EUROCOMMERCIAL

Half Year Report 31 December 2016

Results	02
Centre performance	03
Valuations by property	05
Funding	06
Country commentary	07
Market commentary	08

Statement of consolidated direct, indirect and total investment results Statement of adjusted net equity	11
EPRA performance measures	12
Condensed consolidated financial statements	13
Notes to the condensed consolidated financial statements	17
Other information	26

Eurocommercial is one of Europe's most experienced property investors, with a current retail property portfolio in France, Italy and Sweden valued at €3.6 billion with a programme of extensions and new projects.

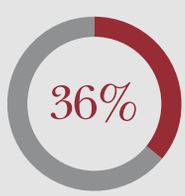
Our focused strategy of acquiring retail properties in prime locations and continuously improving them, combined with our excellent tenant relationships, has resulted in a consistently high occupancy rate of 99% - the highest in the industry - assisting a record of long term rising dividends. Eurocommercial has been listed on Euronext Amsterdam for over 25 years.

France

Property value
€1,325m

Number of properties
13

% of portfolio

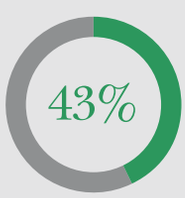


Italy

Property value
€1,546m

Number of properties
12

% of portfolio

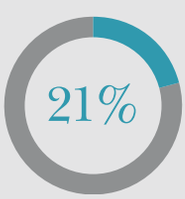


Sweden

Property value
€779m

Number of properties
9

% of portfolio



All information provided on pages 1 to 9 of this report include joint ventures on a proportionally consolidated basis.

Half year results at 31 December 2016

- Solid increases in rental income and asset values
- Property acquisitions totalling €179 million in France and Sweden

Direct investment result: €51.5m (€1.07 per DR) +5.4%

The direct investment result for the six months to 31 December 2016 rose 5.4% to €51.5 million from €48.8 million for the same period in 2015. 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) rose 3.9% to €1.07 at 31 December 2016 from €1.03 at 31 December 2015 in spite of the 1.3% increase in the average number of depositary receipts in issue over the 12 month period.

Net property income: €78.8m +6.7%

Rental income, including joint ventures (on the basis of proportional consolidation), for the six months to 31 December 2016, after deducting net service charges and direct and indirect property expenses (branch overheads), increased by 6.7% to €78.8 million compared with €73.9 million for the six months to 31 December 2015. The contribution from acquisitions helped to offset the impact of property sales and the temporary loss of income at Amiens, Carosello, I Gigli and Eurostop Halmstad due to the rebuilding and extensions taking place at these centres during the 2016/17 financial year.

Adjusted net asset value: €43.00

Adjusted net asset value at 31 December 2016 increased by 6.2% to €43.00 per depositary receipt from €40.49 at 31 December 2015 but was unchanged since 30 June 2016 after allowing for additional depositary receipts issued during the period.

Acquisitions

During the six month period, Eurocommercial entered into an agreement for the acquisition of a 31,600m^2 shopping centre and adjoining hypermarket-anchored retail boxes under development in Kristianstad, Sweden, with a conditional commitment to purchase an additional 20,500m^2 retail park on the site. The project is expected to be completed by the end of 2018.

The Company also acquired the 15,500m^2 Géant hypermarket and surrounding parking at its Centr'Azur shopping centre in Hyères, France.

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) and contingent capital gains tax liabilities, was €37.66 per depositary receipt at 31 December 2016 compared with €37.34 at 30 June 2016 and €35.64 at 31 December 2015.

The IFRS profit after taxation for the six months to 31 December 2016 decreased slightly to €115.2 million from €115.9 million for the same period in 2015, due largely to the lower investment revaluation and disposal of investment properties figure amounting to €55.6 million compared with €97.5 million for the previous corresponding period. The fair value movement in derivative financial instruments was positive at €30.7 million for the six months to 31 December 2016 compared with a negative figure of €5.4 million for the previous period. Deferred tax increased to €23.1 million from €21.9 million due to higher property values. Interest expenses increased by 5.6% to €20.0 million in the six months to 31 December 2016 compared to the six months to 31 December 2015 due to a slightly higher level of borrowings and fixing interest rates for new longer terms.

Rental growth

222 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 14%. The like for like (same floor area) rents of all Eurocommercial's galleries increased by 1.8% overall at 31 December 2016 compared with 31 December 2015 in spite of zero indexation. Rental indexation to be applied to rents in calendar year 2017 is slightly above zero in France and Italy and just above 1% in Sweden.

The rent figures compare tenancy schedules at the relevant dates and include indexation and turnover rents.

	Average rental uplift on relettings and renewals	Number of relettings and renewals	% of total leases relet and renewed	Overall like for like rental growth
Overall	+14%	222	14%	+1.8%
France	+4%	44	9%	+1.0%
Italy	+20%	135	15%	+2.1%
Sweden	+10%	43	20%	+2.3%

Retail sales

Like for like retail sales in Eurocommercial's shopping centres for the twelve months to 31 December 2016 compared with the previous corresponding period were essentially flat. Following a very strong performance in all three countries in calendar year 2015, turnover plateaued during 2016.

Like for like retail sales by country*

	12 months to December 2016	3 months to December 2016
Overall	-0.1%	+0.5%
France	-2.2%	-0.4%
Italy	+0.3%	+0.8%
Sweden	+2.6%	+1.7%

* Excluding hypermarkets, Systembolaget and extensions/redevelopments.

Like for like retail sales by sector*

	12 months to December 2016	3 months to December 2016
Fashion	-0.7%	+0.9%
Shoes	-0.3%	+6.4%
Health & Beauty	+2.3%	+3.2%
Gifts & Jewellery	+5.2%	+3.9%
Sport	-0.3%	+3.5%
Home Goods	+0.5%	-0.2%
Restaurants	-0.1%	+1.9%
Electricals	-2.2%	-3.1%
Hyper/supermarkets	+1.5%	+1.8%

* Excluding extensions/redevelopments.

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 and Systembolaget (the Swedish government-owned monopoly alcohol retailer) at the end of the period was 8.3% overall.

Gallery occupancy cost ratios at 31 December 2016*

	OCR with turnover including VAT
Overall	8.3%
France	8.8%
Italy	8.1%
Sweden	7.7%

* Excluding hypermarkets and Systembolaget.

Vacancies and arrears

Total vacancies for the portfolio at 31 December 2016 represent less than 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 almost 1,750 shops, there are eight tenants in administration - four in France and four in Italy - occupying a total of 11 units. All of these tenants continue to pay their rent in full.

Property valuations

All of the Company's properties were independently valued as usual at 31 December 2016 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, with the exception of the C4 Shopping project which was valued at cost. 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 3.9%, or €137.2 million, on a like for like basis when compared with December 2015 and 1.6%, or €57.4 million, when compared with June 2016.

The overall net initial yield on valuations for Eurocommercial's properties was 5.0%. The net initial yield was 4.3% in France, 5.6% in Italy and 4.9% in Sweden. These average yield figures exclude Eurostop Halmstad and C4 Shopping in Kristianstad which are both under development.

Valuations at 31 December 2016

	Valuation increase				Net initial yield including purchase costs
	Twelve months to 31 December 2016		Six months to 31 December 2016		At 31 December 2016
Overall	+3.9%	+€137.2m	+1.6%	+€57.4m	5.0%
France	+5.0%		+1.5%		4.3%
Italy	+2.1%		+1.3%		5.6%
Sweden	+6.0%		+2.5%		4.9%

Valuations by property

	Net value 31/12/16	Net initial yield including purchase costs 31/12/16
France (€ million)		
Passage du Havre, Paris [4]	405.70	3.7%
Les Atlantes, Tours [3]	152.80	4.5%
Val Thoiry, Greater Geneva [3]	144.00	4.6%
Centr'Azur, Hyères [4]	*92.80	4.9%
Chasse Sud, Chasse-sur-Rhône [3]	88.80	5.1%
Plaine de France, Moisselles [4]	81.00	4.9%
74 rue de Rivoli, Paris [3]	73.30	3.3%
Les Portes de Taverny, Taverny [3]	68.10	4.7%
Amiens Glisy, Amiens [3]	60.40	5.3%
Shopping Etrembières, Greater Geneva [2] (JV)	50.70	4.9%
Les Allées de Cormeilles, Cormeilles [3]	48.00	5.0%
Les Trois Dauphins, Grenoble [3]	40.80	5.0%
Les Grands Hommes, Bordeaux [3]	19.00	3.4%
FRANCE TOTAL	**1,325.40**	**4.3%**
Italy (€ million)		
I Gigli, Florence [2]	399.30	5.4%
Carosello, Carugate, Milan [3]	332.20	5.2%
Fiordaliso, Rozzano, Milan [3] (JV)	145.40	5.4%
Collestrada, Perugia [2]	**118.60	5.7%
Il Castello, Ferrara [3]	116.00	5.6%
Curno, Bergamo [1]	112.90	5.7%
Cremona Po, Cremona [1]	86.70	6.2%
Centro Leonardo, Imola [1]	71.60	5.7%
I Portali, Modena [1]	48.50	5.8%
La Favorita, Mantova [2]	48.50	6.1%
Centro Lame, Bologna [1]	39.90	6.1%
Centroluna, Sarzana [2]	26.00	6.3%
ITALY TOTAL	**1,545.60**	**5.6%**
Sweden (SEK million)		
Bergvik, Karlstad [2]	1,465.00	4.8%
Ingelsta Shopping, Norrköping [3]	1,183.00	5.0%
Grand Samarkand, Växjö [2]	1,124.00	4.5%
Eurostop, Halmstad [3] ***	945.00	-
Elins Esplanad, Skövde [2]	822.00	4.8%
421, Göteborg [3]	794.00	5.2%
C4 Shopping, Kristianstad ***	462.00	-
Moraberg, Södertälje [3]	460.00	5.3%
Mellby Center, Laholm [2]	185.00	5.5%
SWEDEN TOTAL	**7,440.00**	**4.9%**

* Includes acquisition of adjoining hypermarket.
** Includes acquisition of adjoining land.
*** Yield figures are not provided as these properties are under development.
Valuations by: [1] CBRE, [2] Cushman & Wakefield, [3] JLL, [4] Knight Frank

Funding

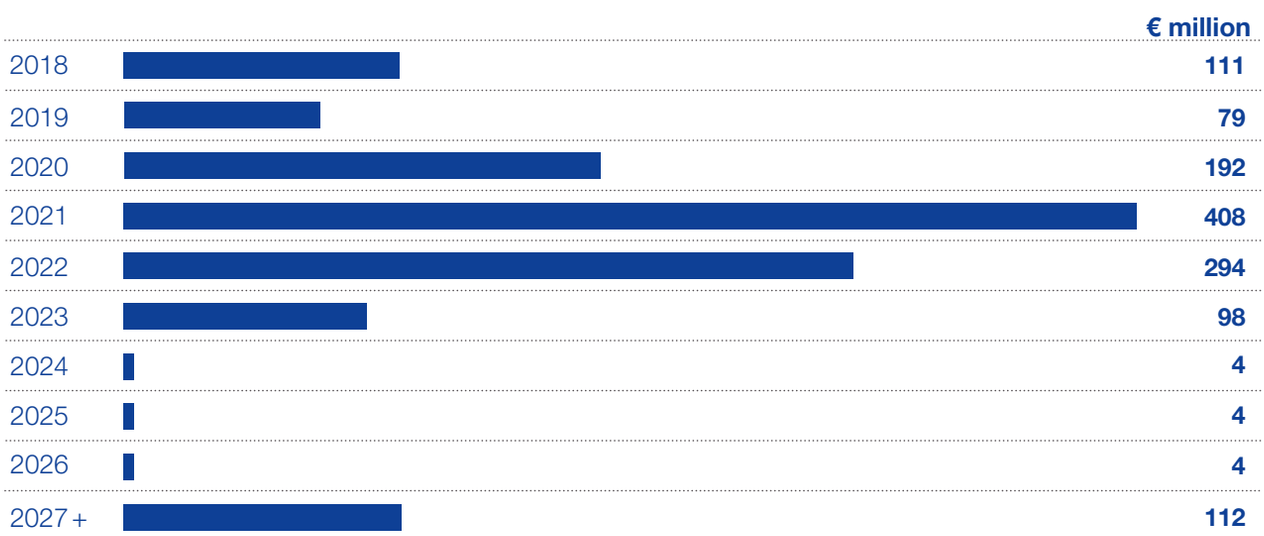
During the period, holders of depositary receipts (DRs) representing 27.0% (2015: 26.8%) of the issued share capital opted to take up 616,025 bonus DRs (2015: 577,188) at an issue price of €43.05 (2015: €43.56) from the Company's share premium reserve, instead of a cash dividend of €2.05 (2015: €1.98) per depositary receipt for the financial year ended 30 June 2016. Accordingly, of the available dividend of €98.4 million, an amount of €26.5 million was not paid out in cash. The total number of depositary receipts outstanding at 31 December 2016, after the deduction of 262,230 depositary receipts bought back, was 48,631,957.

During the six month period to 31 December 2016, new long term loans amounting to €249 million were concluded, including a new 15 year loan for an amount of €84 million with Deutsche Hypo at a fixed interest rate of 2.1% on four French retail properties replacing a loan expiring in 2018. The other major loans concluded were a five year loan for an amount of €80 million with Intesa Sanpaolo with an extension option for another five years and a SEK 690 million (€72 million) fixed rate bullet loan with a term of seven years with Allianz Real Estate on the Bergvik shopping centre.

On the basis of proportional consolidation, the net debt to adjusted net equity ratio at 31 December 2016 was 72% and the net loan to property value was 41%.

Number of shares in issue	48.63 million
Shareholders' adjusted net equity	€2.09 billion
Net debt	€1.50 billion
Net debt to adjusted net equity ratio	72%
Net loan to property value ratio	41%
Average loan term	c. 5 years
Average fixed interest period	c. 7 years
Overall interest cost (including margin)	2.7%

Non-current borrowings maturity and amortisation schedule at 31 December 2016*



* Maturities are stated on a proportionally consolidated basis by calendar year.

Country commentary

France

Retail sales in Eurocommercial's French properties were adversely impacted during 2016 by the reduced numbers of visitors to Paris, which affected the Passage du Havre and Rue de Rivoli. Excluding Paris, which represents 30% of Eurocommercial's French retail sales, turnover in France was stable for the 12 month period and +2.4% for the three months to December 2016. Turnover in its provincial shopping centres was essentially flat for the period, although the two retail parks registered considerable uplifts.

At the end of 2016, Eurocommercial acquired the 15,500m^2 hypermarket at its Centr'Azur shopping centre in Hyères, along with some external units of 1,300m^2 together with all parking, from Groupe Casino for a gross price of €40 million, representing a net initial yield of 4.7%. Géant will continue to operate the hypermarket under a long term lease. The acquisition increases Eurocommercial's ownership of the property to 100% and provides the opportunity to further develop the centre through an extension of the gallery in due course to facilitate the arrival of at least one new major tenant by utilising a part of the hypermarket area.

Fnac has recently reached agreement with the trade unions to permit Sunday openings at the Passage du Havre. The centre is therefore expected to open seven days a week from the spring. The sandwich operator, Pret a Manger, will also open in Passage du Havre in April 2017, enhancing the food offer in this busy central Parisian location. The reletting will produce an uplift in rent of more than 30% for the unit.

The 5,000m^2 extension of Amiens Glisy is underway with 80% of the new space now pre-let or under offer. The project is due to be completed by the end of 2017. H&M will anchor the extension with a 2,000m^2 store.

The opening of a new 1,500m^2 Decathlon store in Val Thoiry in November 2016 was well received by visitors, with overall retail sales for the centre up more than 12% for the November-December period.

Italy

Retail sales turnover in Eurocommercial's Italian centres slowed during 2016 in comparison with the strong numbers in 2015. The current political uncertainty has led to consumer caution and increased savings during the year. The reorganisation works taking place at I Gigli have also weighed on turnovers. The works will be completed and the new stores, including Primark, will open in the middle of 2017 and will significantly boost the centre's performance.

The new 6,800m^2 unit at I Gigli has been handed over to Primark who is now fitting out the store in preparation for opening in mid-2017. This will be the third Primark in Italy and the first in Tuscany. The adjoining 3,340m^2 Zara store will open at the beginning of March, together with new units for Sephora and Piazza Italia, thereby confirming I Gigli's status as Italy's most visited shopping centre currently with around 19 million annual visitors.

A change to regional planning law has now been approved, which will enable Eurocommercial to submit a planning application for a significant extension of Collestrada in Perugia. The necessary land has already been acquired next to the centre to help facilitate this. There is significant demand from major international and local retailers to come to the centre, as well as from tenants wishing to expand existing stores.

In October 2016 three major new retailers opened in Carosello in Milan – department store Coin (2,900m^2), national shoe chain Scarpe & Scarpe (1,400m^2) and Danish household goods retailer Flying Tiger (435m^2) – utilising space vacated by the downsized Carrefour hypermarket. From October to December 2016, visitor numbers at the shopping centre increased by over 7% compared to the same period last year.

Sweden

Retail sales turnover has been consistently positive across the Swedish portfolio in 2016 and the Company outperformed the national shopping centre index for all quarters during the calendar year.

In October 2016, Eurocommercial signed a contract to acquire a 31,600m^2 shopping centre and 9,000m^2 hypermarket with adjoining retail boxes under development in Kristianstad, in the southern Swedish region of Skåne. The net acquisition yield was 6% and the total purchase cost will be around SEK 1.325 billion (c. €139 million), depending on the level of net rental income achieved. The adjoining hypermarket box is due to open at the end of 2017, while the shopping centre, which will be known as C4 Shopping, is expected to complete at the end of 2018.

Eurocommercial has also conditionally committed to acquire a 20,500m^2 retail park on the site which, if acquired, will cost around SEK 350 million (c. €37 million) on a net acquisition yield of 6.5%. Kristianstad is approximately one hour's drive north-east of Malmö and is the regional capital of a catchment of 300,000 people which does not currently have any major out-of-town shopping centres.

The first eight new shops at Eurostop Halmstad opened in November 2016, marking the completion of the first phase of the 16,000m^2 extension and refurbishment. More than 90% of the total additional space has already been pre-let ahead of the grand opening at the end of 2017, with strong demand from retailers to take the remaining space.

Market commentary

Despite looming national elections in France, Italy, Germany and the Netherlands, investment property markets in these countries, together with Sweden, remain strong with a scarcity of supply. Yields have consequently fallen leading to an increase in valuations, notwithstanding increases in government bond yields of major European countries and slightly higher interest swap rates.

The euro has been relatively stable against the US dollar but has risen against sterling as a result of Brexit concerns, which, whilst potentially significant to the UK, are not seen as a major disruption by the remaining 27 members of the European Union.

Extensions and refurbishments

Committed pipeline

Shopping centre	Project	Expected cost (€m)	Cost to date (€m)	Expected net return on cost	Expected completion
Amiens Glisy, Amiens	5,000m^2 extension	19	8	6.5%	End 2017
Plaine de France, Moisselles	Refurbishment	3.5	1.5	-	End 2017
I Gigli, Florence	Hypermarket and gallery acquisition, restructuring and refurbishment	100	91	5.5%	Mid 2017
Fiordaliso, Rozzano, Milan	Refurbishment	4	0.4	-	End 2017
Eurostop, Halmstad	16,000m^2 extension and refurbishment	75	28	7%	End 2017
C4 Shopping, Kristianstad	9,000m^2 hypermarket box	139	48	6%	End 2017
	31,600m^2 shopping centre				End 2018
	20,500m^2 retail park (subject to conditions)	37	-	6.5%	
TOTAL		**€377.5m**	**€176.9m**		

Potential future extensions and refurbishments

In addition to the committed projects, the Company is working towards enhancement of a number of other properties over the next 10 years. None, however, have yet received the required planning authorisations to proceed.

Shopping centre	Proposed project
Les Atlantes, Tours	15,000m^2 extension and refurbishment
Val Thoiry, Greater Geneva	25,000m^2 extension and refurbishment
Shopping Etrembières, Greater Geneva	5,000m^2 extension and refurbishment
Les Grands Hommes, Bordeaux	Reorganisation and refurbishment
Carosello, Carugate, Milan	23,000m^2 extension
Curno, Bergamo	3,500m^2 new restaurants
Collestrada, Perugia	16,500m^2 extension and refurbishment
I Portali, Modena	13,000m^2 extension and refurbishment
Ingelsta Shopping, Norrköping	8,000m^2 extension
Grand Samarkand, Växjö	10,000m^2 extension
Elins Esplanad, Skövde	5,000m^2 extension

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.

Risk

Reference is made to the 2015/2016 Annual Report with regards to existing risks, which have not materially changed. However, it is not possible to rule out potential changes in taxation which could have an impact in future years.

Amsterdam, 10 February 2017

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 10 February 2017, 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 50537555. 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 31-12-16**	Six months ended 31-12-15	**Second quarter ended 31-12-16**	Second quarter ended 31-12-15
Rental income	**90,432**	86,646	**45,193**	43,752
Service charge income	**14,604**	14,810	**5,825**	6,747
Service charge expenses	**(16,510)**	(16,497)	**(6,808)**	(7,712)
Property expenses	**(15,038)**	(14,029)	**(8,589)**	(8,252)
Interest income	**17**	1,036	**3**	850
Interest expenses	**(19,981)**	(18,927)	**(9,971)**	(9,500)
Company expenses	**(6,295)**	(6,265)	**(3,130)**	(3,445)
Other income	**612**	0	**284**	0
Current tax	**(131)**	(4)	**(8)**	3
Direct investment result properties 100% owned	**47,710**	46,770	**22,799**	22,443
Direct investment result joint ventures	**3,775**	2,075	**1,841**	1,524
Total direct investment result	**51,485**	48,845	**24,640**	23,967
Investment revaluation and disposal of investment properties	**55,568**	97,537	**56,729**	97,972
Fair value movement derivative financial instruments	**30,688**	(5,399)	**30,400**	5,246
Investment expenses	**(481)**	(374)	**(273)**	(325)
Deferred tax	**(23,099)**	(21,922)	**(21,368)**	(19,285)
Indirect investment result properties 100% owned	**62,676**	69,842	**65,488**	83,608
Indirect investment result joint ventures	**1,082**	(2,769)	**1,634**	(2,758)
Total indirect investment result	**63,758**	67,073	**67,122**	80,850
Total investment result	**115,243**	115,918	**91,762**	104,817
Per depositary receipt (€)**				
Direct investment result	**1.07**	1.03	**0.51**	0.51
Indirect investment result	**1.32**	1.41	**1.39**	1.70
Total investment result	**2.39**	2.44	**1.90**	2.21

Statement of adjusted net equity*

(€'000)	**31-12-16**	30-06-16	31-12-15
IFRS net equity per consolidated statement of financial position	**1,831,671**	1,791,670	1,709,667
Derivative financial instruments	**142,443**	175,456	138,129
Deferred tax liabilities	**111,832**	90,569	91,390
Derivative financial instruments and deferred tax liabilities joint ventures	**5,430**	5,287	3,384
Adjusted net equity	**2,091,376**	2,062,982	1,942,570
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back	**48,631,957**	47,978,844	47,976,344
Net asset value - € per depositary receipt (IFRS)	**37.66**	37.34	35.64
Adjusted net asset value - € per depositary receipt	**43.00**	43.00	40.49
Stock market prices - € per depositary receipt	**36.59**	38.45	39.80

* 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 48,100,806 compared with 47,488,884 for the six months to 31/12/15, an increase of 1.3%.

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.

	(€ million)		Per depositary receipt (€)	
	31-12-16	30-06-16	**31-12-16**	30-06-16
EPRA NAV**	**2,091.3**	2,063.1	**42.60**	42.66
EPRA NNNAV**	**1,856.3**	1,822.2	**37.81**	37.68

EPRA earnings are €51.3 million over the six month period to 31 December 2016 (six month period to 31 December 2015: €48.5 million). The EPRA earnings per depositary receipt are €1.07 over the six month period to 31 December 2016 (six month period to 31 December 2015: €1.02). The average number of depositary receipts on issue over the six months was 48,100,806 compared with 47,488,884 for the six months to 31 December 2015.

	France		**Italy**		**Sweden**		**Total**	
	31-12-16 %	30-06-16 %	**31-12-16 %**	30-06-16 %	**31-12-16 %**	30-06-16 %	**31-12-16 %**	30-06-16 %
EPRA net initial yield	**4.3**	4.4	**5.7**	5.7	**5.1**	5.1	**5.0**	5.1
EPRA topped up yield	**4.4**	4.5	**5.7**	5.8	**5.1**	5.1	**5.1**	5.2
EPRA vacancy rate	**0.6**	1.2	**0.3**	0.6	**0.5**	0.5	**0.4**	0.8

Reconciliation NAV, EPRA NAV and EPRA NNNAV*

	(€ million)		Per depositary receipt (€)	
	31-12-16	30-06-16	**31-12-16**	30-06-16
Equity as per consolidated statement of financial position	**1,831.7**	1,791.7	**37.66**	37.34
Derivative financial instruments	**142.4**	175.5		
Deferred tax liabilities	**111.8**	90.6		
Derivative financial instruments and deferred tax liabilities joint ventures	**5.4**	5.3		
EPRA NAV**	**2,091.3**	2,063.1	**42.60**	42.66
Derivative financial instruments	**(142.4)**	(175.5)		
Deferred tax liabilities***	**(65.0)**	(47.1)		
Derivative financial instruments and deferred tax liabilities joint ventures	**(5.4)**	(5.3)		
Fair value borrowings	**(22.2)**	(13.0)		
EPRA NNNAV**	**1,856.3**	1,822.2	**37.81**	37.68

Reconciliation EPRA net initial yield and EPRA topped up yield*

(€ million)	**France**		**Italy**		**Sweden**		**Total**	
	31-12-16	30-06-16	**31-12-16**	30-06-16	**31-12-16**	30-06-16	**31-12-16**	30-06-16
Property investments	**1,280.3**	1,217.7	**1,400.2**	1,355.9	**778.8**	707.3	**3,459.3**	3,280.9
Property/land held for development	**(27.2)**	(23.4)	**(7.9)**	0	**(147.2)**	(80.9)	**(182.3)**	(104.3)
Investments in joint ventures	**45.1**	44.4	**145.4**	144.4	**0**	0	**190.5**	188.8
Property investments held for sale	**0**	0	**0**	0	**0**	19.6	**0**	19.6
Property investments completed	**1,298.2**	1,238.7	**1,537.7**	1,500.3	**631.6**	646.0	**3,467.5**	3,385.0
Purchasers' costs	**90.8**	86.4	**61.5**	59.9	**6.3**	6.5	**158.6**	152.8
Gross value property investments completed	**1,389.0**	1,325.1	**1,599.2**	1,560.2	**637.9**	652.5	**3,626.1**	3,537.8
Annualised net rents (EPRA NIY)	**60.0**	58.6	**90.6**	89.7	**32.2**	33.3	**182.8**	181.6
Lease incentives (incl. rent free periods)	**0.4**	0.4	**0.2**	0.1	**0.2**	0.2	**0.8**	0.7
Annualised rents (EPRA topped up yield)	**60.4**	59.0	**90.8**	89.8	**32.4**	33.5	**183.6**	182.3

* These statements contain additional information which is not part of the IFRS financial statements.
** EPRA NAV and EPRA NNNAV per depositary receipt are based on the diluted number of depositary receipts. The diluted number of depositary receipts on issue at 31 December 2016 was 49,094,390 compared with 48,359,535 at 30 June 2016.
*** The calculation of the deferred tax liabilities takes into account the likelihood that the Company can recover the deferred tax in the case of a possible sale.

Condensed consolidated statement of profit or loss

(€'000)	Note	**Six months ended 31-12-16**	Six months ended 31-12-15
Rental income		**90,432**	86,646
Service charge income		**14,604**	14,810
Total revenue		**105,036**	101,456
Service charge expenses		**(16,510)**	(16,497)
Property expenses	4	**(15,038)**	(14,029)
Net property income		**73,488**	70,930
Share of result of joint ventures		**4,857**	(694)
Investment revaluation and disposal of investment properties	5	**55,568**	97,537
Company expenses	7	**(6,290)**	(6,136)
Investment expenses		**(486)**	(503)
Other income		**612**	0
Operating result		**127,749**	161,134
Interest income	6	**17**	1,036
Interest expenses	6	**(19,981)**	(18,927)
Fair value movement derivative financial instruments	6	**30,688**	(5,399)
Net financing cost	6	**10,724**	(23,290)
Profit before taxation		**138,473**	137,844
Current tax		**(131)**	(4)
Deferred tax	14	**(23,099)**	(21,922)
Total tax		**(23,230)**	(21,926)
Profit after taxation		**115,243**	115,918
Per depositary receipt (€)*			
Profit after taxation		**2.39**	2.44
Diluted profit after taxation		**2.38**	2.42

Condensed consolidated statement of comprehensive income

(€'000)	**Six months ended 31-12-16**	Six months ended 31-12-15
Profit after taxation	**115,243**	115,918
Foreign currency translation differences (to be recycled through profit or loss)	**(4,190)**	1,422
Actuarial result on pension scheme (not to be recycled through profit or loss)	**(424)**	2,634
Other comprehensive income	**(4,614)**	4,056
Total comprehensive income	**110,629**	119,974
Per depositary receipt (€)*		
Total comprehensive income	**2.30**	2.53
Diluted total comprehensive income	**2.28**	2.51

* 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.

Condensed consolidated statement of financial position

(€'000)	Note	31-12-16	30-06-16
Property investments	8	**3,405,357**	3,275,928
Property investments under development		**53,918**	5,000
Investments in joint ventures	9	**95,425**	90,596
Tangible fixed assets		**1,668**	1,899
Receivables	10	**249**	247
Total non-current assets		**3,556,617**	3,373,670
Receivables	10	**37,183**	32,874
Cash and deposits		**25,162**	124,452
Total current assets		**62,345**	157,326
Property investments held for sale		**0**	19,630
Total assets		**3,618,962**	3,550,626
Creditors	11	**77,224**	78,136
Borrowings	12	**232,684**	183,586
Total current liabilities		**309,908**	261,722
Creditors	11	**10,861**	10,106
Borrowings	12	**1,211,828**	1,221,103
Derivative financial instruments	13	**142,443**	175,456
Deferred tax liabilities	14	**111,832**	90,569
Provisions for pensions		**419**	0
Total non-current liabilities		**1,477,383**	1,497,234
Total liabilities		**1,787,291**	1,758,956
Net assets		**1,831,671**	1,791,670
Equity Eurocommercial Properties shareholders	15		
Issued share capital		**244,471**	241,291
Share premium reserve		**519,732**	522,063
Other reserves		**952,225**	820,917
Undistributed income		**115,243**	207,399
Total equity		**1,831,671**	1,791,670

Condensed consolidated statement of cash flows

For the six months ended (€'000)	Note	31-12-16	31-12-15
Cash flow from operating activities			
Profit after taxation		**115,243**	115,918
Adjustments:			
Increase in receivables	10	**(4,361)**	(2,470)
Decrease in creditors	11	**(1,026)**	(105)
Interest income		**(17)**	(1,036)
Interest expenses		**19,981**	18,927
Movement performance shares granted		**672**	210
Investment revaluation and disposal of investment properties		**(55,467)**	(98,453)
Derivative financial instruments		**(30,688)**	5,399
Deferred tax	14	**23,099**	21,922
Current tax		**131**	4
Other movements		**106**	254
Share of result of joint ventures		**(4,857)**	694
		62,816	61,264
Cash flow from operations			
Current tax paid		**(4)**	(359)
Derivative financial instruments settled		**(2,090)**	(9,281)
Borrowing costs		**(2,147)**	(196)
Interest paid		**(19,282)**	(17,605)
Interest received		**14**	344
		(23,509)	(27,097)
Total cash flow from operating activities		**39,307**	34,167
Cash flow from investing activities			
Acquisitions	8	**(86,212)**	(171,512)
Capital expenditure	8	**(44,518)**	(32,890)
Sale of investment		**11,656**	0
Investments in joint ventures	9	**0**	(32,997)
Loan to joint ventures		**0**	(114,003)
Additions to tangible fixed assets		**(145)**	(537)
		(119,219)	(351,939)
Cash flow from financing activities			
Borrowings added	12	**322,902**	311,789
Repayment of borrowings	12	**(271,403)**	(48,327)
Stock options exercised		**649**	7
Performance shares settled- shares issued		**(59)**	(78)
Dividends paid	15	**(71,890)**	(68,691)
Increase/decrease in non-current creditors		**1,017**	(287)
		(18,784)	194,413
Net cash flow		**(98,696)**	(123,359)
Currency differences on cash and deposits		**(594)**	(50)
Decrease in cash and deposits		**(99,290)**	(123,409)
Cash and deposits at beginning of period		**124,452**	169,133
Cash and deposits at end of period		**25,162**	45,724

Condensed consolidated statement of changes in shareholders' equity

The movements in shareholders' equity in the six months period ended 31 December 2016 were:

(€'000)	Issued share capital	Share premium reserve	Other reserve	Undistributed income	Total
30-06-2016	**241,291**	**522,063**	**820,917**	**207,399**	**1,791,670**
Profit after taxation				**115,243**	**115,243**
Other comprehensive income			**(4,614)**		**(4,614)**
Total comprehensive income	**0**	**0**	**(4,614)**	**115,243**	**110,629**
Profit previous financial year			**135,527**	**(135,527)**	**0**
Issued shares	**3,080**	**(3,080)**			**0**
Dividends paid		**(18)**		**(71,872)**	**(71,890)**
Performance shares granted		**672**			**672**
Performance shares settled- shares issued	**100**	**586**	**(745)**		**(59)**
Performance shares vested		**(491)**	**491**		**0**
Stock options exercised			**649**		**649**
31-12-2016	**244,471**	**519,732**	**952,225**	**115,243**	**1,831,671**

The movements in shareholders' equity in the previous six months period ended 31 December 2015 were:

(€'000)	Issued share capital	Share premium reserve	Other reserve	Undistributed income	Total
30-06-2015	238,353	524,098	728,020	167,774	1,658,245
Profit after taxation				115,918	115,918
Other comprehensive income			4,056		4,056
Total comprehensive income	0	0	4,056	115,918	119,974
Profit previous financial year			99,087	(99,087)	0
Issued shares	2,886	(2,886)			0
Dividends paid		(4)		(68,687)	(68,691)
Performance shares granted		210			210
Performance shares settled- shares issued	52	363	(493)		(78)
Performance shares vested		(242)	242		0
Stock options exercised			7		7
31-12-2015	241,291	521,539	830,919	115,918	1,709,667

Notes to the condensed consolidated financial statements

as at 31 December 2016

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 2016 and ending 30 June 2017 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 2016 to 31 December 2016. The interim financial information has not been audited.

1. Principal accounting policies

(a) Statement of compliance

The interim condensed consolidated financial statements for the six month period ending 31 December 2016 have been drawn up in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (IFRS) as per 31 December 2016. 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 2016.

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 2016.

Notes to the condensed consolidated financial statements
as at 31 December 2016

2. Segment information 2016

(€ '000) For the six months period ended 31/12/2016	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	30,828	47,697	17,829	0	96,354	(5,922)	90,432
Service charge income	5,726	5,024	5,469	0	16,219	(1,615)	14,604
Service charge expenses	(6,570)	(5,008)	(6,552)	0	(18,130)	1,620	(16,510)
Property expenses	(4,103)	(8,754)	(2,737)	0	(15,594)	556	(15,038)
Net property income	25,881	38,959	14,009	0	78,849	(5,361)	73,488
Share of result of joint ventures						4,857	4,857
Investment revaluation and disposal of investment properties	19,126	19,696	18,026	(44)	56,804	(1,236)	55,568
Segment result	45,007	58,655	32,035	(44)	135,653	(1,740)	133,913
Net financing cost					11,118	(394)	10,724
Company expenses					(6,290)	0	(6,290)
Other income					95	517	612
Investment expenses					(496)	10	(486)
Profit before taxation					140,080	(1,607)	138,473
Current tax					(458)	327	(131)
Deferred tax					(24,379)	1,280	(23,099)
Profit after taxation					115,243	0	115,243

(€ '000) As per 31/12/2016	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	1,319,800	1,545,600	730,457	0	3,595,857	(190,500)	3,405,357
Property investments under development	5,600	0	48,318	0	53,918	0	53,918
Investments in joint ventures	0	0	0	0	0	95,425	95,425
Tangible fixed assets	788	554	39	287	1,668	0	1,668
Receivables	21,740	10,104	4,918	972	37,734	(302)	37,432
Cash and deposits	5,472	15,022	11,053	3,448	34,995	(9,833)	25,162
Property investments held for sale	0	0	0	0	0	0	0
Total assets	1,353,400	1,571,280	794,785	4,707	3,724,172	(105,210)	3,618,962
Creditors	27,422	31,009	25,273	2,016	85,720	(8,496)	77,224
Non-current creditors	8,974	2,359	31	0	11,364	(503)	10,861
Borrowings	384,905	856,868	253,521	40,000	1,535,294	(90,782)	1,444,512
Derivative financial instruments	10,779	121,831	10,214	0	142,824	(381)	142,443
Deferred tax liabilities	0	49,976	66,905	0	116,881	(5,049)	111,832
Provision for pensions	0	0	0	419	419	0	419
Total liabilities	432,080	1,062,043	355,944	42,435	1,892,502	(105,211)	1,787,291

(€ '000) For the six months period ended 31/12/2016	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	44,106	25,719	41,564	0	111,389	(408)	110,981

* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its offices in Amsterdam and London.

Notes to the condensed consolidated financial statements
as at 31 December 2016

2. Segment information 2015

(€ '000) For the six months period ended 31/12/2015	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Rental income	31,599	40,317	17,895	0	89,811	(3,165)	86,646
Service charge income	6,075	4,633	4,976	0	15,684	(874)	14,810
Service charge expenses	(6,978)	(4,534)	(5,795)	0	(17,307)	810	(16,497)
Property expenses	(3,683)	(8,001)	(2,611)	0	(14,295)	266	(14,029)
Net property income	27,013	32,415	14,465	0	73,893	(2,963)	70,930
Share of result of joint ventures					0	(694)	(694)
Investment revaluation and disposal of investment properties	48,840	31,919	17,313	81	98,153	(616)	97,537
Segment result	75,853	64,334	31,778	81	172,046	(4,273)	167,773
Net financing cost					(23,870)	580	(23,290)
Company expenses					(6,136)	0	(6,136)
Other income					0	0	0
Investment expenses					(504)	1	(503)
Profit before taxation					141,536	(3,692)	137,844
Current tax					(312)	308	(4)
Deferred tax					(25,306)	3,384	(21,922)
Profit after taxation					115,918	0	115,918

(€ '000) As per 30/06/2016	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Property investments	1,257,100	1,500,300	707,328	0	3,464,728	(188,800)	3,275,928
Property investments under development	5,000	0	0	0	5,000	0	5,000
Investments in joint ventures	0	0	0	0	0	90,596	90,596
Tangible fixed assets	709	747	59	384	1,899	0	1,899
Receivables	20,306	9,227	3,426	604	33,563	(442)	33,121
Cash and deposits	7,107	9,554	14,116	100,764	131,541	(7,089)	124,452
Property investments held for sale	0	0	19,630	0	19,630	0	19,630
Total assets	1,290,222	1,519,828	744,559	101,752	3,656,361	(105,735)	3,550,626
Creditors	32,108	28,301	20,176	5,907	86,492	(8,356)	78,136
Non-current creditors	9,053	1,600	25	0	10,678	(572)	10,106
Borrowings	392,061	850,499	253,650	0	1,496,210	(91,521)	1,404,689
Derivative financial instruments	13,637	148,420	14,916	0	176,973	(1,517)	175,456
Deferred tax liabilities	0	32,198	62,140	0	94,338	(3,769)	90,569
Provision for pensions	0	0	0	0	0	0	0
Total liabilities	446,859	1,061,018	350,907	5,907	1,864,691	(105,735)	1,758,956

(€ '000) For the six months period ended 31/12/2015	France	Italy	Sweden	The Netherlands*	Total proportional consolidation	Adjustments joint ventures	Total IFRS
Acquisitions, divestments and capital expenditure (including capitalised interest)	1,064	241,680	65,694	0	308,438	(116,068)	192,370

* The Netherlands represents assets and liabilities of Eurocommercial Properties N.V. and its offices in Amsterdam and London.

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 2016 €1 was SEK 9.5529 (30 June 2016: SEK 9.4242) and €1 was GBP 0.8562 (30 June 2016: GBP 0.8265).

Notes to the condensed consolidated financial statements
as at 31 December 2016

4. Property expenses
Property expenses in the current financial period were:

For the six months ended (€'000)	31-12-16	31-12-15
Direct property expenses		
Bad debts	**265**	390
Centre marketing expenses	**1,208**	1,011
Insurance premiums	**383**	359
Managing agent fees	**943**	953
Property taxes	**1,875**	1,478
Repair and maintenance	**626**	791
Shortfall service charges	**278**	164
	5,578	5,146
Indirect property expenses		
Accounting fees	**224**	184
Audit fees	**179**	121
Depreciation fixed assets	**254**	345
Dispossession indemnities	**117**	199
Italian local tax (IRAP)	**765**	857
Legal and other advisory fees	**825**	758
Letting fees and relocation expenses	**1,003**	979
Local office and accommodation expenses	**938**	778
Pension contributions	**80**	88
Salaries, wages and bonuses	**2,949**	2,571
Social security charges	**1,158**	1,022
Performance shares granted (IFRS 2)	**170**	28
Travelling expenses	**387**	477
Other local taxes	**304**	302
Other expenses	**107**	174
	9,460	8,883
	15,038	14,029

5. Investment revaluation and disposal of investment properties
Realised and unrealised value movements on investments in the current financial period were:

For the six months ended (€'000)	31-12-16	31-12-15
Revaluation of property investments	**56,062**	98,120
Revaluation of property investments under development	**271**	60
Revaluation of property investments held for sale	**0**	273
Result on property sold	**(866)**	0
Elimination of accrued entry fees	**128**	(227)
Elimination of capitalised letting fees	**(241)**	(742)
Movement long-term creditors	**262**	(55)
Foreign currency results	**(48)**	108
	55,568	97,537

6. Net financing cost
Net financing cost in the current financial period comprised:

For the six months ended (€'000)	31-12-16	31-12-15
Interest income	**17**	1,036
Gross interest expense	**(20,500)**	(19,330)
Capitalised interest	**519**	403
Unrealised fair value movement derivative financial instruments	**32,778**	3,882
Realised fair value movement derivative financial instruments	**(2,090)**	(9,281)
	10,724	(23,290)

Notes to the condensed consolidated financial statements
as at 31 December 2016

6. Net financing cost (continued)
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 1.9 per cent (31 December 2015: 4.2 per cent). Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements so that 77 per cent (31 December 2015: 69 per cent) of interest costs are fixed at an average interest rate of 2.7 per cent (31 December 2015: 2.7 per cent) for an average period of seven years (2015: eight years). Due to higher market interest rates the negative fair value of this interest rate swap portfolio changed, resulting in a positive movement of €30.7 million for the period. During this period interest rate swaps were terminated with a notional amount of €37.0 million resulting in a negative realised fair value movement of €2.1 million.

7. Company expenses
Company expenses in the current financial period comprised:

For the six months ended (€'000)	**31-12-16**	31-12-15
Audit fees	**160**	188
Depreciation fixed assets	**122**	95
Directors' fees	**810**	855
IT expenses	**434**	236
Legal and other advisory fees	**178**	146
Marketing expenses	**309**	303
Office and accommodation expenses	**991**	928
Pension costs*	**(5)**	(129)
Pension contributions	**326**	621
Salaries, wages and bonuses	**1,860**	1,861
Social security charges	**263**	267
Statutory costs	**195**	197
Performance shares granted (IFRS 2)	**165**	37
Travelling expenses	**183**	261
Other expenses	**299**	270
	6,290	6,136

The pension contributions are allocated to the direct investment result and the pension costs to the indirect investment result.

8. Property investments and property investments under development
Property investments and property investments under development 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 2016 with the exception of C4 Shopping in Kristianstad, Sweden and the hypermarket at Centr'Azur in Hyères, France which was acquired at the end of 2016. C4 Shopping is booked at its acquisition cost plus subsequent capital expenditure as the fair value of this property investment under development cannot be assessed at this time. The Centr'Azur hypermarket will be revalued, together with the gallery, in June 2017 as a 100% owned property. 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 condensed consolidated financial statements
as at 31 December 2016

8. Property investments and property investments under development (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. There were no valuation reports at 31 December 2016, which contained an uncertainty paragraph setting out these circumstances.

The current property portfolio is:

(€'000)	**31-12-16 Net value**	30-06-16 Net value	**31-12-16 Costs to date**	30-06-16 Costs to date
France				
Passage du Havre, Paris*	**405,700**	405,400	**189,671**	189,428
Les Atlantes, Tours*	**152,800**	146,700	**65,328**	65,002
Val Thoiry, Thoiry	**144,000**	135,800	**137,017**	136,757
Centr'Azur, Hyères* **	**92,800**	55,400	**61,697**	21,644
Chasse Sud, Chasse-sur-Rhône*	**88,800**	86,500	**72,762**	72,034
Plaine de France, Moisselles*	**81,000**	81,900	**64,429**	63,703
74 rue de Rivoli, Paris*	**73,300**	70,800	**20,725**	20,725
Les Portes de Taverny, Taverny*	**68,100**	65,400	**25,989**	25,921
Amiens Glisy, Amiens*	**60,400**	60,400	**24,442**	23,084
Shopping Etrembières, Etrembières*** *****	**5,600**	5,000	**7,973**	7,644
Les Allées de Cormeilles, Cormeilles*	**48,000**	46,100	**44,717**	44,741
Les Trois Dauphins, Grenoble*	**40,800**	40,100	**26,809**	26,777
Les Grands Hommes, Bordeaux	**19,000**	18,200	**18,269**	18,270
	1,280,300	1,217,700	**759,828**	715,730
Italy				
I Gigli, Florence*	**399,300**	383,500	**315,568**	304,352
Carosello, Carugate, Milan*	**332,200**	320,800	**205,574**	202,268
Collestrada, Perugia* **	**118,600**	110,400	**122,862**	114,031
Il Castello, Ferrara*	**116,000**	113,900	**84,933**	84,922
Curno, Bergamo*	**112,900**	112,200	**35,695**	35,600
Cremona Po, Cremona*	**86,700**	83,900	**88,651**	87,217
Centro Leonardo, Imola*	**71,600**	70,500	**65,344**	64,967
I Portali, Modena*	**48,500**	48,500	**47,262**	47,242
La Favorita, Mantova*	**48,500**	46,600	**34,209**	34,211
Centro Lame, Bologna*	**39,900**	39,800	**29,980**	29,998
Centroluna, Sarzana*	**26,000**	25,800	**14,941**	14,892
	1,400,200	1,355,900	**1,045,019**	1,019,700
Sweden				
Bergvik, Karlstad*	**153,356**	151,313	**108,785**	108,322
Ingelsta Shopping, Norrköping*	**123,836**	121,707	**93,660**	93,563
Grand Samarkand, Växjö*	**117,660**	117,145	**79,750**	79,748
Eurostop, Halmstad	**98,923**	80,856	**97,345**	84,095
Elins Esplanad, Skövde*	**86,047**	84,888	**59,118**	59,091
421, Göteborg*	**83,116**	83,296	**89,760**	89,728
C4 Shopping, Kristianstad *** ****	**48,318**	0	**47,539**	0
Moraberg, Södertälje	**48,153**	48,599	**38,944**	38,915
Mellby Center, Laholm*	**19,366**	19,524	**15,710**	15,706
Kronan, Karlskrona (sold)	**0**	19,630	**0**	17,936
	778,775	726,958	**630,611**	587,104
	3,459,275	3,300,558	**2,435,458**	2,322,534
Less: Property investments under development	**(53,918)**	(5,000)	**(55,512)**	7,644
Less: Property investments held for sale	**0**	(19,630)	**0**	(17,936)
Property investments	**3,405,357**	3,275,928	**2,379,946**	2,312,242

* These properties carry mortgage debt up to €1,411 million at 31 December 2016 (30 June 2016: €1,340 million).
** Including (land) acquisitions.
*** Classified as property investments under development.
**** Valued at cost.
***** This parcel of land is next to Shopping Etrembières (partly owned via a joint venture).

Notes to the condensed consolidated financial statements
as at 31 December 2016

8. Property investments and property investments under development (continued)

Changes in property investments for the financial period ended 31 December 2016 were as follows:

(€'000)	**01-07-16/ 31-12-16**	01-07-15/ 30-06-16
Book value at beginning of period	**3,295,558**	2,860,926
Acquisitions	**48,634**	265,649
Capital expenditure - general	**1,913**	8,391
Capital expenditure - extensions and refurbishments	**31,772**	40,489
Capitalised interest	**418**	1,027
Capitalised letting fees	**241**	678
Elimination of capitalised letting fees	**(241)**	(678)
Revaluation of land held for development	**0**	(900)
Revaluation of property investments	**56,062**	175,530
Revaluation of property investments held for sale	**0**	(361)
Book value divestment property	**(19,867)**	(40,086)
Exchange rate movement	**(9,133)**	(15,107)
Book value at end of period	**3,405,357**	3,295,558

Changes in property investments under development for the financial period ended 31 December 2016 were as follows:

(€'000)	**01-07-16/ 31-12-16**	01-07-15/ 30-06-16
Book value at beginning of period	**5,000**	4,800
Acquisitions	**39,434**	0
Capital expenditure	**8,334**	1,580
Capitalised interest	**101**	0
Revaluation property investments under development	**271**	(1,380)
Exchange rate movement	**778**	0
Book value at end of period	**53,918**	5,000

The fair value measurement of all the property investments is categorised within level 3 of the fair value hierarchy (30 June 2016: level 3).

Assumptions and sensitivity analysis:
The average net initial yield applied by the valuers is 4.2% for France, 5.5% for Italy and 4.8% for Sweden, compared to the yields reported as per 30 June 2016 of 4.3%, 5.5% and 4.8%, respectively.

An increase in the average net initial yield of 25 bps would result in a decrease in the value of the property portfolio of €163 million (30 June 2016: €159 million), whereas a decrease in the average yield of 25 bps would result in an increase in the value of the property portfolio of €183 million (30 June 2016: €176 million).

An increase in the estimated rental value of 5 per cent would result in an increase in the value of the property portfolio of €134 million (30 June 2016: €130 million). A decrease in the estimated rental value of 5 per cent would result in a decrease in the value of the property portfolio of €133 million (30 June 2016: €130 million).

9. Investments in joint ventures

Changes in investments in joint ventures for the financial period ended 31 December 2016 were as follows:

(€'000)	**01-07-16/ 31-12-16**	01-07-15/ 30-06-16
Book value at beginning of period	**90,596**	42,598
Other movements/acquisitions	**(28)**	43,289
Dividends received in joint ventures	**0**	(1,978)
Eurocommercial share of total comprehensive income	**4,857**	6,687
Book value at end of period	**95,425**	90,596

Notes to the condensed consolidated financial statements
as at 31 December 2016

10. Receivables
The two largest current receivables items are rents receivable for an amount of €24.0 million (30 June 2016: €21.9 million) and VAT receivable for an amount of €8.0 million (30 June 2016: €5.5 million).

11. Creditors
The two largest current creditors items are rent received in advance for an amount of €25.1 million (30 June 2016: €23.2 million) and the creditors related to capital expenditure on the retail properties for an amount of €15.6 million (30 June 2016: €17.7 million). The non-current creditors of €11.4 million only relate to tenant rental deposits (30 June 2016: €10.1 million).

12. Borrowings

(€'000)	**01-07-16/ 31-12-16**	01-07-15/ 30-06-16
Book value at beginning of the period	**1,404,689**	1,160,222
Drawdown of funds	**322,902**	618,563
Repayments	**(278,198)**	(367,657)
Exchange rate movement	**(3,419)**	(5,200)
Movement prepaid borrowing costs	**(1,462)**	(1,239)
Book value at the end of the period	**1,444,512**	1,404,689

The borrowings are all directly from major banks with average committed unexpired terms of almost five years. The average interest rate, including derivative financial instruments, in the current financial period was 2.7 per cent (12 months ended 30 June 2016: 2.7 per cent). At 31 December 2016 the Company has hedged its exposure to interest rate movements on its borrowings for 77 per cent (30 June 2016: 72 per cent) at an average term of seven years (30 June 2016: seven years). The fair value of the loans is €1,467 million (book value at 31 December 2016: €1,445 million), compared to a fair value of €1,423 million at 30 June 2016 (book value at 30 June 2016: €1,405 million). The fair value of the borrowings with a fixed interest rate from drawdown date to maturity is based on a model taking into account the appropriate swap curve of the underlying loan.

13. 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 the condensed consolidated statement of profit or 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 used 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 2016: level 2), except for the put option to acquire the remaining 50 per cent of the Fiordaliso shopping centre. The fair value of this instrument is €11.6 million (30 June 2016: €11.6 million) and is classified within level 3. The fair value of this put option is based on an independent property valuation as per the balance sheet date, plus a premium based on a fixed percentage and matures on 29 October 2025.

Notes to the condensed consolidated financial statements
as at 31 December 2016

14. Deferred tax liabilities
Deferred tax liabilities increased to €111.8 million (30 June 2016: €90.6 million) and are related to deferred capital gains tax on the Italian and Swedish property investments and to the derivative financial instruments for hedging the Company's exposure to interest rates in Italy and Sweden.
The changes in deferred tax liabilities were as follows:

(€'000)	**01-07-16/ 31-12-16**	01-07-15/ 30-06-16
Book value at beginning of the period	**90,569**	69,369
Recognised in statement of profit or loss	**23,099**	22,514
Release to statement of profit or loss due to property sale	**(993)**	0
Exchange rate movement	**(843)**	(1,314)
Book value at the end of the period	**111,832**	90,569

15. 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. On 30 November 2016 the number of shares increased by 19,900 new depositary receipts due to the vesting of the 2013 Performance Share Plan. The number of shares on issue increased further on 30 November 2016 by 616,025 bonus depositary receipts under the stock dividend plan. Holders of depositary receipts representing 27.0% of the issued share capital (2015: 26.8%) opted for the bonus depositary receipts at an issue price of €43.05 from the Company's share premium reserve, instead of a cash dividend of €2.05 per depositary receipt for the financial year ended 30 June 2016. Accordingly, of the available dividend of €98.4 million, an amount of €26.5 million was not paid out in cash.

16. Commitments not included in the balance sheet
The Company has signed a contract to acquire the project C4 in Kristianstad, Sweden. The outstanding commitment under this contract is SEK 870 million (c. €91 million) as per 31 December 2016. Not included in this amount is SEK 350 million (c. €37 million) which is due if certain conditions are met. The Company has signed a building contract for the extension project in Amiens, France. The outstanding commitment under this contract is around €10 million as per 31 December 2016. The Company has signed a building contract for phases one and two of the extension project in Halmstad, Sweden. The outstanding commitment under this contract is SEK 98 million (c. €10 million) as per 31 December 2016. The Company has signed an agreement to contribute €4 million to Galleria Verde S.r.l. to undertake a refurbishment of Fiordaliso.

Amsterdam, 10 February 2017

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

Board of Supervisory Directors
B.T.M. Steins Bisschop, Chairman
B. 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 five 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), CBRE Clarion Securities, LLC (4.94 per cent), Henderson Group Plc (4.84 per cent) and BlackRock, Inc. (4.54 per cent).

The dates of the aforesaid notifications were 1 November 2006, 1 November 2006, 4 February 2014, 26 November 2015 and 8 September 2016.

Stock market prices and turnovers from 1 July to 31 December 2016

		High	Low	Average
Closing price 31 December 2016 (€; depositary receipts)	36.59	41.37	33.21	38.03
Average daily turnover (in depositary receipts)	80,512			
Average daily turnover (€'000,000)	3.04			
Total turnover over the past six months (€'000,000)	397.9			
Market capitalisation (€'000,000)	1,788.6			
Total six months turnover as a percentage of market capitalisation	22.3%			

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

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information as at 31 December 2016 of Eurocommercial Properties N.V., Amsterdam, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statements of profit or loss, comprehensive income, changes in shareholders' equity, and cash flows for the period of six months ended 31 December 2016, and the notes. The Board of Management of the Company is responsible for the preparation and presentation of this condensed 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 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 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 condensed consolidated interim financial information as at 31 December 2016 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 10 February 2017
KPMG Accountants N.V.

H.D. Grönloh RA

Head Office

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

Group Offices

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

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

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

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