	2.40	2.29						
EPRA NAV	2,220,776	2,224,937	44.56	44.79						
EPRA NNAV	1,893,996	1,947,437	38.00	39.21						
	2018/2019	Belgium 2017/2018	2018/2019	France 2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
	%	%	%	%	%	%	%	%	%	%
EPRA net initial yield	4	4.2	4.5	4.4	5.2	5.2	4.8	5	4.8	4.8
EPRA topped-up yield	4	4.3	4.6	4.4	5.3	5.2	4.9	5	4.9	4.9
EPRA vacancy rate	0.4	2.2	1.2	1.5	0.8	0.1	0.8	0.8	0.9	0.8

Reconciliation EPRA earnings:

(€'000)	30/06/2019	30/06/2018
IFRS profit after taxation	74,586	72,064
Adjustments to IFRS profit after taxation:		
Investment revaluation and disposal of investment properties	8,734	22,355
Fair value movement derivative financial instruments	23,742	-7,810
Deferred tax	4,921	24,033
Share of result of joint ventures	6,828	1,593
EPRA earnings	118,811	112,235

Reconciliation NAV, EPRA NAV and EPRA NNAV:

	Total €'000		Per depositary receipt €	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Equity as per consolidated statement of financial position	1,906,559	1,939,784	38.49	39.3
Derivative financial instruments	123,143	99,934		
Deferred tax liabilities	181,385	177,171		
Derivative financial instruments and deferred tax liabilities joint ventures	9,689	8,048		
EPRA NAV***	2,220,776	2,224,937	44.56	44.79
Derivative financial instruments	-123,143	-99,934		
Deferred tax liabilities****	-144,929	-149,135		
Derivative financial instruments and deferred tax liabilities joint ventures	-9,689	-8,048		
Fair value borrowings	-49,019	-20,383		
EPRA NNAV***	1,893,996	1,947,437	38.00	39.21

Reconciliation EPRA net initial yield and EPRA topped up yield:

	Belgium		France		Italy		Sweden		Total	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Property investments	554,400	452,800	941,100	1,205,200	1,411,700	1,349,700	887,885	867,885	3,795,085	3,875,585
Land and property held for development	0	0	-8,200	-7,500	-20,000	-15,800	0	-111,930	-28,200	-135,230
Investments in joint ventures	0	0	50,700	50,600	156,400	152,100	0	0	207,100	202,700
Property investments held for sale	0	0	199,000	0	0	0	0	0	199,000	0
Property investments completed	554,400	452,800	1,182,600	1,248,300	1,548,100	1,486,000	887,885	755,955	4,172,985	3,943,055
Purchasers' costs	13,893	11,360	67,593	85,715	23,034	59,314	8,898	7,559	113,418	163,948
Gross value property investments completed	568,293	464,160	1,250,193	1,334,015	1,571,134	1,545,314	896,783	763,514	4,286,403	4,107,003
Annualised net rents (EPRA NIY)	22,577	19,393	57,224	58,610	82,361	80,367	42,934	37,839	205,096	196,209
Lease incentives (incl. rent free periods)	314	520	555	422	920	388	1,090	586	2,879	1,916
Annualised rents (EPRA topped-up yield)	22,891	19,913	57,779	59,032	83,281	80,755	44,024	38,425	207,975	198,125

Reconciliation EPRA cost ratio:

	2018/2019	2017/2018
	€'000	€'000**
Operating and company expenses	43,903	44,641
Net service charge	3,151	2,476
Other income/recharge intended to cover overhead expenses less any related profits	-1,943	-1,047
Net expenses joint ventures	1,048	1,020
Exclude if part above		
Service charge and property expenses recovered through rents	-4,355	-5,930
Service charge and property expenses recovered through rents joint ventures	-372	-376
EPRA costs (including direct vacancy costs)	41,432	40,784
Vacancy costs	-1,314	-761
EPRA costs (excluding direct vacancy costs)	40,118	40,023
Rental income	206,343	197,051
Less: Service charge and property expenses recovered through rents	-4,355	-5,930
Share of joint venture rental income	11,203	11,785
Less: Service charge and property expenses recovered through rents joint ventures	-372	-376
Gross rental income	212,819	202,529
EPRA cost ratio (including direct vacancy costs)	19.50%	20.10%
EPRA cost ratio (excluding direct vacancy costs)	18.90%	19.80%

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

** The average number of depositary receipts on issue over the year was 49,046,502 compared with 48,364,199 for the previous financial year. EPRA earnings have been restated for the previous financial year to include the investment expenses.

*** EPRA NAV and EPRA NNAV per depositary receipt are based on the diluted number of depositary receipts. The diluted number of depositary receipts on issue at 30 June 2018 was 49,669,696 compared with 49,090,171 at 30 June 2017.

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

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

The EPRA cost ratio is not directly comparable between companies due to costs associated with different countries of operation, business models and accounting treatments. The

The EPRA cost ratio is very sensitive to which property sector the company is investing in. The retail sector is an example where property expenses are in general much higher than

Another important factor is whether the property company is investing in higher yielding properties or in lower yielding properties (usually higher quality properties). Investment in

Within the retail sector the EPRA cost ratio is very sensitive to which country the company is investing in. In the case of a country which has relatively high local taxes or does not

Although the EPRA cost ratio recommends an additional disclosure about the capitalised overhead and operating expenses, these amounts do not form part of the ratio.

There are some more remarks to be made but above the main observations and sensitivities are explained.