



COMPANY NEWS | EDITION 10

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## A WORD FROM OUR CEO

As we welcome in the new year we got off to a busy start with the completion of Tranche 1 of our M1 portfolio acquisition ([click here for further detail](#)) and look forward to incorporating these new properties in Czeladź, Kraków, Łódź and Zabrze into our portfolio. For EPP 2018 will be a year of consolidation.

Footfall in our centres was up 4.31% in 2017 and we expect this positive trend to continue in 2018, driven by solid economic growth in Poland and increased consumer spending. In this newsletter we have presented a summary of some of our 2017 highlights including extensions to our existing portfolio, progress on our developments and office disposals.

We will continue to focus on enhancing our portfolio and advancing our objective of becoming the leading retail landlord in Poland and look forward to an exciting year ahead!

Hadley Dean  
CEO

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## EPP rated “Buy” by BAML

Bank of America Merrill Lynch's (BAML) Sam Warwood has become the first European/UK based analyst to initiate coverage on EPP. He initiated with a "Buy" rating. EPP is currently trading at a 12.5% discount to its last reported net asset value (NAV). EPP management believes this rating provides further confirmation that the stock is undervalued.

## 2017 A YEAR OF EXCITING EXTENSIONS

## Outlet Park Szczecin, III phase



- Location: Szczecin
- Opening 15 September 2017
- Adding 3 000m<sup>2</sup> GLA
- NOI uplift of €0.7 million
- Key tenants: Guess, Solar, Bagatelle, Pierre Cardin and Home & Cook

## Galaxy



- Location: Szczecin
- Opening 15 November 2017
- Adding 15 150m<sup>2</sup> GLA
- NOI uplift of €4.3 million
- Key tenants: Forever 21, Media Expert, Go Sport, Pepco, Sephora, Rossmann, Way to Beauty, Tefal – Home & Cook, Homla, Duka, Sony Centre and Samsung Brand Store

## INNOVATIVE FOOD COURT FOR GALERIA MŁOCINY





*Galeria Młociny will boast a unique food court area featuring a roof garden, street food on a specially designed gastronomic street; restaurants in the wooden capsules and greenery. The food court has been designed by international architectural studio Broadway Malyan and is set to foster various interactions ranging from get-togethers with family and friends to exploring new tastes and culinary trends, culture, interesting events, sports and open-air activities. This combination of entertainment and food within the shopping zone is expected to bring long-term benefits to our tenants.*



*The development of Galeria Młociny in Warsaw is progressing well and on schedule. The 81 900m<sup>2</sup> development is already 75% pre-let.*

## **REALISING OUR OFFICE DISPOSAL STRATEGY**



- Properties sold: Tryton Business House, A4 Business Park, West Gate
- Locations: Gdańsk, Katowice, Wrocław
- Total value: €160 million

### Offices up for sale:

In line with the current group strategy, we continue with marketing our office portfolio and the offices up for sale include Malta office park, O3 Business Campus, Symetris Park, Oxygen.

## FOCUS ON ASSET MANAGEMENT

The last quarter has been another positive one with leases of almost 10 000m<sup>2</sup> GLA concluded with a number of key tenants including TK Maxx, MediaMarkt, Saturn, Guess, Solar, Bagatelle, Pierre Cardin, Home & Cook, Carry, New Yorker, H&M, CCC, Douglas, Smyk, Empik, Rossman, AGD, Deichman.

Food court improvements were undertaken at Galeria Amber, Pasaż Grunwaldzki and Galeria Sudecka as our asset management team continues to find ways to drive footfall and improve the dwell time at our centres.



## UPDATE ON POLISH POLITICS - CABINET RESHUFFLE POSITIVE FOR THE ECONOMY

On 9 January 2018 Poland's new Prime Minister Mateusz Morawiecki reshuffled the cabinet he inherited from his predecessor. With apparent consent from the ruling party Morawiecki he dismissed the three most controversial ministers: Antoni Macierewicz (Defence), Witold Waszczykowski (Foreign Affairs) and Jan Szyszko (Environment). He also divided his own portfolio among three former undersecretaries who now control separate ministries: Teresa Czerwińska (Finance), Jadwiga Emilewicz (Entrepreneurship and Technology) and Jerzy Kwieciński (Investment and Development). The reshuffle has also seen a change at the Ministry of Health with Łukasz Szumowski now in place and at the Ministry for Digitisation where the post remains vacant.

The long-awaited ministerial reshuffle is a turning point in the four-year government term of PiS. After two years of tumultuous domestic politics and a radical overhaul of the judiciary which resulted in the EU opening a sanction procedure against Poland, the ruling party has moderated its image by choosing Morawiecki and replacing radicals with experts in the government. The aim is to stall the sanctions procedure in Brussels and soften its impact domestically. Sanctions remain a low probability as imposing them would require unanimity in the European Council and Hungary remains opposed to punishing Poland. An on-going procedure would however hamper Poland's efforts to secure the biggest-possible share of EU funds from the post-2020 budget, especially if they would be bound by rule of law.

On the economic front the reshuffle is clearly positive. Morawiecki has not only retained control over economic policy but managed to promote trusted professionals to key ministries. Public finances will be run by a respected budget specialist with several years of experience of the Finance Ministry. The former mega-ministry of Development has been divided into one dedicated to SMEs and R&D, both key areas for Poland's mid-term development (this will be run by an expert on innovation policy) and another tasked with helping foreign investors and managing the distribution of EU funds (this is taken over by Morawiecki's former deputy for EU funds). Economic development is meant to be one of the pillars of PiS parliamentary campaign in 2019, especially if the conflict with Brussels should escalate further.

Source: **Polityka INSIGHT**



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