

EUROCOMMERCIAL

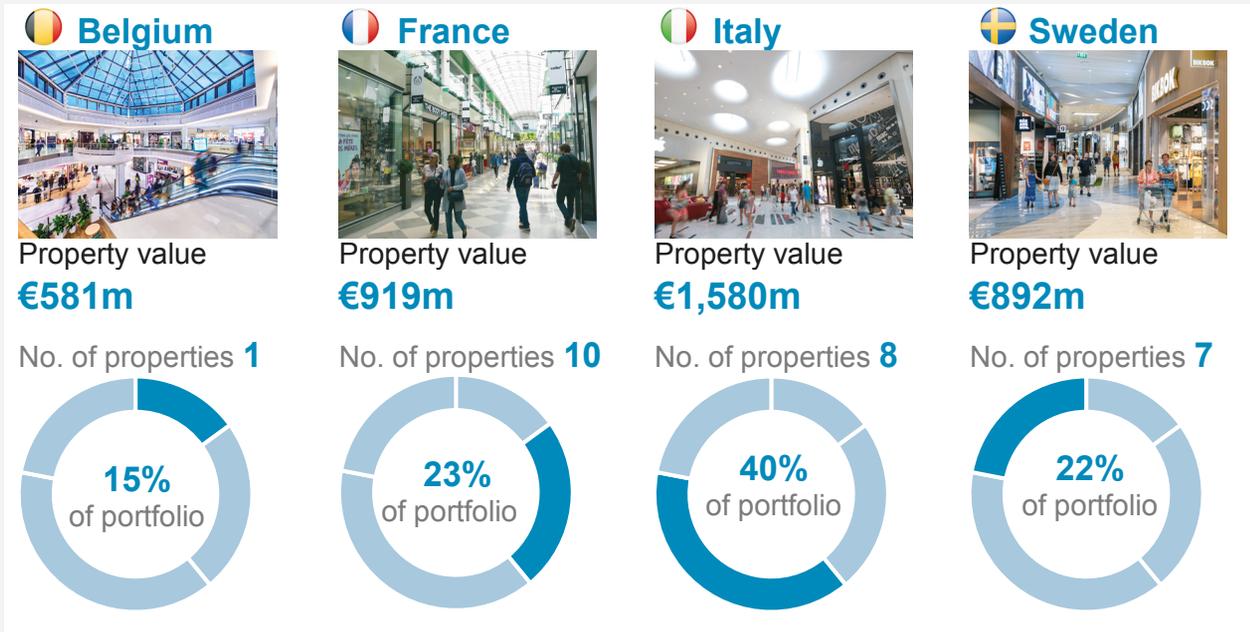


Half Year Report

30 June 2021

We own and manage retail properties in Belgium, France, Italy and Sweden valued at €4.0 billion, attracting over 130 million visitors annually confirming their importance to the communities they serve.

Portfolio, split by country, at 30 June 2021*



* 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.

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Highlights

Performance and business highlights

- Sales turnover for June 2021 was 17% higher than June 2020 and was up 3.9% compared to June 2019 (pre-COVID-19).
- Strong tenant demand resulted in 8% rent uplifts on renewals and relettings, with 301 deals signed during the twelve month period ending 30 June 2021 compared to 205 and 248 deals respectively in previous periods.
- EPRA vacancy rate improved at 30 June 2021 and was 1.3%, down from 1.5% at 31 March 2021 and extending our long-term vacancy record.
- Resilient property values only down 1.1% since December 2020.
- EPRA Net Tangible Assets of €40.86 per depositary receipt.
- Loan to value ratio (on the basis of proportional consolidation) stable at 43.8%.
- €125 million of loans renewed with sustainability linked facilities.
- Net earnings €0.95 (direct investment result) per depositary receipt for 6 months to 30 June 2021.
- Despite non-essential stores in our portfolio being closed on average 56 days and restaurants for 98 days, rent collection was 82% for the first half year of 2021.
- Shareholders' approval to change the Company's corporate governance structure by the termination of its depositary receipts structure.
- Each ten shares with a nominal value of €1 to be consolidated into one share with a nominal value of €10 each on Wednesday 15 September 2021.
- Conversion of the Company's depositary receipts into shares will take place on Thursday 16 September 2021. On that date, depositary receipt holders will automatically receive one share with a nominal value of €10 in the capital of the Company in exchange for each depositary receipt that they own, free of charge and without any further action being required from them.
- Cash dividend of €0.50 and 1 for 18 scrip dividend per depositary receipt paid on 2 July 2021.

Board of Management's commentary

High incidence of COVID-19 continued to affect our business during the first half of 2021 with further government restrictions on retail resulting in our non-essential stores being closed on average for 56 days, while restaurants were closed on average for 98 days during the period. In Belgium, Woluwe Shopping was closed for a four-week period from 27 March. In France, shopping centres comprising more than 20,000m² had to close from 31 January with only hypermarkets, pharmacies and a few other essential stores allowed to trade. These restrictions were extended to shopping centres of more than 10,000m² from 6 March before a general closure of non-essential retail during a third national lockdown that commenced on 3 April. In Italy, a colour-coded regional system placed restrictions on retail trade which led to closures of non-essential shops, particularly at weekends. Our shopping centres in Sweden remained fully open, as they have been throughout the pandemic, although government recommendations generally discouraged retail activity with some specific restrictions placed on food and beverage (F&B).

The lifting of government restrictions mainly during May 2021 has resulted in a swift rebound in retail sales in our shopping centres, similar to the recovery that followed the re-openings last summer. During June 2021, retail sales increased by 17% across the portfolio compared to June 2020 with all

sectors showing strong positive growth, particularly fashion and shoes (over 30%) and F&B (34%), sectors which suffered last year. It has been most encouraging to see the June 2021 overall level of retail sales at 3.9% above June 2019, i.e. before the pandemic started, with Sweden in particular outperforming with over 9% growth over this period. Footfall was still slightly down on pre-pandemic levels, demonstrating the high sales conversion rates and the increase in basket size which our retailers have been regularly commenting on.

Against this background, tenant demand for our shopping centres continued to be characterised by strong letting activity with 301 renewals and relettings completed over the last 12 months, producing a rental uplift of 8%. Our vacancies remain at their historically low levels and have reduced even further to 1.3%.

The independent property valuations at the end of June showed reductions of just 1.1% compared to December 2020 and 1.9% compared to June 2020. During H1 2021 we completed the sale of Les Trois Dauphins in Grenoble and we are in advanced discussions on further property sales.

H1 rent collection has been steady and to date we have collected 82% of invoiced rent which will increase with clarification on the timing and extent of pledged government support covering the third lockdown in France. With all our shopping centres now fully operational and with the vaccination programmes well advanced throughout Europe, we remain hopeful that any recurrence of the virus can be managed without the need for further restrictions on our assets. Given those circumstances, we would expect normal trading conditions in our shopping centres to be maintained which should provide a solid base for stable income going forward.

Operational & financial review

Retail sales

Following the general reopening of our shopping centres from May, there has been a quick and full recovery in retail sales in all our countries, and for the month of June 2021 turnover increased by 17% compared to last June's levels, with every shopping centre and all sectors showing positive growth and with fashion, shoes and restaurants particularly prominent. Overall, retail sales in June and July 2021 were higher than pre-pandemic levels and were 3.9% above June 2019 and 1.8% above for July.

Like-for-like retail sales by country*

	June 2021/June 2020	June 2021/June 2019
Overall	17%	3.9%
Belgium	23.3%	-1.9%
France	10.5%	5.1%
Italy	22.7%	0.0%
Sweden	14.2%	9.2%

* Excluding extensions/redevelopments.

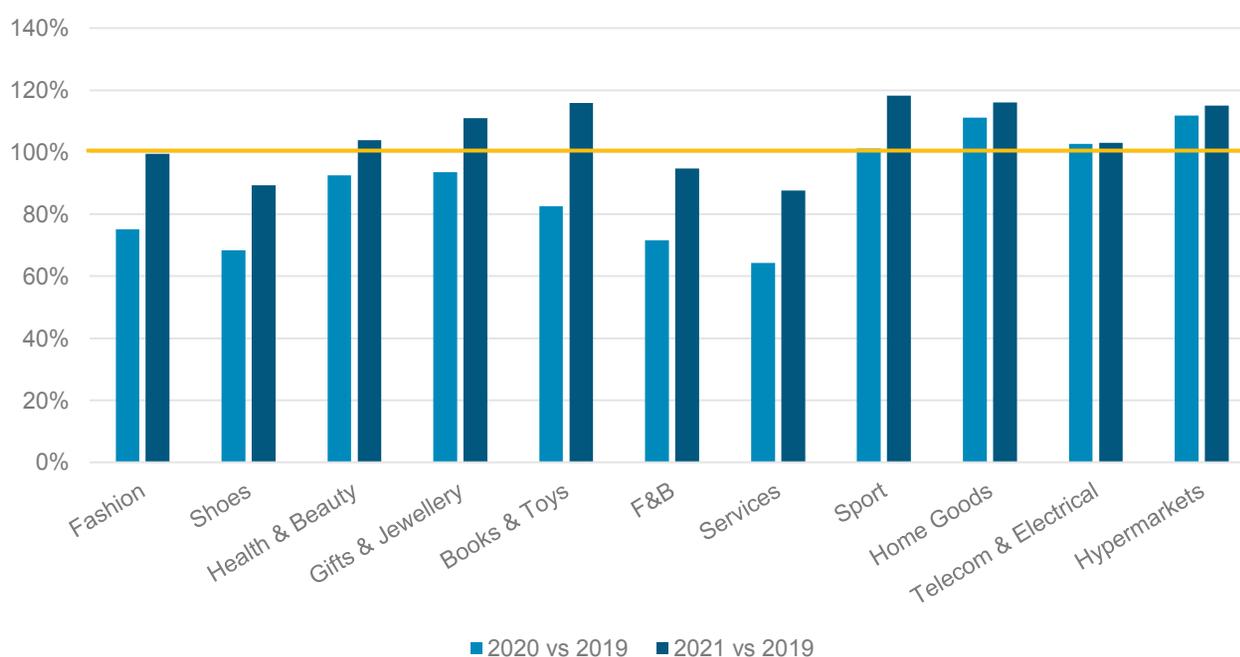
Like-for-like retail sales by sector*

	June 2021/June 2020	June 2021/June 2019
Fashion	32.2%	-0.6%
Shoes	30.4%	-10.7%
Health & Beauty	13.0%	3.8%
Gifts & Jewellery	17.3%	11.0%
Sport	17.7%	18.3%
Home Goods	5.1%	16.0%
F&B (Restaurants & Bars)	34.0%	-5.2%
Electricals	0.8%	3.0%
Books & Toys	27.0%	5.8%
Services	31.5%	-12.3%
Hyper/supermarkets	3.0%	15.1%

*Excluding extensions/redevelopments.

Retail sector sales recovery for Eurocommercial's portfolio compared to 2019

In June 2021 the stronger rebound came from sectors that were weaker last year.

**Visitor numbers**

Footfall has recovered well since the full reopening of the shopping centres and for the month of June 2021 was 7.2% above last June although 17.0% below June 2019.

Footfall

	June 2021 vs June 2020	June 2021 vs June 2019
Overall	7.2%	-17.0%
Belgium	23.0%	-16.0%
France	0.7%	-16.3%
Italy	10.9%	-23.5%
Sweden	7.9%	-2.7%

As with the reopenings last summer, footfall has not recovered as quickly as retail sales confirming the high sales conversion rates and increase in basket size which many of our retailers have commented on.

Renewals and relettings

Despite the COVID-19 pandemic, strong leasing activity has been maintained over the past 12 months with 301 leases renewed or relet achieving an overall uplift of 8%. The number of lease transactions was 47% higher than reported in June 2020 and included 102 new lettings. The leasing teams have been able to maintain standard lease terms including lease length.

Relettings and renewals, 12 months to June 2021

	Number of relettings and renewals	Average rental uplift on relettings and renewals	% of total leases relet and renewed (MGR)
Overall	301	8.0%	14%
Belgium	22	0.3%	15%
France	35	6.6%	5%
Italy	142	13.3%	16%
Sweden	102	3.2%	20%

In Belgium, 22 lease renewals and relettings were completed over the last 12 months with an average uplift of 0.3%. During this period several new international premium brands have established stores including Maje, K-Way, Jott, Bexley, Xandres and Hubside Store. Early preparations for the 7,800m² retail extension project will affect several existing tenants and while this may temporarily limit our ability to increase rental levels on these units, lease renewals provide the opportunity to negotiate relocations that will facilitate the future development.

In France, we completed 35 lease renewals and relettings over the last 12 months producing an average uplift in rent of 6.6%. Renewals continue to perform rather well with an uplift of 8.9%. Relettings were up 3.9% supported by a broad range of brands including Blackstore (Intersport), Marc Orian (Thom Europe), Morgan (Beaumanoir) and Comptoir de Mathilde, who have all signed new leases in our centres.

Italy produced the highest rental uplift of 13.3% on 142 lease transactions. The flagships I Gigli and Carosello were responsible for the majority of the uplift. The Italian centres continue to attract most international brands establishing in the country, illustrated by recent lettings to Nike, Adidas, Pepco, Starbucks, Dyson and New Yorker. Poke restaurants, the trendy new Hawaiian concept, are operating in all our centres.

In Sweden, 102 renewals and relettings were completed producing an overall uplift of 3.2%. Gina Tricot, Rituals, Hemtex, Clas Ohlson and New Yorker have all taken new units during the period. Normal, the expanding Danish value retailer have recently acquired further units in Grand Samarkand and Valbo and are now represented in six of our Swedish shopping centres.

EPRA vacancies

The EPRA vacancy rate improved at 30 June 2021 and was 1.3%, down from 1.5% at 31 March 2021 and extending our long-term vacancy record.

EPRA vacancy levels as at 30 June 2021

	31 December 2020	31 March 2021	30 June 2021
Overall	1.6%	1.5%	1.3%
Belgium	1.0%	1.2%	0.5%
France	2.3%	2.6%	2.0%
Italy	1.3%	0.9%	1.0%
Sweden	1.7%	1.7%	1.3%

Out of a total of 1,876 shops, there are only 18 tenants in administration occupying 36 units. For the majority of these units rent continued to be paid.

Rent collection and rent concessions

We have continued to collect rents that were due in 2020 thereby improving our 2020 rent collection rate which currently stands at 89% of invoiced rent and 98% of due and collectable rent. H1 2021 rents collected by 26 August are illustrated in the table below. Rent collection has been slower in France and Italy due to extended closures and uncertainty about the timing and extent of government rent support initiatives. For France we have assumed that the announced government support package for the third COVID-19 wave will become available for tenants and will result in rent collection. However, tenants in France are continuing to pay rent as illustrated by the rent collection for the month of July which was 89%. The overall July collection rate was 83%.

Although discussions with tenants on rent concessions are still ongoing, the Company decided to accrue for the first six months of 2021 the amount that has been granted and is expected to be granted. The following table shows the split per country of the amount accrued, assuming that no new waves of the pandemic will occur and the French government will grant its support to tenants for the third COVID-19 wave, as was publicly announced.

Rent collected in 2021

	Rent concessions (€'000)	% of H1 invoiced rent collected	% of H1 due and collectable rent collected
Belgium	837	95	98
France	3,291	71	71
Italy	9,251	79	89
Sweden	682	94	99
Total	14,061	82	88

Property valuations

All the Company's properties were independently valued as usual at 30 June 2021 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, Knight Frank, and Savills.

Overall, the property portfolio valuations were only 1.1% lower compared to 31 December 2020 and 1.9% lower than 30 June 2020. The decline in values generally resulted from the valuers use of higher initial yields or exit yields (depending on methodology) and the application of more conservative Estimated Rental Values (ERVs) and turnover rent estimations. In their reporting, the valuers identified the portfolio's sound property fundamentals including low vacancy levels and the solid outlook for income security supported by rent affordability and steady tenant demand. One general comment the valuers had for all markets was the defensive characteristics of the portfolio, with its strong food anchors and broad range of essential and everyday retail. The valuers removed any previous material valuation uncertainty clauses.

Valuations at 30 June 2021*

	Net value (€M) 30 June 2021	Valuation change (%) from Dec 2020 EPRA Net initial	yield (%)	EPRA topped-up yield (%)
Overall	3,972	-1.1	5.0	5.1
Belgium	581	-1.6	4.3	4.5
France	919	-1.8	5.0	5.0
Italy	1,580	-0.7	5.3	5.4
Sweden	892	-0.5	5.0	5.1

*Our valuers are CBRE, Cushman & Wakefield, JLL, Knight Frank, and Savills

5 Flagships	Net value (€M) 30 June 2021	EPRA net initial yield (%)	EPRA topped up yield (%)
Woluwe Shopping (Belgium) Passage du Havre (France) I Gigli, Carosello, Fiordaliso (Italy)	1,768 (45% of the portfolio)	4.5	4.6

21 mainly suburban hypermarket anchored shopping centres	Net value (€M) 30 June 2021	EPRA net initial yield (%)	EPRA topped up yield (%)
9 in France 5 in Italy 7 in Sweden	2,204 (55% of the portfolio)	5.4	5.5

In Belgium, the value of Woluwe Shopping declined by 1.6% over the last six months mainly due to a slightly higher initial yield adopted by the valuers.

In France, our valuations were down 1.8% compared to 31 December 2020. The overall EPRA net initial yield is 5.0%, although it is worth noting that excluding the prime, mixed-use central Paris asset, Passage du Havre, with its low EPRA initial yield of 3.7%, the yield on the remaining, predominantly suburban hypermarket anchored shopping centres is 5.4%.

In Italy, valuations decreased by 0.7% over six months with the main reason being a slight increase in the overall exit yield used by the valuers in their cashflow models which is now around 5.7%. The lower EPRA net initial yield of 5.3% partly reflects the temporary reduced net operating income (NOI) at Fiordaliso before the rents from the 7,000m² project come on stream later this year. The three Italian flagships, I Gigli, Fiordaliso and Carosello representing 62% of the Italian portfolio were valued at an EPRA net initial yield of 4.8%, with the remainder of the Italian portfolio valued overall at 6.0%. The valuers identified the positive impact on both Fiordaliso and Carosello following the likely withdrawal of a retail project located between these shopping centres, which will strengthen their market position as the dominant centres to the south and east of Milan.

In Sweden, the valuations resulted in a marginal decline of 0.5% over six months as a result of slightly higher exit yields in their cashflow models which was only partly compensated by higher net operating income. The valuers commented that with all shopping centres in full operation, footfall and retail sales were already at or above pre-pandemic levels, resulting in consistently high levels of rent collection.

Direct investment result: €46.8 million (€0.95 per depositary receipt)

The **direct investment result** for the six months to 30 June 2021 was €46.8 million, compared to €59.0 million for the same period in 2020. The decline was mainly related to COVID-19 discounts granted and expected to be granted to retailers and bad debts. In the first semester of 2021, €8.8 million was charged to the property expenses for COVID-19 rent concessions (there was no charge for the first six months of 2020) and €3.4 million for bad debts (€1.8 million for the first six months of 2020). Furthermore, €4.0 million was booked as a reduction of the rental income (net of governmental support) mainly due to the amortisation of the rent concessions for the COVID-19 lockdown periods during 2021, (€2.3 million for the first six months of 2020) reducing rental income.

The **direct investment result per depositary receipt** decreased by almost 20% to €0.95 at 30 June 2021, from €1.19 for the six months to 30 June 2020.

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 2021 was €45.5 million, or €0.92 per depositary receipt.

IFRS profit: €17.8 million

The **IFRS profit after taxation** attributable to owners of the Company for the six month reporting period to 30 June 2021 was €17.8 million compared to a negative €62.9 million for the six month reporting period to 30 June 2020. This increase is largely explained by a €65.7 million difference in the Investment Revaluation of the properties (€41.8 million negative for the first six months of 2021 compared to a €107.5 million negative for the first six months in 2020) and by a €39 million positive difference in the fair value of the derivative financial instruments (€20.6 million positive for the first six months of 2021 compared to a €18.4 million negative in the six months of 2020) due to a steepening of the Euro and Swedish interest rate curves.

Gross rental income: €103.2 million

Gross rental income for the first six months (based on proportional consolidation) was at €103.2 million, slightly lower than the same period last year (€106.0 million). **Net property income**, including joint ventures (based on proportional consolidation), for the six months to 30 June 2021, after deducting net service charges and direct and indirect property expenses (branch overheads), decreased to €74.3 million compared to €86.8 million for the six months to 30 June 2020, for the reasons related to the COVID-19 pandemic already discussed above.

EPRA Net Tangible Assets: €40.86 per depositary receipt

The **EPRA Net Tangible Assets** (EPRA NTA) at 30 June 2021 was €40.86 per depositary receipt compared with €41.49 at 31 December 2020 (as reclassified). EPRA NTA includes only 50% of contingent capital gains tax liabilities and does not consider the fair value of financial derivatives.

In accordance with the Company’s policy to commission independent revaluations at the half-year and year-ends, the overall property portfolio valuations at 30 June 2021 were 1.1% lower compared to 31 December 2020 and 1.9% lower compared to 30 June 2020. The decline in values is mainly due to the independent valuers using higher net initial yields and/or net exit yields and slightly more conservative Estimated Rental Values (ERVs) and turnover rent estimates. The EPRA NTA per depositary receipt, therefore, changed slightly since December 2020.

The **adjusted net asset value** at 30 June 2021 was €41.19 per depositary receipt compared with €41.78 at 31 December 2020 (as reclassified). 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 2021, 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 €37.98 per depositary receipt compared with €38.17 at 31 December 2020.

Funding

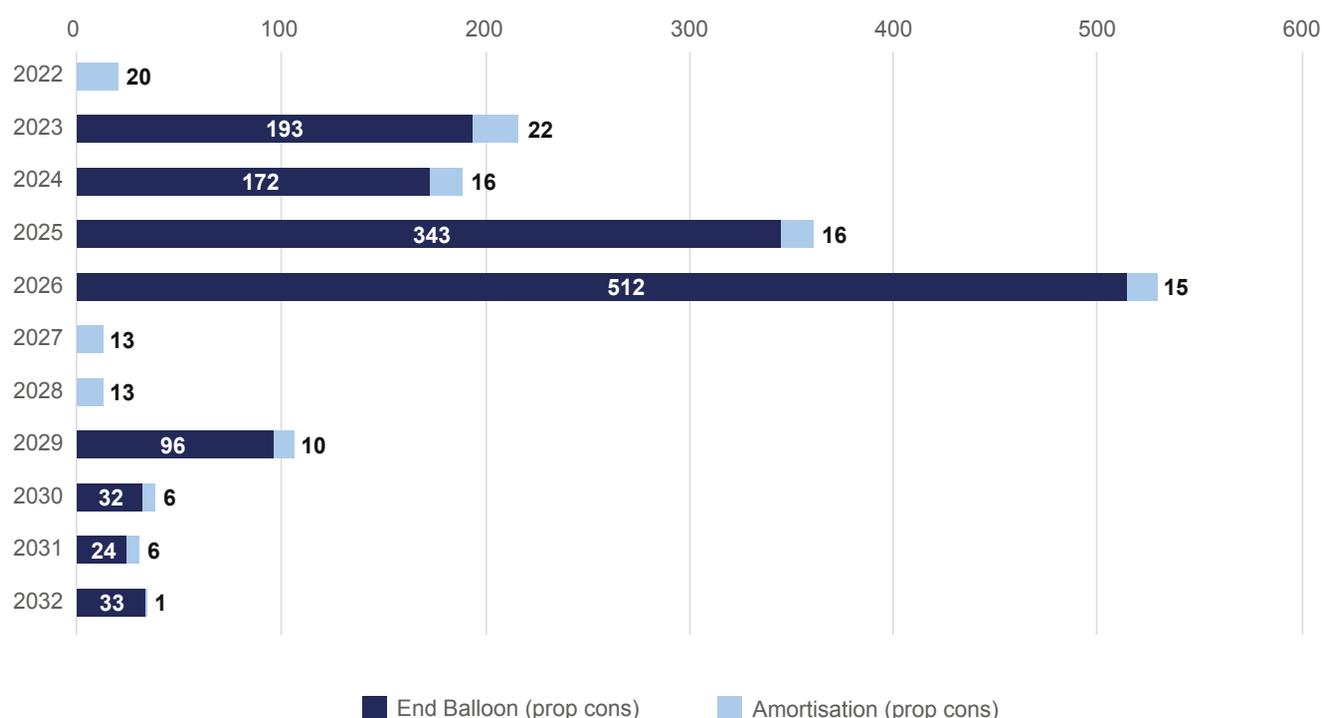
The Company's mortgage-based loan financing structure provides it with the flexibility to raise finance secured against single or groups of assets. The Company has strong and long-standing business relationships with a group of over 15 Belgian, Dutch, French, German, Italian and Swedish specialist real estate financing banks, ensuring diversity of access to finance among lenders and across different geographies.

On 22 April 2021 the Company closed 3 three-year sustainability linked loans for a total amount of €100 million with ABN AMRO on two properties in Italy. On 10 May 2021 the Company entered into a sustainability linked revolving credit facility with ING for an amount of €25 million. The margins on these facilities are linked to several sustainability KPIs including waste to landfill, renewable energy, green leases and the percentage of assets with BREEAM In-Use certification. 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. These sustainability linked facilities are part of Eurocommercial's ambition to increase its exposure to green financing in the near future.

Non-current borrowings maturity and amortisation schedule at 30 June 2021*

Euro million

Non-current borrowings maturity and amortization schedule



* Maturities are stated on a proportionally consolidated basis by calendar year.

The loan to value ratio on the basis of the proportionally consolidated balance sheet of the Company as per 30 June 2021 (after deducting purchaser's costs) remained unchanged at 43.8% compared to 31 December 2020, as the effect of the decrease in net property values of €42 million was partially offset by the increased cash inflow deriving from the direct result and from the proceeds of the sale of Grenoble in France. The Group covenant loan to value ratio agreed with the banks is 60%, the usual market practice ratio. For comparison purposes, our loan to value ratio adding back purchaser's costs as per 30 June 2021 was 42.7% and our loan to value ratio adding back purchaser's costs using the IFRS consolidated balance sheet was 41.6%.

As per 30 June 2021, 74% of our interest expenses are fixed for an average period of over six years and the average interest rate in June is stable at 1.9%. As a result, the Company's interest expenses are expected to remain stable for the coming period. The average committed unexpired term of its bank loans is over four years.

Country commentary

Belgium

Following 2020 which was marked by two successive lockdown periods, the first half of 2021 was also severely impacted by further outbreaks of COVID-19 with the government imposing several restrictive measures directly affecting retail trade in Belgium.

Woluwe Shopping remained open during Q1 2021 with the exception of F&B and intermittently, hair & beauty salons. In addition to a capacity limitation of 1 person per 10m², consumers were obliged to shop alone and for a maximum period of 30 minutes. Following the start of a third wave of the pandemic, the authorities implemented further restrictive measures on 27 March including a lockdown for a period of four weeks. There was more flexibility than in previous lockdowns, and in addition to click & collect, take-away and delivery activities, non-essential stores were able to stay open and receive customers by appointment, subject to a maximum capacity of 50 people. 80 of our 130 stores therefore remained at least partially open maintaining important links with their customers and generating sales. Woluwe Shopping re-opened on 26 April, although bars and restaurants were only able to partially resume trade from 8 May operating from their external terraces, before being able to reopen internally from 9 June with some restrictions and reduced capacity.

In order to support our tenants we implemented various initiatives. We facilitated and promoted shopping by appointment through a centralised booking system supported by a focused marketing campaign. Fair rent concessions were negotiated on a case-by-case basis in order to provide financial support for tenants in the most affected sectors. This pragmatic and reasonable approach has allowed us to maintain our long-term professional relationships with our tenants and is reflected in our high rent collection figure for H1 currently standing at 95% of invoiced rent and 98% of due and collectable rent.

Following the re-opening at the end of April, there has been a strong recovery in retail sales. In the month of June 2021 retail sales increased by 23% compared to June last year with most sectors showing positive trends, particularly fashion (30%), shoes (27%) and restaurants (37%) with retail sales overall reaching 98% of pre-pandemic levels, although footfall has not yet fully recovered.

Our leasing activities in Belgium have remained very active during the COVID-19 period. Over the past 12 months, 22 leases were signed at rents that overall were slightly above their previous levels. During the first half of 2021 new store openings included Rituals, Jott, Histoire d'Or, MediMarket and Orange. Woluwe Shopping's ability to attract premium international brands has continued with late summer openings of Bexley, Maison Dandoy and Xandres who are establishing their first stores in a Belgian shopping centre. This will shortly be followed by the fast expanding French electrical retailer, Hubsid Store, a new entrant to the Belgian market.

The planning application process for our mixed-use extension project which includes 7,800 m² of retail and 100 apartments is progressing well. The environmental impact study was successfully completed

by the end of June and the one-month public inquiry will commence during mid-September. Planning approval is expected during the first half of 2022, by when we expect pre-leasing activity to be well advanced, assisted by the deferral or repositioning of proposed external retail developments around Brussels.

France

The first six months of 2021 were marked by new government restrictions that led to the closure of non-essential retail. On 31 January, shopping centres of more than 20,000m² had to close followed by shopping centres of more than 10,000m² (23 départements) from 6 March and those of more than 5,000m² (16 départements) from 20 March. Finally, there was a general closure of all non-essential retail during a third national lockdown that commenced on 3 April. Following a clear improvement in the health situation, the government allowed shops to reopen from 19 May with some restrictions, particularly restaurants, which were finally lifted on 30 June.

The reopening of our shopping centres has been very encouraging with strong sales growth in all sectors, particularly fashion, shoes, sport and F&B with a noticeable increase in the average basket size. Over the month of June, turnover increased by 10.5% compared to June 2020 and by 5.1% compared to June 2019.

The French government has committed to provide a comprehensive rent support package covering the third lockdown, although details concerning the extent and timing are still awaited and needs the approval of the European Commission. This has delayed rent settlements with our tenants and has restricted our rent collection for H1 2021 which currently stands at 71% of invoiced rent and 71% of due and collectable rent.

In France, we completed 35 lease renewals and relettings over the last 12 months with an average uplift of 6.6%. We renewed 18 leases with a rent increase of approximately 8.9%. New letting activity also generated a rental increase of 3.9%. Our merchandising strategy has evolved over the last six months with a broad range of sectors represented in the relettings or renewals. Marc Orian and Lovisa (gift and jewellery), Morgan (fashion) Orange (telecom and electrical), Comptoir de Mathilde (food), Urban Picnic (restaurant) and Krys (health and beauty) have all taken new units in our centres. We also entered into a lease agreement with Primark for a unit of 6,600m² to be built at Val Thoiry. This will anchor our proposed extension which is still subject to planning authorisation.

During spring 2021, the French government introduced a law "*Loi Climat & Résilience*", proposing various measures in order to comply with the environmental goals of the Paris environmental treaty. The law was published on 24 August 2021. One of the measures is the ban on the construction of new shopping centres over 10,000m² on green land; all developments over 3,000m² will need to be reviewed by the *Préfet*.

During Q1 2021, we completed the sale of Les Trois Dauphins in Grenoble to the Crédit Agricole group for a price of €34.4 million, reflecting a net initial yield of around 6.2%. The 1,600m² F&B project adjoining the existing shopping centre at Etrembières is under construction and scheduled to open in the first half of 2022. The purchase of the 50% share of Etrembières held by our joint venture partner, Axa IM Real Assets, is scheduled for November 2021 at a price of €45 million. The Company will then become the 100% owner of Etrembières together with the adjoining F&B development which will provide management and cost efficiencies.

Italy

On 13 February, Italy's new government, headed by Prime Minister Mario Draghi, further strengthened the pandemic measures adopted by the previous government and gave a further important stimulus to the vaccination campaign. The colour coded regional system in place since November 2020 continued to be the main reference point for the easing or toughening of anti-COVID-19 regional restrictive measures. A third COVID-19 wave hit the country from February to May leading to a tightening of the restrictions. The situation began to improve and from 26 April 2021 all regions turned yellow and all non-essential stores and open air restaurants were allowed to reopen. Starting

from 22 May restrictions were further eased and shopping centres were finally allowed to reopen also during weekends. During June, restaurants could welcome customers also inside and curfews were lifted.

During these difficult times we have put in place several measures to support our tenants. During the first part of the year when restrictions were in place, we reduced costs to a minimum and we will continue to focus on cost reducing measures over the remaining part of the year. Moreover, we gave our tenants rent holidays spread over Q1, Q2 and Q3 and offered them the possibility of paying their rent monthly in advance instead of quarterly in advance. This comes on top of stimuli provided by the Italian government to support companies in relation to the COVID-19 pandemic. In particular, the concession of a special tax credit for rent paid between January and May equal to a maximum of 60% (for lease contracts) and 30% (for business license contracts) if certain conditions are met, assisted our tenants. Minor support has also been granted to some of our larger tenants, i.e. companies with a turnover in 2019 higher than €15 million.

Visitor numbers are encouraging and were up by 10.9% compared to June 2020, but still 23.5% lower compared to June 2019. These are good results given the current circumstances, with no events that could be organised and footfall related to entertainment and food very limited. This was compensated by a higher average spending per consumer, so June 2021 turnover increased by 22.7% compared to June 2020, with most sectors showing positive results, and was in line with June 2019 figures, highlighting the resilience of our shopping centres.

Discussions with our tenants regarding COVID-19 effects are nearing completion. This will further boost the rent collection figures for H1 currently standing at 79% of invoiced rent and 89% of due and collectable rent.

Relettings and renewals of 142 leases, over the past twelve months, produced an average rental uplift of 13.3%. In Fiordaliso shopping centre on 4 March the hypermarket moved to the exterior, being connected to the shopping centre through a common entrance. The area of the former hypermarket has been demolished and is being partly converted into a new multilevel carpark and partly (7,000m²) into ten new shops let to major brands including Adidas, Game 7, Hollister and New Yorker, who will open their first stores in Fiordaliso, while JD Sport and Bershka are relocating from their existing units into larger ones, reinforcing their presence in the centre. The new extended mall is expected to open on time for Black Friday in November 2021.

All Italian shopping centres obtained the BREEAM in Use Certification with a minimum rate of “Very Good” for both Part 1 and 2. Carosello and Gigli obtained a rating upgrade to “Excellent” for both Part 1 and 2. Fiordaliso’s upgrade to “Excellent” is expected by Q2 of 2022. With reference to the ESG plan, the shopping centres have all been fitted with smart meters to measure the consumption of energy, gas and water.

Sweden

In Sweden, all our shopping centres have remained fully open and trading during H1 2021 as they have been throughout the pandemic. There were some restrictions covering the F&B sector and with government recommendations generally not encouraging retail activity, turnover and footfall were a little down on normal levels during the spring. With the lifting of restrictions coinciding with the resumption of normal trading hours in the shopping centres, retail sales and footfall have rebounded very strongly during the summer staycation.

Retail sales in June 2021 were over 14% above June last year when shopping centres were also fully open. All sectors had strong positive growth with fashion, shoes and restaurants particularly prominent and all up around 28%. Overall, retail sales in June were over 9% higher than the pre-pandemic June 2019 figures. Footfall also continues to recover well and almost reached pre-pandemic levels in June. These healthy levels of retail turnover and footfall have continued to support full rent collection which currently stands at 94% of invoiced rent and 99% of due and collectable rent for H1.

During the 12 months to the end of June 2021, 102 renewals and relettings were completed producing an overall uplift of 3.2%. Notable new lettings completed during H1 included a lease to Lagerhaus (400m²), a major national home interior group who opened in Hallarna in May alongside the expanding Danish value retailer, Normal who are now established in six of our shopping centres. One of Normal's new units includes Valbo where they form part of the recent refurbishment project which also includes a full concept H&M, Intersport and New Yorker. In C4, Cassels have opened in the former Afound unit (825 m²). Remerchandising at Bergvik has provided new stores for Gina Tricot, Rituals and Hemtex. Ikea have recently announced that they will be rolling out their new smaller format concept stores in provincial Sweden and have already signed for units in Ingelsta Shopping, Hallarna and Grand Samarkand with the first opening expected in September.

Environmental, social and governance

As a long-term investor, Eurocommercial aims to build a sustainable and resilient business and each business decision is therefore approached taking a long-term view, supported by thorough research and analysis in order to evaluate its environmental and social impact. With our ESG strategy updated in April 2021, we will continue to promote sustainable shopping centres with a clear vision and full transparency towards our stakeholders, ensuring that we can meet global challenges and the future demands from our customers, tenants and employees.

Our ESG and business strategies are carefully aligned and articulated around three strategic pillars: Be Green, Be Engaged and Be Responsible. For more details please see our ESG strategy on our website:

www.eurocommercialproperties.com/esg/esg-strategy

During H1 2021, Eurocommercial's Green Lease, Environmental and Supplier Code of Conduct policies and ESG Governance structure have all been updated. During H1 we organised several internal ESG training workshops focusing on carbon impact, climate change risks and opportunities.

Green Lease policy

Eurocommercial introduced its updated Green Lease documentation in order to exchange ESG ambitions, targets and responsibilities with its tenants to gradually reduce the environmental footprint of its shopping centre portfolio. The Green Lease is the base for lease agreements in all our four markets and has been adjusted to be compliant with local, national and European legislation. The documentation is the result of constructive cooperation with our tenants and is designed to identify and monitor activities, products and services that have a social and environmental impact. The Green Lease is an important step to maintaining sustainable shopping centres and adheres to ESG principles including:

- Contributing to our goal to operate carbon-neutral by 2030
- Decreasing the use of electricity, gas and water
- Reducing the production of waste and single-use products such as plastics and packaging
- Sharing information, setting targets, implementing best practice procedures and programmes to improve and track performance
- Implementing responsible procurement practices
- Encouraging the use of sustainable transport for customers and employees

Environmental policy

The Environmental policy outlines Eurocommercial's commitment to environmental sustainability and incorporates these principles within its daily operations and includes the assessment and management of its real estate with respect to climate change, pollution prevention, biodiversity detection, water conservation and resource scarcity. Eurocommercial uses the BREEAM certification process to standardise and improve the sustainable quality of its buildings and their management. The certification covers a comprehensive range of environmental criteria including waste, energy,

water, pollution prevention, indoor environment quality, materials, land use and ecology, management and transport.

Supplier Code of Conduct

Supporting suppliers is an important ingredient in meeting ESG objectives. Working with experienced partners, Eurocommercial requires its service providers, maintenance and construction companies and employees to commit to the Supplier Code of Conduct.

BREEAM Certification

As part of our “Be Green” pillar, we have set the target to have all our shopping centres BREEAM Certified per 2025. Over the past half year a lot of progress has been booked in this respect, especially in Italy: during the first half year we received BREEAM certification for four shopping centres in Italy and now all our Italian shopping centres are BREEAM certified. In Sweden six out of seven centres have been certified. Furthermore, we received BREEAM certificates for Les Portes de Taverny and Passage du Havre in France; we aim to finalise the certification of the French portfolio by the year end. The BREEAM certification for Woluwe is currently being prepared.

Timetable for share consolidation and conversion of depositary receipts into shares

In 2020, the Company announced its intention to terminate the Company's depositary receipts structure. The share consolidation and, subsequently, the conversion of all depositary receipts into shares are the final steps in the termination of this depositary receipts structure. These steps follow the 8 June 2021 AGM resolution approving the amendment of the Company's articles of association required to implement the share consolidation and the conversion of depositary receipts into shares.

On 9 June 2021, the Board of Trustees of Stichting Administratiekantoor Eurocommercial Properties (STAK) announced via the Company's website that, in connection with the resolutions adopted by the AGM, it had resolved to amend the STAK articles of association and the STAK conditions of administration and to terminate the administration of the Company's shares, all subject to a three months waiting period having lapsed and the execution of the deed amending the Company's articles of association.

With the implementation of the amendment of the Company's articles of association on Wednesday 15 September 2021, each ten shares with a nominal value of €1 will be consolidated into one share with a nominal value of €10, in order to be able to apply a 1:1 conversion ratio. Upon conversion of the depositary receipts into shares, each holder of depositary receipts will automatically receive one share for each depositary receipt that it owns, free of charge. The depositary receipts held by such holder will simultaneously be cancelled, without any further action being required.

The share consolidation and conversion of depositary receipts into shares will not lead to any interruption of trading in the Company's securities. The timetable below sets forth the expected dates regarding the share consolidation, conversion and trading in the Company's securities.

Event	Date	Time
Last trades in depositary receipts	13 September 2021	17:30 CET
First trading date of shares	14 September 2021	09:00 CET
Last settlement and delivery of depositary receipts	15 September 2021	17:30 CET
Record date for the conversion of depositary receipt into shares	15 September 2021	17:30 CET
Amendment Company's articles of association and STAK articles of association and terms and conditions	15 September 2021	After 17:30 CET
Settlement and delivery of shares	16 September 2021	

Until 13 September 2021, the Company's depository receipts will trade under the Euronext ticker symbol ECMPA. As of 14 September 2021, trading of shares will resume under the same Euronext ticker symbol ECMPA. The ISIN code for the Company's shares will be: NL0015000K93 as per 14 September 2021.

For those investors who currently only hold shares registered in their name in the Company's shareholders' register, the conversion of the depository receipts into shares will in itself not result in a change to their position. The share consolidation may however have a certain impact on their position. If the number of shares held by such investor at the time of the consolidation is not an exact multiple of ten, he or she will automatically continue to hold one or more fractional shares. Reference is made to the triptych relating to the amendment of the articles of association of the Company for a more detailed explanation on the consequences of the share consolidation for such investors. The triptych can be found on the Company's website.

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 2019/2020 Annual Report with regard to existing risks, which have not materially changed.

Since early 2020, the global economy and our business have been heavily impacted by the COVID-19 virus. COVID-19 has resulted in (temporary) closures of many of our shopping centres and further restrictions for visitors to our shopping centres, when open. In all four countries where the Company operates shopping centres, the national and local governments have taken strict measures to limit the spread of the virus. The Company may be exposed to an increased risk due to COVID-19 or other epidemics or pandemics, which are likely to have a material adverse effect on the Company, its operations, financial position and/or results, financial forecast/guidance and share price.

The risks and uncertainties due to the COVID-19 pandemic are unfortunately continuing and make it difficult to forecast the impact of the pandemic on the performance of the Company for the remaining period until the end of the financial year, in particular as the French government support package for the third COVID-19 wave is not yet published.

Financial agenda

The third quarter results will be published on Friday 5 November 2021.

Amsterdam, 27 August 2021

Board of Management

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

Conference call and audio webcast

Eurocommercial will host a conference call and audio webcast today, Friday 27 August 2021 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/20210827_2/

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

Statement of consolidated direct, indirect and total investment results*

(€'000)	Six months ended 30-06-21	Six months ended 31-12-20	Six months ended 30-06-20
Rental income	98,026	100,277	100,460
Service charge income	18,039	14,312	12,746
Service charge expenses	(19,086)	(16,110)	(14,668)
Property expenses***	(26,592)	(26,894)	(16,698)
Interest income	1	9	19
Interest expenses***	(19,159)	(19,575)	(20,225)
Company expenses***	(5,330)	(5,775)	(6,239)
Other income	1,232	1,663	1,964
Current tax***	(1,652)	791	(360)
Direct investment result including non-controlling interest	45,479	48,698	56,999
Direct investment result joint ventures	2,659	3,869	3,369
Direct investment result non-controlling interest	(1,373)	(1,373)	(1,374)
Total direct investment result attributable to owners of the Company	46,765	51,194	58,994
Investment revaluation and disposal of investment properties	(41,782)	(55,211)	(107,506)
Gain/loss (derivative) financial instruments	19,512	5,065	(20,157)
Investment expenses***	(221)	(280)	(363)
Deferred tax	(4,163)	89,443	11,258
Indirect investment result including non-controlling interest	(26,654)	39,017	(116,768)
Indirect investment result joint ventures	(4,206)	17,519	(12,747)
Indirect investment result non-controlling interest	1,891	2,604	7,654
Total indirect investment result attributable to owners of the Company	(28,969)	59,140	(121,861)
Total investment result attributable to owners of the Company	17,796	110,334	(62,867)
Per depositary receipt (€)**			
Direct investment result	0.95	1.04	1.19
Indirect investment result	(0.59)	1.20	(2.46)
Total investment result attributable to owners of the Company	0.36	2.24	(1.27)

Statement of adjusted net equity*

(€'000)	30-06-21	31-12-20	30-06-20
IFRS net equity per consolidated statement of financial position	1,876,205	1,885,597	1,749,107
Derivative financial instruments***	106,654	129,593	134,624
Net deferred tax	56,317	53,068	166,387
Derivative financial instruments and net deferred tax joint ventures	(4,212)	(4,421)	8,625
Adjusted net equity	2,034,964	2,063,837	2,058,743
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back	49,402,758	49,402,758	49,402,758
Net asset value - € per depositary receipt (IFRS)	37.98	38.17	35.41
Adjusted net asset value - € per depositary receipt	41.19	41.78	41.67
Stock market prices - € per depositary receipt	20.98	15.38	11.40

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

** The Company's shares are listed in the form of depositary receipts on Euronext Amsterdam and Brussels. One depositary receipt represents ten shares. The average number of depositary receipts on issue during the six month period was 49,402,758, which was the same average for the six month period to 30 June 2020 and 31 December 2020.

*** The comparative figures have been reclassified or changed and reference is made to the notes to the consolidated interim financial statements.

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 (€)		
	30-06-21	31-12-20	30-06-20	30-06-21	31-12-20	30-06-20
EPRA Earnings**	45,474		56,876	0.92		1.15
EPRA NRV**	2,162,174	2,194,882		43.75	44.42	
EPRA NTA**	2,018,895	2,050,252		40.86	41.49	
EPRA NDV	1,843,278	1,836,925		37.30	37.17	

	Belgium		France		Italy		Sweden		Total	
	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20
(%)										
EPRA net initial yield	4.3	4.3	5.0	4.8	5.3	5.3	5.0	4.8	5.0	4.9
EPRA topped-up yield	4.5	4.7	5.0	4.9	5.4	5.4	5.1	5.0	5.1	5.1
EPRA vacancy rate	0.5	1.0	2.0	2.3	1.0	1.3	1.3	1.7	1.3	1.6

Reconciliation EPRA Earnings*

	Total (€'000)	
For the six months ended	30-06-21	30-06-20
IFRS result after taxation**	17,796	(62,867)
Adjustment to IFRS result after taxation:		
Investment revaluation and disposal of investment properties	41,782	107,506
Fair value movement derivative financial instruments**	(20,575)	18,407
Deferred tax	4,163	(11,258)
Share of result of joint ventures	4,199	12,742
Share of result of non-controlling interest	(1,891)	(7,654)
EPRA Earnings**	45,474	56,876
Average number of depositary receipts	49,402,758	49,402,758
EPRA Earnings per depositary receipt	0.92	1.15

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

** The comparative figures have been reclassified or changed and reference is made to the notes to the consolidated interim financial statements.

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

(€'000)	EPRA NRV		EPRA NTA		EPRA NDV	
	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20
IFRS equity Eurocommercial shareholders	1,876,205	1,885,597	1,876,205	1,885,597	1,876,205	1,885,597
Diluted NAV and diluted NAV at fair value	1,876,205	1,885,597	1,876,205	1,885,597	1,876,205	1,885,597
Exclude:						
Deferred tax assets and liabilities	73,844	71,386	36,922	35,693	n/a	n/a
Deferred tax liabilities joint ventures	(6,653)	(7,580)	(3,327)	(3,790)	n/a	n/a
Fair value financial instruments**	106,654	129,593	106,654	129,593	n/a	n/a
Fair value financial instruments joint ventures	2,441	3,159	2,441	3,159	n/a	n/a
Include:						
Fair value of fixed interest rate debt	n/a	n/a	n/a	n/a	(32,927)	(48,672)
Real estate transfer tax	104,780	107,704	n/a	n/a	n/a	n/a
Real estate transfer tax joint ventures	4,903	5,023	n/a	n/a	n/a	n/a
NAV	2,162,174	2,194,882	2,018,895	2,050,252	1,843,278	1,836,925
Fully diluted number of depositary receipts	49,415,915	49,415,915	49,415,915	49,415,915	49,415,915	49,415,915
NAV per depositary receipt (€)	43.75	44.42	40.86	41.49	37.30	37.17

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

** The fair value financial instruments has been changed for the previous balance sheet date of 31 December 2020, now excluding the put option liability non-controlling interest.

For the assets owned by our local subsidiaries in Sweden, 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 €28.7 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 30-06-21			Six months ended 31-12-20		
	Group	Joint Ventures**	Total	Group	Joint Ventures**	Total
Acquisitions	0	0	0	0	0	0
Investment properties						
– Incremental lettable space	8,143	4,617	12,760	29,173	3,331	32,504
– No incremental lettable space	5,181	442	5,623	2,663	0	2,663
– Tenant incentives/capitalised letting fees	6,625	78	6,703	7,439	3,883	11,322
Capitalised interest	0	29	29	307	0	307
Total capital expenditure	19,949	5,166	25,115	39,582	7,214	46,796
Conversion from accrual to cash basis	6,300	1,980	8,280	724	1,238	1,962
Total capital expenditure on cash basis	26,249	7,146	33,395	40,306	8,452	48,758

* 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	
	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20
Property investments	581,100	589,800	872,700	883,600	1,403,900	1,406,500	891,876	901,348	3,749,576	3,781,248
Land and property held for development	0	0	(12,400)	(12,800)	(7,800)	(7,800)	0	0	(20,200)	(20,600)
Investments in joint ventures	0	0	46,300	47,300	175,900	173,700	0	0	222,200	221,000
Property investments held for sale	0	0	0	34,400	0	0	0	0	0	34,400
Property investments completed	581,100	589,800	906,600	952,500	1,572,000	1,572,400	891,876	901,348	3,951,576	4,016,048
Purchasers' costs	14,540	14,790	63,738	65,123	23,479	23,508	8,846	9,010	110,603	112,431
Gross value property investments	595,640	604,590	970,338	1,017,623	1,595,479	1,595,908	900,722	910,358	4,062,179	4,128,479
Annualised net rents (EPRA NIY)	25,363	26,256	48,460	49,045	84,431	84,394	44,972	44,091	202,986	203,786
Lease incentives (incl. rent free periods)	1,295	2,168	396	598	2,215	1,444	659	1,046	4,565	5,256
Annualised rents (EPRA topped-up yield)	26,658	28,424	48,856	49,643	86,646	85,838	45,631	45,137	207,551	209,042
EPRA net initial yield (%)	4.3	4.3	5.0	4.8	5.3	5.3	5.0	4.8	5.0	4.9
EPRA topped-up yield (%)	4.5	4.7	5.0	4.9	5.4	5.4	5.1	5.0	5.1	5.1

* These statements contain 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 (%)	
	30-06-21	31-12-20	30-06-21	31-12-20	30-06-21	31-12-20
Belgium	123	264	25,065	25,134	0.5	1.0
France	1,019	1,157	50,540	50,858	2.0	2.3
Italy	909	1,219	90,376	91,155	1.0	1.3
Sweden	643	837	48,180	49,397	1.3	1.7
EPRA vacancy	2,694	3,477	214,161	216,544	1.3	1.6

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

Consolidated statement of profit or loss

(€'000)	Note	Six months ended 30-06-21	Six months ended 30-06-20
Rental income	4	98,026	100,460
Service charge income		18,039	12,746
Total revenue		116,065	113,206
Service charge expenses		(19,086)	(14,668)
Property expenses**	5	(26,592)	(16,698)
Net property income		70,387	81,840
Share of result of joint ventures		(1,547)	(9,378)
Investment revaluation and disposal of investment properties	6	(41,782)	(107,506)
Company expenses**	7	(5,349)	(6,261)
Investment expenses**		(202)	(341)
Other income		1,232	1,964
Operating result		22,739	(39,682)
Interest income	8	1	19
Interest expenses	8	(20,222)	(21,975)
Gain/loss (derivative) financial instruments	8	20,575	(18,407)
Net financing result		354	(40,363)
Result before taxation		23,093	(80,045)
Current tax**		(1,652)	(360)
Deferred tax	15	(4,163)	11,258
Total tax		(5,815)	10,898
Result after taxation		17,278	(69,147)
Result after taxation attributable to:			
Owners of the Company		17,796	(62,867)
Non-controlling interest		(518)	(6,280)
		17,278	(69,147)
Per depositary receipt (€)*			
Result after taxation		0.34	(1.21)
Diluted result after taxation		0.34	(1.21)

* These results per depositary receipt are based on the number of depositary receipts in issue after the balance sheet date as a result of the scrip dividend paid on 2 July 2021, resulting in 52,146,994 depositary receipts outstanding (after deduction of depositary receipts bought back). The diluted number of outstanding depositary receipts will be 52,160,151.

** The comparative figures have been reclassified or changed and reference is made to the notes to the consolidated interim financial statements.

Consolidated statement of comprehensive income

(€'000)	Six months ended 30-06-21	Six months ended 30-06-20
Result after taxation*	17,278	(69,147)
Foreign currency translation differences (to be recycled through profit or loss)	(3,273)	(1,683)
Actuarial result on pension scheme (not to be recycled through profit or loss)	579	(64)
Other comprehensive income	(2,694)	(1,747)
Total comprehensive income	14,584	(70,894)
Total comprehensive income attributable to:		
Owners of the Company	15,102	(64,614)
Non-controlling interest	(518)	(6,280)
	14,584	(70,894)
Per depositary receipt (€)**		
Total comprehensive income	0.29	(1.24)
Diluted total comprehensive income	0.29	(1.24)

* The comparative figures have been reclassified or changed and reference is made to the notes to the consolidated interim financial statements.

** These income amounts per depositary receipt are based on the number of depositary receipts in issue after the balance sheet date as a result of the scrip dividend paid on 2 July 2021, resulting in 52,146,994 depositary receipts outstanding (after deduction of depositary receipts bought back). The diluted number of outstanding depositary receipts will be 52,160,151.

Consolidated statement of financial position

(€'000)	Note	30-06-21	31-12-20
Property investments	9	3,745,576	3,776,848
Property investments under development	9	4,000	4,400
Investments in joint ventures	10	118,605	122,097
Tangible fixed assets		4,340	4,754
Deferred tax assets	15	22,216	24,858
Receivables	11	216	243
Derivative financial instruments	14	82	188
Total non-current assets		3,895,035	3,933,388
Property investments held for sale	9	0	34,400
Receivables	11	77,738	58,813
Cash and deposits		52,846	60,435
Total current assets		130,584	153,648
Total assets		4,025,619	4,087,036
Creditors	12	121,035	108,716
Borrowings	13	256,167	205,027
Total current liabilities		377,202	313,743
Creditors	12	21,349	29,342
Borrowings	13	1,451,396	1,536,061
Derivative financial instruments*	14	106,736	129,781
Deferred tax liabilities	15	78,533	77,926
Put option liability non-controlling interest*	16	53,065	52,464
Provisions for pensions		1,409	1,880
Total non-current liabilities		1,712,488	1,827,454
Total liabilities		2,089,690	2,141,197
Net assets		1,935,929	1,945,839
Equity Eurocommercial Properties shareholders	17		
Issued share capital		499,097	249,548
Share premium reserve		263,813	513,315
Other reserves		1,095,499	1,007,367
Undistributed income		17,796	115,367
Equity attributable to the owners of the Company		1,876,205	1,885,597
Non-controlling interest		59,724	60,242
Total equity		1,935,929	1,945,839

* The comparative figures have been reclassified and reference is made to the notes to the consolidated interim financial statements.

Consolidated statement of cash flows

(€ '000)	Six months ended 30-06-21	Six months ended 30-06-20*
Result after taxation	17,278	(69,147)
Adjustments:		
Reclassification result (comparative six month period)	0	2,162
Movement performance shares granted	47	(1,197)
Investment revaluation and disposal of investment properties	38,443	107,291
(Derivative) financial instruments	(20,113)	22,515
Put option liability non-controlling interest	(462)	(4,107)
Share of result of joint ventures	1,547	9,378
Interest income	(1)	(11)
Interest expenses	20,222	20,217
Deferred tax	4,163	(11,258)
Current tax	1,652	608
Depreciation tangible fixed assets	928	1,116
Other movements	690	1,837
Cash flow from operating activities after adjustments	64,394	79,404
(Increase) in receivables	(11,415)	(15,362)
(Decrease) in creditors	(2,265)	(27,936)
	50,714	36,106
Current tax paid	(271)	0
Capital gain tax paid	(12,601)	(11)
Dividends received from joint ventures	2,000	0
(Derivative) financial instruments	(211)	(462)
Early close out costs	(2,609)	0
Borrowing costs	(861)	(1,444)
Interest paid	(17,932)	(20,023)
Interest received	1	11
Cash flow from operating activities	18,230	14,177
Capital expenditure	(19,623)	(34,610)
Sale of property	34,400	0
Investments in joint ventures	(55)	(430)
Loan to joint ventures	(7,500)	(3,000)
Additions to tangible fixed assets	(315)	(625)
Cash flow from investing activities	6,907	(38,665)
Borrowings added	119,819	134,277
Repayment of borrowings	(151,459)	(71,345)
Payments lease liabilities	(550)	(556)
Depository receipts bought back	0	(34)
(Decrease) in non-current creditors	(468)	(426)
Cash flow from financing activities	(32,658)	61,916
Net cash flow	(7,521)	37,428
Currency differences on cash and deposits	(68)	(61)
(Decrease)/increase in cash and deposits	(7,589)	37,367
Cash and deposits at beginning of period	60,435	32,053
Cash and deposits at the end of period	52,846	69,420

* The comparative figures have been reclassified or changed and reference is made to the notes to the consolidated interim financial statements.

Consolidated statement of changes in equity

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

The movements in equity in the six month period ended 30 June 2020* 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
31-12-2019	249,548	515,122	1,037,843	65,083	1,867,596	67,753	1,935,349
Result after taxation				(62,867)	(62,867)	(6,280)	(69,147)
Other comprehensive income			(1,747)		(1,747)		(1,747)
Total comprehensive income			(1,747)	(62,867)	(64,614)	(6,280)	(70,894)
Reclassification result				2,162	2,162		2,162
Put option liability non- controlling interest			(54,805)		(54,805)		(54,805)
Depository receipts brought back			(35)		(35)		(35)
Performance shares granted		(1,197)			(1,197)		(1,197)
30-06-2020	249,548	513,925	981,256	4,378	1,749,107	61,473	1,810,580

* The comparative figures have been reclassified or changed and reference is made to the notes to the consolidated interim financial statements.

Notes to the consolidated interim financial statements

as at 30 June 2021

General

Eurocommercial Properties N.V. (the Company) domiciled in Amsterdam, the Netherlands, is a closed-end property investment company. The consolidated financial statements of the Company for the financial year starting 1 January 2021 and ending 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

This half year report includes the figures for the six month period from 1 January 2021 to 30 June 2021. The comparative figures for the period 1 January 2020 to 30 June 2020 have not been published before due to the extension of the financial year in June 2020, but are the result of using twelve month figures as per 30 June 2020 and six month figures as per 31 December 2019 in order to compose the presented comparative figures subject to some reclassifications and changes explained in this report. These reclassifications and changes concern the following items.

- (i) In the consolidated statement of financial position, the fair value financial instruments has been reclassified for the previous reporting period as per 31 December 2020. The put option liability non-controlling interest is presented as a separate item on the current statement, whereas in the previous reporting period it was presented as part of the derivative financial instruments;
- (ii) In the consolidated statement of profit or loss, the Italian local tax (IRAP) is included in the corporate income tax, whereas in the previous reporting period it was included in the property expenses. Consequently, an amount of €248,000 was reclassified from property expenses to corporate income tax for the six month reporting period ended 30 June 2020;
- (iii) In the consolidated statement of profit or loss, the interest expenses on the put option liability non-controlling interest is presented as part of the interest expenses, whereas in the previous reporting period it was presented as part of the investment expenses. Consequently, an amount of €1,750,000 was reclassified from investment expenses to interest expenses for the six month reporting period ended 30 June 2020;
- (iv) As no bonuses were awarded and granted performance shares were cancelled, certain accruals for salaries and wages, social security charges and performance shares granted (IFRS 2) were reversed in the six month reporting period ended 30 June 2020. These reversals also related to the period as from the start of the extended financial year and therefore covered a period longer than six months. To make the reported expenses more comparable, the relative comparative figures have been accordingly reversed. The impact of these reversals is €958,000 in the property expenses, €481,000 in the company expenses and €724,000 in the investment expenses. An additional line item related to these changes in comparative figures has therefore been added to the consolidated statements of cash flows and to the consolidated statement of changes in equity.

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 2021 have been drawn up in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (IFRS) as per 30 June 2021. 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 2020.

(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 2020.

Notes to the consolidated interim financial statements

as at 30 June 2021

2. Segment information 2021

(€'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 of result 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 30-06-21	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	581,100	919,000	1,579,800	891,876	0	3,971,776	(222,200)	3,749,576
Investments in joint ventures	0	0	0	0	0	0	118,605	118,605
Tangible fixed assets	0	1,538	1,561	286	955	4,340	0	4,340
Deferred tax assets	0	0	28,869	0	0	28,869	(6,653)	22,216
Receivables	6,767	41,631	14,853	5,093	942	69,286	8,668	77,954
Derivative financial instruments	0	0	29	10	43	82	0	82
Cash and deposits	1,649	5,626	15,661	18,531	16,403	57,870	(5,024)	52,846
Total assets	589,516	967,795	1,640,773	915,796	18,343	4,132,223	(106,604)	4,025,619
Creditors	8,375	39,865	50,678	28,562	27,065	154,545	(12,161)	142,384
Borrowings	285,178	258,422	878,179	357,786	20,000	1,799,565	(92,002)	1,707,563
Derivative financial instruments	6,931	0	101,522	724	0	109,177	(2,441)	106,736
Deferred tax liabilities	0	0	0	78,533	0	78,533	0	78,533
Put option liability non-controlling interest	53,065	0	0	0	0	53,065	0	53,065
Provision for pensions	0	0	0	0	1,409	1,409	0	1,409
Total liabilities	353,549	298,287	1,030,379	465,605	48,474	2,196,294	(106,604)	2,089,690

(€'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 2021

2. Segment information (continued)

2020

(€'000)						Total Adjustments		
For the six month period ended 30-06-20*	Belgium	France	Italy	Sweden	Netherlands**	The proportional consolidation	joint ventures	Total IFRS
Rental income	13,374	25,820	44,347	22,506	0	106,047	(5,587)	100,460
Service charge income	3,909	1,454	2,514	5,877	0	13,754	(1,008)	12,746
Service charge expenses	(3,949)	(1,948)	(2,520)	(7,509)	0	(15,926)	1,258	(14,668)
Property expenses	(1,336)	(5,518)	(7,305)	(2,963)	0	(17,122)	424	(16,698)
Net property income	11,998	19,808	37,036	17,911	0	86,753	(4,913)	81,840
Share of result of joint ventures	0	0	0	0	0	0	(9,378)	(9,378)
Investment revaluation and disposal of investment properties	(29,894)	(32,456)	(54,399)	(4,978)	(9)	(121,736)	14,230	(107,506)
Segment result	(17,896)	(12,648)	(17,363)	12,933	(9)	(34,983)	(61)	(35,044)
Net financing result						(42,027)	1,664	(40,363)
Company expenses						(6,257)	(4)	(6,261)
Investment expenses						(346)	5	(341)
Other income						1,241	723	1,964
Result before taxation						(82,372)	2,327	(80,045)
Current tax						(297)	(63)	(360)
Deferred tax						13,522	(2,264)	11,258
Result after taxation						(69,147)	0	(69,147)

(€'000)						Total Adjustments		
As per 31-12-20	Belgium	France	Italy	Sweden	Netherlands**	The proportional consolidation	joint ventures	Total IFRS
Property investments	589,800	965,300	1,580,200	901,348	0	4,036,648	(221,000)	3,815,648
Investments in joint ventures	0	0	0	0	0	0	122,097	122,097
Tangible fixed assets	0	1,703	1,772	389	890	4,754	0	4,754
Deferred tax assets	0	0	32,438	0	0	32,438	(7,580)	24,858
Receivables	7,465	31,459	10,585	7,722	1,165	58,396	660	59,056
Derivative financial instruments	0	0	0	0	188	188	0	188
Cash and deposits	2,571	8,212	30,349	19,558	3,711	64,401	(3,966)	60,435
Total assets	599,836	1,006,674	1,655,344	929,017	5,954	4,196,825	(109,789)	4,087,036
Creditors	9,741	39,488	66,360	34,018	2,578	152,185	(14,127)	138,058
Borrowings	285,098	249,989	926,955	361,549	10,000	1,833,591	(92,503)	1,741,088
Derivative financial instruments	9,108	0	123,168	664	0	132,940	(3,159)	(129,781)
Deferred tax liabilities	0	0	0	77,926	0	77,926	0	77,926
Put option liability non-controlling interest	52,464	0	0	0	0	52,464	0	52,464
Provision for pensions	0	0	0	0	1,880	1,880	0	1,880
Total liabilities	356,411	289,477	1,116,483	474,157	14,458	2,250,986	(109,789)	2,141,197

(€'000)						Total Adjustments		
For the six month period ended 30-06-20	Belgium	France	Italy	Sweden	Netherlands**	The proportional consolidation	joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	2,583	2,741	15,947	16,120	0	37,391	(5,967)	31,424

* The comparative figures have been reclassified or changed and reference is made to the notes to the consolidated interim financial statements.

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

Notes to the consolidated interim financial statements

as at 30 June 2021

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 2021 the exchange rate for €1 was SEK 10.1110 (31 December 2020: €1 = SEK 10.0343).

4. Rental income

Rental income in the current financial period comprised:

For the six months ended (€'000)	30-06-21	30-06-20
Gross lease payments collected/accrued	101,842	102,573
Amortisation of rent concessions	(3,449)	0
COVID-19 rent concessions	(1,406)	(3,817)
COVID-19 state support	808	1,469
Entry fees received/accrued	231	235
	98,026	100,460

5. Property expenses

Property expenses in the current financial period were:

For the six months ended (€'000)	30-06-21	30-06-20
Direct property expenses		
Bad debts	3,426	1,834
Centre marketing expenses	912	1,230
COVID-19 rent concessions	8,848	0
Insurance premiums	406	503
Managing agent fees	1,123	1,423
Property taxes*	1,721	1,741
Repair and maintenance	317	343
Shortfall service charges	426	421
	17,179	7,495
Indirect property expenses		
Accounting fees	368	340
Audit fees	235	244
Depreciation fixed assets	282	383
Depreciation IFRS 16 Right of use assets	406	384
Dispossession indemnities	12	46
Legal and other advisory fees	1,063	972
Letting fees and relocation expenses	592	590
Local office and accommodation expenses	833	815
Pension contributions	97	71
Salaries and wages**	3,500	3,489
Social security charges**	1,569	1,502
Performance shares granted (IFRS 2)**	15	72
Travelling expenses	132	23
Other local taxes	330	160
Other expenses	(21)	112
	9,413	9,203
	26,592	16,698

* The comparative figures have been reclassified for an amount of €248,000 for the Italian local tax (IRAP) that was previously presented as property expenses and has been reclassified as current tax.

Notes to the consolidated interim financial statements

as at 30 June 2021

5. Property expenses (continued)

** Reference is made to the first paragraph with the heading General of the notes to the consolidated interim financial statements, which contains an explanation of how the comparative figures have been composed, as the previous financial year was extended. The reversal of certain accruals for the three marked expenses, which were made in the six month period ended 30 June 2020 were also related to the period as from the start of the extended financial year and have therefore been changed to make the reported expenses comparable, as no bonuses were awarded and granted performance shares were cancelled as a result of COVID-19 in the extended financial year. The reversal for the three marked expenses amounted to €958,000.

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)	30-06-21	30-06-20
Revaluation of property investments	(35,892)	(106,868)
Revaluation of property investments under development	(2,515)	(233)
Divestment movement property sold	(36)	(66)
Elimination of accrued entry fees	(44)	(187)
Elimination of capitalised letting fees	(1,709)	(284)
Elimination of rent discounts COVID-19	(786)	0
Movement long-term creditors	(539)	156
Foreign currency results	(261)	(24)
	(41,782)	(107,506)

7. Company expenses

Company expenses in the current financial period comprised:

For the six months ended (€'000)	30-06-21	30-06-20
Audit fees	223	152
Depreciation fixed assets	244	227
Directors' fees	1,121	1,333
IT expenses	554	469
Legal and other advisory fees	349	735
Marketing expenses	112	345
Office and accommodation expenses	606	832
Pension costs*	19	22
Pension contributions*	253	246
Salaries and wages**	1,175	1,094
Social security charges**	203	198
Statutory costs	249	204
Performance shares granted (IFRS 2)**	9	54
Travelling expenses	4	79
Other expenses	228	271
	5,349	6,261

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

** Reference is made to the first paragraph with the heading General of the notes to the consolidated interim financial statements, which contains an explanation of how the comparative figures have been composed, as the previous financial year was extended. The reversal of certain accruals for the three marked expenses, which were made in the six month period ended 30 June 2020 were also related to the period as from the start of the extended financial year and have therefore been changed to make the reported expenses comparable, as no bonuses were awarded and granted performance shares were cancelled as a result of COVID-19 in the extended financial year. The reversal for the three marked expenses amounted to €481,000.

Notes to the consolidated interim financial statements

as at 30 June 2021

8. Net financing result

Net financing result in the current financial period comprised:

For the six months ended (€'000)	30-06-21	30-06-20
Interest income	1	11
Gross interest expense	(19,159)	(20,605)
Capitalised interest	0	388
Fair value movement derivative financial instruments	22,932	(22,052)
Loss (derivative) financial instruments	(211)	(462)
Movement in present value put option non-controlling interest	463	4,107
Early close out costs	(2,609)	0
Interest on put option non-controlling interest* **	(1,063)	(1,750)
	354	(40,363)

* The interest on put option non-controlling interest is allocated to the indirect investment result.

** The comparative figures have been changed and reference is made to note General to the consolidated interim financial statements.

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 75% (30 June 2020: 75%) of interest costs are fixed at an average interest rate of 2.0% (30 June 2020: 2.0%) for an average period of more than six years (30 June 2020: almost seven years). The early close out costs are related to the prepayment of a long-term loan agreement in March 2021, which fixed interest rate loan was secured on the sold property Les Trois Dauphins at Grenoble.

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 2021. The yields described in the Board of Management report reflect market practice and are derived by dividing expected property net income for the coming year by the gross valuation (net valuation figure plus purchaser's costs including transfer duties) expressed as a percentage. The valuation standards used by the external independent valuers require that valuers draw attention to uncertain circumstances, if these could have a material effect on the valuation, indicating the cause of the uncertainty and the degree to which this is reflected in the reported valuation. As per 30 June 2021, there were no valuation reports that included such an uncertainty.

Notes to the consolidated interim financial statements

as at 30 June 2021

9. Property investments and property investments under development

(continued)

The current property portfolio is:

(€'000)	30-06-21 Net value	31-12-20 Net value	30-06-21 Costs to date	31-12-20 Costs to date
Belgium	581,100	589,800	653,689	653,121
France	872,700	918,000	614,102	637,369
Italy	1,403,900	1,406,500	1,043,251	1,038,786
Sweden	891,876	901,348	753,295	753,295
Total	3,749,576	3,815,648	3,064,337	3,082,571
Less: Property investments under development	(4,000)	(4,400)	(12,046)	(9,931)
Less: Property investments held for sale	0	(34,400)	0	(28,340)
Property investments	3,745,576	3,776,848	3,052,291	3,044,300

Changes in property investments and property investments held for sale for the financial period ended 30 June 2021 (31 December 2020: 6 month period to 31 December 2020) were as follows:

(€'000)	30-06-21	31-12-20
Book value at beginning of period	3,811,248	3,844,876
Capital expenditure - general	5,181	2,663
Capital expenditure - extensions and refurbishments	6,027	27,789
Capitalised interest	0	306
Capitalised letting fees	1,710	574
Capitalised rent concessions	786	7,092
Elimination of capitalised letting fees	(1,710)	(574)
Elimination of capitalised rent concessions	(786)	(7,092)
Revaluation of property investments	(35,892)	(42,516)
Book value divestment property	(34,400)	(63,271)
Exchange rate movement	(6,588)	41,401
Book value at end of period	3,745,576	3,811,248

Changes in property investments under development for the financial period ended 30 June 2021 (31 December 2020: 6 month period to 31 December 2020) were as follows:

(€'000)	30-06-21	31-12-20
Book value at beginning of period	4,400	1,800
Capital expenditure	2,115	1,383
Revaluation property investments under development	(2,515)	1,217
Book value at end of period	4,000	4,400

The fair value measurement of all the property investments and property investments under development are categorised within level 3 of the fair value hierarchy (31 December 2020: level 3).

Assumptions and sensitivity analysis:

The average net initial yield applied by the valuers is 4.3% for Belgium, 4.9% for France, 5.3% for Italy and 5.0% for Sweden, compared to the yields reported as per 31 December 2020 of 4.1% for Belgium, 4.8% (France), 5.3% (Italy) and 4.9% (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 €150 million (31 December 2020: €160 million), whereas a decrease in the average yield of 25 bps would result in an increase in the value of the property portfolio of €188 million (31 December 2020: €195 million).

An increase in the estimated rental value of 5% would result in an increase in the value of the property portfolio of €138 million (31 December 2020: €138 million). A decrease in the estimated rental value of 5% would result in a decrease in the value of the property portfolio of €136 million (31 December 2020: €139 million).

Notes to the consolidated interim financial statements

as at 30 June 2021

10. Investments in joint ventures

Changes in investments in joint ventures for the financial period ended 30 June 2021 (31 December 2020: 6 month period to 31 December 2020) were as follows:

(€'000)	30-06-21	31-12-20
Book value at beginning of period	122,097	108,156
Investments in joint ventures	55	430
Dividends received from joint ventures	(2,000)	(2,500)
Eurocommercial's share of total comprehensive income	(1,547)	16,011
Book value at end of period	118,605	122,097

Investments in joint ventures refer to the shopping centres Fiordaliso in Italy and Shopping Etrembières in France.

11. Receivables

(€'000)	30-06-21	31-12-20
Funds held by managing agents	7,712	6,225
Loan to joint venture	12,600	5,100
Prepaid acquisition costs	4,757	54
Rents receivable	55,170	41,862
Provision for bad debts	(10,017)	(6,846)
Provision for bad debts – COVID-19 rent concessions	(9,336)	(3,174)
VAT receivable	2,987	745
Prepaid tax	1,716	767
COVID-19 government support	1,499	719
Settlement service charges	58	5,235
Deposit gift cards	2,427	2,290
Other receivables and prepayments	8,381	6,079
	77,954	59,056

The rents receivable as per 30 June 2021 can be addressed as follows: €7.3 million in Belgium; €30.1 million in France; €15.6 million in Italy and €2.2 million in Sweden. The rents receivable also include invoiced rents for the third quarter which were not yet due at 30 June 2021 for a total amount of €18 million. Many lessees faced financial difficulties due to the mandated closure of their business by governments. This caused a significant deterioration in collectability of lease payments. Under IFRS 9, lease receivables are subject to impairment testing. When the landlord has invoiced the rent as defined according to the existing contract and the tenant does not pay, the (expected) risk related losses are fully recognised in property expenses.

Notes to the consolidated interim financial statements

as at 30 June 2021

12. Creditors

(€'000)	30-06-21	31-12-20
(i) Current liabilities		
Corporate tax payable	7,909	12,387
Dividend payable	24,737	0
Interest payable	6,491	6,737
Lease liabilities (current)	1,016	1,016
Local and property tax payable	3,761	3,576
Payable on purchased property/extensions	19,126	25,426
Rent invoiced in advance	27,110	25,415
Service charge accruals	4,746	6,857
VAT payable	3,367	3,298
Gift cards debts	2,427	2,290
Other creditors and accruals	20,345	21,714
	121,035	108,716
(ii) Non-current liabilities		
Corporate tax payable	7,459	17,535
Lease liabilities (non-current)	2,256	2,574
Tenant rental deposits	11,634	9,233
	21,349	29,342

13. Borrowings

Changes in borrowings for the financial period ended 30 June 2021 (31 December 2020: 6 month period to 31 December 2020) were as follows:

(€'000)	30-06-21	31-12-20
Book value at beginning of the period	1,741,088	1,828,663
Drawdown of funds	119,819	21,500
Repayments	(151,459)	(126,282)
Exchange rate movement	(2,753)	16,499
Movement prepaid borrowing costs	868	708
Book value at the end of the period	1,707,563	1,741,088

The borrowings are all provided by major banks and have an average committed unexpired terms of over 4 years. The average interest rate, including derivative financial instruments, in the current financial period was 2.0% (six months ended 31 December 2020: 2.0%). At 30 June 2021 the Company has hedged its exposure to interest rate movements on its borrowings for 74% (31 December 2020: 75%) at an average term of 6.2 years (31 December 2020: just over 6 years). The fair value of the loans net of borrowing costs is €1,740.5 million (book value at 30 June 2021: €1,707.6 million), compared to a fair value net of borrowing costs of €1,789.8 million at 31 December 2020 (book value at 31 December 2020: €1,741.1 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 appropriate interest rate of the underlying loan.

Notes to the consolidated interim financial statements

as at 30 June 2021

14. Derivative financial instruments

Changes in net derivative financial instruments for the financial period ended 30 June 2021 (31 December 2020: 6 month period to 31 December 2020) were as follows:

(€'000)	30-06-21	31-12-20
Book value at beginning of the period	(129,593)	(134,624)
Fair value movement derivative financial instruments	22,932	5,080
Exchange rate movement	7	(49)
Book value at the end of the period	(106,654)	(129,593)

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 2020: level 2).

15. Deferred tax assets and liabilities

The deferred tax assets of €22.2 million at 30 June 2021 (31 December 2020: €24.9 million) are entirely related to Italy and the deferred tax liabilities of €78.5 million (31 December 2020: €77.9 million) are entirely related to Sweden.

Changes in net deferred tax assets and liabilities for the financial period ended 30 June 2021 (31 December 2020: 6 month period to 31 December 2020) were as follows:

(€'000)	30-06-21	31-12-20
Book value at beginning of the period	(53,068)	(166,387)
Recognised in statement of profit or loss	(2,859)	91,483
Release to statement of profit or loss due to property sale	(974)	2,286
Exchange rate movement	584	(3,962)
Reallocation to current tax due to step up	0	23,512
Book value at the end of the period	(56,317)	(53,068)

16. Put option liability non-controlling interest

The put option non-controlling interest of €53.1 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 2021 (31 December 2020: 6 month period to 31 December 2020) were as follows:

(€'000)	30-06-21	31-12-20
Book value at beginning of the period	(52,464)	(52,449)
Interest on put option non-controlling interest	(1,063)	(1,065)
Movement of put option non-controlling interest	462	1,050
Book value at the end of the period	(53,065)	(52,464)

Notes to the consolidated interim financial statements

as at 30 June 2021

17. Share capital and reserves

In the Annual General Meeting of the Company held on 8 June 2021 the Board of Supervisory Directors and the Board of Management proposed to declare a dividend over the financial reporting period ended 31 December 2020 comprising the following two elements: (i) a cash dividend of €0.05 per share (€0.50 per depositary receipt); and (ii) a mandatory scrip dividend of 1 new share for every 18 existing shares (and 1 new depositary receipt for every 18 existing depositary receipts). The dividend proposal was adopted by a majority of 99.6% of the votes cast.

In connection with the adoption of the dividend proposal the nominal value of the shares was increased from €0.50 per share (€5.00 per depositary receipt) to €1.00 per share (€10.00 per depositary receipt) was also adopted resulting in an increase of the share capital of the Company from €263.8 million to €499.1 million, which increase was charged against the share premium.

The dividend was paid on 2 July 2021. The cash dividend amount of €24.7 million was included in the creditors of the consolidated statement of financial position of the Company as per 30 June 2021. As a result of the scrip dividend the issued share capital increased by 5.5% from €499.1 million to €526.5 million. The number of issued depositary receipts increased to 52,653,917 million depositary receipts and after deducting 506,924 depositary receipts bought back, there are currently 52,146,993 depositary receipts outstanding with third parties.

The Annual General Meeting also adopted the resolution to change the Company's corporate governance structure by the termination of its depositary receipts structure and subsequently the abolishment of the Stichting Administratiekantoor Eurocommercial Properties ("STAK"). As part of this proposal, it was also resolved to amend the articles of association of the Company as proposed by the Board of Supervisory Directors and the Board of Management. This proposal was adopted by 100% of the votes cast.

The Board of Trustees of STAK has published its decision to amend the STAK articles of association and the STAK conditions of administration and to terminate the administration of the Company's shares on the Company's website. After the required three month waiting period has lapsed, the amendment of the STAK articles of association and the STAK conditions of administration can take place, followed by the conversion of all depositary receipts into shares, after each ten shares with a nominal value of €1 have been consolidated into one share with a nominal value of €10 through the amendment of the Company's articles of association. This consolidation will enable the application of a 1:1 conversion ratio and will ensure that the stock price will not be affected by the mere fact of conversion. The conversion of depositary receipts into shares is currently scheduled for Wednesday 15 September 2021, with settlement of shares taking place on 16 September 2021. The last step in the process, the dissolution and winding-up of STAK, will be commenced after effectuation of the conversion.

18. Commitments not included in the balance sheet

The joint venture partner AXA-IM had a put option to sell its 50% share in the companies owning shopping centre Etrembières in France at a price of €45 million to the Company, which put option has been exercised on 7 April 2021 and will result in completion of the sale after 2 November 2021.

The Company is also committed to contribute to its Italian joint venture a residual amount of €2.8 million for works at shopping centre Fiordaliso.

Notes to the consolidated interim financial statements

as at 30 June 2021

19. Post balance sheet events

Following the Annual General Meeting held on 8 June 2021, in which meeting the dividend proposal was adopted, the Company paid a dividend on 2 July 2021. The dividend comprised a gross cash dividend of €0.50 per depositary receipt and a scrip dividend of one new depositary receipt for each 18 existing depositary receipts.

Amsterdam, 27 August 2021

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
C. Croff
K. Laglas
J.-Å. Persson

Other information

Holders of depositary receipts/ordinary 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 depositary receipts/ordinary shares with interests greater than 3% in the Company. According to the latest notifications these interests were as follows: Stichting Administratiekantoor Eurocommercial Properties (99.84% - notification 1 November 2006), Mr A. van Herk (20.22% - notification 8 May 2019), Bank of Montreal (5.11% - notification 29 March 2021), BlackRock, Inc. (4.55% - notification 2 July 2021) and ICAMAP Investments S.a.r.l (3.06% - notification 20 February 2020).

Stock market prices and turnovers from 1 January 2021 to 30 June 2021

		High	Low	Average
Closing price 30 June 2021 (€; depositary receipts)	20.98	24.90	14.98	19.45
Average daily turnover (in depositary receipts)	121,672			
Average daily turnover (€'000,000)	2.3			
Total turnover over the past six months (€'000,000)	301.2			
Market capitalisation (€'000,000)	1,105.3			
Total six months turnover as a percentage of market capitalisation	27.25%			

Source: Euronext, Global Property Research.

Stock market prices are followed by Bloomberg:

Ticker: ECMPA NA

Head Office

Eurocommercial
Properties N.V.
Herengracht 469
1017 BS Amsterdam

Group Offices

Belgium
200, rue Saint-Lambert
1200 Woluwe-Saint-Lambert
Belgium

France
107, rue Saint Lazare
75009 Paris
France

Italy
Via della Moscova, 3
20121 Milano
Italy

Sweden
Kungsgatan 48
111 35 Stockholm
Sweden

www.eurocommercialproperties.com