20240703233459

ÅRSREDOVISNING

för

Eurocommercial Properties Sweden AB

Org.nr. 556602-1712

Styrelsen har härmed upprättat årsredovisning för räkenskapsåret 2023-01-01--2023-12-31.

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Undertecknad styrelseledamot i Eurocommercial Properties Sweden AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 19 juni 2024.
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Stockholm den 19 juni 2024

.....
Evert Jan van Garderen

20240703234170

Eurocommercial Properties Sweden AB
Org.nr. 556602-1712

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i KSEK.

Verksamheten
Bolaget skall direkt eller indirekt äga och förvalta fast egendom ävensom idka därmed förenlig verksamhet.
Bolagets säte är Stockholm.

Utveckling av företagets verksamhet, resultat och ställning

	2023	2022	2021	18 mån 2019/2020	2018/2019
Nettoomsättning	35 492	30 857	25 526	33 788	28 337
Res. efter finansiella poster	-6 997	-18 843	-1 858	-77 710	-11 947
Balansomslutning	2 534 483	2 752 370	2 654 899	2 874 538	3 200 758
Soliditet (%)	73	23	24	22	22
Avkastning på eget kapital (%)	-1	-3	-0	-12	-2
Medelantal anställda	11	11	11	11	10

*Definitioner av nyckeltal, se noter

Väsentliga händelser under räkenskapsåret
Under året har bolaget erhållit aktieägartillskott genom omvandling av aktieägarlån. Bolaget har efter utdelning från dotterbolag skrivit ner bokfört värde på andelar. Bolaget har lämnat aktieägartillskott till dotterbolaget SAR Degeln AB.

Förändringar i eget kapital

	Aktiekapital	Övrigt bundet eget kapital	Övrigt fritt eget kapital	Årets resultat	Summa fritt eget kapital
Belopp vid årets ingång	25 000	20	600 830	19 888	620 718
Erhållna aktieägartillskott			1 200 000		1 200 000
Resultatdisp. enl. beslut av årsstämma:			19 888	-19 888	0
Årets vinst				1 783	1 783
Belopp vid årets utgång	25 000	20	1 820 718	1 783	1 822 501

	2023-12-31	2022-12-31
Villkorade aktieägartillskott uppgår till:	1 244 900	44 900

Resultatdisposition (kronor)

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står (kronor)	
balanserad vinst	1 820 718 486
årets vinst	1 782 570
	1 822 501 056
Styrelsen föreslår att	
i ny räkning överföres	1 822 501 056
	1 822 501 056

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

Eurocommercial Properties Sweden AB
Org.nr. 556602-1712

RESULTATRÄKNING

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Rörelsens intäkter m.m.			
Nettoomsättning		35 492	30 857
Övriga rörelseintäkter		0	1
		35 492	30 858
Rörelsens kostnader			
Övriga externa kostnader		-9 751	-9 477
Personalkostnader	3	-25 722	-21 380
Avskrivningar av materiella anläggningstillgångar		-174	-226
Övriga rörelsekostnader		-10	0
		-35 657	-31 083
Rörelseresultat		-165	-225
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	4	97 745	53 815
Övriga ränteintäkter och liknande resultatposter		3 024	208
Övriga ränteintäkter från koncernföretag		27 386	18 107
Räntekostnader och liknande resultatposter		-21	-34
Räntekostnader och liknande resultatposter till koncernföretag		-134 966	-90 714
		-6 832	-18 618
Resultat efter finansiella poster		-6 997	-18 843
Bokslutsdispositioner			
Erhållna koncernbidrag		25 006	81 851
Lämnade koncernbidrag		-15 381	-36 210
		9 625	45 641
Resultat före skatt		2 628	26 798
Skatt på årets resultat		-845	-6 910
Årets resultat		**1 783**	**19 888**

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Eurocommercial Properties Sweden AB
Org.nr. 556602-1712

BALANSRÄKNING

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	5	279	447
Summa materiella anläggningstillgångar		279	447
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6	1 850 627	2 121 888
Fordringar hos koncernföretag	7	334 749	257 221
Uppskjuten skattefordran		753	0
Summa finansiella anläggningstillgångar		2 186 129	2 379 109
Summa anläggningstillgångar		2 186 408	2 379 556
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		230 687	237 083
Övriga fordringar		57	410
Förutbetalda kostnader och upplupna intäkter		4 189	1 000
Summa kortfristiga fordringar		234 933	238 493
Kassa och bank			
Kassa och bank		113 142	134 321
Summa kassa och bank		113 142	134 321
Summa omsättningstillgångar		348 075	372 814
SUMMA TILLGÅNGAR		**2 534 483**	**2 752 370**

Eurocommercial Properties Sweden AB
Org.nr. 556602-1712

BALANSRÄKNING

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		25 000	25 000
Reservfond		20	20
Summa bundet eget kapital		25 020	25 020
Fritt eget kapital			
Balanserat resultat		1 820 718	600 830
Årets resultat		1 783	19 888
Summa fritt eget kapital		1 822 501	620 718
Summa eget kapital		1 847 521	645 738
Avsättningar			
Uppskjuten skatteskuld		0	8
Summa avsättningar		0	8
Långfristiga skulder	8		
Skulder till koncernföretag		424 156	1 987 764
Summa långfristiga skulder		424 156	1 987 764
Kortfristiga skulder			
Leverantörsskulder		625	29
Skulder till koncernföretag		243 398	106 278
Aktuell skatteskuld		3 805	3 449
Övriga skulder		1 399	350
Upplupna kostnader och förutbetalda intäkter		13 579	8 754
Summa kortfristiga skulder		262 806	118 860
SUMMA EGET KAPITAL OCH SKULDER		**2 534 483**	**2 752 370**

NOTER

Not 1 Redovisnings- och värderingsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning.

Lättnadsreglerna har tillämpats. Principerna är oförändrade jämfört med föregående år.

Fordringar
Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar, avsättningar och skulder
Övriga tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Intäktsredovisning
Inkomsten redovisas till det verkliga värdet av vad som erhållits eller kommer att erhållas.

Ränta och utdelning
Ränta redovisas med tillämpning av effektivräntemetoden. Utdelning redovisas när aktieägarens rätt att få utdelning bedöms som säker.

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde med avdrag för ackumulerade avskrivningar och eventuella nedskrivningar. Tillgångarna skrivs av linjärt över tillgångarnas bedömda nyttjandeperiod förutom mark som inte skrivs av. Nyttjandeperioden omprövas per varje balansdag. Följande nyttjandeperioder tillämpas:

	Antal år
Inventarier	5

Nedskrivning av materiell anläggningstillgång
Per varje balansdag bedömer företaget om det finns indikationer på nedskrivningsbehov. Bedömningen görs individuellt post för post.

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärde.

Finansiella tillgångar och finansiella skulder redovisas när företaget blir part i det finansiella instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör eller regleras, eller när de risker och fördelar förknippade med tillgången överförs till annan part. Finansiella skulder tas bort från balansräkningen när den avtalade förpliktelsen fullgörs eller upphör.

Kundfordringar värderas till anskaffningsvärde med avdrag för befarade förluster. Leverantörsskulder och andra icke-räntebärande skulder värderas till nominella belopp.

Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde, inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången. Finansiella omsättningstillgångar värderas efter första redovisningstillfället till det lägsta av anskaffningsvärde och nettoförsäljningsvärde på balansdagen. Finansiella räntebärande skulder värderas till upplupet anskaffningsvärde, inklusive direkt hänförliga transaktionsutgifter.

Andelar i koncernföretag
Andelar i koncernföretag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Nedskrivning av finansiell anläggningstillgång
Per varje balansdag bedömer företaget om det finns indikationer på nedskrivningsbehov. Bedömningen görs individuellt post för post.

Leasing
Alla leasingavtal redovisas som operationella leasingavtal. Samtliga leasingavtal kostnadsförs linjärt över leasingperioden.

NOTER

Inkomstskatt
Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.
Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller på balansdagen.

Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatt beräknas på temporära skillnader. En temporär skillnad finns när det redovisade värdet på en tillgång eller skuld skiljer sig från det skattemässiga värdet.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

Ersättningar till anställda
Pensioner
Avgiftsbestämda pensionsplaner
Bolaget har inga förmånsbestämda pensionsplaner. Avgifter för avgiftsbestämda pensionsplaner kostnadsförs löpande.
Obetalda avgifter redovisas som skuld.

Eventualförpliktelser
En eventualförpliktelse är:
- En möjlig förpliktelse som till följd av inträffade händelser och vars förekomst endast kommer att bekräftas av en eller flera osäkra framtida händelser, som inte helt ligger inom företagets kontroll, inträffar eller uteblir, eller
- En befintlig förpliktelse till följd av inträffade händelser, men som inte redovisas som skuld eller avsättning eftersom det inte är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen eller förpliktelsens storlek inte kan beräknas med tillräcklig tillförlitlighet.

Eventualförpliktelser är en sammanfattande beteckning för sådana garantier, ekonomiska åtaganden och eventuella förpliktelser som inte tas upp i balansräkningen.

Not 2 Uppskattningar och bedömningar

Styrelsen gör uppskattningar och bedömningar för att fastställa värden på vissa tillgångar och skulder. Dessa uppskattningar baseras på historisk erfarenhet och andra faktorer inklusive förväntningar på framtida händesler som anses rimliga under rådande förhållanden.

UPPLYSNINGAR TILL ENSKILDA POSTER

Not 3 Medelantal anställda	2023	2022
Medelantal anställda har varit	11	11

Not 4 Resultat från andelar i koncernföretag	2023	2022
Resultatandel	15	15
Utdelning	350 000	0
Anteciperad utdelning	191 066	53 800
Nedskrivningar	-443 336	0
	97 745	53 815

NOTER

Not 5	Inventarier, verktyg och installationer	2023-12-31	2022-12-31
	Ingående anskaffningsvärde	2 601	3 048
	Inköp	17	255
	Försäljningar/utrangeringar	-13	-702
	Utgående ackumulerade anskaffningsvärden	2 605	2 601
	Ingående avskrivningar	-2 154	-2 630
	Försäljningar/utrangeringar	3	702
	Årets avskrivningar	-174	-226
	Utgående ackumulerade avskrivningar	-2 325	-2 154
	Utgående redovisat värde	280	447

Not 6	Andelar i koncernföretag	2023-12-31	2022-12-31
	Ingående anskaffningsvärde	2 121 888	2 121 886
	Resultatandel, uttag och tillskott KB	15	2
	Lämnade aktieägartillskott	172 060	0
	Årets nedskrivningar	-443 336	0
	Utgående redovisat värde	1 850 627	2 121 888

Eurocommercial Properties Sweden AB äger samtliga aktier i Premi Fastighets AB, ECP Kristianstad AB, ECP Moraberg Holding AB, Fastighetsbolaget ES Örebro AB, ECP Valbo Holding AB, Fastighets AB Juveleraren 11, SAR Degeln AB och Ugglum Fastigheter AB.
Eurocommercial Properties Sweden AB är kommanditdelägare i Bergvik Köpet 3 KB och ECP Fastighet Köpet 1 KB.

Not 7	Fordringar hos koncernföretag	2023-12-31	2022-12-31
	Ingående anskaffningsvärde	257 221	401 798
	Tillkommande	77 528	0
	Avgående	0	-144 577
	Utgående ackumulerade anskaffningsvärden	334 749	257 221
	Utgående redovisat värde	334 749	257 221

Not 8	Långfristiga skulder	2023-12-31	2022-12-31
	Amortering inom 1 till 5 år	424 156	1 987 764

Not 9	Ställda säkerheter	2023-12-31	2022-12-31
	Pantsatta andelar i dotterbolag	1 528 640	1 800 287
	varav till förmån för koncernföretag	*1 528 640*	*1 800 287*
	Fordringar hos koncernföretag	336 334	302 424
	varav till förmån för koncernföretag	*336 334*	*302 424*

Not 10	Eventualförpliktelser	2023-12-31	2022-12-31
	Borgensförbindelser till förmån för koncernföretag	1 875 000	1 200 000
	Skulder i Kommanditbolag	15	15
		1 875 015	1 200 015
	varav till förmån för koncernföretag	*1 875 015*	*1 200 015*

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NOTER

Not 11 Koncernförhållanden

Företaget är ett helägt dotterbolag till Sentinel Holdings B.V., Nederländerna. Det översta bolaget i koncernen är Eurocommercial Properties N.V. reg nr 33230134, Nederländerna. Koncernredovisningen upprättas i det högsta bolaget i koncernen.
Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.

Not 12 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

Avkastning på eget kapital
Resultat efter finansiella poster i procent av genomsnittligt justerat eget kapital

Stockholm 5/6-2024

Evert Jan van Garderen
Ordförande

Roberto Fraticelli

Vincent Meijer

Peter Mills

Vår revisionsberättelse har lämnats den 13 juni 2024

KPMG AB

Marc Karlsson
Auktoriserad revisor

20240703234744

Revisionsberättelse

Till bolagsstämman i Eurocommercial Properties Sweden AB, org. nr 556602-1712

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Eurocommercial Properties Sweden AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Eurocommercial Properties Sweden ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Eurocommercial Properties Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är *nödvändig för att upprätta en årsredovisning som inte innehåller* några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om *styrelsen avser att likvidera bolaget, upphöra med verksamheten* eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, *felaktig information eller åsidosättande av intern kontroll.*
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Eurocommercial Properties Sweden AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Eurocommercial Properties Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 13 juni 2024

KPMG AB

Marc Karlsson
Auktoriserad revisor

Kopian överensstämmer med originalet intygas

Tom

Corporate Governance

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In accordance with the Dutch Corporate Governance Code (the Code), a broad outline of the corporate governance structure of the Company is presented in this section, including any departures from the Code's best practices. The full text of the Code can be found on the website www.mccg.nl. In the following paragraphs the above broad outline is presented.

General Meeting of Shareholders

The General Meeting of Shareholders has overriding powers on such matters as changes to the Company's Articles of Association, adoption of the accounts and result allocation. It also has powers regarding the appointment, suspension, dismissal and remuneration of members of the Board of Management and the Supervisory Board. Shareholders are entitled to attend and to vote at the General Meeting of Shareholders. Each share confers the right to cast one vote at the General Meeting of Shareholders. Resolutions are adopted with a simple majority of votes cast without any quorum requirements, unless Dutch law or the Articles of Association prescribe a larger majority or a quorum.

Every year, at least one General Meeting of Shareholders must be held within six months after the end of the financial year. Additional General Meetings of Shareholders may be held throughout the year. General Meetings of Shareholders are convened by the Board of Management or the Supervisory Board. Furthermore, upon written request by shareholders who solely or jointly represent at least 10% of the issued share capital, which request must specify the items to be considered, the Board of Management and the Supervisory Board shall be required to convene a General Meeting of Shareholders. If the Board of Management and Supervisory Board fail to do so in a timely manner, those shareholders can be authorised by a competent Dutch court to convene a General Meeting of Shareholders themselves.

The notice calling a General Meeting of Shareholders must specify the agenda for the meeting. The agenda shall contain such items as the persons convening or requesting the meeting decide. Furthermore, shareholders whose shares solely or jointly represent at least (i) 1% of the issued share capital, or (ii) a value of EUR 50 million, may request the Board of Management and Supervisory Board in writing and no later than on the sixtieth day prior to the date of the General Meeting of Shareholders, to include certain items on the agenda.

General Meetings of Shareholders are held in Amsterdam, Rotterdam, The Hague or the municipality of Haarlemmermeer (Schiphol Airport). The meetings are chaired by the Chairman, in principle being the chairman of the Supervisory Board. The Secretary appointed for the meeting will take minutes of the proceedings at the meeting. The minutes will be signed by the Chairman of the meeting and by the Secretary. In principle, the minutes will be published on the Company's website within three months after the meeting.

Supervisory Board

In the year under review, the Supervisory Board comprised Mr. Bas Steins Bisschop, Chairman of the Supervisory Board, Mrs. Emmanuèle Attout, Mrs. Karin Laglas and, as from the Annual General Meeting of Shareholders held on 13 June 2023, Mr. Bernard Roelvink.

The Supervisory Board's primary task is to supervise the Board of Management's policies and the general course of affairs and activities of the Company and to provide advice and guidance to the Board of Management. In pursuing these responsibilities, the Supervisory Board acts in the best interests of the Company and its business enterprise, while taking into account the interests of all stakeholders. Supervision focuses on the vision of the Board of Management on sustainable long-term value creation for the Company, the related strategy and policies, and the achievement of corporate goals. In addition, the Supervisory Board supervises the proper management of internal risks and execution of control structures, the property, financial and sustainability reporting process, and legal and regulatory compliance. Furthermore, the Supervisory Board prepares the remuneration policy of the Board of Management and Supervisory Board and proposes the individual remuneration of the Board of Management members according to the policy and remuneration proposals approved by the General Meeting of Shareholders. Under powers granted to it by the General Meeting of

Kopian överensstämmer
med originalet intygas
Tom

Shareholders for the period to 12 December 2024, the Board of Management, subject to the approval of the Supervisory Board, is authorised to issue new shares up to a maximum of 10% of the issued share capital and to determine the terms of issue, including the power to limit or exclude the pre-emptive rights of existing shareholders. Mutatis mutandis the same applies to the granting of rights to subscribe for shares.

The Supervisory Board determines the number of Managing Directors and Supervisory Directors of the Company. The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination drawn up by the Supervisory Board. The General Meeting of Shareholders may overrule the binding nature of this nomination with a majority of at least two/thirds of the votes cast, representing more than half of the issued share capital, following which the General Meeting of Shareholders will be free in its appointment. The General Meeting of Shareholders is also authorised to suspend and dismiss Supervisory Directors. A resolution by the General Meeting of Shareholders to dismiss or suspend a Supervisory Director can be passed with a simple majority of the votes cast, representing at least one half of the issued share capital.

Pursuant to the Articles of Association, the Supervisory Directors retire under a rotation scheme. Any proposal for appointment or reappointment to the General Meeting of Shareholders shall be properly explained. In the case of a reappointment, account will be taken of the candidate's performance and functioning as a Supervisory Director. The rules and regulations of the Supervisory Board stipulate that the maximum term in office is 12 years. The Code provides for the basic principle that Supervisory Directors are appointed for a period of four years and can be reappointed for another four-year period. After that, reappointment is possible for a maximum term of two-years, which may be extended by another two-year term.

The General Meeting of Shareholders determines the remuneration of members of the Supervisory Board. All members of the Supervisory Board are independent in accordance with the Code.

The Supervisory Board meets according to a fixed schedule of meetings. In the financial year under review, the Supervisory Board met ten times. There are special meetings including those dedicated to a discussion – without the Board of Management being present – of the Supervisory Board's own functioning, the functioning of its committees, the relationship with the Board of Management and the composition, assessment and remuneration of the Board of Management. The Supervisory Board profile to which the members of the Supervisory Board are expected to comply will be evaluated annually and, where necessary, revised.

In the year under review, no business transactions took place in which conflicts of interest could have played a role. Any business transactions between the Company and the members of the Boards are published in the Annual Report. The profile, rules and regulations of the Supervisory Board and the resignation rota for members of the Supervisory Board are published on the Company's website.

The Supervisory Board has established two permanent committees from among its members: the Audit Committee and the Nomination and Remuneration Committee. The charters for these committees are attached to the rules and regulations of the Supervisory Board. In addition to these permanent committees, the Supervisory Board may establish ad hoc committees.

The Audit Committee consist of all members of the Supervisory Board. The Audit Committee, among other things, monitors the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk management and control systems, the functioning of and relationship with the external auditor and the functioning of the internal audit function. The Audit Committee prepares the Supervisory Board's decision-making regarding the supervision of abovementioned subjects. Further information on the role and functioning of the Audit Committee can be found on page 185.

The Nomination and Remuneration Committee consists of all members of the Supervisory Board. The Nomination and Remuneration Committee, among other things, prepares the Supervisory Board's decision making regarding the selection and appointment of Managing Directors and Supervisory

Corporate Governance (continued)

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Directors, their performance and succession as well the remuneration policy of the Board of Management and Supervisory Board and their renumeration. Further information on the role and functioning of the Nomination and Remuneration Committee can be found on page 186.

Board of Management

The Board of Management (consisting of Evert Jan van Garderen, Roberto Fraticelli and Peter Mills) is responsible for managing the Company and its subsidiaries. The Board of Management is responsible for the business continuity of the Company and sets the strategy and policies for the Company to achieve sustainable long-term value creation. It is accountable for the pursuit and achievement of corporate goals and objectives of the Company and its subsidiaries, its strategy and policies. In addition to determining strategy and its implementation, the Board of Management optimises the risk management and control of the Company, its financing and ensures that the Company and its subsidiaries comply with legal and other applicable regulatory requirements. In pursuing these responsibilities, the Board of Management acts in the best interests of the Company and its subsidiaries, while taking into account the interests of all stakeholders.

The members of the Board of Management are appointed by the General Meeting of Shareholders from a binding nomination drawn up by the Supervisory Board. The General Meeting of Shareholders may overrule the binding nature of this nomination with a majority of at least two/thirds of the votes cast, representing more than half of the issued share capital, following which the General Meeting of Shareholders will be free in its appointment. The General Meeting of Shareholders is also authorised to suspend and dismiss Managing Directors. A resolution by the General Meeting of Shareholders to dismiss or suspend a Managing Director can be passed with a simple majority of the votes cast, representing at least one half of the issued share capital. Managing Directors may also be suspended by the Supervisory Board.

Managing Directors are appointed for a maximum period of four years and may be renewed. The Board of Management's remuneration is determined in line with the remuneration policy set out in the Remuneration Report and as adopted by the General Meeting of Shareholders at the proposal of the Supervisory Board. Key indicators for their remuneration are based on aligning the Board of Management's interests with those of the stakeholders. The remuneration of the members of the Board of Management is determined by the General Meeting of Shareholders, with due observance of the remuneration policy. The amount of compensation that a member of the Board of Management may receive on termination of his or her employment may not exceed one year's base salary. The Supervisory Board annually prepares a Remuneration Report which is posted on the Company's website.

Evert Jan van Garderen, Chief Executive Officer
Evert Jan van Garderen (62) joined Eurocommercial in 1994 after experience in a major law firm and an international investment group. He held the position of Chief Financial Officer from 1994 until he was appointed Chief Executive Officer in November 2020. Mr van Garderen, a graduate of Erasmus University Rotterdam, is both a Chartered Accountant and a qualified lawyer.

Roberto Fraticelli, Chief Financial Officer
Roberto Fraticelli (52) joined Eurocommercial in 1998. He was appointed Chief Financial Officer in November 2020 and holds the position of Head of Italy since 2016. Mr Fraticelli holds a university degree in Business Administration from the LUISS University (Rome), a degree in Political Science from the University of Amsterdam and an Executive MBA from the Erasmus University Rotterdam. He is also a Chartered Surveyor.

Peter Mills, Chief Investment Officer
Peter Mills (65) joined Eurocommercial in 1993 after experience at major international property consultants covering the UK and European retail markets. Mr Mills was responsible for the Company's operations in Sweden until he was appointed Chief Investment Officer in November 2020. Mr Mills is a Chartered Surveyor and read Land Economy at Cambridge University.

External auditor

The external auditor is appointed by the General Meeting of Shareholders. The external auditor attends the meeting of the Supervisory Board and the Board of Management at which the annual and half-year figures are discussed and adopted. The Supervisory Board also meets with the external auditor without the presence of the Board of Management. The quarterly, half-year and annual figures presented in press releases are discussed with the external auditor prior to publication. The annual accounts are audited by the external auditor.

The General Meeting of Shareholders may question the external auditor about their report on the fairness of the annual accounts. The external auditor will address the meeting in respect of this matter.

KPMG Accountants N.V. were reappointed as the Company's auditors by the General Meeting of Shareholders in June 2022 for the financial year 2023. In 2023, KPMG Accountants N.V. were reappointed for the financial year 2024. The reappointment of the Company's auditors for the financial year 2025 will be tabled at the 2024 Annual General Meeting.

Corporate governance best practice

The Code is based on the "comply or explain" principle. In case of non-compliance with the Code, the reasons for and extent of such non-compliance must be explained. The only principles and best practice provisions of the Code with which the Company does not fully comply and which require an explanation are:

Principle 3.2 of the Code

Principle 3.2 of the Code provides that the Supervisory Board determines the remuneration of the members of the Board of Management. However, in accordance with the Dutch Civil Code and as provided in the Articles of Association of the Company, the remuneration of the individual members of the Board of Management is determined and adopted by the General Meeting of Shareholders.

Provision 4.3.3 of the Code

Members of the Board of Management and the Supervisory Board are appointed to and removed from office by the General Meeting of Shareholders. This is in line with the Code. Pursuant to the Articles of Association of the Company, the Supervisory Board has the right to make binding nominations for the appointment of members of the Board of Management and the Supervisory Board. The Code considers as best practice in provision 4.3.3 that the General Meeting of Shareholders may cancel the binding nature of a nomination by an absolute majority of the votes cast with a quorum requirement of not more than one third of the issued share capital. The Articles of Association of the Company are aligned with art. 2:133(2) of the Netherlands Civil Code and provide that the General Meeting of Shareholders may cancel the binding nature of a nomination by a two-thirds majority of the votes cast, representing more than one half of the issued share capital. Also, the Articles of Association of the Company provide that no new meeting can be convened if the required quorum is not met. The Supervisory Board and the Board of Management are of the opinion that these deviations from provision 4.3.3 of the Code will enhance the continuity of the Company and contribute to the long-term value creation by the Company.

Corporate responsibility

Shopping centres play a major role within the local community as places for people not only to shop in, but also to relax and interact with each other. The Company therefore strives to integrate itself as much as possible into its surrounding environment. Reference is made to the ESG section of the Annual Report.

The Company is committed at both the corporate and operational level to minimising the impact of its business activities on the environment. The Company discloses its energy and water consumption, waste production and greenhouse gas emissions on an annual basis. This information can be found on page 81 and 82.

At the corporate level, the Company uses video conferencing systems to lower internal travel costs. In addition, the offices have recycling programmes in place.

The Company understands that its employees are its most important asset. To this end, it actively encourages and supports employees to further

Corporate Governance (continued)

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their professional training and development, where appropriate. The Company prides itself on being a good employer, which is epitomised in the lengthy average tenure of employment and very low personnel turnover.

Organisation, culture and long-term value creation

Eurocommercial has offices in Amsterdam, Milan, Paris and Stockholm. The French, Italian and Swedish teams are responsible for in-house functions such as leasing, rent collection, technical supervision and administration. The French team is also responsible for Woluwe Shopping in Brussels.

The Board of Management and Country Directors, responsible for the respective countries, keep the Supervisory Board of the Company fully informed of operations through formal management reports and informal discussions as necessary.

Investment in property is a local and long-term business. The country teams therefore comprise mainly nationals and residents of the country in which investments are made. The teams consist of skilled professionals with relevant experience who understand the importance of local values and practices to avoid errors and mistakes. There is a significant number of employees who have been employed for more than ten years.

At the same time an international organisation requires high standards of transparency, reporting and accountability. The Company is promoting clear and open communication and taking responsibility. Complying with high standards of good business practices is fundamental for sustainable long-term value creation. A good long-term relationship with tenants, local communities and governments requires diligent staff who adhere to proper business ethics and are fully aware that reputational risk for the Company and its employees is a very important risk factor which needs to be carefully managed. Training of management and staff in these areas and cross-country meetings and visits by management and staff members therefore take place regularly, so that there is good internal knowledge sharing and a good understanding of how Eurocommercial management and staff should act and perform. The Code of Conduct of the Company provides the core rules for management and staff to adhere to and provides guidance on behaviour and on maintaining the Eurocommercial values. During the financial reporting period no violation of the Code of Conduct has been reported or established.

Every employee under a permanent labour contract is entitled to the long-term incentive under the Group's Performance Share Plan, which is clearly aimed at linking remuneration to a long-term commitment of the individual employee and the performance of the Company. It is believed this Plan contributes to alignment of management and staff with the interests of the Company and its stakeholders and underlines the culture in the Group that each individual is considered to contribute to the success of the Company and is therefore also entitled to a long-term incentive.

Remuneration

The remuneration policy for Supervisory Directors and Managing Directors approved by the General Meeting of Shareholders on 14 June 2022. Supervisory Directors receive a fixed fee. Managing Directors may be entitled to cash bonuses in addition to their base salaries. These bonuses, like those of the senior managers, are directly linked to the annual growth in the Company's adjusted net asset value, the annual total return and annual relative performance as per the end of the financial year of the listed shares of the Company compared with a peer group of ten listed retail property companies, as well as to two ESG key performance indicators. These growth percentages, if any, and ESG KPIs are used to calculate the variable income as a percentage of base salary. Since 2012, a Performance Share Plan has been in place for Managing Directors, regional directors and permanent staff of the Company. Under this scheme, conditional shares receipts may be granted from time to time, but these only vest after three years have lapsed from the date of granting, provided certain targets are met. After vesting, these shares are blocked for another two years. The remuneration policy is set out in the Remuneration Report posted on the Company's website. A summary of the Remuneration Report is included in the Report of the Board of Supervisory Directors on page 184.

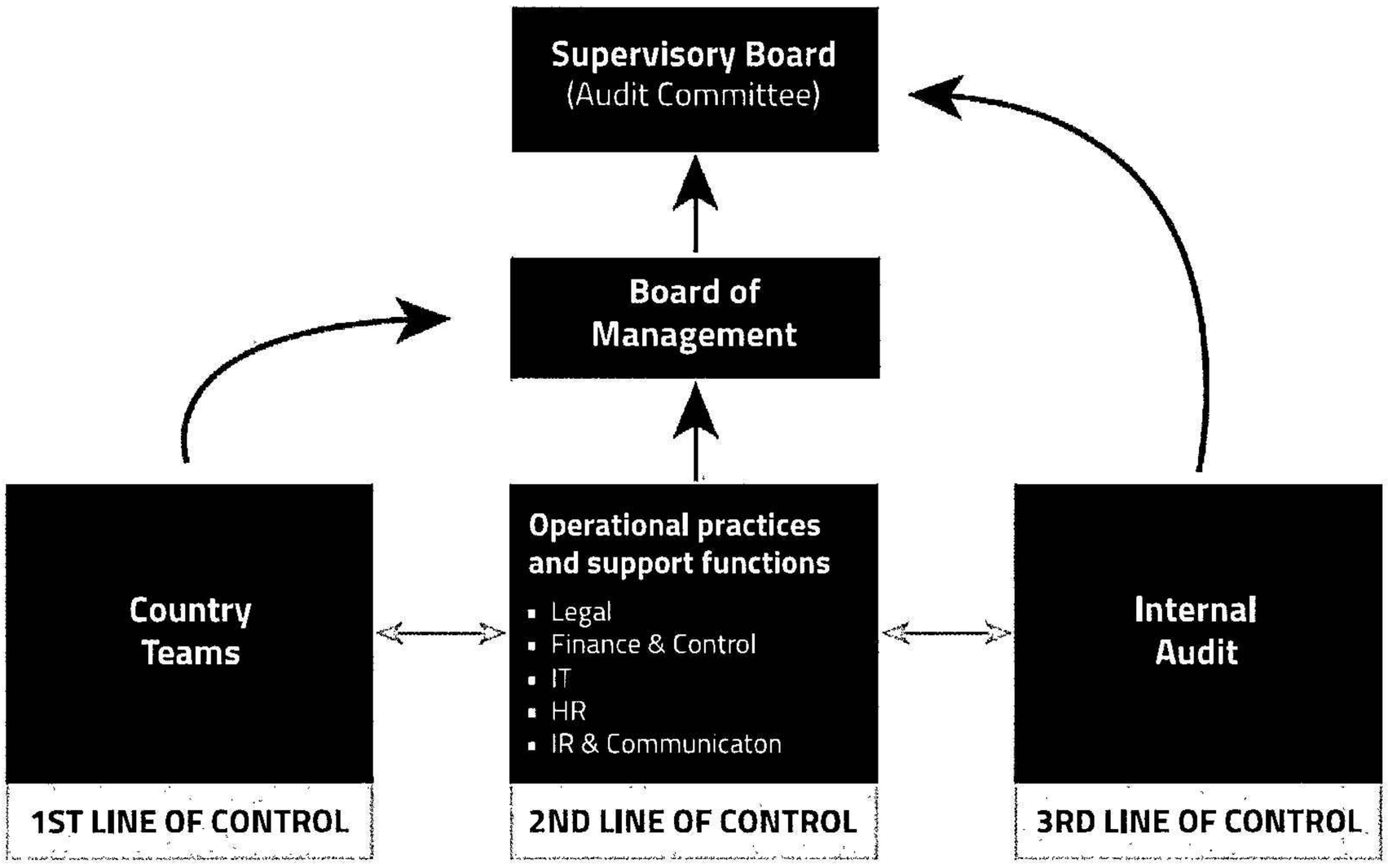
Risk Management

Internal risk management and control system

The Company's management structure and corporate strategy are designed to serve long-term value creation including maximisation of shareholders' value while minimising risks to the accepted risk appetite. The Company has a long-term investment horizon and carefully monitors and manage its exposure to risks deriving from its investment policies through its internal risk management control system. Established controls and procedures are in place covering the implementation of its policies and the monitoring of the related results and implications. Policies, guidelines, reporting systems and segregation of duties have been issued and are currently in place to enable the above-mentioned controls. The internal risk management and control system at Eurocommercial Properties is aimed at:

- clearly identify the risks linked to the activity of the Company, their probability of occurrence and their impact on Company's value, assets and reputation;
- set up and maintain an adequate control system to monitor and prevent the occurrence of the risks and to mitigate their impact;
- ensure that the corporate strategy is implemented;
- achieve effective and efficient corporate processes to meet the business objectives;
- safeguard the value of corporate assets;
- ensure the reliability and integrity of accounting and management data;
- ensure that operations comply with all existing rules and regulations.

The following table summarise the internal risk management and control system of the Company:



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The Audit Committee prepares the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial and sustainability reporting and the design and operation of the Company's internal risk management and control systems. The Audit Committee currently includes all members of the Supervisory Board. Next to other duties the Audit Committee carries out the following:

- monitoring the financial and sustainability reporting process and drawing up proposals to safeguard the integrity of this process;
- monitoring the effectiveness of the internal control systems, the internal control function and risk management systems with regard to the Company's financial and sustainability reporting.

The Audit Committee approves the Internal Audit Plan and monitors its execution and the results of the controls performed. The Audit Committee meetings are held at least on a quarterly basis in the presence of all the members of the Supervisory Board and, upon invitation, of the Board of Management. During these meetings the progress on the execution of the annual audit plans and the internal and external auditors' findings on the Company's control system are also discussed.

The Board of Management ensures that the teams located in each country:

- have identified and assessed the risks that the Company faces in the regions where it operates;
- have established a risk management system to address these risks;
- have validated the level of control over each given risk;
- have set a proper segregation of duties and responsibilities;
- have clearly defined the risk-related responsibilities for each risk owner.

The teams located in the countries represent a first line of risk control. A comprehensive manual on the internal control has been approved and made available to the employees through the Company's intranet. The manual provides a detailed description of the procedures to be followed for any operation in the various countries, identifies the key controls and responsibilities and describes the segregation of duties and authorisation structures that have to be implemented and maintained. The procedures and the controls outlined in the manual concern both the business activities (signing and registering of new leasing contracts, managing of the shopping centres, valuation and execution of new investments, etc.) and corporate activities (approval and issuance of purchase orders, budgeting process, comparison between actuals and forecast, etc.). Specific attention is provided to the treasury and financial activities, mainly to minimise the risk of fraud. The payment procedures of the countries are very strict, requiring in most cases the involvement of the Amsterdam head office where all payments for the Group are finally authorised by at least two senior signatories.

A second line of control is represented by the operational practices and support functions such as Legal, Treasury Finance and Control, Information Technology, Human Resources, Investor Relations and Communications. Key elements of the internal control systems, are designed to enable effective and collegiate decision-making, monthly review of important indicators, such as turnover in shopping centres, rent collection, vacancy, arrears and doubtful debtors, and weekly meetings between the Board of Management and the Country Directors and senior staff to review each country's performance against budgets and long-term financial plans. All major corporate, property and financial decisions are discussed and reviewed at regular meetings of the Board of Management together with senior management comprising the heads of the Belgian, French, Italian and Swedish businesses, the Group Leasing Director, the finance team, the research department and the Group Economist. The teams discuss the chosen topics – be it an acquisition, renovation project, property management, leasing, extension/refurbishment, divestment, fundraising or financing issue – against a number of key criteria including financial implications, strategic fit and the impact it will have on the Company's long-term strategy.

Strict procedures are also observed for the periodic drawing up of monthly, quarterly and annual figures on the basis of the adopted policies. The

Risk Management (continued)

internal management reporting system is designed to directly identify developments in the value of investments and in income and expenses. For this purpose, use is made of specific data processing software within an automated, integrated information systems. A back-up and recovery plan is in place so that data can be easily and quickly restored. Professionally managing and controlling risks associated with safeguarding the continuity, availability, functioning and security of its IT systems is of vital importance to the Company. The Company invests in further digitalising its corporate processes, focusing extensively on the security of its data and other information, to prevent serious business interruptions and cybercrime attempts and to comply with the prevailing privacy legislation and market practice.

A third line of control is represented by the Internal Audit. The Internal Audit is an independent body, reporting to the Audit Committee. Due to its size, the Company has outsourced the internal audit function to a reputable audit firm. By executing the annual audit plan approved by the Audit committee, the Internal Audit checks the correct implementation of the procedures, evaluates the effectiveness of the existing risk management and control system and provides suggestions to its further strengthening and improvement.

MAIN RISK FACTORS

The Company identified 21 main material and specific risks, that are grouped in the following four macro categories:

- macro and strategic risks
- operational risks
- financial risks
- compliance and reputation risks.

These risks have been selected on the basis of their impact and probability, before taking into account risk management and internal control mechanisms put in place by the Company and are summarised in the table below.

Category	Risk Factor	
Macro and strategic risks	• Global economy/Occurrence of global events (i.e. a pandemic) • Climate and related risks • Evolution of retail market	• Country and sector weighting of assets • Timing of investments and divestments
Operational risks	• Asset selection • Counterparty risk • Tenant selection and credit risk • Physical condition of properties	• Property extension/ redevelopment risk • Business Ethics • Health and safety and Human capital • Cybersecurity
Financial and liquidity risks	• Credit risk • Interest rate risk • Access to capital resources	• Liquidity risk • Currency risk
Compliance and reputation risk	• Taxation • Reporting risk	• Compliance with national and European Regulations

For each risk identified, we have indicated a description of the risk, its impact on the Company and the risk mitigation measures taken.

Risk Management (continued)

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Macro and strategic risk

Global economy/Occurrence of a global event (i.e. pandemic)

Description

Macroeconomic factors have a significant impact on the Company's activity. They can also be influenced by geopolitical changes. Negative macroeconomic trends and their impact on the labour market and purchasing power can affect footfall and retailers' sales within the Company's shopping centres. This could reduce the possibility to increase rents in renewals or relettings and lead to a decrease of the variable rents based on the retailers' sales.

Severe recessions could lead to bankruptcies of retailers and/or financing banks, requiring the Company to take compensative measures such as to grant temporary discounts.

COVID-19 or other pandemics can result in the (temporary) closures of shopping centres and further restrictions for visitors.

Impacts

Macroeconomic factors and global events, such as a pandemic, could significantly impact the financial results, the financial position and the value of the Company's share price as a consequence of:

- temporary or permanent closure of assets;
- rent concessions;
- decisions by tenants to reduce or cease their operations;
- retailers' insolvencies or bankruptcies;
- ongoing local or national operational restrictions, such as opening times restrictions, ongoing closure of assets.

Risk mitigation measures

The geographical diversification of the Company's portfolio in four European countries and the diversification of tenants mitigate the risk of averse macroeconomic changes and the impacts of global events such as a pandemic.

Furthermore the Company from the beginning decided to invest in properties located in wealthy areas and dominant in their catchment areas to reduce the potential impact on footfall and turnovers of economic downturns.

The risk of tenants' bankruptcy, in addition, is addressed by a strict tenants' selection before the signing of a lease contract and a regular monitor of their financial performance both at corporate and at asset level for the length of the lease.

Monthly reviews of turnovers and occupancy cost ratios of each tenant are performed to timely identify critical situations and implement case by case solutions.

Climate and related risks

Description

Climate change poses a risk to our assets, tenants, investors and local communities, potentially leading to an increase in number of extreme weather events like storms, floods, droughts, heat waves and fires. Climate change could moreover lead to more stringent regulations and legislations both at European and national level. It can increase, finally, also the expectations and the pressure of investors and other stakeholders to reach ambitious sustainability targets in the medium run.

Impacts

Climate change could have an impact on the earnings, cash flows and value of the properties as a result of:

- temporary or permanent closure of assets for natural events;
- higher cost for maintenance, refurbishment and construction capex to meet higher standard of efficiency of assets;
- higher operating costs for heating and air conditioning;
- higher cost for insurance premiums.

Risk mitigation measures

The Company's ESG and business strategies are aligned and the business decisions are approached with a long term view, carefully evaluating their environmental and socio-economic impact.

The Company set ambitious ESG targets for 2030 to demonstrate its commitment to address environmental concerns and ensuring compliance with both regulatory and societal expectations. Climate and related risks are carefully monitored and detailed action plans are approved and implemented to mitigate the risks identified. Physical climate risks are evaluated during our risk assessments at asset level, which are aligned with the international BREEAM In-Use framework. All our properties are in fact BREEAM certified. In 2023 we have completed a portfolio wide analysis conducted also through the support of external experts to identify potential physical climate change risks impacting the Company. Detailed reports were received outlining the strategies to mitigate these risks. Mitigation plans are now integrated into the property-level business plans. For more information, please refer to the Be Green chapter of the ESG section in this report.

Risk Management (continued)

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Evolution of the retail market

Description

E-commerce has shown a steady increased over the past years in the countries where the Company operates its shopping centres. Although physical retail still forms the foundation of the retail business, the consumption habits can evolve in an adverse way for the physical distribution channels and the brick-and-mortar businesses.

Impacts

A significant growth of online retail could have a negative impact on footfall and retailers' sales, affecting the valuation of the assets and the earnings of the Company.

Risk mitigation measures

The Company owns shopping centres which have a good tenancy mix of shops and a strong supermarket/ hypermarket anchor for daily shopping needs. Notwithstanding the increased use of online shopping during the lockdowns, customers have returned to our shopping centres with a full recovery of retail sales. In addition a growing number of retailers have developed an omnichannel strategy, offering their products and services on all available channels, platforms and devices to provide their customers with a seamless purchase experience. The Company is actively supporting these retailers adapting their store formats and increasing the attractiveness of their shops. The Company in addition implemented a number of initiatives aimed at giving the customers more reasons to visit the centres and stay there longer, by adapting constantly the marketing mix to the communities' needs, increasing the food and entertainment offer and organising events. The Company also offers in its centres the possibility to shop on line and a pickup service in dedicated spaces. The Company is also using digital technology to collect and analyse data in order to monitor the evolution of the customers' needs and offer new services to better meet their expectations.

Country and sector weighting of assets

Description

The allocation of capital among countries and sector is crucial to assure a risk/rewarding profile of the portfolio coherent with the REIT nature of the Company and with the targets set by the Board of Management.

Impacts

In case of an unexpected economic downturn in a country or a change in the behaviour of local customers, a wrong asset allocation and/or an excessive geographical and sectorial concentration of investments could affect the internal return from some investments and have a negative impact on the value of the property portfolio and on the shares price of the Company.

Risk mitigation measures

The Company invests in a relatively predictable real estate sector (retail) and in relatively and stable economies (Belgium, France, Italy and Sweden) to minimise the economic and political risks. By limiting the number and types of sectors and countries in which the Company operates, management can maintain a high level of understanding and insight into how the assets perform, which in turn reduces risk. However, the diversification achieved by investing in these countries, both in provincial and major cities, further reduces risk, as well as the spread among a large number of tenants, with a relatively small exposure to any one single tenant (the largest exposure to one single tenant is 4% of total portfolio rent).

Timing of investments and divestments

Description

As timing is a fundamental factor in the investment and divestment process, management takes into account the broadest possible parameters, whether economic, political or fiscal to monitor the evolution of the local economies and markets.

Impacts

An incorrect timing in investment and divestment could result in a loss of opportunities, but also in a deterioration of results and in the occurrence of impairment losses negatively affecting the long term performance and the value of the shares of the Company.

Risk mitigation measures

The internal research team maintains a detailed database on the regions in which the Company is invested or those areas in which it is considering making an investment. Every effort is made to research the demographics and economics of these areas to evaluate suitable timings for an acquisition, extension or divestment. The management structure is such that timely and efficient decisions can be made on the basis of the information collected. The Company's property experts' detailed knowledge of relevant international property markets in which they have operated for many years also provides experience to help avoid serious errors. Data such as monthly retail sales of retailers, vacancies, arrears and doubtful debtors are also regularly reviewed to assist in the decision-making process.

Risk Management (continued)

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Operational risk

Asset selection

Description

A correct asset selection enables the Company to optimise the performance of its portfolio and the return from investments in the long term.

Impacts

An incorrect assessment of the quality and/or of the potential of assets could lead to wrong investment decisions and affect the internal rate of return of the investments and the valuation of the Company's portfolio.

Risk mitigation measures

The Company seeks to minimise risks by investing in properties where rents are affordable, buffering a potential downturn in consumer spending and at a yield that provides an adequate return in light of financing costs. Management conducts a thorough due diligence on the assets before an acquisition is made, assisted by external parties including property consultants, lawyers, surveyors, tax advisers and accountants.

Counterparty risks

Description

The Company is exposed to the risk of doing business with parties that are found not to operate in good faith, are fraudulent or have a bad reputation. It also concerns the risk of our employees being part of a fraudulent transaction.

Impacts

Non-compliant or illegal behaviours of the counterparties and employees could have an adverse impact on the operations and cause a reduction of the stakeholders' trust with a negative impact on the reputation of the Company. They could also generate a negative impact on earnings as a consequence of possible litigations with the counterparties and the application of sanctions by public authorities.

Risk mitigation measures

The Company only wishes to do business with parties of good standing and reputation. A Know Your Counterparty (KYC) check is a standard element of the due diligence process for acquisitions and divestments, as well as for new lease contracts, new suppliers or for entering into new partnerships. The Company's Code of Business Conduct provides the core rules for management and staff exposed to counterparty risks.

Tenant selection and credit risk

Description

Leasing and rent collection are the core activities of the Company. They generate stable cash-flows which are essential in supporting the valuation of the properties' portfolio and for the remuneration of borrowers and shareholders. The ability of the Company to achieve rent and collection targets mainly depends on the solvency of the tenants, which is evaluated before the signing and during the life of the lease contracts.

Impacts

An unsatisfactory tenant selection and/or an ineffective monitoring of their performance can significantly impact the occupancy and the cash-flow generation of the centres and affect the earnings and the financial position of the Company.

Risk mitigation measures

The creditworthiness of tenants is researched thoroughly. Bank guarantees or deposits are always required in Belgium, France and Italy, but not in Sweden where this is not market practice. Property performance is reviewed by analysing monthly retail sales and visitor numbers, vacancies and arrears. Such information enables the Board of Management to make prompt judgement about how a tenant is performing and its impact on the performance of the rest of the centre. The credit risk associated with lease debtors is determined through a detailed analysis of the tenant's outstanding debt. The credit risk has also been reduced by investing in mature markets and by choosing major tenants on the basis of their financial strength.

Physical condition of properties

Description

Good physical conditions of the properties is fundamental to be able to offer high standard services to tenants and customers and to prevent casualties and accidents.

Impacts

A low level of maintenance and efficiency of the shopping centres could reduce the attractiveness of the properties portfolio and affect the Company's commercial reputation.

Poor maintenance conditions could also generate an interruption of the regular activities of the centres with a loss of income for the tenants or cause damages and injuries to visitors and employees that the Company could be obliged to indemnify.

A discontinued and irregular maintenance could also generate a failure to comply with relevant local health and security regulations and result in the application of fines and penalties from public authorities.

Risk mitigation measures

A technical director in each country, in conjunction with local centre managers, is responsible for the regular review and maintenance of the physical condition of the properties. Maintenance is carried out on a regular basis and the Company is insured against property damage and consequent loss of income that may arise from such events. Checks are frequently made to review security, fire, health and safety and environmental issues within each property.

Risk Management (continued)

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Property extension/redevelopment risk

Description

The Company aims to increase the value for the shareholders also through the extension or the redevelopment of existing centres. In most countries the process for obtaining the administrative, building and lease authorisations takes many years and presents significant risks. A delay of a project due to the difficulty in obtaining all the necessary authorisation could generate construction costs increases and revenues reductions, due to the change in the economic or market conditions originally considered.

Impacts

A prolongment of the extension/redevelopment activities could negatively impact the yield on cost and generate a return on the investment lower that the one originally targeted. In certain circumstances a significant change of market conditions due to a delay in obtaining the permits could even induce the Company to abandon the project, with the write-off of the expenses already incurred and, potentially, the sale of the land area at a price lower than the acquisition cost.

Risk mitigation measures

Extensions and redevelopments will only be pursued if planning consent has been received, the financing is arranged, the majority of the project is pre-let and strong commitments have been received from anchor tenants. The Company is always guided and advised by an external project team but also employs in-house specialists. The building works are outsourced to a contractor with a sound reputation. During the works the Company takes out additional property and liability insurance policies.

Business Ethics

Description

As the Company does business with a big variety of stakeholders, including business counterparties and local and national institutions and authorities, a potential risk of corruption, bribery or fraud exists, as well as a risk of money laundering and of financing of terrorism.

The high number of stringent national and international regulations, in addition, expose the Company to a potential risk of non-compliance, with particular reference to:

- anti-trust regulations .
- non-transparency in the reporting of lobbying activities.
- breach of customers' personal data.

Impacts

Failure to prevent frauds or corruption events and the non-compliance with local, national or international legislation could impact negatively the reputation of the Company, affecting the stakeholders' trust and also lead to financial or administrative sanctions.

Risk mitigation measures

The Company applies a rigorous "zero tolerance" approach towards bribery, frauds and corruptions.

Detailed local control procedures are in place in each country to prevent and detect the fraud attempts and a dedicated training is provided to the employees on the general principles of business ethics and the prevention of corruption and bribery.

Fraud awareness is raised throughout the years and illustrated by real cases shared with all concerned employees.

Interactions with business partners are subject to the "KYC" procedure to evaluate third parties' exposure to corruption and/or sanctions.

The Company implemented a secure payment procedure and a secure procedure for the opening, changing and closing of bank accounts.

An anonymous alert system (whistleblowing) is available for employees.

Employees are regularly involved in training and refresher courses to be always updated with the latest legislation and regulations.

Risk Management (continued)

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Health and safety/ Human capital

Description

The Company has the responsibility to provide a safe and healthy environment both in its shopping centres and in its working places.

As the shopping centres are open to the public, the Company is potentially exposed to risks of accidents affecting both clients and employees and it is also potentially exposed to terrorist acts.

Eurocommercial's employees are one of the most important assets of the Company for their knowledge, experience, skills and commitment. A risk exist therefore that the Company is not able to retain talents and to recruit new resources to prepare effective succession plans for the key roles.

Impacts

Failure to provide a healthy and safe environment to employees and clients could deteriorate the reputation of the Company, affect the attractiveness of the centres and consequently reduce footfall and tenant sales. It can also result in fines or other penalties applied by local and national bodies and in legal actions from persons injured.

The risk of riots, demonstrations or even terrorist attacks in the Company's centres could penalise their attractiveness and reduce the footfall with a negative impact on the valuations.

A low ability of the Company in attracting and retaining its employees could affect the Eurocommercial's reputation, generate excessive recruitment, training and onboarding costs due to a high employee turnover in the end reduce the effectiveness and the efficiency of its activity

Risk mitigation measures

The Company has in place detailed technical procedures aimed to anticipate and prevent the risk of accidents. The personnel of the Company and of the management companies are regularly involved in training and courses covering health, safety and security risks management.

Many internal and external controls on health and safety are in place, including the periodical inspections by local authorities and fire-brigades. Audits and surveys on these matters are performed on a regular basis.

An emergency response plan for each centre has been approved an implemented.

The security situation is strictly monitored by the centres managers and regular contacts with local public authorities are maintained to prevent robberies, violent crimes and eventually terrorists attacks or to quickly and adequately react against them.

Regarding the human capital, the Company is used to run effective onboarding programs to ensure a quick integration of new employees and to provide them with all the means necessary to fully develop their potential, including periodical internal and external training courses and dedicated development paths. High attention is also given to the internal working atmosphere and to the workload, in order to maintain an adequate work-life balance.

Cybersecurity

Description

The rapid technological advancements, the constant change in the cyber threat landscape and the increasing digitalisation of the economic and social environments, result in greater cybersecurity risks that may potentially have an adverse impact on the Company's organisation and the achievement of its business objectives.

Impacts

A cyber-attack could lead to a partial or complete unavailability of one or more IT critical systems, affecting the regular conduct of the activity and the integrity of the data. Incapacity to guarantee the integrity of data can generate impacts in terms of market regulation and personal data protection.

In addition, cyber techniques can be used to put in place frauds which can have a negative impact on the asset of the Company.

Risk mitigation measures

The Company has approved and implemented a specific policy to manage the cybersecurity risk.

According to the policy, the Company has at its disposal cyber risk management processes, which have been optimized, especially when taking into consideration its relatively small size.

The main processes utilised by the Company when conducting cybersecurity risk management, are:

- Identify potential threats and "what could go wrong" events that are often a result of malicious acts by threat actors.
- Classify the levels of cybersecurity threats the Company is exposed to. A good understanding of the risk levels enables the Company to dedicate adequate action and resources to deal with the highest priority and most urgent risks.
- Create a risk-aware culture within the organisation. Risk management is an iterative process that involves engaging employees to be more aware of technology risks and their potential impact on the business objectives.
- Cybersecurity risks are addressed by the Business – IT team. The team reports directly to both the Board of Management as well as the Audit Committee of the Supervisory Board. From a cybersecurity perspective this approach strongly enhances the risk awareness, also through risk management workshops, fraud workshops, and other instruments to the top management and to all employees company wide.

The Company's main focus on managing cybersecurity risks is on the administrative processes and those relative to the data necessary to maintain and manage its real estate portfolio.

To align the cybersecurity objectives with the business objectives, regular evaluations are conducted. These evaluations consist of a cybersecurity risk assessment for each new digital asset implemented, also through the analysis performed by external consultants assessing and reviewing possible security risks. In the case of newly introduced critical digital assets, as an extra security measure, a full review is conducted by external consultants or auditors shortly after the asset has been taken into production.

The Company in addition entered in a specific insurance policy against cybersecurity risks, which covers losses and liabilities linked to specified cyber-related events.

Risk Management (continued)

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Financial risks

Counterparty risk

Description

The Company deals with many financial counterparties in relation to:

- borrowings
- interest rate swaps
- foreign currency contracts
- deposits

A risk exists that one or more of these counterparties goes in financial troubles or even in default.

Impacts

Due to financial troubles or events of default, a financial counterparty could not be able to settle its liabilities towards the Company arising from these contracts or to repay the deposits, with a negative impact on earnings and on the net financial position of the Company.

Risk mitigation measures

The Company minimises the risks related to the possible default of its counterparties by dealing with major financial institutions for all its borrowings, interest rate swaps, foreign exchange contracts and deposits and by diversifying them by country and by institutions/ groups.

In addition a regular monitoring of the public rating of the financial counterparties and of their financial results is carried on a regular basis.

Thanks to these measures, the Company considers the risk of incurring losses as a result of default very low.

Interest rate risk

Description

As the Company's policy is to have long-term investments, the borrowings used to fund them are also long-term.

To remain flexible over the medium-long term and to avoid to incur significant breaking costs in case of early repayment of asset backed loan in case of disposal of the assets, the larger part of the Company's loans portfolio is composed by floating rate loans. The Company is then exposed to the risk of fluctuation of interest rate (Euribor and Stibor).

Impacts

An increase in interest rates would increase the financial expenses paid by the Company and have a negative impact on earnings and on the net financial position.

Risk mitigation measures

The Company uses fixed interest rate loans, interest rate swaps and other financial instruments to manage its interest rate risk. It is Company policy to operate a defensive interest rate hedging policy to protect the Company against increases in interest rates. The Company is hedged at an average interest rate of 2.0% and only 19% of the net total borrowings are exposed to the fluctuation of the market interest rates. An increase in interest rates of 1% would therefore only have a limited negative impact of an additional annual interest expense of €3.3million, or 2.6%, of the reported direct investment result.

The interest rate risk is also addressed by an active management of the hedging contracts, which residual average maturity of over five years is longer that the average maturity of the loan portfolio (almost three years) in order to separate the interest rate risk from the refinancing risk.

Risk Management (continued)

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Access to capital resources

Description

A low appeal of the sector, also due to the perception of a high intrinsic risk of the retail real estate business, could reduce the demand and the price of the Company's shares, increase the gap with the net asset value per share and make more challenging the raising of new equity.

The raising of new equity, in addition, can be hindered also by difficult or even adverse conditions of the capital markets.

Impacts

Poor availability of new equity at acceptable prices could limit the ability of the Company to take the investments opportunities on the market without increasing its leverage and could generate a negative impact on its share price.

Risk mitigation measures

The Company adopted a prudent policy of capital allocation, deciding:

- to set the target LTV ratio at around 40%;
- to distribute a percentage of the Direct Investment Result between 65% and 85%, with a target of 75%.

To finance new investments, the Company can use the portion of the cash generated by the operating activity but non-distributed. In this last respect, the Company is used to offer its shareholders the opportunity to receive the dividends in shares instead of in cash, so increasing the amount of cash available for new investments.

In case of a large investment opportunity where market conditions do not allow an issuance of new equity at acceptable price, the Company could still evaluate to sell some assets or to enter into new joint venture agreements with other investors.

Refinancing and liquidity risk

Description

The Company's investments are financed by borrowings granted by banks with a three to ten years maturity, but preferably of ten years or more.

A tightening of credit conditions, liquidity crises or big economic downturns may affect the ability of the Company to refinance its debt at maturity.

Impacts

A difficult financial environment could oblige the Company to accept heavier conditions to refinance its debts at maturity and could require additional financial resources to repay part of its liabilities, with a negative impact on the earnings and on the value of its shares. A situation of market disruption could even affect the ability of the Company to continue its activity as a going concern.

Risk mitigation measures

The Company closely monitors the evolution of future cash flows in the short and in the medium term, both at consolidated and at local level, to fully comply with its financial commitments and maturities and to avoid the occurrence of any cash shortfall. In order to reduce liquidity risk the Company has adopted a strategy of spreading the debt maturity profile of its borrowings and the relative repayment dates. Moreover, in some cases the Company has at its disposal flexible long-term borrowings (which allow no penalty repayments and re-drawing of funds up to agreed amounts) and short-term committed and uncommitted lines. An analysis of the liquidity risk related to future cash flows due to interest payments, repayment of borrowings, rental deposits and payments to other creditors is provided in note 20 (financial instruments) of the consolidated financial statements.

Foreign currency risk

Description

The main part of Company's assets and transactions are denominated in Euro, which is also the functional value of its financial reporting.

The only significant foreign currency exposure for the Company is related to Swedish assets and transactions that are denominated in Swedish Krona (SEK).

Impacts

The fluctuations of the foreign exchange rate between Euro and SEK impact the value of revenues, costs, assets and liabilities of the Swedish operations when they are converted into Euros, affecting the earnings and the net asset value reported by the Company.

Risk mitigation measures

Due to SEK loan facilities with major financial institutions and currency swaps (if applicable), a hedging of the foreign currency is achieved up to 40%. The remaining exposure is relatively limited compared with the total size of the Company and will in principle not be hedged. Net SEK income may also be hedged from time to time by using defensive currency derivatives. A weakening of this currency by 5% would result, for example, in a decrease of shareholders' equity of 1.0% and in a decrease of 1.1% of reported direct investment result.

Risk Management (continued)

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Compliance and reputation risk

Taxation

Description

The Company qualifies as a fiscal investment institution (FBI) under Dutch tax law and consequently is subject to corporate income tax at the rate of zero percent, provided it distributes its taxable profit to its shareholders. The Company is tax-exempt in France as a SIIC (Société d'investissements Immobiliers Cotée) and in Belgium, as the Company's subsidiary is subject to the special tax regime under which property revenues are tax exempt (FIIS/GVBF). In Italy and Sweden the Company's subsidiaries are subject to corporate income tax and are in a corporate income tax payable position.

Impacts

Change in tax regulations or incorrect applications of the existing tax regulations could have a negative impact on the Company's tax rate on its results, leading to lower earnings.

Risk mitigation measures

The local finance teams and the corporate accounting and finance Group closely monitor local regulations to limit the risk of non-compliance and to anticipate regulatory changes. The Company also actively contributes to the work of national and international bodies representing the commercial and retail real estate sector to keep a constant and effective dialogue with authorities and policymakers.

Reporting risk

Description

Being listed, the Company is subject to various stock market and legal regulations and requirements with respect of the disclosure of clear, real and objective information to the market.

There is a risk that the financial statements and the other reporting disclosed to the market is not accurate or wrong in some material aspects, providing the investors and the other stakeholders with a misleading picture of the earnings and the financial position of the Company.

Impacts

An inaccurate or not reliable reporting could:

- affect the reputation of the Company in the real estate and financial markets;
- induce the investors who took wrong investments decisions to file legal actions against the Company;
- expose the Company to penalties and fines applied by control and regulatory bodies.

Risk mitigation measures

The Company draws up an annual budget by country and individual asset, which is compared on a monthly basis with actual results. Furthermore, budgets for capital expenditure and liquidity forecasts are prepared. Quarterly figures are discussed with the external auditor prior to publication and then published to the market in the form of a press release. The annual accounts are audited by the external auditor.

Compliance with national and European Regulations

Description

The Company conducts its business in various countries and is then subject to complex and multi-jurisdiction legal and regulatory environments.

At corporate level the Company complies with the Netherlands Corporate Governance Code and the Netherlands Act on Financial Supervision (Wet op het financieel toezicht) as it is listed on Euronext Amsterdam, which is its home market. The Company has two secondary listings on Euronext Brussels and on Euronext Milan.

Impacts

Even small deviations from what is required under the standards and regulation of the Netherlands and of the other countries where the Company is active could put at risk the reputation of the Company and of its management and staff.

In addition failure to identify or comply with applicable legal and regulatory provisions could result in the application of criminal or financial penalties.

Risk mitigation measures

The Eurocommercial legal team monitors on a regular bases the evolution of laws and regulations applicable to the Company's activity. All employees are made aware of the existings laws and regulartions, and procedures are in place, in their own countries and at corporate level, to ensure that employees comply with the rules and are aware of the high standards of ethics applicable. The Company has an internal code of conduct and a whistleblower's code that all employees are required to read, understand and adhere to. The Country Directors are also responsible for complying with local laws and regulations.

Risk Management (continued)

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Insurance

The Company operates a comprehensive insurance programme for those risks which can be effectively and efficiently insured. The Company is fully insured against property damage, liability and consequent loss of income for the period during which the property is rebuilt and relet. Terrorism, flooding and earthquake cover is limited by current market conditions, but the Company believes it has achieved a reasonable balance of risk cover and premium costs. The insurance programme is benchmarked against its peer groups on an annual basis.

In control statement

The Company has a description of the organisation of its business operations (Administrative

Organisation and Internal Control). During the financial year ended 31 December 2023, the Company has evaluated various aspects of the Company's Administrative Organisation and Internal Control and found nothing to indicate that the description of the structure of the Company's Administrative Organisation and Internal Control does not meet the requirements as included in the Code. Also, there have been no indications during the financial year ended 31 December 2023 that the Company's Administrative Organisation and Internal Control were ineffective and did not function in accordance with the description. The Board of Management therefore states with a reasonable level of assurance that the organisation of its business operations functioned effectively and in accordance with the description. It is not expected that during the current financial year a major change will be made to the design of the Company's administrative organisation and internal control. Due to its size, the Company has outsourced the internal audit function to a reputable audit firm.

Given the nature and size of the Company and its operations, inherent internal control limitations exist including limited possibilities to segregate duties, disproportionate control costs versus benefits, catastrophe and collusion risk etc. Absolute assurance cannot be provided as a result of these inherent limitations.

The Board of Management believes that the design of the internal controls for financial reporting provide a reasonable level of assurance: (i) to prevent material inaccuracies in the financial statements of the Company for the financial year ended 31 December 2023, as included in this Annual Report; and (ii) that the risk management and control systems as described above worked properly in the financial year ended 31 December 2023.

As required by provision 1.4.3 of the Code and on the basis of the foregoing, the Board of Management states that: (a) this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems with regard to the risks as referred to in best practice provision 1.2 of the Code; (b) the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies; (c) based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and (d) this report states those material risks, as referred to in best practice provision 1.2.1 of the Code, and the uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of this report.

Amsterdam, 17 April 2024

Board of Management

E.J. van Garderen

R. Fraticelli

J.P.C. Mills

Responsibility statement

With reference to the EU Transparency Directive and Article 5:25c, section 2 c sub 2 of the Acton Financial Supervision, we hereby state to the best of our knowledge that the financial statements for the financial year ended 31 December 2023 give a true and fair view of the assets, liabilities, financial position and results of the Group, and that the Report of the Board of Management includes a fair review of the development and performance of the business during the financial year and the position of the Group at the balance sheet date, together with a description of the principal risks associated with the Group.

Amsterdam, 17 April 2024

Board of Management

E.J. van Garderen

R. Fraticelli

J.P.C. Mills

Report of the Board of Supervisory Directors

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To the General Meeting of Shareholders

Financial statements

We are pleased to present the Annual Report of Eurocommercial Properties N.V. for the financial year ended 31 December 2023, as drawn up by the Board of Management. The auditors, KPMG Accountants N.V., have audited the financial statements and have issued an unqualified report thereon. We recommend that you adopt the financial statements.

Dividend proposal

In 2022 the Company announced a new dividend policy starting from the financial year 2022. This policy provides for a cash dividend pay-out ratio ranging between 65% and 85%, with a target of 75% of the direct investment result per share. With effect from the financial year 2022, an interim dividend is payable in January and a final dividend is payable in July. The interim dividend is expected to be 40% of the total cash dividend paid in the previous financial year.

Having regard to the results of the Company for the financial year 2023, the aforesaid dividend policy and the guidance on the 2024 results provided by the Board of Management, the Supervisory Board supports the proposal of the Board of Management to declare a total dividend of €1.70 per share. An interim dividend of € 0.64 per share was already paid on 30 January 2024, representing 40% of the total cash dividend paid out the previous financial year (2022). The payment date of the final dividend of €1.06 per share will be Friday 5 July 2024. Holders of shares will also be offered the option of taking new shares from the Company's fiscal share premium reserve, instead of the cash dividend payable. The price of these new shares will be announced on Friday 7 June 2024.

Provision of information

During the financial year under review, there were formal meetings of the Supervisory Board which were also attended by the Board of Management. In the year under review there were frequent contacts between (members of) the Supervisory Board and (members of) the Board of Management to share information in respect of various subjects, such as the impact of the wars and geopolitical tensions, the high inflation levels and interest rates and other matters. In addition to the information provided in connection with these meetings and contacts, the Supervisory Board receives copies of the monthly management accounts which contain analyses of rental income, rent collection, liquidity, costs of maintenance and extensions, interest, financing, Company expenses, investment developments, relevant markets and various other operational and financial items during the month under review, set off against budget and previous relevant periods.

Monitoring and advisory roles

The Supervisory Board convened in total ten times in 2023. These meetings were mostly held at several of the Company's shopping centres or in the Amsterdam office or local offices. One meeting was held by videoconference. The members of the Supervisory Board have also visited several shopping centres in all four countries where the Company is active and were again able to meet the local staff and have valuable discussions with them on the business.

Among the topics discussed in the Board meetings were:

- Updated strategy and risks
- Property and financial markets
- Management and financial accounts
- Alternative performance measures
- ESG strategy and performance
- Climate Change risks
- Asset acquisitions and disposals
- Property valuations
- Interest rates, (re)financing and bank covenants
- Rent collection, cashflow forecast, liquidity and funding
- Dual listing in Milan
- Foreign currencies, hedging and derivatives
- Dividend policy
- System of internal controls, IT systems and cybersecurity
- Remuneration levels and corporate governance

The Board was also informed on and actively discussed with the Board of Management the implementation of the updated strategy of the Company, aimed at is long term sustainable value creation. The ongoing implementation resulted in an additional focus on ESG, digitalisation and communities. Furthermore, the contents of press releases, the Annual Report, the Interim Report and the quarterly reports and Internal Audit were discussed.

The Supervisory Board carried out a self-evaluation as well as an evaluation of the Board of Management during 2023.

All meetings held during the financial year were attended by all Supervisory Board members. There have been no conflicts of interest.

Stakeholder and relationship management

The Supervisory Board established that the Company has remained in intensive contact with retailers to keep the Company's shopping centres in line with tenants' needs. The Company actively addresses changes in customer behaviour and the resulting strategic consequences for further developing and expanding the function of shopping centres. The Company also makes careful analyses of the social characteristics, specific requirements and desires of the communities in the relevant catchment areas in order to optimise the services to the communities.

This policy has resulted in a well-managed tenant mix, high occupancy and footfall.

Through roadshows, investor conferences (in some case also by video) and one-on-one meetings, the relationship with the Company's shareholders has been maintained and strengthened. In June 2023, the Company organised a two-day Capital Markets event in Italy as the last time such an event took place was in May 2016. The Company also has an Investor Relations Policy, which is published on the website.

Through regular country visits, the Supervisory Board maintained direct contact with the country operational teams and discussed local challenges and opportunities with them.

Professional training

During the year, Supervisory Directors participated in seminars and courses provided by major audit and law firms and other institutions. The Supervisory Board has engaged in a number of activities relating to education and representation. These activities included following formal education programmes, contacts with professional service industry and sector associations, country visits and visits to shopping centres, meetings with shopping centre managers and various other individual activities.

Diversity

The Netherlands Corporate Governance Code requires the Supervisory Board to draw up a diversity policy. For the Supervisory Board this policy was included in the profile of the Supervisory Board. The Diversity Policy is published on the Company's website.

Gender diversity quota

The Company complies with the law as its Supervisory Board is composed of two male members and two female members since 13 June 2023 and was prior to that date composed of two female members and one male member.

Corporate governance

In accordance with the recommendations of the Netherlands Monitoring Committee of the Corporate Governance Code 2022, a broad outline of the corporate governance structure of the Company is presented in the Report of the Board of Management. In this Report, the Company reviews various corporate governance items in compliance with the Committee's recommendation.

Audit Committee

The Audit Committee is composed of all members of the Supervisory Board. Mrs Attout is Chair of the Audit Committee. The Audit Committee had three meetings with the auditors of the Company as well as two meetings with the auditors of the Company in the absence of the Board of Management. During those meetings, the Audit Committee discussed the financial statements, the report of the

Report of the Board of Supervisory Directors (continued)

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auditors thereon, as well as the Annual Report and the Interim Report. The Audit Committee reviewed the new administrative organisation and internal control manual, as well as the cybersecurity risk management policy and the plan to mitigate the related risks. The alternative performance measures were also discussed.

The audit plan, materiality levels, findings, independence and complete reporting of the auditors were discussed with KPMG. The auditors succession plan and (re)appointment were also discussed.

The internal audit function is outsourced to the audit firm BDO. BDO has been able to examine and audit a number of business processes of the Company and the Company's set up and reporting on ESG matters in accordance with the audit plan for 2023. The Audit Committee has analysed and reviewed the work performed by BDO for the year 2023 and discussed the audit plan for the year 2024.

Nomination and Remuneration Committee

The committee is composed of all members of the Supervisory Board. Mrs Laglas is Chair of the Nomination and Remuneration Committee. Remuneration of the Board of Management was discussed in one meeting on the basis of the draft updated Remuneration Report. The final 2023 Remuneration Report will be posted on the website of the Company when this Annual Report is published. The Committee assessed and discussed the performance of the Board of Management based on self-evaluations by, and interviews with the Board of Management. The questionaires completed by the members of the Board of Management were discussed in one-on-one meetings and in a group meeting. There were no major findings and personal goals and focus points were identified and will be evaluated next year. The Committee also discussed various aspects of succession in the Board of Management and the Supervisory Board, including the Board of Management composition and succession plan. The Committee had also prepared the search for a successor of Mr Steins Bisschop, who will retire in the 2024 AGM. After a thorough process with the involvement of a reputable search firm, the Committee recommended Mr Roelvink to be nominated as a member of the Supervisory Board in the AGM to be held on 13 June 2023 and to succeed Mr Steins Bisschop as Chairman of the Supervisory Board. Mr Roelvink was subsequently appointed at the AGM held on 13 June 2023. The Committee also prepared the proposal for the reappointment of Mrs Laglas at the AGM which was held on 13 June 2023.

Summary remuneration report

The purpose of the remuneration policy is to attract, motivate and retain qualified executives and staff who will contribute to the success of the Company. The remuneration policy aims to reward management and staff for their contribution to the performance of the Company and its subsidiaries. The Supervisory Board proposes the remuneration policy, and any material adjustments to it, at the Annual General Meeting of Shareholders based on recommendations of the Board of Management. The Supervisory Board recommends to the Annual General Meeting of Shareholders decisions on all aspects of the remuneration of the members of the Board of Management, within the scope of the remuneration policy. The Annual General Meeting of Shareholders is invited to approve both the remuneration policy and the remuneration of the members of the Board of Management. At the end of each financial year, the Supervisory Board reviews and discusses the remuneration of the members of the Board of Management.

The Company's remuneration package for employees and members of the Board of Management comprises the following elements:

- Base salary – total annual gross fixed income including holiday allowance
- Short-term variable – annual performance-related gross cash bonuses
- Long-term incentives through a performance share plan

Variable cash bonuses may be granted each year in addition to the base salary. Variable cash bonuses for members of the Board of Management and senior staff are directly linked to the annual growth

in the Company's net asset value, the annual absolute performance and the annual relative performance as per the end of the financial year of the listed shares of the Company compared with a peer group of ten listed retail property companies, as well as two ESG key performance indicators. There is no minimum guaranteed bonus and variable cash bonuses are capped at 70% of one year's base salary. There are also claw-back possibilities for the Company.

Performance shares granted under the Performance Share Plan are also linked to the aforesaid metrics, are capped at 80% of one year's base salary and there is no minimum guaranteed number of performance shares.

Mr Mills joins a UK defined benefit pension scheme, which is limited by the applicable earnings cap. Mr Fraticelli joins an Italian defined contribution scheme and Mr van Garderen joins a Dutch defined contribution scheme with current annual premiums being capped using a maximum pensionable salary.

Supervisory Directors receive a fixed cash compensation only.

It is proposed for the financial year 2024 to maintain the remuneration of the Supervisory Directors unchanged at €47,000 for each member and at €61,000 for the Chairman and to maintain the base salaries for the members of the Board of Management. The General Meeting of Shareholders to be held on 11 June 2024 is invited to approve the proposed remuneration of Supervisory Directors and the members of the Board of Management.

Composition of the Supervisory Board

All members of the Supervisory Board are independent. The profile, role and responsibilities of the Supervisory Board are laid down in specific rules and regulations which are posted on the Company's website. At 31 December 2023, the Supervisory Board was composed as follows:

1. Bas Steins Bisschop (74), Chairman, of Dutch nationality, was appointed as member of the Supervisory Board in 2014 and reappointed in 2018 and 2022 for a period of respectively four and two years. As "advocaat" he practised law from 1975 until 2019 in The Netherlands and abroad. He is also a (em) professor of Corporate Law and Corporate Governance at Maastricht University and Nyenrode Business University.

2. Emmanuèle Attout (64), of Belgian nationality, was appointed as a member of the Supervisory Board in 2018 and reappointed in 2022 for a period of four years. She was a former senior audit partner of PwC Brussels until she retired in 2014. Mrs Attout is a non-executive board member of Atenor, Schréder and AG Insurance and she is a co-founder of the Belgian NGO "Women on Board", whose aim is to promote women in Boards of Directors.

3. Karin Laglas (65), of Dutch nationality, was appointed as a member of the Supervisory Board in 2019 and reappointed in 2023 for a period of four years. She was Chief Executive Officer of the largest Dutch affordable housing investor Ymere, active in the greater Amsterdam area, until she retired in June 2021 after a long career in real estate in several senior and board positions. She is a Supervisory Board member of Royal De Vries Yachtbuilders (part of Feadship), of Brink Groep, of TBI Holdings B.V., Chair of the Supervisory Board of Utrecht University and Board member of Stichting Cokopen.

4. Bernard Roelvink (61), of Dutch nationality, was appointed as member of the Supervisory Board at the AGM of 13 June 2023 for a period of four years. Mr Roelvink has more than 30 years of experience in corporate law, litigation and capital markets across various jurisdictions. He is currently Chief Legal Officer and member of the Management Team of Cofra Holding AG, the parent company of a major international retail, real estate and investments group. Mr Roelvink was previously a partner of the Dutch law firm De Brauw Blackstone Westbroek, where he was on the management board between 2000 and 2006.

Rotation scheme

Under a rota devised by the Supervisory Board, each Director will retire by rotation every four years. This

Report of the Board of Supervisory Directors (continued)

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rotation scheme for the next few years is as follows:

2024: Mr Steins Bisschop will step down as member of the Supervisory Board as his term ends.

2025: No member is up for rotation.

Succession of the Chairman of the Supervisory Board

Mr Bas Steins Bisschop, Chairman of the Supervisory Board, will retire in the Annual General Meeting of June 2024. Mr Roelvink will succeed Mr Steins Bisschop as Chairman of the Supervisory Board.

Conclusion

We look back on a successful year which had many challenges for the Company and its Board of Management and staff. We take this opportunity to express our gratitude to the Management Team and all staff for their efforts during the financial reporting period.

Amsterdam, 17 April 2024

Board of Supervisory Directors

B.T.M. Steins Bisschop (Chairman)

E. Attout

K. Laglas

B.W. Roelvink



From left to right:

Bernard Roelvink
Karin Laglas
Bas Steins Bisschop
Emmanuèle Attout

Consolidated statement of profit or loss

(€'000)	Note	2023	2022
Rental income	4	**215,279**	199,307
Service charge income*	4	**41,578**	44,201
Total revenue		**256,857**	243,508
Service charge expenses	4	**(43,700)**	(46,152)
Property expenses	5	**(35,588)**	(31,958)
Total expenses		**(79,288)**	(78,110)
Net property income	2	**177,569**	165,398
Share of result of joint ventures	14	**4,837**	18,170
Investment revaluation and disposal of investment properties	6	**(95,044)**	(13,211)
Investment expenses	9	**(2,717)**	(2,459)
Company expenses	7	**(12,922)**	(12,124)
Other income*	10	**1,562**	1,424
Operating result		**73,285**	157,198
Interest income*	11	**1,576**	931
Interest expenses	11	**(48,617)**	(39,725)
Adjustment amortization put option	11	**(4,789)**	0
(Loss)/gain (derivative) financial instruments	11	**(38,652)**	133,989
Net financing result		**(90,482)**	95,195
Result before taxation		**(17,197)**	252,393
Current tax	12	**(3,544)**	(2,247)
Deferred tax	12	**(5,355)**	(43,632)
Total tax		**(8,899)**	(45,879)
Result after taxation		**(26,096)**	206,514
Result after taxation attributable to:			
Owners of the Company		**(26,872)**	200,737
Non-controlling interest	28	**776**	5,777
		(26,096)	206,514
Per share (€)**			
Result after taxation	29	**(0.51)**	3.80
Diluted result after taxation	29	**(0.51)**	3.80

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

* The comparative figures for the financial year ended 31 December 2022 have been adjusted for comparison purposes as a result of the reclassification of parts of 'Other income' into 'Service charge income' and 'Interest income'.

** The average number of shares on issue (after deduction of shares bought back) during the financial year was 53,060,280. The diluted average number of outstanding shares was 53,191,780.

Consolidated statement of comprehensive income

(€'000)	Note	2023	2022
Result after taxation		**(26,096)**	206,514
Foreign currency translation differences (subsequently reclassified to profit or loss)	27	**(312)**	(36,282)
Actuarial result on pension scheme (remeasurement of defined benefit liability/asset)	23/27	**(4,085)**	6
Total other comprehensive income (net of tax)		**(4,397)**	(36,276)
Total comprehensive income		**(30,493)**	170,238
Total comprehensive income attributable to:			
Owners of the Company		**(31,269)**	164,461
Non-controlling interest	28	**776**	5,777
		(30,493)	170,238
Per share (€)*			
Total comprehensive income		**(0.59)**	3.11
Diluted total comprehensive income		**(0.59)**	3.11

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

* The average number of shares on issue (after deduction of shares bought back) during the financial year was 53,060,280. The diluted average number of outstanding shares was 53,191,780.

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Consolidated statement of financial position

Assets	Note	31-12-23 €'000	31-12-22 €'000
Property investments	13	**3,575,898**	3,642,946
Investments in joint ventures	14	**101,142**	95,965
Tangible fixed assets	15	**4,849**	3,848
Receivables	16	**1,084**	137
Derivative financial instruments	20	**33,275**	62,006
Total non-current assets		**3,716,248**	3,804,902
Trade and other receivables	16	**68,855**	65,085
Prepaid tax	16	**560**	2,133
Cash and deposits	17	**40,518**	65,307
Total current assets		**109,933**	132,525
Total assets		**3,826,181**	3,937,427
Equity			
Issued share capital	25	**537,817**	533,492
Share premium reserve	26	**260,117**	263,774
Currency translation reserve	27	**(84,124)**	(83,812)
Other reserves	27	**1,320,242**	1,129,675
Undistributed income		**(26,872)**	200,737
Equity attributable to the owners of the Company		**2,007,180**	2,043,866
Non-controlling interest	28	**0**	67,305
Total equity		**2,007,180**	2,111,171
Liabilities			
Trade and other payables	18	**13,984**	14,070
Borrowings	19	**1,319,526**	1,322,723
Derivative financial instruments	20	**22,560**	13,345
Deferred tax liabilities	21	**116,852**	111,482
Put option liability non-controlling interest	22	**0**	63,448
Provisions for pensions	23	**0**	569
Total non-current liabilities		**1,472,922**	1,525,637
Trade and other payables	18	**110,597**	93,832
Tax payable	18	**1,860**	10,448
Borrowings	19	**233,622**	196,339
Total current liabilities		**346,079**	300,619
Total liabilities		**1,819,001**	1,826,256
Total equity and liabilities		**3,826,181**	3,937,427

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

Consolidated statement of cash flow

(€'000)	Note	2023	2022
Result after taxation		**(26,096)**	206,514
Adjustments:			
Movement performance shares granted	5/7/9	**673**	(74)
Investment revaluation and disposal of investment properties	6	**90,183**	15,633
Derivative financial instruments	11	**38,652**	(133,989)
Adjustment amortization period put option liability	11	**4,789**	0
Share of result of joint ventures	14	**(4,837)**	(18,170)
Interest income	11	**(1,576)**	(931)
Interest expenses	11	**48,685**	39,714
Deferred tax	12	**5,355**	43,632
Current tax	12	**3,544**	2,247
Depreciation tangible fixed assets	5/7	**1,695**	1,858
Other movements		**(754)**	681
Cash flow from operating activities after adjustments		**160,313**	157,115
Decrease/(increase) in receivables		**(798)**	(2,658)
(Decrease)/increase in creditors		**15,817**	(1,264)
		175,332	153,193
Current tax paid		**(4,314)**	(1,209)
Capital gain tax paid		**(7,908)**	(7,909)
Pension scheme		**(4,600)**	(564)
Borrowing costs		**(1,093)**	(1,654)
Interest paid		**(41,988)**	(34,402)
Interest received		**1,576**	1,019
Cash flow from operating activities		**117,005**	108,474
Capital expenditure		**(27,464)**	(25,240)
Acquisition of non-controlling interest		**(69,600)**	0
Sale of property		**0**	100,999
Investment in joint ventures		**(340)**	(105)
Decrease/(increase) loan to joint ventures		**0**	7,000
Additions to tangible fixed assets		**(1,264)**	(503)
Cash flow from investing activities		**(98,668)**	82,151
Proceeds from borrowings	19	**381,531**	145,215
Repayment of borrowings	19	**(349,134)**	(245,347)
Payments lease liabilities		**(1,227)**	(1,167)
Dividends paid		**(74,166)**	(78,222)
Proceeds from non-current creditors		**348**	7
Cash flow from financing activities		**(42,648)**	(179,514)
Net cash flow		**(24,311)**	11,111
Currency differences on cash and deposits		**(478)**	(1,422)
(Decrease)/increase in cash and deposits		**(24,789)**	9,689
Cash and deposits at beginning of year		**65,307**	55,618
Cash and deposits at end of year		**40,518**	65,307

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

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Consolidated statement of changes in equity

The movements in shareholders' equity in the financial year ended 31 December 2023 were:

	Issued share capital €'000	Share premium reserve €'000	Foreign currency translation reserve €'000	Other reserves €'000	Undistributed income €'000	Equity attributable to owners of the Company €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1-1-2023	**533,492**	**263,774**	**(83,812)**	**1,129,675**	**200,737**	**2,043,866**	**67,305**	**2,111,171**
Result after taxation	**0**	**0**	**0**	**0**	**(26,872)**	**(26,872)**	**776**	**(26,096)**
Other comprehensive income	**0**	**0**	**(312)**	**(4,085)**	**0**	**(4,397)**	**0**	**(4,397)**
Total comprehensive income	**0**	**0**	**(312)**	**(4,085)**	**(26,872)**	**(31,269)**	**776**	**(30,493)**
Transactions with owners of the Company								
Contributions and distributions								
Dividends distribution in cash	**0**	**(6)**	**0**	**0**	**(74,166)**	**(74,172)**	**0**	**(74,172)**
Dividends distribution in shares	**4,325**	**(4,325)**	**0**	**10,381**	**(10,381)**	**0**	**0**	**0**
Non-distributed result previous financial year	**0**	**0**	**0**	**116,190**	**(116,190)**	**0**	**0**	**0**
Performance shares granted	**0**	**674**	**0**	**0**	**0**	**674**	**0**	**674**
Total contributions and distributions	**4,325**	**(3,657)**	**0**	**126,571**	**(200,737)**	**(73,498)**	**0**	**(73,498)**
Changes in ownership interests								
Acquisition of non-controlling interest without a change in control	**0**	**0**	**0**	**68,081**	**0**	**68,081**	**(68,081)**	**0**
Total changes in ownership interests	**0**	**0**	**0**	**68,081**	**0**	**68,081**	**(68,081)**	**0**
Total transactions with owners of the Company	**4,325**	**(3,657)**	**(312)**	**190,567**	**(227,609)**	**(36,686)**	**(67,305)**	**(103,991)**
Total equity at 31-12-2023	**537,817**	**260,117**	**(84,124)**	**1,320,242**	**(26,872)**	**2,007,180**	**0**	**2,007,180**

The movements in shareholders' equity in the financial year ended 31 December 2022 were:

	Issued share capital €'000	Share premium reserve €'000	Foreign currency translation reserve €'000	Other reserves €'000	Undistributed income €'000	Equity attributable to owners of the Company €'000	Non-controlling interest €'000	Total Equity €'000
Balance at 1-1-2022	526,539	263,853	(40,293)	1,102,916	104,687	1,957,702	61,528	2,019,230
Result after taxation	0	0	0	0	200,737	200,737	5,777	206,514
Other comprehensive income	0	0	(36,282)	6	0	(36,276)	0	(36,276)
Total comprehensive income	0	0	(36,282)	6	200,737	164,461	5,777	170,238
Transactions with owners of the Company								
Contributions and distributions								
Reallocation currency translation movements	0	0	(7,237)	7,237	0	0	0	0
Dividends distribution in cash	0	(4)	0	0	(78,218)	(78,222)	0	(78,222)
Dividends distribution in shares	6,953	0	0	15,295	(22,248)	0	0	0
Non-distributed result previous financial year	0	0	0	4,221	(4,221)	0	0	0
Performance shares granted	0	(75)	0	0	0	(75)	0	(75)
Total contribution and distribution	6,953	(79)	(7,237)	26,753	(104,687)	(78,297)	0	(78,297)
Total transactions with owners of the Company	6,953	(79)	(43,519)	26,759	96,050	86,164	5,777	91,941
Total equity at 31-12-2022	533,492	263,774	(83,812)	1,129,675	200,737	2,043,866	67,305	2,111,171

The notes to the consolidated financial statements on the following pages are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. Principal accounting policies

Eurocommercial Properties N.V. (the Company) domiciled at De Boelelaan 7, 1083 HJ Amsterdam, The Netherlands, is a closed end property investment company. The Company is registered with the Commercial Register under number 33230134 since 18 June 1991. The consolidated financial statements of the Company for the financial year starting 1 January 2023 and ending 31 December 2023 will comprise the Company and its subsidiaries (together referred to as the "Group").

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(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) as per 1 January 2023 and Part 9 of Book 2, section 2:362(9) of the Netherlands Civil Code.
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2024. The Group has decided not to immediately adopt such standards, amendments and interpretations. Standards that are mandatory for the Group's accounting periods beginning on 1 January 2023 are adopted as such by the Group. Additional information on new standards, amendments, interpretations and the relating effect on the financial statements, if material and applicable to the Company, has been disclosed in note 1c.

(b) Basis of preparation

The financial statements are presented in euros, rounded to the nearest thousand euros unless stated otherwise. They are prepared on the historical cost basis except for the following assets and liabilities which are stated at fair value: property investments, property investments under development, property investments held for sale and derivative financial instruments. Borrowings and non-current creditors are stated at amortised costs.

Going concern

The financial statements are prepared on a going concern basis and have been authorised for issue on 17 April 2024. The Group have put in place several measures to preserve liquidity, amongst others in February 2024, a new three-year loan of €17.5 million (€8.8 million group share) was signed with Banco BPM to refinance the previous loan on the retail park of Fiordaliso that expired in January 2024 and was repaid. In March 2024, the Group closed three five-year sustainability linked loans for a total amount of €100 million with ABN AMRO Bank on the centres of I Portali and Il Castello in Italy. In April 2024, the Group also entered into a five-year green loan for a total amount of SEK 700 million (circa €62.5 million) with Skandinaviska Enskilda Banken AB on the Hallarna shopping centre. Based on this, our current knowledge and available information, we do consider the preparation of the financial statements based on the going concern assumption appropriate.

(c) Change in accounting policies and reclassifications

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. There was no material impact on the financial statements.

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.
The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.
Management reviewed the accounting policies and made updates to the information disclosed in this note (in 2022: Change in accounting policies and reclassifications) in certain instances in line with the amendments.

The following new and amended standards, effective from 1 January 2024, are not expected to have a significant impact on the Group's consolidated financial statements:
- Classification of Liabilities as Current or Non-Current and Non-current liabilities with covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)

(d) Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revisions affect only that period or in the year of the revisions and future periods if the revisions affect both current and future periods.

1. Principal accounting policies continued

(e) Critical accounting judgements in applying the Group's accounting policies

The critical accounting judgements in applying the Group's accounting policies have been described in the property investment and financial instruments (accounting policy) notes. Most important is that all property investments and property investments under development are revalued every six months by qualified independent valuation experts. The Group uses a rotation scheme when instructing valuers. The fair value of the property portfolio is based upon the opinions of the external experts and not internal valuations made by the Company. The fair value of the derivative financial instruments is determined using a valuation model.

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, the exposure, or rights, to variable returns from its involvement and the ability to use its power to affect the amount of the returns of the entities. In assessing control, potential voting rights that are presently exercisable are taken into account. Some entities are classified as joint ventures when there is joint control in these entities and whereby the Group has rights to the net assets, rather than rights to its assets and obligations for its liabilities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date when control ceases.

The consolidated financial statements include those of the holding company and its owned subsidiaries:

Holgura B.V., Amsterdam	AB Skövde K-mannen 2, Stockholm
Sentinel Holdings B.V., Amsterdam	Bergvik Köpet 3 KB, Stockholm
Eurocommercial Properties Belgium S.A., Brussels	C4 Shopping Fastighet 1 AB, Stockholm
Eurocommercial Properties Ltd., London	C4 Shopping Fastighet 2 AB, Stockholm
ECP Collestrada S.r.l., Milan	ECP Fastighet Köpet 1 KB, Stockholm
ECP CremonaPo S.r.l., Milan	ECP Kristianstad AB, Stockholm
ECP Curno 2022 S.r.l., Milan	ECP Moraberg Holding AB, Stockholm
ECP I Portali S.r.l., Milan	ECP Valbo Centrum AB, Stockholm
ECP Il Castello S.r.l., Milan	ECP Valbo Holding AB, Stockholm
ECP Service S.r.l., Milan	ECP Valboön-Fastigheten KB, Stockholm
Eurocommercial Management Italia S.r.l., Milan	Silvret Nio AB, Stockholm
Eurocommercial Properties Italia S.r.l., Milan	Eurocommercial Properties Sweden AB, Stockholm
Immobiliare 2011 S.r.l., Milan	Fastighets AB Juveleraren 11, Stockholm
Eurocommercial Properties Caumartin S.N.C., Paris	Fastighetsbolaget ES Örebro AB, Stockholm
Eurocommercial Properties France S.A.S., Paris	Lagergatan i Växjö AB, Stockholm
Eurocommercial Properties Taverny S.N.C., Paris	Premi Fastighets AB, Stockholm
S.N.C. Val Commerces, Paris	Samarkandfastigheter AB, Stockholm
S.N.C. Winter, Paris	SAR Degeln AB, Stockholm
AB Norrköping Silvret 1, Stockholm	Ugglum Fastigheter AB, Stockholm

Unless otherwise stated, these subsidiaries are wholly owned.
Furthermore, the consolidated financial statements include the joint venture Galleria Verde S.r.l. in Milan, Italy, reported as equity-accounted investee.

(ii) Transactions eliminated on consolidation

Intragroup balances and any (un)realised gains and losses arising from intragroup transactions are eliminated when preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency translations

The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency. Assets and liabilities denominated in foreign currencies are translated into euros at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the average monthly exchange rate. Foreign exchange differences arising on translation are recognised in the statement of profit or loss.
The functional currency of the Swedish and UK subsidiaries are SEK and GBP, respectively. As at the reporting date, the assets and liabilities of these Swedish and UK subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and their profit or loss accounts are translated at the average monthly exchange rates for the period. The exchange differences arising on the translation are taken through the other comprehensive income to equity (currency translation reserve). On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation will be recognised in the statement of profit or loss.

Notes to the consolidated financial statements (continued)

1. Principal accounting policies continued

Property investments and property investments under development

Property investments and property investments under development are stated at fair value. Property investments and property investments under development are held to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions. It is the Company's policy that all property investments and property investments under development be valued semi-annually by qualified independent experts. These experts are instructed to appraise in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). Both documents contain mandatory rules, best practice guidance and related commentary for all RICS members and appraisers undertaking property valuations. These revaluations represent the price, net of normal purchaser's costs, at which the property could be sold in the open market on the date of revaluation. At the balance sheet date the fair value of each property investment is based on comprehensive valuation reports from the independent experts. Valuations are prepared based on current prices for comparable investment properties in an active market. If, however, such information is not available, property valuations are prepared based on standard valuation techniques such as the capitalisation method and discounted cash flow method.

Movements in the fair value of property investments and property investments under development are recognised in the statement of profit or loss in the period in which they occur.

The carrying amount of accrued income from spreading of the lease incentives is reduced from the fair value of property investments or property investments under development.

Any realised gains or losses from the sale of a property investment or a property investment under development are recognised at closing date as the balance between the net sale proceeds and the latest published fair value in the statement of profit or loss. Depreciation is not provided on property investments and property investments under development since these are stated at fair value in accordance with IAS 40.
Property investments and property investments under development are initially brought to account at their full acquisition cost, including registration duties, legal and other consultants' fees until the first reporting date, when the fair value is presented. Any subsequent capital expenditure, including the aforesaid duties and fees and any directly attributable costs to bring the asset to working order for its intended use, is added to the cost of the property investment or the cost of the property investment under development respectively. The cost of financing the renovation or extension of property investments or the building of property investments under development is capitalised as part of the cost of the investment, the cost amount of which will be published in the notes in addition to the fair value.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

A sensitivity analysis is carried out by the valuer with particular focus on the most important drivers, which are changes in the rental value and net initial yield, and their effect on the property investment valuation.

Property investments held for sale

Investment property is transferred to property investments held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. On re-classification, investment property continues to be measured at fair value, less cost to sell and any movements in the fair value are recognised in the statement of profit or loss.

Investments in joint ventures

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investments in joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date, measured in accordance with the Group's accounting policies. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the difference in the statement of profit or loss account. Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss. In case of a purchase of the remaining 50% of the shares of the joint venture during the financial year, the balance sheet items will be reported as a 100% subsidiary. With regard to the items in the statement of income and expense, the result up to and including the date of purchase of the remaining 50% of the shares will be reported as income joint ventures. The result after the date of purchase of the remaining 50% of the shares will be reported as a 100% shareholding.

1. Principal accounting policies continued

Non-controlling interests
Non-controlling interests (NCI) are initially measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. They are depreciated over the expected useful lives of the assets concerned varying from two to five years using the straight-line method taking into account the residual value of the respective assets. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Receivables
Receivables are recognised initially at fair value and subsequently at amortised cost, less allowance for expected credit losses.

Cash and deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Issued share capital
The shares in the capital of the Company, are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds. When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from equity. Dividends are recognised as a liability in the period in which they are declared.

Borrowings
Borrowings are recognised initially at fair value, less attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the borrowings are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as net financing costs in the statement of profit or loss.

Creditors
Creditors are recognised initially at fair value and, for non-current creditors, subsequently at amortised cost basis using the effective interest method.

Derivative financial instruments
The Company and its subsidiaries use derivative financial instruments to hedge (part of) their exposure to foreign exchange (if any instruments at year end date) and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments will not be held or issued for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are on the balance sheet at their fair value and the value changes are recognised immediately in the statement of profit or loss. The Company does not apply hedge accounting.

Derivative financial instruments are recognised initially at trade date at fair value (cost price). Subsequent to initial recognition, derivative financial instruments are stated at their fair value. The gain or loss on measurement to fair value is recognised in the statement of profit or loss. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, the current creditworthiness of the swap counterparties and the Group's own creditworthiness. Derivative financial instruments concern only derivative interest rate swap contracts. The fair value of the derivatives is estimated using a valuation technique and discounting expected future cash flows using current market interest rates and the yield curve over the remaining term of the instrument that are directly or indirectly observable market data. In connection with the non-current borrowings the derivative financial instruments are presented as non-current assets and non-current liabilities.

Put option liability non-controlling interest
The financial liability related to the put option non-controlling interest capitalized is recognized initially at the present value and subsequently measured at amortized cost using the effective interest rate method. Any subsequent changes in the measurement of the put option non-controlling interest capitalized are recognized in the statement of profit or loss. The discount rate used in the amortised cost calculations is 4.1%.

Notes to the consolidated financial statements (continued)

1. Principal accounting policies continued

Put option liability non-controlling interest continued

If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognised as a financial liability with any excess over the carrying amount of the non-controlling interest recognised as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent changes in the redemption value of the financial liability are recognised in the income statement and no earnings are attributed to the non-controlling interest.

However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent changes in the redemption value of the financial liability are recognised directly in retained earnings.

Leases

(i) Leases as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in tangible fixed assets and lease liabilities in creditors in the statement of financial position. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office accommodation, office and IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Leases as a lessor

The Group has entered into commercial leases on its investment property portfolio and therefore refers to the accounting policy for the rental income.

Provisions

A provision is recognised in the consolidated statement of financial position when a legal or constructive obligation would exist, as a result of a past event and when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for pensions

The Company has various defined contribution pension plans and only one defined benefit pension plan for a limited number of employees. The net receivable or liability in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of the plan assets is deducted. The defined benefit obligation is calculated semi-annually by an independent external actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments or changes in assumptions are recognised in other comprehensive income. The majority of the Company's employees are members of a defined contribution scheme for which the annual premiums are an expense of the period.

Other assets and liabilities

Unless stated otherwise, assets and liabilities are shown at the amounts at which they were acquired or incurred.
Bad debts (expected credit losses) for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, if appropriate.

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1. Principal accounting policies continued

Rental income

Rental income from property investments leased under operational leases is recognised in the profit or loss account on a straight-line basis over the term of the lease. Lease incentives, like rent-free periods, rent discounts and other rent concessions are recognised over the term of the lease, or over the period until the first break option if shorter, on a straight-line basis as a reduction of rental income. This applies mutatis mutandis for entry fees as an increase of rental income.

Service charge income and service charge expenses

Service charge is an integral, but separately identifiable, part of rental contracts. The Group has identified that the service charge is distinct from rentals and are therefore accounted separately. The service charge is priced and contracted based on market prices relevant for the region of operation. The service charge income is recognized evenly over time of the service rendered as the customer simultaneously receives and consumes the benefits from the provided service. Service charges for which the Company acts as a principal are presented in the profit or loss account. Therefore, for those property investments for which the Company is in full control of the service charges, the service charges invoiced to tenants and the corresponding expenses are shown separately on an accrual basis. In addition, service charge expenses also include charges related to vacant units and/or other irrecoverable service charges due to contractual limits or insolvent tenants.

Property expenses (direct and indirect)

These expenses include costs directly related to the leasing of investment property, such as maintenance, insurance, management, property tax etc. and are expensed as incurred. These expenses at a property level are referred to as direct property expenses. Letting fees, relocation expenses, certain dispossession indemnities and other outgoings when a lease is concluded are recognised over the term of the lease on a straight-line basis as indirect property expenses. Property expenses also include expenses associated with non-Netherlands property-holding companies and their staff and offices and some local taxes, accounting, audit and advisory fees, which are charged to the relevant buildings rather than the general expense pool. These expenses at a Group level are referred to as indirect property expenses.

Result in joint ventures

Result in joint ventures reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of the result of a joint venture is shown in the profit or loss account and represents the result after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint ventures are prepared for the same reporting period as the Group.

Net financing income/cost

Net financing income/cost comprises interest payable on borrowings calculated using the effective interest rate method net of interest capitalised, interest income, debt extinguishment and fair value movements of derivative financial instruments that are recognised in the profit or loss account. Interest income is recognised in the profit or loss account as it accrues.

Company expenses and investment expenses

Company expenses comprise general overheads such as advisory fees, office expenses, personnel costs and Directors' fees. Expenses relating to the investigation of potential property investments and the valuation of property investments, including the part of staff bonuses linked to property value performance, are recognised as investment expenses.

Performance shares granted to employees

Since the financial year 2011/2012 a Performance Share Plan (PSP) has been in place for Managing Directors and all employees of the Company. The cost of performance shares granted under these plans is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model. The cost is recognised, together with a corresponding increase in shareholders' equity, over the period in which the performance and service conditions are fulfilled ending on the vesting date.

Current tax and deferred tax

As an Investment Institution under Netherlands tax law (fiscale beleggingsinstelling) the Company is subject to a nil rate of Netherlands corporate income tax, provided it meets certain conditions, notably the distribution of all taxable income (after permitted deductions) to shareholders within eight months of the end of each financial year. As of 1 July 2005, the Company has opted for the French tax regime applicable to "Sociétés d'investissements immobiliers cotées" (SIIC). As from that date the revenues and capital gains from the French portfolio of the Company are tax-exempt, provided it meets certain conditions, notably a listing at a stock exchange in an EU country and the distribution of at least 85% of French tax-exempt income and of at least 50% of tax-exempt capital gains to shareholders.

Notes to the consolidated financial statements (continued)

1. Principal accounting policies continued

Current tax and deferred tax continued

In Belgium, the Company incorporated a wholly owned FIIS/GVBF ("Fonds d'investissement immobilier spécialisé"/"gespecialiseerd vastgoedbeleggingsfonds"). The FIIS/GVBF will be subject to corporate income tax, but its taxable basis will be limited to disallowed expenses and abnormal or gratuitous advantages received. Rental income, capital gains on real estate assets, and dividend and interest income will remain untaxed as a matter of principle, provided that the fiscal result is distributed by way of a dividend. However, corporate income tax may be payable on the fiscal results of Netherlands and foreign subsidiaries which do not have the aforesaid special tax status. This tax on taxable income for the year is recognised in the profit or loss account.

Tax on profit or loss for a year comprises current tax and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates prevailing at the balance sheet date and any adjustment to taxation in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the book value of assets and liabilities and their fiscal book value for tax purposes, taking into account the applicable taxation rate, any fiscal facilities available and recoverable tax losses which can probably be utilised. Deferred tax recognised in the profit or loss account is the movement in deferred tax assets and deferred tax liabilities, if any, during the period. Deferred tax assets and liabilities are netted if there is a legal enforceable right to offset, settlement dates are similar and tax is levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Cash flow statement

The cash flow statement is prepared according to the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Exchange rate differences affecting cash items are shown separately in the cash flow statement. Cash and deposits include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Segment information

Segment information is presented by country (Belgium, France, Italy, Sweden and The Netherlands). The segment information in the financial statements is in line with the segments used for internal reporting; however, joint ventures are presented in the internal reporting using proportional consolidation. The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its office in Amsterdam.

ESEF Company information

Name of reporting entity or other means of identification	Eurocommercial Properties N.V.
Domicile of entity	The Netherlands
Legal form of entity	Public Limited Liability Company
Country of incorporation	The Netherlands
Address of entity's registered office	*De Boelelaan 7, 1083 HJ Amsterdam*
Principal place of business	Amsterdam
Description of nature of entity's operations and principal activities	The Company is a closed end property investment company

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2. Segment information

For the consolidated statement of financial position all items are allocated to the respective segments, whereas for the consolidated statement of profit or loss the items net financing result, company expenses, investment expenses, other income and taxation are not allocated to the respective segments.

2023

For the 12 months ended 31-12-23 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	27,251	46,776	106,008	47,079	0	227,114	(11,835)	215,279
Service charge income	6,910	5,467	17,112	15,277	0	44,766	(3,188)	41,578
Service charge expenses	(7,608)	(5,403)	(15,870)	(17,746)	0	(46,627)	2,927	(43,700)
Property expenses	(2,746)	(12,526)	(14,822)	(6,339)	0	(36,433)	845	(35,588)
Net property income	23,807	34,314	92,428	38,271	0	188,820	(11,251)	177,569
Share of result of joint ventures	0	0	0	0	0	0	4,837	4,837
Investment revaluation and disposal of investment properties	(62,723)	(10,911)	17,750	(34,432)	205	(90,111)	(4,933)	(95,044)
Segment result	(38,916)	23,403	110,178	3,839	205	98,709	(11,347)	87,362
Net financing result						(94,620)	8,927	(85,693)
Company expenses						(12,922)	0	(12,922)
Investment expenses						(2,728)	11	(2,717)
Other income						914	648	1,562
Adjustment amortisation period put option liability						(4,789)	0	(4,789)
Result before taxation						(15,436)	(1,761)	(17,197)
Current tax						(3,711)	167	(3,544)
Deferred tax						(6,949)	1,594	(5,355)
Result after taxation						(26,096)	0	(26,096)

As per 31-12-23 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	522,460	802,280	1,655,690	791,328	0	3,771,758	(195,860)	3,575,898
Investment in joint ventures	0	0	0	0	0	0	101,142	101,142
Tangible fixed assets	0	1,927	539	458	1,925	4,849	0	4,849
Receivables	6,973	39,993	11,866	4,037	659	63,528	(1,029)	62,499
Loan to Joint Venture	0	0	0	0	0	0	8,000	8,000
Derivative financial instruments	2,205	0	38,779	1,874	0	42,858	(9,583)	33,275
Cash and deposits	2,527	4,113	18,568	20,158	3,235	48,601	(8,083)	40,518
Total assets	534,165	848,313	1,725,442	817,855	5,819	3,931,594	(105,413)	3,826,181
Creditors	15,129	38,232	31,130	29,140	2,660	116,291	(3,834)	112,457
Non-current creditors	1,284	9,045	2,795	400	871	14,395	(411)	13,984
Borrowings	285,695	210,818	810,241	319,191	25,000	1,650,945	(97,797)	1,553,148
Derivative financial instruments	0	0	19,957	3,423	0	23,380	(820)	22,560
Deferred tax liabilities	0	0	44,831	74,572	0	119,403	(2,551)	116,852
Total liabilities	302,108	258,095	908,954	426,726	28,531	1,924,414	(105,413)	1,819,001

For the 12 months ended 31-12-2023 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	7,220	3,504	8,515	10,317	0	29,556	(1,041)	28,515

* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V.

Notes to the consolidated financial statements (continued)

2. Segment information continued

2022

For the 12 months ended 31-12-22 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	26,572	45,075	91,564	46,364	0	209,575	(10,268)	199,307
Service charge income**	7,427	5,888	17,891	16,261	0	47,467	(3,266)	44,201
Service charge expenses	(8,323)	(5,099)	(17,439)	(18,551)	0	(49,412)	3,260	(46,152)
Property expenses	(1,690)	(11,394)	(13,671)	(5,687)	0	(32,442)	484	(31,958)
Net property income	23,986	34,470	78,345	38,387	0	175,188	(9,790)	165,398
Share of result of joint ventures	0	0	0	0	0	0	18,170	18,170
Investment revaluation and disposal of investment properties	(4,712)	(5,745)	14,769	(14,738)	24	(10,402)	(2,809)	(13,211)
Segment result	19,274	28,725	93,114	23,649	24	164,786	5,571	170,357
Net financing result**						107,251	(12,056)	95,195
Company expenses						(12,128)	4	(12,124)
Investment expenses						(2,471)	12	(2,459)
Other income**						725	699	1,424
Profit before taxation						258,163	(5,770)	252,393
Current tax						(2,335)	88	(2,247)
Deferred tax						(49,314)	5,682	(43,632)
Profit after taxation						206,514	0	206,514

As per 31-12-22 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	578,090	810,280	1,629,850	814,626	0	3,832,846	(189,900)	3,642,946
Investment in joint ventures	0	0	0	0	0	0	95,965	95,965
Tangible fixed assets	0	2,148	790	592	318	3,848	0	3,848
Deferred tax assets	9,080	33,292	11,034	6,358	588	60,352	(997)	59,355
Receivables	0	0	0	0	0	0	8,000	8,000
Derivative financial instruments	7,567	0	64,457	4,102	0	76,126	(14,120)	62,006
Cash and deposits	2,229	13,749	21,199	31,286	2,573	71,036	(5,729)	65,307
Total assets	596,966	859,469	1,727,330	856,964	3,479	4,044,208	(106,781)	3,937,427
Creditors	11,204	32,215	34,468	28,521	2,733	109,141	(4,861)	104,280
Non-current creditors	1,222	9,664	3,131	513	(7)	14,523	(453)	14,070
Borrowings	285,486	217,953	793,498	322,564	0	1,619,501	(100,439)	1,519,062
Derivative financial instruments	0	0	13,345	0	0	13,345	0	13,345
Deferred tax liabilities	0	0	33,172	79,338	0	112,510	(1,028)	111,482
Put option liability non-controlling interest	63,448	0	0	0	0	63,448	0	63,448
Provision for pensions	0	0	0	0	569	569	0	569
Total liabilities	361,360	259,832	877,614	430,936	3,295	1,933,037	(106,781)	1,826,256

For the 12 months ended 31-12-2022 (€'000)	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	3,713	(75,021)	6,448	6,217	0	(58,643)	(2,505)	(61,148)

* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V.

** The comparative figures for the financial year ended 31 December 2022 have been adjusted for comparison purposes as a result of the reclassification of 'Other income' into 'Service charge income' and 'Interest income'.

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3. Exchange rates

It is generally the Company's policy for non-euro investments to use debt denominated in the currency of investment to provide a (partial) hedge against currency movements. Exceptionally, forward contracts may be entered into from time to time when debt instruments are inappropriate for cost or other reasons. The only non-euro investment assets and liabilities of the Company are in Sweden. As at 31 December 2023, €1 was SEK 11.0959 (31 December 2022: SEK 11.1218). The average €/SEK exchange rate during 2023 was SEK 11.4670 (2022: SEK 10.6232).

4. Rental income and service charge income and expenses

Rental income

Rental income in the current financial year comprised:

€'000	2023	2022
Gross lease payments collected/accrued	**215,191**	205,420
Straight-lining of rent concessions	**0**	(2,309)
One off amortization of rent concessions	**(150)**	(4,064)
Entry fees received/accrued	**238**	260
	215,279	199,307

The Group leases out its property investments under operating leases of various expiry terms. The leases specify the space, the rent, the other rights and obligations of the landlord and the tenant, including notice periods, renewal options and service charge arrangements. In general, the rent is indexed annually over the term of the lease.

Entry fees are defined as non-recurring amounts received from a new or existing tenant in connection with a new or renewed lease. Such proceeds must be straight-lined over the term of the lease. This term is defined as the period to the first possible date the tenant can terminate the lease.

The future aggregated minimum guaranteed rent (turnover rent not included) receivable under non-cancellable operating leases and to the first possible tenant break option amounts approximately to:

€'000	2023	2022
– less than one year	**185,214**	188,147
– between one and five years	**317,935**	371,734
– more than five years	**105,412**	138,445
	608,561	698,325

Approximately 1.73% of the rental income for the financial year ended 31 December 2023 is turnover rent (2022: 1.69%).

Service charge income and expenses

Service charge income of €41.6 million (2022: €44.2 million) represents income from recharged service costs to tenants for the services of utilities, caretakers etc. when the Group acts as principal.

Service charge expenses of €43.7 million (2022: €46.2 million) represent costs related to the services of utilities, caretakers etc. which are rendered to tenants. The service charge expenses can be higher than the service charge income as costs are not always fully recoverable from tenants.

Notes to the consolidated financial statements (continued)

5. Property expenses

Property expenses in the current financial year were:

€'000	2023	2022
Direct property expenses		
Bad debts (expected credit loss)	**2,957**	2,372
Centre marketing expenses	**2,792**	2,411
Impairment on tenant receivables (COVID-19 rent concessions)	**(358)**	(1,114)
Insurance premiums	**971**	950
Managing agent fees	**2,149**	2,182
Property taxes	**3,051**	3,171
Repair and maintenance	**929**	1,096
Shortfall service charges	**1,075**	910
	13,566	11,978
Indirect property expenses		
Accounting fees	**693**	817
Audit fees	**677**	531
Depreciation fixed assets	**372**	457
Depreciation right-of-use assets	**912**	897
Legal and other advisory fees	**2,423**	1,920
Letting fees and relocation expenses	**1,507**	955
Local office and accommodation expenses	**1,788**	1,698
Pension contributions	**202**	198
Salaries, wages and bonuses	**8,185**	7,650
Employer's tax and social security charges	**3,709**	3,469
Performance shares granted (IFRS 2)	**158**	(22)
Travelling expenses	**697**	709
Other local taxes	**613**	667
Other expenses	**86**	34
	22,022	19,980
	35,588	31,958

Indirect property expenses include the expenses of the Brussels, Milan, Paris and Stockholm offices.

Depreciation right-of-use assets includes the depreciation of right-of-use assets related to operating leases for the Company's Group offices in Milan for €427,000 (2022: €408,000), in Paris for €286,000 (2022: €297,000) and Stockholm for €199,000 (2022: €192,000). These leases are standard lease contracts with no contingent rents and sublease payments and expire in February 2024, September 2028 and September 2025 respectively.

The depreciation of fixed assets for the financial year is €169,000 for the Paris office (2022: €171,000), €167,000 for the Milan office (2022: €262,000) and €36,000 for the Stockholm office (2022: €24,000). No depreciation is recorded for Brussels.

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6. Investment revaluation and disposal of investment properties

Realised and unrealised value movements on investments in the current financial year were:

€'000	2023	2022
Revaluation of property investments	**(90,183)**	(14,681)
Revaluation of property investments under development	**0**	547
Divestment property sold	**30**	(1,499)
Elimination of accrued entry fees	**314**	(134)
Elimination of capitalised letting fees	**(6,170)**	(2,992)
Elimination of COVID-19 rent discounts	**0**	6,373
Movement long-term creditors	**774**	(183)
Foreign currency results	**191**	(642)
	(95,044)	(13,211)

The revaluation of property investments of negative €90,183,000 (2022: negative €14,681,000) relates to Belgium for an amount of negative €59,177,000 (2022: negative €2,587,000), Sweden for an amount of negative €34,360,000 (2022: negative €14,107,000), France for an amount of negative €8,577,000 (2022: negative €6,578,000) partially offset by a positive amount of €11,931,000 (2022: positive €8,993,000) in Italy.

7. Company expenses

Company expenses in the current financial year comprised:

€'000	2023	2022
Audit fees	**453**	458
Depreciation fixed assets	**191**	277
Depreciation right-of-use assets	**223**	227
Directors' fees	**2,250**	2,735
IT expenses	**2,063**	1,098
Legal and other advisory fees	**1,064**	970
Marketing expenses	**588**	193
Office and accommodation expenses	**1,538**	1,361
Pension contributions	**442**	585
Salaries, wages and bonuses	**2,156**	2,540
Employer's tax and social security charges	**365**	366
Statutory costs	**484**	358
Performance shares granted (IFRS 2)	**102**	(15)
Travelling expenses	**307**	251
Other expenses	**696**	720
	12,922	12,124

Depreciation right-of-use assets includes the lease for the Company's head office at Herengracht 469, Amsterdam for the first half of this financial year and De Boelelaan 7, Amsterdam for the second half of this financial year. This lease is a standard lease contract with no contingent rents and sublease payments and expires in June 2028. The depreciation of fixed assets for this financial year is €191,000 (2022: €277,000).

Notes to the consolidated financial statements (continued)

8. Personnel costs

Total personnel costs in the current financial year comprised:

€'000	2023	2022
Salaries and wages	**10,982**	10,474
Employer's tax and social security charges	**4,777**	4,540
Pension costs	**813**	1,023
Bonuses	**2,451**	3,108
Performance shares granted (IFRS 2)	**673**	(74)
	19,696	19,071

Total personnel costs are partly presented under (indirect) property expenses €12,254,000 (2022: €11,295,000), partly under company expenses (remuneration of the members of the Board of Management inclusive) €5,136,000 (2022: €6,056,000) and partly under investment expenses €2,305,000 (2022: €1,720,000). These expenses do not include the remuneration of the members of the Supervisory Board. The pension costs consist of €644,000 of pension contributions (2022: €783,000). In accordance with the Company's remuneration policy the bonuses paid to senior executives are directly linked to the annual growth in the Company's adjusted net asset value, the annual absolute and the annual relative performance, as per the end of the financial year of the listed shares of the Company compared with a peer group of ten listed retail property companies as well as two ESG key performance indicators achieved for this financial year. For this financial year there was no growth of the net asset value per share. The Group employed an average of 92 full-time equivalent persons during the financial year (2022: 98), of whom 13 are resident in The Netherlands, 6 in the UK, 28 in France, 34 in Italy and 11 in Sweden. The Group staff (members of the Board of Management excluded) holds 75,673 shares, representing 0.14% of the issued share capital of the Company.

9. Investment expenses

Investment expenses in the current financial year comprised:

€'000	2023	2022
Aborted acquisition costs	**22**	315
Bonuses (included in the bonus amounts as part of Personnel costs)	**1,522**	1,421
Employer's tax and social security charges related to bonuses (included in the amounts as part of Personnel costs)	**370**	336
Performance shares granted (IFRS 2)	**413**	(37)
Property valuation fees	**390**	424
	2,717	2,459

10. Other income

Other income of €1,562,000 for the year ended 31 December 2023 (€1,424,000 for the year ended 31 December 2022) is related to advisory and management fees. In the financial year ended 31 December 2023, a reclassification from part of 'Other Income' to 'Service Charge Income' and 'Interest Income' was made. This reclassification was made to more accurately represent the nature of the accounting transactions. Correspondingly, the comparative figures for the financial year ended on 31 December 2022 have been adjusted for comparison purposes.

11. Net financing costs

Net financing costs in the current financial year comprised:

€'000	2023	2022
Interest income*	**1,576**	931
Gross interest expenses (excluding interest expenses related to lease liabilities)	**(48,110)**	(37,307)
Interest expenses on lease liabilities	**(71)**	(60)
Interest on put option non-controlling interest	**(558)**	(2,377)
Capitalised interest	**122**	19
Adjustment amortisation period put option non-controlling interest**	**(4,789)**	0
Fair value movement derivative financial instruments***	**(37,847)**	139,290
Movement in present value put option (other than interest)	**(805)**	(5,301)
	(90,482)	95,195

* The comparative figures for the financial year ended 31 December 2022 have been adjusted for comparison purposes as a result of the reclassification of parts of 'Other income' into 'Service charge income' and 'Interest income'.
** The adjustment relates to the exercise of the put option for the minority interest in ECP Belgium.
*** The fair value movement of derivative financial instruments is based on the fair value of the underlying financial instruments, which consists mainly of interest rate swaps.

Gross interest expense consists of interest on lease liabilities, interest payable on loans calculated using the effective interest rate method and on derivative financial instruments. The interest payable to finance the extension/acquisition of an asset is capitalised until completion/acquisition date and is reported as capitalised interest. The interest rate used for capitalised interest during this financial year was 3.2% (2022: 2.1%).

The fair value derivative financial instruments was negative €37,487 (2022: positive €139,290). The negative movement is due to the change in the Euribor and Stibor curves.

12. Taxation

Total tax in the current financial year comprised:

€'000	2023	2022
Current tax Italy	**1,876**	920
Current tax Belgium	**207**	135
Current tax Sweden	**1,454**	1,183
Current tax United Kingdom	**7**	9
Current tax	**3,544**	2,247
Deferred tax on unrealized value movements investment property Italy and Sweden	**12,050**	15,302
Deferred tax on unrealized value movements derivative financial instruments Italy and Sweden	**(8,300)**	24,345
Movement tax losses recognized Italy and Sweden	**1,605**	3,985
Deferred tax	**5,355**	43,632
Total tax	**8,899**	45,879
Tax-exempt income (including effect of FBI, FIIS and SIIC)	**(42,505)**	45,212
Result before tax attributable to Swedish tax rate of 20.6%	**(26,022)**	10,787
Result before tax attributable to Italian tax rate of 24.0%	**46,213**	178,286
Result before tax attributable to UK tax rate of 19.0% (2022: 19.0%)	**281**	(62)
Result before taxation	**(22,033)**	234,223
Tax on result before tax attributable to Swedish taxable subsidiaries at a tax rate of 20.6%	**(5,360)**	2,222
Tax on result before tax attributable to Italian taxable subsidiaries at a tax rate of 24.0%	**11,091**	42,789
Tax on result before tax attributable to UK taxable subsidiary at a tax rate of 19.0% (2022: 19.0%)	**(2)**	(12)
Correction prior years	**55**	0
Non-taxable income/expense Belgium, Italy, Sweden and UK	**3,115**	880
Total tax	**8,899**	45,879

The result before taxation does not include the share of the result from joint ventures.

Notes to the consolidated financial statements (continued)

12. Taxation continued

As an Investment Institution under Dutch tax law (fiscale beleggingsinstelling), the Company is subject to a nil rate of Netherlands corporate income tax. In Belgium the revenues and capital gains are exempt as a "Fonds d'investissement immobilier spécialisé" (FIIS) and the revenues and capital gains from the French portfolio of the Company are tax-exempt as a "Société d'investissements immobiliers cotée" (SIIC).

In Italy and Sweden, the properties are held by taxable entities. In Italy, the nominal tax rate applied for deferred tax and corporate income tax is 24.0%, except a minor taxable amount for which the nominal tax rate is 27.9%. In Sweden the nominal tax rate of 20.6% has been applied for deferred tax. The nominal tax rate for the subsidiary in the United Kingdom is 19% (2022: 19%).

The Italian Tax Authorities issued two notices of assessment on the property depreciation and the following use of the fiscal losses carry forward for the fiscal years 2014/2015 and 2015/2016 of the Italian subsidiary Eurocommercial Properties Italia S.r.l.. In October 2020 and April 2021 respectively, the Italian tax court rendered a decision in the second degree confirming the first degree decision in favour of the Company. The Italian tax authorities have appealed to the final court for both the notices. No provisions have been accounted for in the financial statements.

13. Property investments, property investments under development and property investments held for sale

Property investments, property investments under development and property investments held for sale are stated at fair value. It is the Company's policy that all property investments and property investments under development be revalued semi-annually by qualified independent experts. The independent valuation figures for the Company's properties represent the net price expected to be received by the Company from a notional purchaser who would deduct any purchaser's costs including registration tax. All properties in the Group are freehold.

The qualified independent valuers have prepared their appraisals in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). These standards require that valuers, among other activities, collect a variety of data, including general economic data, property-specific data and market supply and demand data. Property-specific data includes passing rent and future rent, expenses, lease terms, lease incentives, vacancies, rent concessions, etc.

The Board of Management reviews the valuation reports and determines that the source data provided by the Company is processed correctly. The data and valuation methodologies used are set out in the independent valuation reports. All properties were revalued at 31 December 2023.

Purchasers' costs

The total purchasers' costs including registration tax, which are excluded from the fair value of the property investments, property investments under development and property investments held for sale, for the financial year ended 31 December 2023 were as follows:

	31-12-2023					31-12-2022				
	Belgium	**France**	**Italy**	**Sweden**	**Total**	Belgium	France	Italy	Sweden	Total
Purchasers' costs (%)	**2.5%**	**6.9%-7.5%**	**1.0%**	**1.0%**	**2.6%**	2.5%	6.9%-7.5%	1.0%	1.0%	2.6%
Purchasers' costs (€'000)	**13,060**	**56,076**	**14,526**	**7,913**	**91,575**	14,456	56,745	14,326	8,148	93,675

In France the purchasers' costs varies mainly from 6.9% to 7.5%. A percentage of 1.8% is applied as purchaser's costs on lands acquired in France.

Fair value hierarchy

Property investments, including property investments under development and property investments held for sale are at level 3.

Property portfolio

The current property portfolio is:

	31-12-23 Net value €'000	31-12-22 Net value €'000	**31-12-23 Costs to date €'000**	31-12-22 Costs to date €'000
Belgium	**522,460**	578,090	**664,174**	658,953
France	**802,280**	810,280	**605,622**	602,119
Italy	**1,459,830**	1,439,950	**1,058,552**	1,051,079
Sweden	**791,328**	814,626	**771,892**	761,575
Property investments	**3,575,898**	3,642,946	**3,102,240**	3,073,726

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13. Property investments, property investments under development and property investments held for sale continued

Assumptions and sensitivity analysis

The assumptions and sensitivity analysis of the valuations are made by the valuers and represent the property investments, excluding land and property held for development. The following assumptions were applied as per 31 December 2023:

	31-12-23				31-12-22			
	Belgium	**France**	**Italy**	**Sweden**	Belgium	France	Italy	Sweden
Passing rent per m² (€; average)	**639**	**404**	**348**	**234**	614	373	325	224
Estimated rent value per m² (€; average)	**638**	**421**	**354**	**253**	586	397	331	224
Net initial yield (%; average)	**5.2**	**5.3**	**6.2**	**5.9**	4.7	5.0	6.0	5.6
Reversionary yield (%; average)	**4.9**	**5.9**	**6.2**	**5.9**	4.4	5.5	5.8	5.6
Inflation rate (%; min/max)*	**n.a.**	**n.a.**	**2.3**	**2.1**	n.a.	n.a.	1.9/2.0	2.0/2.6
Long-term growth in rental value (%; min/max)*	**n.a.**	**n.a.**	**2.3**	**2.0**	n.a.	n.a.	1.8/2.0	2.0

* When DCF method is used.

The DCF valuation is used by all valuers, except in Belgium and France where the valuers use the capitalisation method. There were no changes in the valuation method compared to previous valuations.

A sensitivity analysis of the valuations is based on the assumptions of 1) the increase/decrease in net initial yield (NIY) and 2) the increase/decrease of the estimated rental value (ERV). The amounts reflect the increase or decrease of the net value of the respective property portfolio.

	31-12-23					31-12-22				
	Belgium €'000	**France €'000**	**Italy €'000**	**Sweden €'000**	**Total €'000**	Belgium €'000	France €'000	Italy €'000	Sweden €'000	Total €'000
Increase average NIY by 25 bps	**(26,100)**	**(33,789)**	**(46,960)**	**(29,999)**	**(136,848)**	(29,940)	(36,899)	(47,310)	(33,298)	(147,447)
Increase average NIY by 50 bps	**(49,780)**	**(65,112)**	**(88,570)**	**(57,949)**	**(261,411)**	(56,860)	(70,673)	(91,890)	(65,375)	(284,798)
Decrease average NIY by 25 bps	**28,910**	**37,254**	**50,190**	**33,089**	**149,443**	33,470	40,591	52,270	37,386	163,717
Decrease average NIY by 50 bps	**61,130**	**78,157**	**91,920**	**68,529**	**299,736**	71,150	72,406	108,230	77,678	329,464
Increase ERV of 5%	**26,120**	**28,099**	**42,680**	**33,829**	**130,728**	27,660	34,455	42,330	34,841	139,286
Increase ERV of 10%	**52,250**	**55,260**	**88,450**	**68,568**	**264,528**	55,310	68,756	84,680	68,519	277,265
Decrease ERV of 5%	**(26,130)**	**(27,091)**	**(42,470)**	**(33,829)**	**(129,520)**	(27,670)	(34,526)	(42,000)	(33,943)	(138,139)
Decrease ERV of 10%	**(52,260)**	**(54,731)**	**(84,830)**	**(66,766)**	**(258,587)**	(55,320)	(69,086)	(83,630)	(69,419)	(277,454)

Changes in property investments and property investments held for sale for the financial year ended 31 December 2023 were as follows:

	Property investments 31-12-23 €'000	**Property investments held for sale 31-12-23 €'000**	Property investments 31-12-22 €'000	Property investments held for sale 31-12-22 €'000
Book value at beginning of year	**3,642,946**	**0**	3,757,419	22,500
Capital expenditure – general	**10,991**	**0**	10,095	0
Capital expenditure – extensions and refurbishments	**11,233**	**0**	11,266	0
Capitalized interest	**122**	**0**	19	0
Capitalized letting fees/lease incentives/fit out costs*	**12,627**	**0**	8,281	0
Amortisation capitalized letting fees/lease incentives/fit out costs*	**(6,457)**	**0**	(5,288)	0
Capitalized rent concessions	**0**	**0**	(6,373)	0
Elimination of net capitalized letting fees	**(6,170)**	**0**	(2,993)	0
Elimination of net capitalized rent concessions	**0**	**0**	6,373	0
Revaluation of property investments	**(90,183)**	**0**	(14,681)	0
Reallocation from property investments under development	**0**	**0**	7,000	0
Book value divestment property	**0**	**0**	(57,000)	(22,500)
Exchange rate movement	**789**	**0**	(71,172)	0
Book value at end of year	**3,575,898**	**0**	3,642,946	0

* The comparative figures for the financial year ended 31 December 2022 have been adjusted for comparison purposes.

Notes to the consolidated financial statements (continued)

13. Property investments, property investments under development and property investments held for sale continued

Changes in property investments under development for the financial year ended 31 December 2023 were as follows:

	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	0	6,100
Capital expenditure	0	353
Revaluation property investments under development	0	547
Reallocation to property investments	0	(7,000)
Book value at end of year	0	0

14. Investments in joint ventures

Investments in joint ventures amounted to €101.1 million (€95.7 million at 31 December 2022) and refers to the Company's 50% stake in the Italian company Galleria Verde S.r.l. which owns the shopping centre Fiordaliso and the adjacent retail park in Milan. Galleria Verde S.r.l. has the same calendar year end as the Group. There are no contingent liabilities or other post balance sheet events in the joint venture other than mentioned below and no unrecognised losses. The payment of cash dividends and the repayment of intercompany loans and advances are allowed, subject to the conditions provided in the loans with the financing banks. During this financial year no dividend was paid by the joint venture (2022: €0).

The Italian joint venture is financed at 31 December 2023 by four banks: a) ING and BNP Paribas, which granted a loan of €177 million, maturing in 2026 with a mortgage on the Fiordaliso gallery; b) Banca Intesa Sanpaolo, which granted a loan of €21 million with a mortgage on the retail park of Fiordaliso that has been fully repaid at the maturity date in January 2024; c) Banco BPM which granted in 2020 a loan of €21.5 million with a mortgage on the new portion of Fiordaliso gallery (ex-hypermarket) for a term of five years. Banco BPM had also provided in 2020 an unsecured facility (guaranteed by the Italian State) of €5.5 million that has been fully repaid at the maturity date on 30 June 2023. In addition, the two shareholders granted the joint venture two intercompany loans for a total amount of €16 million at 31 December 2022.

In March 2024, a new loan amounting to €17.5 million with a maturity of three years was granted by Banco BPM with a mortgage on the retail park of Fiordaliso and the proceeds have been used to partially repay the intercompany loans provided by the two shareholders (now outstanding for a remaining total amount of €3 million). At 31 December 2023, the loans of the joint venture were hedged with interest rate swaps for a notional amount of €160 million.

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14. Investments in joint ventures continued

Property	Fiordaliso	Fiordaliso
Country	Italy	Italy
ECP ownership	50%	50%
Company name	Galleria Verde S.r.l.	Galleria Verde S.r.l.
Summarised profit or loss account	Twelve months ended 31-12-23 €'000	Twelve months ended 31-12-22 €'000
Rental income	23,670	20,536
Property expenses	(1,690)	(968)
Service charge income	6,376	6,530
Service charge expenses	(5,854)	(6,520)
Investment revaluation	9,866	5,618
Net interest expenses	(7,138)	(3,888)
Net derivatives movements	(10,716)	29,646
Other expenses to Group companies	(1,296)	(3,042)
Financial and investment expenses	(22)	(32)
Deferred tax	(3,188)	(11,364)
Corporate income tax	(334)	(176)
Result after taxation	9,674	36,340
Total comprehensive income	9,674	36,340
ECP share of total comprehensive income	4,837	18,170

Property	Fiordaliso	Fiordaliso
Country	Italy	Italy
ECP ownership	50%	50%
Company name	Galleria Verde S.r.l.	Galleria Verde Srl
Summarised statement of financial position	31-12-23 €'000	31-12-22 €'000
Property investments	391,720	379,800
Cash and deposits	16,166	11,458
Debtors	2,058	1,994
Derivatives financial instruments (non-current)	19,166	28,240
Total assets	429,110	421,492
Creditors (current)	7,668	9,722
Borrowings (current)	20,984	5,944
Loan from Group companies (current)	16,000	16,000
Creditors (non-current)	822	906
Borrowings (non-current)	174,610	194,934
Deferred tax liabilities	5,102	2,056
Derivatives financial instruments (non-current)	1,640	0
Total liabilities	226,826	229,562
Net assets	202,284	191,930
ECP share of net assets in joint ventures	101,142	95,965

Notes to the consolidated financial statements (continued)

15. Tangible fixed assets

Tangible fixed assets represent office equipment and inventory for the Company's head office at De Boelelaan 7, Amsterdam and the Group offices at 200, rue Saint-Lambert, Brussels; Via della Moscova 3, Milan; 107, rue Saint Lazare, Paris and Kungsgatan 48, Stockholm as well as the right-of-use assets related to the lease of these offices. The costs for office equipment and inventory are depreciated over the expected useful lives of the assets concerned varying from two to five years. The movements in the current financial year and the previous financial year were:

	Right-of-use assets €'000	Office equipment €'000	Total €'000
Book value at 1 January 2022	2,499	848	3,347
Additions	1,942	504	2,446
Disposals	(49)	(1)	(50)
Depreciation	(1,124)	(734)	(1,858)
Exchange rate movement	(33)	(4)	(37)
Book value at 31 December 2022	3,235	613	3,848
Additions	**1,522**	**1,284**	**2,806**
Disposals	**(146)**	**(20)**	**(166)**
Depreciation	**(1,135)**	**(560)**	**(1,695)**
Exchange rate movement	**(13)**	**69**	**56**
Book value at 31 December 2023	**3,463**	**1,386**	**4,849**

	Right-of-use assets €'000	**Office equipment €'000**	**Total €'000**
Cost at 31 December 2023	**8,477**	**9,145**	**17,622**
Accumulated depreciation	**(4,982)**	**(7,778)**	**(12,760)**
Accumulated exchange rate movement	**(32)**	**19**	**(13)**
Book value at 31 December 2023	**3,463**	**1,386**	**4,849**

During the financial year ended 31 December 2023, tangible fixed assets with a total cost price of €1,241,000 were disposed of or out of use (31 December 2022: €1,271,000).

16. Receivables

	31-12-23 €'000	31-12-22 €'000
Trade receivables		
Rents receivable	**36,252**	43,063
Provisions for bad debts (expected credit losses)	**(13,541)**	(11,649)
Provisions for bad debts (expected credit losses) – COVID-19 rent concessions	**(412)**	(1,195)
	22,299	30,219
Other receivables		
Funds held by managing agents	**16,558**	9,697
Loan to joint venture	**8,000**	8,000
Prepaid acquisition costs	**3,762**	1,893
VAT receivable	**3,663**	2,414
Settlement service charges	**511**	674
Deposit gift cards	**3,801**	3,577
Escrow account sale Grenoble	**1,900**	1,900
Loan interest receivable	**3,838**	1,407
Other receivables and prepayments	**5,607**	5,441
	47,640	35,003
Total trade and other receivables	**69,939**	65,222
Prepaid Tax		
Other prepaid tax	**560**	1,414
COVID-19 government support	**0**	719
	560	2,133

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16. Receivables continued

Under IFRS 9, the lease receivables are subject to impairment testing. When the landlord has invoiced the rent as defined according to the existing contract and the tenant does not pay, the (expected) risk related losses are fully recognised in property expenses.

The loan to joint venture is the shareholder loan granted to the joint venture Galleria Verde S.r.l.

Receivables at 31 December 2023 include an amount of €1,084,000 (31 December 2022: €137,000) which is due after one year.

17. Cash and deposits

Cash and deposits consist of amounts held as bank balances and other liquid assets. All bank balances and deposits are freely available.

	31-12-23 €'000	31-12-22 €'000
Bank balances	**40,461**	56,119
Deposits	**57**	9,188
	40,518	65,307

18. Trade and other payables and tax payable

	31-12-23 €'000	31-12-22 €'000*
Current liabilities		
Interest payable	**14,826**	8,612
Lease liabilities	**1,039**	1,169
Local and property tax payable	**1,623**	1,149
Payable on purchased property/extensions	**8,887**	14,006
Rent received/invoiced in advance	**32,816**	27,983
Service charge accruals	**8,987**	4,833
VAT payable	**4,343**	4,393
Gift card debts	**3,801**	3,577
Amounts payable related to personnel	**6,383**	5,541
Trade payables and other credtors	**27,892**	22,569
	110,597	93,832
Non-current liabilities		
Lease liabilities	**2,502**	2,165
Tenant rental deposits	**11,482**	11,905
	13,984	14,070
Tax payable		
Current liabilities corporate tax payable	**1,860**	10,448
	1,860	10,448

19. Borrowings

	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	**1,519,062**	1,645,779
Drawdown of funds	**381,531**	145,215
Repayments	**(349,134)**	(245,347)
Exchange rate movement	**603**	(27,519)
Movement prepaid borrowing costs	**1,086**	934
Book value at end of year	**1,553,148**	1,519,062

83% of the borrowings are at a floating interest rate (31 December 2022: 73%), rolled over for a period of generally three months. The interest rate risk is managed by using interest rate swaps and other derivatives. 17% of the borrowings are at a fixed interest rate and the interest rate risk is managed by fixing the interest to maturity at the drawdown date (31 December 2022: 27%).

Notes to the consolidated financial statements (continued)

19. Borrowings continued

	Borrowings €'000	Borrowing cost €'000	31-12-23 €'000	Fair value €'000	31-12-23 %	31-12-22 €'000	Fair value €'000	31-12-22 %
Borrowings with floating interest rate	1,293,886	(4,800)	1,289,086	1,289,086	83	1,105,630	1,105,630	73
Borrowings with fixed interest rate	265,775	(1,713)	264,062	260,472	17	413,432	404,102	27
Total borrowings	1,559,661	(6,513)	1,553,148	1,549,558	100	1,519,062	1,509,732	100

The fair value of the borrowings with a fixed interest rate from drawdown date to maturity is based on a model taking into account the appropriate interest rate curve of the underlying loan. The fair value of the floating interest rate loans is considered equal to the relevant carrying value, as the impact of the margin of the loans is not material.

The borrowings are all directly from major banks, with an average committed unexpired term of almost three years. Borrowings of €1,493 million are secured on property (31 December 2022: €1,516 million).

The average interest rate during the financial year ended 31 December 2023 on non-current borrowings including hedges was 2.9% (2022: 2.2%). The average interest rate is calculated as the weighted average interest rate over the remaining principals until the respective interest maturity dates. There have been no defaults during the financial year in respect of any of the borrowings at 31 December 2023.

			31-12-23		31-12-22
Borrowings maturity profile	Secured €'000	Unsecured €'000	Total borrowings €'000	Average interest rate as at 31 December %	Total borrowings €'000
Current borrowings	173,614	60,008	233,622	3.0	196,339
Non-current borrowings:					
One to two years	405,940	0	405,940	n.a.	173,476
Two to five years	708,207	0	708,207	n.a.	931,602
Five to ten years	211,892	0	211,892	n.a.	225,245
More than ten years	0	0	0	n.a.	0
Total non-current borrowings	1,326,039	0	1,326,039	2.8	1,330,323
Borrowing costs	(6,513)	0	(6,513)		(7,600)
Total borrowings	1,493,140	60,008	1,553,148	2.9	1,519,062

Currency and interest rate profile	Fixed rate borrowings €'000*	Floating rate borrowings €'000**	Total borrowings €'000	Average interest rate at 31 December %	Average interest maturity in years	Average maturity of borrowings in years
2023						
Euro	212,468	1,026,986	1,239,454	4.7	5.7	2.9
Swedish krona	53,307	266,900	320,207	5.4	2.7	2.4
Borrowing costs	(1,713)	(4,800)	(6,513)	n.a.	n.a.	n.a.
	264,062	1,289,086	1,553,148	4.8	5.1	2.8
2022						
Euro	219,892	983,844	1,203,736	2.6	5.7	4.0
Swedish krona	195,517	127,409	322,926	2.7	2.0	1.4
Borrowing costs	(1,977)	(5,623)	(7,600)	n.a.	n.a.	n.a.
	413,432	1,105,630	1,519,062	2.6	5.4	3.4

* Fixed rate borrowings consist of ten fixed rate loans and external floating interest rate financing for which fixed interest rate swaps are in place with a remaining term of more than one year.

** Floating rate borrowings consist of all external financing with a remaining interest period of less than one year taking into account the effect of interest rate swaps.

The table above shows the average interest rate of the Group at December 2023 excluding the effect of the interest rate swaps (4.8%). The average interest rate at December 2023 including the effect of interest rate swaps was 3.2%.

At 31 December 2023 the Group had in total green and sustainability loans for a nominal amount of €602.0 million (€522.8 million group share). There are four green loans for a total amount of €385.5 million (€306.3 million group share), three sustainability linked loans for a total amount of € 100 million and two green and sustainability linked loans for a total amount of €116.5 million. The Group aims to further increase the number of its green and sustainability linked loans, by upgrading the loans expiring at maturity.

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20. Financial instruments

Financial risks

In the normal course of business the Group is exposed to credit risks, liquidity risks, interest rate risks and foreign currency risks. The overall risk management policy focuses on the unpredictable nature of the financial markets with emphasis on minimising any negative impact on the financial performance of the business. The Group closely monitors its financial risks linked to its activities and the financial instruments it uses. However, as the Group is a long-term property investor, it believes that the funding of its investments should also be planned on a long-term basis, reflecting the overall risk profile of the business.

Credit risk

The credit risk is defined as the unforeseen losses on assets if counterparties should default. The credit risk associated with lease debtors is determined through a detailed analysis of the outstanding debt and mitigated by requiring deposits, upfront payments or bank guarantees from tenants to cover rents for a limited period. The risk is further reduced by investing in mature markets and by choosing major tenants also on the basis of their financial strength. The carrying amounts of the financial assets represent the maximum credit risk and were made up as follows:

Carrying amounts of financial assets	Note	31-12-23 €'000	31-12-22 €'000
Receivables	16	**69,939**	65,222
Derivative financial instruments		**33,275**	62,006
Cash and deposits	17	**40,518**	65,307
		143,732	192,535

The ageing analysis of the receivables on the balance sheet date was as follows:

	31-12-23				31-12-22			
	Rents receivable €'000	**Provision for bad debts (expected credit loss) €'000**	**Other receivables €'000**	**Receivables €'000**	Rents receivable €'000	Provision for bad debts €'000	Other receivables €'000	Receivables €'000
Not due	**21,582**	**(584)**	**0**	**20,998**	24,213	0	0	24,213
Overdue by 0–90 days	**606**	**(2,648)**	**47,370**	**45,328**	5,263	(2,747)	35,003	37,519
Overdue by 90–120 days	**1,506**	**(1,760)**	**0**	**(254)**	1,205	(1,092)	0	113
Overdue by more than 120 days	**12,558**	**(8,691)**	**0**	**3,867**	12,382	(9,005)	0	3,377
	36,252	**(13,683)**	**47,370**	**69,939**	43,063	(12,844)	35,003	65,222

With respect to the rents receivable, the Group holds rental deposits from its tenants totalling €13.9 million (31 December 2022: €13.5 million) in addition to bank guarantees.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets at a reasonable price. In order to reduce liquidity risk, the repayment dates of borrowings are well spread over time and 85% of borrowings are long term, with 14% of borrowings with a remaining term of over five years. The Group aims to enter into long-term loans, preferably five to ten years or longer. At the balance sheet date the average maturity of the borrowings was almost over three years. Group net borrowings on a proportional consolidated basis will not exceed 60% of the fair value of the property portfolio on a proportional consolidated basis, which further mitigates risk. The ratios to which the Group has committed itself are monitored at regular intervals. The loan to value ratio at 31 December 2023 was 42.3% on IFRS basis and 42.5% on a proportional consolidated basis (31 December 2022: 39.9% and 40.4% respectively). Apart from these obligations and commitments, the Netherlands Fiscal Investment Institution status of the Company imposes borrowing limits and requires the Company to distribute its fiscal income as a dividend to the shareholders.

The risk related to the possible defaults of the Group's counterparties is minimised by dealing directly with a number of reputable banks for all its borrowings, interest rate swaps, foreign exchange contracts and deposits. These banks in their position as lenders have a credit rating AA- (14%), A+ (16%), A (23%), A- (19%) BBB (19%), BBB- (2%), BB (4%) and 3% have no rating according to Fitch; and Aa3 (48%), A3 (12%), Baa1 (29%), Baa3 (4%), and 5% have no rating according to Moody's.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and monitors rent collection and possible arrears.

For further disclosures on the liquidity risk, we refer to the going concern paragraph in note 1b. Basis of preparation of the consolidated financial statements.

Notes to the consolidated financial statements (continued)

20. Financial instruments continued

The following table shows the undiscounted contractual flows required to pay the Company's financial liabilities:

	31-12-23				31-12-22			
Undiscounted cash flows	Total cash flows €'000	Less than 1 year €'000	1–5 years €'000	More than 5 years €'000	Total cash flows €'000	Less than 1 year €'000	1–5 years €'000	More than 5 years €'000
Non-current borrowings	**1,326,039**	**0**	**1,114,147**	**211,892**	1,330,323	0	1,105,078	225,245
Current borrowings	**233,622**	**233,622**	**0**	**0**	196,339	196,339	0	0
Interest derivative financial instruments	**(10,715)**	**(2,097)**	**(18,552)**	**9,934**	(48,148)	(13,465)	(42,731)	8,048
Financial liability related to put option non-controlling interest	**0**	**0**	**0**	**0**	67,000	0	67,000	0
Interest on borrowings	**154,643**	**66,276**	**80,278**	**8,089**	185,463	52,015	119,791	13,657
Non-current creditors	**13,816**	**1,369**	**10,299**	**2,148**	13,541	6,631	4,672	2,238
Current creditors	**109,558**	**109,558**	**0**	**0**	92,663	92,663	0	0
Current tax payable	**1,860**	**1,860**	**0**	**0**	10,448	10,448	0	0
	1,828,823	**410,588**	**1,186,172**	**232,063**	1,847,629	344,631	1,253,810	249,188

Foreign currency risk

Foreign exchange risk is the risk that the profitability and shareholders' equity of the Group might be affected by currency fluctuations. Individual subsidiaries primarily execute their operating activities in their respective functional currencies which primarily comprise the euro and the Swedish krona. As a result, the Company has only a rather limited foreign currency exposure related to its day-to-day operations in the various countries. Since the financial reporting currency of the Company is the euro, the financial statements of those non-euro operating subsidiaries are translated so that the financial results can be presented in the Company's consolidated financial statements.
Due to Swedish property investments, the Group is exposed to the Swedish krona, the only material foreign currency exposure for the Group. However, due to SEK loan facilities, this exposure is partly hedged. SEK borrowings amount to €319 million (31 December 2022: €323 million). The total property investments in Sweden are €791 million (31 December 2022: €815 million). Therefore, about 40% of this SEK exposure is hedged through these borrowings at 31 December 2023 (31 December 2022: 40%). The remaining exposure is relatively limited compared with the total size of the portfolio and will, in principle, not be hedged. A weakening of this currency by 5% would result, for example, in a decrease of shareholders' equity of only 1% and in a decrease of only 1.1% of direct investment result.

Interest rate risk

The Company operates a defensive interest rate hedging policy by using derivatives to protect the Company against increases in interest rates. The Company intends to hedge the majority of its loans outstanding for the medium to long term (five to 15 years). The fair value (mark to market) of the current interest rate hedge instruments as at 31 December 2023 is a positive value of €10,7 million (31 December 2022: positive €48.6 million). The interest rate hedge instruments as at 31 December 2023 have a weighted average maturity of over five years and the Company is hedged at an average interest rate of 2.0% (31 December 2022: 1.6%). Only 21% (31 December 2022: 14%) of the total borrowings is at a floating rate without interest hedge. An increase in interest rates of 1% would therefore only have a limited negative impact of an additional annual interest expense of €3.3 million (31 December 2022: €2.1 million) or 2.6% (31 December 2022: 2%) of reported direct investment result.
If at 31 December 2023, the euro interest curve and the Swedish krona interest curve were 50 basis points higher, the fair value movement for derivative financial instruments would have increased the shareholders' equity by €20.0 million. If the interest curves were 50 basis points lower, the fair value movement for derivative financial instruments would have decreased the shareholders' equity by €21.2 million. Both calculations assume that all other variables were held constant and do not take into account the impact of deferred taxes.

Maturity profile derivative financial instruments	31-12-23 Notional amount €'000	31-12-23 Fair value €'000	31-12-22 Notional amount €'000	31-12-22 Fair value €'000
Up to one year	**96,006**	**2,097**	84,781	433
From one year to two years	**140,400**	**4,922**	135,911	5,093
From two years to five years	**410,298**	**13,630**	329,200	21,940
From five years to ten years	**229,654**	**5,197**	284,721	31,977
Over ten years	**85,000**	**(15,131)**	85,000	(10,782)
	961,358	**10,715**	919,613	48,661

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20. Financial instruments continued

Derivative financial instruments comprise the fair value of interest rate swap contracts entered into to hedge the Group's interest rate exposure.

In addition to the notional amounts of the derivative financial instruments presented in the previous table, the financial instruments portfolio as per the balance sheet date includes forward starting interest rate swaps to extend existing interest rate swaps then maturing for a notional amount of €105 million (31 December 2022: €20 million). Although the notional amounts of the aforesaid financial instruments are not included in the previous table, the fair value of these financial instruments is included. Moreover, the IFRS reporting does not include the additional interest rate swaps of the 50% owned Italian joint venture company Galleria Verde for a total notional amount of €95 million (Group share). The Company accounts for the purchase/sale of an interest rate swap at its transaction date.

Changes in net derivative financial instruments for the financial year ended 31 December 2023 were as follows:

Net derivative financial instruments	**31-12-23 €'000**	31-12-22 €'000
Book value at beginning of year	**48,661**	(90,444)
Fair value movement derivative financial instruments	**(37,847)**	139,290
Exchange rate movement	**(99)**	(185)
Book value at end of year	**10,715**	48,661

Effective interest rate and ageing analysis

The following table shows the effective interest rate (variable rate is based on Euribor/Stibor as at 31 December 2023) on financial assets on which interest is receivable and liabilities on which interest is payable as at the balance sheet date. This table also includes an ageing analysis according to interest rate revision dates of these assets and liabilities.

	31-12-23				31-12-22			
	Borrowings floating rate	**Borrowings fixed rate**	**Swaps fixed rate paid**	**Swaps floating rate received**	Borrowings floating rate	Borrowings fixed rate	Swaps fixed rate paid	Swaps floating rate received
Effective interest rate (%)	**5.42**	**1.87**	**1.37**	**4.00**	2.86	2.00	1.13	1.53
Up to one year (€'000)	**224,886**	**8,736**	**96,006**	**96,006**	46,581	149,758	84,781	84,781
From one year to two years (€'000)	**397,063**	**8,878**	**140,400**	**140,400**	164,743	8,732	135,911	135,911
From two years to five years (€'000)	**633,237**	**74,969**	**410,298**	**410,298**	856,028	75,574	329,200	329,200
From five years to ten years (€'000)	**38,700**	**173,192**	**229,654**	**229,654**	43,900	181,345	284,721	284,721
Over ten years (€'000)	**0**	**0**	**85,000**	**85,000**	0	0	85,000	85,000
	1,293,886	**265,775**	**961,358**	**961,358**	1,111,252	415,409	919,613	919,613

The following table shows the periods in which the interest cash flows (variable interest is based on Euribor/Stibor as at 31 December 2023) on both borrowings and derivatives are expected to occur on the basis of the loan and interest rate swap agreements entered into by the Group, as per the balance sheet date:

Interest cash flows 31-12-23	**Borrowings floating rate €'000**	**Borrowings fixed rate €'000**	**Swaps fixed rate €'000**	**Swaps floating rate €'000**	**Total €'000**
Up to one year	**61,343**	**4,933**	**12,904**	**(32,935)**	**46,245**
From one year to two years	**33,957**	**4,751**	**12,618**	**(16,784)**	**34,542**
From two years to five years	**30,266**	**11,304**	**30,598**	**(32,836)**	**39,332**
From five years to ten years	**1,384**	**6,705**	**19,020**	**(15,765)**	**11,344**
Over ten years	**0**	**0**	**37,328**	**(26,906)**	**10,422**
	126,950	**27,693**	**112,468**	**(125,226)**	**141,885**

Fair value of financial instruments

The financial statements have been prepared on an historical cost basis, except for property investments, property investments under development, property investments held for sale and some of the financial instruments, which are carried at fair value. IFRS 9 contains the following principal classification categories for financial assets and liabilities: A. Financial assets and liabilities measured at amortised cost; and C. Financial assets at fair value through P&L.

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Notes to the consolidated financial statements (continued)

20. Financial instruments continued

The carrying amounts of the financial instruments and their fair values were as follows:

	Note	Categories in accordance with IFRS 9	31-12-23 €'000 Carrying amount	31-12-23 €'000 Fair value	31-12-22 €'000 Carrying amount	31-12-22 €'000 Fair value
Receivables	16	A	**69,939**	**69,939**	65,222	65,222
Derivative financial instruments		C	**33,275**	**33,275**	62,006	62,006
Cash and deposits	17	A	**40,518**	**40,518**	65,307	65,307
			143,732	**143,732**	192,535	192,535
Creditors	18	A	**126,442**	**126,442**	118,348	118,348
Borrowings	19	A	**1,559,661**	**1,549,558**	1,519,062	1,509,732
Put option liability non-controlling interest	22	A	**0**	**0**	63,448	63,448
Derivative financial instruments		C	**22,560**	**22,560**	13,345	13,345
			1,708,663	**1,698,560**	1,714,203	1,704,873

The fair values of the financial instruments were determined as explained in the principal accounting policies (note 1) to the extent that for those borrowings with a fixed interest rate (carrying amount of €265,775,000), the fair value was based upon the relevant yield curves.
For the borrowings with a floating interest rate (carrying amount of €1,293,886,000), the carrying amount is deemed to approximate the fair value because the floating interest rate approximates the market interest rate and own credit risk is not deemed material. Due to their short-term nature the carrying amount approximates to fair value for the other balance sheet items.

Fair value hierarchy

All derivative financial instruments are at level 2. For the level 2 derivative financial instruments the Group uses a model to determine the fair value with inputs that are directly or indirectly observable market data.

21. Deferred tax liabilities

Deferred tax liabilities are attributable to the following items in the current financial year:

	31-12-22 €'000	Recognized in profit or loss €'000	Release to profit or loss due to property sale €'000	Reallocation to tax payable €'000	Exchange rate movement €'000	31-12-23 €'000
Investment property	**(100,182)**	**(12,050)**	**0**	**0**	**(8)**	**(112,240)**
Derivative financial instruments	**(23,540)**	**8,300**	**0**	**0**	**(6)**	**(15,246)**
Tax value of loss carry-forwards recognized	**12,240**	**(1,605)**	**0**	**0**	**(1)**	**10,634**
Total deferred tax liabilities	**(111,482)**	**(5,355)**	**0**	**0**	**(15)**	**(116,852)**

As at 31 December 2023, the total amount of deferred tax liabilities of €116.9 million is for an amount of €74.6 million related to Sweden and for an amount of €42.3 million to Italy.

Deferred tax liabilities were attributable to the following items in the previous reporting period :

	31-12-21 €'000	Recognized in profit or loss €'000	Release to profit or loss due to property sale €'000	Reallocation to tax payable €'000	Exchange rate movement €'000	31-12-22 €'000
Investment property	(84,014)	(23,016)	0	0	6,848	(100,182)
Derivative financial instruments	(4)	(23,567)	0	0	31	(23,540)
Tax value of loss carry-forwards recognized	0	12,240	0	0		12,240
Total deferred tax liabilities	(84,018)	(34,343)	0	0	6,879	(111,482)

22. Put option liability non-controlling interest

Changes in put option liability non-controlling interest for the financial year ended 31 December 2023 were as follows:

Financial liability related to the put option non-controlling interest	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	**(63,448)**	(55,769)
Interest put option non-controlling interest	**(558)**	(2,377)
Movement of put option non-controlling interest Belgium	**(5,594)**	(5,302)
Exercise of put option non-controlling interest Belgium	**69,600**	0
Book value at end of year	**0**	(63,448)

In April 2023 AG Insurance, the minority shareholder of ECP Belgium, exercised the put option and Eurocommercial Properties N.V. purchased the remaining shares of ECP Belgium. As a result of the exercise of the put option and the settlement of the payment, the put option liability non-controlling interest no longer exists.

23. Provision for pensions

The provision for pensions is related to one defined benefit plan in the United Kingdom. The plan has no active members, neither for the comparative figures and no new members have entered the scheme since 2001. The scheme is based on a final salary plan with a pensionable salary cap and the Company expects no new members in the scheme in the near future.

In November 2023 the Trustee of the Scheme entered into a contract with Aviva Life & Pensions UK Limited for the purchase of a bulk annuity insurance policy to secure the benefits of all members of the Scheme with the insurance company. As a result of these transactions, the Scheme's assets as per 31 December 2023 consist of the bulk annuity policy from Aviva and a remaining cash amount of €330,000. A total amount of €4,085,000, consisting of the actuarial result (€3,080,000) and the effects of the asset ceiling (€382,000) recorded in the other comprehensive income in accordance with the actuarial report for the period ended 31 December 2023 and an amount of €623,000 for other movements including advisory fees are recorded in the Other Comprehensive Income. Reference is also made to note 27 Currency translation reserves and other reserves.

The major categories of plan assets are as follows:

	31-12-23 €'000	31-12-22 €'000
Insured annuity policy	**7,418**	0
Cash and cash equivalents	**330**	246
Unquoted investment funds – mixed	**0**	7,125
	7,748	7,371

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Notes to the consolidated financial statements (continued)

23. Provision for pensions (continued)

Changes in the defined benefit obligation and fair value of plan assets in the current and previous financial reporting year/period:

	Fair value of plan assets 31-12-23 €'000	Defined benefit obligation 31-12-23 €'000	Benefit liability 31-12-23 €'000	Fair value of plan assets 31-12-22 €'000	Defined benefit obligation 31-12-22 €'000	Benefit liability 31-12-22 €'000
Book value at beginning of year	**7,371**	**(7,940)**	**(569)**	11,341	(12,503)	(1,162)
Interest income/(expenses)	**459**	**(391)**	**68**	202	(227)	(25)
Pension cost charged to profit or loss account	**459**	**(391)**	**68**	202	(227)	(25)
Return on plan assets	**(2,967)**	**0**	**(2,967)**	(4,167)	0	(4,167)
Actuarial changes arising from changes in assumptions	**0**	**43**	**43**	0	4,593	4,593
Experience adjustments	**0**	**(156)**	**(156)**	0	(420)	(420)
Actuarial result on pension scheme charged to OCI	**(2,967)**	**(113)**	**(3,080)**	(4,167)	4,173	6
Buy-in	**3,970**	**0**	**3,970**	564	0	564
Benefits paid	**(72)**	**72**	**0**	(62)	62	0
Effects of asset ceiling	**0**	**(382)**	**(382)**	0	0	0
Exchange rate movement	**(24)**	**17**	**(7)**	(507)	555	48
Book value at end of year	**8,737**	**(8,737)**	**0**	7,371	(7,940)	(569)

The principal assumptions used in determining the pension obligations for the Group's plan are set out as follows for the year ended 31 December 2023. The discount rate is 4.6% (31 December 2022: 4.8%) and pension increase is 3.1% (31 December 2022: 3.2%). The life expectancy for pensioners at the age of 60 is 25.9 years and 28.0 years for men and women respectively (31 December 2022: men 26.3 years and women 28.5 years). A quantitative sensitivity analysis for material assumptions as at 31 December 2023 is as shown below:

	Year	Discount rate: 0.25% increase	Discount rate: 0.25% decrease	Rate of inflation: 0.25% increase	Rate of inflation: 0.50% increase	Life expectancy: 1 year increase
31 December 2023	Liabilities (€'000)	**8,364**	**8,099**	**8,629**	**8,112**	**8,572**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The duration of the liabilities of the Scheme is approximately 18 years as at 31 December 2023 (31 December 2022: approximately 18 years).

24. Leases

A. Leases as lessor (IFRS 16)

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

For the recognised rental income and the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, reference is made to note 4 of these statements.

B. Leases as lessee (IFRS 16)

The Group leases office space and company cars.

i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as tangible fixed assets (see Note 15).

	31-12-23 €'000	31-12-22 €'000
Balance at the beginning of year	**3,235**	2,499
Additions to right-of-use assets	**1,522**	1,942
Disposal of right-of-use assets	**(146)**	(49)
Depreciation for the period	**(1,135)**	(1,124)
Exchange rate movement	**(13)**	(33)
Balance as at the end of year	**3,463**	3,235

ii. Lease liabilities

The current and non-current portions of the Company's lease liabilities are presented as current liabilities and non-current liabilities respectively (see Note 18).

	31-12-23 €'000	31-12-22 €'000
Balance at the beginning of the financial year	**3,334**	2,580
Lease payments for the period	**(1,227)**	(1,167)
Additions to lease liabilities	**1,522**	1,942
Disposal of lease liabilities	**(146)**	(49)
Interest expenses	**71**	60
Exchange rate movement	**(13)**	(32)
Balance as at the end of the financial year	**3,541**	3,334

During the financial year 2023, several additions or renewals of lease contracts have been taken up by Eurocommercial Properties N.V. to align with the prevailing market conditions, the IBR percentage was updated using the Country Risk Premium and an average company Credit Spread of 0.038%. The adjusted IBR percentage was implemented for leases which commenced in 2023. For leases that were previously recorded, the initial interest rate percentage remained at 2% as there were no substantial changes to the lease amounts or modifications to the lease terms. The Company uses a discount rate of 3% in France, 4.2% in Italy, 2.8% in Netherlands and 2.5% in Sweden.

iii. Amounts recognised in profit or loss

	Twelve months ended 31-12-23 €'000	Twelve months ended 31-12-22 €'000
Interest from lease liabilities	**71**	60
Depreciation right-of-use assets	**1,135**	1,124
Expenses related to short-term and/or low-value leases	**261**	27
Total	**1,467**	1,211

iv. Amounts recognised in statement of cash flows

	Twelve months ended 31-12-23 €'000	Twelve months ended 31-12-22 €'000
Lease payments of lease liabilities	**1,227**	1,167
Interest expenses on lease liabilities	**71**	60
Total cash outflow for leases	**1,298**	1,227

Notes to the consolidated financial statements (continued)

25. Issued share capital

Share capital comprises of 100,000,000 authorised shares of €10 par value, of which 53,781,691 shares are issued and fully paid as at 31 December 2023 and of which 506,924 were bought back as at 31 December 2023.
The weighted average number of shares in issue in the current financial year is 53,060,280. The number of shares in issue (after deduction of shares bought back) as per 31 December 2023 is 53,274,767. The Company's shares are listed on Euronext Amsterdam, Brussels and Milan. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	**533,492**	526,539
Dividend paid in shares	**4,325**	6,953
Book value at end of year	**537,817**	533,492

On 7 July 2023 the Company paid a final cash dividend of €1.00 per share and shareholders were offered the option to choose for stock dividend instead of cash dividend, which gave 1 new share for every 24 existing shares. As a result of the aforementioned stock dividend 432,529 shares were issued with a nominal value of € 10 each, which increased the nominal share capital of the Company with €4,325,290.

	2023 No. of shares	2022 No. of shares
Number of shares on issue at beginning of year	**53,349,162**	52,653,917
Shares issued for dividend paid in shares	**432,529**	695,245
Number of shares on issue at end of year	**53,781,691**	53,349,162
Number of shares bought back at beginning of year	**(506,924)**	(506,924)
Number of shares bought back at end of year	**(506,924)**	(506,924)
Number of shares at end of year after deduction of shares bought back	**53,274,767**	52,842,238

Net asset value per share

The net asset value per share is €37.68 at 31 December 2023 (31 December 2022: €38.68).

Shares bought back

During the current financial year no shares were bought back and as per 31 December 2023 the number of shares bought back remains 506,924.

Performance shares

The Performance Share Plan (PSP) provides for an annual grant of free long-term performance shares for all employees and members of the Board of Management and is conditional upon the meeting of Company performance targets and that the employee remains with the Company for more than three years from the grant date of the performance shares and holds them from that vesting date for a further two years. All permanent employees and Directors of the Company are entitled to the scheme. The calculation is based on a Black, Scholes and Merton option valuation model. The fair value of the performance shares is based on the share price at grant date and a number of assumptions to be made relating to the expected volatility, risk free interest rate, dividend yield and the remaining life of the instruments.

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25. Issued share capital continued

Performance Share Plan (PSP)	PSP 2023	PSP 2022	Total
Grant date	15-06-2023	01-07-2022	
Vesting date	15-06-2026	01-07-2025	
Share price at grant date	€21.06	€20.22	
Dividend yield	7.32%	7.07%	
Fair value per performance share	€15.38	€16.36	
Performance shares granted	173,752	45,860	219,612
Performance shares forfeited	(1,428)	(2,713)	(4,141)
Outstanding performance shares at end of the year	172,324	43,147	215,471

Movements in the number of performance shares during the year	PSP 2023	PSP 2022	Total
Performance shares at beginning of year	0	45,860	45,860
Performance shares granted	173,752	0	173,752
Performance shares forfeited	(1,428)	(2,713)	(4,141)
Outstanding performance shares at end of year	172,324	43,147	215,471

The expenses for the performance shares granted (IFRS 2) are €799,029 positive (2022: €74,000 negative). The outstanding performance shares as per 31 December 2023: 215,381 (31 December 2022: 45,860). As at 31 December 2023, the outstanding performance shares represent 0.4% of the issued share capital (31 December 2022: 0.09%).

26. Share premium reserve

	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	263,774	263,853
Performance shares granted (IFRS 2)	674	(75)
Dividend paid in shares	(4,325)	0
Cost for dividends paid	(6)	(4)
Book value at end of year	260,117	263,774

27. Currency translation reserve and other reserves

Other reserves	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	1,129,675	1,102,916
Profit previous financial year	116,190	4,221
Acquisition of put-option non-controlling interest	68,081	0
Dividend paid in shares	10,381	15,295
Buy-in	(4,085)	6
Reallocation currency translation movements	0	7,237
Book value at end of year	1,320,242	1,129,675

Currency translation reserve	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	(83,812)	(40,293)
Foreign currency translation differences	(312)	(36,282)
Reallocation currency translation movements	0	(7,237)
Book value at end of year	(84,124)	(83,812)

Notes to the consolidated financial statements (continued)

28. Non-controlling interest

Non-controlling interest was related to the 25.63% stake in Eurocommercial Properties Belgium S.A. owned by AG Insurance as a result of the contribution in kind made in 2019 of the Inno department store, which is part of the Woluwe shopping centre.

	31-12-23 €'000	31-12-22 €'000
Non-current assets	**0**	578,090
Current assets	**0**	11,309
Non-current liabilities	**0**	(312,981)
Current liabilities	**0**	(11,204)
Net assets	**0**	265,214
Result after taxation	**0**	22,539
Total comprehensive income	**0**	22,539

Calculation value minority shares		
Balance at the beginning of the year	**67,305**	61,528
Profit after taxation contributable to non-controlling interest	**776**	5,777
Reallocation to equity after acquisition of non-controlling interest	**(68,081)**	0
Equity attributable to non-controlling interest at the end of the year	**0**	67,305

29. Earnings per share

Basic earnings per share

The Company's shares are listed on Euronext Amsterdam, Brussels and Milan.

The calculation of basic earnings per share of negative €0.51 at 31 December 2023 (2022: positive €3.80) was based on the result attributable to shareholders of negative €26.9 million (31 December 2022: positive €200.7 million) and the average number of shares on issue (after deduction of shares bought back) during the financial year was 53,060,280 as calculated below.

Result attributable to shareholders:

	31-12-23 €'000
Result for the year	**(26,872)**

Average issued shares (after deduction of shares bought back) at beginning of the year	**52,842,238**
Effect of number of shares issued (dividend in shares)	**218,042**
Average number of shares on issue (after deduction of shares bought back) over the year	**53,060,280**

Diluted earnings per share

The calculation of diluted earnings per share of negative €0.51 at 31 December 2023 (2022: positive €3.80) was based on the result attributable to holders of shares of negative €26.9 million (31 December 2022: positive €200.7 million) and the diluted average number of outstanding shares was 53,191,780 as calculated below.

Result attributable to shareholders (diluted):

	31-12-23 €'000
Result for the year	**(26,872)**

Average number of shares on issue (after deduction of shares bought back) over the year	**53,060,280**
Effect of issued and forfeited performance shares	**131,500**
Average number of shares (diluted) over the year	**53,191,780**

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30. Commitments not included in the balance sheet

The Company is committed to contribute to its Italian joint venture company Galleria Verde S.r.l. a residual amount of €2.4 million for the refurbishment of shopping centre Fiordaliso. In addition, the Company is committed to complete some activities linked to the Curno extension project agreed with Municipality of Curno for an estimated residual amount €1.2 million.

31. Capital management

The primary objective of the Company's capital management is to ensure that capital is available for the long term. No changes have been made to these objectives, policies or processes during the financial year ended 31 December 2023. The Company monitors capital primarily using a loan to value ratio. The loan to value (LTV) ratio is defined as the (net) borrowings expressed as a percentage of the total value of property investments, property investments under development, property investments in joint ventures and property investments held for sale, calculated on a proportionally consolidated basis. The total values are net of any (estimated) purchasers' costs. The net debt will not exceed 60 per cent, which is also a covenant agreed with a number of banks financing the Group.

The calculation of the LTV is as follows:

Loan to value (on a proportional consolidated basis)	31-12-23 €'000	31-12-22 €'000
Net borrowings (total borrowings less cash and deposits)	**1,602,344**	1,548,465
Property investments	**3,575,898**	3,642,946
Property investments held by joint ventures	**195,860**	189,900
Total property investments	**3,771,758**	3,832,846
LTV (%)	**42.5%**	40.4%

All bank covenants are monitored at regular intervals. During the year the Company complied with its banking covenants. The most frequently agreed covenants in the loan agreements are a loan to value ratio and an interest cover ratio.

32. Related parties

Introduction

Subsidiaries, minority shareholders and joint ventures of the Company, members of its Supervisory Board, Board of Management and the UK pension scheme are related parties. No transactions have been entered into with them other than those disclosed in this report.

The Directors' fees recognised in the company expenses for the current financial year include an amount of €179,000 (2022: €155,000) in respect of gross remuneration paid to the members of the Supervisory Board to be specified as follows:

	31-12-23 €'000	31-12-22 €'000
B.T.M. Steins Bisschop	**61**	61
E. Attout	**47**	47
K. Laglas	**47**	47
B.W. Roelvink	**24**	0

The Directors' fees also include salaries, bonuses, pension premiums and social security charges for the members of the Board of Management.

The total remuneration for the members of the Board of Management for the current financial year can be specified as follows:

	E.J. van Garderen		R. Fraticelli		J.P.C. Mills	
	31-12-23 €'000	31-12-22 €'000	31-12-23 €'000	31-12-22 €'000	31-12-23 €'000	31-12-22 €'000
Salary	**475**	475	**508**	508	**460**	469
Housing allowance	**0**	0	**0**	0	**13**	14
Bonus	**189**	332	**202**	356	**185**	322
Pension premiums (defined contribution plan)	**75**	82	**0**	70	**94**	88
Employers tax and social security charges	**11**	10	**289**	309	**99**	123
Performance shares granted (IFRS 2)	**55**	(5)	**58**	(5)	**55**	(5)
	805	894	**1,057**	1,238	**906**	1,011

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Notes to the consolidated financial statements (continued)

32. Related parties continued

In accordance with the Company's remuneration policy the bonuses paid to members of the Board of Management are directly linked to the annual growth in the Company's adjusted net asset value, the annual absolute and the annual relative performance as per the end of the financial year of the listed shares of the Company compared with a peer group of ten listed retail property companies, as well as two ESG key performance indicators achieved for this financial year. For this financial year there was no growth of the adjusted net asset value per share. The total remuneration for the members of the Supervisory Board and the Board of Management for the financial year is €2,942,000 (2022: €3,298,000).

The members of the Board of Supervisory Directors and the members of the Board of Management of Eurocommercial Properties N.V. have no personal interest in investments made by Eurocommercial Properties N.V. now nor at any time in the past year. The Company has no knowledge of property transactions taking place in the financial year under review with persons or institutions which can be considered to stand in a direct relationship to the Company.

Performance shares

In 2023, 56,905 performance shares have been granted to the Board of Management under the Performance Share Plan. At 31 December 2023, the outstanding performance shares held by the Board of Management represent 0.11% of the issued share capital.
For more information about the Performance Share Plan, reference is made to note 25.
24.90% (€168,000) of the amount included in the consolidated statement of profit or loss (€674,000) as performance shares granted (IFRS 2) is related to the performance shares granted to the members of the Board of Management.

Shareholdings

As per 31 December 2023, E.J. van Garderen holds 35,000 shares, which includes 11,706 vested performance shares, in total representing 0.07% of the issued share capital of the Company. R. Fraticelli holds 31,637 shares, which includes 8,843 vested performance shares, in total representing 0.06% of the issued share capital of the Company. J.P.C. Mills holds 36,655 shares, which includes 12,602 vested performance shares, in total representing 0.07% of the issued share capital of the Company.
None of the members of the Board of Supervisory Directors has any holdings in the Company with the exception of B.W. Roelvink, who holds 2,006 shares in the capital of the Company.

Loans

There are no loans granted to members of the Supervisory Board or members of the Board of Management.

33. Auditor's fee

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in section 2:382a(1) and (2) of the Netherlands Civil Code.

	KPMG Accountants N.V. 2023 €'000	Other KPMG Network 2023 €'000	Total KPMG 2023 €'000	KPMG Accountants N.V. 2022 €'000	Other KPMG Network 2022 €'000	Total KPMG 2022 €'000
Audit of the financial statements	**349**	**526**	**875**	331	499	830
Other audit engagements	**9**	**24**	**33**	17	21	38
Total audit fees	**358**	**550**	**908**	348	520	868

34. Post balance sheet events

In February 2024, a new three-year loan of €17.5 million (€8.8 million group share) was signed with Banco BPM to refinance the previous loan on the retail park of Fiordaliso that expired in January 2024 and was repaid. In March 2024, the Company closed three five-year sustainability linked loans for a total amount of €100 million with ABN AMRO Bank on the centres of I Portali and Il Castello in Italy. In April 2024, the Company also entered into a five-year green loan for a total amount of SEK 700 million (circa €62.5 million) with Skandiviska Enskilda Banken AB on the Hallarna shopping centre.

35. Dividend distribution

The Board of Management and the Board of Supervisory Directors propose to the Annual General Meeting of Shareholders, to be held on 11 June 2024 at 13.30 hours (CET), to declare a total dividend of €1.70 per share for the financial year ended 31 December 2023. A cash interim dividend of €0.64 per share was already paid on 30 January 2024 (31 December 2022: €1.60 total cash dividend per share). The distribution date of the final dividend of €1.06 per share will be Friday 5 July 2024. Holders of shares will also be offered the option of taking new shares from the Company's fiscal share premium reserve, instead of the final cash dividend payable. The price of these new shares will be announced on Friday 7 June 2024.

Company financial statements

Company balance sheet

(before result appropriation)

Assets	Note	31-12-23 €'000	31-12-22 €'000
Investments in subsidiaries	3	**1,976,291**	1,906,915
Tangible fixed assets	4	**3,776**	2,457
Total non-current assets		**1,980,067**	1,909,372
Due from subsidiaries	5	**229,029**	295,639
Receivables	6	**684**	501
Cash and deposits	7	**3,104**	10,065
Total current assets		**232,817**	306,205
Total assets		**2,212,884**	2,215,577
Liabilities			
Creditors	8	**5,157**	6,355
Due to subsidiaries	9	**172,762**	99,095
Current lease liabilities	12	**642**	570
Borrowings	10	**25,000**	0
Total current liabilities		**203,561**	106,020
Provision for pensions	11	**0**	569
Long-term lease liabilities	12	**2,143**	1,674
Put option liability non-controlling interest	13	**0**	63,448
Total non-current liabilities		**2,143**	65,691
Total liabilities		**205,704**	171,711
Net assets		**2,007,180**	2,043,866
Shareholders' equity	14		
Issued share capital		**537,817**	533,492
Share premium reserve		**260,117**	263,774
Legal reserve subsidiaries		**647,618**	649,247
Currency translation reserve		**(84,124)**	(83,812)
Retained profit reserve		**672,624**	480,428
Undistributed income		**(26,872)**	200,737
		2,007,180	2,043,866

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Company financial statements (continued)

Company statement of profit or loss

(€'000)	Notes	2023	2022
Company expenses	15	**(6,489)**	(4,784)
Operating result		**(6,489)**	(4,784)
Interest income*	16	**8,819**	7,733
Interest expenses	16	**(1,423)**	(2,478)
Movement of put option non-controlling interest	13	**(5,594)**	(5,301)
Other income and financing costs*	16	**8,178**	7,894
Net financing income	16	**9,980**	7,848
Result before taxation		**3,491**	3,064
Current tax		**0**	0
Result from subsidiaries after taxation	3	**(30,363)**	197,673
Result after taxation		**(26,872)**	200,737

* The comparative figures for the financial year ended 31 December 2022 have been adjusted for comparison purposes as a result of the reclassification of parts of 'Other income' into 'Interest income'.

Notes to the company financial statements

1. General

The description of the Company's activities and structure, as included in the notes to the consolidated financial statements, also applies to the Company financial statements. The Company financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Netherlands Civil Code. In order to harmonise the accounting principles of the Company financial statements with the consolidated financial statements, the Board of Management has decided, from 1 July 2005 onward, to adopt the provisions of Article 2:362 paragraph 8 of the Netherlands Civil Code, whereby the accounting principles applied in the consolidated financial statements also apply to the Company financial statements. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) as per 1 January 2023 and Part 9 of Book 2 of the Netherlands Civil Code. The Company financial statements are prepared on a going concern basis. In this respect specific reference is made to Note 1(b) of the consolidated financial statements.

2. Principal accounting policies

The accounting principles as described in the notes to the consolidated financial statements also apply to the Company financial statements unless indicated otherwise.

Investments in subsidiaries

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases.

In accordance with Article 2:362 paragraph 8 of the Netherlands Civil Code, all subsidiaries are accounted for on a net asset value basis. For determining the net asset value all assets, liabilities and profits and losses are subject to the accounting principles as applied to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Shareholders' equity

The Company recognises a legal reserve subsidiaries in its Company financial statements. This legal reserve subsidiaries is based on Article 2:389 paragraph 6 of the Netherlands Civil Code.

Share of result in investments in subsidiaries

The share in the result of participating interests consists of the share of the Group in the results of these participating interests.

3. Investments in subsidiaries

The subsidiaries of the Company are listed in Note 1 Principal accounting policies in the consolidated financial statements.
Movements in investments in subsidiaries for the financial year ended 31 December 2023 were as follows:

	31-12-23 €'000	31-12-22 €'000
Book value at beginning of year	**1,906,915**	1,813,095
Dividends from subsidiaries	**(76,300)**	(80,000)
Investments	**175,295**	18
Result from subsidiaries via reserves	**744**	(23,871)
Result from subsidiaries	**(30,363)**	197,673
Book value at end of year	**1,976,291**	1,906,915
Cost at end of year (less dividends received)	**159,124**	60,129
Cumulative result from subsidiaries via other comprehensive income	**(34,985)**	(35,729)
Cumulative profit from subsidiaries	**1,852,152**	1,882,515
Book value at end of year	**1,976,291**	1,906,915

Notes to the company financial statements (continued)

4. Tangible fixed assets

Tangible fixed assets represent office equipment and inventory for the Company's head office in Amsterdam and the Paris office and includes the Right-of-use assets of both offices. These costs are depreciated over the expected useful lives of the assets concerned varying from two to five years. The movements in the current and previous financial years were:

	Right-of-use assets €'000	Office equipment €'000	Total €'000
Book value at 1 January 2022	1,448	458	1,906
Additions	1,272	284	1,556
Disposals	(37)	0	(37)
Depreciation	(520)	(448)	(968)
Book value at 31 December 2022	2,163	294	2,457
Book value at 1 January 2023	**2,163**	**294**	**2,457**
Additions	**1,334**	**1,131**	**2,465**
Disposals	**(268)**	**(11)**	**(279)**
Depreciation	**(509)**	**(358)**	**(867)**
Book value at 31 December 2023	**2,720**	**1,056**	**3,776**
Cost at 31 December 2023	**4,844**	**6,313**	**11,157**
Accumulated depreciation	**(2,124)**	**(5,257)**	**(7,381)**
Book value at 31 December 2023	**2,720**	**1,056**	**3,776**

During the financial year ended 31 December 2023, tangible fixed assets for an amount of €1,100,000 were out of use (31 December 2022: €64,000).

5. Due from subsidiaries

The balance of €229.0 million at 31 December 2023 represents mainly funds advanced to Eurocommercial Properties France S.A.S., Eurocommercial Properties Sweden A.B. and Eurocommercial Properties Belgium S.A. These balances are characterised as current accounts used for funding or reimbursing cash to Group companies as part of the cash management of the Company. Consequently, these balances have been presented as current assets in the Company balance sheet.
The average interest rate of these advances is 6.3% (31 December 2022 3.7%).

6. Receivables

	31-12-23 €'000	31-12-22 €'000
Prepayments	**684**	501
VAT receivable	**0**	0
	684	501

7. Cash and deposits

Cash and deposits of €3.1 million consist of amounts held as bank balances. All bank balances are freely available.

8. Creditors

	31-12-23 €'000	31-12-22 €'000
Interest payable	**284**	0
Remuneration payable	**1,761**	2,134
VAT payable	**827**	2,217
Other creditors and accruals	**2,285**	2,004
	5,157	6,355

9. Due to subsidiaries

The balance of €172.8 million at 31 December 2023 represents mainly funds advanced from ECP Service S.r.l. These balances are characterised as current accounts used for funding or reimbursing cash from Group companies as part of the cash management of the Company. Consequently, these balances have been presented as current liabilities in the Company balance sheet.

The average interest rate of these advances is 5.3% (2022: 2.0%).

10. Borrowings

	2023 €'000	2022 €'000
Book value at beginning of year	**0**	5,000
Drawdown of funds	**25,000**	0
Repayments	**0**	(5,000)
Book value at end of year	**25,000**	0

11. Provisions for pensions

The disclosure of the provisions for pensions is provided in Note 23 of the consolidated financial statements.

12. Lease Liabilities

As per 31 December 2023, right-of-use assets are reported as part of the Company's tangible fixed assets for an amount of €2.7 million. An analysis of the Company's right-of-use assets is provided in Note 4 of the Company financial statements.

The lease liabilities are reported as part of the current liabilities and non-current liabilities for amounts of €0.6 million and €2.2 million respectively.

	2023 €'000	2022 €'000
Book value at beginning of year	**2,244**	1,512
Additions	**1,334**	1,272
Disposals	**(268)**	(37)
Lease payments	**(577)**	(546)
Interest on lease liabilities	**52**	43
Book value at end of year	**2,785**	2,244

13. Put option liability non-controlling interest

The disclosure of the put option liability non-controlling interest is provided in Note 22 of the consolidated financial statements.

Notes to the company financial statements (continued)

14. Shareholders' equity

The movements in shareholders' equity in the current financial year were:

	Issued share capital €'000	Share premium reserve €'000	Legal reserve subsidiaries €'000	Legal currency translation reserve €'000	Retained profit reserve €'000	Undistributed income €'000	Total €'000
Balance at 1-1-2023	533,492	263,774	649,247	(83,812)	480,428	200,737	2,043,866
Non-distributed result previous financial year	0	0	0	0	116,190	(116,190)	0
Profit for the year	0	0	0	0	0	(26,872)	(26,872)
Dividend distribution in cash	0	(6)	0	0	0	(74,166)	(74,172)
Dividend distribution in shares	4,325	(4,325)	0	0	10,381	(10,381)	0
Performance shares granted	0	674	0	0	0	0	674
Actuarial gain on pension scheme	0	0	0	0	(4,085)	0	(4,085)
Acquisition of non-controlling interest without a change in control	0	0	0	0	68,081	0	68,081
Foreign currency translation differences	0	0	0	(312)	0	0	(312)
Movement of legal reserve	0	0	(1,629)	0	1,629	0	0
Total equity at 31-12-2023	537,817	260,117	647,618	(84,124)	672,624	(26,872)	2,007,180

The movements in shareholders' equity in the previous financial period were:

	Issued share capital €'000	Share premium reserve €'000	Legal reserve subsidiaries €'000	Legal currency translation reserve €'000	Retained profit reserve €'000	Undistributed income €'000	Total €'000
Balance at 1-1-2022	526,539	263,853	554,292	(40,293)	548,624	104,687	1,957,702
Non-distributed result previous financial year	0	0	0	0	4,221	(4,221)	0
Profit for the year	0	0	0	0	0	200,737	200,737
Dividend distribution in cash	0	(4)	0	0	0	(78,218)	(78,222)
Dividend distribution in shares	6,953	0	0	0	15,295	(22,248)	0
Performance shares granted	0	(75)	0	0	0	0	(75)
Actuarial gain on pension scheme	0	0	0	0	7	0	7
Reallocation currency translation movements	0	0	0	(7,237)	7,237	0	0
Foreign currency translation differences	0	0	0	(36,282)	0	0	(36,282)
Movement of legal reserve	0	0	94,955	0	(94,955)	0	0
Total equity at 31-12-2022	533,492	263,774	649,247	(83,812)	480,428	200,737	2,043,866

Both the retained earnings and the share premium reserve are available for distribution as dividend.

For further details on movements in shareholders' equity reference is also made to the consolidated financial statements and the notes thereto for movements in the components of shareholders' equity.

Statutory reserves

The statutory reserves in the Company balance sheet are reserves which must be retained pursuant to the Netherlands Civil Code and consist of the legal reserve subsidiaries and the legal reserve for foreign currency translation. The amounts recognised by these reserves amount to €648 million (31 December 2022: €649 million) and negative €84 million (31 December 2022: negative €83 million) respectively and are not freely distributable. For dividend distribution, however, both the retained profit reserve, share premium reserve and the undistributed income are available.

Legal reserve subsidiaries

The legal reserve subsidiaries for participating interests in subsidiaries, pertains to participating interests in subsidiaries that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the company has been entitled to since the first measurement at net asset value, and less distributions that the company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

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14. Shareholders' equity continued

Legal currency translation reserve

The legal currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than that of the Company, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The legal currency translation reserve of negative €84.1 million mainly relates to investments in Sweden.

15. Company expenses

Company expenses in the current financial year comprised:

	2023 €'000	2022 €'000
Audit fees	**447**	429
Depreciation fixed assets	**869**	972
IT expenses	**2,732**	1,739
Legal and other advisory fees	**1,117**	1,157
Marketing expenses	**329**	193
Office and accommodation expenses	**1,184**	1,152
Pension costs	**566**	716
Salaries, wages, bonuses and performance shares granted*	**7,770**	7,529
Social security charges*	**2.503**	2,320
Statutory costs	**484**	354
Travelling expenses	**621**	569
Other expenses	**674**	765
	19,296	17,896
Recharge of company expenses to subsidiaries	**(12,807)**	(13,112)
	6,489	4,784

* Including Directors' fees.

The Company employed an average of 47 full-time equivalent persons during the financial year (2022: 53), of whom 13 are resident in The Netherlands, 6 in the UK, 28 in France. An analysis of the Directors' fees is provided in note 32 of the consolidated financial statements.

16. Net financing income

The net financing income of €10.0 million (2022: €7.9 million) comprises interest income due from subsidiaries of €8.8 million (2022: €7.7 million); interest expenses from borrowings and put option non-controlling interest amounting to €1.4 million (2022: €2.5 million); net derivatives movement and put option liability non-controlling interest of 5.6 million (2022: €5.3 million) and other income and financing costs of €8.2 million (2022: €7.9 million). The other income and financing costs consist of €8.0 million positive (2022: €8.4 million positive) for guarantees in favour of financial institutions for debts incurred by Group subsidiaries and €0.2 million positive (2022: €0.5 million negative) for foreign currency results.

17. Commitments not included in the balance sheet

The Company has entered into guarantees in favour of credit institutions for debts and interest rate swaps incurred by its subsidiaries to an amount of €1.5 billion and €961 million respectively.
The Company has entered into guarantees in favour of credit institutions for debts and interest rate swaps incurred by its joint ventures to an amount of €176 million and €160 million respectively.

Amsterdam, 17 April 2024

Board of Management

E.J. van Garderen
R. Fraticelli
J.P.C. Mills

Board of Supervisory Directors

B.T.M. Steins Bisschop, Chairman
E. Attout
K. Laglas
B.W. Roelvink

Other information

Provisions in the Articles of Association concerning the appropriation of income

The appropriation of income is subject to the Provisions of Article 42 of the Articles of Association of the Company of which the major provisions are as follows:

(a) Out of the profit as shown in the adopted annual accounts in which all taxes due by the Company have been deducted, such amount may be reserved as the Board of Management shall determine, which reserve shall be at the disposal only of the Board of Management.
(b) The remainder of the profit shall be at the disposal of the General Meeting of Shareholders for distribution of dividend, either in cash or in shares in the capital of the Company, or a combination of both, or for reserves or such other purposes covered by the objects of the Company, as the General Meeting of Shareholders shall decide.
(c) Distribution of dividend shall take place after the adoption of the annual accounts which show that such distribution is permitted. (Interim) dividends may be paid in cash or in shares in the capital of the Company, or a combination thereof.

Financial calendar

10 May 2024	Announcement of first quarter results 2024
11 June 2024 at 13.30 hours	Annual General Meeting of Shareholders
13 June 2024	Ex-dividend date
5 July 2024	Dividend distribution date
30 August 2024	Announcement of half-year results 2024

Holders of shares with a holding of 3% or more

Under the Netherlands Act on Financial Supervision, the Netherlands Authority for the Financial Markets has received notification from four holders of ordinary shares with interests greater than 3% in the Company. According to the latest notifications these interests were as follows:

Mr A. van Herk (20.22% – notification 8 May 2019), BlackRock, Inc. (5.16% – notification 1 April 2024), PGGM Vermogensbeheer B.V. (3.13% - notification 4 December 2023) and ICAMAP Investments S.a.r.l. (3.06% – notification 20 February 2020).

Stock market prices and turnover

The Company is listed on Euronext Amsterdam, Brussels and Milan and is admitted to the Amsterdam Midcap (AMX).

For the year 01/01/2023 to 31/12/2023		High	Low	Average
Closing price 31 December 2023 (€; shares)	**22.20**	**23.90**	**19.49**	**21.81**
Average daily turnover (in shares)	**41,917**			
Average daily turnover (€'000,000)	**0.9**			
Total turnover over the past 12 months (€'000,000)	**238.3**			
Market capitalisation (€'000,000)	**1,199**			
Total turnover divided by market capitalisation	**25.63**			

Source: Euronext, Global Property Research

Shares listed on Euronext Amsterdam and Brussels have been accepted for delivery through the book entry facilities of the Netherlands Central Institute for Giro Securities Transactions (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.) trading as Euroclear Nederland.

On 10 May 2023, Borsa Italiana S.p.A. has ruled, with notice number 8947, the admission to listing of the Company's shares (ISIN NL0015000K93), with a nominal value of € 10.00 each (the "Shares"), on the Italian regulated market Euronext Milan, organised and managed by Borsa Italiana (respectively, the "Dual Listing" and "Euronext Milan").

ISIN – Code: NL 0015000K93, symbol: ECMPA
Stock market prices are followed by Bloomberg:
Ticker: ECMPA NA (Amsterdam)
Ticker: ECMPA (Belgium)
Ticker: ECMPM (Milan)

Valuers

The following independent firms have valued the Company's properties (including the properties held by joint ventures) at 31 December 2023:

Belgium:	Cushman & Wakefield
France:	Cushman & Wakefield, JLL, Knight Frank, Savills
Italy:	CBRE, Cushman & Wakefield, JLL
Sweden:	Cushman & Wakefield, JLL

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Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Eurocommercial Properties N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Eurocommercial Properties N.V. as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of Eurocommercial Properties N.V. (the Company) based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2023;
2 the following consolidated statements for 2023: the statements of profit or loss, comprehensive income, changes in equity and cash flows; and
3 the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at 31 December 2023;
2 the company statement of profit or loss for 2023; and
3 the notes comprising a summary of the accounting policies and other explanatory information.

KPMG Accountants N.V., a Dutch limited liability company registered with the trade register in the Netherlands under number 33263683, is a member firm of the global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Other information (continued)

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Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Eurocommercial Properties N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate related risks and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality
• Materiality of EUR 25 million • 0.65% of total assets • Lower materiality for results from net property income: EUR 12.5 million

Group audit
• Full scope audit of all significant components performed by KPMG auditors • Audit coverage of 100% of investment property • Audit coverage of 100% of rental income

Risk of material misstatements related to Fraud, NOCLAR, Going concern and Climate-related risks
• Fraud risks: management override of controls is a presumed fraud risk and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'. • Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified.

- Going concern risks: no going concern risks identified
- Climate related risks: We have considered the impact of climate-related risks on the financial statements and described our approach and observations in the section 'Audit response to climate-related risks'.

Key audit matter
• Valuation of property investments

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 25 million (2022: EUR 20 million). The materiality is determined with reference to total assets at 0.65% (2022: 0.50%). We consider total assets as the most appropriate benchmark due to the nature of the business and as the asset value is likely the primary focus of the users of the financial statements when evaluating the performance of Eurocommercial Properties N.V. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

In addition, we applied a materiality of EUR 12.5 million (2022: EUR 10 million) for net property income, which is lower than the materiality for the financial statements as a whole. Net property income is an important measure of the performance of the Company's current portfolio, excluding the impact of changes in market value of investment property and derivatives and the result from the disposal of investment property.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 1,000,000 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Eurocommercial Properties N.V. is the head of a group of components. The financial information of this group is included in the financial statements of Eurocommercial Properties N.V.

Our group audit mainly focused on significant components. The Group manages its investment property through its operating companies in Belgium, France, Italy, and Sweden. Each of these operations is significant in the context of the Group's financial statements and therefore we have used KPMG audit teams in each country to perform an audit of the financial information of the operating companies in these countries. The audits performed in these countries covered the entire investment property portfolio and the related rental income.

Because we are ultimately responsible for the audit opinion, we are also responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for operating companies and issued audit instructions to local auditors. As group auditor we were involved in the full-scope audits performed by local auditors of the subsidiaries.

Other information (continued)

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Our involvement included, amongst others, the following:

- issuing audit instructions to component auditors prescribing the scope of the audit procedures to be performed, our risk assessment, materiality to be applied and reporting requirements;
- participation in planning discussions with component auditors;
- attending (virtual) meetings with the component auditors to discuss the results of component audits and discussions on the valuation of investment property with independent appraisers engaged by the Company;
- follow up on reported audit findings, and
- review of the component audit files and verification that the audit work had been carried out in accordance with our instructions.

We have performed audit procedures ourselves at group level on the standalone figures of Eurocommercial Properties N.V. and account balances which are coordinated at group level such as the valuation of investment property and derivative financial instruments.

For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

- audit coverage of 100% of investment property; and
- audit coverage of 100% of rental income.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapters 'Corporate Governance' and 'Risk Management' of the annual report, the Board of Management describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory board reflects on this in the chapter 'Report of the Board of Supervisory Directors'.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, amongst other things, assessing the Company's code of conduct, whistle blowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance (when applicable).

Furthermore, we performed relevant inquiries with the Board of Management and Supervisory Board and other relevant functions, such as the Group Director Legal. We have also incorporated elements of unpredictability in our audit such as a selection of items to be tested in non-significant accounts.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Anti-money laundering laws and regulations; and
- Anti-bribery and corruption laws and regulations.

Further, we assessed the presumed fraud risk on revenue recognition as irrelevant because the Company's main form of revenue relates to rental income which involves limited judgement as the revenue related to rental income is contractually agreed and with various individual tenants.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, including the relevant presumed risk laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed a data analysis of high-risk journal entries (adjustments to initially recorded changes in fair value of investment property above a threshold). Further we evaluated the key estimate valuation of property investments and other judgments for bias by the Board of Management. This included a retrospective review of prior years' estimates.
- Where we identified instances of unexpected journal entries or other risks through our data analysis, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Our evaluation of procedures performed related to fraud and non-compliance with laws and regulations did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Board of Management and the Audit Committee of the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

As explained in note 1b of the financial statements, the Board of Management has performed its going concern assessment and has not identified any going concern risks. To assess the Board of Management's assessment, we have performed, inter alia, the following procedures:

Other information (continued)

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- we considered whether the Board of Management's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we considered whether the developments in share price indicate a going concern risk;
- we analyzed the financial position of the Company as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks; and
- we inspected the financing agreements on terms of conditions that could lead to going concern risks, including the remaining duration, and any covenants.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Management's going concern assessment.

Audit response to climate-related risks

The Company has set out its targets relating to climate change in the chapter 'Environmental, Social and Governance' of the annual report. The Company's target is carbon neutrality in all scope 1 and 2 emissions by 2030 and will establish a reduction target for scope 3 emissions in 2024.

The Board of Management has assessed, against the background of the Company's business and operations extensively how climate-related risks and opportunities and the Company's own targets could have a significant impact on its business or could impose the need to adapt its strategy and operations. The Board of Management has considered the impact of both transition and physical risks on the financial statements in accordance with the applicable financial reporting framework, more specifically the valuation of investment property, as described in the chapter 'Environmental, Social and Governance' of the annual report.

The Board of Management prepared the financial statements, including considering whether the implications from climate-related risks and targets have been appropriately accounted for and disclosed. As part of our audit, we performed a risk assessment of the impact of climate-related risk and the targets of the Company in respect of climate change on the financial statements and our audit approach. In doing this we performed the following:

- Understanding the Company's processes: we held inquiries with the Board of Management and the chairman of the ESG Working Group who is responsible for the climate related risk assessment within the Company and inspected Board minutes, policies, and risk assessment documentation. The purpose is to understand the Company's assessment and plans to achieve carbon neutrality in scope 1 and 2 emissions by 2030. The Company has performed a physical climate risk assessment with the assistance of an external party. Further, the preparation of a climate roadmap is in progress. Further, we assessed the impact of the climate-related risk and opportunities on the Company's annual report and financial statements.
- We have evaluated climate related fraud risk factors such as pressure as a result of variable remuneration and expectations from external stakeholders to meet ESG/climate risk related targets.

- We have inquired with the external appraisers on how climate-risk factors are considered in the external appraisal process and inspected the external valuation reports on potential climate related impact on fair value of investment properties.

Based on the procedures performed above we concluded that climate related risks have no material impact on the 2023 financial statements under the requirements of EU-IFRS and no material impact on our key audit matters.

Furthermore, we have read the other information with respect to climate-related risks as included in the annual report and considered whether such information contains material inconsistencies with the financial statements or our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Supervisory Board. The key audit matter is not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to real estate transactions is not included, as no acquisitions or disposals of investment property took place during 2023.

Valuation of property investments

Description

The property investments amount to €3.6 billion and represent 93% of the Group's total assets as at 31 December 2023. Property investments are valued at fair value; therefore, the Group has to make estimates and use assumptions to determine those fair values. The fair value is based on appraisal reports by independent appraisers, as explained in notes 1 and 13 to the financial statements.

Because the valuation of property investments is complex and highly dependent on estimates and significant assumptions (such as estimated rental value and yield/discount rate) and the availability of comparable transactions, we consider the valuation of property investments as a key audit matter in our audit.

Our response

With involvement of KPMG auditors in the Netherlands, Italy, France, Sweden, and Belgium, we performed the following procedures:

- assessment of the valuation process with respect to the investment property as at 31 December 2023, including an evaluation of the design and implementation of related internal controls and test of details;
- local audit teams verified whether lease data provided to the appraisers is consistent with the property management systems, and whether any significant changes have occurred since providing the data to the appraisers;

Other information (continued)

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- assessment of the competence, capabilities, and objectivity of the external appraisal firms;
- involvement of our property valuation experts to verify the appropriateness of the valuation methodology and determine the mathematical accuracy of the valuation model;
- additionally, our property valuation experts verified the appropriateness of key assumptions in the valuation process, which consists of estimated rental values and yields/discount rates. This includes an assessment of the historical accuracy of the assumptions in previous periods, our understanding of the market and market developments and a comparison of assumptions and movements therein with publicly available data;
- discussion of the results of the valuation process and our findings and observations with the Board of Management and the appraisal firms; and
- evaluation of the adequacy of the related disclosures in note 1 and 13 in relation to the requirements of EU-IFRS.

Our observation

Overall, we assess that the assumptions and methodologies used, and related estimates resulted in a valuation of property investments which is deemed reasonable and concur with the related disclosures in the financial statements.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information. In addition, the other information includes the remuneration report.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the *management report and other information*.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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Report on other legal and regulatory requirements and ESEF

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of Eurocommercial Properties N.V. on 3 November 2015, as of the audit for the year ended 30 June 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

Eurocommercial Properties N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by Eurocommercial Properties N.V., complies in all material respects with the RTS on ESEF.

The Board of Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the Board of Management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;

Other information (continued)

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- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Management, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

KPMG

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_oob_01.pdf (nba.nl). This description forms part of our auditor's report.

Amstelveen, 17 April 2024

KPMG Accountants N.V.

W.L.L. Paulissen RA

Kopian överensstämmer med originalet Inlyses

Tom