



# Eurocommercial Properties N.V.

## *Commercial properties: an European view*

### European FIABCI Young Members' conference

Saturday, 8 September 2007  
Corso Venezia 49 – Milan, Italy

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Finance Director Italy



European shopping centres

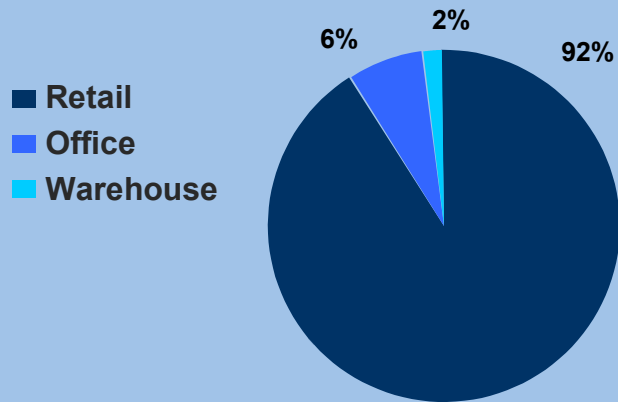
# Eurocommercial Properties

- Owners of 30 retail properties in Italy, France and Sweden
- Total assets of over €2.1 billion
- Focus on properties with low rent to turnover ratios and expansion potential
- FBI status in the Netherlands e SIIC status in France

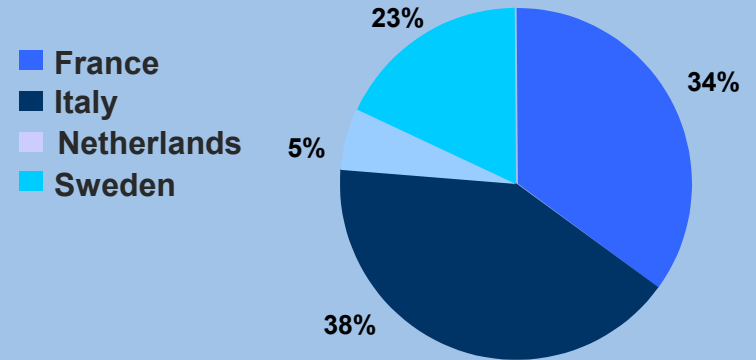


# Property Portfolio as at 30 June 2007

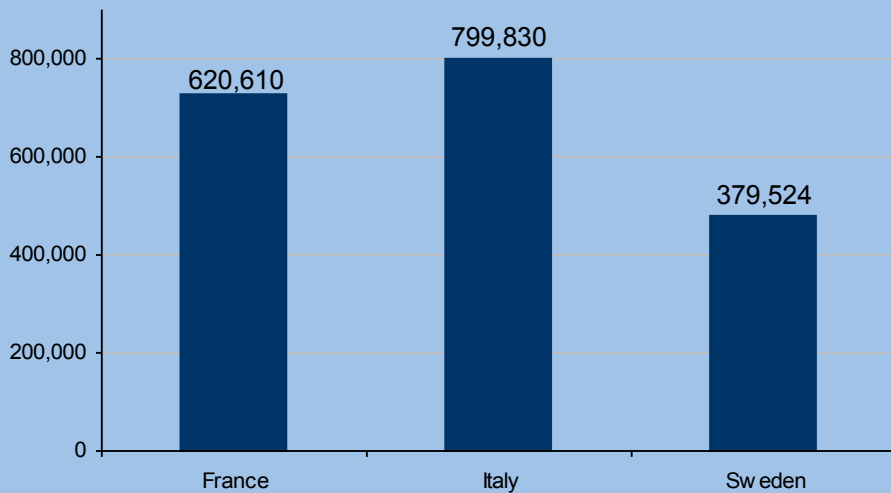
By sector



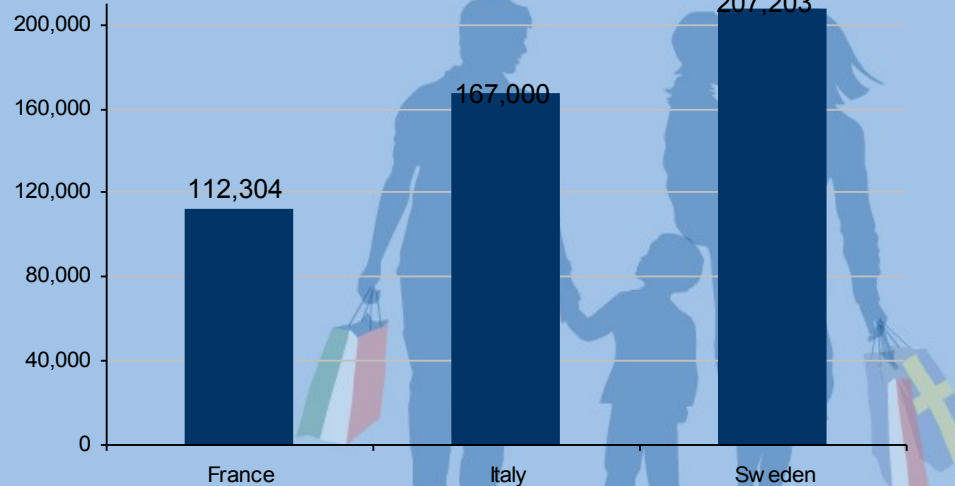
By country



Retail properties market value (€0,000)



Retail properties floor area (m<sup>2</sup>)



# Commercial Properties vs industrial and offices

- Active management extremely important
- Tenancy mix
- Innovations
- Focus on demand and how to attract and retain customers
- Internationalisation (i.e. Zara, H&M etc in Italy or Geox in France)

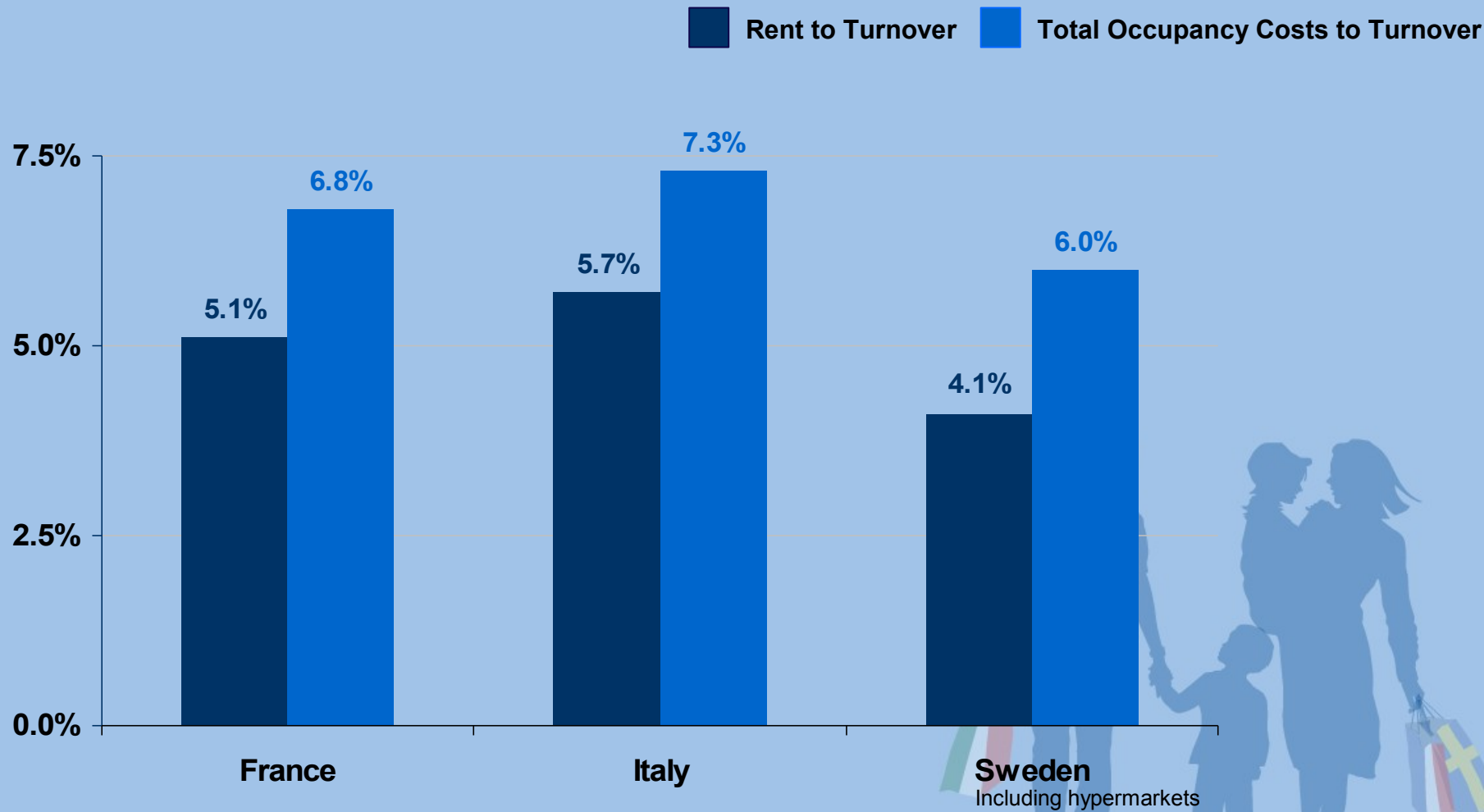


# Investment Criteria

- Catchment: wealth / population number
- Competition: density over next 2-3 years
- Location
- Ownership structure: freedom to manage actively
- Turnover: absolute level and growth
- Rents: rent to turnover, sustainable / growth?

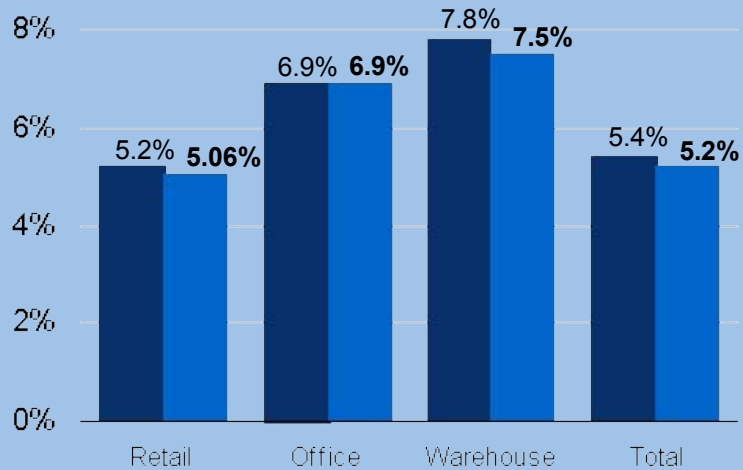


# Efficiency Ratios at March 2007

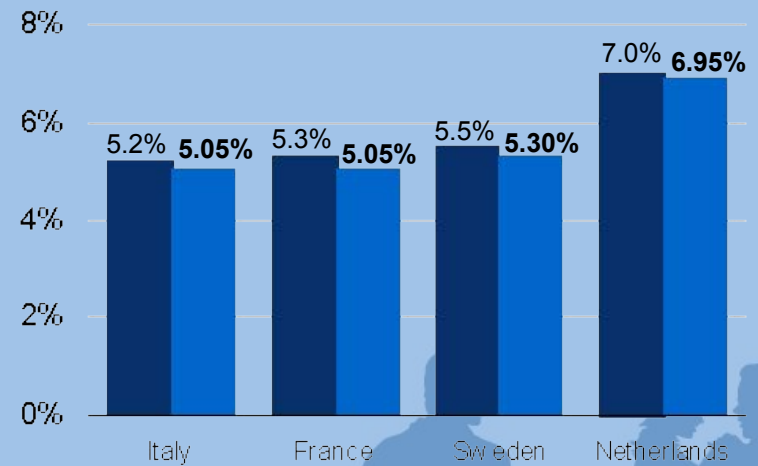


# Property Valuations

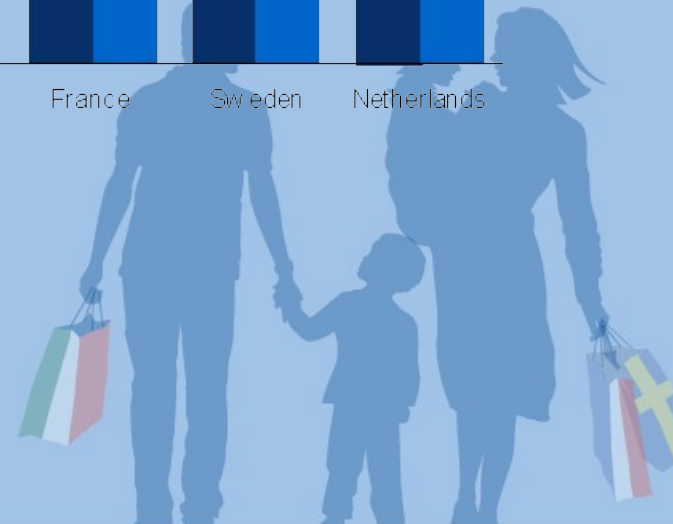
## Yield by sector (%)



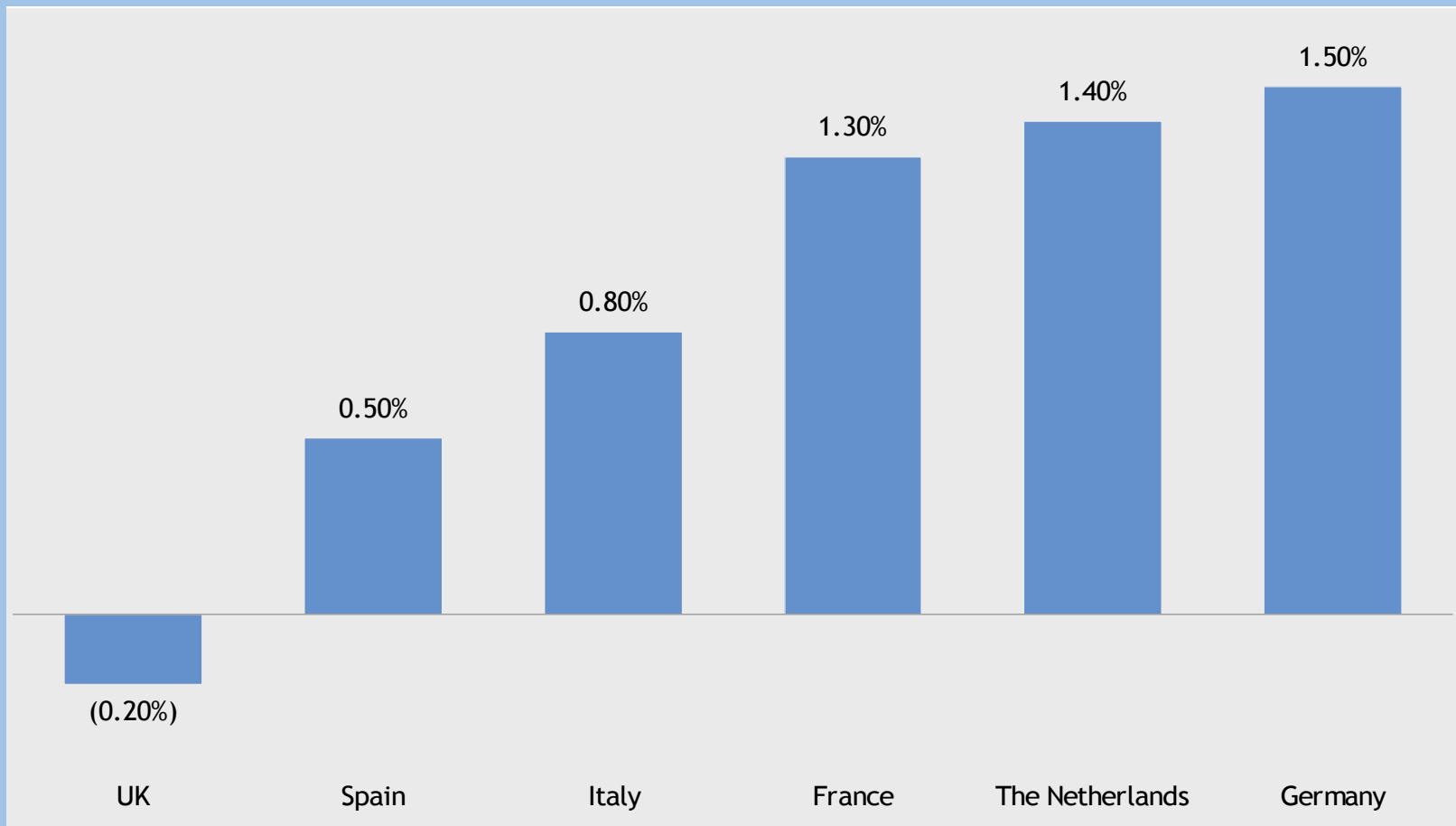
## Yield by country (%)



■ June 2006  
■ December 2006



## Yield spread in some European RE markets - December 2006<sup>[1]</sup>



Today??

Source: JPMorgan

[1] Referred to office investments. Yield compared to 10y government bonds.

# Investment Portfolio and Market Outlook

- Focus on existing markets of France, Italy and Sweden
- Concentrate on extensions and refurbishments of existing centres
- Pursue acquisitions at reasonable yields showing positive margin over debt costs and with attractive rental growth prospects
- Continue active management of shopping centres to optimize marketing mix and secure sound rental growth



# Recent market turmoil

Recent turmoil is creating:

- Lots of problems
- Lots of opportunities

Several scenarios possible



# SIIQ: Società di Investimento Immobiliare Quotate

The Italian SIIQ represent an interesting “investment” opportunity both for national and international RE players. Important benefits can be achieved for :

- The Real Estate market
- Real Estate investors
- The Italian economy



# Benefits to the Italian Real Estate market:

- A swift development of the market towards **international standards** (quality, services, legislation, etc)
- An increase in the **liquidity** of the market, thanks new investors and new, more liquid forms of investment opportunities
- More **transparency**, also thanks to the REITs disclosure obligations
- Easier (and cheaper) **access** to investment capital (both share capital and loans).



## Benefits to investors:

- International long-term investors and operators;
- Supervision by BankItalia a Consob ;
- Medium/small investor can invest in RE (buying shares in REITs);
- Innovative ideas/instruments/products introduced;
- Increased transparency and analysis (reports by RE analysts) → benchmarking and lower investment risk;
- Higher liquidity of RE investment (buying and selling REITs shares is easier, quicker and less expensive than buying/selling properties.

## Benefits to the Italian economy:

- More attractive (to foreign investors) Italian RE market → cash inflow;
- Higher fiscal income: directly from the exit-tax and the SIIQs distributed profits and indirectly by those sectors of the economy benefiting from the RE activities;
- Significant stimulus to the national economy (see France)
- Possibility for the Italian authorities to closely supervise one of the most important sectors of the national economy



# Conclusions

Market turmoil:

- Carpe diem ... if you can!

SIIQ

- National legislation in line with other European countries, so that the SIIQ is not less attractive than other European REITs, in particular:
  - No capital gain tax
  - Lower exit tax
  - Withholding tax on dividends distributed in line with other European legislations



# Grazie

