

PRESS RELEASE



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Eurocommercial signs binding contract to purchase Woluwe shopping centre in Brussels

Eurocommercial Properties N.V. announced today that it has signed a binding contract to purchase the Woluwe shopping centre situated in the municipality of Woluwe-Saint-Lambert, Brussels.

The announcement follows a period of exclusivity which started in October 2017, during which the company and its advisors conducted detailed due diligence on the shopping centre, its catchment and the potential for future development. The purchase is expected to be completed at the end of February 2018.

Brussel's premier shopping centre

Woluwe (also known as "the W shopping") is the best-known shopping centre in Brussels. It is situated in Woluwe-Saint-Lambert, an attractive and affluent municipality situated to the east of Brussels city centre and surrounded by other wealthy municipalities such as Evere, Etterbeek and Woluwe-Saint-Pierre. The shopping centre is just 7km from Zaventem international airport, is served by excellent main roads and has 1,953 car parking spaces. It has its own metro station with a direct link to Schuman and the European Parliament just six stops away on Line One. A tram line is opening next year, with a stop directly outside the Woluwe centre, which also has good bus links. The centre attracts 6.5 million visitors each year and has an estimated catchment population of over one million people.

The shopping centre is let to major international brands, including Zara, Massimo Dutti, H&M, Zara Home, Superdry, Aigle, Calzedonia, Nespresso, Nature & Découvertes and C&A. It features a food court hosting Exki, the international chain of healthy fast food restaurants, along with other high-quality restaurants and delicatessens. Retail sales in the centre average €8,000 per m² and the occupancy cost ratio is in the region of 13%. The centre has a strong track record, with a 100% occupancy rate for the past 20 years and exceptional interest from retailers looking to enter the centre.

Woluwe first opened its doors in 1968 as a single storey mall and a two-level rotunda extension with adjacent parking was added in 1989. It currently has 46,000m² gross lettable area and Eurocommercial will acquire 23,000m² together with 100% ownership of the public mall, the parking and surrounding land, thereby conferring Eurocommercial full strategic control. Two companies owned by AG Real Estate separately own the Inno department store of 12,000m² on three levels, the Match supermarket of 2,100m² and five other shops.

The overall gross investment amount including registration tax will be around €468 million, which will give an initial yield of just under 4%, in line with other recent sales of prime shopping centres in Belgium.

Refurbishment & extension planned

Eurocommercial believes that there is considerable scope for increasing footfall, turnover and rents at Woluwe and it is expected that an extension of about 10,000m², to be owned 100% by Eurocommercial, will receive consent in due course, improving the overall yield when it is leased. A light refurbishment programme will start soon after the acquisition, with the extension to follow once the final planning and building consents are obtained.

Financing

In addition to the proceeds Eurocommercial is generating through selected asset sales, totalling €180 million since September 2017 and a further €187 million agreed, the Woluwe purchase is being financed by an eighteen-month loan facility jointly provided by ABN AMRO and ING, 50% of which will convert to a seven-year mortgage loan.

Jeremy Lewis, Eurocommercial's CEO, said:

"The Woluwe Centre is one of the highest-quality retail assets in Belgium, and the best-known shopping centre in Brussels. The fundamentals of the shopping centre, catchment and retail market are very attractive. It has a potential catchment of well over a million people within half an hour's drive. Retail densities are very low at 385m² per 1,000 people, partially due to complicated planning procedures for new centres, which ensures that there is no oversupply of retail space. Competition is unlikely for many years and even if the contemplated projects are finally completed, which seems less likely according to recent press reports, the retail density in Greater Brussels will be around 565m² per 1,000 people – a similar level to the Italian market and low by European standards."

Tom Newton, Eurocommercial Director, said:

"We see significant potential to improve the Woluwe shopping centre and grow its value. In the short-term this is likely to be a cosmetic refurbishment, improving the customer experience and the look and feel of the centre. In the medium-term we intend to extend the existing centre and attract additional leading international and national brands."

Following the purchase of Woluwe, Belgium will initially represent in the region of 11% of Eurocommercial's portfolio. The acquisition diversifies Eurocommercial's country exposure with its re-entry into the Belgian market. Eurocommercial has previously owned property in Belgium, and is familiar with the legal structures and cultural attributes of the country. The economy of Belgium, particularly Brussels, is strong with GDP growth of 1.5%, which is expected increase further during 2018. Inflation, and thus rent indexation, is estimated at 2% for 2018. Unemployment in Belgium is low at 6.7% and has been decreasing, while consumer confidence and retail sales have grown in recent years.

Asset rotation

The purchase of Woluwe is the latest step in Eurocommercial's active asset rotation programme, which disposes of properties that offer only limited potential for further development. Proceeds are then recycled into purchasing larger, high-quality shopping centres which attract the best national and international brands. These centres also provide significant refurbishment and extension possibilities, leading to better prospects for rental and capital growth.

Eurocommercial will report its 2017/2018 Half Year Results on Friday, 9 February 2018 at 8.00 hours CET, and will host a conference call and webcast for analysts and investors at 10.00 hours CET.

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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 32 retail properties in France, Italy, and Sweden with total assets of almost €4 billion.

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