Eurocommercial Properties N.V.
Half Year Report 31 December 2005

Rents and property values rise

Increased rental income and higher independent property valuations produced an 12.9% increase in the half year direct investment result compared with the same period in 2004 and a 6.7% rise in net asset value since 30 June 2005.

Report of Board of Management

Direct investment result

The direct investment result for the six months to 31 December 2005 was € 27.07 million, an increase of 12.9% over the result of € 23.97 million for the same period in 2004.

The direct investment result increase of 12.9% was matched by a broadly equal average increase of shares on issue during 2005 so that the result per depositary receipt was € 0.78 for the six months to 31 December 2005. This was the same as the result per depositary receipt for the six months to 31 December 2004 on the lower number of shares. The annual cash dividend payable in November 2006 is, under current circumstances, expected to be at least that paid in 2005 at the rate of € 1.55 per depositary receipt, notwithstanding the enlarged capital.

Net asset value

Strong property markets in those countries and sectors in which the Company has investments and higher spending in ECP's shopping centres were reflected in increased net rental income and higher independent property valuations. The overall valuation increase was € 96.1 million, an average rise of 6.3% over book values at 30 June 2005 plus capital expenditure during the period. The like for like net rental income at the property level on which these valuations were based was € 94.0 million per annum compared with € 91.6 million for the previous valuations in June 2005, a 2.6 % increase over the six months.

The highest percentage valuation rise was 8.2% in Italy, followed by 5.7% in France, 5.3% in Sweden and 0.1% in The Netherlands. The overall net valuation yield on the portfolio reduced by 30 basis points to 5.6 % compared with the overall yield on the same properties at 30 June 2005 (see details in note 3 to the attached accounts).

The overall net yield for the retail portfolio was 5.5%; France being 5.5%, Italy 5.3% and Sweden 5.8%. The net yield for the warehouse properties was 8.4%, assuming that the warehouse at Parisud is fully let and the yield for the only separate office building – the tax office in Amsterdam - was 6.9%.

The rise in property values was offset by a proportionate increase in the provision for deferred (capital gains) taxes, although it is currently thought unlikely that the full amount would be paid if and when properties are sold. On the other hand the Company's gearing (59% of net equity) and fair value movements of derivatives were beneficial so that net asset value at 31 December 2005 rose by 6.7% to € 25.53 per depositary receipt.

Share capital and funding

The Company increased its share capital by 815,143 depositary receipts since 30 June 2005, of which 807,643 were issued under the stock dividend plan and 7,500 under the provisions of the staff option scheme. The new total of depositary receipts on issue is therefore 35,277,618, an increase of 2.4% over the number on issue at 30 June 2005 and 12.5% over the number at 31 December 2004.

Borrowings now represent 59% of net shareholders equity and the average term of the loans is nine years with a large proportion (82%) of interest rates fixed, through swaps, for an average similar term. The Company has recently entered into two further long-term borrowing facilities for a total amount of € 117 million with terms of, respectively, 10 and 15 years. These two new facilities replace two existing loans for a total amount of € 58 million due to expire respectively in 2007 and 2008 and two short-term loans for a total amount of € 40 million. These changes to the loan portfolio provide the Company with long-term highly flexible access to bank borrowings for the financing of its current extension programme and future acquisitions.

International Financial Reporting Standards (IFRS)

The half year results for the financial year 2005/2006 have been drawn up in accordance with IFRS. As a result the presentation of the half year figures has changed and the comparative figures have been adjusted accordingly. For more information regarding the transition to IFRS reference is made to a separate document which can be obtained from the Company's website (www.eurocommercialproperties.com) and which is available at the offices of the Company (info@eurocommercialproperties.com) or tel. # 31 20 530 60 30). That document provides an overview of the effects of IFRS on the financial reporting of Eurocommercial Properties N.V.

<u>Investments</u>

Property portfolio by country and type

The Company has a portfolio of 23 shopping centres, six warehouses and one office building with a total value of € 1.6 billion, as follows:-

Retail	91%	France	35%
Office	6%	Italy	43%
Warehouse	3%	Netherlands	6%
		Sweden	16%

Acquisitions

The Company has agreed to buy, subject to planning consents, two retail warehouse developments to be constructed in the Western Paris suburbs with a total area of 18,000 m² scheduled for completion in 2007. The price for these two investments is € 27 million at a net yield of 6%.

The 25,000 m^2 retail park in Caen for which the Company signed a letter of intent during the year has not yet received planning consent on which the purchase is conditional.

ECP has a very strong position in its three main existing markets of France, Italy and Sweden where further acquisitions are under negotiation but is continuing its researches into the German shopping centre market where it has yet to conclude a satisfactory transaction. The outflow of money from a number of German open ended property funds should lead to the sale of interesting properties but so far the activity has been largely in office buildings which are in far greater supply than shopping centres. ECP will only invest in Germany if returns can be expected to be commensurate with the risks in a market with some fundamental imbalances and weak retail sales.

Extensions

The scarcity of good property investments at reasonable prices has led the Company to accelerate its programme for the extension of its existing properties from which returns can be relatively high.

Extensions and/or refurbishments are planned or underway in France, Italy and Sweden. The timing of planning consent procedures is difficult to predict exactly but in broad terms the Company expects, under current circumstances, that its program of expenditure on shopping centre extensions and improvements will be approximately as follows: - 2006 € 65 million, 2007 € 50 million, 2008 € 50 million and 2009 € 35 million.

In **France**, the refurbishment of Taverny is now complete and includes additional parking spaces. Plans are being developed in conjunction with the relevant municipalities for the extension of Centre Les Atlantes at Tours and at Centre Glisy in Amiens.

Three **Italian** centres are at various stages in the development cycle. At Centro Leonardo, Imola work is well advanced on the 10,000 m² extension with completion scheduled by the end of this year and the leasing programme proceeding successfully.

The ‘Conferenza dei Servizi’ consent has been obtained for the 11,000 m² GLA extension at Carosello, Milan with detailed building approval expected by mid year when work should commence. Completion is expected in 2008.

Plans are at an earlier stage of development at I Gigli, Florence for a similar sized extension with discussions commencing with the municipality. Provincial and regional consents, if available could take some years but there is strong demand by retailers for more space at this, the most successful shopping centre in Tuscany.

All of the Company’s **Swedish** centres are planned to be extended or improved with the most advanced being Burlöv, Malmö where work on the 6,000 m² extension was completed and fully let in August last year. The existing gallery (15,000 m²) is now being refurbished and the entire project will be completed by May this year.

Planning consent has been obtained in December 2005 for an extension of 8,600 m² at Skövde, and work is expected to start during August. Pre-letting activity has commenced, and almost 3,000 m² has been allocated for an extension to the existing ICA Maxi hypermarket. At Norrköping, the municipality is assisting ECP with its plans for a 7,500 m² extension, with a planning decision expected in June. Stadium have already committed to an anchor store of 1,500 m². A planning consent permits an extension of 3,000 m² at Mellby Centre, Laholm, where it is believed there would be strong tenant demand in the service, household and fashion sectors.

Sales turnover

Reported sales turnover in ECP’s centres on a like for like, same floor area basis, increased by 3.7% overall for the year to 31 December 2005 compared with the previous year. This is a most satisfactory result and comfortably exceeds national sales increase figures.

The statistics for individual countries were:

	Gallery* turnover increase	Gallery* rent to turnover ratio
France	2.9%	5.2%
Italy	3.4%	5.3%
Sweden	6.7%	5.4%
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Money weighted total	3.7%	5.3%
	====	====

*excludes hypermarkets

Rent to turnover ratios continue to be amongst the lowest in the industry, underlining the sustainability of rents in ECP's centres.

Rental growth
As noted under Net asset value the annual net property rent of € 94.0 million, upon which the independent valuations were based, increased, like for like, by 2.6% from the figure of € 91.6 million at 30 June 2005. These rental figures are based on the tenancy schedules at the valuation date, plus or minus any known or expected variation over the following twelve months.

The half year net property income as shown in the profit and loss account of the Company, however, differs from income at the property valuation level in three ways. Firstly the profit and loss income is that received over the completed six months reporting period rather than the valuer's assumption of the expected net income over the following calendar year. Secondly the profit and loss income is net of reported indirect property costs of € 3.7 million, largely the cost of operating regional management offices, audit and accounting fees, local taxes etc. (see note 9). The third difference arises from ECP's conservative six months accrual for turnover rent, indexation, rent reviews and income from vacant space. Net property income on this basis for the six months to 31 December 2005 rose to € 41.9 million (31 December 2004 € 39.7 million).

Occupancy levels
The overall occupancy level was 99% on a rental basis. The major vacancy in floor area terms was 10,000 m² at the Company's warehouse at Paris Sud representing 0.4% of rental income, but negotiations are advanced for the re-letting of this space. The occupancy level in the Company's retail properties was 99.6% by floor area or 99.7% by rent. There was no vacancy in the Company's two office buildings at Sloterdijk, Amsterdam and above the Passage du Havre, Paris.

Market outlook
Generally, for all major European property markets demand is greater than the supply of good investments and prices have risen accordingly, forcing initial yields down to around 5% for the best shopping centres. This situation can be expected to continue as long as interest rates remain low, which they are likely to do for 2006, at least.

These low yields are not in themselves necessarily dangerous, particularly as rents are usually indexed to inflation and therefore real returns compare favourably with Eurozone Government bonds currently yielding around 3.5%, un-indexed. There is of course the perennial risk that interest rates may rise but the more critical factor in investment markets today is rental levels and the prospects of growth or otherwise which, of course, in shopping centres is inextricably linked to consumer spending. ECP accordingly invests only in retail property where rents are in a reasonable proportion to sales turnover. This is the case in ECP's main markets of France, Italy and Sweden and finally now in Germany for new centres or where rents have been reviewed recently, showing a drop of 50% over the last ten years in some cases.

A similar fall in rents is possible or indeed has already started in some other countries where rent to turnover ratios are not sustainable, particulary in Eastern Europe. Rental falls in these locations raise the possibility of low or even negative total returns from currently very high prices.

Obituary
We are very sad to report the death of Henk Bevers on 21 November 2005 at the age of 73. Mr Bevers, the former Agent of the Dutch Ministry of Finance (Director of the National Debt Management and Issuing Office), joined ECP's Board of Supervisory Directors in 1996. He made a major contribution to the success of the Company, with his deep knowledge of capital markets and extensive government and business contacts. We will all miss his expert advice and friendship very much.

Amsterdam, 10 February 2006

Board of Management
J.P. Lewis, Chairman
E.J. van Garderen

Eurocommercial Properties

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ '000)	Note	**Six months ended 31-12-05**	Six months ended 31-12-04*	**Second quarter ended 31-12-05**	Second quarter ended 31-12-04*
Rental income	8	**49,844**	47,103	**25,292**	23,457
Service charges income		**6,402**	5,896	**3,899**	3,315
Service charges expenses		**(8,167)**	(6,910)	**(4,978)**	(3,852)
Property expenses	9	**(6,220)**	(6,435)	**(3,080)**	(3,243)
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Net property income		**41,859**	39,654	**21,133**	19,677
Investment revaluation	10	**95,738**	183	**95,346**	(85)
Interest income		**328**	182	**179**	69
Interest expenses		**(11,744)**	(12,529)	**(5,949)**	(5,995)
Foreign currency result		**203**	(47)	**28**	(6)
Fair value movement derivative financial instruments		**11,366**	(20,661)	**10,768**	(13,874)
		-----------	-----------	-----------	-----------
Net financing income/cost		**153**	(33,055)	**5,026**	(19,806)
Company expenses	11	**(3,557)**	(3,166)	**(1,914)**	(1,571)
Financial and investment expenses		**(972)**	(48)	**(963)**	(48)
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Profit before taxation		**133,221**	3,568	**118,628**	(1,833)
Corporate income tax		**(16)**	(126)	**(16)**	(47)
Deferred tax		**(29,124)**	2,998	**(26,447)**	2,952
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Profit after taxation		**104,081**	6,440	**92,165**	1,072
Per depositary receipt (€)					
Profit after taxation		**3.01**	0.21	**2.65**	0.03
Diluted profit after taxation		**2.95**	0.21	**2.60**	0.03

DIRECT AND INDIRECT INVESTMENT RESULT (€ '000)

Investment revaluation	**95,738**	183	**95,346**	(85)
Fair value movement derivative financial instruments	**11,366**	(20,661)	**10,768**	(13,874)
Financial and investments expenses	**(972)**	(48)	**(963)**	(48)
Deferred tax	**(29,124)**	2,998	**(26,447)**	2,952
	-----------	-----------	-----------	-----------
Indirect investment result	**77,008**	(17,528)	**78,704**	(11,055)
Total investment result	**104,081**	6,440	**92,165**	1,072
Less indirect investment result	**(77,008)**	17,528	**(78,704)**	11,055
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Direct investment result	**27,073**	23,968	**13,461**	12,127
Per depositary receipt (€)				
Indirect investment result	**2.23**	(0.57)	**2.26**	(0.36)
Direct investment result	**0.78**	0.78	**0.39**	0.39

* All figures have been drawn up in accordance with IFRS. Therefore, the comparative figures have been adjusted accordingly. In this respect reference is made to the attached reconciliation presenting the consolidated half-year results for the period ended 31 December 2004 based on IFRS compared with the published consolidated profit and loss account for the six months period ended 31 December 2004 together with a variance analysis.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended (€ '000)	**31-12-05**	31-12-04*
Cash flow from operating activities		
Profit after taxation	**104,081**	6,440
Adjustments:		
Movement stock options	**160**	53
Investment revaluation	**(96,118)**	0
Derivative financial instruments	**(13,651)**	20,661
Deferred tax	**29,117**	(2,998)
Cash flow from operations	**23,589**	24,156
Increase/decrease in receivables	**(6,998)**	2,080
Increase/decrease in creditors	**5,004**	(38,285)
	21,595	(12,049)
Cash flow from investment activities		
Property investments	**(22,912)**	(5,884)
Movement tangible fixed assets	**2**	(240)
	(22,910)	(6,124)
Cash flow from finance activities		
Proceeds issued shares	**143**	0
Borrowings added	**94,808**	22,141
Repayment of borrowings	**(129,437)**	(55,864)
Dividends paid	**(28,446)**	(24,282)
Decrease/increase long term creditors	**(2,196)**	685
	(65,128)	(57,320)
Net cash flow	**(66,443)**	(75,493)
Currency differences on cash and deposits	**(141)**	(12)
Decrease in cash and deposits	**(66,584)**	(75,505)
Cash and deposits at beginning of year	**73,011**	84,070
Cash and deposits at end of year	**6,427**	8,565

* All figures have been drawn up in accordance with IFRS. Therefore, the comparative figures have been adjusted accordingly.

Eurocommercial Properties

CONSOLIDATED BALANCE SHEET (before income appropriation) (€ '000)	Note	30-06-05*	**31-12-05**	31-12-04*
Property investments	3	1,498,081	**1,618,095**	1,314,468
Tangible fixed assets		859	**857**	693
Receivables	4	9,486	**2,864**	2,300
Total noncurrent assets		1,508,426	**1,621,816**	1,317,461
Receivables	4	16,492	**30,112**	19,559
Cash and deposits		73,011	**6,427**	8,565
Total current assets		89,503	**36,539**	28,124
Total assets		1,597,929	**1,658,355**	1,345,585
Creditors	5	39,997	**45,001**	26,719
Borrowings	6	141,567	**86,072**	45,837
Total current liabilities		181,564	**131,073**	72,556
Creditors	5	37,945	**35,749**	13,331
Borrowings	6	425,511	**446,969**	511,993
Derivative financial instruments		54,504	**40,853**	40,463
Deferred tax liabilities		73,387	**102,675**	62,798
Provision for pensions		472	**465**	340
Total noncurrent liabilities		591,819	**626,711**	628,925
Total liabilities		773,383	**757,784**	701,481
Net assets		824,546	**900,571**	644,104
Equity Eurocommercial Properties shareholders	7			
Issued share capital		172,312	**176,388**	156,812
Share premium reserve		330,879	**327,040**	267,706
Other reserves		212,222	**293,062**	213,146
Undistributed income		109,133	**104,081**	6,440
		824,546	**900,571**	644,104
Number of depositary receipts representing shares in issue		34,462,476	**35,277,618**	31,362,476
Net asset value – € per depositary receipt		23.93	**25.53**	20.54

* All figures have been drawn up in accordance with IFRS. Therefore, the comparative figures have been adjusted accordingly. In this respect reference is made to the attached reconciliation presenting the consolidated balance sheet as per 31 December 2004 based on IFRS compared with the published consolidated balance sheet as per 31 December 2004 together with a variance analysis.

Eurocommercial Properties

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The movements in shareholders' equity in the six months period ended 31 December 2005 were:

(€ '000)	Issued share capital	Share premium reserve	Other reserves	Undistributed income	Total
30/06/05 reported	172,312	330,666	258,680	128,777	890,435
IFRS adjustments		213	(46,458)	(19,644)	(65,889)
30/06/05 amended	172,312	330,879	212,222	109,133	824,546
Issued shares	4,076	(3,933)			143
Profit previous financial year			80,753	(80,753)	0
Profit for the period				104,081	104,081
Dividends paid		(66)		(28,380)	(28,446)
Stock options granted		160			160
Currency translation result			87		87
31/12/05	176,388	327,040	293,062	104,081	900,571

The movements in shareholders' equity in the previous six months period ended 31 December 2004 were:

(€ '000)	Issued share capital	Share premium reserve	Other reserves	Undistributed income	Total
30/06/04 reported	152,703	271,807	220,376	62,538	707,424
IFRS adjustments		3	(46,458)		(46,455)
30/06/04 amended	152,703	271,810	173,918	62,538	660,969
Issued shares	4,109	(4,109)			0
Profit previous financial year			38,304	(38,304)	0
Profit for the period				6,440	6,440
Dividends paid		(48)		(24,234)	(24,282)
Stock options granted		53			53
Currency translation result			924		924
31/12/04	156,812	267,706	213,146	6,440	644,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31 December 2005

1. Accounting policies

Adoption of IFRS

The financial statements of the Company for the financial year starting 1 July 2005 and ending 30 June 2006 will be drawn up in accordance with International Financial Reporting Standards (IFRS). The financial statements for the six month period ending 31 December 2005 have been drawn up in accordance with IAS 34 (Interim Financial Reporting). The comparative figures have been taken from last year's interim report for 31 December 2004 drawn up under Netherlands GAAP and subsequently adjusted applying IFRS. In September 2006 the Company will present its 2005/2006 financial statements fully in accordance with IFRS standards then approved by the European Commission. The standards approved at that time may be different from the standards the Company currently applies. For this reason, the comparative figures as presented might change.

Principles of consolidation

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

Boleto B.V., Amsterdam
Holgura B.V., Amsterdam
Kingsford Exploitatiemaatschappij I B.V., Amsterdam
Kingsford Onroerend Goed Financiering B.V., Amsterdam
Sentinel Holdings II B.V., Amsterdam
Eurocommercial Properties Ltd., London
Eurocommercial Properties Azur S.a.r.l, Paris
Eurocommercial Properties Caumartin S.N.C., Paris
Eurocommercial Properties France S.A., Paris
Eurocommercial Properties Midi S.N.C., Paris
Eurocommercial Properties Normandie S.N.C., Paris
Eurocommercial Properties Passy S.a.r.l., Paris
Eurocommercial Properties Seine S.N.C., Paris
S.C.I. les Portes de Taverny, Paris
Eurocommercial Properties Italia S.r.l., Milan
Juma S.r.l., Milan
Aktiebolaget Laholm Mellby 2:219, Stockholm
Aktiebolaget Norrköping Silvret 1, Stockholm
Aktiebolaget Skövde K-mannen 2, Stockholm
Bergvik Köpet 3 K.B., Stockholm
Burlöv Centre Fastighets A.B., Stockholm
Eurocommercial Properties Sweden A.B., Stockholm
Hälla Shopping Fastighets A.B., Stockholm
Premi Fastighets A.B., Stockholm
Samarkandfastigheter A.B., Stockholm

Intra-group balances and transactions, income and expenses are eliminated.

Foreign currency translations

The functional currency (and presentation currency) of the group is the Euro. 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 profit and loss account. 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 and loss accounts are translated at the average monthly exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation shall be recognised in the profit and loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2005

Property investments

Property investments are stated at fair value. It is the Company's policy that all property investments be revalued semi-annually by qualified independent experts. 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. At 31 December the independent experts draw up an update of the previous comprehensive valuation report. At 30 September and 31 March the fair value is based on an internal review of the experts' valuations to take into account any material change to the property.

If an existing property investment is renovated and/or extended for continued future use as a property investment, it is also measured at fair value. Property investments held under finance leases and leased to tenants under operational leases are stated at fair value.

Movements in the fair value of property investments are recognised in the profit and loss account in the period in which they occur. Any realised gains or losses from the sale of a property investment is recognised in the period in which the sale takes place as the balance between the net sale proceeds and the latest published fair value. Depreciation is not provided on property investments since these are stated at fair value in accordance with IAS 40.

Property investments 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 capital expenditure is added to the cost of the property investment. The cost of financing the renovation or extension of property investments is capitalised as part of the cost of the investment, which cost amount will be published in the notes in addition to the fair value.

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. 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.

Borrowings

All borrowings are at a floating interest rate, each time rolled over for a period of generally three months. Interest rate risk is managed by using interest rate swaps and other derivative financial instruments. Therefore, the fair value of borrowings is considered to be reflected by the nominal value.

Derivative financial instruments

The Company and its subsidiaries use derivative financial instruments to hedge (part of) its exposure to foreign exchange 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. Under IFRS derivatives must be shown on the balance sheet at their fair value, the value changes are recognised immediately in the profit and loss account, unless hedge accounting applies, in which case the value changes are accounted for directly in the equity. The application of hedge accounting is subject to detailed requirements. The Company will therefore not apply hedge accounting.

Deferred tax liabilities

Deferred tax liabilities represent the nominal value of contingent liabilities to taxation arising from differences between the property appraisals and book values for tax purposes and other taxable temporary differences, taking into account recoverable tax losses.

Provisions

Provisions are created to meet possible future liabilities and/or risks. The provision in respect of defined benefit pension plans is calculated by an external actuary, who assesses employees' future pension entitlements based on years of service. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2005

Other assets and liabilities
Unless stated otherwise, assets and liabilities are shown at the amounts at which they were acquired or incurred. A provision for bad debts is deducted under receivables, if appropriate.

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

Service charges income and service charges expenses
Service charges for which the Company acts as a principal are presented in the profit and 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 charges expenses also include charges related to vacant units and/or other irrecoverable service charges due to contractual limits or insolvent tenants.

Direct and indirect property expenses
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 and other outgoings when a lease is concluded, are recognised over the term of the lease on a straight-line basis as property expenses indirect. Property expenses also include expenses associated with non Netherlands property holding companies and its 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 corporate level are referred to as indirect property expenses.

Company expenses and financial and investment expenses
Company expenses comprise general overhead like 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 that part of staff bonuses linked to property value performance are recognised as financial and investment expenses.

Corporate income 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, notable 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.

However, corporate income tax may be payable on the fiscal results of Netherlands and foreign subsidiaries, which do not have the aforesaid tax exempt status. This tax on taxable income for the year is recognised in the profit and loss account.

Deferred tax is the movement in deferred tax liabilities and deferred tax assets, if any.

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 differences affecting cash items are shown separately in the cash flow statement.

Segmented information
Segmented information is presented by property sector (retail, office, warehouse) and by country (France, Italy, Sweden and The Netherlands).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2005

2. 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 and as at 31 December 2005 SEK 10 was EUR 1.0651.

3. Property investments
The book value of each property is its full cost of acquisition until revalued, and thereafter revaluation plus subsequent improvements or net proceeds in case of a sale. 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 with the exception of Kingsfordweg 1, Amsterdam (perpetual ground lease). All properties were revalued at 31 December 2005. The yields described in the Board of Management report reflect market practice and are derived by dividing property net rent by the gross valuation (net valuation figure plus purchaser's costs including transfer duties) expressed as a percentage.

The current property portfolio is:

(€ '000)	**31-12-05 Book value**	30-06-05 Book value	**31-12-05 Costs to date**	30-06-05 Costs to date
RETAIL				
France				
Centre Commercial Amiens Glisy, Amiens	**34,100**	32,100	**15,805**	15,805
Les Trois Dauphins, Grenoble	**28,070**	25,790	**23,307**	23,181
Centr'Azur, Hyères	**34,910**	31,600	**16,514**	16,514
Centre les Portes de Taverny, Paris	**37,550**	32,170	**21,910**	19,076
*Passage du Havre, Paris	**173,960**	163,220	**135,272**	135,227
*Passy Plaza, Paris	**95,660**	92,740	**70,697**	70,671
*74 rue de Rivoli, 1-3 rue de Renard, Paris	**13,460**	12,450	**10,363**	10,308
*Centre les Atlantes, Tours	**83,300**	79,250	**45,119**	45,064
Tourville la Rivière	**1,950**	1,880	**1,685**	1,685
	502,960	471,200	**340,672**	337,531
Italy				
*Curno, Bergamo	**89,000**	81,500	**33,449**	33,252
*Centro Lame, Bologna	**32,350**	30,900	**28,153**	28,063
*Il Castello, Ferrara	**80,780**	73,330	**62,252**	62,245
*I Gigli, Florence	**216,530**	188,120	**146,472**	140,622
*Centro Leonardo, Imola	**25,140**	22,500	**16,536**	16,154
*La Favorita, Mantova	**45,900**	41,710	**30,477**	30,352
*Centro Carosello, Milan	**185,300**	172,900	**86,328**	80,410
*Centroluna, Sarzana	**17,650**	16,400	**10,044**	10,044
	692,650	627,360	**413,711**	401,142
Sweden				
Bergvik Köpcentre, Karlstad	**41,219**	37,360	**36,839**	36,839
*Mellby Centre, Laholm	**15,231**	14,534	**12,736**	12,736
Burlöv Centre, Malmö	**94,229**	84,586	**66,783**	59,756
*MaxiHuset, Norrköping	**32,912**	30,872	**27,737**	27,687
*MaxiHuset, Skövde	**28,332**	26,416	**25,099**	25,044
*Hälla Shopping Centre, Västerås	**20,770**	19,096	**14,897**	14,894
*Samarkand, Växjö	**32,912**	31,297	**27,648**	27,582
	265,605	244,161	**211,739**	204,538
	1,461,215	1,342,721	**966,122**	943,211

Eurocommercial Properties

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2005

3. Property investments (continued)

(€ '000)	**31-12-05 Book value**	30-06-05 Book value	**31-12-05 Costs to date**	30-06-05 Costs to date
OFFICE				
France				
*Passage du Havre, Paris**	**29,160**	27,740	**28,683**	28,683
The Netherlands				
Kingsfordweg 1, Amsterdam	**87,200**	87,100	**84,846**	84,846
	116,360	114,840	**113,529**	113,529
WAREHOUSE				
France				
Rue des Béthunes, Saint-Ouen L'Aumone	**17,000**	17,000	**17,431**	17,431
Parisud, Sénart	**9,900**	9,900	**11,656**	11,656
	26,900	26,900	**29,087**	29,087
The Netherlands				
Horsterweg 20, Maastricht-Airport	**4,000**	4,000	**3,949**	3,949
Galvanibaan 5, Nieuwegein	**4,100**	4,100	**3,308**	3,308
Standaardruiter 8, Veenendaal	**3,420**	3,420	**2,777**	2,777
Koeweistraat 10, Waardenburg	**2,100**	2,100	**1,673**	1,673
	13,620	13,620	**11,707**	11,707
	40,520	40,520	**40,794**	40,794
	1,618,095	1,498,081	**1,120,445**	1,097,534

* These properties carry mortgage debt up to € 453 million at 31 December 2005.
**Part of the retail complex.

4. Receivables
The three largest current receivables items are rents receivable for an amount of € 15.3 million (June 2005: € 11.0 million), a prepayment for the extension of Centro Leonardo for an amount of € 5.7 million (June 2005: € 5.7 million) and VAT receivable for an amount of € 5.2 million (June 2005: € 3.2 million). The largest noncurrent receivables item is the trademark license for an amount of € 2.3 million (June 2005: € 2.4 million).

5. Creditors
The largest current creditors item is rent received in advance for an amount of € 11.8 million (June 2005: € 11.0 million). The largest noncurrent creditors item is the so called exit tax resulting from the application for the tax exempt status of the Company in France for an amount of € 16.1 million (June 2005: € 24.1 million).

6. Borrowings
The borrowings are all directly from major banks. The average interest rate in the current financial period was 4.6% (six months ended 31 December 2004: 4.8%). At 31 December 2005 the Company has hedged its exposure to interest rate movements on its borrowings for an average term of almost ten years. Borrowings with remaining periods to maturity of more than five years amount to € 398 million (June 2005: € 340 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31 December 2005

7. Equity Eurocommercial Properties shareholders

The number of shares on issue increased on 30 November 2005 as a result of the issue of 807,643 bonus depositary receipts and 7,500 depositary receipts under the staff stock option plan. The weighted average of the number of shares in issue for the six months ended 31 December 2005 was 346,042,398. Holders of depositary receipts representing 47% of the issued share capital (last year 47%) opted for the bonus depositary receipts at an issue price of € 31.00 from the Company's share premium reserve, instead of a cash dividend of € 1.55 per depositary receipt for the financial year ended 30 June 2005. Accordingly, an amount of € 80.8 million of the 2004/2005 profit was taken to the reserves.

8. Net property income

Net property income comprised:

	Rental and service charges income		Property and service charges expenses		Net property income	
For the period (€ '000)	**01-07-05 31-12-05**	01-07-04 31-12-04	**01-07-05 31-12-05**	01-07-04 31-12-04	**01-07-05 31-12-05**	01-07-04 31-12-04
Retail	**49,635**	46,608	**(13,258)**	(12,742)	**36,377**	33,866
Office	**4,512**	4,299	**(570)**	(546)	**3,942**	3,753
Warehouse	**2,099**	2,092	**(559)**	(57)	**1,540**	2,035
	56,246	52,999	**(14,387)**	(13,345)	**41,859**	39,654
France	**20,664**	19,689	**(5,723)**	(5,017)	**14,941**	14,672
Italy	**20,811**	20,280	**(3,851)**	(4,408)	**16,960**	15,872
Sweden	**10,719**	8,798	**(4,168)**	(3,332)	**6,551**	5,466
The Netherlands	**4,052**	4,232	**(645)**	(588)	**3,407**	3,644
	56,246	52,999	**(14,387)**	(13,345)	**41,859**	39,654

Eurocommercial Properties

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2005

9. Property expenses

Property expenses in the current financial period were:

For the six months ended (€ '000)	**31-12-05**	31-12-04
Direct property expenses		
Bad debts	**77**	139
Centre marketing expenses	**380**	370
Insurance premiums	**389**	338
Managing agent fees	**629**	838
Property taxes	**466**	769
Repair and maintenance	**458**	990
Shortfall service charges	**125**	0
	---------	---------
	2,524	3,444
Indirect property expenses		
Accounting and advisory fees	**514**	577
Audit fees	**119**	78
Depreciation fixed assets	**63**	56
Dispossession indemnities	**363**	66
Italian local tax (IRAP)	**330**	307
Letting fees and relocation expenses	**725**	572
Local office expenses	**1,363**	1,180
Other local taxes	**114**	106
Other expenses	**105**	49
	---------	---------
	3,696	2,991
	---------	---------
	6,220	6,435
	=====	=====

10. Investment revaluation

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

For the six months ended (€ '000)	**31-12-05**	31-12-04
Revaluation of property investments	**96,118**	0
Other movements	**(380)**	(183)
	----------	**---------**
	95,738	(183)
	======	**=====**

Revaluation of property investments comprised:

Retail	**94,598**	0
Office	**1,520**	0
Warehouse	**0**	0
	---------	**---------**
	96,118	0
France	**30,039**	0
Italy	**52,720**	0
Sweden	**13,259**	0
The Netherlands	**100**	0
	---------	**---------**
	96,118	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31 December 2005

11. Company expenses

Company expenses in the current financial period comprise:

For the six months ended (€ '000)	**31-12-05**	31-12-04
Audit fees	**80**	74
Depreciation fixed assets	**73**	46
Directors' fees	**509**	459
Legal and other advisory fees	**318**	282
Office and accommodation expenses	**344**	450
Personnel costs	**1,286**	1,137
Statutory costs	**325**	174
Stock options	**127**	43
Travelling expenses	**294**	289
Other expenses	**201**	212
	--------	--------
Company expenses	**3,557**	3,166
	=====	=====

Amsterdam, 10 February 2006

Board of Management	Board of Supervisory Directors
J.P. Lewis, Chairman	W.G. van Hassel, Chairman
E.J. van Garderen	H.W. Bolland
	J.H. Goris
	J.C. Pollock

OTHER INFORMATION

Statements pursuant to the Act on the Supervision of Investments Institutions

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 the Company now nor at any time in the reporting period.

The most recently published prospectus of the Company is dated 31 January 2005 and is available at the Company's office and is also available at the Company's website: www.eurocommercialproperties.com

Stock market prices and turnovers 2005

		High	Low	Average
Closing price 31 December 2005 (€; depositary receipts)	29.02	32.10	25.34	28.77
Average daily turnover (in depositary receipts)	46,157			
Average daily turnover (x € '000,000)	1.33			
Total turnover over the past twelve months (x € '000,000)	341.3			
Market capitalisation (x € '000,000)	1,000.1			
Total turnover divided by market capitalisation	34%			

Liquidity providers:

ABN AMRO Bank
Amsterdams Effectenkantoor
Kempen & Co

Depositary receipts listed on Euronext Amsterdam are registered with Centrum voor Fondsenadministratie B.V. under code: 28887

OTHER INFORMATION (continued)

Depositary receipts listed on Euronext Paris are registered under code: NSCFR0ECMPP3

ISIN – Code	: NL 0000288876
Stock market prices are followed by:	
Bloomberg	: ECMPR NA
Datastream	: 307406 or H:SIPF
Reuters	: SIPFc.AS

Subsequent events
Since the balance sheet date 31 December 2005 no material events have taken place, which the Company would be required to disclose.

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Review report of the Auditors
Introduction
We have reviewed the half-year figures for the period 1 July 2005 up to and including 31 December 2005 of Eurocommercial Properties N.V., Amsterdam. We have not performed a review of the figures for the second quarter (the period 1 October 2005 up to and including 31 December 2005). These half-year figures are the responsibility of the company's management. Our responsibility is to issue a report on these half-year figures based on our review.

Scope
We conducted our review in accordance with standards for review engagements generally accepted in The Netherlands. These standards require that we plan and perform the review to obtain moderate assurance about whether the half-year figures are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and therefore, provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion
Based on our review, nothing has come to our attention that causes us to believe that the half-year figures for the period 1 July 2005 up to and including 31 December 2005 do not give a true and fair view in accordance with accounting principles generally accepted in The Netherlands for interim financial reporting and the Act on the Supervision of Investment Institutions.

Emphasis of matter
Without qualifying our opinion above, we draw attention to note 1 of the half-year figures, which refers to the possibility that due to continued developments in (endorsed) IFRS the interim financial statements may require adjustments before constituting the final IFRS financial statements.

Amsterdam, 10 February 2006
Ernst & Young Accountants

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Website: www.eurocommercialproperties.com

Consolidated balance sheet Eurocommercial Properties N.V. as per 31 December 2004 (EUR '000)									
	Balance sheet based on 2004/2005 accounting principles	IFRS adjustments						Balance sheet based on IFRS	
		adjustments to presentation	adjustments previous year	letting fees and lease incentives	employee benefits	derivative financial instruments	deferred tax		
Assets									**Assets**
Investments									
Property investments	1.314.468	-	-	-	-	-	-	1.314.468	Property investments
	-	693	-	-	-	-	-	693	Tangible fixed assets
	-	-	-	-	-	-	-	-	Derivative financial instruments
	-	2.300	-	-	-	-	-	2.300	Receivables
		2.993	-	-	-	-	-	1.317.461	***Total noncurrent assets***
Cash and deposits	8.565	-	-	-	-	-	-	8.565	Cash and deposits
	1.323.033								
Receivables	23.951	(2.300)	(2.045)	(47)	-	-	-	19.559	Receivables
		(2.300)	(2.045)	(47)	-	-	-	28.124	***Total current assets***
Other assets									
Tangible fixed assets	693	(693)	-	-	-	-	-	-	
Total assets	**1.347.677**	**-**	**(2.045)**	**(47)**	**-**	**-**	**-**	**1.345.585**	***Total assets***
Liabilities									**Liabilities**
Current liabilities									
Creditors	26.007	-	684	28	-	-	-	26.719	Creditors
Borrowings	45.837	-	-	-	-	-	-	45.837	Borrowings
	71.844	-	684	28	-	-	-	72.556	***Total current liabilities***
Noncurrent liabilities									
Creditors	10.927	-	2.123	281	-	-	-	13.331	Creditors
Borrowings	511.993	-	-	-	-	-	-	511.993	Borrowings
	-	-	19.802	-	-	20.661	-	40.463	Derivative financial instruments
Provision for contingent tax liabilities	44.153	-	21.642	-	-	-	(2.997)	62.798	Deferred tax liabilities
Provision for pensions	180	-	160	-	-	-	-	340	Provision for pensions
	567.253	-	43.727	281	-	20.661	(2.997)	628.925	***Total noncurrent liabilities***
Total liabilities	**639.097**	**-**	**44.411**	**309**	**-**	**20.661**	**(2.997)**	**701.481**	***Total liabilities***
Net assets	708.580	-	(46.456)	(356)	-	(20.661)	2.997	644.104	***Net assets***
Shareholders' equity									***Shareholders' equity***
Issued share capital	156.812							156.812	Issued share capital
Share premium reserve	267.650		3		53			267.706	Share premium reserve
Reserves	258.680	1.211	(46.458)	-		(287)		213.146	Reserves
Undistributed income	25.438	(1.211)	-	(356)	(53)	(20.375)	2.997	6.440	Undistributed income
	708.580	**-**	**(46.455)**	**(356)**	**-**	**(20.662)**	**2.997**	**644.104**	

Consolidated profit and loss account Eurocommercial Properties N.V. six months 2004/2005 (EUR '000)									
Profit and loss account based on 2004/2005 accounting principles		IFRS adjustments						Profit and loss account based on IFRS	
		adjustments to presentation	service charges	letting fees and lease incentives	employee benefits	derivative financial instruments	deferred tax		
Revenue									***Revenue***
Property income	47.343	70	-	(310)	-	-	-	47.103	Rental income
		-	5.896	-	-	-	-	5.896	Service charges income
		-	(6.910)	-	-	-	-	(6.910)	Service charges expenses
Property expenses	(7.333)	(139)	1.014	33	(10)	-	-	(6.435)	Property expenses
Net property income	40.010							39.654	Net property income
Other income	-	-	-	-	-	-	-	-	
Total income	40.010	-	-	-	-	-	-	39.654	
Investments revaluation	1.227	(1.158)	-	(79)	-	193	-	183	Investments revaluation
Total revenue	**41.237**	**(1.227)**	**-**	**(356)**	**(10)**	**193**	**-**	**39.837**	***Total revenue***
Expenses									***Expenses***
	182	-	-	-	-	-	-	182	Interest income
	(12.529)	-	-	-	-	-	-	(12.529)	Interest expenses
	(47)	-	-	-	-	-	-	(47)	Foreign currency result
	-	-	-	-	-	(20.661)	-	(20.661)	Fair value movement derivative financial instruments
Net financing costs	(12.394)	-	-	-	-	(20.661)	-	(33.055)	Net financing costs
Company expenses	(3.123)	-	-	-	(43)	-	-	(3.166)	Company expenses
Financial and investment expenses	-	(48)	-	-	-	-	-	(48)	Financial and investment expenses
Total expenses	(15.517)	(48)	-	-	(43)	(20.661)	-	(36.269)	***Total expenses***
Net revenue before taxation	25.720	(1.275)	-	(356)	(53)	(20.468)	-	3.568	Net revenue before taxation
Corporate income tax	(126)	-	-	-	-	-	-	(126)	Corporate income tax
Deferred tax	(156)	64	-	-	-	93	2.997	2.998	Deferred tax
Profit after taxation	**25.438**	**(1.211)**	**-**	**(356)**	**(53)**	**(20.375)**	**2.997**	**6.440**	***Profit after taxation***
Investments revaluation	1.227	(1.158)	-	(79)	-	193	-	183	Investments revaluation
	-	-	-	-	-	(20.661)	-	(20.661)	Fair value movement derivative financial instruments
Financial and investment expenses	-	(48)	-	-	-	-	-	(48)	Financial and investment expenses
Deferred tax	(156)	64	-	-	-	93	2.997	2.998	Deferred tax
Indirect investment result	**1.071**	**(1.142)**	**-**	**(79)**	**-**	**(20.375)**	**2.997**	**(17.528)**	***Indirect investment result***
Total investment result	25.438	(1.211)	-	(356)	(53)	(20.375)	2.997	6.440	Total investment result
Less indirect investment result	(1.071)	1.142	-	79	-	20.375	(2.997)	17.528	Less indirect investment result
Direct investment result	**24.367**	**(69)**	**-**	**(277)**	**(53)**	**-**	**-**	**23.968**	***Direct investment result***