Eurocommercial Properties

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EUROCOMMERCIAL PROPERTIES N.V.
FIRST QUARTER RESULTS 2008/2009

RENTAL GROWTH CONTINUES; VACANCIES AND ARREARS REMAIN LOW
EXTENSION OF CENTRO CAROSELLO IN MILAN OPENED ON TIME, FULLY LEASED

Summary of Results

	Three Months to 30 September 2008	Three Months to 30 September 2007
Net Property Income	**€ 28.23 m**	€ 26.04 m
Direct Investment Result	**€ 16.10 m**	€ 15.19 m
Direct Investment Result per Depositary Receipt	**€ 0.45**	€ 0.43
Adjusted NAV per Depositary Receipt	**€ 40.01**	€ 39.46

Net Property Income
Rental income for the three month period ended 30 September 2008 was € 32.80 million compared with € 30.45 million for the three months to 30 September 2007, an increase of 7.7%. When net service charges and direct and indirect property expenses (branch overheads) are deducted, net property income rose by 8.4% to € 28.23 million from € 26.04 million in the previous corresponding period.

Direct Investment Result
The direct investment result for the three month period ended 30 September 2008 rose 6.0% to € 16.10 million from € 15.19 million for the three month period to 30 September 2007. The direct investment result is defined as net property income less net interest expenses and company expenses after taxation. The direct investment result per depositary receipt, allowing for the higher average number of outstanding depositary receipts during the period, increased by 4.7% to € 0.45 compared with € 0.43 for the previous corresponding period.

The number of depositary receipts outstanding at 30 September 2008 was 35,727,984.

Adjusted and IFRS Net Asset Value
Property valuations were not undertaken at the end of the three month period in accordance with the Company's policy to only commission independent revaluations at the half year and year ends. Adjusted net asset value has therefore changed minimally since June 2008. ECP's recent sale contract for a small retail park in France, in addition to the sale of the five warehouses properties in the past few months, have all been made at or above their most recent valuations, reinforcing the Board's confidence in these figures.

The adjusted net asset value at 30 September 2008 was € 40.01 per depositary receipt compared with € 39.46 per depositary receipt at 30 September 2007 and € 39.83 at 30 June 2008. These figures therefore represent the underlying value of properties based on the 30 June 2008 independent valuations and do not take into account contingent capital gains tax liabilities if all the properties were to be sold simultaneously, nor do they take into account the fair value of financial derivatives (interest rate swaps). All properties will be externally valued as usual at 31 December 2008.

The IFRS net asset value at 30 September 2008 was € 36.25 per depositary receipt compared with € 35.47 at 30 September 2007 and € 36.41 at 30 June 2008. These figures include both contingent capital gains tax liabilities if all the properties were to be sold simultaneously and the fair value of financial derivatives (interest rate swaps).

Total Investment Result
The total investment result (IFRS profit after taxation) for the period decreased to € 2.03 million compared with € 7.75 million for the three month period ended 30 September 2007 due to the unrealised decrease in market value of the financial instruments (interest rate hedge instruments) during the period as a result of lower interest rates. This results figure, as it includes unrealised "capital" movements, does not in the view of the Board properly represent continuing underlying earnings which are better defined by the direct investment result.

Funding
ECP has continued to lengthen its loan book so that at 30 September 2008 over 92% of its debt is long term, with an average length of 9 years. At the end of the period total debt was € 941 million or 73% of net equity of € 1,296 million using IFRS net asset value, or 66% of net equity of € 1,430 million using adjusted net asset value – the formula used in the majority of ECP's loan agreements. The Company's loan to property value ratio is 39% and interest cover is 2.6 times.

The Company's budgeted total interest rate for 2008/9 is approximately 4.7%. The first financial year for any repayment of substance is 2013/2014 and existing committed facilities cover all planned expenditure.

Shopping Centre Performance
<u>Rental Growth</u>
Like for like retail rental growth (same floor area) for the twelve months to 30 September 2008 was 5.3%. The growth rate in France was 5.6%, in Italy 5.3% and in Sweden 5.0%. Like for like rental growth figures compare tenancy schedules at the relevant dates and include indexation.

In France shopping centre rents should rise by at least 3.85% in January 2009 depending on whether and how widely the new "Indices des Loyers Commerciaux" (ILC), which is based upon the French consumer price, retail turnover and construction indices, is used in place of the existing cost of construction index. The 2009 indexation figure in Sweden will be announced in mid November but is expected to be at least 3.5%. In Italy indexation is announced at the beginning of 2009 and is forecasted to be in the region of 3.0%.

Retail Sales Turnover Growth

Retail sales turnover in ECP's galleries was down slightly at -0.5% overall for the 12 months to 30 September 2008. In France the figure was -1.5%, largely driven by the major electrical store adjoining the Passage du Havre. If this store is excluded, overall gallery performance in France was slightly positive at +0.3%. In Italy turnovers rose by +0.2% (excluding Carosello where major extension and refurbishment works were underway during the period) and in Sweden by +0.5%.

The modest increases in turnover numbers reflect the fact that house price rises over the last few years in ECP's countries have not been as extreme as elsewhere as a result of excessive debt, so that despite general economic gloom, personal expenditure has not been dramatically cut, except in the "big ticket" electrical sector.

A deepening recession will obviously have a negative effect on retail sales and lead to some corporate failures but the Company believes that its rental income is relatively well insulated against the economic downturn.

Occupancy Cost Ratios

In spite of slowing sales turnover due to the challenging economic conditions, ECP's occupancy cost ratios (rent plus marketing contributions, service charges and property taxes as a proportion of sales turnover including VAT) remain conservative so that even if turnovers fall significantly, rents for tenants in ECP's centres should remain sustainable.

	ECP gallery total occupancy costs to retail sales
France	7.0%
Italy*	7.6%
Sweden	6.8%

Money weighted average	7.2%
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*excluding Carosello, Milano

Vacancy Levels and Rent Arrears

At the end of September 2008 vacancy levels in ECP properties remain under 1% and rents more than three months in arrears are still less than 0.5% of total rental income.

At the date of this release, 97% of ECP's second quarter rents due on 1 October 2008 has already been paid. There is no reason to believe therefore that by the end of the current three month period arrears will be any greater than in the last quarter.

Extensions, Refurbishments and Divestments

France

ECP has entered into a binding contract to sell its King Jouet unit at the Noyelles Godault retail park in Northern France for € 5.47 million, slightly above its June 2008 book value. The transaction is expected to complete in November.

In September 2008 ECP completed the sale of its two French warehouse properties located at rue des Béthunes in Pontoise and Parisud in Sénart. The properties were both sold at prices in excess of their book values and the net proceeds of € 31.7 million will be used to fund the Company's shopping centre extensions and refurbishments.

Planning application for a small extension to Les Atlantes in Tours has also been submitted.

Italy

The 12,000m^2 extension and refurbishment of ECP's Centro Carosello, situated on the outskirts of Milano, opened on 30 October 2008 on schedule, fully leased and on budget. The centre is located in a strong retail zone opposite IKEA, Castorama and Decathlon on Milano's eastern ring road.

The extended centre, with a 16,000m^2 grass roof, rain water recycling systems and innovative lighting solutions that will significantly reduce power consumption, has a total lettable area of 52,500m^2 – all of which is owned by ECP - and is fully let with 115 shops, including major anchors Carrefour, Saturn (MediaMarkt), Oviesse, Zara and H&M. Considerable parking has been added to the centre resulting in a total of 3,700 spaces, 1,900 of which are covered. The total cost of the extension, refurbishment and new food court amounts to approximately € 82 million which, when the food court is completed, will deliver a net return on cost of over 7.0%.

Development of the 1,200m^2 food court, which will house 10 restaurants, will now begin and is expected to be completed in September 2009.

At Il Castello in Ferrara, ECP has bought 2,770m^2 of retail space from its co-owner, Coop, and leased it to H&M and Co. Import, the national household retailer. Early trading in both stores has been strong.

Sweden

The 10,000m^2 extension of Elins Esplanad in Skövde is due to open on 28 November 2008. The centre is 100% let to major tenants including ICA Maxi, H&M, Clas Ohlson and MQ. A total of 14 new stores have been added to bring the gallery total to 27. A further 2,500m^2 has also been added to the ICA Maxi hypermarket which has signed a new 15 year lease including a turnover provision.

The 8,700m^2 extension and refurbishment of the centre in Norrköping continues and is almost completely pre-let. 29 new shops have been added to the centre, two of which – Stadium and MQ – opened in early October and have been trading exceptionally well.

The two Swedish projects are on time and budget and are expected to yield a net return of 7.0% on the total combined costs of € 66 million, of which approximately € 27 million remains to be spent.

Netherlands

In August 2008 ECP sold three of its four Dutch warehouses for a total of € 10.84 million. The warehouses at Galvanibaan 5 in Nieuwegein, Horsterweg 20 in Maastricht-Airport and Koeweistraat 10 in Waardenburg were sold at their book values. The last remaining warehouse at Standaardruiter 8 in Veenendaal is now on the market following the renewal of the lease for a further five year term. The proceeds from these sales will contribute to the extension and refurbishment programme for ECP's shopping centres.

Market Commentary and Investment Plans

It is clear that the international banking crisis is leading inexorably to recession, but how deep it will be and how long it will last is open to debate. The countries with the highest debts though - personal, corporate and governmental - are likely to suffer the most from the massive reduction in, and the increased cost of, available credit.

France and Italy are likely to fare relatively well with low household debt levels and high savings ratios but clearly manufacturing and exports will suffer, as they will from Sweden, particularly in the resource sector. Increased unemployment will naturally affect retail spending but the current very low level in Northern Italy (3.8%) should offer a significant buffer.

ECP commissioned Experian, the leading independent economic research organisation, to use its economic models to predict the effect on consumer spending of a rise in unemployment. The study concluded that if unemployment rose by 25% in ECP's countries of France, Italy and Sweden, national retail sales would drop 14% in France and Italy but only 10% in Sweden. If these reductions were to occur in ECP's shopping centres, the Company's occupancy cost ratio would rise from 7.2% to only 8.4% overall, reinforcing the Company's view that its rents should be sustainable in a serious recession.

Potential reductions in property values as a result of a rise in property yields may be offset to some degree by the lower interest rates necessary to combat recession but currently low government bond yields may have to eventually rise to finance the funds required to bolster the balance sheets of banks and allow for lower tax receipts.

The most relevant determinant of property yields and thus prices, though, will be the balance of supply and demand for investments and confidence in future rental income. Recent property sales by ECP, all of which have been at or above their valuations, are reassuring but there have been no sales of major centres since La Maquinista in Barcelona in July on which one can make a judgement.

ECP believes that prime shopping centres in France, Italy and Sweden are nevertheless the property sector least likely to suffer forced sales and the most likely to enjoy sustainable rents. The Company does not therefore expect valuations to decline substantially in December when all properties will be revalued, because any rise in market yields will be partially offset by still rising rents, if only largely from indexation.

Investment Strategy

ECP will, above all, continue to minimize risks. The Company's banking facilities are secure with low and stable interest costs and no major repayments needed for five years. ECP is not committed to any further expenditure on either new investments or extensions beyond the existing three to be completed shortly, all of which are fully funded, leased and on budget.

Any future extensions or investments will be funded through property sales, including those already completed of the warehouse portfolio and the King Jouet unit raising in total approximately € 50 million.

These are very difficult times nonetheless and Eurocommercial's priority will be to maintain rental income and earnings through careful planning and effective management of its properties and debt.

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Annual General Meeting Resolutions Adopted
All proposed resolutions were adopted at the Annual General Meeting of Shareholders held on 4 November 2008, including the proposed dividend of € 1.75 per depositary receipt in cash or in stock at a ratio of one new depositary receipt for every 22 existing depositary receipts.

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CONSOLIDATED DIRECT, INDIRECT AND TOTAL INVESTMENT RESULTS

(€ '000)	**First quarter ended 30-09-08**	First quarter ended 30-09-07
Rental income	**32,799**	30,448
Service charges income	**6,081**	3,699
Service charges expenses	**(6,658)**	(4,424)
Property expenses	**(3,989)**	(3,688)
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Net property income	**28,233**	26,035
Interest income	**102**	513
Interest expenses	**(10,367)**	(9,403)
	-----------	-----------
Net financing expenses	**(10,265)**	(8,890)
Company expenses	**(1,866)**	(1,960)
	-----------	-----------
Direct investment result before taxation	**16,102**	15,185
Corporate income tax	**0**	0
	-----------	-----------
DIRECT INVESTMENT RESULT	**16,102**	15,185
Disposal of investment properties	**(109)**	0
Investment revaluation	**695**	(39)
Fair value movement derivative financial instruments	**(17,619)**	(8,757)
Investment expenses	**(196)**	(32)
	-----------	-----------
Indirect investment result before taxation	**(17,229)**	(8,828)
Deferred tax	**3,166**	1,389
	-----------	-----------
INDIRECT INVESTMENT RESULT	**(14,063)**	(7,439)
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TOTAL INVESTMENT RESULT	**2,039**	7,746

Per depositary receipt (€)*		
Direct investment result	**0.45**	0.43
Indirect investment result	**(0.39)**	(0.21)
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Total investment result	**0.06**	0.22

* The average number of depositary receipts on issue over the first quarter to 30-09-2008 was 35,727,984 (first quarter to 30-09-2007: 35,277,619).

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ '000)	**First quarter ended 30-09-08**	First quarter ended 30-09-07
Rental income	**32,799**	30,448
Service charges income	**6,081**	3,699
Service charges expenses	**(6,658)**	(4,424)
Property expenses	**(3,989)**	(3,688)
	-----------	----------
Net property income	**28,233**	26,035
Disposal of investment properties	**(109)**	0
Investment revaluation	**695**	(39)
Interest income	**102**	513
Interest expenses	**(10,367)**	(9,403)
Fair value movement derivative financial instruments	**(17,619)**	(8,757)
	------------	-----------
Net financing cost	**(27,884)**	(17,647)
Company expenses	**(1,866)**	(1,960)
Investment expenses	**(196)**	(32)
	-----------	-----------
Profit before taxation	**(1,127)**	6,357
Corporate income tax	**0**	0
Deferred tax	**3,166**	1,389
	-----------	-----------
Profit after taxation	**2,039**	7,746
Per depositary receipt (€)*		
Profit after taxation	**0.06**	0.22
Diluted profit after taxation	**0.06**	0.22

* The average number of depositary receipts on issue over the first quarter to 30-09-2008 was 35,727,984 (first quarter to 30-09-2007: 35,277,619).

CONSOLIDATED BALANCE SHEET

(before income appropriation) (€ '000)	**30-09-08**	30-06-08	30-09-07
Property investments	**2,383,026**	2,374,896	2,241,005
Property investments under development	**29,409**	29,159	21,986
Tangible fixed assets	**1,520**	1,400	998
Receivables	**1,683**	1,749	2,605
Derivative financial instruments	**13,766**	30,138	13,752
Total non-current assets	**2,429,404**	2,437,342	2,280,346
Property investments held for sale	**9,430**	42,560	0
Receivables	**36,939**	35,238	30,162
Cash and deposits	**14,311**	13,796	12,884
Total current assets	**60,680**	91,594	43,046
Total assets	**2,490,084**	2,528,936	2,323,392
Corporate tax payable	**8,248**	8,248	8,113
Creditors	**80,651**	81,839	70,897
Borrowings	**74,725**	62,259	147,462
Total current liabilities	**163,624**	152,346	226,472
Creditors	**15,096**	15,019	22,659
Borrowings	**866,652**	907,990	668,257
Derivative financial instruments	**3,867**	2,284	4,788
Deferred tax liabilities	**144,376**	149,782	149,811
Provision for pensions	**535**	534	138
Total non-current liabilities	**1,030,526**	1,075,609	845,653
Total liabilities	**1,194,150**	1,227,955	1,072,125
Net assets	**1,295,934**	1,300,981	1,251,267
Equity Eurocommercial Properties shareholders			
Issued share capital	**179,394**	179,394	176,388
Share premium reserve	**324,525**	324,278	324,472
Other reserves	**679,690**	687,023	483,189
Undistributed income	**112,325**	110,286	267,218
	1,295,934	1,300,981	1,251,267
Adjusted net equity			
IFRS net equity	**1,295,934**	1,300,981	1,251,267
Deferred tax liabilities	**144,376**	149,782	149,811
Derivative financial instruments	**(9,899)**	(27,854)	(8,964)
Adjusted net equity	**1,430,411**	1,422,909	1,392,114
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back	**35,747,332**	35,727,332	35,277,619
Net asset value - € per depositary receipt (IFRS)	**36.25**	36.41	35.47
Adjusted net asset value - € per depositary receipt	**40.01**	39.83	39.46
Stock market prices € per depositary receipt	**30.50**	30.27	39.00

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CONSOLIDATED CASH FLOW STATEMENT

(€ '000)	**First quarter ended 30-09-08**	First quarter ended 30-09-07
Cash flow from operating activities		
Profit after taxation	**2,039**	7,746
Adjustments:		
Increase in receivables	**(1,584)**	(427)
Increase in creditors	**9,330**	14,175
Movement stock options	**247**	80
Property sale result	**(109)**	0
Derivative financial instruments	**17,619**	8,757
Deferred tax	**(3,166)**	(1,389)
Other movements	**(114)**	660
	-----------	-----------
	24,262	29,602
Cash flow from operations		
Interest paid	**(10,283)**	(11,338)
Interest received	**102**	513
	-----------	-----------
	14,081	18,777
Cash flow from investment activities		
Property acquisitions	**0**	(22,441)
Capital expenditure	**(35,681)**	(17,321)
Property sales	**42,669**	0
Additions to tangible fixed assets	**(238)**	(66)
	------------	-----------
	6,750	(39,828)
Cash flow from finance activities		
Borrowings added	**37,252**	18,086
Repayment of borrowings	**(57,559)**	(1,827)
Stock options exercised	**503**	0
Decrease in non-current creditors	**(234)**	(425)
	------------	------------
	(20,038)	15,834
Net cash flow	**793**	(5,217)
Currency differences on cash and deposits	**(278)**	57
Increase/decrease in cash and deposits	**515**	(5,160)
Cash and deposits at beginning of period	**13,796**	18,044
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Cash and deposits at end of period	**14,311**	12,884

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The movements in shareholders' equity in the first quarter ended 30 September 2008 were:

(€ '000)	**Issued Share capital**	**Share premium reserve**	**Other reserves**	**Undistributed income**	**Total**
30-06-2008	**179,394**	**324,278**	**687,023**	**110,286**	**1,300,981**
Profit for the period				**2,039**	**2,039**
Foreign currency translation differences			**(7,836)**		**(7,836)**
Total recognised income and expense for the period	**179,394**	**324,278**	**679,187**	**112,325**	**1,295,184**
Stock options exercised			**503**		**503**
Stock options granted		**247**			**247**
30-09-2008	**179,394**	**324,525**	**679,690**	**112,325**	**1,295,934**

The movements in shareholders' equity in the previous first quarter ended 30 September 2007 were:

(€ '000)	Issued Share capital	Share premium reserve	Other reserves	Undistributed income	Total
30-06-2007	176,388	324,392	481,866	259,472	1,242,118
Profit for the period				7,746	7,746
Foreign currency translation differences			1,323		1,323
Total recognised income and expense for the period	176,388	324,392	483,189	267,218	1,251,187
Stock options granted		80			80
30-09-2007	176,388	324,472	483,189	267,218	1,251,267

	30-09-2008	30-09-2007
Property information: sector spread (%)		
Retail	**95**	93
Office	**5**	5
Warehouse	**0**	2
Property information: country spread (%)		
France	**35**	34
Italy	**39**	39
Sweden	**22**	22
The Netherlands	**4**	5
Net property income by sector (€ '000)		
Retail	**25,532**	22,969
Office	**2,115**	2,249
Warehouse	**586**	817
	28,233	26,035
Net property income by country (€ '000)		
France	**10,451**	8,729
Italy	**10,187**	9,602
Sweden	**6,132**	5,912
The Netherlands	**1,463**	1,792
	28,233	26,035

The figures in this press release have not been audited by an external auditor.