



# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS  
ENDED 30 JUNE 2021



www.epp-poland.com

EPP N.V. (Incorporated in The Netherlands) (Company number 64965945) | JSE share code: EPP  
ISIN: NL0011983374 | LEI code: 7245003P7O9N5BN8C098 ("EPP" or "the company" or "the group")

## FINANCIAL HIGHLIGHTS

Net property income up by 12%  
to €59.2 million

(June 2020: €52.6 million)

Financial costs up marginally  
to €22.3 million

(June 2020: €21.4 million)

Interest costs were stable at 2.6%  
with an average hedging level of 81%

Distributable earnings  
increased to €33.2 million

(June 2020: €21.7 million)

Distributable earnings per share  
increased by 54% to 3.66 euro cents

(June 2020: 2.38 euro cents)

Successful acquisition of four retail  
parks in March 2021 concluding  
tranche 3 of the Metro transaction

Investment properties value increased  
by 6% to €2.25 billion

(December 2020: €2.13 billion)

Net loan to value ratio increased  
marginally to 55.8%

(December 2020: 54.8%)

Net asset value per share increased by  
3% to €1.12 (December 2020: €1.09)

## OPERATIONAL HIGHLIGHTS

100% of EPP's retail GLA is  
operational

Retail GLA increased by  
110 000 m<sup>2</sup> with the addition  
of four retail parks

Footfall continues to trend positively  
and was at 84% of 2019 footfall  
levels in August 2021

Higher conversion rates have  
continued during the period and  
tenant sales in July were at 102%  
compared to the same period  
in 2019

Top performing categories in July  
2021 vs July 2019 were household  
goods & appliances (+9%),  
speciality goods (+7%), fashion &  
accessories (+5%) and health &  
beauty (+3%)

Retail occupancy stable at 95.4%

Retail WALT by GLA as per  
September 2021 is approximately  
5 years

## Directors

Tomasz Trzosto (Chief Executive Officer), Jacek Bagiński (Chief Financial Officer), Robert Weisz\* (Chairman), Marek Belka\*, Sandra van Loon\*, Maciej Dyjas\*\*, Dionne Ellerine\*, Andrew König\*\*, James Templeton\*, Pieter Prinsloo\*\*, Taco de Groot\*

\* Independent non-executive \*\* Non-executive

## LuxSE listing agent

Harney Westwood & Riegels SARL

## JSE sponsor

Java Capital

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement is available on the JSE website at <https://senspdf.jse.co.za/documents/2021/jse/issue/epp/interims21.pdf> and on the company website at <https://www.epp-poland.com/s,91,financial-statements.html>. Copies of the full announcement may also be requested by emailing [ir@epp-poland.com](mailto:ir@epp-poland.com).

Any investment decision should be based on the full announcement published on SENS and the company website.

		HY2021	HY2020
Rental income and recoveries	€'000	66 106	63 673
Net operating profit	€'000	53 208	42 806
Profit from operations	€'000	55 639	(52 515)
Profit/(loss) for the period	€'000	9 187	(24 311)
Headline earnings per share	€ cents per share	0.9	6.9
Earnings per share	€ cents per share	1.0	(2.7)
Distributable earnings per share	€ cents per share	3.66	2.38
Dividend per share		*	*
Net asset value per share	€	1.12	1.09

\* Dividend not declared. See "Dividends" below.

EPP is a Dutch-based real estate company and the largest owner of retail real estate located in Poland in terms of gross lettable area ("GLA"). As at 30 June 2021, the company owns a portfolio of 29 retail properties and six high-quality office complexes located in the majority of regional cities in Poland. In addition, EPP owns the Towarowa 22 development in Warsaw.

At period end, EPP owned and managed approximately 1 000 000 m<sup>2</sup> of retail GLA and 160 000 m<sup>2</sup> of office GLA, including joint venture projects. The investment portfolio has a high quality and diversified tenant base of leading retailers including international brands in the retail properties and primarily blue-chip companies in the office properties. The company's operations are fully internalised and all asset management and property management is done in-house.

EPP's shares are listed on the official list and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange ("LuxSE") and on the Main Board of the JSE Limited ("JSE") in the Real Estate Holdings and Development Sector. The company has primary listings on both the LuxSE and the JSE.

EPP's strategy is to own large dominant shopping centres located in medium-sized and large cities with strong catchment areas across Poland.

The company aims to capitalise on the scale of its operations and on the best-in-class asset and property management services that have been developed within EPP.

## STRATEGY AND OUTLOOK

The first six months of 2021 were challenging for EPP and its operations, as the retail market was affected by governmental lockdowns and trade limitations within shopping centres for 11 weeks in total.

Fortunately, EPP benefits from operating in one of the strongest retail markets in Europe, which is expected to show a strong bounce back after the pandemic, having already returned to growth and exceeding pre-pandemic values. A rebound in footfall and tenant sales has also been observed. At the same time, e-commerce penetration levels began to drop once retail restrictions were lifted, demonstrating again that shopping centres remain the most favourable place for Poles to purchase items. The company remains optimistic about further continuous growth in operational performance, given the low COVID-19 infection rates and the progress of Poland's vaccination programme.

EPP will continue to focus on activities that attract shoppers and drive turnovers at its shopping centres. Asset management initiatives have progressed since the beginning of the year and

EPP's teams will continue to create the best offering for the tenants. Despite challenges relating to the pandemic, EPP continues to observe stable demand from retailers and confidence in the Polish brick-and-mortar retail market.

EPP's main strategic objective is to reduce leverage in the business through the disposal of a selected group of assets by means of either outright sales or sales to new long-term joint venture partners. The company's management believes that there is liquidity in the market and will continue focusing on this strategy in the next months.

EPP is able to meet all its financial obligations and is within the debt covenant levels of 67% set by credit providers (EPP's current LTV is at 55.8%). In the coming months the company will further advance on re-financing of its upcoming debt and remains confident of achieving this goal given the quality of the assets, sustainable income generated by the assets and strong historical track record of the income generation by the assets. In addition, the company has adequate liquidity for the period ahead and at this stage does not envisage requiring any capital raises given the headroom within financial covenant levels.

## DIVIDENDS

EPP's operational metrics have been encouraging for the first half of 2021, despite COVID-19 related retail limitations. The ongoing COVID-19 pandemic requires EPP to proceed with caution and, as a consequence, the Board deems it prudent to continue to prioritise liquidity by resolving to not declare a dividend at this stage. The decision on the 2021 dividend will be made when the full year results are approved and will take into consideration the progress made on asset disposals, refinancing of EPP's upcoming debt, the stability of the retail environment and the overall improvements achieved in the capital structure.

## 2021 DISTRIBUTABLE EARNINGS PER SHARE GUIDANCE

The Board believes that the full year distributable earnings per share guidance of between 7 and 7.25 euro cents per share for the year ended 31 December 2021, will be achieved. This is after taking into consideration the absorption of the impacts of two lockdowns in January and March-April 2021. This guidance is based on the assumption that until the end of 2021 no significant tenant failures occur and no further COVID-19 lockdowns impacting EPP's business are imposed in Poland.

This guidance has not been audited, reviewed or reported on by EPP's auditors.

By order of the Board

15 September 2021