



COMPANY NEWS | EDITION 15

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In this newsletter

- **Mlociny opening - 23 May 2019**
- **Political developments expected to drive consumer spending**
- **Successful equity raise**
- **Asset spotlight - Pasaz Grunwaldzki - F&B in progress**
- **Tenant spotlight - LPP**
- **Towarowa 22 in Warsaw**
- **Integrated report**

Mlociny opening - 23 May 2019



We are pleased to officially announce that our flagship development in Warsaw will be opening 23 May 2019. Galeria Mlociny will celebrate its grand opening on 23 May 2019. Our first entry into Warsaw, Galeria Mlociny is located on metro, tram, and bus lines with excellent parking. It will add 84,400m² of gross lettable area to our portfolio with a robust focus on food and beverage.

This will be the crown jewel of our portfolio and is expected to draw crowds from across the capital city.

Political developments expected to drive consumer spending



Poland's ruling party has introduced new spending measures in the form of subsidies to families and an expansion of pensions, a measure aimed at boosting private consumption.

The fiscal stimulus package is estimated at more than US\$10.5 billion. It will expand Poland's signature child support programme known as 500+ to include single-child families as of July. The programme provides monthly payments of roughly US\$131 per child to families. The first child was previously not included in the spending stimulus.

The government will also an additional payment to pensioners in May as well as adding some tax breaks for the youth.

As a result, many analysts have upwardly revised their growth estimates for the country and we expect this to have a positive effect on retail sales for the year.

Successful equity raise



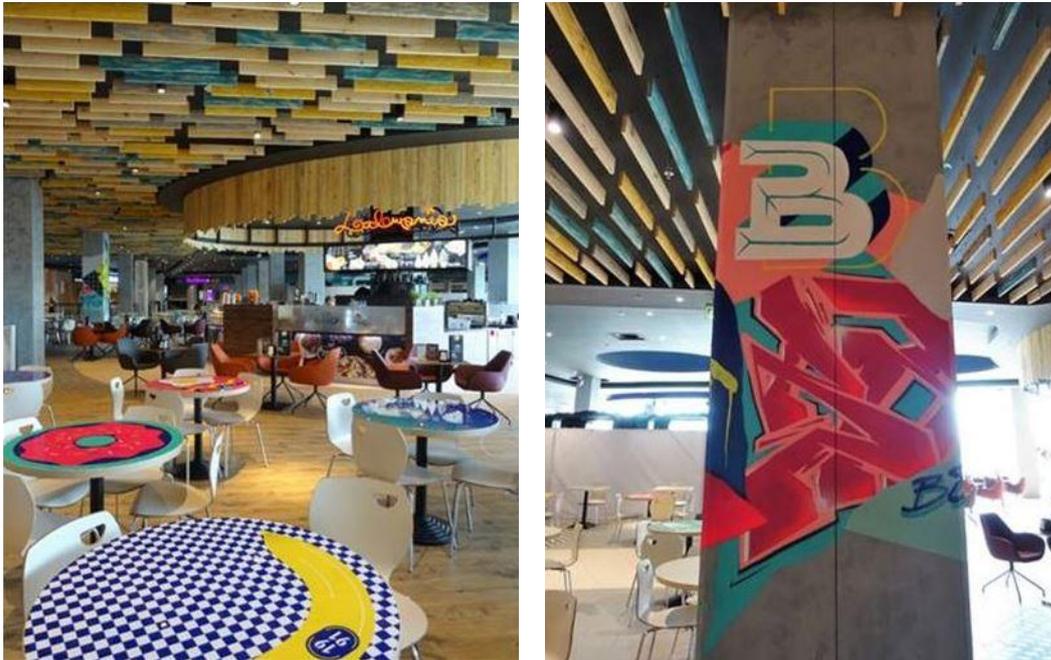
On 24 April 2019 EPP embarked on an accelerated book build and raised R1 450 million through the sale of 77 956 989 new shares at R18.60. The equity raise was undertaken in part to facilitate the introduction of a significant new equity investor, the iGroup, that committed €75 million to investing through participation in the bookbuild.

EPP will use the equity to fund tranche 2 of its M1 portfolio transaction which is expected to be completed by June 2019. This will cement EPP's position as the largest retail landlord in eastern Europe's largest economy and places EPP on track to own 1 million m² of retail by 2020.

Trading of the new EPP shares on the JSE and LuxSE commenced trading on 3 May 2019. Following the issue of the new EPP shares, the company will have a total of 907 946 792 shares in issue.

EPP welcomes the iGroup and all its investors that participated in the raise.

Asset spotlight - Pasaz Grunwaldzki - F&B in progress



Gastronomy is front and centre at Pasaz Grunwaldzki. Food and beverage sales at the centre grew 12% in 2018 compared to the previous year and we expect sales to grow even more with the unveiling of our new updated food hall this spring.

There is an art to getting a food hall right, as one has to develop something that is on trend without being too trendy. It is therefore important to form a team that is able to get the aesthetic correct. To have a truly unique food hall it is necessary to capture the essence of the community so that it is both cosmopolitan and local. This was the goal of our architecture firm, MIXD, which has aimed to capture the remarkable history and culture of Wroclaw with a modern, hip element.

The design divides the gastronomic area into seven thematic zones which will accommodate 1000 guests, an increase of more than 30%.

The zones will be divided into a beach bar theme, a 90s urban area, a library complete with free book exchanges and a dedicated space for students, an arcade zone and a circus-style kids' play zone. Alongside the kids' area is a zone for parents where they can watch their children with a cup of coffee in hand. The aim was to have a combination of vastly different atmospheres so there is a little something for everyone.

To keep track of the changes and developments of the project, follow [#pasazgrunwaldzki](https://twitter.com/pasazgrunwaldzki).

Tenant spotlight - LPP



LPP is one of our largest tenants, and while the parent company may not immediately ring a bell, its brands are known globally. These include fashion powerhouses Reserved, Cropp, House, Mohito, and Sinsay.

LPP is a Polish company with a global reach, making it a perfect partner for EPP. The company was established 25 years ago and has since become the largest Polish clothes manufacturer. In 2017, LPP sold more than 170 million pieces of clothing and accessories achieving revenues of over €1.5 billion. LPP is listed on the Warsaw Stock Exchange and trades under the share code LPP with a market cap of over €3 billion.

The company has more than 1,700 stores in 20 countries on three different continents. Poland is in the top two countries in terms of year on year revenue growth in nominal terms, and the company has identified Poland as its most important market. We look forward to growing our revenues with our top Polish partner.

Towarowa 22 in Warsaw



Towarowa is a joint venture between EPP (70%) and Echo Investment (30%). The concept, unveiled at the 2019 MIPIM international real estate fair in Cannes, France by Rafal Trzakowski, the Mayor of Warsaw, will bring 230,000m² of mixed-use space to the swiftly developing business area in downtown Warsaw.

The development will combine retail space, offices, a hotel, a theatre, a cinema, restaurants, cafés and residential apartments. At the heart of Wola district, it will combine the cultural history of Warsaw with a modern, lively space surrounded by public gardens.

The plans were designed by the world renowned Danish architectural studio, Bjarke Ingels Group (BIG), which is famous for its spectacular projects all over the world such as Google's HQ in California and Two World Trade Center in New York City.

For a sneak peek of the plans [click here](#)

Integrated report



Our integrated report detailing our finances and operations was released at the end of March. Some highlights include:

- Net operating income up 38% to €143 million (2017: €103.3 million)
- Distributable earnings up 26% to €96 million (2017: €76.6 million)
- Distributable income per share up 6.7% to €11.60 cents (2017: €10.87 cents)
- Investment properties up 33% to €2.2 billion (2017: €1.65 billion)
- Net asset value excluding deferred tax up 20% to €1.18 billion (2017: €928 million)
- Loan-to-value of 51.9% (2017: 47.4%)
- Total retail gross lettable area increased by 54% to 684 000 m² (2017: 444 350 m²)
- Footfall increased to over 100 million

To view the integrated report on the website [click here](#)



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