



# Eurocommercial Properties N.V.

## European shopping centres

### Press Release

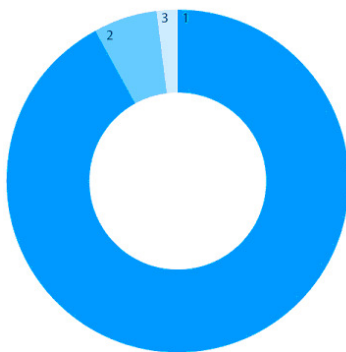
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**Half Year Report  
31 December 2007**

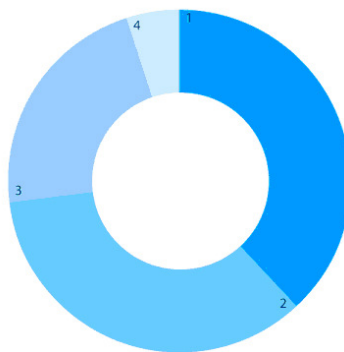
One of Europe's most experienced owners of shopping centres, Eurocommercial Properties (ECP) focuses on France, Italy and Sweden – wealthy countries where indexed shop rents with a turnover related element provide market transparency and management efficiency.

#### Property sectors



1. Retail	93%
2. Office	5%
3. Warehouse	2%

#### Country balance



1. Italy	37%
2. France	37%
3. Sweden	22%
4. The Netherlands	4%

#### Balance sheet 31 December 2007

	€m
Total assets	2,484
Property investments	2,427
Shareholders' equity	1,280
<b>Borrowings</b>	
Long term	775
Short term	158

#### Ratios

Debt to equity	73%
Loan to property value	38%

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## Half year results at 31 December 2007 compared with 31 December 2006

### Adjusted net asset value

Adjusted net asset value rose by 12.8% to €39.70 per depositary receipt at 31 December 2007 from €35.19 at 31 December 2006. The figure increased by 6.4% from €37.32 per depositary receipt at 30 June 2007, having deducted the dividend paid from the figure before income appropriation of €38.99 per depositary receipt. These figures represent the underlying value of properties at 31 December 2007 and do not take into account the fair value of financial derivatives (interest rate swaps) or contingent capital gains tax liabilities if all properties were to be sold simultaneously.

The IFRS net asset value, which allows for these items, at 31 December 2007 was €35.89 per depositary receipt compared with €31.33 at 31 December 2006 and €35.21 at 30 June 2007.

+12.8%

€39.70

### Direct investment result

The direct investment result for the six months to 31 December 2007 rose 4.9% to €30.26 million from €28.84 million for the same period in 2006. The direct investment result is defined as net property income less net interest expenses, company expenses and corporate income taxes and in the view of the Board more accurately represents the underlying profitability of the Company than the IFRS "Profit after tax" which must include unrealised capital gains and losses.

+4.9%

€30.3m

### Property valuations

All Company properties were independently revalued at 31 December 2007 resulting in an increase of 8.6% compared with December 2006 and 2.7% compared with June 2007 on a like for like basis.

+8.6%

€2.4bn

### Net property income

Rental income for the six months to 31 December 2007 after deducting net service charges and direct and indirect property expenses (branch overheads) was €52.6 million compared with €46.1 million for the prior year period – an increase of 14.1%.

+14.1%

€52.6m





## Rental growth

The like for like (same floor area) rents of ECP's retail properties increased by 5.6% at 31 December 2007 compared with 31 December 2006. The rent figures compare tenancy schedules at the relevant dates and include indexation and turnover rents.

	ECP like for like rental growth to 31/12/07	ECP like for like rental growth to 31/12/06
France	7.8%	3.9%
Italy	5.1%	4.2%
Sweden	3.3%	3.6%
<b>Money weighted average</b>	<b>5.6%</b>	<b>3.9%</b>

These rental growth numbers are not expected to differ greatly overall in 2008, except for France where the 5% indexation will be less than the 7% for the previous year.

## Occupancy

Occupancy levels for the total ECP portfolio remain at over 99%.

## Retail sales turnover growth

The continued growth in retail sales turnover in ECP centres reflects very different consumer vulnerability to the much tighter credit conditions which are so much of a concern in the US and UK.

In France and Italy, for example, household debt levels are respectively about half and a third of those in the UK, and savings rates in both countries are more than double British levels. In Sweden, savings rates are 150% of those in the UK, and although household debt levels are similar, home ownership levels are appreciably lower.

These less stretched consumer finances are reflected in sales turnover, excluding hypermarkets, in ECP's centres which, overall, is 3.7% higher for the year to 31 December 2007 than for 2006. The increases for individual countries vary of course, with the strongest growth in Sweden and the weakest in Italy where political uncertainty and higher living costs have weighed on consumer spending.

	ECP gallery sales turnover increase*
France	2.7%
Italy **	2.3%
Sweden	8.4%
<b>Money weighted average</b>	<b>3.7%</b>

\* Excludes hypermarkets

\*\* Excludes Carosello, Carugate (major reconstruction underway) and Leonardo, Imola (24 month data not available for comparison following expansion)

## Rent to turnover ratios

The Company doubts that concerns over a potential US/UK recession will apply to consumer spending in ECP's European markets, but if a worldwide economic slowdown does reduce retail sales, ECP is extremely well insulated because rent to turnover ratios in its centres have not been stretched in the search for short-term performance at the expense of sound tenant selection and sustainable rents.

Overall, ECP's occupancy cost ratio averages 7%, ranging from 13% for boutiques in central Paris to 5.5% for stores in shopping centres in provincial Sweden. In all cases ECP prefers its rents to be in the middle of appropriate market ranges so that it can choose the best retailers whose turnover levels are consistently higher than average. It may be that this policy could be thought un-aggressive in a boom, but with current economic concerns it provides confidence in the security of the Company's income.

	<b>ECP gallery* rent to retail sales</b>	<b>ECP gallery* total occupancy costs to retail sales</b>
<b>France</b>	5.3%	6.7%
<b>Italy</b>	5.6%	7.6%
<b>Sweden</b>	4.7%	6.1%
<b>Average</b>	5.3%	7.0%

\*Excludes hypermarkets

## Property valuations

The Company has a portfolio of 32 retail properties, six warehouses and one office building. ECP investment properties were independently valued at € 2.427 billion at 31 December 2007, a like for like increase of 2.7% over the six month period and 8.6% since 31 December 2006, mainly due to higher rental income across all markets.

### Like-for-like valuation increases by country\* - December 2007 compared to December 2006

<b>France</b>	12.7%
<b>Italy</b>	6.6%
<b>Sweden</b>	5.8%
<b>Netherlands</b>	0.7%

\*These figures allow for capital expenditure during the period

The overall net yield used by the independent valuers for the ECP property portfolio at the end of 2007 was 4.8%. The overall net yield for the retail portfolio was 4.7%, with France at 4.5%, Italy at 4.7% and Sweden at 4.9%. The overall warehouse yield was 7.1% and 7.0% was used for the Company's only office building. The valuations were, as always, carried out by major international firms, which are rotated every three years. In this instance the valuers were ICADE Expertise, Knight Frank and Retail Consulting Group in France, CB Richard Ellis, Cushman & Wakefield, Jones Lang LaSalle and Savills in Italy, Cushman & Wakefield and DTZ in Sweden and Boer Hartog Hooft in The Netherlands.

Address	Net value 31/12/06	Net value 30/06/07	Net value 31/12/07	Increase*		Net yield
	€ million	€ million	€ million	%	%	%
<b>France retail</b>						
Amiens Glisy, Amiens	38.18	42.30	43.40	13.67	2.60	5.17
Centre Berry 2, Bourges	-	-	42.30	-	-	4.82
Buchelay Retail Park	6.87	7.51	7.56	10.04	0.67	5.78
Les Allées de Cormeilles	-	18.22	42.74	-	-	-
Les Trois Dauphins, Grenoble	32.43	34.50	35.80	10.39	3.77	5.14
Centr'Azur, Hyères	39.45	43.41	47.08	19.34	8.45	4.66
Centre Chasse Sud, Lyon	-	-	34.60	-	-	4.93
Noyelles Godault Retail Park	4.86	5.17	5.48	12.76	6.00	5.66
Passage du Havre, Paris	250.26	275.70	279.40	11.64	1.34	4.22
Passy Plaza, Paris	114.92	125.30	127.60	11.03	1.84	4.47
74 rue de Rivoli, 1-3 rue du Renard, Paris	17.80	17.80	17.80	0.00	0.00	3.69
Les Portes de Taverny, Paris	43.32	46.05	49.66	14.64	7.84	4.84
Les Atlantes, Tours	103.80	113.84	127.10	22.45	11.65	4.29
<b>FRANCE RETAIL</b>			<b>860.52</b>			<b>4.53</b>
<b>France warehouses</b>						
Parisud, Sénart	11.05	11.49	11.50	4.07	0.09	6.73
Rue des Béthunes, Saint-Ouen l'Aumone	18.10	18.64	19.30	6.63	3.54	7.23
<b>FRANCE WAREHOUSES</b>			<b>30.80</b>			<b>7.04</b>
<b>FRANCE TOTAL</b>			<b>891.32</b>			<b>4.62</b>
<b>Italy retail</b>						
Curno, Bergamo	93.85	98.65	102.12	8.81	3.52	4.83
Centro Lame, Bologna	36.44	37.86	38.34	5.21	1.27	5.05
Il Castello, Ferrara	88.27	91.80	94.05	6.55	2.45	5.27
I Gigli, Firenze	238.33	245.78	253.33	6.29	3.07	4.88
I Gigli Extension Land, Firenze	-	-	28.73	-	-	-
Centro Leonardo, Imola	75.00	78.27	78.75	5.00	0.61	5.16
La Favorita, Mantova	49.14	53.65	56.20	14.37	4.75	5.20
Carosello, Carugate, Milano*	199.09	212.79	227.69	14.37	7.00	3.84
Centroluna, Sarzana	19.71	25.67	26.54	34.65	3.39	5.60
<b>ITALY TOTAL</b>			<b>905.75</b>			<b>4.72</b>
<b>Sweden retail</b>						
421, Göteborg	-	87.62	88.34	-	0.82	4.90
Kronan, Karlskrona	-	14.44	15.37	-	6.47	5.05
Bergvik, Karlstad	50.96	52.25	56.51	10.89	8.13	5.00
Mellby Center, Laholm	17.64	17.62	17.29	-1.98	-1.87	5.03
Burlöv Center, Malmö	114.46	121.09	124.20	8.51	2.57	5.00
MaxiHuset, Norrköping*	40.62	43.69	44.53	9.63	1.92	3.96
Bronsen Retail Park, Norrköping	-	-	18.53	-	-	5.57
MaxiHuset, Skövde*	35.83	37.85	48.48	35.31	28.08	3.85
Moraberg, Södertälje	41.95	43.44	43.73	4.24	0.67	5.25
Hälla Shopping, Västerås	25.60	30.78	31.17	21.76	1.27	5.30
Samarkand, Växjö	38.45	39.25	39.08	1.64	-0.43	5.38
<b>SWEDEN TOTAL</b>			<b>527.23</b>			<b>4.88</b>
<b>The Netherlands office</b>						
Kingsfordweg 1, Amsterdam Sloterdijk	87.50	87.50	87.70	0.34	0.23	7.00
<b>The Netherlands warehouses</b>						
Horsterweg 20, Maastricht-Airport	4.37	4.38	4.43	1.37	1.14	6.60
Galvanibaas 5, Nieuwegein	4.04	4.23	4.22	4.46	-0.24	7.30
Standaardruiter 8, Veenendaal	3.67	3.81	3.81	3.81	0.00	7.50
Koeweistraat 10, Waardenburg	2.13	2.21	2.21	3.76	0.00	7.60
<b>THE NETHERLANDS TOTAL</b>			<b>102.37</b>			<b>7.06</b>
<b>ECP TOTAL</b>			<b>2,426.67</b>			<b>4.82</b>

\* Increases in value in some cases include costs of refurbishments and extensions

## Share capital and funding

Since 30 June 2007 the Company has increased its share capital by 468,675 depositary receipts. These were issued under the stock dividend plan at € 43.42 per depositary receipt on 30 November 2007. The new total of depositary receipts on issue is therefore 35,746,294, an increase of 1.3% over the amounts on issue at 30 June 2007 and at 31 December 2006. Since 27 November 2007 the Company has bought back a total of 376,500 depositary receipts to cover exercises of outstanding employee stock options. In total 300,500 depositary receipts were required for employees who exercised their options in November and December 2007. The Company now holds a balance of 76,000 depositary receipts.

Borrowings represent 73% of net shareholders equity, or 38% of gross assets, and the average term of the loans is almost eight years with a large proportion (80.2%) of interest rates fixed, through swaps, for an average similar term. The Company has recently entered into further long-term borrowing facilities for amounts of SEK 470 million (€ 50 million) and SEK 425 million (€ 45 million) respectively, with terms of 10 years. This change to the loan portfolio provides the Company with additional long-term flexible access to bank borrowings for the financing of its current extension programme and recent acquisitions. The Company has no securitized debt instruments, preferring to deal directly with banks. Average margins remain in the order of 0.40% for the non-current debt.

## Acquisitions and divestments

In November 2007 ECP acquired two shopping centres in France for a total cost of € 79 million. One centre is located in St. Doulchard near Bourges in the Cher department and the other in Chasse-sur-Rhône close to Lyon in the Isère department. The net overall yield for the transaction was 5.25%.

In both cases ECP acquired ownership of the hypermarket together with the gallery and the car park, thereby securing full management control. The passing rents are such that there is excellent reversionary potential. Furthermore, both centres have the necessary zoning to carry out extensions of up to 5,000m<sup>2</sup> each, subject to obtaining all required administrative consents.

In November the Company sold its small retail property at Tourville la Rivière in France for € 3.2 million. The book value of this property was € 2.5 million, resulting in a realised gross capital gain to ECP of € 0.7 million.

The acquisition of the 15,000m<sup>2</sup> Bronsen retail park, which adjoins ECP's shopping centre in Norrköping, was completed in August 2007. The property is leased to major retailers including El Giganten, K-Rauta, Sportex, Expert and Skopunkten, and was acquired for SEK 175 million (€ 19 million), representing an initial yield of 5.75%. Of the total income, 70% comes from El Giganten and K-Rauta on leases expiring in nine years. The park provides a prominent frontage to the E4 motorway and will be integrated into the MaxiHuset shopping centre as part of the extension and refurbishment project which is currently underway. Together this will provide 40,000m<sup>2</sup> of retail in Ingelsta, Norrköping's main out of town shopping area.

## Extensions and refurbishments

### France

The 20,000m<sup>2</sup> retail park in western Paris, "Les Allées de Corneilles", which the Company acquired on a forward purchase agreement in May 2007, is scheduled to open in June 2008. The park is anchored by a 14,000m<sup>2</sup> Castorama and includes other leading retailers such as Bata, Kiabi, Etam and Aubert.

ECP is still pursuing extensions at its centres in Amiens and Tours. Discussions continue with the local authorities and in the meantime the Company is planning a refurbishment of the gallery at Les Atlantes (Tours).

The Company is also intending to carry out some modernisation works during 2008 at Passy Plaza in Paris to ensure it maintains its leading position in the wealthy residential 16<sup>th</sup> arrondissement.

## Italy

The construction work at Carosello in Carugate, Milan is now at an advanced stage. One of the two new entrances has already been completed, and part of the new car parking is open. Leases have been signed or terms have been agreed with all five of the anchor tenants, including Saturn (Media Markt) and Zara. 50% of the leases for the extension has been signed, and terms have been agreed for a further 20%. The estimated cost for the extension and refurbishment is now € 75 million with the project expected to produce a return on cost of at least 7%.

The majority of the project is scheduled to be completed by the end of 2008 and the new foodcourt is expected to open in May 2009.

At I Gigli an adjoining property has been acquired for a price of € 28.7 million, payable in stages, as part of ECP's plans to extend the centre.

A refurbishment of the gallery at La Favorita shopping centre in Mantova was completed in November. The project included an upgrading of all common areas and new lighting throughout. Initial results have been positive with turnover up over 5% in the last quarter of 2007.

## Sweden

Building works for the 10,000m<sup>2</sup> extension at MaxiHuset in Skövde continue. Leasing is almost fully complete and key tenants include ICA Maxi, H&M, Siba, Gina Tricot, MQ, KappAhl and Lindex. ICA Maxi are taking an additional 2,500m<sup>2</sup> and have signed a new 15 year lease on their 10,000m<sup>2</sup> store. The extension is due to open by Christmas 2008 while the refurbishment of the existing centre will continue until spring 2009.

Construction of the 8,000m<sup>2</sup> extension at Norrköping is also underway. The completed centre will house 46 shops including the existing ICA Maxi hypermarket and will add significantly to the existing fashion, sport and household offerings, introducing new sectors such as health and beauty together with books and services including a pharmacy. Approximately 80% of the extension has been let with major new tenants including Intersport, MQ, Gina Tricot, Cubus, Esprit, Apoteket, Duka and Hemtex. Stadium have leased a new 1,500m<sup>2</sup> flagship store at the entrance of the extension. The building works are expected to be fully completed in May 2009.

The two Swedish projects are both expected to yield a return of 7% on the total combined costs of € 60 million.

Hypermarket tenant, Coop, will not renew its lease at the Samarkand retail park in Växjö in December 2008 and so ECP intends to take the opportunity to develop the vacant floor space as a full-service shopping centre, integrating with the existing anchor retailers Stadium, H&M, KappAhl, Intersport, OnOff and Systembolaget and directly linking to the adjoining ICA Maxi hypermarket. Retailers have expressed considerable interest in the scheme as there is currently no out of town shopping centre in Växjö, and the property already has the necessary retail zoning to proceed with the project, subject to acquiring the appropriate technical building permit. The initial cost estimate for the project is € 40 million.



## Market commentary

The continuing credit crisis, which appears to have affected property markets so much in the UK and US, has so far not had any appreciable effect on prices paid for prime shopping centres in France, Italy or Sweden, where completed transactions in January indicate no increase in yields.

Potential buyers relying on high levels of debt have largely left the market but it seems there are, to date, more than enough serious long term ungeared investors for the few good quality retail investments that are offered for sale.

Indeed it is interesting to note that major German open-ended funds are back in international markets after an absence of some years. In addition, a number of fund management groups have put together recovery funds which should help to underpin the market.

The situation could of course deteriorate if the current shortage of prime investments changes to a glut. But we think this unlikely, particularly in France and Italy where the vast majority of shopping centre owners are long term specialist investors and operators who are unlikely to sell. The Swedish market is currently more liquid with some indication of shopping centres coming to the market.

## Outlook

World, and particularly US, economic growth has been extremely strong for the past five years and it is unreasonable to expect such a rate of economic expansion to continue indefinitely. Accordingly we think that a return to historically more normal levels would be acceptable.

There are, nevertheless, potentially profound problems in the credit markets following the securitisation boom of the past few years which is not fundamentally different from those in the past of tulips, railways, commodities or internet start-ups. This boom has now turned into a bust, like its predecessors, because of an ignorance or disregard of the real value of the underlying assets.

Unfortunately, these misunderstood and risky speculations are causing widely felt side effects throughout world trade and industry as credit lines become increasingly difficult to secure for those companies without the very best track records.

We are glad to say that thus far ECP's cost of funding has not increased, notwithstanding tighter credit markets. We believe this is because of our simple, clear debt requirements, offering the banks low loan-to-value ratios and complete recourse to the parent company balance sheet, a policy that has been unchanged since the inception of the Company. Recent interest rate reductions in the US and elsewhere can only improve the situation for ECP.

We also do not expect a significant deterioration in our rental income, even in the unlikely event of a recession in Europe, the fear of which could reduce interest rates even further, providing again positive funding opportunities for those, like ECP, with strong balance sheets.

Amsterdam, 8 February 2008

### Board of Management

J.P. Lewis, Chairman

E.J. van Garderen

## Conference call

ECP will host a conference call today, Friday 8 February 2008, at 2:00 PM (UK) / 3:00 PM (CET) for investors and analysts. To access the call, **please dial +44 (0)1452 586 513** approximately 5-10 minutes before the start of the conference and ask to be connected to the Eurocommercial Properties call using the **conference ID number of 31394141**.

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

Website: [www.eurocommercialproperties.com](http://www.eurocommercialproperties.com)

## Consolidated direct, indirect and total investment results

(€ '000)	Note	Six months ended 31-12-07	Six months ended 31-12-06	Second quarter ended 31-12-07	Second quarter ended 31-12-06
Rental income		62,237	53,885	31,789	27,275
Service charges income		9,049	7,978	5,350	4,880
Service charges expenses		(10,963)	(9,263)	(6,539)	(5,698)
Property expenses	4	(7,744)	(6,538)	(4,056)	(3,531)
Net property income	2	52,579	46,062	26,544	22,926
Interest income		1,161	340	648	166
Interest expenses		(19,463)	(13,813)	(10,060)	(7,137)
Net financing expenses		(18,302)	(13,473)	(9,412)	(6,971)
Company expenses	6	(4,013)	(3,750)	(2,053)	(2,100)
Direct investment result before taxation		30,264	28,839	15,079	13,855
Corporate income tax		0	0	0	0
<b>DIRECT INVESTMENT RESULT</b>		<b>30,264</b>	<b>28,839</b>	<b>15,079</b>	<b>13,855</b>
Disposal of investment properties		602	0	602	0
Investment revaluation	5	61,676	105,256	61,715	104,934
Fair value movement derivative financial instruments		(7,069)	(2,528)	1,688	9,149
Investment expenses		(402)	(688)	(370)	(647)
Indirect investment result before taxation		54,807	102,040	63,635	113,436
Deferred tax	11	3,157	(11,283)	1,768	(12,276)
<b>INDIRECT INVESTMENT RESULT</b>		<b>57,964</b>	<b>90,757</b>	<b>65,403</b>	<b>101,160</b>
<b>TOTAL INVESTMENT RESULT</b>		<b>88,228</b>	<b>119,596</b>	<b>80,482</b>	<b>115,015</b>
<b>Per depositary receipt (€)*</b>					
Direct investment result		0.86	0.82	0.43	0.39
Indirect investment result		1.63	2.57	1.84	2.87
Total investment result		2.49	3.39	2.27	3.26

\* The average number of depositary receipts on issue during the period was 35,355,642 (six months to 31/12/2006: 35,277,619).

## Consolidated profit and loss account

(€ '000)	Note	Six months ended 31-12-07	Six months ended 31-12-06	Second quarter ended 31-12-07	Second quarter ended 31-12-06
Rental income		62,237	53,885	31,789	27,275
Service charges income		9,049	7,978	5,350	4,880
Service charges expenses		(10,963)	(9,263)	(6,539)	(5,698)
Property expenses	4	(7,744)	(6,538)	(4,056)	(3,531)
Net property income	2	52,579	46,062	26,544	22,926
Disposal of investment properties		602	0	602	0
Investment revaluation	5	61,676	105,256	61,715	104,934
Interest income		1,161	340	648	166
Interest expenses		(19,463)	(13,813)	(10,060)	(7,137)
Fair value movement derivative financial instruments		(7,069)	(2,528)	1,688	9,149
Net financing income/cost		(25,371)	(16,001)	(7,724)	2,178
Company expenses	6	(4,013)	(3,750)	(2,053)	(2,100)
Investment expenses		(402)	(688)	(370)	(647)
Profit before taxation		85,071	130,879	78,714	127,291
Corporate income tax		0	0	0	0
Deferred tax	11	3,157	(11,283)	1,768	(12,276)
Profit after taxation		88,228	119,596	80,482	115,015
<b>Per depositary receipt (€)*</b>					
Profit after taxation		2.49	3.39	2.27	3.26
Diluted profit after taxation		2.42	3.33	2.20	3.20

\* The average number of depositary receipts on issue during the period was 35,355,642 (six months to 31/12/2006: 35,277,619).

## Consolidated balance sheet

(before income appropriation) (€ '000)	Note	31-12-07	30-06-07	31-12-06
Property investments	7	2,355,194	2,178,849	1,950,404
Property investments under development		71,468	18,221	0
Tangible fixed assets		1,252	941	800
Receivables	8	1,555	2,324	1,637
Derivative financial instruments		14,108	18,919	2,472
<b>Total non-current assets</b>		<b>2,443,577</b>	<b>2,219,254</b>	<b>1,955,313</b>
Receivables	8	30,083	30,636	29,681
Cash and deposits		10,422	18,044	12,140
<b>Total current assets</b>		<b>40,505</b>	<b>48,680</b>	<b>41,821</b>
<b>Total assets</b>		<b>2,484,082</b>	<b>2,267,934</b>	<b>1,997,134</b>
Corporate tax payable		8,097	8,106	8,009
Creditors	9	97,408	49,151	47,196
Borrowings	10	158,477	114,195	93,844
<b>Total current liabilities</b>		<b>263,982</b>	<b>171,452</b>	<b>149,049</b>
Creditors	9	15,150	17,942	18,131
Borrowings	10	774,583	684,107	585,590
Derivative financial instruments		3,619	1,221	13,771
Deferred tax liabilities	11	146,563	150,952	124,815
Provision for pensions		131	142	488
<b>Total non-current liabilities</b>		<b>940,046</b>	<b>854,364</b>	<b>742,795</b>
<b>Total liabilities</b>		<b>1,204,028</b>	<b>1,025,816</b>	<b>891,844</b>
<b>Net equity</b>		<b>1,280,054</b>	<b>1,242,118</b>	<b>1,105,290</b>
<b>Equity Eurocommercial Properties shareholders</b>	12			
Issued share capital		178,731	176,388	176,388
Share premium reserve		321,165	324,392	324,235
Other reserves		691,930	481,866	485,071
Undistributed income		88,228	259,472	119,596
		1,280,054	1,242,118	1,105,290
<b>Adjusted net equity</b>				
IFRS net equity per balance sheet		1,280,054	1,242,118	1,105,290
Deferred tax liabilities		146,563	150,952	124,815
Derivative financial instruments		(10,489)	(17,698)	11,299
<b>Adjusted net equity</b>		<b>1,416,128</b>	<b>1,375,372</b>	<b>1,241,404</b>
Number of depositary receipts representing shares in issue		35,670,294	35,277,619	35,277,619
Net asset value - € per depositary receipt (IFRS)		35.89	35.21	31.33
Adjusted net asset value - € per depositary receipt		39.70	38.99	35.19





## Consolidated cash flow statement

For the six months ended (€ '000)	Note	31-12-07	31-12-06
<b>Cash flow from operating activities</b>			
Profit after taxation		88,228	119,596
<b>Adjustments:</b>			
Movement stock options		270	159
Investment revaluation	5	(60,410)	(107,167)
Property sale result		(602)	0
Derivative financial instruments		7,069	2,528
Deferred tax	11	(3,157)	11,283
Other movements		(347)	2,015
		31,051	28,414
<b>Cash flow from operations</b>			
Increase in receivables	8	(2,877)	(10,635)
Increase in creditors	9	14,497	6,901
Capital gains tax		(8,031)	(7,175)
Derivative financial instruments		50	0
Interest paid		(17,583)	(12,363)
Interest received		1,161	335
		18,268	5,477
<b>Cash flow from investment activities</b>			
Property acquisitions	7	(98,255)	(42,058)
Capital expenditure	7	(24,260)	(5,748)
Property sale	7	3,200	0
Movement tangible fixed assets		(414)	(154)
		(119,729)	(47,960)
<b>Cash flow from finance activities</b>			
Borrowings added	10	243,131	130,591
Repayment of borrowings	10	(103,174)	(97,765)
Dividends paid	12	(38,770)	(32,031)
Stock options exercised		7,168	0
Depository receipts bought back		(14,042)	(23,279)
Decrease/increase in non-current creditors		(44)	408
		94,269	(22,076)
<b>Net cash flow</b>			
Currency differences on cash and deposits		(7,192)	(64,559)
		(430)	118
Decrease in cash and deposits		(7,622)	(64,441)
Cash and deposits at beginning of period		18,044	76,581
Cash and deposits at end of period		10,422	12,140



## Consolidated statement of changes in shareholders' equity

The movements in shareholders' equity in the six months period ended 31 December 2007 were:

(€ '000)	Issued share capital	Share premium reserve	Other reserves	Undistributed income	Total
30/06/07	176,388	324,392	481,866	259,472	1,242,118
Issued shares	2,343	(2,343)			0
Profit previous financial year			220,908	(220,908)	0
Profit for the period				88,228	88,228
Dividends paid		(206)		(38,564)	(38,770)
Depository receipts bought back			(14,042)		(14,042)
Stock options exercised		(948)	8,116		7,168
Stock options granted		270			270
Foreign currency translation differences			(4,918)		(4,918)
31/12/07	178,731	321,165	691,930	88,228	1,280,054

The movements in shareholders' equity in the six months period ended 31 December 2006 were:

(€ '000)	Issued share capital	Share premium reserve	Other reserves	Undistributed income	Total
30/06/06	176,388	327,196	300,168	233,927	1,037,679
Profit previous financial year			201,957	(201,957)	0
Profit for the period				119,596	119,596
Dividends paid		(61)		(31,970)	(32,031)
Depository receipts bought back		(3,059)	(20,220)		(23,279)
Stock options granted		159			159
Foreign currency translation differences			3,166		3,166
31/12/06	176,388	324,235	485,071	119,596	1,105,290



## Notes to the consolidated financial statements as at 31 December 2007

### 1. Principal accounting policies

The financial statements of the Company for the financial year starting 1 July 2007 and ending 30 June 2008 are drawn up in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements for the six month period ending 31 December 2007 have been drawn up in accordance with IAS 34 (Interim Financial Reporting). The comparative figures for the six months period in the previous year have been taken from last year's interim report for 31 December 2006. For the principal accounting policies applied in this interim financial report reference is made to the published financial statements for the financial year ended 30 June 2007.

### 2. Segment information

(€ '000)	France		Italy		Sweden		The Netherlands		Total	
For the six months ended 31/12	07	06	07	06	07	06	07	06	07	06
Rental income	20,606	18,753	23,062	20,422	14,639	10,836	3,930	3,874	62,237	53,885
Service charge income	3,317	2,927	1,558	1,305	3,902	3,412	272	334	9,049	7,978
Service charge expenses	(4,066)	(3,636)	(1,558)	(1,305)	(5,067)	(3,988)	(272)	(334)	(10,963)	(9,263)
Property expenses	(2,259)	(1,951)	(3,457)	(2,999)	(1,660)	(1,231)	(368)	(357)	(7,744)	(6,538)
Net property income	17,598	16,093	19,605	17,423	11,814	9,029	3,562	3,517	52,579	46,062
Investment revaluation	27,442	56,907	14,708	29,147	19,318	18,645	208	557	61,676	105,256
Segment result	45,040	73,000	34,313	46,570	31,132	27,674	3,770	4,074	114,255	151,318
Acquisitions, divestments and capital expenditure (including capitalised interest)	102,117	3,929	46,895	46,847	31,145	2,881	54	101	180,211	53,758
Net financing income/costs									(25,371)	(16,001)
Company expenses									(4,013)	(3,750)
Investment expenses									(402)	(688)
Profit before taxation									85,071	130,879

(€ '000)	Retail		Offices		Warehouses		Total	
For the six months ended 31 /12	07	06	07	06	07	06	07	06
Rental income	55,605	47,700	4,848	4,348	1,784	1,837	62,237	53,885
Service charge income	8,331	7,229	272	334	446	415	9,049	7,978
Service charge expenses	(10,214)	(8,460)	(272)	(334)	(477)	(469)	(10,963)	(9,263)
Property expenses	(7,318)	(6,139)	(272)	(258)	(154)	(141)	(7,744)	(6,538)
Net property income	46,404	40,330	4,576	4,090	1,599	1,642	52,579	46,062
Investment revaluation	58,607	101,573	2,640	2,058	429	1,625	61,676	105,256
Segment result	105,011	141,903	7,216	6,148	2,028	3,267	114,255	151,318
Acquisitions, divestments and capital expenditure (including capitalised interest)	179,969	53,751	(40)	22	282	(15)	180,211	53,758
Net financing income/costs							(25,371)	(16,001)
Company expenses							(4,013)	(3,750)
Investment expenses							(402)	(688)
Profit before taxation							85,071	130,879



## Notes to the consolidated financial statements (continued)

### as at 31 December 2007

#### 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 2007 SEK 10 was € 1.05920 (31 December 2006: € 1.10610) and GBP 1 was € 1.36350 (31 December 2006: € 1.48920).

#### 4. Property expenses

Property expenses in the current financial period were:

For the six months ended (€ '000)	31-12-07	31-12-06
<i>Direct property expenses</i>		
Bad debts	149	47
Centre marketing expenses	614	388
Insurance premiums	326	356
Managing agent fees	703	694
Property taxes	698	682
Repair and maintenance	657	564
Shortfall service charges	70	97
	3,217	2,828
<i>Indirect property expenses</i>		
Accounting fees	188	166
Audit fees	95	109
Depreciation fixed assets	103	55
Dispossession indemnities	103	191
Italian local tax (IRAP)	452	381
Legal and other advisory fees	456	475
Letting fees and relocation expenses	1,022	638
Local office and accommodation expenses	433	368
Personnel costs	1,319	947
Stock options granted (IFRS 2)	47	33
Travelling expenses	127	101
Other local taxes	104	147
Other expenses	78	99
	4,527	3,710
	7,744	6,538

#### 5. Investment revaluation

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

For the six months ended (€ '000)	31-12-07	31-12-06
Revaluation of property investments	60,410	107,167
Elimination of capitalised letting fees	(84)	(272)
Movement non-current creditors	119	(1,355)
Other movements	1,231	(284)
	61,676	105,256

Other movements relate to fair value adjustments of other assets and liabilities.

## Notes to the consolidated financial statements (continued)

### as at 31 December 2007

#### 6. Company expenses

Company expenses in the current financial period comprise:

For the six months ended (€ '000)	31-12-07	31-12-06
Audit fees	91	117
Depreciation fixed assets	106	88
Directors' fees	522	519
Legal and other advisory fees	304	398
Office and accommodation expenses	418	424
Personnel costs	1,573	1,279
Statutory costs	187	368
Stock options granted (IFRS 2)	142	126
Travelling expenses	312	299
Other expenses	358	132
	4,013	3,750

#### 7. Property investments and property investments under development

##### *Property investments*

The book value of each property is its full cost of acquisition until revalued, and thereafter revaluation plus subsequent improvements or net proceeds in case of a sale. The independent valuation figures for the Company's properties represent the net price expected to be received by the Company from a notional purchaser who would deduct any purchaser's costs including registration tax. All properties in the Group are freehold with the exception of Kingsfordweg 1, Amsterdam (perpetual ground lease). All properties were revalued at 31 December 2007. The yields described in the Board of Management report reflect market practice and are derived by dividing property net rent by the gross valuation (net valuation figure plus purchaser's costs including transfer duties) expressed as a percentage.

##### *Property investments under development*

The book value of each property is stated at cost until construction or development is complete, at which time it is reclassified and subsequently independently valued as a property investment.

The current property portfolio is:

(€ '000)	31-12-07 Book value	31-12-07 Costs to date	30-06-07 Book value	30-06-07 Costs to date
<b>RETAIL</b>				
<b>France</b>				
Amiens Glisy, Amiens	43,400	15,937	42,300	15,941
Centre Berry 2, Bourges	42,300	45,463	0	0
Buchelay Retail Park	7,560	6,735	7,510	6,736
Les Allées de Cormeilles, Cormeilles**	42,737	42,737	18,221	18,221
Les Trois Dauphins, Grenoble	35,800	23,815	34,500	23,730
Centr'Azur, Hyères	47,080	16,846	43,410	16,873
Centre Chasse Sud, Lyon	34,600	33,243	0	0
Noyelles Godault Retail Park	5,480	5,290	5,170	5,231
Les Portes de Taverny, Paris	49,660	23,700	46,050	23,592
*Passage du Havre, Paris	240,500	135,758	239,200	135,734
*Passy Plaza, Paris	127,600	71,577	125,300	71,433
*74 rue de Rivoli, 1-3 rue de Renard, Paris	17,800	10,627	17,800	10,600
*Les Atlantiques, Tours	127,100	47,186	113,840	47,204
Tourville la Rivière	0	0	2,500	1,689
	821,617	478,914	695,801	376,984





## Notes to the consolidated financial statements (continued)

### as at 31 December 2007

#### 7. Property investments and property investments under development (continued)

(€ '000)	31-12-07 Book value	31-12-07 Costs to date	30-06-07 Book value	30-06-07 Costs to date
<b>RETAIL</b>				
<b>Italy</b>				
*Curno, Bergamo	102,120	33,730	98,650	33,716
*Centro Lame, Bologna	38,340	28,892	37,860	28,834
*Il Castello, Ferrara	94,050	63,119	91,800	63,096
*I Gigli, Firenze	253,330	152,050	245,780	151,563
I Gigli Extension Land, Firenze**	28,731	28,731	0	0
*Centro Leonardo, Imola	78,750	63,558	78,270	62,885
*La Favorita, Mantova	56,200	33,071	53,650	31,222
*Carosello, Milano	227,690	109,549	212,790	94,911
*Centroluna, Sarzana	26,540	12,253	25,670	11,831
	905,751	524,953	844,470	478,058
<b>Sweden</b>				
*421, Göteborg	88,337	88,248	87,618	87,908
*Kronan, Karlskrona	15,374	14,340	14,442	14,315
*Bergvik, Karlstad	56,508	36,886	52,257	36,839
*Mellby Center, Laholm	17,292	12,836	17,617	12,821
*Burlöv Center, Malmö	124,204	74,974	121,092	74,893
Bronsen Retail Park, Norrköping	18,531	18,917	0	0
*MaxiHuset, Norrköping	44,528	30,607	43,692	29,182
*MaxiHuset, Skövde	48,477	37,333	37,854	27,167
*Moraberg, Södertälje	43,726	37,415	43,442	37,397
*Hälla Shopping, Västerås	31,167	21,086	30,775	21,063
*Samarkand, Växjö	39,080	27,901	39,250	27,812
	527,224	400,543	488,039	369,397
	2,254,592	1,404,410	2,028,310	1,224,439
<b>OFFICES</b>				
<b>France</b>				
*Passage du Havre, Paris***	38,900	28,760	36,500	28,778
<b>The Netherlands</b>				
*Kingsfordweg 1, Amsterdam	87,700	84,913	87,500	84,934
	126,600	113,673	124,000	113,712
<b>WAREHOUSES</b>				
<b>France</b>				
Rue des Béthunes, Saint-Ouen L'Aumône	19,300	18,239	18,640	18,016
Parisud, Sénart	11,500	11,802	11,490	11,817
	30,800	30,041	30,130	29,833
<b>The Netherlands</b>				
Horsterweg 20, Maastricht-Airport	4,430	4,212	4,380	4,258
Galvanibaan 5, Nieuwegein	4,220	3,308	4,230	3,308
Standaardruiter 8, Veenendaal	3,810	2,898	3,810	2,777
Koeweistraat 10, Waardenburg	2,210	1,673	2,210	1,673
	14,670	12,091	14,630	12,016
	45,470	42,132	44,760	41,849
	2,426,662	1,560,215	2,197,070	1,380,000

\* These properties carry mortgage debt up to € 858 million at 31 December 2007 (30 June 2007: € 688 million).

\*\*These properties are recorded at cost as property investments under development.

\*\*\*Part of the retail complex.



## Notes to the consolidated financial statements (continued) as at 31 December 2007

Changes in property investments for the financial period ended 31 December 2007 were as follows:

(€ '000)	31-12-07	31-12-06
Book value at beginning of the period	2,178,849	1,782,338
Acquisitions	82,186	42,058
Capital expenditure	45,340	11,448
Capitalised interest	1,046	0
Capitalised letting fees	84	272
Elimination of capitalised letting fees	(84)	(272)
Book value divestment property	(2,500)	0
Revaluation of property investments	60,410	107,167
Exchange rate movement	(10,137)	7,393
<b>Book value at the end of the period</b>	<b>2,355,194</b>	<b>1,950,404</b>

Changes in property investments under development for the financial period ended 31 December 2007 were as follows:

(€ '000)	31-12-07	31-12-06
Book value at beginning of the period	18,221	0
Acquisitions	53,247	0
<b>Book value at the end of the period</b>	<b>71,468</b>	<b>0</b>

### 8. Receivables

The two largest current receivables items are rents receivable for an amount of € 20.2 million (June 2007: € 17.3 million) and VAT receivable for an amount of € 7.0 million (June 2007: € 8.1 million). The largest noncurrent receivables item is the trademark license for an amount of € 1.3 million (June 2007: € 1.4 million).

### 9. Creditors

The two largest current creditors items are rent received in advance for an amount of € 16.7 million (June 2007: € 18.3 million) and the so called exit tax resulting from the application for the tax exempt status of the Company in France for an amount of € 8.0 million (June 2007: € 8.0 million). Also included in the creditors item is the residual payment of € 7.6 million for the recently acquired French shopping centres. The largest noncurrent creditors item is the final instalment on the purchase of the land adjoining the shopping centre I Gigli (Italy) for an amount of € 5.0 million.

### 10. Borrowings

The borrowings are all directly from major banks with average committed unexpired terms of almost eight years. The average interest rate in the current financial period was 4.8% (six months ended 31 December 2006: 4.5%). At 31 December 2007 the Company has hedged its exposure to interest rate movements on its borrowings for 80.2% (June 2007: 82.8%) at an average term of almost eight years (30 June 2007: almost eight years).

### 11. Deferred tax liabilities

Despite higher market values and lower tax book values for the property portfolio, deferred tax liabilities decreased to € 146.6 million due to the reduction of corporate income tax rates in Italy to 27.5% (IRES) and 3.9% (IRAP) with effect from 1 January 2008.

## Notes to the consolidated financial statements (continued) as at 31 December 2007

### 12. Share capital and reserves

The number of shares on issue increased on 30 November 2007 as a result of the issue of 468,675 bonus depositary receipts under the stock dividend plan. Holders of depositary receipts representing 35% of the issued share capital (last year 43%) opted for the bonus depositary receipts at an issue price of € 43.42 from the Company's share premium reserve, instead of a cash dividend of € 1.67 per depositary receipt for the financial year ended 30 June 2007. Accordingly, an amount of € 221 million of the 2006/2007 profit was taken to the reserves.

On 8 November 2007 the 676,000 outstanding employee stock options, granted in 2004, vested, giving option holders the right to exercise these options at a price of € 24.82 over a period of seven years. The Company initiated a programme under which depositary receipts were bought back on Euronext Amsterdam to cover future possible exercises of these options with the intention of minimizing costs to the Company. The programme started on 26 November and ceased on 18 December 2007. The Company bought back a total of 376,500 depositary receipts. As a total of 300,500 depositary receipts were required for staff members and members of the Board of Management who exercised their options (J.P. Lewis and E.J. van Garderen exercised half of their vested options, so 60,000 and 50,000 options respectively), the Company now holds a balance of 76,000 depositary receipts. The number of outstanding employee stock options available for exercise has now been reduced to 375,500 (approximately 1% of the current issued share capital).

Taking into account the above issue and buy back, the weighted average number of depositary receipts in issue for the six months ended 31 December 2007 was 35,355,642.

Following the approval of the Annual General Meeting of Shareholders held on 6 November 2007, a new series of 716,000 options was granted to staff members and members of the Board of Management (J.P. Lewis 100,000 options and E.J. van Garderen 70,000 options) under the existing stock option plan of the Company, representing 2% of the current issued share capital of the Company (35,670,294 depositary receipts). The options are again conditional upon performance targets and can only be exercised three years after the date of granting. The exercise price is € 37.28, being the closing price of depositary receipts on 12 November 2007, the granting date.

### 13. Commitments not included in the balance sheet

As at 31 December 2007 bank guarantees have been issued for a total amount of € 21.33 million. Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements for a total notional amount of € 792 million (June 2007: €662 million). As at 31 December 2007 the Group has no other formal off balance sheet commitments. However, it is committed to proceed with extensions and tenant reorganisations which together could involve expenditure in the region of € 83 million over a period of two years.

Amsterdam, 8 February 2008

Board of Management

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

Board of Supervisory Directors

W.G. van Hassel, Chairman  
H.W. Bolland  
J.C. Pollock  
A.E. Teeuw

## Other information

### Statements pursuant to the Netherlands Act on Financial Supervision

The Netherlands Authority for the Financial Markets granted a permit to the Company on 7 July 2006, a copy of which is available at the Company's office and is also available at the Company's website: [www.eurocommercialproperties.com](http://www.eurocommercialproperties.com). The members of the Board of Supervisory Directors and the members of the Board of Management of Eurocommercial Properties N.V. have no personal interest in investments made by the Company now nor at any time in the reporting period. The Company has no knowledge of property transactions taking place in the period under review with persons or institutions which could be considered to stand in a direct relationship to the Company.

### Holders of depositary receipts/ordinary shares with a holding of 5 per cent or more

Under the Netherlands Act on Financial Supervision, the Netherlands Authority for the Financial Markets has received notification from three holders of depositary receipts/ordinary shares with interests greater than 5 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) and Stichting Pensioenfonds PGGM (15.21 per cent). The date of the aforesaid notifications was 1 November 2006.

### Stock market prices and turnovers 2007

		High	Low	Average
Closing price 31 December 2007 (€; depositary receipts)	35.50	46.78	32.51	39.84
Average daily turnover (in depositary receipts)	124,991			
Average daily turnover (€ '000,000)	4.98			
Total turnover over the past twelve months (€ '000,000)	1,316			
Market capitalisation (€ '000,000)	1,262			
Total turnover divided by market capitalisation	104%			
Liquidity providers: ABN AMRO Bank, Amsterdams Effectenkantoor, Kempen & Co				
Depositary receipts listed on Euronext Amsterdam are registered with Centrum voor Fondsenadministratie B.V. under code: 28887. Depositary receipts listed on Euronext Paris are registered under code: NSCFRoECMPP3				
ISIN – Code	: NL 0000288876			
Stock market prices are followed by:				
Bloomberg	: ECMPA NA			
Datastream	: 307406 or H:SIPF			
Reuters	: SIPFc.AS			

### Subsequent events

Since the balance sheet date 31 December 2007 no material events have taken place which the Company would be required to disclose.

### Review report

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

### Introduction

We have reviewed the accompanying consolidated interim financial information for the six month period ended 31 December 2007 of Eurocommercial Properties N.V., Amsterdam, which comprises the consolidated direct, indirect and total investment results, the consolidated profit and loss account, the consolidated balance sheet as at 31 December 2007 and the consolidated cash flow statement and the consolidated statement of changes in equity for the six-month period then ended and the notes to the consolidated interim financial statements. We have not performed a review of the figures for the second quarter (the period 1 October 2007 up to and including 31 December 2007). 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 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.

## Other information (continued)

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 31 December 2007 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union and the Act on Financial Supervision.

Amsterdam, 8 February 2008  
for Ernst & Young Accountants

M.A. van Loo



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