EPP

SUMMARISED CONSOLIDATED FINANCIAL RESULTS

FOR THE 12 MONTHS ENDED 31 DECEMBER 2018

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

FINANCIAL HIGHLIGHTS

- Net operating income up 38% to **€143 million** (2017: €103.3 million)
- Distributable earnings up 26% to **€96 million** (2017: €76.6 million)
- Distributable income per share up 6.7% to **€11.60 cents** (2017: €10.87 cents)
- Investment properties up 33% to **€2.2 billion** (2017: €1.65 billion)
- Successfully executed acquisitions of over **€400 million**
- Total asset value up 27% to **€2.5 billion** (2017: €1.95 billion)
- Net asset value excluding deferred tax ("NAV") up 20% to **€1.18 billion** (2017: €928 million)
- NAV per share up 2.4% to **€1.35** (2017: €1.32)
- Loan-to-value ("LTV") of **51.9%** (2017: 47.4%)
- Cost of debt was **2.33%** (2017: 2.14%) with a weighted maturity of 3.9 years

OPERATIONAL HIGHLIGHTS

RETAIL

- Total retail gross lettable area ("GLA") increased by 54% to **684 000 m^2** (2017: 444 350 m^2)
- Vacancies improved to **0.4%** (2017: 1.4%)
- Footfall increased to over **100 million**
- Footfall and sales up **+1%**
- Like-for-like NRI growth **4.2%**
- Successfully acquired five quality retail assets totalling **240 000 m^2** GLA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Audited 2018 €'000	Audited 2017 €'000
Rental income and recoveries*	**157 506**	151 706
Straight-line rental income	**–**	504
Service charge income	**39 610**	–
Property operating expenses	**(54 442)**	(48 955)
Net property income	**142 674**	103 255
Other income	**378**	713
Other expenses	**(1 414)**	(1 348)
Administrative expenses	**(15 821)**	(15 586)
Net operating profit	**125 817**	87 034
Net gain from fair value adjustment on investment properties	**17 473**	75 305
Profit from operations	**143 290**	162 339
Finance income	**4 865**	7 419
Finance costs	**(39 758)**	(23 085)
Foreign exchange gains/(losses)	**5 814**	(1 827)
Participation in profits of joint ventures	**23 381**	16 059
Profit before taxation	**137 592**	160 905
Current income tax	**(8 914)**	(4 873)
Deferred tax	**(4 513)**	(27 684)
Profit for the period	**124 165**	128 348
Attributable to EPP shareholders	**124 165**	128 348
Earnings per share:		
Basic and diluted earnings, on profit for the period (€ cents)	**15.4**	19.1

* *Rental income includes €1 950 000 of straight-line rental income accrual in 2018.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 2018 €'000	Audited 2017 €'000
Profit for the period	**124 165**	128 348
Foreign currency translation reserve joint ventures	**(2 128)**	3 553
Foreign currency translation reserve subsidiaries	**(3 681)**	(3 403)
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods	**(5 809)**	150
Total comprehensive income for the period, net of tax	**118 356**	128 498
Total comprehensive income attributable to the owners of EPP for the period, net of tax	**118 356**	128 498

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 2018 €'000	Audited 2017 €'000
ASSETS		
Non-current assets	**2 360 360**	1 797 545
Investment property	**2 201 737**	1 655 572
Investment in joint ventures	**138 698**	116 009
Tangible assets	**–**	47
Loans receivable	**16 202**	25 917
Other non-current assets	**1 815**	–
Deferred tax asset	**1 908**	–
Current assets	**111 355**	154 569
Inventory	**250**	525
Tax receivable	**589**	209
Trade and other receivables	**16 970**	26 723
Loans receivable	**5 635**	3 955
Restricted cash	**27 571**	23 613
Cash and cash equivalents	**60 340**	99 544
Total assets	**2 471 715**	1 952 114
EQUITY AND LIABILITIES		
Equity	**1 022 688**	833 821
Share capital	**672 292**	571 026
Share premium	**203 318**	147 534
Treasury shares	**–**	(783)
Accumulated profit	**147 250**	111 419
Share-based payment reserve	**5 921**	4 909
Foreign currency translation reserve	**(6 093)**	(284)
Non-current liabilities	**1 387 212**	941 710
Bank borrowings	**1 273 767**	831 183
Loans payable	**–**	1 741
Other liabilities	**16 335**	15 033
Deferred tax liability	**97 110**	93 753
Current liabilities	**61 815**	176 583
Bank borrowings	**30 575**	117 155
Loans payable	**92**	18 019
Tax payables	**1 960**	879
Trade and other payables	**29 188**	40 353
Provisions	**–**	177
Total liabilities	**1 449 027**	1 118 293
Total equity and liabilities	**2 471 715**	1 952 114

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €'000	Share premium/ capital reserves €'000	Treasury shares €'000	Accumu-lated profit/ (loss) €'000	Foreign currency translation reserve €'000	Share-based payment reserve €'000	Total equity attribu-table to the owners of EPP €'000
Balance as at 31 December 2016 (audited)	474 702	95 095	–	38 075	(434)	–	607 438
Profit for the year	–	–	–	128 348	–	–	128 348
Other comprehensive income	–	–	–	–	(3 403)	–	(3 403)
Other comprehensive income from joint ventures	–	–	–	–	3 553	–	3 553
Total comprehensive income	–	–	–	128 348	150	–	128 498
Issue of ordinary shares	96 324	56 650	–	–	–	–	152 974
Transaction cost related to issuance of shares	–	(4 211)	–	–	–	–	(4 211)
Acquisition of own shares	–	–	(1 810)	–	–	–	(1 810)
Recognition of share-based payments	–	–	–	–	–	5 936	5 936
Transfer of shares	–	–	1 027	–	–	(1 027)	–
Dividend paid	–	–	–	(55 004)	–	–	(55 004)
Balance as at 31 December 2017 (audited)	571 026	147 534	(783)	111 419	(284)	4 909	833 821
Profit for the year	–	–	–	124 165	–	–	124 165
Other comprehensive income	–	–	–	–	(3 681)	–	(3 681)
Other comprehensive income from joint ventures	–	–	–	–	(2 128)	–	(2 128)
Total comprehensive income	–	–	–	124 165	(5 809)	–	118 356
Issue of ordinary shares (note 11)	**101 266**	**56 234**	**–**	**–**	**–**	**–**	**157 500**
Transaction cost related to issuance of shares (note 11)	**–**	**(450)**	**–**	**–**	**–**	**–**	**(450)**
Acquisition of own shares	**–**	**–**	**(2 312)**	**–**	**–**	**–**	**(2 312)**
Transfer of own shares (note 13)	**–**	**–**	**3 095**	**–**	**–**	**(3 095)**	**–**
Share-based payments expenses (note 13)	**–**	**–**	**–**	**–**	**–**	**4 107**	**4 107**
Dividend provided for or paid (note 12)	**–**	**–**	**–**	**(88 334)**	**–**	**–**	**(88 334)**
Balance as at 31 December 2018 (audited)	**672 292**	**203 318**	**–**	**147 250**	**(6 093)**	**5 921**	**1 022 688**

CONSOLIDATED STATEMENT OF CASH FLOW

	Audited 2018 €'000	Audited 2017 €'000
Profit before tax	**137 592**	160 905
Adjustments:		
Amortisation/depreciation of fixed assets	**–**	39
Straight line adjustment	**(1 950)**	(504)
Share-based payment reserve	**1 012**	4 909
Valuation gain on investment property	**(17 473)**	(71 721)
Share of profit in joint ventures	**(23 381)**	(16 059)
Finance income	**(4 865)**	(7 419)
Finance expense	**39 802**	23 085
Working capital adjustments:		
Increase in rent and other receivables	**8 166**	10 043
Increase in prepayments and accrued income	**(1 587)**	(3 634)
Increase in inventory and other assets	**275**	(451)
Increase of restricted cash	**(3 958)**	(1 768)
Increase in trade, other payables and accruals	**(12 803)**	18 677
Movements in tenants' deposits	**916**	2 547
Cash generated from operations	**121 746**	118 649
Tax paid	**(8 212)**	(4 167)
Net cash generated from operating activities	**113 534**	114 482
Investing activities		
Purchase of investment property	**(498 643)**	(321 849)
Investments in joint ventures	**–**	(19 317)
Capital expenditure on completed investment property	**(24 745)**	(44 724)
Disposal of investment property	**–**	155 551
Loans granted	**(1 273)**	(46 174)
Loans repaid	**11 396**	7 596
Interest received	**1 361**	188
Profit share	**–**	5 795
Net cash utilised in investing activities	**(511 904)**	(262 934)
Financing activities		
Proceeds from borrowings	**731 952**	311 562
Repayment of borrowings	**(379 013)**	(144 778)
Borrowing arrangement fees	**(2 598)**	–
Proceeds from issue of share capital	**157 500**	152 975
Transaction costs on issue of shares	**(450)**	(4 211)
Acquisition of own shares	**(2 312)**	(783)
Transfer of own shares	**3 095**	–
Dividends paid	**(88 334)**	(66 923)
Loans repaid	**(19 633)**	–
Interest paid	**(34 295)**	(18 571)
Interest received	**–**	198
Net cash generated from financing activities	**365 912**	229 469
Net increase in cash and cash equivalents	**(32 458)**	81 017
Cash and cash equivalents at the beginning of the period	**99 544**	21 921
Effect of foreign exchange fluctuations	**(6 746)**	(3 394)
Cash and cash equivalents at the end of the period	**60 340**	99 544

NAV PER SHARE

	Audited 2018 €'000	Audited 2017 €'000
NAV attributable to ordinary equity holders of the parent (excluding deferred tax)	**1 117 891**	927 574
Net tangible asset value (excluding deferred tax)	**1 117 891**	927 574
Number of ordinary shares at the reporting date (thousands)	**829 990**	704 970
NAV per share (excluding deferred tax) (€)	**1.35**	1.32
Net tangible asset value per share (€)	**1.35**	1.32

COMMENTARY

1. REPORTING ENTITY

EPP is a Dutch-based real estate company that follows the REIT formula and is one of the leading owners of retail space in Poland. The company's portfolio is complemented by high quality offices located in regional cities across Poland. As of 31 December 2018 the company manages a portfolio of 19 retail centres and six offices located in the majority of regional cities in Poland. In addition to these income generating properties, EPP also has two developments in the capital – Warsaw, namely Towarowa 22 and Młociny (expected to open in Q2 2019). By the end of 2020 EPP expects to own 28 shopping centres post the conclusion of the M1 transaction.

As of 31 December 2018, EPP owned and operated 684 000 m² of retail GLA and 147 000 m² of office GLA, excluding joint ventures. The investment portfolio has a diversified tenant base of leading retailers with international brands in the retail properties, and primarily blue-chip companies in the office properties.

The company's operations are fully internalised and all asset management and property management is done in-house.

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

The company's strategy is to own large dominant shopping centres, located in strong catchment areas and which have asset management opportunities in terms of extensions across Poland. EPP intends continuing to divest from offices and recycle the proceeds to fund purchases of retail assets.

2. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 December 2018 have been prepared by the management of the company in accordance with the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the requirements of IAS 34: *Interim Financial Reporting*, the JSE Listings Requirements and in accordance with Dutch law and the LuxSE rules and regulations.

The group's financial statements were prepared on a historical cost basis, except for investment properties measured at fair value and bank loans measured at amortised cost. The consolidated financial statements are presented in Euro (€) and all values are rounded to the nearest thousand (€'000), except where otherwise indicated.

These summarised consolidated financial statements are extracted from the audited consolidated financial statements, but are not themselves audited. The directors take full responsibility for the preparation of the summarised consolidated financial statements and for ensuring that the financial information has been correctly extracted from the underlying audited consolidated financial statements. The auditors, Ernst & Young, have issued their unmodified opinion on the audited consolidated financial statements for the year ended 31 December 2018 and a copy of the audit opinion, together with the underlying audited consolidated financial statements are available for inspection at the company's registered office.

The company's integrated report containing the audited consolidated financial statements for the year ended 31 December 2018 has been published and is available on the company's website at https://www.epp-poland.com/s,155,investor-relations.html. EPP's notice of annual general meeting will be published in due course and an announcement will be released once published.

3. SIGNIFICANT ACCOUNTING POLICIES – IMPACT OF NEW STANDARDS

IFRS 9: *Financial Instruments*

The group has adopted IFRS 9: *Financial Instruments* issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39: *Financial Instruments: Recognition and Measurement*; however, the impact on the group results is not material. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The nature and effects of the key changes to the group's accounting policies resulting from its adoption of IFRS 9 are summarised below.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets as at 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 €'000	New carrying amount under IFRS 9 €'000
Financial assets				
Loans receivable	Loans and receivables	Financial assets at FVTPL	**29 872**	**29 872**
Long-term loans granted to JV *(presented under Investments in joint ventures)*	Loans and receivables *(presented under Investment in joint ventures)*	Financial assets at amortised cost	**21 780**	**21 780**
Restricted cash	Loans and receivables	Financial assets at amortised cost	**23 613**	**23 613**
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	**99 544**	**99 544**
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	**11 692**	**11 692**
Total financial assets			**186 504**	**186 504**

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified as financial assets at amortised cost. The impact of IFRS 9 expected credit loss allowance compared to the loss allowance recognised based on IAS 39 was not material.

The loans receivable were classified as financial assets at FVTPL as a result of the business model assessment and the fact that the SPPI test is not met. Description of loans receivable is presented in note 8 of the audited financial statements.

The long-term loans granted to JVs (presented under Investments in joint ventures) were classified as financial assets at amortised cost as a result of business model assessment and the fact that the SPPI test is met. We assessed the credit risk of JVs, taking into consideration the net assets and liquidity situation and assessed the carrying amount approximates the fair value.

There was no material impact on classification of financial liabilities.

IFRS 15: *Revenue from Contracts with Customers*

The group performed an assessment of IFRS 15 and concluded that IFRS 15 will be implemented using the modified retrospective approach. The group concluded that IFRS 15 does not have a significant impact on the group's consolidated financial statements and accounting policies at the implementation date. The only impact would be that service charged income is separately presented on the consolidated statement of profit or loss; in the prior period this was included in rental income. Note that IFRS 15 did not affect the recognition of lease income as this is still dealt with under IAS 17: *Leases*.

IFRS 16: *Leases*

IFRS 16: *Leases* is effective for annual periods beginning on or after 1 January 2019. There is no impact on the recognition of leases in situations where EPP is the lessor.

In the management board's opinion, the new standard will have an effect on the accounting policies applied in situations where the group is the lessee. Under IFRS 16, all lease contracts, including those currently classified as operating leases, will be recognised as a right-of-use asset and as a lease liability in the statement of financial position.

The group will implement the standard using the modified retrospective method, with the cumulative effect of the first application of IFRS 16 recognised as at 1 January 2019, without restating the comparative data.

On transition to IFRS 16 the group elected to apply the practical expedient to grandfather the assessment of which transaction was originally classified as a lease. It applied IFRS 16 only to those contracts which were previously classified as leases under IAS 17.

For leases previously classified as operating leases the group will recognise a lease liability, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The group will recognise the respective right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application.

For leases previously classified as finance leases the carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17.

The group has analysed all concluded agreements to identify those to which the new recognition method applies following the implementation of IFRS 16. The group identified the following types of agreements which were recognised as operating leases under IAS 17:

- Office rental agreement.
- Cars and IT equipment lease agreements.
- Perpetual usufruct rights to land.
- Land lease agreement.

The key management's estimation relates to the discounting rates (incremental borrowing rate) used in measuring the lease liabilities.

On a transition to IFRS 16 the company will recognise an additional €33.4 million of right-of-use assets (added to the value of investment property) and €33.4 million of lease liabilities, recognising the difference in retained earnings for each group of the lease contracts:

	Value of right-to-use asset 1 January 2019 €'000	Value of financial liability 1 January 2019 €'000
Office rental agreement	78	78
Cars and IT equipment lease agreements	746	746
Perpetual usufruct rights to land	30 426	30 426
Land lease agreement	2 119	2 119
Total	**33 369**	**33 369**

4. FINANCIAL RESULTS

The net profit for the 12 months ended 31 December 2018 amounted to €124.2 million and distributable income totalled €96.3 million. Total NAV excluding deferred tax amounted to €1 118 million equating to a NAV per share of €1.35. The net LTV ratio as of 31 December 2018 was 51.9% with an average cost of debt of 2.33%.

Acquisition of M1 portfolio

In October 2017, EPP reached an agreement to acquire a portfolio of retail properties for a combined consideration that values the portfolio at €692.1 million. During the first half of 2018, the group successfully purchased the first tranche of the M1 portfolio consisting of four properties for a consideration of €359 million.

Acquisition of the remaining properties is conditional upon fulfilment of outstanding conditions precedent and is scheduled as follows:

- the second tranche portfolio comprising a further six properties with an aggregate GLA of 184 000 m^2, an aggregate value of €222.5 million and an aggregate purchase consideration of €75.2 million with the expected completion date by June 2019; and
- the third tranche portfolio comprising a further two properties with an aggregate GLA of 68 100 m^2, an aggregate value of €110.9 million and an aggregate purchase consideration of €44.1 million with the expected completion date by June 2020.

The delay in completing the second and third tranche acquisitions is to enable the seller to implement various contracted asset management initiatives (including certain lease renewals or renegotiations) to align those acquisitions with EPP's investment requirements and strategy.

Acquisition of Symetris Business Park phase II

On 27 July 2018 EPP, concluded the acquisition of the second phase of Symetris Business Park as part of the ROFO agreement.

Acquisition of King Cross Marcelin Shopping Centre in Poznań

King Cross Marcelin is the major shopping destination in western Poznań with an immediate catchment of over 202 000 people living within a 15 minute drive of the centre. The local average per capita purchasing power is close to €9 000 (37% above the national average). An additional 459 000 people live within a 16 to 30 minute drive.

King Cross Marcelin opened in March 2005 and occupies a prominent and highly visible location on Bukowska Street, one of the important roads leading west towards Poznań – Ławica Airport. King Cross Marcelin is situated at the fringe of the Poznań Grunwald and Ławica districts. Approximately 95% of King Cross Marcelin is let to popular international and national retailers including Auchan, Media Markt, H&M, Intersport, Jysk, Reserved, New Yorker, CCC, Smyk, Empik Pepco, Rossmann, Super-Pharm and McDonalds.

New equity raise

In July 2018, EPP successfully placed 36 436 916 new shares with Redefine Properties Limited at a price of €1.24 (R19.26) per share to partially fund the acquisition of the King Cross Marcelin Shopping Centre.

5. SEGMENT INFORMATION

The group is considered to have two reportable segments, as follows:

- Retail: acquires, develops and leases shopping malls; and
- Office: acquires, develops and leases offices.

The group's administrative costs, finance revenue, finance costs and income taxes are not reported to the members of the executive management team on a segment basis. The operations between segments are eliminated for consolidation purposes.

Segment assets represent investment property and the investment in the joint ventures.

Segment liabilities represent loans and borrowing, as these are the only liabilities reported to the board on a segmental basis.

	Retail €'000	Office €'000	Unallocated €'000	Total €'000
31 December 2018				
Segment profit				
Rent and recoveries income	**162 256**	**33 402**	**1 458**	**197 116**
Property operating expenses	**(43 878)**	**(10 134)**	**(430)**	**(54 442)**
Net property income	**118 378**	**23 268**	**1 028**	**142 674**
Investment in joint ventures	**138 698**	**–**	**–**	**138 698**
Investment property	**1 885 337**	**316 400**	**–**	**2 201 737**
Total segment assets	**2 024 035**	**316 400**	**–**	**2 340 435**
Bank borrowings	**1 009 100**	**171 412**	**123 830**	**1 304 342**
Total segment liabilities	**1 009 100**	**171 412**	**123 830**	**1 304 342**
2017				
Segment profit				
Rent and recoveries income	105 913	44 602	1 695	152 210
Property operating expenses	(34 116)	(14 287)	(552)	(48 955)
Net property income	71 797	30 315	1 143	103 255
Investment in joint ventures	116 009	–	–	116 009
Investment property	1 347 072	308 500	–	1 655 572
Total segment assets	1 463 081	308 500	–	1 771 581
Bank borrowings	686 982	161 699	99 657	948 338
Total segment liabilities	686 982	161 699	99 657	948 338

All revenues were generated from external customers based in Poland.

All investment properties are located in Poland.

6. DIVIDEND DECLARATION

EPP's dividend policy states that the company intends to declare 100% of its distributable income to shareholders. The company intends declaring half-yearly dividends, which are expected to be declared for the periods ended 30 June and 31 December of the relevant year. No assurance can be made that dividends will be proposed or declared in any given year.

The EPP board of directors ("board") has declared an interim dividend of 5.78000 euro cents per ordinary share for the six months ended 31 December 2018.

A further announcement informing shareholders of the salient dates and tax treatment of the dividend will be released in due course.

7. FUTURE REPORTING

Due to the LuxSE requirement for companies with less than three years trading to report quarterly, EPP has reported quarterly since listing. However, as three years have elapsed since listing this requirement falls away following the last reported quarterly results for Q3 2018 released in December. Going forward EPP will be reporting on a six monthly basis to align to the company's JSE listed property peers.

HEADLINE EARNINGS AND DISTRIBUTABLE INCOME RECONCILIATION

	Audited 2018 €'000	Audited 2017 €'000
Profit for the period attributable to EPP shareholders	**124 165**	128 348
Change in fair value of investment properties including joint ventures (net of tax)	**(36 711)**	(82 295)
Headline and diluted earnings attributable to EPP shareholders	**87 454**	46 053
Change in deferred tax (other than the deferred tax change related to fair value of investment properties)	**1 194**	14 057
Fair value losses/(gains) in joint ventures (other than the change in fair value of investment properties in JV)	**(92)**	5 380
Cost of refinancing	**2 598**	–
Amortised cost valuation of long-term financial liabilities and other	**3 405**	2 621
Provision for long-term incentive plan	**4 106**	4 909
Distribution of shares to the board	**(2 349)**	(782)
Other items	**(2 159)**	680
Antecedent dividend	**2 121**	3 678
Distributable income	**96 278**	76 596
Actual number of shares in issue	**829 989 804**	704 970 210
Shares in issue for distributable earnings	**829 989 804**	704 970 210
Weighted number of shares in issue	**808 554 466**	671 412 270
Basic and diluted earnings per share (€ cents)	**15.4**	19.1
Headline earnings and diluted headline earnings per share (€ cents)*	**10.82**	6.90
Distributable income per share (€ cents)**	**11.60**	10.87

* *There are no dilutionary instruments in issue and therefore headline earnings and diluted headline earnings are the same.*

** *Calculated based on actual number of shares in issue as at 31 December 2018 and 31 December 2017, respectively.*

PORTFOLIO PERFORMANCE

EPP significantly increased the scale of the business during 2018 by adding 240 000 m² GLA of quality retail space.

These acquisitions include the first tranche of the M1 portfolio consisting of four properties for a consideration of €359 million. The total GLA added was over 194 000 m² with an average property size of over 48 000 m². The majority of these assets are located in the desirable Silesia region in Poland. In addition, EPP purchased Kings Cross Marcelin, a 45 393 m² shopping centre located in the affluent western part of Poznań. EPP now holds approximately 684 000 m² of quality retail space.

Footfall and tenant sales were up for the year despite the introduction of the Sunday trading ban in March 2018. The ban had no significant impact on operations and more than a 100 million customers visited our shopping centres during 2018. Our asset and property managers have worked extremely hard during the year and this was seen with like-for-like net rental income ("NRI") growth up 4.2% for the full year 2018.

Our flagship Warsaw-based shopping centre Młociny (84 400 m²) is on schedule to open in Q2 2019. Młociny is more than 90% pre-leased, with several retailers who will be opening in Poland for the first time expected to debut in the shopping centre.

Vacancy profile

The vacancy profile indicated below reflects the vacancy percentage in terms of current GLA by sector.

	31 December 2017	**31 December 2018**
Vacancy based on total GLA (%)		
Office	4.0	**4.6**
Retail	1.4	**0.4**

Sectoral profile 31 December 2018

	By GLA %	**By revenue %**
Retail	**82**	**83**
Office	**18**	**17**
Total	**100**	**100**

PROSPECTS

EPP's core portfolio is expected to perform well, and net operating income is expected to grow at 2% to 3% for the year ending 31 December 2019 on a like for like basis. This forecast is based on the following assumptions: that a stable global and Polish macro-economic environment will prevail and no major tenant failures will occur. This forecast has not been reviewed or reported on by the company's auditors. A dividend per share forecast has not been provided as this is dependent on the outcome and timing of a number of initiatives to reduce the company's LTV. However, with the expected growth in net operating income, even after the impact of the initiatives currently underway to reduce the company's LTV, growth in distributions per share is expected to be flat or better.

There have been no changes to the board during the period under review.

By order of the board

EPP N.V.

7 March 2019

COMPANY INFORMATION

Directors

Hadley Dean (chief executive officer)
Jacek Bagiński (chief financial officer)
Robert Weisz* (chairman)
Marek Belka*
Peter Driessen*
Maciej Dyjas**
Dionne Ellerine*
Andrew König**
Nebil Senman**
Andrea Steer*
Marc Wainer**

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

Registered office

Gustav Mahlerplei
28, 1082 Amsterdam
The Netherlands

Company secretary

Rafał Kwiatkowski (Master of Laws)
al. Solidarnosci 36
25-323 Kielce
Poland

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, 2195
(PO Box 61051, Marshalltown, 2107)

LuxSE listing agent

M Partners
56, rue Charles Martel L-2134
Luxembourg

JSE sponsor

Java Capital
6A Sandown Valley Crescent
Sandton
2196

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