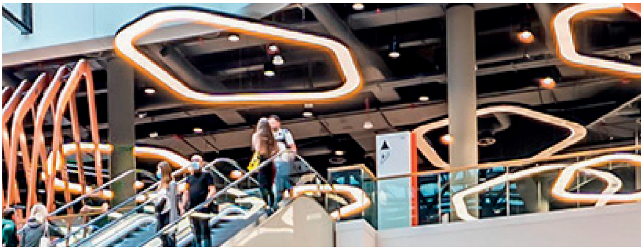
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2021



SHAPING THE FACE OF RETAIL IN POLAND

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

FINANCIAL HIGHLIGHTS

Net property income up by **12%** to **€59.2 million** (June 2020: €52.6 million)

Financial costs up marginally to **€22.3 million** (June 2020: €21.4 million)

Distributable earnings increased to **€33.2 million** (June 2020: €21.7 million)

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

Net loan to value ratio increased marginally to **55.8%** (December 2020: 54.8%)

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

Distributable earnings per share increased by **54%** to **3.66 euro cents** (June 2020: 2.38 euro cents)

Investment properties value increased by **6%** to **€2.25 billion** (December 2020: €2.13 billion)

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

OPERATIONAL HIGHLIGHTS

100% of EPP's retail GLA is operational

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

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

Retail GLA increased by **110 000 m²** with the addition of four retail parks

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

Retail occupancy stable at **95.4%**

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

COMPANY PROFILE

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

At period end, EPP owned and managed approximately 1 000 000 m² of retail GLA and 160 000 m² of office GLA, including joint venture projects. The investment portfolio has a high quality and diversified tenant base of leading retailers including international brands in the retail properties and primarily blue-chip companies in the office properties. The company's operations are fully internalised and all asset management and property management is done in-house.

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

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

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

RESULTS COMMENTARY

COVID-19 and vaccination update for Poland

The pandemic situation in Poland is under control now with about 51% of the population vaccinated, vaccines on hand, and the situation in hospitals being stable.

The 14-day COVID-19 case notification rate is currently the lowest in the European Union ("EU"), with 10.2 infections per 100 000 inhabitants as of 9 September 2021. In addition, the number of hospitalisations due to COVID-19 is the lowest since the pandemic outbreak in March 2020. 88% of hospital beds prepared for COVID-19 patients and 86% of respirators remain available, and their total number can be increased if needed. There are currently no significant limitations in place for businesses – retail and services are free to operate under high sanitary standards with an obligation to wear a mask, social distance maintained and the number of customers limited.

The stabilisation of the pandemic situation in the last few months is attributed mostly to the progress in the vaccination programme and strong pandemic prevention measures taken by the Polish government this spring. In Poland, by 12 September 2021, 52% of the population has received at least one dose of the vaccine and 51% are fully inoculated. Vaccinations are already available for everyone from 12 years of age.

The vaccination process is expected to accelerate in the following weeks with the end of the summer holiday season. Additionally, the Polish authorities have launched a campaign to promote vaccinations. It is believed that thanks to the vaccination progress, even if Poland faces an increase in new COVID-19 cases in autumn, any potential limitations are expected to have a lesser impact on the social and economic life of the country. These are likely to only be imposed on a regional basis, depending on the infection and vaccination rates and the number of occupied hospital beds. It is also anticipated that the Polish authorities will follow other European countries and allow access to certain services only for vaccinated people. This will allow Poland to avoid implementing limitations in the country on a large scale. At this stage, the Polish authorities do not expect full lockdowns to be necessary, as was needed during previous peaks of the pandemic. In addition, the Minister of Health has recently confirmed that the Polish government is determined to avoid lockdowns in the future, and that all necessary actions will be taken in order to avoid these.

EPP actively supports the national vaccination programme

Research and analysis, including Oxford University and the Office for National Statistics studies, have indicated that vaccines effectively lower the risk of severe COVID-19 infection that could cause hospitalisation or death. Mass vaccinations are widely believed to be the most effective way to minimise the impact of the pandemic. Given this, EPP has joined Poland's nationwide campaign to promote COVID-19 vaccinations.

EPP has dedicated vaccination points at its shopping centres, operating in free lease space, medical clinics and pharmacies. Vaccination points are currently operational in six assets: Pasaż Grunwaldzki in Wrocław, Galaxy in Szczecin, Galeria Młociny in Warsaw, Wzorcownia in Włocławek, King Cross Marcelin in Poznań and Galeria Echo in Kielce. Further vaccination points at EPP's other centres will be launched in the coming months. Through this initiative, more than 20 000 shoppers had been vaccinated by 12 September 2021 with this number expected to increase significantly following the end of the summer holiday season. In addition, the company donated 160 advertising media in its properties free of charge for the national government vaccination promotion campaign.

EPP also continues to promote safe and responsible behaviour while shopping at its centres. The company initiated the campaign of putting protective masks on mannequins' faces in storefronts. This initiative has gained traction and is currently being implemented across the entire Polish retail industry. It was also taken under the patronage of the Minister of Health.

Economic update

The Polish economy is experiencing a strong rebound and has already returned to pre-pandemic growth and development levels. According to Statistics Poland, the country's Q2 2021 GDP grew by 11.1% year-on-year and by 2.1% compared to Q1 2021. The market has again proven its resilience to external shocks.

The outlook for the Polish economy is positive. Oxford Economics has forecast 2021 GDP growth of 4.9% for Poland which is expected to increase by 5.6% in 2022. According to an OECD report, Poland is one of the few countries expected to experience the fastest return to pre-pandemic levels.

The strong condition of the economy is reflected in the low unemployment rate, which is forecast to continue declining in the coming years. In addition, the number of job opportunities in Poland is increasing rapidly. The demand for personnel is evident in all of Poland's regions and in all sectors of the economy.

Declining unemployment is anticipated to boost wage growth, which in the consumption driven Polish economy is expected to stimulate additional retail spending. Oxford Economics forecasts retail growth in Poland to be as high as 7.2% in 2021 and 4.9% in 2022.

OPERATIONAL UPDATE

Lease legislation in Poland

With effect from 23 July 2021 the Polish government introduced a new law regarding rental payments for potential future lockdowns in terms of which tenants will be required to pay 20% of their rent during lockdown periods and 50% for three months following lockdown. The Polish authorities have also amended the COVID-19 related lease legislation. The amendment has removed the obligation for tenants to extend their lease agreements in exchange for exemption from rent and service charges during lockdown. Prior to this change, tenants were obliged to extend the lease for six months plus the lockdown period for each of the lockdowns. The new legislation is applicable to the second lockdown (in November 2020), third lockdown (in January 2021) and fourth lockdown (in March and April 2021). The amendment has no impact on EPP's rental income, but does impact on EPP's previously reported retail WAULT.

The amendment came into force on 23 July 2021. From that date, tenants had 14 days to submit appropriate statements to the landlords, indicating whether they wished to withdraw from the extensions of the leases, or to continue with the extensions. In aggregate for the past three lockdowns, approximately 52% of EPP's tenants who were entitled to withdraw from the extensions (equivalent to 21% of the total EPP tenant base of 1 851 tenants) opted to do so, and 48% of the entitled tenants (19% of the total EPP tenant base) did not withdraw from the extensions. As a result of the tenants' election to withdraw from the lease extensions, EPP's overall retail WAULT has reduced by approximately 3.8 months to approximately five years (by GLA as per September 2021).

Tenant concessions

Given the significant amount of support provided to tenants through rental concessions during 2020, numerous government support programmes aimed at retailers and favourable legislation for tenants, the company only considers potential rental discounts in very specific cases for categories such as food & beverage, leisure, entertainment and smaller businesses. These case-by-case assessments will be based on the tenant's financial standing including the historical performance, government support received and the potential extension period of their lease agreement.

Operational results

Currently 100% of EPP's GLA is allowed to trade with all of the shopping centres operating under high sanitary standards. Food & beverage and entertainment facilities remain open for both outdoor and indoor with the limit of 75% capacity occupied in cinemas and restaurants. Wearing face masks and keeping social distance remain mandatory.

After months of dormancy due to restrictions, the social life in Poland has flourished again. Shopping centres, which offer their clients the possibility of having live contact with others as well as providing activities such as gyms, restaurants or cinemas, witnessed the rebound in footfall and sales after easing retail restrictions.

In May 2021 – the first month after the spring lockdown – footfall stood at 78% of 2019 level and has been steadily increasing since then. At the same time, tenant turnovers significantly outperformed footfall figures resulting from significantly higher conversion rates. The average tenant sales for months without lockdowns (February and May to July 2021) were 4% higher than pre-pandemic levels in 2019. Sales for May reached 112% and for June 98% of 2019 values, with a footfall rate of 78% and 80%, respectively. In July 2021 the turnover figure was 2% higher than two years ago with footfall reaching 84%. The top performing categories for this month in comparison with July 2019, were household goods & appliances (+9%), fashion & accessories (+5%), speciality goods (+7%) and health & beauty (+3%).

It was also evident after the reopening of retail that shopping centres remain the most favourable place for Poles to purchase goods. Once brick-and-mortar became available again, penetration levels for e-commerce, which dominated during lockdown, dropped from 9.8% in January 2021 to 7.4% in July 2021.

At the same time, EPP continued to see demand for space from retailers, demonstrating the attractiveness of its assets and showing the tenants' confidence in the retail environment. Since the beginning of the year, EPP's new openings included, amongst others, HalfPrice, Tezenis, Intimissimi, iSpot, BIG STAR, Mi Store, Sinsay, Kodano and ToTuart.

During the period 204 leases were signed covering a GLA of approximately 69 900 m². The average debt collection ratio stood at 93% for the year 2021 up to 30 June 2021. As of September 2021, retail WAULT by GLA is approximately five years and the retail occupancy remains stable at 95.4%.

FINANCIAL COMMENTARY

Rental income, financial expenses and distributable earnings

For the first half of 2021 net operating income amounted to €60.0 million (June 2020: €49.7 million) despite the fact that the company's operations were affected by government enforced lockdowns. The increase in property income is due to the acquisition of tranche 3 of the Metro portfolio in March 2021 (four retail parks with a GLA of 110 000 m2) and lower rental concessions provided during the period.

Finance costs increased marginally to €22.3 million (June 2020: €21.4 million) due to the funding of acquisitions and higher utilisation of the company's corporate debt facilities. Interest costs have remained stable at 2.6% and hedging remains as high as 81%. Distributable earnings increased to €33.2 million compared to the previous reporting period of €21.7 million.

Distributable earnings per share amounted to 3.66 euro cents (June 2020: 2.38 euro cents) representing a 54% increase compared to the previous reporting period.

Property valuations, funding, liquidity and net asset value

Property valuations were stable during the period and were up by 0.4% on a like-for-like basis. As at 30 June 2021, the LTV net of cash was 55.8% compared to 54.8% at 31 December 2020. The increase in LTV was attributable to the funding of tranche 3 of the Metro transaction. Importantly, the average LTV covenant level is 67% and therefore appropriate headroom remains within the company's debt portfolio. The net asset value (excluding deferred tax – "NAV") as at 30 June 2021 amounted to €1 019 million (December 2020: €987 million) with NAV per share of €1.12 (December 2020: €1.09) representing a 3% increase since December 2020.

As at 30 June 2021, the company has €92 million cash on hand, providing sufficient liquidity for the group to meet its current and future obligations. For the period ahead, the company will continue to prioritise costs and liquidity along with advancing its debt refinancing programme.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

EPP is sensitive to the voices of local communities and willingly supports projects important to their members. In accordance with the adopted CSR strategic approach the company runs a number of initiatives focusing on four areas: education, ecology, health and responding to the needs of people living in the neighbourhood.

Currently, the key initiative is to support the national vaccination programme by launching vaccination points at EPP's shopping centres.

Importantly, as an eco-sensitive company, EPP keeps improving the areas surrounding its properties for the good of clients and nature. One of its recent initiatives was to increase the size of flower meadows around EPP's assets. These are valuable and desired, especially in urban areas where their presence can provide a green and relaxing environment for shoppers. In addition, flower meadows contribute to cleaner air by catching pollution with their plants thereby reducing smog levels. They also provide shelter for small useful creatures such as bees. This inexpensive and easy to maintain solution, which doesn't require fertilising, mowing or watering on daily basis, is gaining popularity in Poland as it brings more biodiversity to big cities, reduces CO_2 emissions and saves water.

The company also continues its "five good deeds for the EPP fifth anniversary" initiative, which kicked off in March 2021. By the end of the year, EPP's staff will have jointly organised or participated in 120 CSR activities to celebrate the company's fifth anniversary. These include donations of gift packs of food, treats and toys for children in need, helping the elderly, fundraising for hospices, supporting charity campaigns, stationery and craft packs for orphanages and families in need, neighbourhood clean-ups, food donations for animal shelters, arranging points for book exchanging, and many other activities that support local communities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Since March 2021 EPP has focused on developing its ESG strategy and an executive team member was appointed to lead the process. In September this year, the EPP Board approved the ESG strategy, which will be implemented in the upcoming months and followed by the publication of an ESG report in Q1 2022.

Having a transparent ESG strategic approach is crucial for every responsible and aware business, such as EPP, and is in line with the current global best practices. A thoroughly considered and implemented strategy is EPP's response to the growing ESG demand from stakeholders including investors. The company believes that this strategic step will allow EPP to broaden its investor base, gain new tenants and reduce its impact on the planet.

CHANGES TO THE BOARD

Sandra van Loon was appointed as an independent Non-Executive Director to the Board on conclusion of EPP's AGM held on 7 May 2021. Sandra brings a wealth of experience in the areas of legal and compliance and has extensive experience in the governance of Dutch listed companies. Sandra is also the Chairperson of the nomination and remuneration committee.

STRATEGY AND OUTLOOK

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

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

EPP will continue to focus on activities that attract shoppers and drive turnovers at its shopping centres. Asset management initiatives have progressed since the beginning of the year and EPP's teams will continue to create the best offering for the tenants. Despite challenges relating to the pandemic, EPP continues to observe stable demand from retailers and confidence in the Polish brick-and-mortar retail market.

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

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

DIVIDENDS

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

2021 DISTRIBUTABLE EARNINGS PER SHARE GUIDANCE

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

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

By order of the Board

15 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited period from 1 January 2021 to 30 June 2021 €'000	Unaudited period from 1 January 2020 to 30 June 2020 €'000
Rental income and recoveries	**66 106**	63 673
Service charge income	**15 788**	13 138
Property operating expenses	**(22 731)**	(24 164)
Net property income	**59 163**	52 647
Other income	**1 572**	378
Other expenses	**(723)**	(3 354)
Administrative expenses	**(6 804)**	(6 865)
Net operating profit	**53 208**	42 806
Net result from fair value adjustment on investment properties	**2 431**	(95 321)
Profit/(loss) from operations	**55 639**	(52 515)
Finance income	**278**	623
Finance costs	**(22 330)**	(21 409)
Foreign exchange gains	**(21 026)**	56 034
Participation in profits/(losses) of joint ventures	**(4 611)**	(8 137)
Profit/(loss) before taxation	**7 950**	(25 404)
Current income tax	**790**	(2 408)
Deferred tax	**447**	3 501
Profit/(loss) for the period	**9 187**	(24 311)
Attributable to EPP shareholders	**9 187**	(24 311)
Earnings per share:		
Headline earnings and diluted headline earnings per share (€ cents)	**1.0**	(2.7)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited period from 1 January 2021 to 30 June 2021 €'000	Unaudited period from 1 January 2020 to 30 June 2020 €'000
Profit/(loss) for the period	**9 187**	(24 311)
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Foreign currency translation reserve	**22 283**	(58 201)
Total comprehensive income for the period, net of tax	**31 470**	(82 512)
Total comprehensive income attributable to the parent for the period, net of tax	**31 470**	(82 512)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 June 2021 €'000	Audited as at 31 December 2020 €'000
ASSETS		
Non-current assets	**2 422 396**	2 298 883
Investment property	**2 249 354**	2 125 466
Investment in joint ventures	**160 984**	162 702
Other non-current assets	**955**	976
Tenants' deposits and other monetary assets	**5 982**	5 832
Deferred tax asset	**5 121**	3 907
Current assets	**127 696**	177 484
Tax receivable	**715**	259
Trade and other receivables	**17 636**	9 375
Loans receivable	**1 771**	1 755
Tenants' deposits and other monetary assets	**15 183**	13 949
Cash and cash equivalents	**92 391**	152 146
Total assets	**2 550 092**	2 476 367
EQUITY AND LIABILITIES		
Equity	**929 511**	897 972
Share capital	**735 437**	735 437
Share premium	**228 227**	228 227
Treasury shares	**(643)**	–
Accumulated profit	**34 621**	25 434
Share-based payment reserve	**5 692**	4 980
Foreign currency translation reserve	**(73 823)**	(96 106)
Non-current liabilities	**1 448 484**	1 501 958
Bank borrowings	**1 314 782**	1 371 973
Trade payables and other liabilities	**9 208**	10 066
Deferred tax liability	**94 325**	93 165
Lease liabilities	**30 169**	26 754
Current liabilities	**172 097**	76 437
Bank borrowings	**119 709**	36 166
Tax payables	**313**	2 312
Trade payables and other liabilities	**48 793**	33 620
Lease liabilities	**3 282**	4 339
Total liabilities	**1 620 581**	1 578 395
Total equity and liabilities	**2 550 092**	2 476 367

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €'000	Share premium/ capital reserves €'000	Treasury shares €'000	Accumulated profit/ (loss) €'000	Foreign currency translation reserve €'000	Share-based payment reserve €'000	Total equity €'000
Balance as at 31 December 2019 (audited)	735 437	228 227	–	113 339	3 789	6 580	1 087 372
Profit/(loss) for the period	–	–	–	(87 905)	–	–	(87 905)
Other comprehensive income from joint ventures	–	–	–	–	(9 783)	–	(9 783)
Other comprehensive income	–	–	–	–	(90 112)	–	(90 112)
Total comprehensive income	–	–	–	(87 905)	(99 895)	–	(187 800)
Acquisition of own shares	–	–	(677)	–	–	–	(677)
Transfer of own shares	–	–	677	–	–	(677)	–
Share-based payments expenses	–	–	–	–	–	(923)	(923)
Balance as at 31 December 2020 (audited)	735 437	228 227	–	25 434	(96 106)	4 980	897 972
Profit/(loss) for the period	**–**	**–**	**–**	**9 187**	**–**	**–**	**9 187**
Other comprehensive income from joint ventures	**–**	**–**	**–**	**–**	**2 398**	**–**	**2 398**
Other comprehensive income	**–**	**–**	**–**	**–**	**19 885**	**–**	**19 885**
Total comprehensive income	**–**	**–**	**–**	**–**	**22 283**	**–**	**22 283**
Share-based payments expenses	**–**	**–**	**–**	**–**	**–**	**712**	**712**
Acquisition of own shares	**–**	**–**	**(643)**	**–**	**–**	**–**	**(643)**
Balance as at 30 June 2021 (unaudited)	**735 437**	**228 227**	**(643)**	**34 621**	**(73 823)**	**5 692**	**929 511**

CONSOLIDATED STATEMENT OF CASH FLOW

	Unaudited period from 1 January 2021 to 30 June 2021 €'000	Unaudited period from 1 January 2020 to 30 June 2020 €'000
Cash generated from operations	**47 976**	53 722
Tax paid	**(2 767)**	(2 940)
Net cash generated from operating activities	**45 209**	50 782
Investing activities		
Purchase of investment property	**(99 200)**	–
Capital expenditure on completed investment property	**(6 531)**	(5 475)
Disposition of investment property	**351**	–
Loans granted	**(465)**	(9 746)
Loans repaid	**–**	1 400
Proceeds from share redemption in joint ventures	**675**	–
Investments in joint ventures	**–**	(213)
Interest received	**(16)**	353
Profit share	**–**	3 500
Net cash utilised in investing activities	**(105 186)**	(10 181)
Financing activities		
Proceeds from borrowings	**45 000**	95 000
Repayment of borrowings	**(20 047)**	(7 075)
Borrowing arrangement fees	**(550)**	(349)
Acquisition of own shares	**(643)**	(677)
Interest paid	**(19 206)**	(16 382)
Change in other monetary assets related to financing activity	**–**	(1 142)
Lease payments	**(4 477)**	(616)
Net cash generated from financing activities	**77**	68 759
Net increase in cash and cash equivalents	**(59 900)**	109 360
Cash and cash equivalents at the beginning of the period	**152 146**	67 319
Effect of foreign exchange fluctuations	**145**	–
Cash and cash equivalents at the end of the period	**92 391**	176 679

HEADLINE EARNINGS RECONCILIATION

	Unaudited period from 1 January 2021 to 30 June 2021 €'000	Unaudited period from 1 January 2020 to 30 June 2020 €'000
Profit/(loss) for the period attributable to EPP shareholders	**9 187**	(24 311)
Change in fair value of investment properties including joint venture (net of tax)	**(741)**	86 988
Headline and diluted earnings attributable to EPP shareholders	**8 446**	62 677
Actual number of shares in issue	**907 946 793**	907 946 793
Weighted number of shares in issue	**907 946 793**	907 946 793
Basic and diluted earnings per share (€ cents)*	**1.0**	(2.7)
Headline earnings and diluted headline earnings per share (€ cents)**	**0.9**	6.9

* *There are no dilutionary instruments in issue and therefore basic earnings and diluted earnings are the same.*
** *Calculated based on actual number of shares in issue as at 30 June 2021 and 30 June 2020, respectively.*

COMMENTARY

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 ("the period") have been prepared by the management of the company in accordance with International Financial Reporting Standards, IAS 34: *Interim Financial Reporting*, the Dutch Civil Code, the JSE Listings Requirements and the Rules and Regulations of the LuxSE.

The accounting policies applied in the preparation of the unaudited condensed consolidated financial information for the period is consistent with those applied in the previous IFRS financial statements as of and for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021.

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the group.

These financial results have not been reviewed or reported on by the company's auditors.

Going concern

Management analysed the liquidity situation of the group during the COVID-19 pandemic and related risks in the perspective of the next 12 months and concluded that the mitigating actions taken are judged sufficient to make the going concern assumption for the financial statements appropriate.

The group continues to generate strong operating cash flows, as presented in the condensed consolidated statement of cash flow. The revenues and net operating profit for the period of six months ended 30 June 2021 amounted to €81.9 million and €53.2 million, respectively when compared to revenues and net operating profit of €76.8 million and €42.8 million, respectively for the period of six months ended 30 June 2020.

In the balance sheet as at 30 June 2021 current liabilities exceed current assets by €44.4 million. The current liabilities comprise mostly of bank borrowings that are maturing within 12 months from the balance sheet date:

- Astra Office Park – €13 million maturing in March 2022 – following the timetable agreed with the banking institutions the group expects the extension to the credit facility to be signed in January 2022.
- Twierdza Zamość, Twierdza Kłodzko & Wzorcownia – €75 million maturing in June 2022. The extension to the credit facility is expected to be signed by the end of February 2022.

The EPP management is satisfied that the group has sufficient resources available to meet its foreseeable cash requirements and that it is appropriate to adopt the going concern basis in preparation of the interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES – CHANGES IN ACCOUNTING POLICIES

2.1 New standards, interpretations adopted by EU as at 1 January 2021

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR").

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the group.

The group intends to use the practical expedients in future periods if they become applicable.

2.2 Standards and interpretations applicable, not yet effective

Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions beyond 30 June 2021

In May 2020 the IASB issued COVID-19-Related Rent Concessions – Amendment to IFRS 16: *Leases* ("the Amendment"). The Amendment was effective for annual reporting periods beginning on or after 1 June 2020.

The Amendment provided an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expediency, a lessee may elect not to assess whether a rent concession meets the conditions of a lease modification.

In March 2021, the Board amended IFRS 16 to extend the availability of the practical expedient by one year (2021 amendment). The practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

Lessor accounting for rent concessions remains unchanged and is based on the current guidance in IFRS 16. As the group predominantly acts as the lessor, the Amendment does not have a material impact on the group. The Amendment has not yet been endorsed by the EU.

Other new standards, interpretations, and amendments effective, and endorsed by the EU, as of 1 January 2021, did not have a material impact on the group's condensed consolidated interim financial statements. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. FINANCIAL RESULTS

COVID-19 pandemic

In response to the continued spread of the coronavirus and it being classified as a global pandemic by the World Health Organisation, the Polish government introduced trading restrictions that were effective during four lockdowns caused by the increasing number of COVID-19 infections.

The consistent decline in the rate of new infections in Poland, together with the progress of the vaccination programme, has allowed the government to lift the majority of the limitations. Since 26 April 2021, regulations have been gradually eased with shopping centres widely reopened on 4 May 2021. Gyms, cinemas and food courts are currently free to operate, and indoor dining is allowed in accordance with the required sanitary standards. Furthermore, schools, entertainment facilities and hotels have reopened, and outdoor events such as outdoor festivals and stadium events are allowed to resume operations.

The legislation governing lease agreements in Poland allowed tenants not to pay rent during lockdowns in exchange for extending the contract term by six months in addition to the period of closure for each lockdown. The measures together with the duration of the lockdowns had a significant impact on the group operations and financials.

Rent collection

The average debt collection rate as at 30 June 2021 was at 93%. The calculation of estimated credit loss under IFRS 9: *Financial Instruments* the group included provisions for balances that are required for the reporting period and calculated based on historical default matrix, as well as the result of individual analysis of all balances from tenants who historically had payment issues, especially those who were severely affected by COVID-19.

Valuation of investment property

The valuations of investment property as at 30 June 2021 were performed by Savills Sp. z o.o, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

4. INVESTMENT PROPERTIES

	Retail €'000	Office €'000	Total
Class			
Balance as at 31 December 2020 per external valuer	1 977 466	120 014	2 097 480
Acquisitions	109 200	–	109 200
Capital expenditure on owned properties	229	1 914	2 143
Disposals	(351)	–	(351)
Capitalised letting fees	3 042	153	3 195
Amortisation of letting fees	(608)	(31)	(639)
Net gain/(loss) from fair value adjustment	8 477	(3 236)	5 241
Balance as at 30 June 2021 per external valuer	2 097 455	118 814	2 216 269
Right of use – perpetual usufruct of land (IFRS 16)	28 194	4 891	33 085
Balance as at 30 June 2021	2 125 649	123 705	2 249 354

Reconciliation to the remeasurement of IP

	Retail €'000	Office €'000	Total €'000
Class			
Straight-line rental income	(2 523)	(159)	(2 682)
Fair value adjustment – right of use, perpetual usufruct of land (IFRS 16)	(130)	2	(128)
Net gain/(loss) from fair value adjustment	8 477	(3 236)	5 241
Profit from investment properties	5 824	(3 393)	2 431

EPP group is a real estate group that owns a portfolio of 28 retail and three office assets located throughout Poland, a dynamic CEE economy with a very attractive real estate market. The properties are high quality, modern assets with solid property fundamentals. The property portfolio offers an attractive and secure yield ranging from 5.5% to 12.9% fully let. EPP also co-owns one retail asset, Galeria Młociny and three office assets with its respective joint venture partners.

Valuation techniques

The fair value of completed investment properties is determined using a discounted cash flow method. Investment properties are measured at fair value and are categorised as level 3 of the fair value hierarchy.

Key inputs and assumptions for investment properties valued using the direct income capitalisation and discounted cash flow methods, in the process of leasing and for stabilised assets are as follows:

	Valuation €'000	Valuation technique	Net initial yield %	Discount rate %	Exit cap rate %
2021					
Retail	2 097 455	Discounted cash flow	5.53 – 12.93	6.90 – 9.85	5.90 – 10.20
Office	118 814	Discounted cash flow	8.63 – 9.80	7.85 – 9.40	7.20 – 8.20
Total	2 216 269		–	–	–

Acquisitions

In December 2017, EPP announced that it would acquire 12 shopping centres consisting of eight M1 branded shopping centres and four retail parks. The shopping centres were to be acquired in three tranches, with the first two tranches being successfully completed in January 2018 and June 2019, respectively.

EPP was scheduled to acquire the third tranche of the Metro portfolio (comprising four retail parks situated in Olsztyn, Tychy, Kielce and Opole, with a total GLA of 110 000 m^2) in June 2020. However, given the impact of the COVID-19 pandemic, EPP and the Chariot Group agreed to extend the date of closing of the purchase of the third tranche until mid-2021. The conditions precedent for the purchase were fulfilled and the acquisition completed on 11 March 2021. The acquisition was funded from available cash reserves and new debt funding of €45 million (project LTV of 42%).

5. SEGMENT INFORMATION

	Retail €'000	Office €'000	Unallocated €'000	Total €'000
Unaudited				
Six months ended 30 June 2021				
Segment profit				
Rent and recoveries income	75 344	6 535	15	81 894
Property operating expenses	(20 690)	(2 008)	(33)	(22 731)
Net property income	54 654	4 527	(18)	59 163

	Retail €'000	Office €'000	Unallocated €'000	Total €'000
Unaudited				
As at 30 June 2021				
Investment in joint ventures	137 438	23 546	–	160 984
Investment property	2 125 649	123 705	–	2 249 354
Total segment assets	2 263 087	147 251	–	2 410 338
Bank borrowings	1 127 940	59 174	247 377	1 434 491
Total segment liabilities	1 127 940	59 174	247 377	1 434 491

6. HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS RECONCILIATION

	Unaudited period from 1 January 2021 until 30 June 2021 €'000	Unaudited period from 1 January 2020 until 30 June 2020 €'000
Headline and diluted earnings attributable to EPP shareholders	8 446	62 677
Change in deferred tax (other than the deferred tax change related to fair value of investment properties)	(909)	14 609
Fair value losses/(gains) in joint ventures (other than the change in fair value of investment properties in JV)	4 231	(1 710)
Amortised cost valuation of long-term financial liabilities and other	2 173	2 282
Provision for LTI	712	(608)
Unrealised foreign exchange losses/(gains)	21 026	(56 034)
Amortisation of selling fees	790	665
Rental lease straight-lining	(2 682)	(228)
IFRS 9 remeasurements and other items	(569)	–
Distributable income	33 218	21 653
Actual number of shares in issue	907 946 793	907 946 793
Shares in issue for distributable earnings	907 946 792	907 946 792
Distributable income per share (€ cents)*	3.66	2.38

** Calculated based on actual number of shares in issue as at 30 June 2021 and 30 June 2020, respectively.*

The financial information contained in this announcement has not been reviewed or reported on by EPP's auditors.

By order of the Board

EPP N.V.

15 September 2021

COMPANY INFORMATION

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Maciej Dyjas**
Dionne Ellerine*
Andrew König**
James Templeton*
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