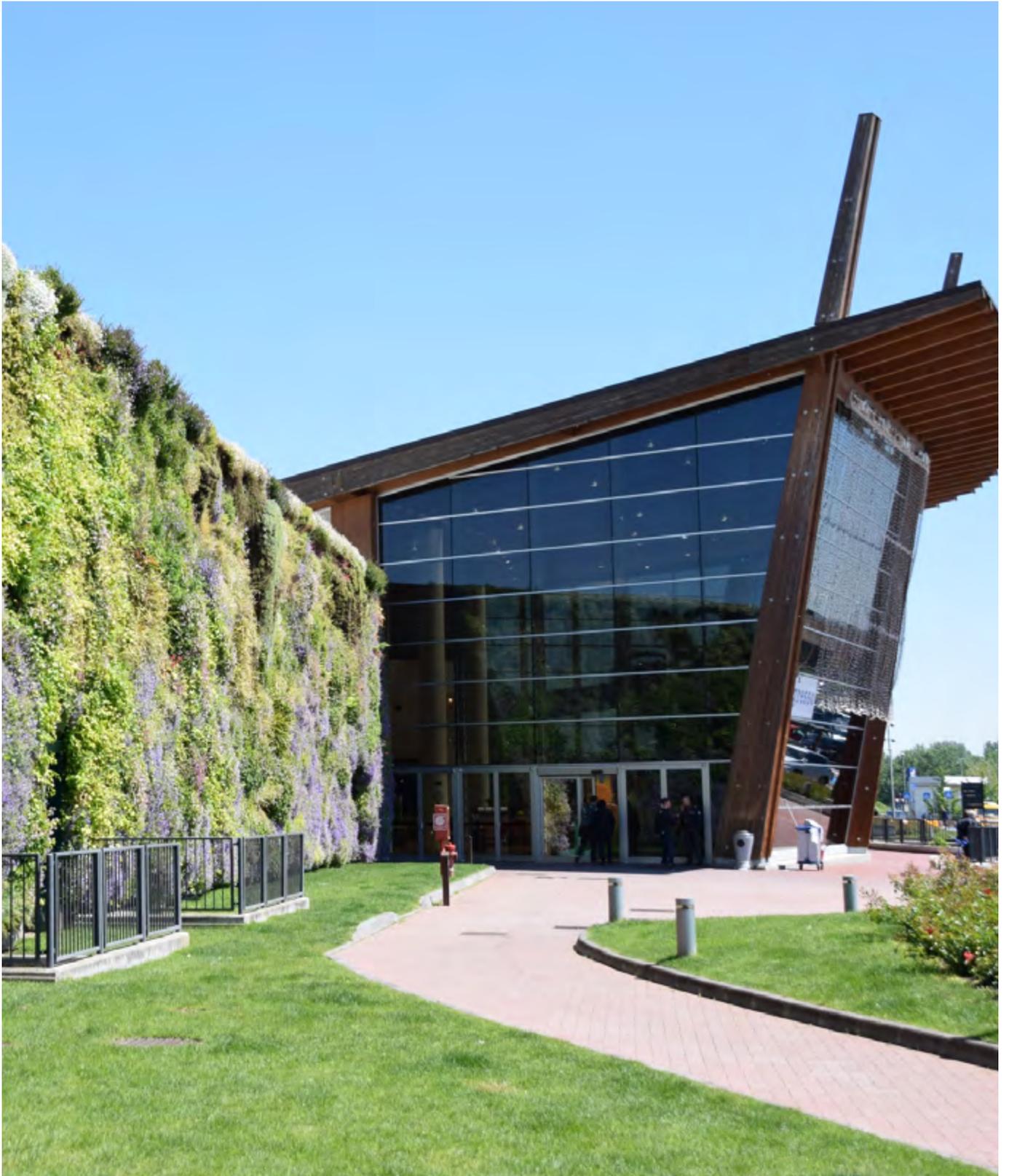


EUROCOMMERCIAL

Sustainability Update Report

July 2019



Who we are

At Eurocommercial our business model is clear: we buy, manage and develop well-located and resilient retail properties in prosperous markets. The portfolio comprises shopping centres, city galleries and retail parks in major European economies. We own and manage retail properties in Belgium, France, Italy and Sweden valued at €4.2 billion, and have attracted over 130 million visitors in 2018.

Sustainability strategy Eurocommercial

The retail sector is evolving with major trends like technology, demographics, urbanisation and the low-carbon and circular economy. Combined, these dynamics are transforming the way consumers shop and what they expect from retailers and retail destinations. Our ability to continue to grow our business depends on successfully anticipating and responding to these dynamics in a responsible way.

As a long-term investor, building a sustainable and resilient business is critical for Eurocommercial's success. Fundamentally, we take a long-term view of every business decision. We support our decisions with rigorous research and forecast their environmental and socio-economic risks and opportunities.

We have aligned our sustainability strategy with our long-term business strategy, and we will continue to uphold this alignment. This includes operating more efficiently, having a positive relationship with local stakeholders and being an attractive and responsible employer with good governance.

Eurocommercial's sustainability strategy is upheld by three pillars:



Active asset management

Reduce our environmental impact



Be a local partner

Meet the needs of our stakeholders



Be a responsible employer

Act with transparency and good governance

In this sustainability update report, you will find more information about our activities in 2018. Eurocommercial provides full information regarding its sustainability performance in accordance with the EPRA sustainability requirements.

2018 Highlights

5%

Gas reduction between 2017 and 2018 (like for like)

6

Shopping centres certified BREEAM-In Use Very Good or higher

100%

We regularly survey tenants and customers in all our shopping centres

1.5%

Reduction in water consumption year-on-year (water intensity)

Gold

EPRA Gold Award for sustainability reporting

16,000

Local retail jobs are provided by our shopping centres in Belgium, France, Sweden and Italy



Green area in Hallarna (Sweden)

Active asset management

Each of our local shopping centres is unique and has its own challenges and opportunities. We monitor and improve our environmental impact by finding innovative solutions to create resilient properties.

Sustainable upgrades

We strive continuously to ensure the attractiveness and sustainability of our shopping centres, so that they can generate stable income. On every project, we consult communities, use local suppliers where possible, prioritise materials from sustainable sources and install energy- and waste-efficient systems to reduce our carbon footprint. Through 'green leases' we encourage our tenants to act responsibly and we gather robust data to consider how we can improve the environmental performance of each centre.

Keeping track of the assets

Asset management plays a significant role in how we maintain our 'green' status. We integrate our properties for the needs of our local communities. That includes important amenities such as green space and sustainable transport links. With every project, we aim to improve the environmental and energy performance of the shopping centre and to reduce its running costs.

We prioritise the use of construction and fit-out materials that are sourced locally, recycled and have a low environmental impact.

Many of our centres have achieved BREEAM-In-Use certificates, and we are currently pursuing certifications for other properties. We gather baseline energy data from all our assets, not only to comply with regulations concerning the environmental management of our properties, but also to reduce the service charge costs for our tenants. Safety is also important to us. And because we work closely with local police and emergency services, we are prepared and have procedures in place to protect the safety of our employees and visitors.

Sustainable connections

In most cases, we provide sustainable and affordable means of transport for our visitors to reach our shopping centres. For example, shuttle buses in Carosello and Fiordaliso, and car sharing in I Gigli. We also provide electric vehicle charging stations in MoDo, I Gigli, Cremona Po, Fiordaliso, Gran Samarkand, Val Thoiry, Chasse Sud and Woluwe. In France, public transportation reaches 6 out of 10 shopping centres and bicycle parking is provided in 8 of those centres. In Woluwe, we have also installed bike lockers, so that people can park and lock up their bike without carrying their padlock.

Ocean Giants

The project "Ocean Giants" was organised in Carosello and Cremona Po. Installations of endangered big ocean creatures, like whales, raised awareness about the importance of clean oceans. At Inglesta, to celebrate World Oceans Day, we hosted The Tsunami Wave of Plastic event. A 3-meter high site-built wave sculpture – produced with various plastic items and 2,500 PET bottles – was installed in the gallery to exemplify the damage that plastic pollution causes. This impressive artwork also educated people on how they can reduce plastic waste.



EPRA sustainability performance measures*

| Impact area | Absolute measure (Abs) | | | | Like-for-like measure (LFL) | | | | | | |
|---|---|-----------|------------------|-----------|-----------------------------|-----------|----------------|-----------|---------------|-----------|----------------|
| | Total | | France | | Italy | | Sweden | | Total | | |
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | |
| Energy (landlord-obtained) (MWh) | Total electricity | 70,722 | 70,357 | 6,836 | 6,711 | 10,038 | 10,313 | 16,267 | 16,741 | 33,142 | 33,765 |
| | Proportion of electricity from renewable sources | 49% | 53% | 0% | 0% | 0% | 0% | 100% | 100% | 49% | 50% |
| | Total district heating and cooling | 24,876 | 26,923 | 1,666 | 1,666 | 6,136 | 6,136 | 6,723 | 7,176 | 14,525 | 14,977 |
| | Proportion heating and cooling from renewable sources | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Total fuels | 12,768 | 12,177 | 3,816 | 3,521 | 4,869 | 4,726 | - | - | 8,685 | 8,247 |
| | Proportion of fuels from renewable sources | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Greenhouse gas emissions (tonnes CO ₂ e) | Total direct GHG emissions (Scope 1) | 2,349 | 2,240 | 702 | 648 | 896 | 869 | - | - | 1,598 | 1,517 |
| | Total indirect GHG emissions (Scope 2 and 3) | 10,051 | 10,865 | 1,952 | 1,916 | 2,902 | 2,980 | 66 | 71 | 4,920 | 4,967 |
| | Energy and associated GHG disclosure coverage (if applicable) | 27 of 27 | | 9 of 9 | | 4 of 4 | | 4 of 4 | | 17 of 17 | |
| | Proportion of energy and associated GHG estimated | 3% | 0% | 0% | 0% | 0% | 0% | 7% | 0% | 8% | 0% |
| Water (cubic metres) (m ³) | Total water withdrawal | 1,628,483 | 1,608,044 | 23,201 | 24,426 | 216,936 | 224,294 | 31,902 | 32,626 | 272,040 | 281,346 |
| | Water disclosure coverage (if applicable) | 25 of 25 | | 8 of 8 | | 4 of 4 | | 4 of 4 | | 16 of 16 | |
| | Proportion of water disclosure estimated | 4% | 0% | 0% | 0% | 0% | 0% | 27% | 0% | 0% | 0% |
| Waste (landlord-handled) (metric tonnes) (proportion by weight %) | Total weight of non-hazardous waste | 9,803 | 9,739 | 3,505 | 3,301 | 1,567 | 1,726 | | 424 | 5,072 | 5,451 |
| | Total weight of hazardous waste | 4 | 45 | - | - | - | - | 1 | 3 | 1 | 3 |
| | Reuse | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Recycling | 30% | 34% | 16% | 20% | 34% | 31% | 13% | 54% | 21% | 26% |
| | Composting | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Material Recovery Facility | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Incineration | 28% | 43% | 23% | 59% | 66% | 60% | 19% | 45% | 35% | 58% |
| | Landfill | 2% | 2% | 0% | 0% | 0% | 0% | 0% | 1% | 0% | 0% |
| | Other | 39% | 21% | 60% | 21% | 0% | 9% | 67% | 0% | 45% | 16% |
| Waste disclosure coverage | 21 of 21 | | 8 of 8 | | 2 of 2 | | 2 of 2 | | 12 of 12 | | |
| Proportion of waste disclosure estimated | 16% | 0% | 3% | 0% | 0% | 0% | 31% | 0% | 11% | 0% | |

* All data relates to calendar year, the comparative figures for 2017 have been restated as explained below,

EPRA sustainability intensity measures

| Impact area | | 2017 | 2018 |
|--|---|------|-------------|
| Energy (kWh/m ² /year) | Building energy intensity ¹ (like-for-like) | 507 | 522 |
| Greenhouse gas emissions (kg CO ₂ e/m ² /year) | GHG intensity from building energy ¹ (like-for-like) | 56.2 | 57.4 |
| Water (m ³ /m ² /year) | Building water intensity ² (like-for-like) | 10.1 | 10.0 |

Energy and greenhouse gases notes

Emissions have been calculated from location based emission factors provided by Defra. Emissions are reported using the Greenhouse Gas Protocol and EPRA Sustainability Best Practices guidelines.

Natural gas and fuel emissions are calculated using Defra emissions factors based on UK natural gas and fuel, as the greenhouse gas content of natural gas and diesel varies only marginally between regions.

All assets included in this report sit within Eurocommercial's operational control. Eurocommercial's corporate offices are not included within this scope.

All consumption in this report is for landlord shared services and/or common parts.

Scope 3 emissions are for landlord-obtained consumption that is sub-metered to tenants, tenant-obtained energy and transmission and

distribution emissions. It does not include business travel or supply chain emissions.

Fuels includes natural gas and diesel as sources.

Emissions are reported as tonnes of CO₂ equivalent (t CO₂e).

Total electricity, district heating and cooling and fuels are landlord-obtained consumptions for common parts and any services provided to tenant areas. Eurocommercial acknowledges, as recommended in page 19 of the EPRA sustainability best practices recommendations, that the intensity indicator may be affected due to a mismatch between numerator and denominator.

Woluwe, Grand A, I Gigli, Fiodaliso, Collestrada, Cremona Po, Bergvik, Hallarna, C4 and Elins Esplanad have been excluded from all like-for-like analysis as these assets were under development, acquired or built during the reporting period.

C4 has been excluded from all intensity calculations as

Eurocommercial has opened the new constructed shopping centre during the reporting period. I Gigli has been excluded from the energy and GHG intensity calculations due to an outlier caused by adjustments in the heating and cooling system in 2017. There is no third party assurance available.

Energy notes

¹ Energy and emissions intensities are reported using 'shared services' as the numerator and common parts area as the denominator – tonnes CO₂e/m²/year.

Water notes

² Water intensity is reported using shared service as the numerator common parts area as the denominator – m³/m²/year.

All water consumed is obtained via municipal supplies.

Waste notes

All waste is reported by mass (tonnes) in line with EPRA best practice recommendations. Waste

usage has been estimated for 2017 in Les Grand hommes, I Gigli and Valbo.

Les Trois Dauphins, II Castello, I Portali and Moraberg have been excluded from waste like-for-like analysis, as both 2017 and 2018 data is not available.

Building certifications

Six shopping centres have been certified BREEAM In-Use Very Good or higher.

Be a local partner

We aim to better know our customers and to ensure that our centres are visited frequently. Our insights are based on independent studies and on our own thorough research.

Considering habits and patterns

We understand the local markets and have acquired deep knowledge about the habits, preferences and needs across the catchment areas we operate in. Our insights are based on demographic studies, detailed surveys, focus groups and behaviour analysis. We analyse social media channels and combine proprietary research with data from independent groups and governmental, local and national research groups. We use that information alongside anonymous behavioural information – provided by our property Wi-Fi networks – to understand the services used, shops visited, visit frequency and associated dwell time and spending patterns.

Customer feedback

Our tenants are surveyed regularly and thoroughly by an independent third-party research firm. Additionally, store managers provide feedback on topics including centre management, services, marketing, tenant mix, etc. We use these survey results to refocus investment as required. During the last three years, we have completed tenant and customer engagement surveys at 90% of our centres.

Our leasing and management teams are in constant dialogue with the major international and local retail groups, monitoring emerging trends and often providing advice on new market entrants. By working together we are able to create successful shopping centres and improved experiences for our customers.

Local communities

At Eurocommercial, we have always believed strongly in the social function of shopping centres. Malls are not mere shopping destinations for fast purchases. Rather, they are the cornerstones of their local communities where various useful and high-quality services can be found. We have put a lot of effort into supporting local associations through fund raising campaigns, to help ensure our position as a key partner in society. We understand we have a positive impact on the local economies. Our centres support many local families by



Beehives in Bordeaux (France)

providing retail jobs. In 2018, over 16,000 retail jobs have been counted at our shopping centres in Belgium, France, Italy and Sweden.

Retail training

In Italy and Sweden we have set up the Eurocommercial Retail Academy®, which provides training to staff of our tenants. The aim is to support tenants in order to improve the sale skills of new staff. The Eurocommercial Retail Academy® is using professional experienced trainers.

Education

In Grand Samarkand, Vaxjo, we have collaborated with Linnaneus University to make Grand Samarkand a reference point for students. When students are tasked with writing a thesis or an essay on a specific topic or with conducting market research, they can enlist our help. For example, to interview the shopping centre management, our technicians, store managers and/or sales customers. If needed, the students can conduct market or attitude surveys in the shopping centre. And we will share our expertise on how to conduct those surveys.

Health & well being

Another important focus point is health, and we work in two ways to contribute to health and well-being. Firstly, we provide space in the galleries

so that an entity – for example, an association for a specific disease – can hold fundraising and awareness campaigns inside our shopping centres. Secondly, we support the importance of health screening and partner with non-profit organisations and hospitals to provide free check-ups in the shopping centres. For example, we hosted an event that provided breast cancer screening in Curno and in Carosello.

Employment opportunities

To do our part in shortening the distance between supply and demand in the job market, and to address unemployment, an important issue across countries, Eurocommercial has decided to take action. For example, in Italy, starting from I Portali and Fiordaliso, we have installed Jobby Digital Kiosks. These little stands let people submit their curricula vitae.



Corporate Social Responsibility marketing award

Shopping centre I Gigli (Firenze) has won a Corporate Social Responsibility marketing award with the “Animals” project. Sponsored by the World Wildlife Fund, The Animals project is an edutainment event with a gallery exhibition of over 130 giant stuffed animals set in various ecosystems. The project is aimed at raising awareness among children and adults for the preservation of and coexistence with nature and wildlife. How? By letting the animals “roam” free. Over 130 life-sized stuffed animals represented various species belonging to the five continents. These animals have been created with 100% recycled PET materials, respecting the environment. Four Italian Eurocommercial shopping centres have hosted this edutainment exhibition.

€70,000+

Collected to help the WWF oases

304

Hours of guided tours logged with zoologists

4,845

Participating school children

83

School bus trips

983

WWF adoption kits distributed

567

Spokesperson hours logged in the gallery

Be a responsible employer

Our commitment to our employees means we benefit from long-standing relationships. We are proud of our open and collegiate culture and dedicated to ensuring our employees can develop professionally.

Strong employee commitment

We have an open and collegiate culture, and we are proud of our commitment to our employees. As a result of our commitment, we benefit from very low employee turnover. We maintain an open and respectful culture here, and Eurocommercial colleagues are encouraged to share their ideas for the improvement of the business. Furthermore, we maintain a gender balance within the company that strengthens our positive internal culture (women 56%; men 44%). We invest in the ongoing learning and skill set development of our staff. All employees are shareholders of Eurocommercial through a long-term performance share plan, aligning them with the Company and its shareholders.

Promoting a healthy lifestyle

All employees are welcome to participate in our comprehensive healthcare schemes. We support our employees in leading healthy lifestyles, and supply them with extras that include subsidised sports activities and free healthy snacks.

Proven track record

The senior management team of Eurocommercial has been working together now for over 20 years. Because of their strong relationship and years of combined experience, they have been able to help Eurocommercial grow and succeed in the market and increase financial performance. Open to learn new ways of doing things, our (senior) management team keeps a sharp eye out for innovations, trends and young talent. Thus, securing the future of the company for years to come.



At Eurocommercial, we deal fairly and responsibly with all our stakeholders. We provide transparent disclosure of our activities through formal reports and communication.

- As a member of the European Public Real Estate Association (EPRA) we have reported in line with the sustainability Best Practices Recommendations (SBPR) for four consecutive years and have achieved a Gold rating for our high level of disclosure on environmental reporting.
- We participate in the Global Real Estate Sustainability Benchmark (GRESB) survey.
- Our financial and operational disclosure is among the best in our industry, providing stakeholders with detailed information on how we operate our business.

Eurocommercial is committed to dealing fairly and responsibly with all stakeholders. We adhere to high standards of corporate governance. More information about our articles of association, relevant policies and supporting documents can be found online at www.eurocommercialproperties.com/about/governance.

EPRA Social & Governance indicators

| ALL EMPLOYEES | | 2017 | | 2018 | |
|------------------------|--|--|------------|-----------|------------|
| Diversity - Emp 405-1 | <i>Employee Gender diversity (based on headcount)</i> | Male | Female | Male | Female |
| | Board | 2% | 2 | 4% | 4 |
| | Management | 10% | 7 | 7% | 5 |
| | Staff | 88% | 28 | 89% | 31 |
| | Total number of employees | 84 | 44% | 89 | 45% |
| | | | 56% | | 55% |
| Diversity - Pay 405-2 | <i>Gender Pay Ratio</i> | Male | Female | Male | Female |
| | Board | 100% | - | 100% | - |
| | Management | 56% | 44% | 50% | 50% |
| | Staff | 65% | 35% | 66% | 34% |
| Emp - Training 404 - 1 | <i>Employee training and development (based on headcount)</i> | Male | Female | Male | Female |
| | Training hours per employee | 9 | 19 | 11 | 5 |
| Emp - Dev 404-3 | <i>Employee performance appraisals</i> | | | | |
| | % of employees | 100% | | 100% | |
| Emp - Turnover 401 - 1 | <i>New hires and Turnover</i> | New hires | Departures | New hires | Departures |
| | Male | 3 | 1 | 4 | 1 |
| | Female | 8 | 4 | 5 | 3 |
| | Total | 11 | 5 | 9 | 4 |
| | Employee turnover | 6.0% | | 4.5% | |
| H&S - Emp 403 - 2 | <i>Employee Health & Safety</i> | | | | |
| | Absentee rate | 1.5% | | 1.7% | |
| | Injury rate | 0.0% | | 0.0% | |
| | Work - related fatalities | 0 | | 0 | |
| H&S - Asset 416 - 1 | <i>Asset health and safety assessments</i> | | | | |
| | Health & Safety - assessments (in % of assets) | 100% | | 100% | |
| H&S - Comp 416 - 2 | <i>Asset health and safety compliance</i> | | | | |
| | Health & Safety - incidents | 0 | | 0 | |
| Comty - Eng 413-1 | <i>Community engagement, impact assessments and development programs</i> | | | | |
| | Community engagement programs in place (in % of assets) | 100% | | 100% | |
| Gov - Board 102-22 | Composition of highest governance body | View the 2018 annual report (page 60-62) on the corporate website www.eurocommercialproperties.com/financial/financial-reports | | | |
| Gov - Selec 102-25 | Process for nominating and selecting the highest governance body | View the 2018 annual report (page 60-62) on the corporate website www.eurocommercialproperties.com/financial/financial-reports | | | |
| Gov - Col 102-25 | Process for managing conflicts of interest | View the Code of Conduct (page 2) on the corporate website www.eurocommercialproperties.com/about/governance | | | |



Woluwe charge points for electrical cars (Belgium)

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