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## PRESS RELEASE

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### **EUROCOMMERCIAL PROPERTIES N.V. NINE MONTHS RESULTS 2006/2007**

#### ***GOOD ECONOMIC CONDITIONS BENEFIT SALES IN ECP SHOPPING CENTRES; RISING RENTAL INCOME INCREASES DIRECT INVESTMENT RESULT***

The sales turnover in Eurocommercial Properties' (ECP) shopping centres in France, Italy and Sweden showed strong growth in the 12 month period to 31 March, with all countries performing significantly above national retail sales increases.

ECP's French galleries grew by 4% against a national average of 2.3%, while the Italian galleries produced growth of 4% compared with a national figure of 1.0%. In Sweden particularly strong results of 9.1% compared well with national retail sales growth of 7.4%.

#### **Direct Investment Result**

The direct investment result (net property income less net interest expenses, currency movements and company expenses), for the nine months to 31 March 2007 rose 5% to € 43.9 million from € 41.8 million for the previous corresponding period ended 31 March 2006. The direct investment result per depositary receipt increased by 3.3% to € 1.24 per depositary receipt compared with € 1.20 for the same period in 2006. The number of depositary receipts outstanding has remained unchanged since 30 June 2006.

#### **Adjusted Net Asset Value**

Property valuations were not undertaken at the end of the period in accordance with the Company's policy only to commission independent revaluations at the half year and year ends. The adjusted net asset value per depositary receipt therefore changed minimally since December 2006, reflecting only accrued income and currency movements.

The figure for 31 March was € 35.38 per depositary receipt compared with € 35.19 at 31 December 2006. The figure increased by 19% since 31 March 2006 however, reflecting increased property values over the period.

Adjusted net asset values do not take into account contingent capital gains tax liabilities if all the properties were to be sold simultaneously. Adjusted net asset value also does not take into account the fair value of financial derivatives (interest rate swaps). The IFRS net asset value at 31 March 2007 was € 31.62 per depositary receipt compared with € 31.33 at 31 December 2006 and € 26.36 at 31 March 2006.

The IFRS profit after taxation (total investment result) for the period increased to € 135 million compared with € 130 million for the nine month period ended 31 March 2006 due to the direct investment result and the unrealised increase in market value of the property portfolio and the



## **Eurocommercial Properties**

unrealised positive fair value movement in derivatives as market interest rates increased during the period.

### **Property Commentary**

#### **New Investments**

Two new retail properties have been acquired since December 2006, both in Sweden, in accordance with the Company's policy to increase investment in that country. The current portfolio balance is Italy 41%, France 35% and Sweden 19%. Retail property represents 92% of the total portfolio.

The new Swedish properties, at a total cost of € 18.8 million, are a town centre gallery in Karlskrona and a retail warehouse complex adjoining ECP's existing centre in Västerås.

The Affärshuset Kronan shopping centre in Karlskrona has a total lettable area of 7,055m<sup>2</sup> – comprising 5,883m<sup>2</sup> of retail and 1,172m<sup>2</sup> of offices – and is located in a prime position in the centre of the city, which is situated on the South-East coast of Sweden. The primary catchment has a population of 90,000 inhabitants. The gallery with 19 shops is fully let and the main tenants include sports retailer Stadium, fashion retailers KappAhl, Gina Tricot, MQ, Brothers, Sisters and Jack & Jones, as well as further key tenants including BR, Kicks, Apoteket and McDonalds. The property also includes 95 parking spaces.

Kronan was acquired for SEK 131 million (€ 14 million) giving a net initial yield of 5.4%. The current average base rent including indexation of SEK 1,557/m<sup>2</sup> (€ 167/m<sup>2</sup>) is below market levels. ECP believes there is significant reversionary potential in the centre so that the net yield in 2008 is expected to be above 6%.

A prime retail warehouse of 2,000m<sup>2</sup> was acquired in Västerås opposite IKEA and the Company's existing Hälla shopping centre. The property has a very prominent frontage to the E18 motorway and is let to the major electrical retailer OnOff until 2010 at a market rent of SEK 1,350/m<sup>2</sup>. The purchase cost of € 4.8 million shows an initial yield of 5.5%.

Terms have been agreed in principle for two further larger acquisitions in Sweden and details will be announced when contracts are finalised.

#### **Existing Properties**

Overall, like-for-like net rental income from ECP's retail properties for the twelve months to 31 March grew by 5.5% when compared with the same period in 2006. In France, the growth was 9.1%, in Italy 3.5% and in Sweden 3.7%. In The Netherlands (office and warehouse properties only) the growth was 1.3%.

The reletting of the warehouse at Saint-Ouen l'Aumone in France ensured that the occupancy level of ECP's properties continued at over 99%.

The first complete quarter of trading at the newly-extended and refurbished Centro Leonardo in Imola has shown encouraging results. Visitor numbers are up 40% and turnovers are in line with expectations.



## **Extension Programme**

Extensions in Italy and Sweden with a floor area of almost 30,000m<sup>2</sup> and an expected cost of approximately € 125 million have commenced during the last quarter following the successful enlargement of Centro Leonardo in Imola (€ 47 million, 9,000m<sup>2</sup>) late last year.

The building permit for the 11,000m<sup>2</sup> Carosello extension in Carugate, Milan was received in February and the building contract will be signed this month, with work on site beginning soon after. Negotiations are at an advanced stage with the anchor stores and the extension is scheduled to open by the end of 2008.

In mid April, ECP launched the first phase of its project to extend and refurbish the MaxiHuset shopping centre in Skövde, Sweden. The warehouse adjoining the centre has now been demolished to make room for the construction of the 10,000m<sup>2</sup> extension.

The extension will double the size of the gallery and over 80% of the new space is precommitted. Tenants include H&M, Cassels, Hemtex, Gina Tricot, DinSko, Ecco and MQ. The project will also add 2,500m<sup>2</sup> of lettable area to the ICA hypermarket. Following the extension, the centre will have a total lettable area of approximately 27,500m<sup>2</sup> and 1,000 parking spaces, 200 of which will be underground.

Construction of the new centre in Skövde, along with the MaxiHuset in Norrköping, is expected to start this summer and both centres are scheduled for completion by November 2008. The two Swedish projects have an expected overall cost of approximately € 60 million and are expected to achieve a return on cost of approximately 7%. ECP will continue its programme towards extending its remaining Swedish centres next year. Additional projects in Italy, Sweden and France, with a value of a further € 150 million, approximately, are in the planning stages.

## **Market Commentary**

Demand for good quality institutional investment property continues to be strong as demonstrated by the significant interest in and the sale of the SEK 10,400 million CentrumKompaniet shopping centre portfolio in Stockholm. ECP was selected as one of the final four bidders but was not chosen as the preferred purchaser. No sales of a similar size have occurred in France or Italy, but there is no reason to suppose that demand would be any less if there were.

ECP has taken the view that notwithstanding a very sound economic and occupancy climate, resulting in strong Western European property markets, interest rates are such that yields of 4.5% or less are only justifiable if there are near term prospects of substantial rental growth.

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

(€ '000)	<b>Nine months ended 31-03-2007</b>	Nine months ended 31-03-2006	<b>Third quarter ended 31-03-2007</b>	Third quarter ended 31-03-2006
Rental income	<b>82,359</b>	75,568	<b>28,474</b>	25,724
Service charges income	<b>11,746</b>	9,737	<b>3,768</b>	3,335
Service charges expenses	<b>(13,351)</b>	(11,919)	<b>(4,088)</b>	(3,752)
Property expenses	<b>(10,127)</b>	(9,110)	<b>(3,589)</b>	(2,890)
Net property income	<b>70,627</b>	64,276	<b>24,565</b>	22,417
Investment revaluation	<b>104,241</b>	94,275	<b>(1,015)</b>	(661)
Interest income	<b>427</b>	447	<b>87</b>	119
Interest expenses	<b>(21,462)</b>	(17,826)	<b>(7,649)</b>	(6,082)
Foreign currency translation result	<b>0</b>	195	<b>0</b>	(8)
Fair value movement derivative financial instruments	<b>3,935</b>	30,590	<b>6,463</b>	19,224
Net financing income/cost	<b>(17,100)</b>	13,406	<b>(1,099)</b>	13,253
Company expenses	<b>(5,694)</b>	(5,242)	<b>(1,944)</b>	(1,685)
Investment expenses	<b>(929)</b>	(1,351)	<b>(241)</b>	(379)
Profit before taxation	<b>151,145</b>	165,364	<b>20,266</b>	32,945
Corporate income tax	<b>0</b>	(26)	<b>0</b>	(10)
Deferred tax	<b>(15,790)</b>	(35,224)	<b>(4,507)</b>	(6,100)
<b>Profit after taxation</b>	<b>135,355</b>	130,114	<b>15,759</b>	26,835
<b>Per depositary receipt (€)*</b>				
Profit after taxation	<b>3.84</b>	3.74	<b>0.45</b>	0.76
Diluted profit after taxation	<b>3.77</b>	3.67	<b>0.44</b>	0.75

\* the average number of depositary receipts on issue during the period was 35,277,619.



**CONSOLIDATED DIRECT, INDIRECT AND TOTAL INVESTMENT RESULTS**

(€ '000)	<b>Nine months ended 31-03-2007</b>	Nine months ended 31-03-2006	<b>Third quarter ended 31-03-2007</b>	Third quarter ended 31-03-2006
Rental income	<b>82,359</b>	75,568	<b>28,474</b>	25,724
Service charges income	<b>11,746</b>	9,737	<b>3,768</b>	3,335
Service charges expenses	<b>(13,351)</b>	(11,919)	<b>(4,088)</b>	(3,752)
Property expenses	<b>(10,127)</b>	(9,110)	<b>(3,589)</b>	(2,890)
Net property income	<b>70,627</b>	64,276	<b>24,565</b>	22,417
Interest income	<b>427</b>	447	<b>87</b>	119
Interest expenses	<b>(21,462)</b>	(17,826)	<b>(7,649)</b>	(6,082)
Foreign currency translation result	<b>0</b>	195	<b>0</b>	(8)
Net financing expenses	<b>(21,035)</b>	(17,184)	<b>(7,562)</b>	(5,971)
Company expenses	<b>(5,694)</b>	(5,242)	<b>(1,944)</b>	(1,685)
Direct investment result before taxation	<b>43,898</b>	41,850	<b>15,059</b>	14,761
Corporate income tax	<b>0</b>	(26)	<b>0</b>	(10)
<b>DIRECT INVESTMENT RESULT</b>	<b>43,898</b>	41,824	<b>15,059</b>	14,751
Investment revaluation	<b>104,241</b>	94,275	<b>(1,015)</b>	(661)
Fair value movement derivative financial instruments	<b>3,935</b>	30,590	<b>6,463</b>	19,224
Investment expenses	<b>(929)</b>	(1,351)	<b>(241)</b>	(379)
Indirect investment result before taxation	<b>107,247</b>	123,514	<b>5,207</b>	18,184
Deferred tax	<b>(15,790)</b>	(35,224)	<b>(4,507)</b>	(6,100)
<b>INDIRECT INVESTMENT RESULT</b>	<b>91,457</b>	88,290	<b>700</b>	12,084
<b>TOTAL INVESTMENT RESULT</b>	<b>135,355</b>	130,114	<b>15,759</b>	26,835
<b>Per depositary receipt (€)*</b>				
Direct investment result	<b>1.24</b>	1.20	<b>0.43</b>	0.42
Indirect investment result	<b>2.60</b>	2.54	<b>0.02</b>	0.34
Total investment result	<b>3.84</b>	3.74	<b>0.45</b>	0.76

\* the average number of depositary receipts on issue during the period was 35,277,619.



## CONSOLIDATED BALANCE SHEET (before income appropriation)

(€ '000)	30-06-2006	31-03-2007	31-03-2006
Property investments	1,782,338	<b>1,960,312</b>	1,667,218
Tangible fixed assets	788	<b>872</b>	810
Receivables	1,767	<b>1,527</b>	2,735
Derivative financial instruments	4,677	<b>4,855</b>	0
<b>Total noncurrent assets</b>	<b>1,789,570</b>	<b>1,967,566</b>	<b>1,670,763</b>
Receivables	25,279	<b>31,199</b>	28,607
Cash and deposits	76,581	<b>7,905</b>	12,408
<b>Total current assets</b>	<b>101,860</b>	<b>39,104</b>	<b>41,015</b>
<b>Total assets</b>	<b>1,891,430</b>	<b>2,006,670</b>	<b>1,711,778</b>
Creditors	47,857	<b>52,731</b>	48,968
Borrowings	71,030	<b>79,316</b>	85,757
<b>Total current liabilities</b>	<b>118,887</b>	<b>132,047</b>	<b>134,725</b>
Creditors	31,255	<b>18,187</b>	32,636
Borrowings	572,507	<b>603,145</b>	497,554
Derivative financial instruments	13,421	<b>9,711</b>	20,227
Deferred tax liabilities	117,207	<b>127,465</b>	96,389
Provision for pensions	474	<b>482</b>	457
<b>Total noncurrent liabilities</b>	<b>734,864</b>	<b>758,990</b>	<b>647,263</b>
<b>Total liabilities</b>	<b>853,751</b>	<b>891,037</b>	<b>781,988</b>
<b>Net equity</b>	<b>1,037,679</b>	<b>1,115,633</b>	<b>929,790</b>
<b>Equity Eurocommercial Properties shareholders</b>			
Issued share capital	176,388	<b>176,388</b>	176,388
Share premium reserve	327,196	<b>324,313</b>	327,117
Other reserves	300,168	<b>479,577</b>	296,171
Undistributed income	233,927	<b>135,355</b>	130,114
<b>Net equity</b>	<b>1,037,679</b>	<b>1,115,633</b>	<b>929,790</b>
<b>Adjusted net equity</b>			
IFRS net equity per balance sheet	1,037,679	<b>1,115,633</b>	929,790
Deferred tax liabilities	117,207	<b>127,465</b>	96,389
Derivative financial instruments	8,744	<b>4,856</b>	20,227
<b>Adjusted net equity</b>	<b>1,163,630</b>	<b>1,247,954</b>	<b>1,046,406</b>
Number of depositary receipts representing shares in issue	35,277,619	<b>35,277,619</b>	35,277,619
Net asset value – € per depositary receipt (IFRS)	29.41	<b>31.62</b>	26.36
Adjusted net asset value - € per depositary receipt	32.98	<b>35.38</b>	29.66
Stock market prices - € per depositary receipt	29.96	<b>44.01</b>	32.05



**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

The movements in shareholders' equity in the nine months period ended 31 March 2007 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				135,355	135,355
Dividends paid		(61)		(31,970)	(32,031)
Depositary receipts bought back		(3,059)	(20,220)		(23,279)
Stock options granted		237			237
Foreign currency translation differences			(2,328)		(2,328)
31/03/07	176,388	324,313	479,577	135,355	1,115,633

The movements in shareholders' equity in the previous nine months period ended 31 March 2006 were:

(€ '000)	Issued share capital	Share premium reserve	Other reserves	Undistributed income	Total
30/06/05 reported	172,312	330,666	258,680	128,777	890,435
IFRS adjustments		213	(47,680)	(14,824)	(62,291)
30/06/05 amended	172,312	330,879	211,000	113,953	828,144
Issued shares	4,076	(3,933)			143
Profit previous financial year			85,573	(85,573)	0
Profit for the period				130,114	130,114
Dividends paid		(66)		(28,380)	(28,446)
Stock options granted		237			237
Foreign currency translation differences			(402)		(402)
31/03/06	176,388	327,117	296,171	130,114	929,790



# Eurocommercial Properties

## CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended  
(€ '000)

	31-03-2007	31-03-2006
<b>Cash flow from operating activities</b>		
Profit after taxation	135,355	130,114
<u>Adjustments:</u>		
Movement stock options	237	237
Investment revaluation	(107,167)	(96,118)
Derivative financial instruments	(3,935)	(30,590)
Deferred tax	15,790	35,224
Other movements	1,630	985
Cash flow from operations	41,910	39,852
Increase in receivables	(12,027)	(6,805)
Increase in creditors	16,227	34,826
Capital gains tax	(11,923)	(20,189)
Derivative financial instruments	0	(3,694)
Interest paid	(19,415)	(17,846)
Interest received	429	427
	15,201	26,571
<b>Cash flow from investment activities</b>		
Property investments	(60,954)	(40,903)
Capital expenditure	(8,804)	(32,474)
Movement tangible fixed assets	(276)	49
	(70,034)	(73,328)
<b>Cash flow from finance activities</b>		
Proceeds issued shares	0	143
Borrowings added	182,566	199,453
Repayment of borrowings	(141,470)	(182,413)
Dividends paid	(32,031)	(28,446)
Depository receipts bought back	(23,278)	0
Increase/decrease in noncurrent creditors	408	(2,619)
	(13,805)	(13,882)
<b>Net cash flow</b>	<b>(68,638)</b>	<b>(60,639)</b>
Currency differences on cash and deposits	(38)	36
Decrease in cash and deposits	(68,676)	(60,603)
Cash and deposits at beginning of the year	76,581	73,011
Cash and deposits at the end of the year	7,905	12,408

	31-03-2007	31-03-2006
<b>Property information: sector spread (%)</b>		
Retail	92	91
Office	6	7
Warehouse	2	2
	100	100
<b>Property information: country spread (%)</b>		
France	35	34
Italy	41	42
Sweden	19	18
The Netherlands	5	6
	100	100
<b>Net property income by sector (€ '000)</b>		
Retail	62,184	56,047
Office	6,166	5,944
Warehouse	2,277	2,285
	70,627	64,276
<b>Net property income by country (€ '000)</b>		
France	24,529	23,080
Italy	27,130	25,715
Sweden	13,726	10,374
The Netherlands	5,242	5,107
	70,627	64,276