
ACQUISITION OF 70% INTEREST IN GALERIA MŁOCINY

Shareholders are advised that EPP has concluded an acquisition agreement to effectively acquire 70% of the Galeria Młociny Shopping Centre ("**Galeria Młociny**"). The investment will be effected via EPP's acquisition of 70% of the equity in Rosehill Investments sp. z o. o. ("**Rosehill**") for an aggregate consideration of €29 million from Powell Real Estate International B.V, ElSORIA Trading Limited, Terbanacle Limited and Terbanacle Investments Limited. Rosehill indirectly owns the land on which Galeria Młociny is being developed (the "**development**"). Echo Investment S.A will be appointed as the developer of Galeria Młociny and will acquire the remaining 30% of the equity in Rosehill for an aggregate consideration of €12.4 million. The transaction is expected to be completed by the end of May 2017 and is in line with EPP's stated strategy of acquiring quality retail assets and developments in strategic locations.

Galeria Młociny is a mixed use development of approximately 81 900m² (of which approximately 71 050 m² will be retail space) situated in North Warsaw, Poland. Construction of the first phase of Galeria Młociny commenced in October 2016, and is on track for completion in the second quarter of 2019. The development is c.50% preleased to strong anchor tenants including Inditex brands, Van Graaf and H&M.

Galeria Młociny is a new generation shopping centre that will service a rapidly growing residential area in North Warsaw that lacks a modern fashionable retail offering. The development is complementary to EPP's other (previously announced) Warsaw mixed use project, Towarowa 22. Galeria Młociny is situated next to the Młociny transport hub, the main public transport hub for residents of North Warsaw and surrounds, which is used daily by c.40 000 people.

The total cost for the land on which Galeria Młociny is being developed is approximately €104.5 million. The balance of cost of the land on which Galeria Młociny is being developed will be financed through mezzanine loans granted by reputable private equity funds to the value of €63.1 million. Galeria Młociny will be developed at an estimated development yield on cost of c. 7.1% and on completion is expected to be accretive to EPP. The combination of the Galeria Młociny and the Towarowa 22 project (scheduled for completion in 2021) will afford EPP an earlier foothold into the lucrative Warsaw retail market in 2019 and, combined with Towarowa 22, leverage its scale and influence with retailers across the whole of Poland.

CATEGORISATION OF THE TRANSACTION

The transaction is not categorisable in terms of paragraph 9.5 of the JSE Listing Requirements and is not subject to approval by EPP shareholders.

About EPP

EPP is a Dutch dual listed real estate investment company that follows the REIT formula, investing in retail, office and industrial properties throughout Poland. With a current portfolio that includes 9 office, 15 retail projects and one retail development site in the centre of Warsaw totaling GLA 626 783 m², EPP's portfolio is highly diversified. The buildings are located in 17 major cities across the country, characterized by their strong economy, purchasing power and ability to attract international investment interests. EPP's goal is to create Poland's leading cash-generating platform of well-performing office, retail and industrial assets that will deliver consistently high returns to EPP shareholders. Further information on EPP is available on EPP's website www.echo-pp.com.

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