

EUROCOMMERCIAL



Half Year Report 31 December 2014

Half year results highlights	02	Statement of consolidated direct, indirect and total investment results	10
Results	03	Statement of adjusted net equity	
Centre performance	04	EPRA performance measures	11
Valuations by property	06	Interim condensed consolidated financial statements	12
Funding	07	Notes to the interim condensed consolidated financial statements	16
Country commentary	08	Other information	24
Market commentary	09		

Company profile

Eurocommercial Properties N.V. (Eurocommercial) is one of Europe's most experienced owners and managers of retail property. The Company focuses on France, Northern Italy and Sweden where it has a €2.7 billion portfolio of 33 shopping centres. 40% (€1,087m) of the portfolio is in France, 38% (€1,058m) in Northern Italy and 22% (€598m) in Sweden. Listed on Euronext Amsterdam since 1991, Eurocommercial has zero tax status.

Where we are



Half year results highlights



The direct investment result for the six months to 31 December 2014 rose 1% compared to the previous corresponding period and property valuations increased by 2.6% overall, with positive uplifts in all three countries. As expected, like for like rental growth slowed to around 1%, but lower interest costs helped contribute to the uplift in the direct investment result.

Eurocommercial reinforced its presence in the greater Geneva area with the purchase of a 50% share in Centre Commercial Shopping Etrembières for a total cost of €43.3 million. The Company has also signed a conditional agreement to purchase the hypermarket and balance of the gallery it does not already own at I Gigli in Florence for €82 million.

Half year results at 31 December 2014

Direct investment result: €42.9m (€1.02 per DR) +1.0%

The direct investment result for the six months to 31 December 2014 rose 1.0% to €42.9 million from €42.4 million for the same period in 2013. The direct investment result is defined as net property income less net interest expenses and company expenses after taxation and, in the view of the Board, more accurately represents the underlying profitability of the Company than IFRS "profit after tax" which must include unrealised capital gains and losses. The direct investment result per depositary receipt (DR) also rose 1.0% to €1.02 at 31 December 2014 from €1.01 at 31 December 2013.

Net rental income: €72.0m -3.0%

Rental income for the six months to 31 December 2014, after deducting net service charges and direct and indirect property expenses (branch overheads), was €72.0 million compared with €74.2 million for the prior year period. The fall in income was predominantly due to the sale of Passy Plaza in October 2013 and the weakening of the Swedish krona.

Like for like rental growth: +0.9%

The like for like (same floor area) rents of Eurocommercial's properties increased by almost 1% at 31 December 2014 compared with 31 December 2013. Rents rose by 1.4% in France, 0.2% in Italy and 1.7% in Sweden. 181 leases were renewed or re-let in Eurocommercial's centres during the twelve month period, resulting in an average uplift in minimum guaranteed rent for those shops of 5%.

Retail sales turnover: +1.5%

Like for like retail sales turnover in Eurocommercial's shopping centres increased by 1.5% for the twelve months to 31 December 2014 compared to the twelve months to 31 December 2013. Turnovers increased by 1.0% in France, 1.2% in Italy and 3.4% in Sweden.

Property valuations: €2.7 bn +2.6%

Properties were independently revalued at 31 December 2014 resulting in a 2.6% increase in value compared with December 2013 and 1.5% compared with June 2014. Since December 2013 values increased by 3.7% in France, 1.7% in Italy and 2.2% in Sweden.

Adjusted net asset value: €36.45 +2.8%

Adjusted net asset value at 31 December 2014 increased by 2.8% to €36.45 per depositary receipt from €35.45 at 31 December 2013 and decreased by 0.8% from €36.74 at 30 June 2014.

IFRS results

The IFRS net asset value, which, unlike the adjusted net asset value, includes the negative fair value of financial derivatives (interest rate swaps) of €156.3 million and contingent capital gains tax liabilities of €37.7 million, was €31.91 per depositary receipt at 31 December 2014 compared with €32.77 at 30 June 2014 and €32.11 at 31 December 2013.

The IFRS profit after taxation for the six months to 31 December 2014 decreased to €54.2 million from €57.4 million for the same period in 2013. Although the investment revaluation of €39.2 million was considerably higher than the €2.5 million recorded in the previous corresponding period, the increase was not sufficient to offset the negative fair value movement in derivative financial instruments for an amount of €26.3 million compared to a positive amount of €13.6 million for the previous period due to much lower market interest rates. Interest expenses were €3.1 million lower than in the previous corresponding period due to lower fixed interest rates and lower interest rate hedging of borrowings (76% hedged as per 31 December 2014, compared to 86% at 31 December 2013). Company expenses decreased by 1.6% over the reporting period.

Rental growth

The like for like (same floor area) rents of Eurocommercial's properties increased by 0.9% overall at 31 December 2014 compared with 31 December 2013. The rent figures compare tenancy schedules at the relevant dates and include indexation and turnover rents.

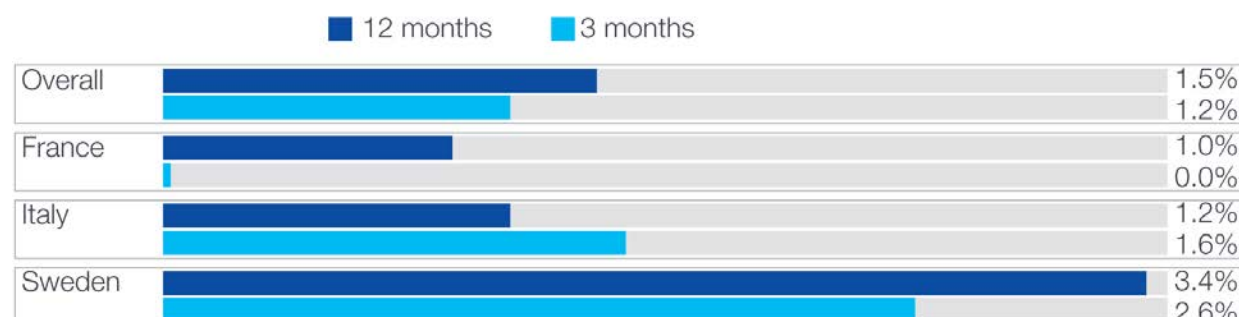
	Like for like rental growth	Relettings and renewals	Average rental uplift on relettings and renewals
Overall	+0.9%	181	+5%
France	+1.4%	37	+18%
Italy	+0.2%	93	+3%
Sweden	+1.7%	51	+3%

Negative indexation has been reported in all three countries for 2015, with the exception of the Indice des Loyers Commerciaux (ILC) index in France, which is applied to approximately 80% of Eurocommercial's French leases, and has been reported as 0%. Due to upward-only inflation clauses in Italy and, to a much lesser extent, in Sweden, Eurocommercial expects the overall indexation figure to be applied to its portfolio to be essentially flat for the calendar year 2015.

Retail sales turnover

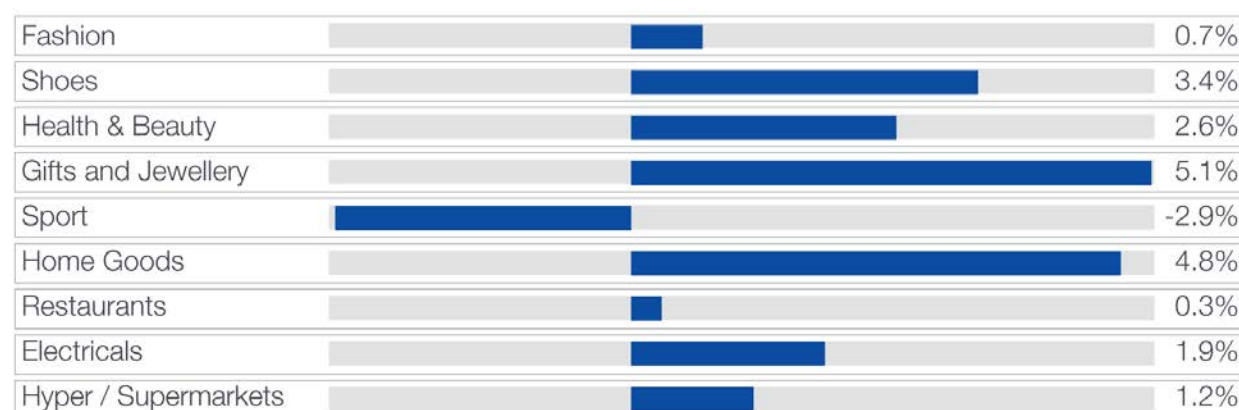
Like for like retail sales turnover growth in Eurocommercial's shopping centres for the twelve months to 31 December 2014 compared with the previous corresponding period was 1.5%. Turnover has held up in Eurocommercial's countries over the past few months, with December showing particularly strong growth in all three markets.

Retail sales turnover by country* (12 and 3 months to 31 December 2014)



* Excluding hypermarkets and extensions

Retail sales turnover by sector* (12 months to 31 December 2014)



* Excluding extensions

Occupancy cost ratios (OCR)

The total occupancy cost ratio (rent plus marketing contributions, service charges and tenant property taxes as a proportion of turnover including VAT) for Eurocommercial galleries excluding hypermarkets at the end of the period was 8.2% overall. When VAT is excluded in the sales turnover, the figures were 9.9% overall; 9.6% in France, 9.9% in Italy and 10.4% in Sweden.

In Sweden, Eurocommercial has reclassified Systembolaget (the government-owned alcohol retailer) as a hypermarket rather than a gallery shop, in line with the national statistics office. This has resulted in an increase in the reported gallery OCR from 7.6% to 8.3%.

Gallery occupancy cost ratios at 31 December 2014*

Overall		8.2%
France		8.0%
Italy		8.2%
Sweden		8.3%

* Excluding hypermarkets and Systembolaget

Vacancies and arrears

Total vacancies for the portfolio at 31 December 2014 represent 0.5% of rental income.

Rental arrears of more than 90 days for the total Eurocommercial portfolio are less than 1% of total income. Out of a total of 1,433 tenants, there are six tenants in administration - five in France, one in Italy but none in Sweden.

Property valuations

All of the Company's properties were independently valued as usual at 31 December 2014 in accordance with the rules set out in the "Red Book" of the Royal Institution of Chartered Surveyors (RICS), the International Valuation Standards and IAS40. The net yield figures provided in the following tables are the result of dividing the Company's expected net income for the coming year by the valuation figure to which has been added the relevant standardised market allowance for deemed purchaser's costs (usually notional transfer taxes) in the particular market. The objective is to replicate the calculations of a professional institutional investor.

Overall, the property portfolio increased in value by 2.6% on a like for like basis when compared with December 2013 and 1.5% when compared with June 2014.

The overall net initial yield on valuations for Eurocommercial's properties was 5.6%. The net initial yield was 5.0% in France, 6.2% in Italy and 5.6% in Sweden.

Valuations December 2014

	Valuation changes		Net initial yield including purchase costs
	Six months to 31 December 2014	Twelve months to 31 December 2014	At 31 December 2014
Overall	+1.5%	+2.6%	5.6%
France	+2.0%	+3.7%	5.0%
Italy	+1.1%	+1.7%	6.2%
Sweden	+1.1%	+2.2%	5.6%

Valuations by property

	Net value 31/12/14	Net value 30/06/14	Net value 31/12/13	Net yield including purchase costs
France (€million)				
Amiens Glisy, Amiens ⁵	47.50	47.50	45.20	5.7%
Les Grands Hommes, Bordeaux ¹	17.90	17.80	17.70	4.6%
Saint Doullard, Bourges ¹	39.40	39.10	39.00	6.0%
Chasse Sud, Chasse-sur-Rhône ²	57.10	56.00	55.40	5.8%
Les Allées de Cormeilles, Cormeilles ⁵	41.80	40.50	41.00	5.7%
Les Trois Dauphins, Grenoble ⁵	36.80	36.80	36.70	5.6%
Centr'Azur, Hyères ²	52.70	51.60	50.70	5.4%
Plaine de France, Moisselles ²	75.60	75.20	75.30	5.6%
Passage du Havre, Paris ¹	341.70	324.10	307.60	4.3%
74 rue de Rivoli, Paris ⁵	59.80	56.30	55.90	4.1%
Les Portes de Taverny, Taverny ⁵	61.60	61.50	60.90	5.2%
Val Thoiry, Thoiry ²	*116.90	107.70	108.10	5.4%
Les Atlantes, Tours ⁵	*137.70	129.40	129.90	5.0%
FRANCE TOTAL	1,086.50	1,043.50	1,023.40	5.0%

Italy (€million)

Curno, Bergamo ²	97.50	97.40	95.80	6.4%
Centro Lame, Bologna ⁴	36.20	36.20	35.90	6.8%
Cremona Po, Cremona ⁴	81.20	80.20	80.10	6.8%
Il Castello, Ferrara ²	104.70	104.70	99.30	6.4%
I Gigli, Firenze ⁴	266.10	250.80	249.40	6.1%
Centro Leonardo, Imola ²	66.50	66.50	65.70	6.3%
La Favorita, Mantova ¹	43.20	43.90	44.90	6.6%
Carosello, Carugate, Milano ¹	295.30	295.60	294.20	5.8%
I Portali, Modena ⁴	43.00	40.80	41.00	6.2%
Centroluna, Sarzana ¹	24.60	24.60	25.00	6.8%
ITALY TOTAL	1,058.30	1,040.70	1,031.30	6.2%

Sweden (SEK million)**

421, Göteborg ⁴	758.00	758.00	758.00	5.6%
Eurostop, Halmstad ²	621.00	594.00	587.00	5.8%
Kronan, Karlskrona ³	173.00	174.00	164.00	5.6%
Bergvik, Karlstad ³	670.00	670.00	656.00	5.4%
Mellby Center, Laholm ³	169.00	169.00	167.00	6.0%
Ingelsta Shopping, Norrköping ³	997.00	990.00	968.00	5.8%
Elins Esplanad, Skövde ³	731.00	720.00	710.00	5.5%
Moraberg, Södertälje ²	422.00	408.00	401.00	5.9%
Hälla Shopping, Västerås ⁴	133.00	153.00	152.00	6.2%
Grand Samarkand, Växjö ³	942.00	910.00	896.00	5.1%
SWEDEN TOTAL	5,616.00	5,546.00	5,459.00	5.6%

* Including land acquisitions

** 1 € = 9.393 SEK

Valuations by: ¹ CB Richard Ellis, ² Cushman & Wakefield, ³ DTZ, ⁴ Jones Lang LaSalle, ⁵ Knight Frank

Funding

During the period, holders of depositary receipts (DRs) representing 25.7% (2013: 39.4%) of the issued share capital opted to take up 565,604 bonus DRs (2013: 996,918) at an issue price of €36.86 (2013: €31.68) from the Company's share premium reserve, instead of a cash dividend of €1.94 (2013: €1.92) per depositary receipt for the financial year ended 30 June 2014. Accordingly, of the available dividend of €81.3 million, an amount of €20.8 million was not paid out. The total number of depositary receipts outstanding at 31 December 2014, after the deduction of 888,865 depositary receipts bought back, was 42,451,711.

The net debt to adjusted net equity ratio at 31 December 2014 was 75% (2013: 74%) and the net loan to property value was 42% (2013: 42%). The average loan term is more than four years (2013: five years) and 76% (2013: 86%) of interest costs are fixed, mainly through swaps, for an average of eight years (2013: seven years). The Company's average overall interest rate at 31 December 2014 was 3.6% (2013: 4.1%), including margins averaging 89 bps (2013: 89 bps).

Considerable management time has been spent on not only reducing the overall interest cost to the Company but also in negotiating the extension of the terms of the loan and swap books due to expire over the next few years. Negotiations are at an advanced stage to extend to seven years a €150 million loan maturing in 2016. There are also 12 separate loans totalling €369 million maturing in 2017 and discussions have already commenced with various banks to extend their length.

Number of shares in issue	42.45 million
Shareholders' adjusted net equity	€1.55 billion
Net debt	€1.15 billion
Net debt to adjusted net equity ratio	75%
Net loan to property value ratio	42%
Interest cover	2.9x
Average loan term	>4 years
Average fixed interest period	8 years
Average loan margin	89 bps
Overall interest cost	3.6%

Non-current borrowings maturity schedule at 31 December 2014*

	€ million
2016	226
2017	369
2018	61
2019	56
2020	70
2021	43
2022	121
2023	23
2024+	81

* Maturities are stated by calendar year

Country commentary

France

In January 2015 Eurocommercial entered into a joint venture partnership with AXA Real Estate, on behalf of AXA Insurance Companies, through the acquisition of a 50% stake in the Etrembières Shopping Centre (Centre Commercial Shopping Etrembières) for a total cost of €43.3 million, representing a net initial yield of c.5.2%.

The shopping centre occupies a prominent position at the junction of the A40 (Lyon – Chamonix) and A411 (Geneva highway) autoroutes, 2km from the Swiss border to the south of Geneva. As such it is highly complementary to Eurocommercial's existing shopping centre in Val Thoiry which is located to the north of Geneva. The 8,900m² gallery of 45 shops, including H&M and Go Sport, is anchored by the leading Swiss food retailer, Migros, with a sales area of approximately 5,500m², which does not form part of the acquisition.

This well-established shopping centre, which opened in 1994, is fully let and serves a wealthy catchment of approximately 400,000 people within a 15 minute drive time. 60% of visitors derive a living from Switzerland. Eurocommercial will assume responsibility for the management of the centre with immediate effect.

Eurocommercial has received all planning consents to permit a 5,500m² extension of its retail park in Chasse-sur-Rhône. Pre-leasing is already well advanced and the Company expects to begin construction in spring 2015. The total cost is expected to be approximately €10 million, of which €2 million has already been spent, which should yield a minimum net return on cost of 7%.

Eurocommercial is preparing to submit planning applications for extensions to Val Thoiry and Les Atlantes during the course of 2015.

Italy

In December 2014 a conditional agreement was reached with Gruppo PAM for Eurocommercial to acquire their 15,800m² hypermarket and 9,000m² of gallery shops at I Gigli, Firenze, which will increase Eurocommercial's ownership of the property to 100%. The acquisition cost of €82 million will not be payable until the planned completion date in April 2016.

On completion of the transaction, the hypermarket will be reduced to around 10,000m² GLA and leased back to PAM. It is Eurocommercial's intention to convert the former hypermarket space into gallery shops and discussions are already underway with major retailers to lease the new space. At the time of these conversion works, the Company also intends to refurbish the entire shopping centre, helping I Gigli to retain its position as the most popular shopping centre in Italy with 18.6 million annual visitors.

The €4.5 million refurbishment of I Portali, Modena has now been completed. The public spaces have been improved with increased natural light, better use of the piazzas, new entrances and customer toilets and taller shop fronts to increase the impact of the retail offer. External works to improve the access route to the main car park at Cremona Po, Cremona, as well as the addition of 250 new surface car spaces, are underway. A large external children's play area at the centre is also currently under construction.

Sweden

At Eurostop, Halmstad the relocation of the Statoil petrol station and works to the car park have now begun in preparation for the forthcoming 16,000m² extension. Pre-leasing is also now progressing. The enlarged shopping centre is due to open in several phases up to autumn 2017. The completed gallery will have a gross lettable area of approximately 38,400m², including at least one hypermarket and a further 85 retail tenants. The total estimated cost is approximately €75 million, delivering a targeted net return on cost of around 7%.

The €4 million refurbishment of Bergvik Köpcenter is due to begin in spring this year and to complete prior to Christmas. The works include a new external façade and entrances, new floors, ceilings and lighting.

Market commentary

Recent actions by the European Central Bank to increase liquidity have reinforced the investment attractions of prime property at yields considerably higher than those of French, Italian and Swedish average 10 year bonds of under 1.5%.

The substantial reduction in crude oil prices is of course technically deflationary but is welcomed by consumers and is expected to have a positive effect on spending. The attractions of good shopping centres continue therefore, both for investors and shoppers, and yields can be expected to continue to decline, increasing values. Eurocommercial is always looking for acquisition opportunities in its markets of France, Italy and Sweden, of which Etrembières is a good example and which has the added attraction of a long term relationship with AXA, one of Europe's largest and most successful financial institutions.

Responsibility statement

We hereby state that to the best of our knowledge, and in accordance with the applicable IFRS reporting principles for interim financial reporting, that the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the Group, and that the interim management report of the Board of Management includes the most important transactions with related parties as well as a fair review of the development and performance of the business during the reporting period and the position of the Group at the balance sheet date, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the current financial year. There were no important transactions with related parties.

Risk

Reference is made to the 2013/2014 Annual Report with regards to existing risks, which have not materially changed. However, ongoing financial instability and political changes in France, Italy and Sweden create uncertainty and it is not possible to rule out potential changes in taxation which could have an impact on future financial performance. Some valuation reports for the Italian portfolio as per 31 December 2014 contain an uncertainty paragraph due to the relative lack of liquidity in the capital markets.

Amsterdam, 6 February 2015

Board of Management

J.P. Lewis, Chairman
E.J. van Garderen

Conference call and webcast

Eurocommercial will host a conference call and audio webcast today, Friday 6 February 2015, at 9:00 AM (UK) / 10:00 AM (CET) for investors and analysts. To access the call, please dial **+44 (0)1452 555 566** approximately 5-10 minutes before the start of the conference and ask to be connected to the Eurocommercial call using the conference ID number of **47752092**. The call will also be audio webcast at www.eurocommercialproperties.com/financial/webcast.

At all other times, management can be reached at +31 (0)20 530 6030 or +44 (0)20 7925 7860.

Statement of consolidated direct, indirect and total investment results*

(€000)	Six months ended 31-12-14	Six months ended 31-12-13	Second quarter ended 31-12-14	Second quarter ended 31-12-13
Rental income	85,814	87,815	43,008	43,305
Service charges income	14,204	15,018	6,765	6,833
Service charges expenses	(15,628)	(16,475)	(7,513)	(7,363)
Property expenses	(12,419)	(12,127)	(6,525)	(6,186)
Net property income	71,971	74,231	35,735	36,589
Interest income	258	633	136	376
Interest expenses	(23,654)	(26,788)	(11,644)	(13,357)
Net financing expenses	(23,396)	(26,155)	(11,508)	(12,981)
Company expenses	(5,405)	(5,528)	(2,826)	(2,788)
Direct investment result before taxation	43,170	42,548	21,401	20,820
Current tax	(316)	(108)	(163)	(58)
Direct investment result	42,854	42,440	21,238	20,762
Investment revaluation	39,228	2,522	39,239	2,546
Fair value movement derivative financial instruments	(26,332)	13,583	(15,497)	6,497
Investment expenses	(303)	(378)	(162)	(210)
Indirect investment result before taxation	12,593	15,727	23,580	8,833
Deferred tax	(1,210)	(741)	(1,207)	(434)
Indirect investment result	11,383	14,986	22,373	8,399
Total investment result	54,237	57,426	43,611	29,161
Per depositary receipt (€)**				
Direct investment result	1.02	1.01	0.50	0.49
Indirect investment result	0.27	0.36	0.53	0.20
Total investment result	1.29	1.37	1.03	0.69

Statement of adjusted net equity*

(€000)	31-12-14	30-06-14	31-12-13
IFRS net equity per balance sheet	1,354,656	1,386,632	1,372,258
Derivative financial instruments	156,255	132,379	106,669
Deferred tax liabilities	37,724	36,795	36,979
Deferred tax assets	(1,375)	(800)	(669)
Adjusted net equity	1,547,260	1,555,006	1,515,237
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back	42,451,711	42,319,567	42,736,972
Net asset value - € per depositary receipt (IFRS)	31.91	32.77	32.11
Adjusted net asset value - € per depositary receipt	36.45	36.74	35.45
Stock market prices - € per depositary receipt	35.17	36.02	30.86

* These statements contain additional information which is not part of the IFRS financial statements.

** The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam. One bearer depositary receipt represents ten ordinary registered shares. The average number of depositary receipts on issue during the period was 41,983,071 compared with 41,918,849 for the six months to 31/12/13, an increase of 0.2%.

EPRA performance measures*

The European Public Real Estate Association (EPRA) is an organisation which promotes, develops and represents the European public real estate sector. EPRA sets out best practice reporting guidelines on a number of financial and operational performance indicators relevant to the real estate sector.

		Total (€000)	Per depositary receipt (€)
	31-12-14	31-12-13	31-12-14 31-12-13
EPRA earnings**	42,854	42,440	1.02 1.01
EPRA NAV***	1,547,260	1,515,237	35.65 34.35
EPRA NNAV***	1,366,432	1,395,596	31.48 31.63
EPRA net initial yield (%)	5.6%	5.8%	

Reconciliation NAV, EPRA NAV and EPRA NNAV*

		Total (€000)	Per depositary receipt (€)
	31-12-14	31-12-13	31-12-14 31-12-13
Equity balance sheet	1,354,656	1,372,258	31.91 32.11
Derivative financial instruments	156,255	106,669	
Deferred tax liabilities	37,724	36,979	
Deferred tax assets	(1,375)	(669)	
EPRA NAV***	1,547,260	1,515,237	35.65 34.35
Derivative financial instruments	(156,255)	(106,669)	
Deferred tax liabilities	(9,431)	(9,245)	
Deferred tax assets	1,375	669	
Fair value borrowings****	(16,517)	(4,396)	
EPRA NNAV***	1,366,432	1,395,596	31.48 31.63

Reconciliation EPRA net initial yield and EPRA vacancy rate*

€000	France		Italy		Sweden		Total	
	31-12-14	31-12-13	31-12-14	31-12-13	31-12-14	31-12-13	31-12-14	31-12-13
Property investments	1,086,500	1,023,400	1,058,300	1,031,300	583,720	616,212	2,728,520	2,670,912
Land held for development	(12,600)	0	0	0	0	0	(12,600)	0
Property investments held for sale	0	0	0	0	14,159	0	14,159	0
Property investments completed	1,073,900	1,023,400	1,058,300	1,031,300	597,879	616,212	2,730,079	2,670,912
Purchasers' costs	69,307	61,900	42,295	38,100	6,024	6,432	117,626	106,432
Gross value property investments completed	1,143,207	1,085,300	1,100,595	1,069,400	603,903	622,644	2,847,705	2,777,344
Annualised net rents (EPRA NIY)	57,102	56,871	69,268	67,801	33,769	35,668	160,139	160,340
EPRA net initial yield (%)	5.0	5.2	6.3	6.3	5.6	5.7	5.6	5.8
EPRA vacancy rate (%)	0.8	1.3	0.4	0.5	0.2	1.0	0.5	0.9

* These statements contain additional information which is not part of the IFRS financial statements.

** The average number of depositary receipts on issue over the six months was 41,983,071 compared with 41,918,849 for the six months period to 31/12/13.

*** The diluted number of depositary receipts on issue at 31/12/14 was 43,406,256, compared with 44,117,539 at 31/12/13.

**** The fair value of the borrowings with a fixed interest rate from drawdown date to maturity is based on the confirmations received from banks.

Consolidated profit and loss account

(€000)	Note	Six months ended 31-12-14	Six months ended 31-12-13
Rental income		85,814	87,815
Service charges income		14,204	15,018
Service charges expenses		(15,628)	(16,475)
Property expenses	4	(12,419)	(12,127)
Net property income		71,971	74,231
Investment revaluation	5	39,228	2,522
Interest income	6	258	633
Interest expenses	6	(23,654)	(26,788)
Fair value movement derivative financial instruments	6	(26,332)	13,583
Net financing cost	6	(49,728)	(12,572)
Company expenses	7	(5,441)	(5,528)
Investment expenses		(267)	(378)
Profit before taxation		55,763	58,275
Current tax		(316)	(108)
Deferred tax	13	(1,210)	(741)
Total tax		(1,526)	(849)
Profit after taxation		54,237	57,426
Per depositary receipt (€)*			
Profit after taxation		1.29	1.37
Diluted profit after taxation		1.26	1.32

Consolidated statement of comprehensive income

(€000)	Six months ended 31-12-14	Six months ended 31-12-13
Profit after taxation	54,237	57,426
Foreign currency translation differences (to be recycled through profit and loss account)	(7,419)	(2,996)
Actuarial result on pension scheme (not recycled through profit and loss account)	(1,159)	0
Total other comprehensive income	(8,578)	(2,996)
Total comprehensive income	45,659	54,430
Per depositary receipt (€)*		
Total comprehensive income	1.08	1.30
Diluted total comprehensive income	1.06	1.26

* The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam. One bearer depositary receipt represents ten ordinary registered shares.

Consolidated balance sheet

(€000)	Note	31-12-14	30-06-14
Property investments	8	2,728,520	2,688,603
Tangible fixed assets		1,750	1,906
Receivables	9	233	234
Derivative financial instruments	12	16	0
Deferred tax assets	13	1,375	800
Total non-current assets		2,731,894	2,691,543
Receivables	9	30,888	30,168
Cash and deposits		56,765	85,372
Total current assets		87,653	115,540
Property investment held for sale	8	14,159	0
Total assets		2,833,706	2,807,083
Creditors	10	61,685	65,464
Borrowings	11	159,814	131,935
Total current liabilities		221,499	197,399
Creditors	10	10,458	10,733
Borrowings	11	1,050,077	1,041,301
Derivative financial instruments	12	156,271	132,379
Deferred tax liabilities	13	37,724	36,795
Provision for pensions		3,021	1,844
Total non-current liabilities		1,257,551	1,223,052
Total liabilities		1,479,050	1,420,451
Net assets		1,354,656	1,386,632
Equity Eurocommercial Properties shareholders	14		
Issued share capital		216,703	213,875
Share premium reserve		383,181	385,838
Other reserves		700,535	687,129
Undistributed income		54,237	99,790
Net assets		1,354,656	1,386,632

Consolidated cash flow statement

For the six months ended (€000)	Note	31-12-14	31-12-13
Cash flow from operating activities			
Profit after taxation		54,237	57,426
Adjustments:			
Increase in receivables	9	(778)	(3,903)
Decrease/increase in creditors	10	(4,689)	3,256
Interest income		(258)	(633)
Interest expenses		23,654	26,788
Movement stock options and performance shares granted		175	384
Investment revaluation	5	(39,425)	(2,726)
Derivative financial instruments		26,332	(13,583)
Deferred tax	13	1,210	741
Current tax		316	108
Other movements		(30)	716
		60,744	68,574
Cash flow from operations			
Current tax paid		(474)	(390)
Derivative financial instruments		(2,036)	0
Borrowing costs		(79)	(312)
Interest paid		(23,499)	(26,718)
Interest received		325	552
		34,981	41,706
Cash flow from investing activities			
Property acquisitions	8	0	0
Capital expenditure	8	(27,139)	(16,983)
Property sale		0	141,000
Additions to tangible fixed assets		(203)	(291)
		(27,342)	123,726
Cash flow from financing activities			
Borrowings added	11	93,593	11,504
Repayment of borrowings	11	(51,977)	(119,385)
Stock options exercised		9,370	0
Depository receipts bought back		(26,766)	0
Dividends paid	14	(60,414)	(48,620)
Increase/decrease in non-current creditors		137	(1,026)
		(36,057)	(157,527)
Net cash flow			
Currency differences on cash and deposits		(189)	(73)
Decrease/increase in cash and deposits		(28,607)	7,832
Cash and deposits at beginning of period		85,372	51,422
Cash and deposits at end of period		56,765	59,254

Consolidated statement of changes in shareholders' equity

The movements in shareholders' equity in the six months period ended 31 December 2014 were:

(€000)	Issued share capital	Share premium reserve	Other reserve	Undistributed income	Total
30-06-2014	213,875	385,838	687,129	99,790	1,386,632
Profit after taxation				54,237	54,237
Foreign currency translation differences (to be recycled through profit and loss)			(7,419)		(7,419)
Actuarial gain on pension scheme (not to be recycled through profit and loss)			(1,159)		(1,159)
Total comprehensive income			(8,578)	54,237	45,659
Issued shares	2,828	(2,828)			0
Profit previous financial year			39,380	(39,380)	0
Depository receipts bought back			(26,766)		(26,766)
Dividends paid		(4)		(60,410)	(60,414)
Performance shares granted		175			175
Stock options exercised			9,370		9,370
31-12-2014	216,703	383,181	700,535	54,237	1,354,656

The movements in shareholders' equity in the previous six months period ended 31 December 2013 were:

(€000)	Issued share capital	Share premium reserve	Other reserve	Undistributed income	Total
30-06-2013	208,890	393,547	640,708	122,919	1,366,064
Profit after taxation				57,426	57,426
Foreign currency translation differences (to be recycled through profit and loss)			(2,996)		(2,996)
Total comprehensive income			(2,996)	57,426	54,430
Issued shares	4,985	(4,985)			0
Profit previous financial year			74,360	(74,360)	0
Dividends paid		(61)		(48,559)	(48,620)
Stock options and performance shares granted		384			384
Stock options not vested		(2,585)	2,585		0
31-12-2013	213,875	386,300	714,657	57,426	1,372,258

Notes to the consolidated financial statements

as at 31 December 2014

General

Eurocommercial Properties N.V. (the Company) domiciled in Amsterdam, the Netherlands, is a closed-end property investment company. The consolidated financial statements of the Company for the financial year starting 1 July 2014 and ending 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). This half year report includes the figures for the six month period from 1 July 2014 to 31 December 2014.

1. Principal accounting policies

(a) Statement of compliance

The interim condensed consolidated financial statements for the six month period ending 31 December 2014 have been drawn up in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (IFRS) as per 31 December 2014. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2014.

(b) Change in accounting policies, reclassifications, amendments and improvements to IFRS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014, except for the adoption of new standards and interpretations effective as of 1 July 2014. As required by IAS 34, the nature and the effect of these standards are disclosed below. They do not have an impact, or they do not have a material impact, on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

- **IFRS 10 Consolidated Financial Statements**, effective 1 January 2014. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of IAS 27 'Consolidated and Separate Financial Statements' that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 'Consolidation - Special Purpose Entities'. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As the Company holds 100 per cent interest in all of its subsidiaries and the Group is not considered to be an investment entity in accordance with the IFRS 10 definition, the standard did not have any impact on the Group.
- **IFRS 11 Joint Arrangements**, effective 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. As the Group had no joint arrangements on 31 December 2014, there was no impact.
- **IFRS 12 Disclosure of Interests in Other Entities**, effective 1 January 2014. IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previous existing disclosure requirements for subsidiaries. The standard did not affect the Group's financial position or performance and additional disclosures will be included in the annual financial statements.
- **IFRS 10-12 - Transition Guidance**, effective 1 January 2014. The amendments clarify the transition guidance in IFRS 10 'Consolidated Financial Statements' and also provide additional transition relief in IFRS 10, IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities'. The transition guidance did not have any impact on the Group.
- **IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions**, effective 1 July 2014. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The requirement had no material impact.

Notes to the consolidated financial statements

as at 31 December 2014

1. Principal accounting policies (continued)

- **IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)**, effective 1 January 2014. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. As the Company holds 100 per cent interest in all of its subsidiaries, this standard did not have any impact on the Group.
- **IAS 32 Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities**, effective 1 January 2014. The amendments clarify the meaning of “currently has a legally enforceable right to set off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. The amendment did not affect the Company as the Group does not set off financial instruments.
- **IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets**, effective 1 January 2014. The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units (CGU's) for which impairment losses have been recognised or reversed during the period. As the Group has no impairment of assets, there was no impact.
- **IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of hedge Accounting**, effective 1 January 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. As the Group does not apply hedge accounting, there was no impact.
- **IFRIC 21 Levies**, effective 1 July 2014. IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required. This interpretation did not have any impact on the Group's financial position and performance as it has applied the recognition principles under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' consistent with the requirements of IFRIC 21 in prior years.

Notes to the consolidated financial statements

as at 31 December 2014

2. Segment information

(€000)	France		Italy		Sweden		The Netherlands		Total	
For the six months ended 31/12	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	30,136	31,944	37,333	36,994	18,345	18,877	0	0	85,814	87,815
Service charge income	5,082	5,395	3,887	4,056	5,235	5,567	0	0	14,204	15,018
Service charge expenses	(5,875)	(6,129)	(3,887)	(4,056)	(5,866)	(6,290)	0	0	(15,628)	(16,475)
Property expenses	(3,551)	(3,420)	(6,184)	(6,061)	(2,684)	(2,646)	0	0	(12,419)	(12,127)
Net property income	25,792	27,790	31,149	30,933	15,030	15,508	0	0	71,971	74,231
Investment revaluation	21,851	(144)	11,203	1,713	6,296	983	(122)	(30)	39,228	2,522
Segment result	47,643	27,646	42,352	32,646	21,326	16,491	(122)	(30)	111,199	76,753
Net financing cost									(49,728)	(12,572)
Company expenses									(5,441)	(5,528)
Investment expenses									(267)	(378)
Profit before taxation									55,763	58,275
Current tax									(316)	(108)
Deferred tax									(1,210)	(741)
Profit after taxation									54,237	57,426

(€000)	France		Italy		Sweden		The Netherlands		Total	
As per	31-12-14	30-06-14	31-12-14	30-06-14	31-12-14	30-06-14	31-12-14	30-06-14	31-12-14	30-06-14
Property investments	1,086,500	1,043,500	1,058,300	1,040,700	583,720	604,403	0	0	2,728,520	2,688,603
Tangible fixed assets	393	351	1,145	1,278	116	141	96	136	1,750	1,906
Receivables	21,335	20,993	6,132	6,007	2,576	2,414	1,078	988	31,121	30,402
Derivatives financial instruments	0	0	16	0	0	0	0	0	16	0
Deferred tax assets	0	0	1,375	800	0	0	0	0	1,375	800
Cash and deposits	701	2,288	40,725	746	13,618	15,704	1,721	66,634	56,765	85,372
Property investments held for sale	0	0	0	0	14,159	0	0	0	14,159	0
Total assets	1,108,929	1,067,132	1,107,693	1,049,531	614,189	622,662	2,895	67,758	2,833,706	2,807,083

Creditors	28,904	26,912	15,512	16,211	15,719	15,127	1,550	7,214	61,685	65,464
Non-current creditors	8,696	8,641	1,751	2,081	11	11	0	0	10,458	10,733
Borrowings	370,121	371,328	581,353	548,142	228,417	233,766	30,000	20,000	1,209,891	1,173,236
Derivatives financial instruments	16,033	17,960	121,721	98,354	18,517	16,065	0	0	156,271	132,379
Deferred tax liabilities	0	0	0	0	37,724	36,795	0	0	37,724	36,795
Provision for pensions	0	0	0	0	0	0	3,021	1,844	3,021	1,844
Total liabilities	423,754	424,841	720,337	664,788	300,388	301,764	34,571	29,058	1,479,050	1,420,451

(€000)	France		Italy		Sweden		The Netherlands		Total	
For the six months ended 31/12/14 (12 months ended 30/06/14)	31-12-14	30-06-14	31-12-14	30-06-14	31-12-14	30-06-14	31-12-14	30-06-14	31-12-14	30-06-14
Property investments: Acquisitions, divestments and capital expenditure (including capitalised interest)	20,980	(134,695)	6,131	6,398	1,262	4,813	0	0	28,373	(123,484)

Notes to the consolidated financial statements

as at 31 December 2014

3. 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 to a very small extent in the United Kingdom as the Company has an office in London. As at 31 December 2014 €1 was SEK 9.393 (30 June 2014: SEK 9.176) and €1 was GBP 0.7789 (30 June 2014: GBP 0.8015).

4. Property expenses

Property expenses in the current financial period were:

For the six months ended (€000)	31-12-14	31-12-13
Direct property expenses		
Bad debts	241	205
Centre marketing expenses	976	1,129
Insurance premiums	312	330
Managing agent fees	951	1,019
Property taxes	1,393	1,360
Repair and maintenance	649	613
Shortfall service charges	143	155
	4,665	4,811
Indirect property expenses		
Accounting fees	181	235
Audit fees	117	147
Depreciation fixed assets	281	234
Dispossession indemnities	214	302
Italian local tax (IRAP)	740	554
Legal and other advisory fees	681	597
Letting fees and relocation expenses	798	660
Local office and accommodation expenses	739	741
Pension contributions	80	55
Salaries, wages and bonuses	2,223	2,087
Social security charges	905	851
Stock options and performance shares granted (IFRS 2)	37	68
Travelling expenses	315	313
Other local taxes	293	282
Other expenses	150	190
	7,754	7,316
	12,419	12,127

5. Investment revaluation

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

For the six months ended (€000)	31-12-14	31-12-13
Revaluation of property investments	39,426	2,726
Elimination of accrued entry fees	(350)	(242)
Elimination of capitalised letting fees	362	(27)
Movement non-current creditors	(88)	(147)
Disinvestment movement property sold	0	174
Foreign currency results on finance	(59)	(29)
Other movements	(63)	67
	39,228	2,522

Other movements relate to valuation adjustments of other assets and liabilities.

Notes to the consolidated financial statements

as at 31 December 2014

6. Net financing cost

Net financing cost in the current financial period comprised:

For the six months ended (€000)	31-12-14	31-12-13
Interest income	258	633
Gross interest expense	(23,709)	(26,878)
Capitalised interest	55	90
Fair value movement derivative financial instruments	(24,296)	13,583
Realised fair value movement interest rate swaps	(2,036)	0
	(49,728)	(12,572)

Gross interest expense consists of interest payable on loans calculated using the effective interest rate method. The interest payable to finance the extension/acquisition of an asset is capitalised until completion/acquisition date and is reported as capitalised interest. The interest rate used for capitalised interest during the current financial period was 4.40 per cent (31 December 2013: 4.80 per cent). Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements so that 76 per cent (31 December 2013: 86 per cent) of interest costs are fixed at an average interest rate of 3.6 per cent (31 December 2013: 4.1 per cent) for an average period of almost eight years (2013: seven years). Due to lower market interest rates the negative fair value of this interest rate swaps portfolio changed, resulting in a negative movement of €26.3 million for the period. During this period interest rate swaps were terminated with a notional amount of €32 million resulting in a negative realised fair value movement of €2 million.

7. Company expenses

Company expenses in the current financial period comprised:

For the six months ended (€000)	31-12-14	31-12-13
Audit fees	122	139
Depreciation fixed assets	75	150
Directors' fees	785	746
Legal and other advisory fees	356	559
Marketing expenses	210	177
Office and accommodation expenses	804	767
Pension – unrealised movement in the provision for pensions	(36)	0
Pension contributions	407	390
Salaries, wages and bonuses	1,674	1,578
Social security charges	242	208
Statutory costs	202	264
Stock options and performance shares granted (IFRS 2)	51	94
Travelling expenses	228	211
Other expenses	321	245
	5,441	5,528

8. Property investments and property investments held for sale

Property investments and property investments held for sale are stated at fair value. It is the Company's policy that all property investments be revalued semi-annually by qualified independent experts. 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. The qualified independent valuers have prepared their appraisals in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Committee (IVSC). These standards require that valuers, amongst other activities, collect a variety of data including general economic data, property specific data and market supply and demand data. Property specific data include passing rent and future rent, expenses, lease terms, lease incentives, vacancies etc. The data and valuation methodologies used are set out in the independent valuation reports. All properties were revalued at 31 December 2014. The yields described in the Board of Management report reflect market practice and are derived by dividing expected property net income for the coming year by the gross valuation (net valuation figure plus purchaser's costs including transfer duties) expressed as a percentage.

Notes to the consolidated financial statements

as at 31 December 2014

8. Property investments and property investments held for sale (continued)

The valuation standards used by the external independent valuers require that valuers draw attention to uncertain circumstances, if these could have a material effect on the valuation, indicating the cause of the uncertainty and the degree to which this is reflected in the reported valuation. Some valuation reports for the Italian portfolio as per 31 December 2014 contain an uncertainty paragraph due to the relative lack of liquidity in the capital markets.

The current property portfolio is:

(€'000)	31-12-14 Book value	30-06-14 Book value	31-12-14 Costs to date	30-06-14 Costs to date
France				
Amiens Glisy, Amiens*	47,500	47,500	16,146	16,066
Les Grands Hommes, Bordeaux	17,900	17,800	18,255	18,224
Saint Doulchard, Bourges*	39,400	39,100	49,685	49,665
Chasse Sud, Chasse-sur-Rhône*	57,100	56,000	60,429	60,044
Les Allées de Cormeilles, Cormeilles*	41,800	40,500	44,706	44,733
Les Trois Dauphins, Grenoble*	36,800	36,800	25,793	25,686
Centr'Azur, Hyères*	52,700	51,600	21,727	21,754
Plaine de France, Moisselles*	75,600	75,200	62,877	62,765
Passage du Havre, Paris*	341,700	324,100	189,412	189,265
74 rue de Rivoli, Paris*	59,800	56,300	20,702	20,640
Les Portes de Taverny, Taverny*	61,600	61,500	25,280	25,119
Val Thoiry, Thoiry	116,900	107,700	124,938	112,020
Les Atlantes, Tours*	137,700	129,400	63,845	56,834
	1,086,500	1,043,500	723,795	702,815
Italy				
Curno, Bergamo*	97,500	97,400	34,684	34,604
Centro Lame, Bologna*	36,200	36,200	29,904	29,709
Cremona Po, Cremona*	81,200	80,200	84,244	83,998
Il Castello, Ferrara*	104,700	104,700	84,813	84,851
I Gigli, Firenze*	266,100	250,800	214,538	212,492
Centro Leonardo, Imola	66,500	66,500	65,002	65,037
La Favorita, Mantova*	43,200	43,900	34,108	34,066
Carosello, Milano*	295,300	295,600	188,845	188,575
I Portali, Modena*	43,000	40,800	45,883	42,561
Centroluna, Sarzana*	24,600	24,600	14,926	14,923
	1,058,300	1,040,700	796,947	790,816
Sweden				
421, Göteborg*	80,697	82,607	88,931	88,920
Eurostop, Halmstad	66,112	64,734	70,757	70,130
Kronan, Karlskrona*	18,418	18,962	16,924	16,724
Bergvik, Karlstad*	71,328	73,016	37,991	37,714
Mellby Center, Laholm*	17,992	18,417	15,633	15,626
Ingelsta Shopping, Norrköping*	106,140	107,891	93,295	93,215
Elins Esplanad, Skövde*	77,822	78,466	59,002	58,969
Moraberg, Södertälje	44,926	44,464	38,895	38,895
Hälla Shopping, Västerås**	14,159	16,674	21,692	21,594
Grand Samarkand, Växjö*	100,285	99,172	79,500	79,481
	597,879	604,403	522,620	521,268
Less property investments held for sale	(14,159)	0	(21,692)	0
Property investments	2,728,520	2,688,603	2,021,670	2,014,899

* These properties carry mortgage debt up to €1,137 million at 31 December 2014 (30 June 2014: €1,093 million).

** Property reclassified as property investment held for sale.

Notes to the consolidated financial statements

as at 31 December 2014

8. Property investments and property investments held for sale (continued)

Changes in property investments for the financial period ended 31 December 2014 were as follows:

(€000)	01-07-14/ 31-12-14	01-07-13/ 30-06-14
Book value at beginning of the period	2,688,603	2,781,423
Capital expenditure - general	930	5,977
Capital expenditure - extensions and refurbishments	27,748	11,898
Capitalised interest	55	178
Capitalised letting fees	(362)	(537)
Elimination of capitalised letting fees	362	537
Revaluation of property investments	39,426	32,604
Reallocation from properties under development	0	24,600
Reallocation to property held for sale	(14,159)	0
Book value divestment property	0	(141,000)
Exchange rate movement	(14,083)	(27,077)
Book value at the end of the period	2,728,520	2,688,603

The fair value measurement of all the property investments is categorised within level 3 of the fair value hierarchy (30 June 2014: level 3).

Assumptions and sensitivity analysis:

The average net initial yield applied by the valuers is 4.9% for France, 6.2% for Italy and 5.5% for Sweden, compared to the yields reported as per 30 June 2014 of 5.1%, 6.3% and 5.6% respectively.

An increase in the average net initial yield of 25 bps would result in a decrease of the property portfolio of €106 million (30 June 2014: €100 million), whereas a decrease in the average yield of 25 bps would result in an increase of the property portfolio of €117 million (30 June 2014: €114 million).

An increase in the estimated rental value of 5 per cent would result in an increase of the property portfolio of €85 million (30 June 2014: €86 million). A decrease in the estimated rental value of 5 per cent would result in a decrease of the property portfolio of €88 million (30 June 2014: €86 million).

9. Receivables

The two largest current receivables items are rents receivable for an amount of €21.8 million (30 June 2014: €21.3 million) and VAT receivable for an amount of €2.7 million (30 June 2014: €1.5 million).

10. Creditors

The two largest current creditors items are rent received in advance for an amount of €23.1 million (30 June 2014: €23.1 million) and the interest payable to banks for an amount of €8.2 million (30 June 2014: €8.6 million). The non-current creditors of €10.5 million only relates to tenant rental deposits (30 June 2014: €10.7 million).

11. Borrowings

(€000)	01-07-14/ 31-12-14	01-07-13/ 30-06-14
Book value at beginning of the period	1,173,236	1,286,923
Drawdown of funds	93,593	155,867
Repayments	(51,977)	(259,178)
Exchange rate movement	(5,407)	(10,633)
Movement prepaid borrowing costs	446	257
Book value at the end of the period	1,209,891	1,173,236

The borrowings are all directly from major banks with average committed unexpired terms of more than four years. The average interest rate, including derivative financial instruments, in the current financial period was 3.6 per cent (12 months ended 30 June 2014: 3.9 per cent). At 31 December 2014 the Company has hedged its exposure to interest rate movements on its borrowings for 76 per cent (30 June 2014: 82 per cent) at an average term of eight years (30 June 2014: more than seven years). The fair value of the loans is €1,226 million (book value €1,210 million), compared to a fair value of €1,191 million at 30 June 2014 (book value €1,173 million at 30 June 2014).

Notes to the consolidated financial statements

as at 31 December 2014

12. Derivative financial instruments

Derivative financial instruments are recognised initially at trade date at fair value (cost price). Subsequent to initial recognition, derivative financial instruments are stated at their fair value. The gain or loss on measurement to fair value is recognised in profit and loss. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, the current creditworthiness of the swap counterparties and the own credit risk regarding counterparties. Derivative financial instruments concern derivative interest rate swap contracts. A valuation technique is to determine the fair value of the derivatives with inputs that are directly or indirectly observable market data. The fair value of the derivatives is estimated by discounting expected future cash flows using current market interest rates and the yield curve over the remaining term of the instrument. In connection with the non-current borrowings the derivative financial instruments are presented as non-current assets and non-current liabilities. The fair value measurement of all derivative financial instruments is categorised within level 2 of the fair value hierarchy (30 June 2014: level 2).

13. Deferred tax assets and liabilities

Deferred tax assets of €1.4 million (30 June 2014: €0.8 million) relate to the Italian tax losses carried forward which can be compensated by future taxable profits. Deferred tax liabilities increased to €37.7 million (30 June 2014: €36.8 million) and are only related to deferred tax on the Swedish property investments and to the derivative financial instruments for hedging the Company's exposure to Swedish interest rates.

Deferred tax liabilities are attributable to the following items:

(€000)	01-07-14/ 31-12-14	01-07-13/ 30-06-14
Book value at beginning of the period	(36,795)	(36,192)
Recognised in P&L account	(1,784)	(2,221)
Exchange rate movement	855	1,618
Book value at the end of the period	(37,724)	(36,795)

14. Share capital and reserves

The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam. One bearer depositary receipt represents ten ordinary registered shares.

The number of shares on issue increased on 28 November 2014 by 565,604 bonus depositary receipts under the stock dividend plan. Holders of depositary receipts representing 25.7% of the issued share capital (last year 39.4%) opted for the bonus depositary receipts at an issue price of €36.86 from the Company's share premium reserve, instead of a cash dividend of €1.94 per depositary receipt for the financial year ended 30 June 2014. Accordingly, of the available dividend of €81.3 million, an amount of €20.8 million was not paid out.

15. Commitments not included in the balance sheet

As at 31 December 2014 bank guarantees have been issued for a total amount of €2.1 million. In December 2014 a conditional agreement was reached with Gruppo PAM for Eurocommercial to acquire their 15,800m² hypermarket and 9,000m² of gallery shops at I Gigli, Firenze, which will increase Eurocommercial's ownership of the property to 100%. The acquisition cost of €82 million will not be payable until the planned completion date in April 2016.

16. Post balance sheet events

In January 2015 Eurocommercial entered into a joint venture partnership with AXA Real Estate, on behalf of AXA Insurance Companies, through the acquisition of a 50% stake in the Etrembières Shopping Centre (Centre Commercial Shopping Etrembières) for a total cost of €43.3 million.

Amsterdam, 6 February 2015

Board of Management

J.P. Lewis, Chairman
E.J. van Garderen

Board of Supervisory Directors

B.T.M. Steins Bisschop, Chairman
B.M. Carrière
C. Croff
R.R. Foulkes
P.W. Haasbroek
J.-Å. Persson

Other information

Holders of depositary receipts/ordinary shares with a holding of 3 per cent or more

Under the Netherlands Act on Financial Supervision, the Netherlands Authority for the Financial Markets has received notification from six holders of depositary receipts/ordinary shares with interests greater than 3 per cent in the Company. According to the latest notifications these interests were as follows: Stichting Administratiekantoor Eurocommercial Properties (99.84 per cent), the Government of Singapore (12.75 per cent), BlackRock, Inc. (3.16 per cent), Norges Bank (9.18 per cent), CBRE Clarion Securities, LLC (4.94 per cent) and State Street Corporation (3.10 per cent).

The dates of the aforesaid notifications were 1 November 2006, 1 November 2006, 11 September 2013, 31 December 2013, 4 February 2014 and 22 September 2014.

Stock market prices and turnovers from 1 July to 31 December 2014

		High	Low	Average
Closing price 31 December 2014 (€; depositary receipts)	35.17	38.17	33.00	35.77
Average daily turnover (in depositary receipts)	80,055			
Average daily turnover (€000,000)	2.9			
Total turnover over the past six months (€000,000)	372.9			
Market capitalisation (€000,000)	1,524.3			
Total six months turnover as a percentage of market capitalisation	24.5%			

Source: Euronext, Global Property Research

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

ISIN – Code:

NL 0000288876

Stock market prices are followed by:

Bloomberg:

ECMPA NA

Datastream:

307406 or H:SIPF

Reuters:

SIPFc.AS

Other information

Review report

To the shareholders and the holders of depositary receipts of Eurocommercial Properties N.V.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Eurocommercial Properties N.V., Amsterdam, which comprises the consolidated profit and loss account and the consolidated statement of comprehensive income for the period of six months ended at 31 December 2014, the consolidated balance sheet as at 31 December 2014, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and the notes for the period of six months ended at 31 December 2014. The Board of Management of the Company is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the period of six months ended at 31 December 2014 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Amsterdam, 6 February 2015
Ernst & Young Accountants LLP

signed by J.C.J. Preijde

In the unlikely event that discrepancies appear between the English and Dutch versions of this document, the English document takes precedence.

Head Office

Eurocommercial Properties N.V.
Herengracht 469
1017 BS Amsterdam
Tel: 31 (0)20 530 60 30
Fax: 31 (0)20 530 60 40
Email: info@eurocommercialproperties.com
Website: www.eurocommercialproperties.com
Eurocommercial Properties N.V. is registered
with the Amsterdam Trade Registry under number: 33230134

Group Offices

United Kingdom

4 Carlton Gardens
London SW1Y 5AB
United Kingdom
Tel: 44 (0)20 7925 7860
Fax: 44 (0)20 7925 7888

Italy

Via della Moscova 3
20121 Milano
Italy
Tel: 39 02 760 759 1
Fax: 39 02 760 161 80

France

107 rue Saint Lazare
75009 Paris
France
Tel: 33 (0)1 48 78 06 66
Fax: 33 (0)1 48 78 79 22

Sweden

Kungsgatan 48
111 35 Stockholm
Sweden
Tel: 46 (0)8 678 53 60
Fax: 46 (0)8 678 53 70