

## PRESS RELEASE



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### **Eurocommercial in negotiations to acquire premier Brussels' shopping centre**

Eurocommercial Properties N.V. announced today that it has entered into exclusive negotiations and due diligence to acquire the prime Woluwe shopping centre in Brussels.

Woluwe is the best-known shopping centre in Brussels, first developed in 1968. It is situated in one of the wealthiest suburbs of the city and is served by excellent main roads, its own metro station and buses, and a tram line is opening next year, with a stop directly outside the centre. It attracts 6.5 million visitors each year, has an estimated catchment population of over one million people with a very low current retail density of around 385m<sup>2</sup> per 1,000 people.

The acquisition complements Eurocommercial's commitment to continually upgrade its portfolio of high quality shopping centres, and diversifies its country exposure with its re-entry into the Belgian market via a tax efficient REIT.

#### **Woluwe shopping centre**

The shopping centre is let to major international brands, including Zara, H&M, Superdry, Calvin Klein and C&A.

Eurocommercial intends to buy 23,000m<sup>2</sup> of lettable area including the public mall, parking levels and surrounding land, thus giving it full strategic control. AG Real Estate separately owns the Inno department store of 12,000m<sup>2</sup> on three levels, the Match supermarket of 2,100m<sup>2</sup> and five other shops.

The overall gross investment amount including registration tax will be around €468 million which will give an initial yield of just under 4%. It is expected that the signing of the purchase agreement will take place by the end of November, with completion and payment expected in the first quarter of 2018. Eurocommercial is advised on the transaction by the corporate finance team of Belgian bank Degroof Petercam. CBRE and JLL are acting for the vendors.

#### **Refurbishment & extension planned**

Eurocommercial believes that there is considerable scope for increasing footfall, turnover and rents at Woluwe and it is expected that a planned 10,000m<sup>2</sup> extension, to be owned 100% by Eurocommercial, will receive consent in due course, improving the overall yield when it is leased. A refurbishment programme will start soon after the acquisition, with the extension to follow when the final planning and building consents are obtained.

#### **Asset rotation**

The purchase will be funded through Eurocommercial's established asset rotation programme, which has generated €100 million in 2017 so far, with the now completed sales of 74 rue de Rivoli in Paris (at a net yield of 3%) and Mellby Center in Sweden. Further sales of properties will follow in Italy, France and Sweden where it is believed strong markets will facilitate sales at or above current valuations.

Following the purchase of Woluwe, Belgium will initially represent 11% of Eurocommercial's portfolio, rising to 12% after the planned sales and completion of the developments and extensions at C4 and Halmstad in Sweden.

## Financing

The Woluwe purchase is being financed by an eighteen-month loan facility jointly provided by ABN AMRO and ING, 50% of which will convert to a seven-year mortgage loan, at an all up fixed interest rate expected to be under 2%, thus ensuring that the acquisition is earnings accretive from day one. The acquisition will initially increase Eurocommercial's loan to value ratio to around 47%. However, the asset rotation programme already underway is expected to ensure that the loan to value ratio will return to a little above 40%.

Under current conditions, Eurocommercial expects to be able to maintain its present level of dividend.

Jeremy Lewis, Eurocommercial's CEO, said:

"The Brussels retail real estate market and economy are very attractive with the strong fundamentals of high levels of disposable income and good population growth. The Woluwe centre has a potential catchment of well over a million people within 30 minutes' drive. Retail densities are very low due to complicated planning procedures for new centres, which has ensured that there is no actual or expected oversupply of retail space. Even if both the Uplace and NEO projects are finally completed, the retail density in Greater Brussels will be around 565m<sup>2</sup> per 1,000 people – similar to Italian levels and low by European standards.

"The tenant base of Woluwe is broad and international and includes many familiar names with whom Eurocommercial already has strong relationships, making the centre a natural fit for our €4 billion portfolio of shopping centres. As in our other markets, tenants report their turnover every month, giving us crucial insight into how units are performing. Our refurbishment expertise - as demonstrated in projects such as those at I Gigli, Halmstad and Chasse sur Rhone - will enable us to maximise the considerable potential of Woluwe.

"The Woluwe purchase and our asset rotation programme are major steps forward in enhancing our property portfolio and, as we have previously owned property in Belgium, we are already familiar with the legal and cultural attributes of the country."

The property will be acquired by a subsidiary, which will have Belgian REIT status, ensuring complete tax efficiency, similar to the tax-exempt Netherlands FBI status of Eurocommercial itself.

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## About Eurocommercial Properties

Eurocommercial Properties N.V. is a Euronext-quoted property investment company and one of Europe's most experienced retail property investors. Founded in 1991, Eurocommercial currently owns and operates 32 retail properties in France, Italy, and Sweden with total assets of around €4 billion.

For more information, please visit [www.eurocommercialproperties.com](http://www.eurocommercialproperties.com)