20230622201427

Bolagsverket
2023 -06- 21

ÅRSREDOVISNING

för

ECP Valbo Holding AB

Org.nr. 556970-1070

Styrelsen har härmed upprättat årsredovisning för räkenskapsåret 2022-01-01--2022-12-31.

Innehåll Sida

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Undertecknad styrelseledamot i ECP Valbo Holding AB
intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 29 maj 2023.
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Stockholm den 29 maj 2023

.....
Evert Jan van Garderen

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ECP Valbo Holding AB
Org.nr. 556970-1070

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i KSEK.

Verksamheten
Bolaget ska förvalta och direkt eller indirekt äga fastigheter och därmed förenlig verksamhet. Bolaget äger indirekt genom andelarna i ECP Valbo Centrum AB (556970-1088) och ECP Valboön-Fastigheten KB (916621-9858) fastigheter i Valbo, Gävle kommun.
Bolagets säte är Stockholm.

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Flerårsjämförelse*

	2022	2021	18 mån 2019/2020	2018/2019	2018
Nettoomsättning	6 423	4 279	7 322	4 985	3 365
Res. efter finansiella poster	94	59	282	72	49
Soliditet (%)	100	100	100	84	83

*Definitioner av nyckeltal, se noter

Väsentliga händelser under räkenskapsåret
Inga väsentliga händelser har skett under året.

Förändringar i eget kapital

	Aktiekapital	Reservfond	Fritt eget kapital
Belopp vid årets ingång	50	0	394 014
Årets vinst			75
Belopp vid årets utgång	50	0	394 089

Resultatdisposition (kronor)

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad vinst	394 014 500
årets vinst	74 578
	394 089 078
Styrelsen föreslår att	
i ny räkning överföres	394 089 078
	394 089 078

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

ECP Valbo Holding AB
Org.nr. 556970-1070

RESULTATRÄKNING

	Not	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Rörelsens intäkter m.m.			
Nettoomsättning		6 423	4 279
		6 423	4 279
Rörelsens kostnader			
Övriga externa kostnader		-6 329	-4 220
		-6 329	-4 220
Rörelseresultat		94	59
Resultat från finansiella poster			
Resultat från andelar i koncernföretag		1	1
Räntekostnader och liknande resultatposter		-1	-1
		0	0
Resultat efter finansiella poster		94	59
Resultat före skatt		94	59
Skatt på årets resultat		-19	-30
Årets resultat		**75**	**29**

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ECP Valbo Holding AB
Org.nr. 556970-1070

BALANSRÄKNING

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	3	393 884	393 883
Summa finansiella anläggningstillgångar		393 884	393 883
Summa anläggningstillgångar		393 884	393 883
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		23	334
Aktuell skattefordran		126	84
Summa kortfristiga fordringar		149	418
Kassa och bank			
Kassa och bank		311	180
Summa kassa och bank		311	180
Summa omsättningstillgångar		460	598
SUMMA TILLGÅNGAR		**394 344**	**394 481**
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		50	50
Summa bundet eget kapital		50	50
Fritt eget kapital			
Balanserat resultat		394 014	393 985
Årets resultat		75	29
Summa fritt eget kapital		394 089	394 014
Summa eget kapital		394 139	394 064
Kortfristiga skulder			
Skulder till koncernföretag		100	414
Övriga skulder		105	3
Summa kortfristiga skulder		205	417
SUMMA EGET KAPITAL OCH SKULDER		**394 344**	**394 481**

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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.

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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. Företaget redovisar därför inkomsten till nominellt värde (fakturabelopp) om ersättningen erhålls i likvida medel direkt vid leverans. Avdrag görs för lämnade rabatter.

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

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. Temporära skillnader beaktas ej i skillnader hänförliga till investeringar i dotterföretag, filialer, intresseföretag eller joint venture om företaget kan styra tidpunkten för återföring av de temporära skillnaderna och det inte är uppenbart att den temporära skillnaden kommer att återföras inom en överskådlig framtid. Skillnader som härrör från den första redovisningen av goodwill eller vid den första redovisningen av en tillgång eller skuld såvida inte den hänförliga transaktionen är ett rörelseförvärv eller påverkar skatt eller redovisat resultat utgör inte heller temporära skillnader.

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

Avsättningar
Avsättningar redovisas när det finns en legal eller informell förpliktelse till följd av en tidigare händelse, det är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen och beloppen kan uppskattas på ett tillförlitligt sätt. Tidpunkten eller beloppet för utflödet kan fortfarande vara osäker.

Avsättningar för omstruktureringar redovisas bara om en fastställd och utförlig omstruktureringsplan har utarbetats och införts, eller om företaget minst har offentliggjort planens huvuddrag till dem som berörs av den. Avsättningar redovisas inte för utgifter som hör samman med den framtida verksamheten.

En avsättning redovisas till den bästa uppskattningen av det belopp som krävs för att reglera förpliktelsen på balansdagen. Avsättningar tas endast i anspråk för de utgifter som avsättningen ursprungligen var avsedd för. Avsättningar diskonteras till sina nuvärden där pengars tidsvärde är väsentligt.

UPPLYSNINGAR TILL ENSKILDA POSTER

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ECP Valbo Holding AB
Org.nr. 556970-1070

NOTER

Not 2	**Medelantal anställda**	**2022**	**2021**
	Medelantal anställda har varit	0	0

Not 3	**Andelar i koncernföretag**	**2022-12-31**	**2021-12-31**
	Ingående anskaffningsvärde	393 883	393 882
	Resultatandel	1	1
	Utgående ackumulerade anskaffningsvärden	393 884	393 883
	Utgående redovisat värde	393 884	393 883

Not 4	**Ställda säkerheter**	**2022-12-31**	**2021-12-31**
	Pantsatta aktier i dotterbolag	393 884	393 883
	varav till förmån för koncernföretag	*393 884*	*393 883*

Not 5	**Eventualförpliktelser**	**2022-12-31**	**2021-12-31**
	Borgensförbindelser till förmån för koncernföretag	441 650	441 650

Not 6 Koncernförhållanden

Bolaget ägs av Eurocommercial Properties Sweden AB (org nr 556602-1712). Det översta bolaget i koncernen är Eurocommercial Properties N.V. reg nr 33230134, Nederländerna. Koncernredovisning upprättas i det högsta bolaget i koncernen.

Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.

Not 7 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

Stockholm 2023-05-26

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Evert Jan van Garderen
Ordförande

DocuSigned by:
Roberto Fraticelli
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Roberto Fraticelli

DocuSigned by:
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Vincent Meijer

DocuSigned by:
Peter Mills
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Peter Mills

Vår revisionsberättelse har lämnats den 2023-05-26

KPMG AB

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Sara Ryfors
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Sara Ryfors
Auktoriserad revisor

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Revisionsberättelse

Till bolagsstämman i ECP Valbo Holding AB, org. nr 556970-1070

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för ECP Valbo Holding AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av ECP Valbo Holding ABs finansiella ställning per den 31 december 2022 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 ECP Valbo Holding 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 beslut har fattats om att avveckla verksamheten.

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 ECP Valbo Holding AB för år 2022 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 ECP Valbo Holding 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.

Göteborg 2023-05-26

KPMG AB

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Sara Ryfors
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Sara Ryfors
Auktoriserad revisor

Kopian överensstämmer med originalet intygas

Tom

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Peter Mills

peter.mills@eurocommercialproperties.com

Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

Peter Mills

0A62E48CDED6460...

Signature Adoption: Pre-selected Style

Using IP Address: 5.80.232.157

Timestamp

Sent: 5/26/2023 9:19:51 AM

Viewed: 5/26/2023 1:58:41 PM

Signed: 5/26/2023 1:58:56 PM

Authentication Details

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Workflow Description: The signer will need to identify themselves with a valid government ID.
Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
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Country or Region of ID: GB
Result: Passed
Performed: 5/26/2023 1:58:24 PM

Electronic Record and Signature Disclosure:

Accepted: 5/26/2023 1:58:41 PM
ID: 021bcf8c-0f2c-4018-8212-9415b3bda87e

Roberto Fraticelli

roberto.fraticelli@eurocommercialproperties.com

Security Level: Email, Account Authentication (None)

DocuSigned by:

Roberto Fraticelli

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Signature Adoption: Pre-selected Style

Using IP Address: 81.242.233.214

Sent: 5/26/2023 9:19:52 AM

Viewed: 5/26/2023 10:49:06 AM

Signed: 5/26/2023 10:49:19 AM

Authentication Details

Identity Verification Details:

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Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
Transaction Unique ID: a792c79d-b1cd-5c75-bacb-173cd705c158
Country or Region of ID: IT
Result: Passed
Performed: 5/26/2023 10:48:46 AM

Electronic Record and Signature Disclosure:

Accepted: 5/26/2023 10:49:06 AM
ID: 9d19f191-29c1-49b4-ab45-19e3d5ca82ad

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Signer Events	Signature	Timestamp
Vincent Meijer Vincent.Meijer@eurocommercialproperties.com Security Level: Email, Account Authentication (None)	DocuSigned by: AE742E9EB7434F0...	Sent: 5/26/2023 9:19:52 AM Viewed: 5/26/2023 9:28:16 AM Signed: 5/26/2023 9:28:31 AM
	Signature Adoption: Drawn on Device Using IP Address: 212.123.234.244	

Authentication Details
Identity Verification Details:
Workflow ID: facedebc-e28d-4182-adbf-789fbd673b01
Workflow Name: DocuSign ID Verification
Workflow Description: The signer will need to identify themselves with a valid government ID.
Identification Method: Government Issued Id Document
Type of Document: Photo ID
Identification Level: ID Only
Transaction Unique ID: cd4bfce6-68f4-59fe-9f43-343b4061af82
Country or Region of ID: NL
Result: Passed
Performed: 5/26/2023 9:28:03 AM

Electronic Record and Signature Disclosure:
Accepted: 5/26/2023 9:28:16 AM
ID: 2c619b3c-f473-4b9a-aec2-54484be62da7

Evert Jan van Garderen evertjan.vangarderen@eurocommercialproperties.com Chief Executive Officer Security Level: Email, Account Authentication (None)	DocuSigned by: Evert Jan van Garderen C1C4EE1AB5CD472...	Sent: 5/26/2023 1:58:59 PM Viewed: 5/26/2023 3:16:28 PM Signed: 5/26/2023 3:16:49 PM
	Signature Adoption: Pre-selected Style Using IP Address: 212.123.234.244	

Authentication Details
Identity Verification Details:
Workflow ID: facedebc-e28d-4182-adbf-789fbd673b01
Workflow Name: DocuSign ID Verification
Workflow Description: The signer will need to identify themselves with a valid government ID.
Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
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Country or Region of ID: NL
Result: Passed
Performed: 5/26/2023 3:15:59 PM

Electronic Record and Signature Disclosure:
Accepted: 5/11/2023 12:48:07 PM
ID: fd9e2cde-fe52-441a-8d67-654d302aa437

Sara Ryfors Sara.Ryfors@kpmg.se KPMG AB Security Level: Email, Account Authentication (None)	DocuSigned by: Sara Ryfors 4600FB03AB80498...	Sent: 5/26/2023 3:16:53 PM Viewed: 5/26/2023 4:31:55 PM Signed: 5/26/2023 4:32:00 PM
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Authentication Details
Identity Verification Details:
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Workflow Name: DocuSign ID Verification
Workflow Description: The signer will need to identify themselves with a valid government ID.
Identification Method: Electronic ID
Type of Electronic ID: BankID Sweden
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Country or Region of ID: SE
Result: Passed
Performed: 5/26/2023 4:31:41 PM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

In Person Signer Events	**Signature**	**Timestamp**
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**
Envelope Summary Events	**Status**	**Timestamps**
Envelope Sent	Hashed/Encrypted	5/26/2023 9:19:53 AM
Certified Delivered	Security Checked	5/26/2023 4:31:55 PM
Signing Complete	Security Checked	5/26/2023 4:32:00 PM
Completed	Security Checked	5/26/2023 4:32:00 PM
Payment Events	**Status**	**Timestamps**

Electronic Record and Signature Disclosure

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Corporate Governance

In accordance with the Netherlands 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 aforementioned broad outline is presented.

General Meeting of Shareholders

The General Meeting of Shareholders has overriding powers on such matters as statutory changes, adoption of the annual accounts and profit appropriation. It 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 has a nominal value of € 10 and carries one vote. Upon written request by shareholders who solely or jointly represent 10% of the issued share capital, the Board of Management and the Supervisory Board shall be required to convene a General Meeting of Shareholders. The notice calling that meeting shall specify the items to be considered. 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

The Supervisory Board's primary task is to supervise the activities of the Company and to provide advice and guidance to the Board of Management. In pursuing these responsibilities, the Supervisory Board takes the interests of all stakeholders into account. Supervision focuses on the vision of the Board of Management on long-term value creation for the Company, the related strategy 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 and financial reporting process, and legal and regulatory compliance. Finally, the Supervisory Board is involved in drawing up the remuneration policy of the Company and ratifies 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 Shareholders for the period to 31 December 2023, 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 members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. This Board also determines the number of Managing Directors and Supervisory Directors of the Company. The General Meeting of Shareholders determines the remuneration of members of the Supervisory Board. All members of the Supervisory Board are independent of one another, the Board of Management and any particular interest. 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 of office is 12 years. The Code provides for the basic principle that Supervisory Directors are appointed for two periods of four years. Reappointment is possible for a maximum term of a further two two-year periods. 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 more than half of the issued share capital.

The Supervisory Board meets according to a fixed schedule of meetings. In the financial year under review the Supervisory Board met nine times

Kopie overeenstemmende met originele inzage

and held video meetings with management to be kept up to date in respect of the business of the Company. Furthermore, there are special meetings dedicated to a discussion – without the Board of Management being present – of the Supervisory Board's own functioning, the relationship with the Board of Management and the composition, assessment and remuneration of the Board of Management. The Supervisory Board profile with 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.

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 for the Company to achieve 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.

The members of the Board of Management are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Supervisory Board. Managing Directors are appointed for a maximum renewable period of four years. The Board of Management's remuneration is determined in line with the policy set out in the Remuneration Report. Key indicators for their remunerations are based on aligning the Board of Management's interests with those of the stakeholders. The remuneration and the remuneration policy for the Board of Management is submitted to the General Meeting of Shareholders for approval. The Supervisory Board annually prepares a Remuneration Report which is posted on the Company's website.

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 more than half of the issued share capital. 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.

Evert Jan van Garderen, Chief Executive Officer
Evert Jan van Garderen (61) 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 (51) 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 (64) 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.

Corporate Governance (continued)

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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 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. The reappointment of the Company's auditors for the financial year 2024 will be tabled at the 2023 Annual General Meeting.

Corporate governance best practice

The only principles and best practice provisions of the Code with which the Company does not fully comply or which require an explanation are:

Principle 1.3 of the Code
There is no separate department for the internal audit function, but this function is outsourced to a reputable audit firm.

Principle 3.2 of the Code
Where Principle 3.2 of the Code provides that the Supervisory Board determines the remuneration of the members of the Board of Management, in accordance with the Netherlands Civil Code and the Articles of Association of the Company, it is provided that 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 Board of Supervisory Directors 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 Board of Supervisory Directors has the right to make binding nominations for the appointment of members of the Board of Management and the Board of Supervisory Directors. 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 Board of Supervisory Directors 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 holds events in its centres to educate and entertain its visitors and to enhance their enjoyment of the shopping centre facilities. The events are often held in conjunction with a local government body, charity or corporate sponsors to align it with a particular cause. Many of the Company's shopping centres also support local sports teams through sponsorship agreements.

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 75.

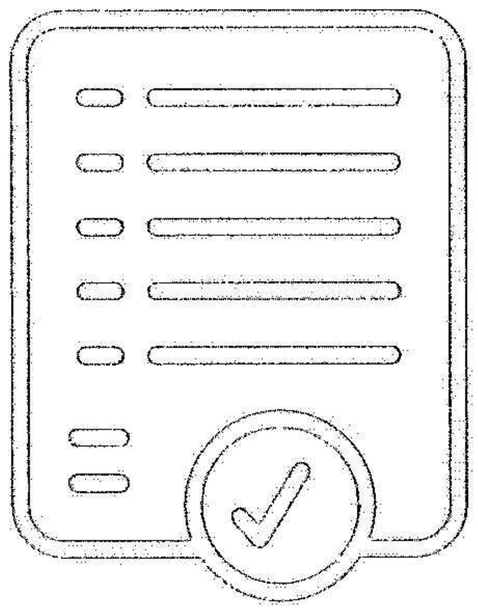
Consumption information related to properties acquired during the reporting period is included in the absolute data from the date the acquisition completed but does not appear in the like-for-like comparisons until the properties have been owned for a full two years. Information related to properties disposed of during the reporting period is included in the absolute data up until the date the sale is completed but is excluded from the like-for-like comparisons.

The reported energy and greenhouse gas performance measures relate to all Company-obtained energy and water consumed in the Company's properties. Consumption data at each property is collected from utility invoices and entered into a centralised database. Data was not estimated. The advisory firm UpCycle assisted the Company in preparing the data in line with the EPRA reporting guidelines.

Renewable energies (bio-gas, water, wind and geothermal) are used to a greater or lesser extent in all of the Swedish centres, while in France and Italy photovoltaic panels have been, and will continue to be, installed on properties as part of ongoing maintenance and upgrade works. Several centres now have facilities to collect rainwater to use for irrigation and waste facilities.

Recycling is carried out in all of the Company's retail properties, and in many instances customers can also bring their residential refuse to the shopping centres to be recycled. As the properties continue to be upgraded and extended, the Company's aim is to introduce more environmentally friendly materials and mechanisms to increase energy efficiency and minimise waste.

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 employed an average of 97 full-time equivalent persons during the financial reporting period, of whom 22 are employed in The Netherlands, 34 in Italy, 29 in France and 12 in Sweden. 60% of employees are female and 40% are male. Of the workforce, 6 are under the age of 30, 67 are between the ages of 30 and 50 and 24 are over the age of 50. These facts show how diversity is implemented throughout the organisation by differences in nationality, age and gender.

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

Corporate Governance (continued)

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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. Part of 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 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, which has been 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 156.

Risk Management

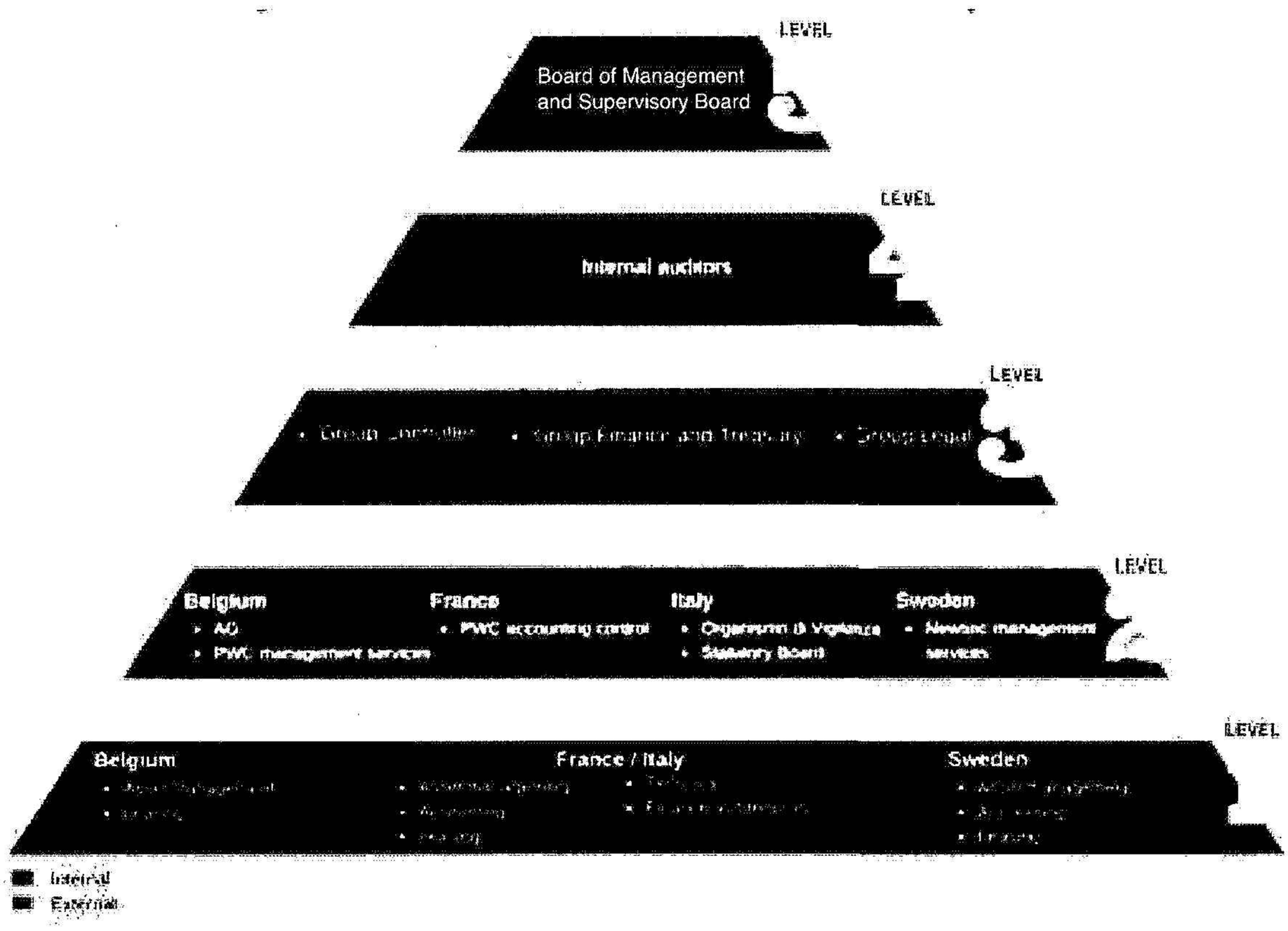
Internal risk management and control systems

The Company has clearly identified its risks, comprising strategic risks, operational risks, financial risks, reporting risks and compliance and reputation risks.

The strategic risks mainly concern the global economy, the occurrence of a pandemic and other very remote risks with an extreme impact, the property sector and country allocation, as well as the timing of investments and divestments and the leverage used. Operational risks include asset and tenant selection, performance by suppliers, third parties and the Company's organisation and systems, and also the technical condition of the properties and risks related to taxation. Financial risks comprise interest rate and currency risk as well as refinancing risk. The Company operates a comprehensive insurance programme for those risks which can be effectively and efficiently insured.

The Company has appropriate internal risk management and control systems, which mitigate, amongst other risks, fraud risks. Key elements of the internal control systems are a management structure 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.

Control systems for Eurocommercial Properties



Risk Management (continued)

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Detailed procedures and responsibilities for the various country teams, as well as for the segregation of duties and authorisation structures have been implemented and maintained. Payment procedures are very detailed and strict. Payments always require the involvement of the Amsterdam head office, where all payments for the Group are finally authorised by at least two senior signatories, as country offices cannot make any payments under the procedures in place. Strict procedures are also observed for the periodic drawing up of monthly, quarterly and annual figures on the basis of the adopted policies. The 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 electronic data processing within automated, integrated central information systems. There is a back-up and recovery plan in place so that data can be restored. IT systems and data bases are located at a professional specialised external data centre with high protection against disruptions and power failure. 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 and to comply with prevailing privacy legislation.

Due to its size, the Company has no internal audit department, but has outsourced the internal audit function to a reputable audit firm. The Supervisory Board discusses the external auditors' findings on the Company's internal control environment with the Board of Management and the external auditors. The Supervisory Board supervises the internal control framework and procedures and the assessment of risks facing the Company and its subsidiaries.

Risk management policies

The Company has a long-term investment horizon and carefully monitors its exposure to risks deriving from its investment policies. Established controls 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 Company's management structure and corporate strategy are designed to serve long-term value creation including maximisation of shareholder value while minimising risks to the accepted risk appetite.

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 finance team, the heads of the Belgian, French, Italian and Swedish businesses, the Group Leasing Director, the research department and the Group Economist. The team reviews the item – 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 rest of the Company.

Additional controls have been put in place to identify and minimise risk through assigning responsibilities to certain executives and regularly reviewing procedures.

During the financial reporting period, the risk management policies and any changes were reviewed and discussed with the Supervisory Board and were approved by the Board of Management.

Strategic risk

Occurrence of a pandemic

Since early 2020, the global economy and our business have been heavily impacted by the COVID-19 pandemic. COVID-19 has resulted in (temporary) closures of our shopping centres and further restrictions for visitors to our shopping centres, when open. In all four countries where the Company operates shopping centres, the national and local governments have taken strict measures to limit the spread of the virus. The Company may be exposed to an increased risk due to COVID-19 or other epidemics or pandemics, which are likely to have a material adverse effect on the Company, its operations, financial position and/or results, financial forecast/guidance and share price. Factors potentially impacting the financial results and the financial forecast/guidance include: temporary or total closure of assets, rent concessions, decisions by tenants to reduce or cease their operations, retailer insolvencies or bankruptcies, ongoing local or national operational restrictions, such as customer capacity restrictions, ongoing closure of assets, cinemas, food courts, restaurants etc. and other measures aimed at containing and reducing the impact of viruses.

Evolution of the retail market

In the countries where the Company operates its shopping centres, online shopping has been increasing over the past years. However, physical retail still forms the foundation of our retailers' predominantly omnichannel business.

The Company owns shopping centres which have a good mix of shops and a supermarket/ hypermarket 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.

Country and sector weighting of assets

The Company invests in a relatively predictable real estate sector (retail) and in relatively wealthy and stable economies (Belgium, France, Italy and Sweden) to minimise economic and political risk. 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, reduces risk further, as well as the spread among a large number of tenants, with a relatively small exposure to any one single tenant (largest exposure to one single tenant is 4% of total portfolio rent).

Timing of investments and divestments

Timing is of fundamental importance in all investments and divestments, and management will take into account the broadest possible parameters, whether economic, political or fiscal.

The internal research teams maintain 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 information provided. 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 decision-making.

Risk Management (continued)

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Operational risk

Asset selection
The Company seeks to minimise risks by investing in properties where rents can survive a downturn in consumer spending and at a yield that provides an adequate return in light of financing costs. Management conducts thorough due diligence on assets before an acquisition is made, assisted by external parties including property consultants, lawyers, surveyors, tax advisers and accountants. The Company also has a potential asset rotation programme in place, which includes disposal of assets in the interest of the Group's financial position and to maintain a robust balance sheet.

Counterparty risks
The risk of the Company 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. 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 Conduct provides the core rules for management and staff exposed to counterparty risks.

Tenant selection and credit risk
The creditworthiness of tenants is researched thoroughly and bank guarantees or deposits are always required in Belgium, France and Italy but not in Sweden where this is not market practice. The credit risk in Sweden is no different as compared to the risk in other countries. Property performance is reviewed by analysing monthly retail sales and visitor numbers, vacancies and arrears. Such information allows the Board of Management to make prompt judgements 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
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 individual 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.

Property extension/redevelopment risk
Extensions and redevelopments will only proceed if planning consent has been received, the financing is arranged, the majority of the project is pre-let and other 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.

Taxation
The Company is tax-exempt in Belgium, France and The Netherlands and subject to corporate income tax in Italy and Sweden. It is difficult to assess whether the Company will have to pay more taxes in the future due to changes made to the tax systems in the countries where the Company operates, but it cannot be excluded.

Cybersecurity risk

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. The Company manages these cybersecurity risks as effectively as possible by identifying and classifying them and providing a business analysis of the impacts and of the processes linked to its digital assets.

Financial risk

Credit risk

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. The counterparty risk associated with these transactions is limited to the cost of replacing these agreements at the current market rate should an event of default occur. The Company, however, considers the risk of incurring losses as a result of default very low.

Interest rate risk

As the Company's policy is to have long-term investments, the borrowings used to fund them are also long-term (three to ten years but preferably for ten years or more). The Company uses fixed interest 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 1.6% and only 14% of the 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 €2.1 million, or 2.0%, of the reported direct investment result.

Liquidity risk

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.

Currency risk

The only significant foreign currency exposure for the Company is to the Swedish property markets. However, 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 portfolio 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 only 1.0% and in a decrease of only 1.3% of reported direct investment result.

Reporting risk

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 risk and reputation risk

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 a secondary listing on Euronext Brussels. All employees are made aware of the regulations, and procedures are in place to ensure that employees comply with the rules and are aware of the high standards of ethics applicable. It is very important that any, even small, deviation of what is required under these standards could trigger that the reputation of the Company and its management and staff becomes at risk. 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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Climate and related risks

We recognise that climate change poses risks to our assets, tenants, investors and local communities. Physical climate risks such as flooding are evaluated during our asset level risk assessments aligned with the international scheme of BREEAM In-Use. This year we have initiated a portfolio wide analysis of the impact of climate-related risks on our business and operations and we will report accordingly. Further, it is noted that the majority of the assets in the consolidated statement of financial position consists of investment property valued at fair value. We concluded that the effect of climate-related risks does not have a material impact on accounts and disclosures, including judgments and estimates in the financial statements for the financial year ended 31 December 2022. For more information, please refer to the Be Green chapter of the ESG section in this report.

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 2022, 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 2022 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 no internal audit department, but 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 2022, 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 2022.

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; (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 and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of this report.

Insurance

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.

Taxation

As a tax-exempt quoted Netherlands-based Fiscal Investment Institution, all investment income, whatever its source, is tax-free at the corporate level if it is distributed to shareholders. The Company is also 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.

Amsterdam, 19 April 2023
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 Act on Financial Supervision, we hereby state to the best of our knowledge that the financial statements for the financial year ended 31 December 2022 give a true and fair view of the assets, liabilities, financial position and results of the Group, and that the management 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, 19 April 2023
Board of Management
E.J. van Garderen
R. Fraticelli
J.P.C. Mills.

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Report of the Board of Supervisory Directors

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 2022, 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

Last year 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 2022, the aforesaid dividend policy and the guidance on the 2023 results provided by the Board of Management, the Supervisory Board supports the proposal of the Board of Management to declare a total dividend of €1.60 per share. An interim dividend of € 0.60 per share was already paid on 27 January 2023, representing 40% of the total cash dividend paid out the previous financial year (2021). The payment date of the final dividend of €1.00 per share will be Friday 7 July 2023. 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 9 June 2023.

Provision of information

During the financial year under review, there were nine formal meetings of the Supervisory Board which were also attended by the Board of Management. In the year under review there were numerous contacts between (members of) the Supervisory Board and (members of) the Board of Management to share information in respect of various subjects, as the impact of the COVID-19 pandemic on the business of the Company; per 1 May 2022 all restrictions due to the pandemic were lifted in our four countries. Other important topics discussed were the impact of the war in Ukraine, the high inflation levels and the rising interest rates. Also several workshops with external experts were held regarding the strategy of the Company. In addition to the extensive information provided in connection with these meetings, the Supervisory Board is kept informed on a monthly basis of activities and financial performance through monthly wide-ranging management accounts which contain detailed 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 role

The Supervisory Board fulfils its monitoring role through several channels. The monthly management accounts are reviewed by all members of the Supervisory Board and provide a starting point for assessing and monitoring the performance of the Company. These accounts are also regularly discussed between members of the Supervisory Board and the Chief Financial Officer. Points raised as a result of analysing the management accounts were discussed in the Board meetings throughout the year.

Among the recurring topics discussed in the Board meetings were:

- Strategy and risk
- Property and financial markets
- Management and financial accounts
- Bank covenants
- Rent collection, liquidity and funding
- Rent concessions and leasing
- Foreign currencies and dividend policy
- The system of internal controls, remuneration levels, IT systems and corporate governance
- ESG strategy and performance

The discussions included, inter alia, the impact of the COVID-19 pandemic on the business of the Company, rent collection, rent concessions, the changes in property markets, valuations and rents, the impact of the internet, e-commerce, social media and digitalisation in general. Also, marketing in the various countries, and the Company's bank loans and bank covenants were addressed and monitored during the financial reporting period. The Supervisory Board was informed of the liquidity of the Company on a weekly basis and about the the funding of the Company.

The Board was also informed on and actively discussed with the Board of Management the review and update of the strategy of the Company, aimed at is long term sustainble value creation. The review and updated resulted an increased 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 convened in total nine times in 2022. These meetings were mostly held at a shopping centre or in the Amsterdam office one meeting was held by videoconference. As the COVID – 19 travel restrictions were lifted, the members of the Supervisory Board have visited 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. The Supervisory Board also carried out a self-evaluation with the assistance of an external professional.

All meetings held during the financial year were attended by all Supervisory Board members, except that one member apologised for the August meeting. There have been no conflicts of interest.

Advisory role

There has been frequent contact between Supervisory Directors and the Board of Management, through formal and informal meetings, telephone calls and written communication. Furthermore, the Supervisory Board advised on matters relating to strategy, governance and international financial and economic trends such as interest rates and inflation.

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. This policy has resulted in a well-managed tenant mix and high occupancy. 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. The Company also has developed a Investor Relations Policy, which is published on the website.

Professional training

During the year, Supervisory Directors participated in seminars and courses provided by the big four audit firms and major 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 major retailors and retail specialists 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 and was published on the Company's website.

Gender diversity quota – new legislation

A bill introducing a quota for the supervisory boards of Dutch Amsterdam-listed companies and setting gender balance targets for board and senior management level of "large" listed and non-listed Dutch NVs and BVs has entered into force per 1 January 2022. In the event of non-compliance with the one-third quota, new appointments will be declared null and void. The Company's gender

Report of the Board of Supervisory Directors (continued)

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balance targets will have to be reported to the Dutch Social and Economic Council (SER) annually and be included in the management report for transparency purposes. Amsterdam-listed Dutch NVs and BVs will have to comply with a quota of at least one-third for both women and men on their supervisory boards. The Company complies with this new law as its Supervisory Board is composed of one male member and two female members. The Company has also developed gender balance targets for board and senior management levels.

Corporate governance

In accordance with the recommendations of the Netherlands Monitoring Committee of the Corporate Governance Code, 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 report of the auditors, as well as the Annual Report and the Interim Report. The KPMG audit plan was also discussed. The internal audit function is outsourced to the audit firm BDO. Although in early 2022 the COVID-19 circumstances delayed the implementation of the internal audit work, BDO has been able to examine and audit a number of business processes of the Company in accordance with the audit plan for 2022. The Audit Committee has analysed and reviewed the work performed by BDO for the year 2022 and discussed the audit plan for the year 2023. The Audit Committee has also discussed in detail the cybersecurity risk management policy and the plan to mitigate the related risks.

Nomination and Remuneration Committee

The committee is composed of all members of the Supervisory Board. Mr Steins Bisschop was until 24 November 2022 Chair of the Nomination and Remuneration Committee; since 25 November 2022 Mrs Laglas is Chair of the Nomination and Remuneration Committee. Remuneration of the Management Team was discussed in one meeting on the basis of the draft updated Remuneration Report. The final 2022 Remuneration Report will be posted on the website of the Company when this Annual Report is published. The combined Nomination/Remuneration Committee had numerous contacts and meetings regarding various aspects of succession in the Board of Management and the Supervisory Board and prepared proposals for the reappointment of Mr Steins Bisschop, Mrs Attout, Mr Fraticelli and Mr Mills at the AGM that was held on 14 June 2022. The Committee has 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 a candidate to the Supervisory Board 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 when he retires in 2024.

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 level of remuneration for the members of the Board of Management and other members of the Management Team reflects the differences in responsibilities of the members, as well as their individual performance.

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

The Supervisory Board proposed some amendments to the remuneration policy for the Board of Management, which include, among other changes, the introduction of ESG key performance indicators as performance targets and a decrease of the cap for short term incentives and an increase of the cap for long term incentives. This amendment of the remuneration policy was approved by the Annual General Meeting held on 14 June 2022.

Variable cash bonuses may be granted each year in addition to the base salary. Variable cash bonuses for Directors and members of the Management Team 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 to a maximum of one year's base salary and there is no minimum guaranteed number of performance shares. Mr Mills has joined a defined benefit pension scheme, which is limited by the applicable earnings cap. Mr Fraticelli joined a defined Italian contribution scheme and Mr van Garderen joined a defined contribution scheme with current annual premiums being capped using a maximum pensionable salary.

Supervisory Directors receive a fixed compensation only.

It is proposed for the financial year 2023 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 13 June 2023 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 2022, the Supervisory Board was composed as follows:

1. Bas Steins Bisschop (73), Chairman, of Dutch nationality, was appointed as member of the Supervisory Board in 2014 and reappointed in 2018 for a period of four 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 (63), of Belgian nationality, was appointed as a member of the Supervisory Board in 2018 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, Oxurion, Schréder and AG Insurance and she is a co-founder and director of the Belgian NGO "Women on Board", whose aim is to promote women in Boards of Directors.

3. Karin Laglas (63), of Dutch nationality, was appointed as a member of the Supervisory Board

Report of the Board of Supervisory Directors (continued)

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in 2019 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.

Rotation scheme

Under a rota devised by the Supervisory Board, each Director will retire by rotation every four years. This rotation scheme for the next few years is as follows:

2023: Mrs Laglas could be re- elected for another four years. The proposal for her reappointment will be put forward at the upcoming AGM.

2024: Mr Steins Bisschop's term will end.

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. After a thorough process with the involvement of a reputable search firm the Supervisory Board has decided to nominate Mr Bernard Roelvink as a member of the Supervisory Board to be appointed in the Annual General Meeting to be held on 13 June 2023 and to succeed Mr Steins Bisschop as Chairman of the Supervisory Board when he retires in 2024.

Mr Roelvink, 60, is a former partner and attorney-at-law of the Dutch law firm De Brauw Blackstone Westbroek, and is specialised in corporate law. 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.

Conclusion

We look back on an intense and 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, 19 April 2023

Board of Supervisory Directors

1. B.T.M. Steins Bisschop (Chairman)
2. E.R.G.M. Attout
3. K. Laglas



From left to right:

Karin Laglas
Bas Steins Bisschop
Emmanuèle Attout

Ten year financial summary*

Key financial information n consolidated

For the financial year ended	30-06-13 €'000	30-06-14 €'000	30-06-15 €'000	30-06-16 €'000	30-06-17 €'000	30-06-18 €'000	30-06-19 €'000	31-12-20** €'000	31-12-21 €'000	**31-12-22 €'000**
Profit or loss account										
Net property income***	144,368	146,978	145,528	155,370	163,036	171,828	178,606	253,254	163,211	**173,727**
Net interest expenses***	(51,769)	(52,674)	(45,780)	(38,727)	(41,260)	(42,326)	(45,766)	(63,166)	(39,413)	**(39,158)**
Company expenses ***	(10,576)	(11,206)	(12,297)	(14,645)	(12,434)	(13,743)	(13,766)	(18,042)	(11,020)	**(12,128)**
Total direct investment result	81,518	82,870	87,400	102,785	108,044	115,729	120,208	170,416	110,597	**119,544**
Total indirect investment result	41,790	16,920	80,374	104,614	152,709	(43,665)	(45,622)	(55,049)	(5,910)	**81,193**
Result after taxation	123,308	99,790	167,774	207,399	260,753	72,064	74,586	115,367	104,687	**200,737**
Balance sheet										
Total assets***	2,889,027	2,807,083	3,112,410	3,656,361	3,963,635	4,170,783	4,325,165	4,196,825	4,127,815	**4,044,208**
Property investments***	2,806,023	2,688,603	2,907,726	3,489,358	3,835,195	4,078,285	4,201,185	4,036,648	3,970,519	**3,832,846**
Cash and deposits***	51,422	85,372	170,249	131,541	90,424	44,278	75,566	64,401	59,095	**71,036**
Borrowings***	1,286,923	1,173,236	1,160,222	1,496,210	1,595,263	1,835,349	1,995,139	1,833,591	1,737,710	**1,619,501**
Shareholders' equity	1,366,064	1,386,632	1,658,245	1,791,670	1,973,694	1,939,784	1,906,559	1,885,597	1,957,702	**2,043,866**
Number of shares in issue after deduction of shares bought back, if any, at balance sheet date	41,740,054	42,319,567	47,388,471	47,978,844	48,631,957	49,358,734	49,534,024	49,402,758	52,146,993	**52,842,238**
Average number of shares in issue	41,410,071	42,311,667	42,916,246	47,729,745	48,364,199	49,046,502	49,585,907	49,302,982	50,778,635	**52,497,473**
Per share (€)										
Net asset value (IFRS)	32.73	32.77	34.99	37.34	40.58	39.30	38.49	38.17	37.54	**38.68**
Adjusted net asset value	36.47	36.74	39.24	43.00	46.42	45.08	44.83	41.78	40.63	**39.62**
Direct investment result	1.97	1.96	2.04	2.15	2.23	2.36	2.42	3.45	2.18	**2.28**
Indirect investment result	1.01	0.40	1.87	2.19	3.16	(0.89)	(0.92)	(1.11)	(0.12)	**1.54**
Dividend	1.92	1.94	1.98	2.05	2.10	2.15	2.18	Scrip+€0.50	Scrip+€1.50	**1.60**
Property information – Geographical spread (%)* **										
Belgium	0	0	0	0	0	11	13	15	15	**15**
France	41	39	41	36	35	31	29	24	22	**21**
Italy	37	39	38	43	43	37	37	39	40	**43**
Sweden	22	22	21	21	22	21	21	22	23	**21**
	100	100	100	100	100	100	100	100	100	**100**
Stock market – Euronext										
Closing price at the end of period (€ per share:)	28.20	36.02	37.41	38.45	34.99	36.36	23.50	15.38	19.09	**22.60**
Market cap	1,176,928	1,540,754	1,783,118	1,855,530	1,710,563	1,802,240	1,172,878	767,611	995,486	**1,194,235**

* This statement contains additional information which is not part of the IFRS financial statements.

** The figures are based on an eighteen month reporting period. These items have been restated due to the reclassification of Italian local tax from property expenses to current tax (net property income) and reclassification of interest on the put option non-controlling interest from direct investment result to indirect investment result.

*** The items net property income, net interest expenses, total assets, property investments, cash and deposits, borrowings and property information are presented including the Group's share of the joint ventures (proportional consolidation).

Note

The Company's shares are listed on Euronext Amsterdam and Brussels. The calculation of the direct and indirect investment results per share is based on the weighted average of the shares in issue over the financial year.

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Statement of consolidated direct, indirect and total investment results*

	Note	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Rental income	4	**199,307**	198,344
Service charge income	4	**42,741**	39,393
Service charge expenses	4	**(46,152)**	(41,547)
Property expenses	5	**(31,958)**	(41,091)
Interest income	11	**108**	11
Interest expenses** ****	11	**(37,323)**	(37,845)
Company expenses***	7	**(12,124)**	(11,020)
Other income	10	**3,707**	3,056
Current tax	12	**(2,247)**	(1,291)
Direct investment result including non-controlling interest		**116,059**	108,010
Direct investment result joint ventures	14	**6,232**	5,334
Direct investment result non-controlling interest	28	**(2,747)**	(2,747)
Total direct investment result attributable to owners of the Company		**119,544**	110,597
Investment revaluation and disposal of investment properties	6	**(13,211)**	(14,931)
Gain/loss (derivative) financial instruments	11	**131,612**	33,007
Investment expenses** ***	7/9	**(2,484)**	(598)
Deferred tax	12	**(43,632)**	(25,482)
Indirect investment result properties including non-controlling interest		**72,285**	(8,004)
Indirect investment result joint ventures	14	**11,938**	633
Indirect investment result non-controlling interest	28	**(3,030)**	1,461
Total indirect investment result attributable to owners of the Company		**81,193**	(5,910)
Total investment result attributable to owners of the Company		**200,737**	104,687
Per share (€)*****			
Total direct investment result		**2.28**	2.18
Total indirect investment result		**1.54**	(0.12)
Total investment result		**3.82**	2.06

* These statements contain additional information which is not part of the IFRS financial statements.
** The interest expenses and investment expenses in the actuals of this year differ slightly from the amounts in the consolidated profit or loss account due to a different accounting policy for pension costs.
*** The company expenses and investment expenses in the comparative figures in this statement differ slightly from the amounts in the consolidated profit or loss account due to a different accounting policy for pension costs.
**** The difference between the interest expenses and the gain (derivative) financial instruments in this statement and the consolidated profit or loss account is related to a different accounting policy for the interest on the put option non-controlling interest.
***** The average number of shares on issue (after deduction of the shares bought back) during the financial year was 52,497,473 compared with 50,778,635 for the financial year ending 31 December 2021.

Alongside the consolidated profit or loss account, the Company presents its direct and indirect investment results, enabling a better understanding of its performance. The direct investment result consists of net property income, net interest expenses, company expenses, other income and current tax. The indirect investment result consists of investment revaluation, disposal of investment properties, fair value movement of derivative financial instruments, investment expenses and deferred tax.

Statement of adjusted net equity*

	31-12-22 €'000	31-12-21 €'000
IFRS net equity per consolidated statement of financial position	**2,043,866**	1,957,702
Net derivative financial instruments	**(48,661)**	90,445
Net deferred tax	**111,482**	74,730
Net derivative financial instruments and net deferred tax joint ventures and non-controlling interest	**(13,092)**	(3,933)
Adjusted net equity	**2,093,595**	2,118,944
Number of shares in issue after deduction of shares bought back	**52,842,238**	52,146,993
Net asset value – € per share (IFRS)	**38.68**	37.54
Adjusted net asset value – € per share	**39.62**	40.63
Stock market prices – € per share	**22.60**	19.09

* These statements contain additional information which is not part of the IFRS financial statements.

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EPRA performance measures*

The European Public Real Estate Association (EPRA) promotes, develops and represents the European public real estate sector. EPRA sets out best practice reporting guidelines on a number of financial and operational performance indicators relevant to the real estate sector. The definitions of the EPRA performance indicators can be found in the glossary of this annual report.

			Per share €	
	31-12-22	31-12-21	**31-12-22**	31-12-21
EPRA earnings**	**114,671**	107,848	**2.17**	2.04
EPRA NRV	**2,201,489**	2,240,736	**41.63**	42.96
EPRA NTA	**2,043,437**	2,092,087	**38.64**	40.11
EPRA NDV	**2,053,196**	1,930,770	**38.82**	37.02

	Belgium		France		Italy		Sweden		Total	
%	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21
EPRA net initial yield	**4.6**	4.4	**5.2**	5.0	**6.0**	5.4	**5.6**	5.0	**5.5**	5.1
EPRA topped-up yield	**4.9**	4.6	**5.3**	5.0	**6.1**	5.6	**5.8**	5.1	**5.7**	5.2

	Belgium		France		Italy		Sweden		Total	
%	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21
EPRA vacancy rate	**1.7**	1.0	**2.9**	2.5	**0.6**	1.3	**1.7**	1.2	**1.5**	1.5

Reconciliation EPRA earnings:

	Twelve months ended 31-12-22	Twelve months ended 31-12-21
IFRS profit after taxation	**200,737**	104,687
Adjustments to IFRS profit after taxation:		
Investment revaluation and disposal of investment properties	**13,211**	14,931
Fair value movement derivative financial instruments	**(133,989)**	(35,148)
Deferred tax	**43,632**	25,482
Share of result of joint ventures	**(11,950)**	(643)
Share of result of non-controlling interest	**3,030**	(1,461)
EPRA earnings	**114,671**	107,848
Number of issued shares after deduction of shares bought back**	**52,842,238**	52,842,238
EPRA earnings per share (€) **	**2.17**	2.04

* These statements contain additional information which is not part of the IFRS financial statements.

** The EPRA earnings per share for the previous financial periods are based on the number of shares in issue as a result of the scrip dividend paid on 1 July 2022, resulting in 52,842,238 shares outstanding (after deduction of shares bought back).

Reconciliation NAV, EPRA NRV, EPRA NTA and EPRA NDV:

	EPRA NRV		EPRA NTA		EPRA NDV	
	31-12-22 €'000	31-12-21 €'000	**31-12-22 €'000**	31-12-21 €'000	**31-12-22 €'000**	31-12-21 €'000
IFRS equity Eurocommercial shareholders	**2,043,866**	1,957,702	**2,043,866**	1,957,702	**2,043,866**	1,957,702
Diluted NAV and Diluted NAV at fair value	**2,043,866**	1,957,702	**2,043,866**	1,957,702	**2,043,866**	1,957,702
Exclude:						
Deferred tax assets and liabilities	**123,877**	91,110	**61,938**	45,555	**n/a**	n/a
Deferred tax assets and liabilities Joint Ventures	**1,028**	(4,637)	**514**	(2,318)	**n/a**	n/a
Fair value financial instruments	**(48,761)**	90,445	**(48,761)**	90,445	**n/a**	n/a
Fair value financial instruments Joint Ventures	**(14,120)**	703	**(14,120)**	703	**n/a**	n/a
Include:						
Fair value of fixed interest rate debt	**n/a**	n/a	**n/a**	n/a	**9,330**	(26,932)
Real estate transfer tax	**93,674**	103,528	**n/a**	n/a	**n/a**	n/a
Real estate transfer tax Joint Ventures	**1,925**	1,885	**n/a**	n/a	**n/a**	n/a
NAV	**2,201,489**	2,240,736	**2,043,437**	2,092,087	**2,053,196**	1,930,770
Fully diluted number of shares	**52,888,098**	52,159,836	**52,888,098**	52,159,836	**52,888,098**	52,159,836
NAV per share (€)	**41.63**	42.96	**38.64**	40.11	**38.82**	37.02

* This statement contains additional information which is not part of the IFRS financial statements.

For the assets owned by our local subsidiaries in Sweden, deferred tax liabilities (DTL) are reported in the Group IFRS financial statements adopting the initial recognition exemption of IAS 12 Income taxes; consequently the DTL is €28.0 million higher than reported in the Group IFRS balance sheet.

EPRA NRV: Deferred tax assets and deferred tax liabilities (DTA and DTL) for capital gains or losses from property investments, property investments under development, property investments held for sale and financial instruments are excluded from IFRS equity for this calculation.

EPRA NTA: The Company adopted the option to reduce 50 per cent of the deferred taxes accounted for in the consolidated financial statements.

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EPRA performance measures* (continued)

Reconciliation EPRA net initial yield and EPRA topped-up yield:

	Belgium		France		Italy		Sweden		Total	
(€'000)	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21	**31-12-22**	31-12-21
Property investments	**578,090**	579,000	**810,280**	867,300	**1,439,950**	1,423,600	**814,626**	893,619	**3,642,946**	3,763,519
Land and property held for development	**(11,510)**	(9,500)	**(8,650)**	(14,500)	**(6,860)**	(7,800)	**(5,282)**	(2,927)	**(32,302)**	(34,727)
Investments in joint ventures	**0**	0	**0**	0	**189,920**	184,500	**0**	0	**189,920**	184,500
Property investments held for sale	**0**	0	**0**	22,500	**0**	0	**0**	0	**0**	22,500
Property investments completed	**566,580**	569,500	**801,630**	875,300	**1,623,010**	1,600,300	**809,344**	890,692	**3,800,564**	3,935,792
Purchasers' costs	**14,169**	13,465	**56,585**	61,738	**16,235**	19,892	**8,096**	5,468	**95,085**	100,563
Gross value property investments	**580,749**	582,965	**858,215**	937,038	**1,639,245**	1,620,192	**817,440**	896,160	**3,895,649**	4,036,355
Annualised net rents (EPRA NIY)	**26,442**	25,493	**44,385**	46,813	**98,741**	88,203	**45,434**	44,816	**215,002**	205,325
Lease incentives (incl. rent free periods)	**1,824**	1,417	**1,110**	476	**1,762**	2,058	**1,891**	607	**6,587**	4,558
Annualised rents (EPRA topped-up yield)	**28,266**	26,910	**45,495**	47,289	**100,503**	90,261	**47,325**	45,423	**221,589**	209,883
EPRA net initial yield %	**4.6**	4.4	**5.2**	5.0	**6.0**	5.4	**5.6**	5.0	**5.5**	5.1
EPRA topped-up yield %	**4.9**	4.6	**5.3**	5.0	**6.1**	5.6	**5.8**	5.1	**5.7**	5.2

* This statement contains additional information which is not part of the IFRS financial statements.

Reconciliation EPRA vacancy rate:*

	Total (€'000)	Estimated rental value of vacant space	Estimated rental value of the whole portfolio	EPRA vacancy rate
Belgium		**422**	**25,255**	**1.7%**
France		**1,318**	**45,114**	**2.9%**
Italy		**585**	**94,248**	**0.6%**
Sweden		**795**	**47,557**	**1.7%**
EPRA vacancy 31-12-22		**3,120**	**212,174**	**1.5%**
Belgium		242	24,246	1.0%
France		1,212	48,160	2.5%
Italy		1,236	94,575	1.3%
Sweden		571	48,347	1.2%
EPRA vacancy 31-12-21		3,261	215,328	1.5%

* This statement contains additional information which is not part of the IFRS financial statements.

Capital expenditure disclosure:*

	Twelve months ended 31-12-22			Twelve months ended 31-12-21		
	Group €'000	Joint Ventures** €'000	Total €'000	Group €'000	Joint Ventures** €'000	Total €'000
Acquisitions	**0**	**0**	**0**	47,926	0	47,926
Investment properties						
– Incremental lettable space	**11,619**	**2,727**	**14,346**	8,760	7,270	16,030
– No incremental lettable space	**10,095**	**115**	**10,210**	9,014	2,033	11,047
– Tenant incentives/capitalised letting fees	**4,821**	**232**	**5,053**	1,138	(144)	994
Capitalised interest	**19**	**23**	**42**	0	92	92
Total capital expenditure	**26,554**	**3,097**	**29,651**	66,838	9,251	76,089
Conversion from accrual to cash basis	**3,508**	**3,240**	**6,748**	7,912	4,053	11,965
Total capital expenditure on cash basis	**30,062**	**6,337**	**36,399**	74,750	13,304	88,054

* This statement contains additional information which is not part of the IFRS financial statements.

** Joint ventures are reported on a proportionate share.

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EPRA performance measures* (continued)

Reconciliation EPRA cost ratio:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Operating and company expenses	**43,322**	50,080
Net service charge	**3,411**	2,154
Other income/recharge intended to cover overhead expenses less any related profits	**(2,884)**	(2,333)
Net expenses joint ventures	**1,194**	2,616
Exclude if part above		
Service charge and property expenses recovered through rents	**(3,560)**	(4,232)
Service charge and property expenses recovered through rents joint ventures	**(462)**	(458)
EPRA costs (including direct vacancy costs)	**41,021**	47,827
Vacancy costs	**(1,642)**	(1,690)
EPRA costs (excluding direct vacancy costs)	**39,378**	46,137
Rental income	**199,307**	198,344
Less: Service charge and property expenses recovered through rents	**(3,560)**	(4,232)
Share of joint venture rental income	**10,268**	10,324
Less: Service charge and property expenses recovered through rents joint ventures	**(462)**	(458)
Gross rental income	**205,553**	203,978
EPRA cost ratio (including direct vacancy costs)	**20%**	23.4%
EPRA cost ratio (excluding direct vacancy costs)	**19.2%**	22.6%

* This statement contains additional information which is not part of the IFRS financial statements.

The EPRA cost ratio is not directly comparable between companies due to the costs associated with different countries of operation, business models and accounting treatments. The EPRA cost ratio is very sensitive to which property sector the company is investing in. The retail sector is an example where property expenses are in general much higher than in other sectors. Therefore the EPRA cost ratio only works for comparison purposes, if pure play property companies are compared.

Another important factor is whether the property company is investing in higher yielding properties or in lower yielding properties (usually higher quality properties). Investment in higher yielding properties will in most cases lead to a lower EPRA cost ratio, which wrongly suggests that a company is more cost efficient.

Capitalised overhead and operating expenses do not form part of the EPRA cost ratio, although EPRA recommends an additional disclosure on capitalised items. Eurocommercial does not capitalise any of its overhead or local offices costs to extensions or developments in its IFRS financial statements with the exception of some capitalised costs for the Italian office (2022: €0.7 million). In the above EPRA cost ratio calculation, and only for better comparison purposes, an additional amount of €3.2 million (2021: €2.7 million) of overhead and other operating expenses has been capitalised for the financial year 2022, so a total amount of €3.9 million.

EPRA LTV Metric:

(€'000) 31/12/2022	Group IFRS as reported €M	Share of Joint Ventures €M	Group Proportional Consolidation as reported €M	EPRA Adjustments €M	Share of Material Associates €M	Non-controlling interest €M	EPRA LTV Combined Interest €M
Include:							
Borrowings from financial institutions	**1,519.1**	**100.4**	**1,619.5**	**0**	**0**	**(73.2)**	**1,546.3**
Net payables*	**0**	**0**	**0**	**127.4**	**0**	**(0.8)**	**126.6**
Exclude:							
Cash and cash equivalents	**65.3**	**5.7**	**71.0**	**0**	**0**	**(0.6)**	**70.4**
Net debt (a)	**1,453.8**	**94.7**	**1,548.5**	**127.4**	**0**	**(73.4)**	**1,602.5**
Net debt (a)							
Investment properties at fair value	**3,642.9**	**189.9**	**3,832.8**	**0**	**0**	**(148.2)**	**3,684.6**
Intangibles	**0**	**0**	**0**	**3.2**	**0**	**0**	**3.2**
Total Property Value (b)	**3,642.9**	**189.9**	**3,832.8**	**3.2**	**0**	**(148.2)**	**3,687.8**
Net debt (a)							
LTV (a/b)	**39.9%**		**40.4%**				**43.5%**

(€'000) 31/12/2021	Group IFRS as reported €M	Share of Joint Ventures €M	Group Proportional Consolidation as reported €M	EPRA Adjustments €M	Share of Material Associates €M	Non-controlling interest €M	EPRA LTV Combined Interest €M
Include:							
Borrowings from financial institutions	1,645.8	91.9	1,737.7	0	0	(73.1)	1,664.6
Net payables*	0	0	0	114.9	0	(1.2)	113.7
Exclude:							
Cash and cash equivalents	55.6	3.5	59.1	0	0	(0.7)	58.4
Net debt (a)	1,590.2	88.4	1,678.6	114.9	0	(73.6)	1,719.9
Net debt (a)							
Investment properties at fair value	3,786.0	184.5	3,970.5	0	0	(148.4)	3,822.1
Intangibles	0	0	0	2.5	0	0	2.5
Total Property Value (b)	3,786.0	184.5	3,970.5	2.5	0	(148.4)	3,824.6
Net debt (a)							
LTV (a/b)	42.0%		42.3%				45.0%

* The net payables include the balances of long and short term trade, tax and other payables and receivables and the put option liability for non-controlling interest.

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Consolidated statement of profit or loss

	Note	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Rental income	4	**199,307**	198,344
Service charge income	4	**42,741**	39,393
Total revenue		**242,048**	237,737
Service charge expenses	4	**(46,152)**	(41,547)
Property expenses	5	**(31,958)**	(41,091)
Total expenses	2	**(78,110)**	(82,638)
Net property income	2	**163,938**	155,099
Share of result of joint ventures	14	**18,170**	5,967
Investment revaluation and disposal of investment properties	6	**(13,211)**	(14,931)
Company expenses	7	**(12,124)**	(11,118)
Investment expenses	9	**(2,459)**	(500)
Other income	10	**3,707**	3,056
Operating result		**158,021**	137,573
Interest income	11	**108**	11
Interest expenses	11	**(39,725)**	(39,986)
Gain (derivative) financial instruments	11	**133,989**	35,148
Net financing result		**94,372**	(4,827)
Profit before taxation		**252,393**	132,746
Current tax	12	**(2,247)**	(1,291)
Deferred tax	12	**(43,632)**	(25,482)
Total tax		**(45,879)**	(26,773)
Profit after taxation		**206,514**	105,973
Profit after taxation attributable to:			
Owners of the Company		**200,737**	104,687
Non-controlling interest	28	**5,777**	1,286
		206,514	105,973
Per share (€)*			
Profit after taxation	29	**3.80**	1.98
Diluted profit after taxation	29	**3.80**	1.98

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

* These results per share are based on the number of shares in issue after the balance sheet date as a result of the scrip dividend paid on 1 July 2022, resulting in 52,842,238 shares outstanding (after deduction of shares bought back). The diluted number of outstanding shares is 52,888,098 (2021: 52,855,081).

Consolidated statement of comprehensive income

	Note	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Profit after taxation		**206,514**	105,973
Foreign currency translation differences (subsequently reclassified to profit or loss)	27	**(36,282)**	(8,904)
Actuarial result on pension scheme (subsequently reclassified to profit or loss)	27	**6**	936
Total other comprehensive income		**(36,276)**	(7,968)
Total comprehensive income		**170,238**	98,005
Total comprehensive income attributable to:			
Owners of the Company		**164,461**	96,719
Non-controlling interest	28	**5,777**	1,286
		170,238	98,005
Per share (€)*			
Total comprehensive income		**3.11**	1.83
Diluted total comprehensive income		**3.11**	1.83

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

* These figures are based on the number of shares in issue after the balance sheet date as a result of the scrip dividend paid on 1 July 2022, resulting in 52,842,238 shares outstanding (after deduction of shares bought back). The diluted number of outstanding shares is 52,888,098 (2021: 52,855,081).

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Consolidated statement of financial position

Assets	Note	31-12-22 €'000	31-12-21 €'000
Property investments	13	**3,642,946**	3,757,419
Property investments under development	13	**0**	6,100
Investments in joint ventures	14	**95,965**	77,690
Tangible fixed assets	15	**3,848**	3,347
Deferred tax assets	21	**0**	9,288
Receivables	16	**137**	139
Derivative financial instruments	20	**62,006**	2,207
Total non-current assets		**3,804,902**	3,856,190
Property investments held for sale	13	**0**	22,500
Trade and other receivables	16	**65,085**	90,254
Prepaid tax	16	**2,133**	1,814
Cash and deposits	17	**65,307**	55,618
Total current assets		**132,525**	170,186
Total assets		**3,937,427**	4,026,376
Equity			
Issue shared capital	25	**533,492**	526,539
Share premium reserve	26	**263,774**	263,853
Currency translation reserve	27	**(83,812)**	(40,293)
Other reserves	27	**1,129,675**	1,102,916
Undistributed income		**200,737**	104,687
Equity attributable to the owners of the Company		**2,043,866**	1,957,702
Non-controlling interest	28	**67,305**	61,528
Total equity		**2,111,171**	2,019,230
Liabilities			
Trade and other payables	18	**14,070**	13,853
Tax payable	18	**0**	7,458
Borrowings	19	**1,322,723**	1,429,083
Derivative financial instruments	20	**13,345**	92,652
Deferred tax liabilities	21	**111,482**	84,018
Put option liability non-controlling interest	22	**63,448**	55,769
Provisions for pensions	23	**569**	1,162
Total non-current liabilities		**1,525,637**	1,683,995
Trade and other payables	18	**93,832**	96,451
Tax payable	18	**10,448**	10,004
Borrowings	19	**196,339**	216,696
Total current liabilities		**300,619**	323,151
Total liabilities		**1,826,256**	2,007,146
Total equity and liabilities		**3,937,427**	4,026,376

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

Consolidated statement of cash flows

	Note	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Profit after taxation		**206,514**	105,973
Adjustments:			
Movement performance shares granted	5/7/9	**(74)**	91
Investment revaluation and disposal of investment properties	6	**15,633**	10,272
(Derivative) financial instruments	11	**(133,989)**	(35,148)
Share of result of joint ventures	14	**(18,170)**	(5,967)
Interest income	11	**(108)**	(11)
Interest expenses	11	**39,714**	39,986
Deferred tax	12	**43,632**	25,482
Current tax	12	**2,247**	1,291
Depreciation tangible fixed assets	7	**1,858**	1,966
Other movements		**681**	772
Cash flow from operating activities after adjustments		**157,938**	144,707
Decrease/(increase) in receivables		**(2,658)**	5,009
(Decrease)/increase in creditors		**(1,264)**	(2,942)
		154,016	146,774
Current tax paid		**(1,209)**	(739)
Capital gain tax paid		**(7,909)**	(12,601)
(Derivative) financial instruments settled		**0**	(211)
Dividends received from joint ventures		**0**	2,000
Early close out cost		**0**	(2,609)
Employer pension contribution		**(564)**	0
Borrowing costs		**(1,654)**	(1,005)
Interest paid		**(34,402)**	(35,143)
Interest received		**196**	0
Cash flow from operating activities		**108,474**	96,466
Acquisitions of remaining 50% of joint venture		**0**	(42,244)
Capital expenditure		**(25,240)**	(25,688)
Sale of property		**100,999**	92,901
Investment in joint ventures		**(105)**	(345)
Decrease/(increase) loan to joint ventures		**7,000**	(9,900)
Additions to tangible fixed assets		**(503)**	(536)
Cash flow from investing activities		**82,151**	14,188
Borrowings added	19	**145,215**	238,257
Repayment of borrowings	19	**(245,347)**	(327,746)
Payments lease liabilities		**(1,167)**	(1,093)
Dividends paid		**(78,222)**	(24,705)
Increase in non-current creditors		**7**	36
Cash flow from financing activities		**(179,514)**	(115,251)
Net cash flow		**11,111**	(4,597)
Currency differences on cash and deposits		**(1,422)**	(220)
(Decrease)/increase in cash and deposits		**9,689**	(4,817)
Cash and deposits at beginning of year		**55,618**	60,435
Cash and deposits at end of year		**65,307**	55,618

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 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
31-12-2021	**526,539**	**263,853**	**(40,293)**	**1,102,916**	**104,687**	**1,957,702**	**61,528**	**2,019,230**
Profit 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**
Profit previous financial year	**0**	**0**	**0**	**4,221**	**(4,221)**	**0**	**0**	**0**
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**
Performance shares granted	**0**	**(75)**	**0**	**0**	**0**	**(75)**	**0**	**(75)**
31-12-2022	**533,492**	**263,774**	**(83,812)**	**1,129,675**	**200,737**	**2,043,866**	**67,305**	**2,111,171**

The movements in shareholders' equity in the financial year ended 31 December 2021 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
31-12-2020	249,548	513,315	(36,633)	1,044,000	115,367	1,885,597	60,242	1,945,839
Profit after taxation	0	0	0	0	104,687	104,687	1,286	105,973
Other comprehensive income	0	0	(3,660)	(4,308)	0	(7,968)	0	(7,968)
Total comprehensive income	0	0	(3,660)	(4,308)	104,687	96,719	1,286	98,005
Profit previous financial year	0	0	0	8,339	(8,339)	0	0	0
Issued shares	249,549	(249,549)	0	0	0	0	0	0
Dividends distribution in cash	0	(4)	0	0	(24,701)	(24,705)	0	(24,705)
Dividends distribution in shares	27,442	0	0	54,885	(82,327)	0	0	0
Performance shares granted	0	91	0	0	0	91	0	91
31-12-2021	526,539	263,853	(40,293)	1,102,916	104,687	1,957,702	61,528	2,019,230

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 Herengracht 469, 1017 BS in 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 2022 and ending 31 December 2022 will comprise the Company and its subsidiaries (together referred to as the "Group").

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as per 1 January 2022 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 2023. 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 2022 are adopted as such by the Group. Additional information on new standards, amendments, interpretations and the relating effect on the financial statements, if significant 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.

The financial statements are prepared on a going concern basis and have been authorized for issue on 19 April 2023. During the early part of 2022, particularly in January, the highly contagious Omicron variant affected footfall and therefore retail sales in the shopping centres. However, once the comparatively light government restrictions were lifted, retail sales once again rebounded strongly, so that overall our 2022 retail sales were above 2021 and even above the pre-pandemic 2019. For the 12 month reporting period to 31 December 2022 the Group reported an IFRS profit after taxation, attributable to the owners of the Company, of €200.7 million. As per 31 December 2022, the Group reported a negative working capital of €168.1 million, which is primarily related to the current borrowings of €196.3 million. A total amount €169.9 of the current borrowings relates to long term loans on the four properties in Sweden with Nordea Bank and Allianz which will be due in July 2023 (€107.9 million) and September 2023 (€62.0 million) respectively.

On 23 March 2023, the Company closed a three-year green loan for an amount of SEK 1.2 million (€107.9 million) with Nordea Bank and discussions have started for the financing of the remaining long-term loan refinancing maturing later in 2023 (€62 million). Furthermore, the Company has the possibility to use existing loan facilities for a total amount of €161 million and the cashflow generated by the operational result of the Company. Finally, the Board of Management have put in place several measures to preserve liquidity, amongst others the deferral of large development projects and the proposed option for shareholders to take up a stock dividend for July 2023 which may increase the available cash. Based on the performed stress testing the Board of Management concludes that in the anticipated scenarios sufficient liquidity remains available and/or other measures are at the disposal of the Company. Based on the above, our current knowledge and information, the Board of Management considers the preparation of the financial statements based on the going concern assumption appropriate.

(c) Change in accounting policies and reclassifications

The accounting policies adopted are consistent with those of the previous financial year.

Standards and interpretations issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

Notes to the consolidated financial statements (continued)

1. Principal accounting policies continued

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – 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. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. Earlier application is permitted.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1), effective date 1 January 2023
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts, effective date 1 January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) , effective date 1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8) , effective date 1 January 2023

(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.

(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.

1. Principal accounting policies continued

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 (74%)	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 Cremona Po 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 II 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.

(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.

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.

Notes to the consolidated financial statements (continued)

1. Principal accounting policies continued

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.

To avoid any double counting, 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 recognised initially at the present value and subsequently measured at amortised cost using the effective interest rate method. Any subsequent changes in the measurement of the put option non-controlling interest capitalized are recognised 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

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.

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.

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1. Principal accounting policies continued

Government grants
Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses (bad debts related to fully or partially waived rent payments) are recognised, unless the condition for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

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 certain staff 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.

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Notes to the consolidated financial statements (continued)

1. Principal accounting policies continued

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. 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	Herengracht 469, 1017 BS 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

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.

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**	**4,763**	**17,555**	**16,261**	**0**	**46,006**	**(3,265)**	**42,741**
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**	**33,345**	**78,009**	**38,387**	**0**	**173,727**	**(9,789)**	**163,938**
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**	**27,600**	**92,778**	**23,649**	**24**	**163,325**	**5,572**	**168,897**
Net financing result						**107,251**	**(12,879)**	**94,372**
Company expenses						**(12,128)**	**4**	**(12,124)**
Investment expenses						**(2,471)**	**12**	**(2,459)**
Other income						**2,186**	**1,521**	**3,707**
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**
Acquisitions, divestments and capital expenditure (including capitalised interest)	**3,713**	**(75,021)**	**6,448**	**6,217**	**0**	**(58,643)**	**(2,505)**	**(61,148)**

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**
Receivables	**9,080**	**33,292**	**11,034**	**6,358**	**588**	**60,352**	**(997)**	**59,355**
Loan to Joint Venture	**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**

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

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Notes to the consolidated financial statements (continued)

2. Segment information continued

2021

For the twelve months ended 31-12-21 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	25,453	49,425	87,474	46,316	0	208,668	(10,324)	198,344
Service charge income	6,277	6,130	14,329	15,267	0	42,003	(2,610)	39,393
Service charge expenses	(6,820)	(6,138)	(14,109)	(17,503)	0	(44,570)	3,023	(41,547)
Property expenses	(2,343)	(14,849)	(20,499)	(5,198)	0	(42,889)	1,798	(41,091)
Net property income	22,567	34,568	67,195	38,882	0	163,212	(8,113)	155,099
Share of result of joint ventures	0	0	0	0	0	0	5,967	5,967
Investment revaluation and disposal of investment properties	(13,263)	(19,194)	10,227	8,486	(38)	(13,782)	(1,149)	(14,931)
Segment result	9,304	15,374	77,422	47,368	(38)	149,430	(3,295)	146,135
Net financing result						(3,951)	(876)	(4,827)
Company expenses						(11,122)	4	(11,118)
Investment expenses						(510)	10	(500)
Other income						1,935	1,121	3,056
Profit before taxation						135,782	(3,036)	132,746
Current tax						(1,365)	74	(1,291)
Deferred tax						(28,444)	2,962	(25,482)
Profit after taxation						105,973	0	105,973
Acquisitions, divestments and capital expenditure (including capitalised interest)	2,406	(59,613)	16,842	2,062	0	(38,303)	37,796	(507)

As per 31-12-21 €'000	Belgium	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	579,000	889,800	1,608,100	893,619	0	3,970,519	(184,500)	3,786,019
Investment in joint ventures	0	0	0	0	0	0	77,690	77,690
Tangible fixed assets	0	1,269	1,228	207	643	3,347	0	3,347
Deferred tax assets	0	0	13,925	0	0	13,925	(4,637)	9,288
Receivables	6,564	56,986	8,626	4,937	711	77,824	(699)	77,125
Derivative financial instruments	0	0	(3)	0	2	(1)	15,083	15,082
Cash and deposits	0	0	2,715	391	0	3,106	(899)	2,207
	2,834	8,520	29,011	15,426	3,304	59,095	(3,477)	55,618
Total assets	588,398	956,575	1,663,602	914,580	4,660	4,127,815	(101,439)	4,026,376
Creditors	11,148	44,610	45,396	32,732	1,786	135,672	(7,906)	127,766
Borrowings	285,283	224,983	870,501	351,943	5,000	1,737,710	(91,931)	1,645,779
Derivative financial instruments	4,463	0	89,419	372	0	94,254	(1,602)	92,652
Deferred tax liabilities	0	0	0	84,018	0	84,018	0	84,018
Put option liability non-controlling interest	55,769	0	0	0	0	55,769	0	55,769
Provision for pensions	0	0	0	0	1,162	1,162	0	1,162
Total liabilities	356,663	269,593	1,005,316	469,065	7,948	2,108,585	(101,439)	2,007,146

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

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 2022, €1 was SEK 11.1218 (31 December 2021: SEK 10.2503). The average €/SEK exchange rate during 2022 was SEK 10.6232 (2021: SEK 10.1444).

4. Rental income and service charge income and expenses

Rental income

Rental income in the current financial year comprised:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Gross lease payments collected/accrued	**205,420**	202,624
Straight-lining of rent concessions	**(2,309)**	(4,237)
One off amortization of rent concessions	**(4,064)**	0
COVID-19 rent concessions	**0**	(1,522)
COVID-19 state support	**0**	1,097
Entry fees received/accrued	**260**	382
	199,307	198,344

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:

	As at 31-12-22 €'000	As at 31-12-21 €'000
– less than one year	**188,147**	163,098
– between one and five years	**371,734**	288,477
– more than five years	**138,445**	125,588
	698,325	577,163

The significant increase in the future aggregated minimum guaranteed rent between one and five years reported in the current financial year is mainly related to Belgium where the lease end date is applied as expected lease end date taking into account the applicable lease law for tenants to break the lease.

Approximately 1.69% of the rental income for the financial year ended 31 December 2022 is turnover rent (2021: 0.89%).

The Company has not recognised government assistance in relation to rent concessions for the financial year, as was the case for the previous financial year.

The following table sets out a maturity analysis of the rent concessions related to COVID-19 granted and accounted for under IFRS 16:

	As at 31-12-22 €'000	As at 31-12-21 €'000
– less than one year	**0**	2,310
– between one and five years	**0**	3,179
– more than five years	**0**	881
	0	6,370

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Notes to the consolidated financial statements (continued)

4. Rental income and service charge income and expenses continued

According to the amortization schedule of the capitalised COVID-19 lease incentives, the remaining balance as at 31 December 2022 would be € 4.1 million which has instead been fully written off to increase transparency, also considering that this residual amount is not material and relates to a past event whose effects are concluded. The main effect is that the direct investment result decreased with €4.1 million due to the one off amortisation, whereas the indirect investment result increased with € 4.1 million as a consequence of the elimination of this rent concession correction.

Service charge income and expenses

Service charge income of €42.7 million (2021: €39.4 million) represents income receivable from tenants for the services of utilities, caretakers etc. when the Group acts as principal.

Service charge expenses of €46.2 million (2021: €41.5 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.

5. Property expenses

Property expenses in the current financial year were:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Direct property expenses		
Bad debts (expected credit loss)	**2,372**	4,218
Centre marketing expenses	**2,411**	1,708
Impairment on tenant receivables (COVID-19 rent concessions)	**(1,114)**	8,068
Insurance premiums	**950**	829
Managing agent fees	**2,182**	2,056
Property taxes	**3,171**	3,416
Repair and maintenance	**1,096**	775
Shortfall service charges	**910**	832
	11,978	21,902
Indirect property expenses		
Accounting fees	**817**	791
Audit fees	**531**	392
Depreciation fixed assets	**457**	538
Depreciation right-of-use assets	**897**	802
Dispossession indemnities	**23**	25
Legal and other advisory fees	**1,920**	2,430
Letting fees and relocation expenses	**955**	1,257
Local office and accommodation expenses	**1,698**	1,535
Pension contributions	**198**	193
Salaries, wages and bonuses	**7,650**	7,217
Social security charges	**3,469**	3,167
Performance shares granted (IFRS 2)	**(22)**	28
Travelling expenses	**709**	330
Other local taxes	**667**	324
Other expenses	**11**	160
	19,980	19,189
	31,958	41,091

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

Depreciation right-of-use assets include the depreciation of right-of-use assets related to operating leases for the Company's Group offices in Milan for €408,000 (2021: €428,000), in Paris for €297,000 (2021: €181,000) and Stockholm for €192,000 (2021: €193,000). 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 €171,000 for the Paris office (2021: €134,000), €262,000 for the Milan office (2021: €366,000) and €24,000 for the Stockholm office (2021: €38,000). No depreciation is recorded for Brussels.

6. Investment revaluation and disposal of investment properties

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

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Revaluation of property investments	**(14,681)**	(9,827)
Revaluation of property investments under development	**547**	(1,474)
Revaluation of property investments held for sale	**0**	(533)
Divestment property sold	**(1,499)**	(994)
Elimination of accrued entry fees	**(134)**	(221)
Elimination of capitalised letting fees	**(2,992)**	(1,629)
Elimination of COVID-19 rent discounts	**6,373**	719
Movement long-term creditors	**(183)**	(523)
Foreign currency results	**(642)**	(449)
	(13,211)	(14,931)

The divestment property sold is a loss of €1,499,000, that relates to the sales of Passage du Havre and Les Grands Hommes (all in France) as a result of additional costs due to sale.

7. Company expenses

Company expenses in the current financial year comprised:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Audit fees	**458**	407
Depreciation fixed assets	**277**	362
Depreciation right-of-use assets	**227**	263
Directors' fees	**2,735**	2,423
IT expenses	**1,098**	1,036
Legal and other advisory fees	**970**	671
Marketing expenses	**193**	155
Office and accommodation expenses	**1,361**	1,314
Pension costs*	**0**	98
Pension contributions*	**585**	503
Salaries, wages and bonuses	**2,540**	2,475
Social security charges	**366**	412
Statutory costs	**358**	435
Performance shares granted (IFRS 2)	**(15)**	18
Travelling expenses	**251**	86
Other expenses	**720**	460
	12,124	11,118

* The pension costs are allocated to the indirect investment result and the pension contributions are allocated to the direct investment result.

Depreciation right-of-use assets includes the lease for the Company's head office at Herengracht 469, Amsterdam. This lease is a standard lease contract with no contingent rents and sublease payments and expires in September 2023. The depreciation of fixed assets for this financial year is €277,000 (2021: €362,000).

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Notes to the consolidated financial statements (continued)

8. Personnel costs

Total personnel costs in the current financial year comprised:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Salaries and wages	**10,474**	10,156
Social security charges and taxes	**4,540**	3,826
Pension costs	**1,023**	1,057
Bonuses	**3,108**	1,214
Performance shares granted (IFRS 2)	**(74)**	91
	19,071	16,344

Total personnel costs are partly presented under (indirect) property expenses €11,295,000 (2021: €10,605,000), partly under company expenses (remuneration of the members of the Board of Management inclusive) €6,056,000 (2021: €5,929,000) and partly under investment expenses €1,720,000 (2021: €45,000). These expenses do not include the remuneration of the members of the Supervisory Board. The pension costs consist of €783,000 of pension contributions (2021: €503,000) and an amount of €0 of fair value movement defined benefit plan (2021: positive amount of €98,000). 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 98 full-time equivalent persons during the financial year (2021: 92), of whom 16 are resident in The Netherlands, 6 in the UK, 31 in France, 34 in Italy and 11 in Sweden. The Group staff (members of the Board of Management excluded) holds 84,559 shares, representing 0.16% of the issued share capital of the Company.

9. Investment expenses

Investment expenses in the current financial year comprised:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Aborted acquisition costs	**315**	143
Bonuses (included in the bonus amounts as part of Personnel costs)	**1,421**	0
Social security charges and taxes related to bonuses (included in the amounts as part of Personnel costs)	**336**	0
Performance shares granted (IFRS 2)	**(37)**	45
Property valuation fees	**424**	312
	2,459	500

10. Other income

Other income is related to advisory, management and guarantee fees received from joint ventures and recharges of local management fees to tenants.

11. Net financing costs

Net financing costs in the current financial year comprised:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Interest income	**108**	11
Gross interest expenses	**(37,367)**	(37,846)
Interest on put option non-controlling interest*	**(2,377)**	(2,140)
Capitalised interest	**19**	0
Early close out costs	**0**	(2,609)
Fair value movement derivative financial instruments	**139,290**	38,921
Movement in present value put option (other than interest)	**(5,301)**	(1,164)
	94,372	(4,827)

* The interest on put option non-controlling interest is allocated to the indirect investment result.

11. Net financing costs continued

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 2.1% (2021: 1.9%).

The interest expenses related to lease liabilities for the financial year were €60,000 (2021: €60,000).

12. Taxation

Total tax in the current financial year comprised:

	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Current tax Italy	**920**	(498)
Current tax Belgium	**135**	310
Current tax Sweden	**1,183**	1,465
Current tax United Kingdom	**9**	14
Current tax	**2,247**	1,291
Deferred tax on unrealised value movements investment property Italy and Sweden	**15,302**	18,722
Deferred tax on unrealised value movements derivative financial instruments Italy and Sweden	**24,345**	4,757
Movement tax losses recognised Italy and Sweden	**3,985**	2,003
Deferred tax	**43,632**	25,482
Total tax	**45,879**	26,773
Tax-exempt income (including effect of FBI, FIIS and SIIC)	**45,212**	17,569
Result before tax attributable to Swedish tax rate of 20.6%	**10,787**	30,857
Result before tax attributable to Italian tax rate of 24%	**178,286**	78,369
Result before tax attributable to UK tax rate of 19.0%	**(62)**	(16)
Result before taxation	**234,223**	126,779
Tax on result before tax attributable to Swedish taxable subsidiaries at a tax rate of 20.6%	**2,222**	6,357
Tax on result before tax attributable to Italian taxable subsidiaries at a tax rate of 24%	**42,789**	21,865
Tax on result before tax attributable to UK taxable subsidiary at a tax rate of 19.0%	**(12)**	(3)
Property investments fiscal step up and realignment	**0**	(3,476)
Change in tax rate	**0**	187
Non-taxable income/expense Belgium, Italy, Sweden and UK	**880**	1,843
Total tax	**45,879**	26,773

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

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%, 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%.

The increase in the result before taxation attributable to Italy is mainly related to the positive properties revaluation and derivatives movement accounted in 2022.

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.

Notes to the consolidated financial statements (continued)

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 2022.

On 22 March 2022 the Company completed the sale of Les Grands Hommes, Bordeaux for a price of €22.5 million. On 24 March 2022 the Company also completed the sale of its remaining 50% ownership of the office and residential parts of Passage du Havre together with two smaller adjoining buildings to AXA - IM Alts, on behalf of clients which are the Companies joint venture partners, for a price of €57 million. The Company remained owner of 50% of the retail part of the main building of Passage du Havre representing a GLA of around 14,000m² and continued to manage this retail asset which includes 40 tenants anchored by Fnac. These sales were all achieved at or around their latest book values and form the final parts of the Company's €200 million disposal programme announced in August 2020.

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 2022 were as follows:

	31-12-2022					31-12-2021				
	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%	7.0%	1.3%	1.0%	2.7%
Purchasers' costs (€'000)	**14,456**	**56,745**	**14,326**	**8,148**	**93,675**	14,520	62,072	18,004	8,931	103,527

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.

Vacancy
EPRA vacancy for the property portfolio is 1.5% (31 December 2021: 1.5%).

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:

	31-12-22 Net value €'000	31-12-21 Net value €'000	**31-12-22 Costs to date €'000**	31-12-21 Costs to date €'000
Belgium	**578,090**	579,000	**658,953**	655,240
France	**810,280**	889,800	**602,119**	636,718
Italy	**1,439,950**	1,423,600	**1,051,079**	1,047,135
Sweden	**814,626**	893,619	**761,575**	755,357
Total	**3,642,946**	3,786,019	**3,073,726**	3,094,450
Less: Property investments under development	**0**	(6,100)	**0**	(13,104)
Less: Property investments held for sale	**0**	(22,500)	**0**	(22,871)
Property investments	**3,642,946**	3,757,419	**3,073,726**	3,058,475

The amount of €22.5 million of investment property held for sale as at 31 December 2021 related to Les Grand Hommes, Bordeaux. The investment property under development of €6.1 million as at 31 December 2021 related to the project adjoining Shopping Etrembières, which was completed during the financial year and which has been reallocated to the Property investments.

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 2022:

	31-12-22				31-12-21			
	Belgium	**France**	**Italy**	**Sweden**	Belgium	France	Italy	Sweden
Passing rent per m² (€; average)	**614**	**373**	**325**	**224**	587	373	309	244
Estimated rent value per m² (€; average)	**586**	**397**	**331**	**224**	575	393	323	245
Net initial yield (%; average)	**4.7**	**5.0**	**6.0**	**5.6**	4.4	4.9	5.4	5.0
Reversionary yield (%; average)	**4.4**	**5.5**	**5.8**	**5.6**	4.3	5.2	5.6	5.0
Inflation rate (%; min/max)*	**n.a.**	**n.a.**	**1.9/2.0**	**2.0/2.6**	n.a.	n.a.	1.3/1.7	2.0/2.5
Long-term growth in rental value (%; min/max)*	**n.a.**	**n.a.**	**1.8/2.0**	**2.0**	n.a.	n.a.	1.3/1.7	2.0/2.5

* 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.

	31-12-22					31-12-21				
	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	**(29,940)**	**(36,899)**	**(47,310)**	**(33,298)**	**(147,447)**	(32,420)	(40,750)	(48,940)	(35,582)	(157,692)
Increase average NIY by 50 bps	**(56,860)**	**(70,673)**	**(91,890)**	**(65,375)**	**(284,798)**	(61,810)	(78,200)	(93,470)	(72,344)	(305,824)
Decrease average NIY by 25 bps	**33,470**	**40,591**	**52,270**	**37,386**	**163,717**	35,940	45,975	53,480	48,210	183,605
Decrease average NIY by 50 bps	**71,150**	**72,406**	**108,230**	**77,678**	**329,464**	76,580	97,025	112,230	97,598	383,433
Increase ERV of 5%	**27,660**	**34,455**	**42,330**	**34,841**	**139,286**	28,640	36,675	39,240	41,576	146,131
Increase ERV of 10%	**55,310**	**68,756**	**84,680**	**68,519**	**277,265**	57,270	73,150	78,780	84,460	293,660
Decrease ERV of 5%	**(27,670)**	**(34,526)**	**(42,000)**	**(33,943)**	**(138,139)**	(28,640)	(36,350)	(35,040)	(40,491)	(140,521)
Decrease ERV of 10%	**(55,320)**	**(69,086)**	**(83,630)**	**(69,419)**	**(277,454)**	(57,270)	(72,900)	(78,750)	(84,148)	(293,068)

Changes in property investments and property investments held for sale for the financial year ended 31 December 2022 were as follows:

	Property investments 31-12-22 €'000	**Property investments held for sale 31-12-22 €'000**	Property investments 31-12-21 €'000	Property investments held for sale 31-12-21 €'000
Book value at beginning of year	**3,757,419**	**22,500**	3,776,848	34,400
Acquisitions	**0**	**0**	47,927	0
Transfer from joint venture	**0**	**0**	47,052	0
Capital expenditure – general	**10,095**	**0**	9,015	0
Capital expenditure – extensions and refurbishments	**11,266**	**0**	8,101	0
Capitalised interest	**19**	**0**	0	0
Capitalised letting fees	**2,993**	**0**	1,858	0
Capitalised rent concessions	**(6,373)**	**0**	(719)	0
Elimination of capitalised letting fees	**(2,993)**	**0**	(1,858)	0
Elimination of capitalised rent concessions	**6,373**	**0**	719	0
Revaluation of property investments	**(14,681)**	**0**	(9,793)	0
Revaluation of property investments held for sale	**0**	**0**	0	(533)
Reallocation from property investments held for sale	**0**	**0**	(23,033)	23,033
Reallocation from property investments under development	**7,000**	**0**	0	0
Book value divestment property	**(57,000)**	**(22,500)**	(80,000)	(34,400)
Exchange rate movement	**(71,172)**	**0**	(18,698)	0
Book value at end of year	**3,642,946**	**0**	3,757,419	22,500

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Notes to the consolidated financial statements (continued)

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

The capitalised rent concessions movement of €6.4 million negative is related to the straight-lining of the COVID-19 rent concessions for the properties in Italy as a result of the application of IFRS 16. According to the amortization schedule of the capitalised COVID-19 lease incentives, the amortization of the COVID-19 rent concessions for the year 2022 would be €2.4 million and the remaining balance as at 31 December 2022 would be € 4.1 million. To create more transparency, but also considering that this residual amount to be amortised is not material and as it linked to a past event whose effects are concluded, the Company has decided to write off the remaining amount of € 4.1 million in December 2022.

Changes in property investments under development for the financial year ended 31 December 2022 were as follows:

	31-12-22 €'000	31-12-21 €'000
Book value at beginning of year	**6,100**	4,400
Capital expenditure	**353**	659
Revaluation property investments under development	**547**	1,041
Reallocation to property investments	**(7,000)**	0
Book value at end of year	**0**	6,100

The investment property under development of €6.1 million as at 31 December 2021 relates to the project adjoining Shopping Etrembières, which was completed during the financial year and which has been reallocated to the property investments.

14. Investments in joint ventures

The Italian joint venture reported in this statement 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. There are no unrecognised losses and no restrictions on the joint ventures' cash dividends or on the repayment of loans and advances. During this financial year no dividend was paid by the joint venture (2021: €2.5 million).

The Italian joint venture is financed by ING and BNP Paribas who granted a loan of originally €177 million, maturing in 2026 with mortgage on the gallery of Fiordaliso, by Banca Intesa Sanpaolo who granted a loan of originally €21 million maturing in 2024 with a mortgage on the retail park of Fiordaliso, and by Banca Popolare di Milano who provided in 2020 a loan State guaranteed unsecured facility of originally €21.5 million with a mortgage on the new portion of the gallery of Fiordaliso opened in 2021 for a term of three years. Banca Popolare di Milano also provided in 2020 a loan State guaranteed unsecured facility of originally €5.5 million that is currently under contractual amortisation and that will be fully repaid on 30 June 2023. The loans are hedged with interest rate swaps, including forward starters, for a notional amount of €160 million, with an average maturity of 7.2 years and an average rate 0.18%. The two shareholders in addition granted in 2020 to the joint venture two intercompany loans for a total amount of €30 million with an interest rate at market, which are still outstanding at 31 December 2022 for a total amount of €16 million.

In March 2023, the existing ING and BNP Paribas loan, financing the gallery of Fiordaliso and maturing in 2026 with an outstanding amount at 31 December 2022 of €159 million loan (€79.5 million group share financing the shopping centre and retail park of Fiordaliso in Italy, has been qualified as a green loan, as the relevant proceeds have been used to finance this green property.

14. Investments in joint ventures continued

Property	**Fiordaliso**	Etrembières	Fiordaliso	Total
Country	**Italy**	France	Italy	
ECP ownership	**50%**	50%	50%	
Company name	**Galleria Verde S.r.l.**	SCI Winter and SCI Val Commerces	Galleria Verde S.r.l.	
	Twelve months ended 31-12-22	Period ended 05-11-21	Twelve months ended 31-12-21	Twelve months ended 31-12-21
Summarised profit or loss account	**€'000**	€'000	€'000	€'000
Rental income	**20,536**	3,772	16,876	20,648
Property expenses	**(968)**	(480)	(3,116)	(3,596)
Service charge income	**6,530**	406	4,814	5,220
Service charge expenses	**(6,520)**	(1,136)	(4,910)	(6,046)
Investment revaluation	**5,618**	(2,076)	4,374	2,298
Net interest expenses	**(3,888)**	0	(3,160)	(3,160)
Net derivatives movements	**29,646**	0	4,912	4,912
Other expenses to Group companies	**(3,042)**	0	(2,242)	(2,242)
Financial and investment expenses	**(32)**	(6)	(22)	(28)
Deferred tax	**(11,364)**	0	(5,924)	(5,924)
Corporate income tax	**(176)**	0	(148)	(148)
Result after taxation	**36,340**	480	11,454	11,934
Total comprehensive income	**36,340**	480	11,454	11,934
ECP share of total comprehensive income	**18,170**	240	5,727	5,967

Property	**Fiordaliso**	Etrembières	Fiordaliso	Total
Country	**Italy**	France	Italy	
ECP ownership	**50%**	100%	50%	
Company name	**Galleria Verde S.r.l.**	SCI Winter and SCI Val Commerces	Galleria Verde Srl	
Summarised statement of financial position	**31-12-22 €'000**	31-12-21 €'000	31-12-21 €'000	31-12-21 €'000
Property investments	**379,800**	0	369,000	369,000
Cash and deposits	**11,458**	0	6,954	6,954
Debtors	**1,994**	0	1,398	1,398
Deferred tax assets	**0**	0	9,274	9,274
Derivatives financial instruments (non-current)	**28,240**	0	1,798	1,798
Total assets	**421,492**	0	388,424	388,424
Creditors (current)	**9,722**	0	12,356	12,356
Borrowings (current)	**5,944**	0	3,590	3,590
Loan from Group companies (current)	**16,000**	0	30,166	30,166
Creditors (non-current)	**906**	0	3,456	3,456
Borrowings (non-current)	**194,934**	0	180,272	180,272
Deferred tax liabilities	**2,056**	0	0	0
Derivatives financial instruments (non-current)	**0**	0	3,204	3,204
Total liabilities	**229,562**	0	233,044	233,044
Net assets	**191,930**	0	155,380	155,380
ECP share of net assets in joint ventures	**95,965**	0	77,690	77,690

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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 Herengracht 469, 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 reporting period were:

	Right-of-use assets €'000	*Office equipment* €'000	*Total* €'000
Book value at 1 January 2021	3,541	1,213	4,754
Additions	229	543	772
Disposals	(201)	(7)	(208)
Depreciation	(1,065)	(900)	(1,965)
Exchange rate movement	(5)	(1)	(6)
Book value at 31 December 2021	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**

	Right-of-use assets €'000	**Office equipment €'000**	**Total €'000**
Cost at 31 December 2022	**7,040**	**9,120**	**16,160**
Accumulated depreciation	**(3,786)**	**(8,457)**	**(12,243)**
Accumulated exchange rate movement	**(19)**	**(50)**	**(69)**
Book value at 31 December 2022	**3,235**	**613**	**3,848**

During the financial year ended 31 December 2022, tangible fixed assets with a total cost price of €1,271,000 were disposed of or out of use (31 December 2021: €164,000).

16. Receivables

	31-12-22 €'000	31-12-21 €'000
Trade receivables		
Rents receivable	**43,063**	43,684
Provisions for bad debts (expected credit losses)	**(11,649)**	(10,066)
Provisions for bad debts (expected credit losses) – COVID-19 rent concessions	**(1,195)**	(5,398)
	30,219	28,220
Other receivables		
Funds held by managing agents	**9,697**	6,821
Loan to joint venture	**8,000**	15,000
VAT receivable	**2,414**	3,153
Settlement service charges	**674**	(175)
Deposit gift cards	**3,577**	4,084
Funds held by bank	**0**	21,499
Escrow account sale Grenoble	**1,900**	1,499
Other receivables and prepayments	**8,741**	10,292
	35,003	62,173
Total trade and other receivables	**65,222**	90,393
Prepaid Tax		
Other prepaid tax	**1,414**	1,095
COVID-19 government support	**719**	719
	2,133	1,814

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.

The funds held by bank are related to the transfer of the mortgage on the sold property Chasse Sud in favour of the bank Deutsche Hypo to shopping centre Etrembières and have been released after the registration of the new mortgage on 25 March 2022.

Receivables at 31 December 2022 include an amount of €137,000 (31 December 2021: €139,000) 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.

	31-12-22 €'000	31-12-21 €'000
Bank balances	**56,119**	55,550
Deposits	**9,188**	68
	65,307	55,618

18. Creditors

	31-12-22 €'000	31-12-21 €'000
(i) Current liabilities		
Interest payable	**8,612**	6,827
Lease liabilities	**1,169**	869
Local and property tax payable	**1,149**	1,320
Payable on purchased property/extensions	**14,006**	17,514
Rent received/invoiced in advance	**27,983**	29,413
Service charge accruals	**4,833**	3,410
VAT payable	**4,393**	10,507
Gift card debts	**3,577**	4,084
Other creditors and accruals	**28,110**	22,507
	93,832	96,451
(ii) Non-current liabilities		
Lease liabilities	**2,165**	1,711
Tenant rental deposits	**11,905**	12,142
	14,070	13,853
Tax payable		
Current liabilities corporate tax payable	**10,448**	10,004
Non-current liabilities corporate tax payable	**0**	7,458
	10,448	17,462

The corporate tax payable of €10.4 million under the current liabilities is mainly due to the fiscal step up of Italian tax book values.

19. Borrowings

	31-12-22 €'000	31-12-21 €'000
Book value at beginning of year	**1,645,779**	1,741,088
Drawdown of funds	**145,215**	238,257
Repayments	**(245,347)**	(327,746)
Exchange rate movement	**(27,519)**	(7,613)
Movement prepaid borrowing costs	**934**	1,793
Book value at end of year	**1,519,062**	1,645,779

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Notes to the consolidated financial statements (continued)

19. Borrowings continued

73% of the borrowings are at a floating interest rate (31 December 2021: 73%), rolled over for a period of generally three months. The interest rate risk is managed by using interest rate swaps and other derivatives. 27% 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 2021: 27%).

	Borrowings €'000	**Borrowing cost €'000**	**31-12-22 €'000**	**Fair value €'000**	**31-12-22 %**	31-12-21 €'000	Fair value €'000	31-12-21 %
Borrowings with floating interest rate	**1,111,253**	**(5,623)**	**1,105,630**	**1,105,630**	**73**	1,207,642	1,207,642	73
Borrowings with fixed interest rate	**415,409**	**(1,977)**	**413,432**	**404,102**	**27**	438,137	435,685	27
Total borrowings	**1,526,662**	**(7,600)**	**1,519,062**	**1,509,732**	**100**	1,645,779	1,643,327	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 significant.

The borrowings are all directly from major banks, with the exception of one loan which is from an insurance company, with an average committed unexpired term of over three years. Borrowings of €1,516 million are secured on property (31 December 2021: €1,559 million).

The average interest rate during the financial year ended 31 December 2022 on non-current borrowings including hedges was 2.2% (2021: 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 2022.

			31-12-22		31-12-21
Borrowings maturity profile	**Secured €'000**	**Unsecured €'000**	**Total borrowings €'000**	**Average interest rate as at 31 December %**	Total borrowings €'000
Current borrowings	**185,589**	**10,750**	**196,339**	**1.5**	216,696
Non-current borrowings:					
One to two years	**173,476**		**173,476**		210,967
Two to five years	**931,602**		**931,602**		988,405
Five to ten years	**225,245**		**225,245**		179,170
More than ten years	**0**		**0**		59,076
Total non-current borrowings	**1,330,323**	**0**	**1,330,323**	**2.2**	1,437,618
Borrowing costs	**(7,600)**	**0**	**(7,600)**		(8,535)
Total borrowings	**1,508,312**	**10,750**	**1,519,062**	**2.2**	1,645,779

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**
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)**			
	413,432	**1,105,630**	**1,519,062**	**2.6**	**5.4**	**3.4**
2021						
Euro	227,181	1,074,458	1,301,639	2.0	6.0	4.3
Swedish krona	213,408	139,267	352,675	2.0	3.3	3.4
Borrowing costs	(2,452)	(6,083)	(8,535)			
	438,137	1,207,642	1,645,779	2.0	5.8	3.9

* 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 Company at December 2022 excluding the effect of the interest rate swaps (2.6%). The average interest rate at December 2022 including the effect of interest rate swaps was 2.4%.

At 31 December 2022 the Company had entered into five sustainability linked loans for a total amount of €216.5 million. Two of these loans for a total amount of €117 million are also green loans. In 2023 the Company converted into "green" an additional loan and so far it has in total green and sustainability linked loans for an amount of €386 million (€306.5 million group share). Eurocommercial aims to further increase the number of its green and sustainability linked loans, by replacing the expiring borrowings or modifying the existing ones.

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	**31-12-22 €'000**	31-12-21 €'000
Receivables	16	**65,222**	90,393
Derivative financial instruments		**62,006**	2,207
Cash and deposits	17	**65,307**	55,618
		192,535	148,218

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

	31-12-22				31-12-21			
	Rents *receivable* €'000	**Provision for bad debts (expected *credit loss)* €'000**	**Other *receivables* €'000**	***Receivable*s €'000**	Rents receivable €'000	Provision for bad debts €'000	Other receivables €'000	Receivables €'000
Not due	**24,213**	**0**	**0**	**24,213**	17,089	0	0	17,089
Overdue by 0–90 days	**5,263**	**(2,747)**	**35,003**	**37,519**	6,313	(882)	62,173	67,604
Overdue by 90–120 days	**1,205**	**(1,092)**	**0**	**113**	3,048	(1,673)	0	1,375
Overdue by more than 120 days	**12,382**	**(9,005)**	**0**	**3,377**	17,234	(12,909)	0	4,325
	43,063	**(12,844)**	**35,003**	**65,222**	43,684	(15,464)	62,173	90,393

With respect to the rents receivable, the Group holds rental deposits from its tenants totalling €13.5 million (31 December 2021: €12.1 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 87% of borrowings are long term, with 15% 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 just 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 2022 was 39.9% on IFRS basis and 40.4% on consolidated basis (31 December 2021: 42% and 42.3% 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- (22%), A (25%), A- (7%), BBB+ (7%), BBB (20%), B+ (4%) and 15% have no rating from Fitch; and, Aa1 (11%), Aa3 (23%), A1 (35%), A3 (3%), Baa1 (18%), B1 (4%), Ba1 (2%) and 4% have no rating according to Moody's.

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:

	31-12-22				31-12-21			
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	**1,330,323**	**0**	**1,105,078**	**225,245**	1,437,617	0	1,199,372	238,245
Current borrowings	**196,339**	**196,339**	**0**	**0**	216,696	216,696	0	0
Interest derivative financial instruments	**(48,148)**	**(13,465)**	**(42,731)**	**8,048**	96,536	15,046	29,539	51,951
Financial liability related to put option non-controlling interest	**67,000**	**0**	**67,000**	**0**	67,000	0	67,000	0
Interest on borrowings	**185,463**	**52,015**	**119,791**	**13,657**	94,400	18,075	60,269	16,056
Non-current creditors	**13,541**	**6,631**	**4,672**	**2,238**	13,552	1,665	10,007	1,880
Non-current tax payable	**0**	**0**	**0**	**0**	7,892	0	7,892	0
Current creditors	**92,663**	**92,663**	**0**	**0**	95,582	95,582	0	0
Current tax payable	**10,448**	**10,448**	**0**	**0**	10,004	10,004	0	0
	1,847,629	**344,631**	**1,253,810**	**249,188**	2,039,279	357,068	1,374,079	308,132

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 significant foreign currency exposure for the Group. However, due to SEK loan facilities, this exposure is partly hedged. SEK borrowings amount to €323 million (31 December 2021: €352 million). The total property investments in Sweden are €815 million (31 December 2021: €894 million). Therefore 40% of this SEK exposure is hedged through these borrowings at 31 December 2022 (31 December 2021: 39%). 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 1.3% 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 2022 is a positive value of €48.6 million (31 December 2021: negative €90.4 million).

The interest rate hedge instruments as at 31 December 2022 have a weighted average maturity of over five years and the Company is hedged at an average interest rate of 1.6% (31 December 2021: 1.6%). Only 14% (31 December 2021: 25%) 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 €2.1 million (31 December 2021: €1.5 million) or 2% (31 December 2021: 1.4%) of reported direct investment result.

If at 31 December 2022, 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 €18.9 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 €20.0 million. Both calculations assume that all other variables were held constant and do not take into account the impact of deferred tax.

	31-12-22			
Maturity profile derivative financial instruments	**Notional amount €'000**	**31-12-22 Fair value €'000**	31-12-21 Notional amount €'000	31-12-21 Fair value €'000
Up to one year	**84,781**	**433**	62,000	(655)
From one year to two years	**135,911**	**5,093**	86,463	(2,206)
From two years to five years	**329,200**	**21,940**	434,389	(10,709)
From five years to ten years	**284,721**	**31,977**	297,660	(17,362)
Over ten years	**85,000**	**(10,782)**	85,000	(59,512)
	919,613	**48,661**	965,512	(90,444)

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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 €20 million (31 December 2021: €75 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 reported 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 €80 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 2022 were as follows:

Net derivative financial instruments	**31-12-22 €'000**	31-12-21 €'000
Book value at beginning of year	**(90,444)**	(129,593)
Fair value movement derivative financial instruments	**139,290**	38,921
Settlement derivative financial instruments	**0**	211
Exchange rate movement	**(185)**	16
Book value at end of year	**48,661**	(90,445)

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 2022) 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.

	31-12-22				31-12-21			
	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 (%)	**2.86**	**2.00**	**1.13**	**1.53**	0.75	2.00	1.19	(0.51)
Up to one year (€'000)	**46,581**	**149,758**	**84,781**	**84,781**	208,124	8,557	62,000	62,000
From one year to two years (€'000)	**164,743**	**8,732**	**135,911**	**135,911**	49,108	161,859	225,852	225,852
From two years to five years (€'000)	**856,028**	**75,574**	**329,200**	**329,200**	907,593	80,828	295,000	295,000
From five years to ten years (€'000)	**43,900**	**181,345**	**284,721**	**284,721**	48,900	130,270	297,660	297,660
Over ten years (€'000)	**0**	**0**	**85,000**	**85,000**	0	59,075	85,000	85,000
	1,111,252	**415,409**	**919,613**	**919,613**	1,213,725	440,589	965,512	965,512

The following table shows the periods in which the interest cash flows (variable interest is based on Euribor/Stibor as at 31 December 2022) 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 31-12-22	**Borrowings floating rate €'000**	**Borrowings fixed rate €'000**	**Swaps fixed rate €'000**	**Swaps floating rate €'000**	**Total €'000**
Up to one year	**44,531**	**7,485**	**9,706**	**(23,066)**	**38,655**
From one year to two years	**48,796**	**4,930**	**8,712**	**(27,466)**	**34,972**
From two years to five years	**53,463**	**12,601**	**20,067**	**(44,043)**	**42,089**
From five years to ten years	**3,501**	**10,157**	**19,236**	**(24,031)**	**8,863**
Over ten years	**0**	**0**	**40,564**	**(27,722)**	**12,843**
	150,291	**35,173**	**98,285**	**(146,328)**	**137,421**

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	31-12-22 €'000 Carrying amount	31-12-22 €'000 Fair value	31-12-21 €'000 Carrying amount	31-12-21 €'000 Fair value
Receivables	16	A	**65,222**	**65,222**	92,207	92,207
Derivative financial instruments		C	**62,006**	**62,006**	2,207	2,207
Cash and deposits	17	A	**65,307**	**65,307**	55,618	55,618
			192,535	**192,535**	150,032	150,032
Creditors	18	A	**118,348**	**118,348**	127,766	127,766
Borrowings	19	A	**1,519,062**	**1,509,732**	1,645,779	1,681,246
Put option liability non-controlling interest	22	A	**63,448**	**63,448**	55,769	55,769
Derivative financial instruments		C	**13,345**	**13,345**	92,652	92,652
			1,714,203	**1,704,873**	1,921,966	1,957,433

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 €413,432,000), the fair value was based upon the relevant yield curves.

For the borrowings with a floating interest rate (carrying amount of €1,105,630,000), 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 significant. 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.

Climate and related risks
We recognize that climate change poses risks to our assets, tenants, investors and local communities. Physical climate risks such as flooding are evaluated during our asset level risk assessments aligned with the international scheme of BREEAM In-Use. Eurocommercial conducted an initial study in 2022 in order to understand the physical risks from climate change to our assets by reviewing information from relevant websites and databases. Our climate risk assessment included evaluating transition risks. Input was solicited from local teams and senior management to determine the potential likelihood and impact of each risk on our organisation. Based on the results, management will assess current business plans and determine if additional steps are needed to safeguard our assets and minimise negative effects.

21. Deferred tax assets and liabilities

Deferred tax assets are attributable to the following items in the current year and previous is entirely related to Italy:

	31-12-21 €'000	Recognised 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	**(7,713)**	**7,713**	**0**	**0**	**0**	**0**
Derivative financial instruments	**777**	**(777)**	**0**	**0**	**0**	**0**
Tax value of loss carry-forwards recognised	**16,224**	**(16,224)**	**0**	**0**	**0**	**0**
Total deferred tax assets	**9,288**	**(9,288)**	**0**	**0**	**0**	**0**

Deferred tax assets are attributable to the following items in the previous reporting period :

	31-12-20 €'000	Recognised in profit or loss €'000	Release to profit or loss due to property sale €'000	Reallocation to tax payable €'000	Exchange rate movement €'000	31-12-21 €'000
Investment property	1,302	(11,176)	1,948	213	0	(7,713)
Derivative financial instruments	5,396	(4,619)	0	0	0	777
Tax value of loss carry-forwards recognised	18,160	(1,936)	0	0	0	16,224
Total deferred tax assets	24,858	(17,731)	1,948	213	0	9,288

21. Deferred tax assets and liabilities continued

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

	31-12-21 €'000	Recognised 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 recognised	**0**	**12,240**	**0**	**0**		**12,240**
Total deferred tax liabilities	**(84,018)**	**(34,343)**	**0**	**0**	**6,879**	**(111,482)**

As at 31 December 2022, the total amount of deferred tax liabilities of €111.5 million is for an amount of €79.3 million related to Sweden and for an amount of €32.2 million to Italy .

For the assets owned by our local subsidiaries in Sweden, deferred tax liabilities (DTL) as at 31 December 2022 are reported in the Group IFRS financial statements adopting the initial recognition exemption of IAS 12 Income taxes; consequently the DTL is €28.0 million higher than reported in the balance sheet.

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

	31-12-20 €'000	Recognised in profit or loss €'000	Release to profit or loss due to property sale €'000	Reallocation to tax payable €'000	Exchange rate movement €'000	31-12-21 €'000
Investment property	(78,131)	(7,544)	0	0	1,661	(84,014)
Derivative financial instruments	137	(139)	0	0	(2)	(4)
Tax value of loss carry-forwards recognised	68	(67)	0	0	(1)	0
Total deferred tax liabilities	(77,926)	(7,750)	0	0	1,658	(84,018)

As at 31 December 2021, the total amount of deferred tax liabilities of €84.0 million is entirely related to Sweden.

For the assets owned by our local subsidiaries in Sweden, deferred tax liabilities (DTL) as at 31 December 2021 are reported in the Group IFRS financial statements adopting the initial recognition exemption of IAS 12 Income taxes; consequently the DTL is €28 million higher than reported in the balance sheet.

22. Put option liability non-controlling interest

Changes in put option liability non-controlling interest for the financial year ended 31 December 2022 were as follows:

Financial liability related to the put option non-controlling interest	31-12-22 €'000	31-12-21 €'000
Book value at beginning of year	**(55,769)**	(52,464)
Interest put option non-controlling interest	**(2,377)**	(2,140)
Movement of put option non-controlling interest Belgium	**(5,302)**	(1,165)
Book value at end of year	**(63,448)**	(55,769)

The put option non-controlling interest Belgium of €63.5 million represents the financial liability related to the put option accounted for at the present value of the liability, where the minority shareholder has the right to sell its shares in Eurocommercial Properties Belgium S.A. The minority shareholder can exercise its rights at its sole discretion after a five year period has lapsed since September 2019 or earlier under specific conditions pursuant to the shareholders agreement. The discount rate applied in the amortised cost calculation is 4.1%. The variable component in the exercise price (net asset value of the subsidiary) is updated as per the reporting date (impact negative €5.3 million) and according to the accounting policies accounted for in the statement of profit or loss.

Notes to the consolidated financial statements (continued)

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.

The major categories of plan assets are as follows:

	31-12-22 €'000	31-12-21 €'000
Cash and cash equivalents	**246**	450
Unquoted investment funds – mixed	**7,125**	10,891
	7,371	11,341

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 31-12-22 €'000	**Defined benefit obligation 31-12-22 €'000**	**Benefit liability 31-12-22 €'000**	Fair value of plan assets 31-12-21 €'000	Defined benefit obligation 31-12-21 €'000	Benefit liability 31-12-21 €'000
Book value at beginning of year	**11,341**	**(12,503)**	**(1,162)**	10,130	(12,010)	(1,880)
Service cost	**0**	**0**	**0**	0	0	0
Interest income/(expenses)	**202**	**(227)**	**(25)**	59	(158)	(99)
Pension cost charged to profit or loss account	**202**	**(227)**	**(25)**	59	(158)	(99)
Return on plan assets	**(4,167)**	**0**	**(4,167)**	512	0	512
Actuarial changes arising from changes in assumptions	**0**	**4,593**	**4,593**	0	705	705
Experience adjustments	**0**	**(420)**	**(420)**	0	(281)	(281)
Actuarial result on pension scheme charged to OCI	**(4,167)**	**4,173**	**6**	512	424	936
Contributions by employer	**564**	**0**	**564**	0	0	0
Benefits paid	**(62)**	**62**	**0**	(62)	62	0
Exchange rate movement	**(507)**	**555**	**48**	701	(820)	(119)
Book value at end of year	**7,371**	**(7,940)**	**(569)**	11,340	(12,502)	(1,162)

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 2022. The discount rate is 4.8% (31 December 2021: 1.9%) and pension increase is 3.2% (31 December 2021: 3.4%). The life expectancy for pensioners at the age of 60 is 26.3 years and 28.5 years for men and women respectively (31 December 2021: men 26.3 years and women 28.4 years).

A quantitative sensitivity analysis for significant assumptions as at 31 December 2022 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 2022	Liabilities (€'000)	**7,679**	**8,215**	**8,202**	**7,689**	**8,126**

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 2022 (31 December 2021: approximately 18 years).

As all four active members of the Scheme opted out as per 1 June 2016 and based on an amended investment and funding strategy for the Scheme, it is expected that no contributions are to be paid by the employer under the Company's defined benefit plan for the next financial year (31 December 2022: €0).

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. Previously, these leases were classified as operating leases un IAS 17.

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).

	31-12-22 €'000	31-12-21 €'000
Balance at the beginning of the financial year	**2,499**	3,541
Additions to right-of-use assets	**1,942**	229
Disposal of right-of-use assets	**(49)**	(201)
Depreciation for the period	**(1,124)**	(1,065)
Exchange rate movement	**(33)**	(5)
Balance as at the end of the financial year	**3,235**	2,499

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).

	31-12-22 €'000	31-12-21 €'000
Balance at the beginning of the financial year	**(2,580)**	(3,590)
Lease payments for the period	**1,167**	1,093
Additions to lease liabilities	**(1,942)**	(229)
Disposal of lease liabilities	**49**	201
Interest expenses	**(60)**	(60)
Exchange rate movement	**32**	5
Balance as at the end of the financial year	**(3,334)**	(2,580)

The Company uses a discount rate of 2%.

iii. Amounts recognised in profit or loss

	Twelve months 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Interest from lease liabilities	**60**	60
Depreciation right-of-use assets	**1,124**	1,065
Expenses related to short-term and/or low-value leases	**27**	28
Total	**1,211**	1,153

iv. Amounts recognised in statement of cash flows

	Twelve months 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Lease payments of lease liabilities	**1,167**	1,093
Interest expenses on lease liabilities	**60**	60
Total cash outflow for leases	**1,227**	1,153

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 53,349,162 shares are issued and fully paid as at 31 December 2022 and of which 506,924 were bought back as at 31 December 2022.

The weighted average number of shares in issue in the current financial year is 52,497,473. The number of shares in issue (after deduction of shares bought back) as per 31 December 2022 is 52,842,238. The Company's shares are listed on Euronext Amsterdam and Brussels. 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.

	31-12-22 €'000	31-12-21 €'000
Book value at beginning of year	**526,539**	249,548
Increase nominal values shares	**0**	249,549
Dividend paid in shares	**6,953**	27,442
Book value at end of year	**533,492**	526,539

On 1 July 2022 the Company paid a cash dividend of €1.50 per share and a mandatory scrip dividend of 1 new share for every 75 existing shares. As a result of the aforementioned mandatory scrip dividend 695,245 shares were issued with a nominal value of €10 each, which increased the nominal share capital of the Company with €6,952,450.

	2022 No. of shares	2021 No. of shares
Number of shares on issue at beginning of year	**52,653,917**	49,909,682
Shares (issued) for dividends in shares	**695,245**	2,744,235
Number of shares on issue at end of year	**53,349,162**	52,653,917
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	**52,842,238**	52,146,993

Net asset value per share

The net asset value per share is €38.68 at 31 December 2022 (31 December 2021: €37.54).

Shares bought back

During the current financial year no shares were bought back and as per 31 December 2022 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 2019	PSP 2022	Total
Grant date	**11-11-2019**	**01-07-2022**	
Vesting date	**11-11-2022**	**01-07-2025**	
Share price at grant date	**€27.50**	**€20.22**	
Dividend yield	**7.63%**	**7.07%**	
Fair value per performance share	**€21.87**	**€16.36**	
Performance shares granted	**14,923**	**45,860**	**60,783**
Performance shares forfeited	**(2,750)**	**0**	**(2,750)**
Performance shares vested	**0**	**0**	**0**
Performance shares not vested	**(12,173)**	**0**	**(12,173)**
Outstanding performance shares at end of the year	**0**	**45,860**	**45,860**

Movements in the number of performance shares during the year	PSP 2019	PSP 2022	Total
Performance shares at beginning of year	**12,843**	**0**	**12,843**
Performance shares granted	**0**	**45,860**	**45,860**
Performance shares forfeited	**(670)**	**0**	**(670)**
Performance shares vested	**0**	**0**	**0**
Performance shares not vested	**(12,173)**	**0**	**(12,173)**
Outstanding performance shares at end of year	**0**	**45,860**	**45,860**

The expenses for the performance shares granted (IFRS 2) are €74,000 negative (2021: €91,000 positive). The outstanding performance shares as per 31 December 2022: 45,860 (31 December 2021: 12,843). As at 31 December 2022, the outstanding performance shares represent 0.09% of the issued share capital (31 December 2021: 0.02%).

26. Share premium reserve

	31-12-22 €'000	31-12-21 €'000
Book value at beginning of year	**263,853**	513,315
Performance shares granted (IFRS 2)	**(75)**	91
Increase for nominal values of shares	**0**	(249,549)
Cost for dividends paid	**(4)**	(4)
Book value at end of year	**263,774**	263,853

27. Currency translation reserves and other reserves

	31-12-22 €'000	31-12-21 €'000
Book value at beginning of year	**1,062,623**	1,007,367
Profit previous financial year	**4,221**	8,339
Dividend paid in shares	**15,295**	54,885
Foreign currency translation differences	**(36,282)**	(8,904)
Actuarial result on pension scheme	**6**	936
Book value at end of year	**1,045,863**	1,062,623

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Notes to the consolidated financial statements (continued)

28. Non-controlling interest

Non-controlling interest is 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, part of the Woluwe shopping centre. No dividends were paid during the financial year to the minority shareholder.

	31-12-22 €'000	31-12-21 €'000
Non-current assets	**578,090**	579,000
Current assets	**11,309**	9,398
Non-current liabilities	**(312,981)**	(336,233)
Current liabilities	**(11,204)**	(9,491)
Net assets	**265,214**	242,674
Result after taxation	**22,539**	(5,109)
Total comprehensive income	**22,539**	(5,109)
Calculation value minority shares		
Balance at the beginning of the year	**61,528**	60,242
Profit after taxation contributable to non-controlling interest	**5,777**	1,286
Equity attributable to non-controlling interest at the end of the year	**67,305**	61,528

29. Earnings per share

Basic earnings per share
The Company's shares are listed on Euronext Amsterdam and Brussels.

The calculation of basic earnings per share of €3.80 at 31 December 2022 (2021: €1.98) was based on the profit attributable to shareholders of €200.7 million (31 December 2021: €104.7 million) and total number of shares outstanding at the end of the financial year ended 31 December 2022 of 52,842,238 as calculated below.

Profit attributable to shareholders:

	31-12-22 €'000
Profit for the year	**200,737**
Issued shares (after deduction of shares bought back) at beginning of the year	**52,146,993**
Number of shares issued (dividend in shares)	**695,245**
Total number of shares (after deduction of shares bought back) at the end of the year	**52,842,238**

Diluted earnings per share
The calculation of diluted earnings per share of €3.80 at 31 December 2022 (2021: €1.98) was based on the profit attributable to holders of shares of €200.7 million (31 December 2021: €104.7 million) and a total number of shares (diluted) outstanding at the end of the year ended 31 December 2022 of 52,888,098, as calculated below.

Profit attributable to shareholders (diluted):

	31-12-22 €'000
Profit for the year	**200,737**
Total number of shares at the end of the year	**52,842,238**
Granted performance shares	**45,860**
Total number of shares (diluted)	**52,888,098**

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 extention project agreed with the Municipality of Curno for an estimated residual amount of €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 2022. 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)	**31-12-22 €'000**	31-12-21 €'000
Net borrowings (total borrowings less cash and deposits)	**1,548,465**	1,678,615
Property investments	**3,642,946**	3,757,419
Property investments under development	**0**	6,100
Property investments held by joint ventures	**189,900**	184,500
Property investments held for sale	**0**	22,500
Total property investments	**3,832,846**	3,970,519
LTV (%)	**40.4%**	42.3%

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 €155,000 (2021: €235,000) in respect of gross remuneration paid to the members of the Supervisory Board to be specified as follows:

	31-12-22 €'000	31-12-21 €'000
B.T.M. Steins Bisschop	**61**	61
E.R.G.M. Attout	**47**	47
C. Croff	**0**	40
K. Laglas	**47**	47
J.–Å. Persson	**0**	40

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**	
	31-12-22 €'000	31-12-21 €'000	**31-12-22 €'000**	31-12-21 €'000	**31-12-22 €'000**	31-12-21 €'000
Salary	**475**	475	**508**	508	**469**	482
Housing allowance	**0**	0	**0**	35	**14**	11
Bonus	**332**	71	**356**	76	**322**	71
Pension premiums (defined contribution plan)	**82**	67	**70**	117	**88**	79
Social security charges	**10**	9	**309**	162	**123**	76
Performance shares granted (IFRS 2)	**(5)**	5	**(5)**	6	**(5)**	5
	894	627	**1,238**	904	**1,011**	724

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 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 €3,298,000 (2021: €2,439,000).

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 2022, 7,245 performance shares have been granted to the Board of Management under the Performance Share Plan. At 31 December 2022, the outstanding performance shares held by the Board of Management represent 0.01% of the issued share capital.

For more information about the Performance Share Plan, reference is made to note 25.

19.19% (€14,072) of the amount included in the consolidated statement of profit or loss (€73,341) 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 2022, E.J. van Garderen holds 31,238 shares, which includes 11,706 vested performance shares, in total representing 0.06% of the issued share capital of the Company. R. Fraticelli holds 28,372 shares, which includes 8,843 vested performance shares, in total representing 0.05% 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.

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. 2022 €'000	**Other KPMG Network 2022 €'000**	**Total KPMG 2022 €'000**	KPMG Accountants N.V. 2021 €'000	Other KPMG Network 2021 €'000	Total KPMG 2021 €'000
Audit of the financial statements	**331**	**499**	**830**	409	402	811
Other audit engagements	**17**	**21**	**38**	0	0	0
Total audit fees	**348**	**520**	**868**	409	402	811

34. Post balance sheet events

On 23 March 2023 the Company closed a three-year green loan for an amount of SEK 1.2 billion (circa €110 million) with Nordea Bank ABP on three properties in Sweden.

AG Insurance NV/SA exercised their put option under the shareholders agreement that the Company has with them since September 2019 when they contributed part of Woluwe Shopping into the Belgian subsidiary of the Company, which is the owner of the Brussels shopping centre, in exchange for a minority stake of 25.63%. The Company has acquired this minority stake on 18 April 2023, so that it now owns 100% of the shares in the Belgian subsidiary and therefore 100% of Woluwe Shopping. The price paid is the exercise price of the put option and is based on the net asset value of the shares in the Belgian subsidiary. The price amounted to € 69.6 million and was funded using available cash and credit lines.

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 13 June 2023 at 13.30 hours (CET), to declare a total dividend of €1.60 per share for the financial year ended 31 December 2022. A cash interim dividend of €0.60 per share was already paid on 27 January 2023 (31 December 2021: €1.50 total cash dividend per share and a mandatory scrip dividend of one new share for each seventy-five shares held). The distribution date of the final dividend of €1.00 per share will be Friday 7 July 2023. 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 9 June 2023.

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Company financial statements

Company balance sheet

(before profit appropriation)

Assets	Note	31-12-22 €'000	31-12-21 €'000
Investments in subsidiaries	3	**1,906,915**	1,813,095
Tangible fixed assets	4	**2,457**	1,906
Total non-current assets		**1,909,372**	1,815,001
Due from subsidiaries	5	**295,639**	341,686
Receivables	6	**501**	776
Cash and deposits	8	**10,065**	3,067
Total current assets		**306,205**	345,529
Total assets		**2,215,577**	2,160,530
Liabilities			
Creditors	9	**6,355**	3,521
Due to subsidiaries	10	**99,095**	135,864
Current lease liabilities	13	**570**	361
Borrowings	11	**0**	5,000
Total current liabilities		**106,020**	144,746
Provision for pensions	12	**569**	1,162
Long-term lease liabilities	13	**1,674**	1,151
Put option liability non-controlling interest	14	**63,448**	55,769
Total non-current liabilities		**65,691**	58,082
Total liabilities		**171,711**	202,828
Net assets		**2,043,866**	1,957,702
Shareholders' equity	15		
Issued share capital		**533,492**	526,539
Share premium reserve		**263,774**	263,853
Legal reserve subsidiaries		**649,247**	554,292
Currency translation reserve		**(83,812)**	(40,293)
Retained profit reserve		**480,428**	548,624
Undistributed income		**200,737**	104,687
		2,043,866	1,957,702

Company financial statements (continued)

Company statement of profit or loss

	Notes	Twelve months ended 31-12-22 €'000	Twelve months ended 31-12-21 €'000
Company expenses	16	**(4,784)**	(5,318)
Operating result		**(4,784)**	(5,318)
Interest income	17	**7,210**	6,970
Interest expenses	17	**(2,478)**	(2,557)
Net derivatives movement	7	**0**	(188)
Movement of put option non-controlling interest	14	**(5,301)**	(1,165)
Other income and financing costs	17	**8,417**	9,326
Net financing income	17	**7,848**	12,386
Profit before taxation		**3,064**	7,068
Current tax		**0**	0
Profit from subsidiaries after taxation	3	**197,673**	97,619
Profit after taxation		**200,737**	104,687

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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 International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as per 1 January 2022 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 2022 were as follows:

	31-12-22 €'000	31-12-21 €'000
Book value at beginning of year	**1,813,095**	1,820,847
Dividends from subsidiaries	**(80,000)**	(100,000)
Investments	**18**	0
Result from subsidiaries via reserves	**(23,871)**	(5,371)
Profit from subsidiaries	**197,673**	97,619
Book value at end of year	**1,906,915**	1,813,095
Cost at end of year (less dividends received)	**60,129**	140,111
Cumulative result from subsidiaries via reserves	**(35,729)**	(11,858)
Cumulative profit from subsidiaries	**1,882,515**	1,684,842
Book value at end of year	**1,906,915**	1,813,095

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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. These costs are depreciated over the expected useful lives of the assets concerned varying from two to five years. The movements in the current financial year were:

	Right-of-use assets €'000	Office equipment €'000	Total €'000
Book value at 1 January 2021	2,018	569	2,587
Additions	75	390	465
Disposals	(201)	(6)	(207)
Depreciation	(444)	(495)	(939)
Book value at 31 December 2021	1,448	458	1,906
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**
Cost at 31 December 2022	**3,778**	**5,193**	**8,971**
Accumulated depreciation	**(1,615)**	**(4,899)**	**(6,514)**
Book value at 31 December 2022	**2,163**	**294**	**2,457**

During the financial year ended 31 December 2022, tangible fixed assets for an amount of €64,000 were out of use (31 December 2021: no tangible fixed assets were disposed of or were out of use).

5. Due from subsidiaries

The balance of €295.6 million at 31 December 2022 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 3.7% (31 December 2021 3.1%).

6. Receivables

	31-12-22 €'000	31-12-21 €'000
Prepayments	**501**	660
VAT receivable	**0**	116
	501	776

7. Derivative financial instruments

The Group has exposure to credit risk, liquidity risk and foreign currency risk from its use of financial instruments.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the separate financial statements of the Company.

	2022 €'000	2021 €'000
Book value at beginning of the year	**0**	188
Unrealised fair value movement interest rate swaps	**0**	(188)
Book value at end of the year	**0**	0

8. Cash and deposits

Cash and deposits of €10.1 million consist of amounts held as bank balances. All bank balances are freely available.

9. Creditors

	31-12-22 €'000	31-12-21 €'000
Interest payable	**0**	15
Remuneration payable	**2,134**	829
VAT payable	**2,217**	922
Other creditors and accruals	**2,004**	1,755
	6,355	3,521

10. Due to subsidiaries

The balance of €99.1 million at 31 December 2022 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 2.03% (2021: 1.4%).

11. Borrowings

	2022 €'000	2021 €'000
Book value at beginning of year	**5,000**	10,000
Drawdown of funds	**0**	95,000
Repayments	**(5,000)**	(100,000)
Book value at end of year	**0**	5,000

12. Provisions for pensions

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

13. Leases

As per 31 December 2022, right-of-use assets are reported as part of the Company's tangible fixed assets for an amount of €2.2 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 €1.7 million respectively.

	2022 €'000	2021 €'000
Book value at beginning of year	**(1,512)**	(2,050)
Initial recognition of lease liabilities	**0**	0
Additions	**(1,272)**	(75)
Disposals	**37**	201
Lease payments	**546**	446
Interest on lease liabilities	**(43)**	(34)
Book value at end of year	**(2,244)**	(1,512)

14. 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.

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Notes to the company financial statements (continued)

15. 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
01-01-2022	**526,539**	**263,853**	**554,292**	**(40,293)**	**548,624**	**104,687**	**1,957,702**
Profit 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**
31-12-2022	**533,492**	**263,774**	**649,247**	**(83,812)**	**480,428**	**200,737**	**2,043,866**

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
01-01-2021	249,548	513,315	748,375	(36,633)	295,625	115,367	1,885,597
Profit previous financial year	0	0	0	0	8,339	(8,339)	0
Profit for the year	0	0	0	0	0	104,687	104,687
Increase nominal value shares	249,549	(249,549)	0	0	0	0	0
Dividend distribution in cash		(4)	0	0	0	(24,701)	(24,705)
Dividend distribution in shares	27,442	0	0	0	54,885	(82,327)	0
Performance shares granted	0	91	0	0	0	0	91
Actuarial gain on pension scheme	0	0	0	0	936	0	936
Foreign currency translation differences	0	0	0	(3,660)	(5,244)	0	(8,904)
Movement of legal reserve	0	0	(194,083)	0	194,083	0	0
31-12-2021	526,539	263,853	554,292	(40,293)	548,624	104,687	1,957,702

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 reserve subsidiaries and the reserve for foreign currency translation. The amounts recognised by these reserves amount to €649 million (31 December 2021: €554 million) and negative €53 million (31 December 2021: negative €40 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.

15. 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 €83.8 million mainly relates to investments in Sweden.

16. Company expenses

Company expenses in the current financial year comprised:

	2022 €'000	2021 €'000
Audit fees	**429**	385
Depreciation fixed assets	**972**	939
IT expenses	**1,739**	1,036
Legal and other advisory fees	**1,157**	704
Marketing expenses	**193**	155
Office and accommodation expenses	**1,152**	1,736
Pension costs	**716**	465
Salaries, wages, bonuses and performance shares granted*	**7,529**	6,498
Social security charges*	**2,320**	1,947
Statutory costs	**354**	435
Travelling expenses	**569**	214
Other expenses	**765**	808
	17,896	15,322
Recharge of company expenses to subsidiaries	**(13,112)**	(10,004)
	4,784	5,318

* Including Directors' fees.

The Company employed an average of 53 full-time equivalent persons during the financial year (2021: 48), of whom 16 are resident in The Netherlands, 6 in the UK, 31 in France. An analysis of the Directors' fees is provided in note 32 of the consolidated financial statements.

17. Net financing income

The net financing income of €7.9 million (2021: €12.4 million) comprises interest income due from subsidiaries of €7.2 million (2021: €7.0 million); interest expenses from borrowings and put option non-controlling interest amounting to €2.5 million (2021: €2.6 million); net derivatives movement and put option liability non-controlling interest of €5.3 million (2021: €1.4 million) and other income and financing costs of €8.4 million (2021: €9.3 million). The other income and financing costs consist of €8.9 million positive (2021: €9.3 million positive) for guarantees in favour of financial institutions for debts incurred by Group subsidiaries and €0.5 million negative (2021: €0.0 million) for foreign currency results.

18. 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 €919 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 €202 million and €160 million respectively.

Amsterdam, 19 April 2023

Board of Management
E.J. van Garderen
R. Fraticelli
J.P.C. Mills

Board of Supervisory Directors
B.T.M. Steins Bisschop, Chairman
E.R.G.M. Attout
K. Laglas

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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

5 May 2023	Announcement of first quarter results 2023
13 June 2023 at 13.30 hours	Annual General Meeting of Shareholders
15 June 2023	Ex-dividend date
7 July 2023	Dividend distribution date
25 August 2023	Announcement of half-year results 2023

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 five 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. (5.01% – notification 13 April 2023), Cohen & Steers (4.96% - notification 18 January 2023), Ameriprise Financial Inc (4.59% - notification date 19 October 2022) 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 and Brussels and is admitted to the Amsterdam Midcap (AMX).

For the year 01/01/2022 to 31/12/2022		High	Low	Average
Closing price 31 December 2022 (€; shares)	**22.60**	**25.92**	**18.35**	**21.98**
Average daily turnover (in shares)	**72,274**			
Average daily turnover (€'000,000)	**1.6**			
Total turnover over the past 12 months (€'000,000)	**411.8**			
Market capitalisation (€'000,000)	**1,194**			
Total turnover divided by market capitalisation	**34.48**			

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.

ISIN – Code: NL 0015000K93, symbol: ECMPA

Stock market prices are followed by Bloomberg: ticker: ECMPA NA

Valuers

The following independent firms have valued the Company's properties (including the properties held by joint ventures) at 31 December 2022:

Belgium:	Cushman & Wakefield
France:	JLL, Knight Frank, Cushman & Wakefield
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 2022 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 2022 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted 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 2022 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 2022 of Eurocommercial Properties N.V. (hereafter: 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 2022;
2 the following consolidated statements for the twelve months ended 31 December 2022: profit or loss, comprehensive income, changes in equity and cash flows; and
3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as 31 December 2022;
2 the company statement of profit or loss for the twelve months ended 31 December 2022; and
3 the notes comprising a summary of the accounting policies and other explanatory information.

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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 were 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 20 million • 0.5% of Total Assets • Lower materiality for results from net property income: EUR 10 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

Kopian överensstämmer med originalet
Mathias Tom

Fraud/Noclar, Going concern and Climate related risks
• Fraud & Non-compliance with laws and regulations (Noclar) related risks: the presumed fraud risk on management override of controls and a fraud risk related to possible conflict of interest in real estate transactions. • Going concern related risks: no significant going concern risks identified; and • Climate related risks: the response of the Board of Management to possible future effects of climate change and their anticipated outcomes have been disclosed in the chapter 'Environmental, Social and Governance' of the annual report. 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 matters
• Valuation of investment property • Real estate transactions

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 20 million (2021: EUR 16 million). The materiality is determined with reference to total assets (0.5% (2021: 0.4%)). We consider total assets as the most appropriate benchmark because of the nature of the business, the level of activities and asset value is likely the primary focus of the users of the financial statements evaluating Eurocommercial Properties N.V.'s financial performance. Materiality changed compared to last year due to selection of total assets as the reference amount rather than total equity. We have reassessed the reference amount and concluded that total assets is a better base for materiality for the reasons mentioned above. 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 10 million (2021: EUR 8 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 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.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 0.8 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Other information (continued)

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Scope of the group audit

Eurocommercial Properties N.V. is at 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 France, Belgium, 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.

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 chapter 'Corporate Governance' 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.

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, among 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.

Furthermore, we performed relevant inquiries with the Board of Management and Supervisory Board and other relevant functions, such as Internal Audit, Legal Counsel and Compliance. As part of our audit procedures, we:

— assessed other positions held by Board of Management members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
— evaluated investigation reports on indications of possible fraud and non-compliance; and
— evaluated correspondence with supervisory authorities and regulators, such as the AFM, as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

— Anti-money laundering laws and regulations; and

— Anti-bribery and corruption laws and regulations.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

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 risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Other information (continued)

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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 investment property and other judgments for bias by the Board of Management. This included retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

— We incorporated elements of unpredictability in our audit, which amongst others included inspection of expenses which were recharged to the Company by employees. We have also inspected a sample of invoices related to services provided by third parties associated with each acquisition and disposal of investment property.

Fraud risk in relation to conflict of interest in real estate transactions

Risk:

A fraud risk is identified in relation to bribery and corruption in the context of the use of agents and/or business partners as part of real estate transactions and related potential conflicts of interest.

Responses:

We refer to our key audit matter.

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

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.

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Audit response to going concern

As explained in note 1(b) to 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:

— we considered whether the assessment of the going concern risks performed by the Board of Management includes all relevant information of which we are aware as a result of our audit;

— we considered whether the developments in share price, including the discount in comparison with the net asset value per share, indicates a significant going concern risk;

— we analysed the financial position of the Group 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 significant going concern risks, including the term of the agreement and any covenants.

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

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 targets are in line with the Paris Agreement to operate carbon neutral for scope 1 and 2 emissions by 2030. The target for scope 3 emissions is to be evaluated in 2023.

The Board of Management has assessed, against the background of the Company's business and operations at a high level 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 section 'Environmental, Social and Governance' of the annual report.

The Board of Management prepared the financial statements, considering whether the implications from climate-related risks and targets have been appropriately accounted for and disclosed and concluded that climate-related risks and targets do not have a material impact on the current financial statements. 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:

Other information (continued)

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- 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 assessments. The purpose is to understand the client's risk assessment and the climate roadmap to become carbon neutral for scope 1 and 2 emissions by 2030. The Company has performed a physical climate risk assessment including scenario analysis, but the preparation of the climate roadmap is in progress. Further, we assessed how this target was translated into investment decisions and the related potential impact of climate-related risks 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 above we concluded that climate-related risks have no material impact on the 2022 financial statements under the requirements of EU-IFRS and no material impact on our key audit matters.

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

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Our key audit matters

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 matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year there have been no significant changes in any of the key audit matters.

Valuation of investment property

Description

Investment property amounts to €3.8 billion and represent 95% of the Group's total assets as at 31 December 2022.

Investment property is 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 investment property 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 investment property 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 2022, 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;
- 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 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, including the adequate disclosure of the material valuation uncertainty statements in the applicable independent external valuation reports.

Other information (continued)

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Our observation

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

Real estate transactions

Description

As part of the normal course of business real estate transactions (acquisitions and disposals of investment property) take place. Acquisitions and disposals of investment property are significant transactions which are subject to error due to the nature of these transactions. Transactions often involve a variable consideration (earn-outs, rental guarantees, etc.) and are structured as asset deals or share deals (depending on tax considerations). In addition to the risk of error, a fraud risk is identified in relation to the use of agents and/or business partners related to real estate transactions and related potential conflicts of interest.

We selected the disposals of Les Grands Hommes, Bordeaux and the remaining 50% ownership of the office and residential parts of Passage du Havre, Paris to be in scope for both the risk of error and risk of fraud. These transactions are disclosed in note 13 to the financial statements

Given the size and complex nature of these transactions we consider the accounting for these real estate transactions to be a key audit matter.

Our response

With the involvement of the KPMG component auditor in France, we performed audit procedures in respect of the disposals of investment property to ensure these transactions are accurately accounted for. These procedures included obtaining an understanding of the transaction agreement, related cash movements and testing of the accounting entries to record the disposal.

In respect of the fraud risk related to real estate transactions, local auditors obtained an understanding of management's anti-fraud controls (for example, counterparty due diligence, four-eyes principle). Further we performed procedures, such as the evaluation of fees and commissions paid, to verify whether there was any indication of a conflict of interest.

At group level, we also inspected minutes of Board of Management meetings in which these transactions are discussed to verify that the governance around the transactions is appropriate, and the required approvals are obtained.

Finally, we verified whether the disclosures in Notes 1 and 13 to the financial statements in respect of investment property transactions are in conformity with EU-IFRS.

Our observation

Overall, we assess that the disposal of both properties is adequately accounted for and disclosed in the financial statements. Furthermore, based on our procedures on both transactions, we did not identify indications of possible conflict of interest.

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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, 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.

Report on other legal and regulatory requirements and ESEF

Engagement

On 3 November 2015 we were engaged by the General Meeting of Shareholders as auditor of Eurocommercial Properties N.V., as of the audit for the year 2015/2016 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'

Other information (continued)

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(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;
  - 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.

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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.

A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 19 April 2023

KPMG Accountants N.V.

W.L.L. Paulissen RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Other information (continued)

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Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.