

EUROCOMMERCIAL

SHOPPING CENTRES



Half Year Report
31 December 2012

PRESS RELEASE

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CONFERENCE CALL & WEBCAST

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See page 9 for details

Eurocommercial is one of Europe's most experienced property investors with a €2.7 billion portfolio of shopping centres in France, Northern Italy and Sweden. Quoted on NYSE Euronext Amsterdam we have provided investors with steadily rising dividends since our inception in 1991.

Contents

Results	02
Centre performance	03
Funding	05
Property valuations	06
Valuations by property	07
Country commentary	08
Market commentary	09
Statement of consolidated direct, indirect and total investment results	10
Statement of adjusted net equity	11
EPRA performance measures	
Interim consolidated financial statements	12
Notes to the consolidated financial statements	16
Other information	24

Sweden

24%

€631m

France

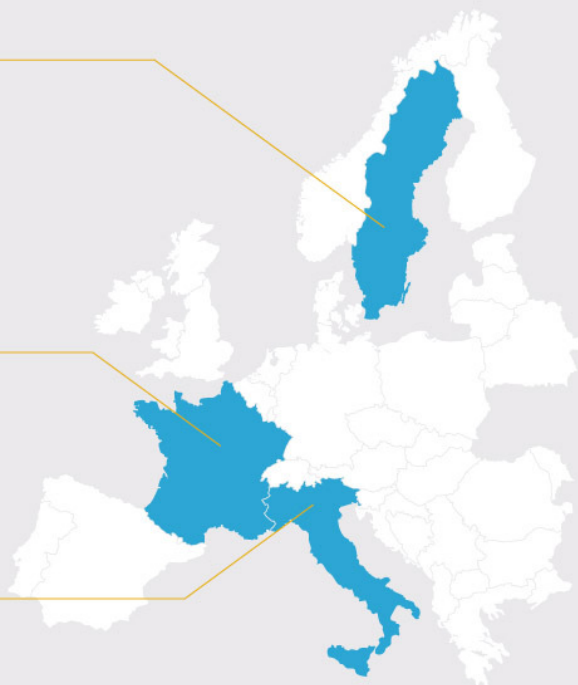
38%

€1,004m

Italy (Northern)

38%

€1,029m



Half year results at 31 December 2012

Despite a challenging economic backdrop Eurocommercial achieved sound like for like rental growth of 3.0%, contributing to a direct investment result 1.2% higher for the six months to December 2012 than for the previous corresponding period. Property valuations were almost unchanged over the six month period at -0.5%.

Direct investment result: €39.8m **+1.2%**

The direct investment result for the six months to 31 December 2012 rose 1.2% to €39.8 million from €39.4 million for the same period in 2011. The direct investment result is defined as net property income less net interest expenses and company expenses after taxation. The direct investment result per depositary receipt rose 1.0% to €0.97 at 31 December 2012 from €0.96 at 31 December 2011.

Net rental income: €72.0m **+5.9%**

Rental income for the six months to 31 December 2012, after deducting net service charges and direct and indirect property expenses (branch overheads), was €72.0 million compared with €68.0 million for the prior year period – an increase of 5.9%.

Like for like rental growth: **+3.0%**

The like for like (same floor area) rents of Eurocommercial's properties increased by 3.0% at 31 December 2012 compared with 31 December 2011. Rents rose by 3.5% in France, 3.0% in Italy and 2.3% in Sweden. 178 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 13%.

Retail sales turnover: **+1.0%**

Like for like retail sales turnover in Eurocommercial's shopping centres increased by 1.0% for the twelve months to 31 December 2012 compared to the twelve months to 31 December 2011. In France turnovers decreased by 0.8%, but in Italy they increased by 1.8% and in Sweden by 1.5%.

Property valuations: €2.7bn **-0.5%**

Properties were independently revalued at 31 December 2012 resulting in a 0.5% decrease in value compared with June 2012 and 0.7% compared with December 2011. Since June 2012 values increased by 1.4% in France but decreased by 2.0% in Italy and 1.0% in Sweden.

Adjusted net asset value: €35.28 **-1.7%**

Adjusted net asset value decreased by 1.7% to €35.28 per depositary receipt at 31 December 2012 from €35.90 at 31 December 2011 and by 4.4% from €36.92 per depositary receipt at 30 June 2012.

IFRS results

The IFRS net asset value, which, unlike the adjusted net asset value, includes the negative fair value of financial derivatives (interest rate swaps) of €156.7 million and contingent capital gains tax liabilities of €34.6 million, was €30.71 per depositary receipt at 31 December 2012 compared with €31.75 at 30 June 2012 and €31.22 at 31 December 2011.

The IFRS result after taxation for the six months to 31 December 2012 increased to €32.1 million positive from €28.2 million negative for the same period in 2011, mainly due to the deferred tax for an amount of €21.4 million and the smaller negative fair value movement in derivative financial instruments for an amount of €15.5 million compared to a negative amount of €77.3 million for the previous period. The deferred tax amount mainly comprises a release from the deferred tax liabilities due to the sale of the Burlöv shopping centre and due to a reduction of the Swedish corporate income tax rate from 26.3% to 22%. The derivative financial instruments amount is the result of a lower market interest rate curve since 30 June 2012. The interest expenses were €3.3 million higher than in the previous corresponding period as a result of a higher amount of borrowings drawn down during the period. Company expenses increased due to further growth of the organisation.

Rental growth

The like for like (same floor area) rents of Eurocommercial's properties increased overall by 3.0% at 31 December 2012 compared with 31 December 2011. The rent figures compare tenancy schedules at the relevant dates and include indexation and turnover rents.

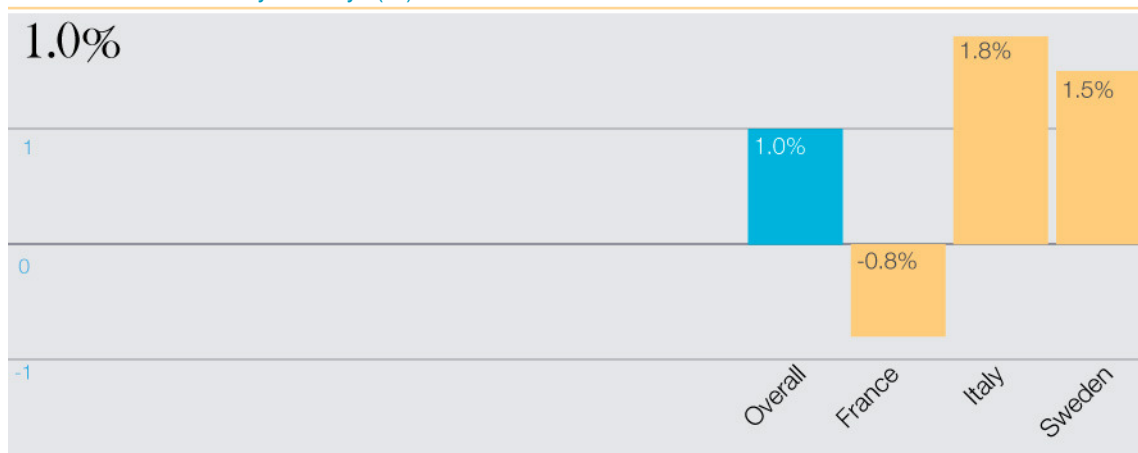
	Like for like rental growth	Relettings and renewals	Average rental uplift on relettings and renewals
Overall	+3.0%	178	+13%
France	+3.5%	32	+19%
Italy	+3.0%	89	+11%
Sweden	+2.3%	57	+9%

Rent indexation for 2013 is 3.07% in France for those tenants using Indice des Loyers Commerciaux (ILC) (72%), or 4.58% for those tenants still using Indice du Coût de la Construction (ICC) (28%). In Italy the 2013 indexation figure is 2.4% and in Sweden it is 0.4%.

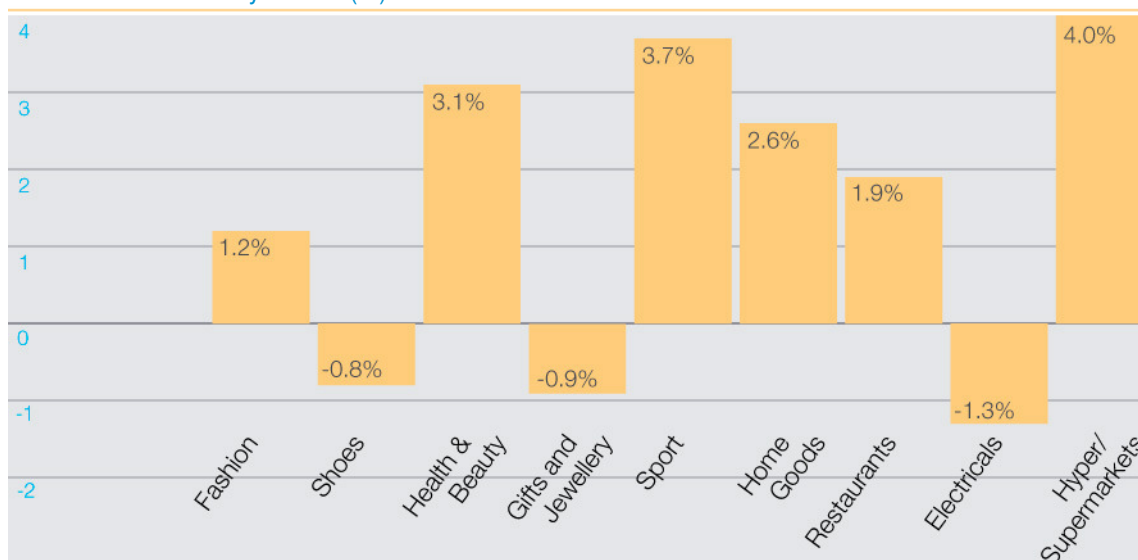
Retail sales turnover

Like for like retail sales turnover growth in Eurocommercial's shopping centres for the twelve months to 31 December 2012 compared with the previous corresponding period was 1.0%.

Retail sales turnover by country* (%)



Retail sales turnover by sector* (%)

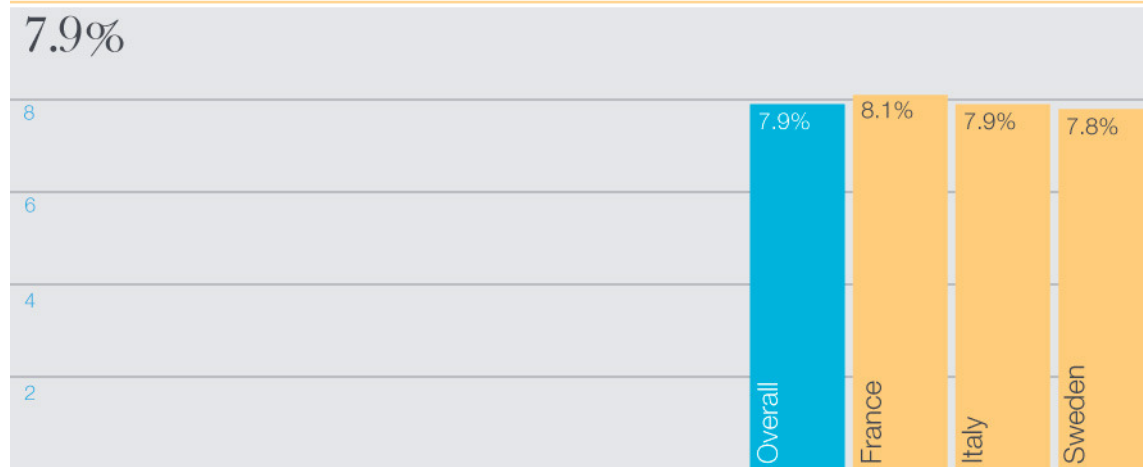


* Excluding extensions.

Occupancy cost ratios

The total occupancy cost ratio (rent plus marketing contributions, service charges and tenant property taxes as a proportion of turnover including VAT) for Eurocommercial galleries excluding hypermarkets at the end of the period was 7.9% overall.

Gallery occupancy cost ratios at 31 December 2012 (%)



Vacancies and arrears

Total vacancies for the portfolio at 31 December 2012 represent 1.4% of rental income. The majority of this figure is attributed to three large vacant box units in Sweden caused by the bankruptcy of the electrical chains OnOff and Expert. Eurocommercial is in advanced negotiations to re-let two of these units, after which total vacancy for the group will fall again to less than 1% of income.

Rental arrears of more than 90 days for the total Eurocommercial portfolio are under 1% of total income.

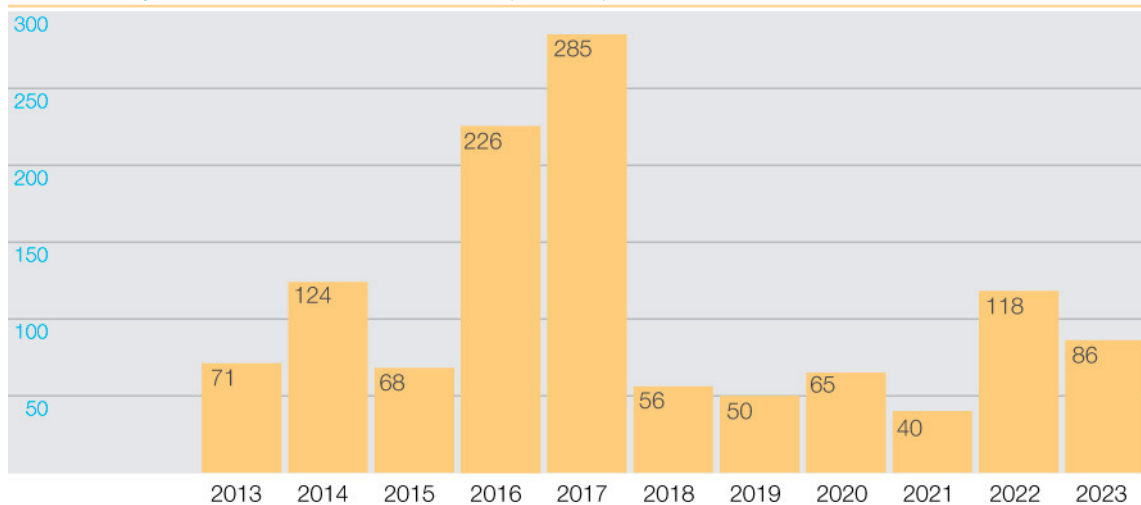
Funding

During the period, holders of depositary receipts (DRs) representing 30.5% (2011: 6.2%) of the issued share capital opted to take up 781,539 bonus DRs (2011: 139,865) at an issue price of €30.72 (2011: €33.84) from the Company's share premium reserve, instead of a cash dividend of €1.92 (2011: €1.88) per depositary receipt for the financial year ended 30 June 2012. The total number of depositary receipts outstanding at 31 December 2012 therefore increased by 1.9% from 40,953,515 to 41,735,054.

The net debt to adjusted net equity ratio at 31 December 2012 was 78% (2011: 78%) and the net loan to property value was 43% (2011: 43%). Since 30 June 2012 the Company has secured €50 million of further long term bank loans, but also repaid €72 million of long term bank loans due to the sale of the Burlöv shopping centre. The average loan term is nearly six years (2011: six years) and 86% (2011: 84%) of interest costs are fixed through swaps for an average of seven and a half years (2011: eight years). The Company's average overall interest rate at 31 December 2012 was 4.0% (2011: 4.5%), including margins averaging 89 bps (2011: 81 bps).

Number of shares in issue	41.74 million
Shareholders' adjusted net equity	€1.47 billion
Net debt	€1.15 billion
Net debt to adjusted net equity ratio	78%
Net loan to property value ratio	43%
Interest cover	2.5x
Average loan term	c. 6 years
Average fixed interest period	7.5 years
Average loan margin	89 bps
Overall interest cost	4.0%

Loan maturity schedule at 31 December 2012 (€ million)*



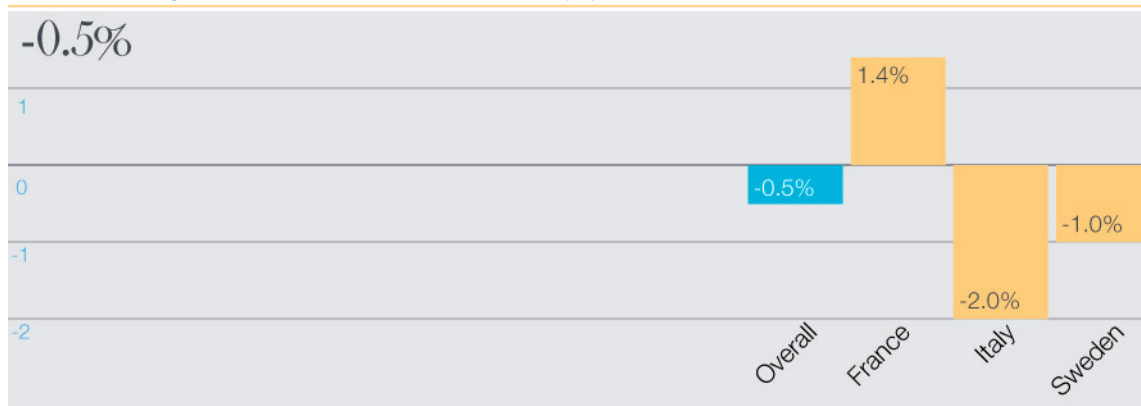
* Maturities are stated by calendar year.

Property valuations

All of the Company's properties were independently valued as usual at 31 December 2012 in accordance with the rules set out in the "Red Book" of the Royal Institution of Chartered Surveyors (RICS), the International Valuation Standards and IAS40. The net yield figures provided in the table on the following page 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.

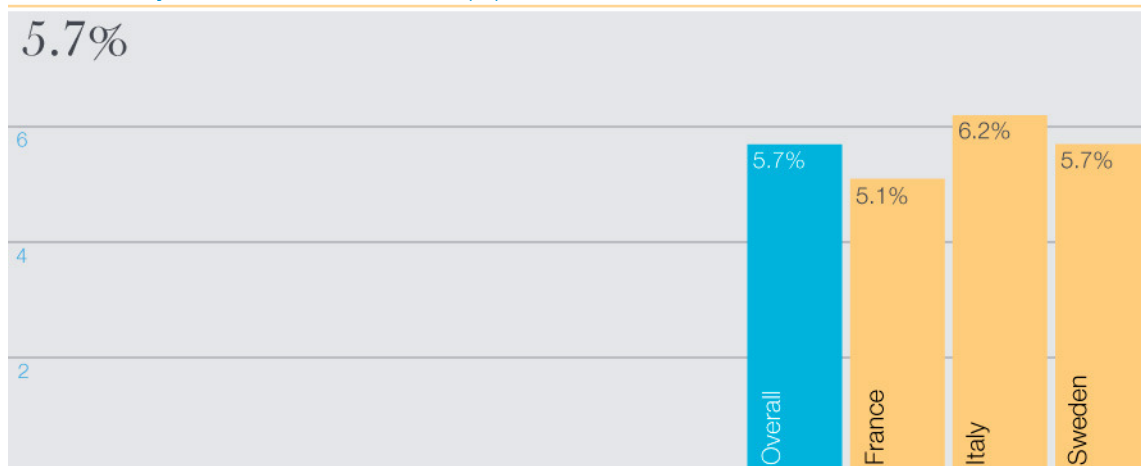
Overall, the property portfolio decreased in value by -0.5% on a like for like basis when compared with June 2012 and by -0.7% when compared with December 2011. The changes since June 2012 by country were +1.4% in France, -2.0% in Italy and -1.0% in Sweden. The changes in value since December 2011 were +1.9% in France, -3.1% in Italy and -0.5% in Sweden.

Valuation changes 6 months to 31 December 2012 (%)



The overall net yield on valuations for Eurocommercial's properties was 5.7%. The average yield was 6.2% in Italy and 5.7% in Sweden. In France the overall net initial yield was 5.1%. Paris city centre properties, which account for around 50% of the value of the French portfolio, were valued at 4.8%.

Net valuation yields at 31 December 2012 (%)



Valuations by property

	Net value 31/12/12	Net value 30/06/12	Net value 31/12/11	Net yield including purchase costs
France (€ million)				
Amiens Glisy, Amiens ⁵	46.00	46.30	43.80	5.4%
Les Grands Hommes, Bordeaux ¹	17.10	-	-	4.9%
Saint Doullard, Bourges ⁶	36.30	36.00	38.10	5.5%
Chasse Sud, Chasse-sur-Rhône ⁶	36.20	30.00	31.10	6.1%
Les Allées de Cormeilles, Cormeilles ⁵	41.10	40.60	40.30	5.8%
Les Trois Dauphins, Grenoble ⁵	36.10	35.70	36.00	5.6%
Centr'Azur, Hyères ⁶	47.60	47.40	45.90	5.7%
Plaine de France, Moisselles ⁵	74.60	72.80	70.30	5.4%
Passage du Havre, Paris ^{1, 2}	301.00	288.00	271.00	4.7%
Passy Plaza, Paris ²	134.70	131.30	131.00	5.1%
74 rue de Rivoli, Paris ⁵	51.90	51.90	52.00	4.5%
Les Portes de Taverny, Taverny ⁵	59.00	56.50	55.20	5.3%
Les Atlantes, Tours ⁵	122.20	122.20	118.90	5.0%
FRANCE TOTAL	1,003.80	958.70	933.60	5.1%

Italy (€ million)				
Curno, Bergamo ⁴	94.50	96.20	98.30	6.4%
Centro Lame, Bologna ⁴	36.10	38.10	41.00	6.8%
Cremona Po, Cremona ²	81.00	80.60	80.20	6.8%
Il Castello, Ferrara ²	100.60	101.20	105.60	6.5%
I Gigli, Firenze ¹	254.20	256.10	246.90	5.9%
Centro Leonardo, Imola ¹	68.70	72.30	72.30	6.2%
La Favorita, Mantova ²	47.00	47.40	47.20	6.7%
Carosello, Carugate, Milano ⁴	280.30	281.40	278.00	6.1%
I Portali, Modena ²	42.00	43.20	44.80	6.2%
Centroluna, Sarzana ¹	24.80	25.40	26.10	6.9%
ITALY TOTAL	1,029.20	1,041.90	1,040.40	6.2%

Sweden (SEK million)*				
421, Göteborg ³	750.00	743.00	742.00	5.9%
Eurostop, Halmstad ²	569.00	-	-	5.9%
Kronan, Karlskrona ²	179.00	182.00	167.00	6.0%
Bergvik, Karlstad ²	654.00	653.00	632.00	5.3%
Mellby Center, Laholm ²	169.00	171.00	170.00	6.1%
Ingelsta Shopping, Norrköping ²	987.00	984.00	944.00	5.6%
Elins Esplanad, Skövde ²	668.00	668.00	663.00	5.7%
Moraberg, Södertälje ³	433.00	434.00	431.00	5.6%
Hälla Shopping, Västerås ³	161.00	213.00	247.00	6.6%
Grand Samarkand, Växjö ²	849.00	847.00	821.00	5.3%
SWEDEN TOTAL	5,419.00	4,895.00	4,817.00	5.7%

*1 € = 8.58 SEK

Valuations by: ¹ CB Richard Ellis, ² Cushman & Wakefield, ³ DTZ, ⁴ Jones Lang LaSalle, ⁵ Knight Frank, ⁶ Retail Consulting Group

Country commentary

France

In October 2012 Eurocommercial completed the acquisition of Les Grands Hommes in Bordeaux for a total cost of €18 million. The shopping centre, located in the heart of the city's most prestigious retail district, offers considerable potential for reorganisation and expansion.

Development of the 17,800m² retail park adjoining the Company's shopping centre in Chasse-sur-Rhône is progressing well. Tenants include Decathlon, Boulanger, Bricomarché, Gemo and C&A. Units are due to be handed over to tenants in the summer, with opening envisaged prior to Christmas 2013. Eurocommercial is acquiring the park under a forward purchase agreement (VEFA) set at a 7% net yield which is expected to equate to a total cost of around €24 million.

Works on the 1,000m² extension and refurbishment of Saint Doulchard in Bourges began in October 2012. The new space is fully let to tenants including Nocibé, Bonobo, Camaïeu and Yves Rocher. The project, which is forecast to cost approximately €5.8 million and deliver a net return on cost of 7%, is expected to be completed in the summer of 2013.

A new 1,300m² H&M unit opened at Plaine de France in Moisselles in early December 2012 and has been trading extremely well. The €4 million refurbishment of Centr'Azur in Hyères is currently underway and should be completed before the busy summer season begins.

Italy

Italian turnovers continue to hold up well at +1.8% for the 12 months to December 2012, in spite of political uncertainty and tax increases. Sunday openings have undoubtedly improved trading over the year.

The IMU property tax (formerly called ICI), which was re-introduced for residential property and increased for commercial buildings at the beginning of 2012, has now been determined for all regions. The cost to Eurocommercial for calendar 2012 totals €2.44 million, compared to €1.51 million for calendar 2011. It seems possible that some easing of this tax could be made following the elections at the end of February 2013.

I Gigli shopping centre in Firenze attracted over 17.5 million visitors during 2012 – an increase of 22% over 2011 – making it the second most visited centre in Italy. The arrival of new retailers such as Apple and Hollister have helped to boost the centre's appeal, as have the recent addition of 780 new car parking spaces. The retail park just outside the centre, which opened in July 2012, is also trading well. The refurbishment of the I Gigli shopping centre (approx. €10 million) should begin later this year, as should the refurbishment of I Portali in Modena (approx. €5 million).

Sweden

Eurocommercial completed the sale of Burlöv Center in Malmö on 15 November, 2012 for SEK 1,158 million (€134 million), with the net cash proceeds after repayment of the mortgage debt used to fund the €67 million acquisition of the Eurostop shopping centre in Halmstad in August. A planning application for a 20,000m² extension to that centre has been submitted and initial feedback from both the municipality and retailers has been positive. Assuming that the planning process proceeds as expected, it is hoped that construction will be able to begin in mid-2014.

Market commentary

Demand for good Western European shopping centre investments remains high, particularly in Germany, France and Scandinavia. Italian centres, despite strong fundamentals, have not been on institutional shopping lists because of exaggerated and unwarranted euro concerns. Whether the almost 300 bps drop in 10 year Italian bond yields will be enough to reassure new foreign investors remains to be seen. In the meantime Italian yields for prime centres remain 100 to 150 bps above their French or Swedish equivalents. Yields for French centres have hardened very slightly, notwithstanding some concerns over the government's tax policies, reflecting continued French and foreign demand. Rental growth in Eurocommercial's portfolio over the next year is likely to be slightly above inflation through indexation and rent reviews.

Stagnant economies in Europe and elsewhere suggest that interest rates will remain low for longer than had been expected previously. Sound properties on indexed rents are therefore becoming increasingly attractive to many institutions and we believe that, accordingly, the market for such investments will be underpinned for some time.

Responsibility statement

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

Risk

Reference is made to the 2011/2012 Annual Report with regards to existing risks, which have not materially changed. However, ongoing financial instability and political changes in France and Italy create uncertainty and it is not possible to rule out potential changes in taxation which could have an impact on future financial performance. Due to the limited number of property transactions, some valuation reports for the Italian portfolio as per 31 December 2012 contain an uncertainty paragraph setting out these circumstances. It is unclear whether these circumstances will change in the near future.

Amsterdam, 8 February 2013

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 8 February 2013, at 9:00 AM (UK) / 10:00 AM (CET) for investors and analysts. To access the call, please dial [+44 \(0\)1452 555 566](tel:+44201452555566) 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 [83738384](tel:83738384). The call will also be audio webcast at www.eurocommercialproperties.com/financial.

An accompanying presentation will be available to download from the Company's website (www.eurocommercialproperties.com/financial/presentations) shortly before the start of the call.

A replay facility will be available for one week following the call and can be accessed by dialling [+44 \(0\)1452 550 000](tel:+44201452550000). The conference ID number is also required to access the replay.

At all other times, management can be reached at [+31 \(0\)20 530 6030](tel:+31205306030) or [+44 \(0\)20 7925 7860](tel:+442079257860).

Statement of consolidated direct, indirect and total investment results*

(€ '000)	Six months ended 31-12-12	Six months ended 31-12-11	Second quarter ended 31-12-12	Second quarter ended 31-12-11
Rental income	85,635	79,424	42,825	40,764
Service charges income	15,321	14,088	6,895	6,768
Service charges expenses	(17,103)	(15,518)	(7,878)	(7,313)
Property expenses	(11,873)	(10,039)	(6,282)	(5,436)
Net property income	71,980	67,955	35,560	34,783
Interest income	1,527	976	643	552
Interest expenses	(27,957)	(24,620)	(13,991)	(12,561)
Net financing expenses	(26,430)	(23,644)	(13,348)	(12,009)
Company expenses	(5,544)	(4,795)	(2,904)	(2,509)
Direct investment result before taxation	40,006	39,516	19,308	20,265
Current tax	(190)	(166)	(76)	(87)
Direct investment result	39,816	39,350	19,232	20,178
Investment revaluation	(13,200)	8,833	(15,783)	8,115
Fair value movement derivative financial instruments	(15,545)	(77,316)	(4,194)	(11,776)
Investment expenses	(428)	(501)	(277)	(304)
Indirect investment result before taxation	(29,173)	(68,984)	(20,254)	(3,965)
Deferred tax	21,418	1,423	20,860	(2,859)
Indirect investment result	(7,755)	(67,561)	606	(6,824)
Total investment result	32,061	(28,211)	19,838	13,354
Per depositary receipt (€)**				
Direct investment result	0.97	0.96	0.47	0.49
Indirect investment result	(0.19)	(1.65)	0.01	(0.16)
Total investment result	0.78	(0.69)	0.48	0.33

* This statement contains additional information which is not part of the IFRS interim financial statements.

** The Company's shares are listed in the form of bearer depositary receipts on NYSE Euronext Amsterdam (the Amsterdam Stock Exchange). One bearer depositary receipt represents ten ordinary registered shares. The average number of depositary receipts on issue during the period was 41,089,435 compared with 40,837,974 for the six months to 31/12/2011, an increase of 0.6%.

Statement of adjusted net equity*

(€ '000)	31-12-12	30-06-12	31-12-11
IFRS net equity per balance sheet	1,281,851	1,300,147	1,278,655
Derivative financial instruments	156,663	148,616	132,487
Deferred tax liabilities	34,581	63,864	60,165
Deferred tax assets	(669)	(751)	(974)
Adjusted net equity	1,472,426	1,511,876	1,470,333
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back	41,735,054	40,953,515	40,953,515
Net asset value - € per depositary receipt (IFRS)	30.71	31.75	31.22
Adjusted net asset value - € per depositary receipt	35.28	36.92	35.90
Stock market prices - € per depositary receipt	30.14	27.25	24.53

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.

	31-12-12	Total (€'000) 31-12-11	Per depositary receipt (€) 31-12-12	31-12-11
EPRA earnings**	39,816	39,350	0.97	0.96
EPRA NAV***	1,472,426	1,470,333	34.04	34.62
EPRA NNNAV***	1,296,693	1,302,176	29.98	30.66
EPRA net initial yield (%)	5.7%	5.6%		

Reconciliation NAV, EPRA NAV and EPRA NNNAV*

	31-12-12	Total (€'000) 31-12-11	Per depositary receipt (€) 31-12-12	31-12-11
Equity balance sheet	1,281,851	1,278,655	30.71	31.22
Derivative financial instruments	156,663	132,487		
Deferred tax liabilities	34,581	60,165		
Deferred tax assets	(669)	(974)		
EPRA NAV***	1,472,426	1,470,333	34.04	34.62
Derivative financial instruments	(156,663)	(132,487)		
Deferred tax liabilities	(10,374)	(33,091)		
Deferred tax assets	669	974		
Fair value borrowings****	(9,365)	(3,553)		
EPRA NNNAV***	1,296,693	1,302,176	29.98	30.66

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

** The average number of depositary receipts on issue over the six months was 41,089,435 compared with 40,837,974 for the six months to 31/12/2011.

*** The diluted number of depositary receipts on issue at 31/12/12 was 43,255,190, compared with 42,469,310 at 31/12/11.

**** The fair value of the borrowings with a fixed interest rate from drawdown date to maturity is based on the Bloomberg swap curve.

Consolidated profit and loss account

(€ '000)	Note	Six months ended 31-12-12	Six months ended 31-12-11	Second quarter ended 31-12-12	Second quarter ended 31-12-11
Rental income		85,635	79,424	42,825	40,764
Service charges income		15,321	14,088	6,895	6,768
Service charges expenses		(17,103)	(15,518)	(7,878)	(7,313)
Property expenses	4	(11,873)	(10,039)	(6,282)	(5,436)
Net property income		71,980	67,955	35,560	34,783
Investment revaluation	5	(13,200)	8,833	(15,783)	8,115
Interest income	6	1,527	976	643	552
Interest expenses	6	(27,957)	(24,620)	(13,991)	(12,561)
Fair value movement derivative financial instruments	6	(15,545)	(77,316)	(4,194)	(11,776)
Net financing cost	6	(41,975)	(100,960)	(17,542)	(23,785)
Company expenses	7	(5,544)	(4,795)	(2,904)	(2,509)
Investment expenses		(428)	(501)	(277)	(304)
Result before taxation		10,833	(29,468)	(946)	16,300
Current tax		(190)	(166)	(76)	(87)
Deferred tax	12	21,418	1,423	20,860	(2,859)
Total tax		21,228	1,257	20,784	(2,946)
Result after taxation		32,061	(28,211)	19,838	13,354
Per depositary receipt (€)*					
Result after taxation		0.78	(0.69)	0.48	0.33
Diluted result after taxation		0.75	(0.69)	0.46	0.33

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

Consolidated balance sheet

(€ '000)	Note	31-12-12	30-06-12	31-12-11
Property investments	8	2,658,622	2,558,581	2,637,355
Property investments under development	8	5,800	0	7,100
Tangible fixed assets		1,811	836	1,147
Receivables	9	377	786	844
Derivative financial instruments		79	6	200
Deferred tax assets	12	669	751	974
Total non-current assets		2,667,358	2,560,960	2,647,620
Receivables	9	28,050	29,153	32,038
Cash and deposits		37,626	120,954	15,313
Total current assets		65,676	150,107	47,351
Property investments held for sale		0	131,886	0
Total assets		2,733,034	2,842,953	2,694,971
Creditors	10	61,851	65,696	55,877
Borrowings	11	88,636	103,603	116,182
Total current liabilities		150,487	169,299	172,059
Creditors	10	11,256	9,982	9,977
Borrowings	11	1,096,241	1,149,141	1,040,548
Derivative financial instruments		156,742	148,622	132,687
Deferred tax liabilities	12	34,581	63,864	60,165
Provision for pensions		1,876	1,898	880
Total non-current liabilities		1,300,696	1,373,507	1,244,257
Total liabilities		1,451,183	1,542,806	1,416,316
Net assets		1,281,851	1,300,147	1,278,655
Equity Eurocommercial Properties shareholders	13			
Issued share capital		208,890	204,983	204,983
Share premium reserve		392,958	396,385	395,827
Other reserves		647,942	710,897	706,056
Undistributed income		32,061	(12,118)	(28,211)
Net assets		1,281,851	1,300,147	1,278,655
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back		41,735,054	40,953,515	40,953,515

Consolidated cash flow statement

For the six months ended (€ '000)	Note	31-12-12	31-12-11
Cash flow from operating activities			
Result after taxation		32,061	(28,211)
Adjustments:			
Increase in receivables	9	(5,101)	(2,491)
Increase/decrease in creditors	10	1,187	(12,072)
Interest income		(1,527)	(976)
Interest expenses		27,957	24,620
Movement stock options		528	548
Investment revaluation	5	13,306	(9,312)
Derivative financial instruments		15,545	77,317
Deferred tax	12	(21,418)	(1,423)
Current tax		190	166
Other movements		(2,521)	(35)
		60,207	48,131
Cash flow from operations			
Current tax paid		(133)	0
Derivative financial instruments		(8,038)	0
Borrowing costs		(732)	0
Interest paid		(27,742)	(24,778)
Interest received		1,730	864
		25,292	24,217
Cash flow from investing activities			
Property acquisitions	8	(85,411)	(46,013)
Capital expenditure	8	(22,710)	(11,039)
Property sale		125,301	0
Additions to tangible fixed assets		(1,278)	(204)
		15,902	(57,256)
Cash flow from financing activities			
Borrowings added	11	142,459	60,078
Repayment of borrowings	11	(216,192)	(52,920)
Dividends paid	13	(54,670)	(72,008)
Increase/decrease in non-current creditors		1,674	(132)
		(126,729)	(64,982)
Net cash flow			
		(85,535)	(98,021)
Currency differences on cash and deposits		2,207	358
Decrease in cash and deposits		(83,328)	(97,663)
Cash and deposits at beginning of period		120,954	112,976
Cash and deposits at end of period		37,626	15,313

Notes to the consolidated financial statements

as at 31 December 2012

1. Principal accounting policies

(a) Statement of compliance

The financial statements of the Company for the financial year starting 1 July 2012 and ending 30 June 2013 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 2012 have been drawn up in accordance with IAS 34 (Interim Financial Reporting) as adopted by the European Union. The comparative figures for the six months period in the previous year have been taken from last year's interim report for 31 December 2011. For the principal accounting policies applied in this interim financial report and the standards and interpretations issued by the IASB but not yet effective up to the date of issuance of the Group's interim financial report, reference is made to the published financial statements for the financial year ended 30 June 2012.

(b) Change in accounting policies and reclassifications

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income: The amendment changes the grouping of items presented in other comprehensive income. Items that could be reclassified ('or recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment will affect presentation only and will have no impact on the Group's financial position or performance. The amendment is effective as per 1 July 2012 and will have no impact on the Group's financial position or performance.

Following EU adoption per December 2012 the effective date of the amendment to IAS 12 Income Taxes – 'Deferred Tax: Recovery of Underlying Assets', has deferred to the financial year beginning on 1 July 2013. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment will have no impact on The Group's financial position or performance.

Notes to the consolidated financial statements continued

as at 31 December 2012

2. Segment information

(€ '000)	France		Italy		Sweden		The Netherlands		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
For the six months ended 31/12										
Rental income	27,850	26,728	35,991	33,261	21,794	19,435	0	0	85,635	79,424
Service charge income	4,644	4,360	3,923	3,078	6,754	6,650	0	0	15,321	14,088
Service charge expenses	(5,553)	(5,221)	(3,923)	(2,908)	(7,627)	(7,389)	0	0	(17,103)	(15,518)
Property expenses	(3,294)	(3,099)	(5,634)	(4,399)	(2,945)	(2,541)	0	0	(11,873)	(10,039)
Net property income	23,647	22,768	30,357	29,032	17,976	16,155	0	0	71,980	67,955
Investment revaluation	12,664	9,711	(20,970)	(15,150)	(4,864)	14,337	(30)	(65)	(13,200)	8,833
Segment result	36,311	32,479	9,387	13,882	13,112	30,492	(30)	(65)	58,780	76,788
Net financing cost									(41,975)	(100,960)
Company expenses									(5,544)	(4,795)
Investment expenses									(428)	(501)
Result before taxation									10,833	(29,468)
Current tax									(190)	(166)
Deferred tax									21,418	1,423
Result after taxation									32,061	(28,211)
Property investments	998,000	933,600	1,029,200	1,033,300	631,422	670,455	0	0	2,658,622	2,637,355
Property investments under development	5,800	0	0	7,100	0	0	0	0	5,800	7,100
Tangible fixed assets	268	360	951	85	176	32	416	670	1,811	1,147
Receivables	19,581	22,300	6,367	7,342	1,446	2,019	1,033	1,221	28,427	32,882
Derivatives financial instruments	52	0	27	175	0	0	0	25	79	200
Deferred tax assets	0	0	669	974	0	0	0	0	669	974
Cash and deposits	1,521	2,282	826	403	10,946	12,052	24,333	576	37,626	15,313
Total assets	1,025,222	958,542	1,038,040	1,049,379	643,990	684,558	25,782	2,492	2,733,034	2,694,971
Creditors	25,236	23,033	18,016	14,377	17,031	17,226	1,568	1,241	61,851	55,877
Non-current creditors	8,435	7,724	2,808	2,241	13	12	0	0	11,256	9,977
Borrowings	353,408	308,839	578,278	513,832	253,191	287,074	0	46,985	1,184,877	1,156,730
Derivatives financial instruments	30,256	26,889	107,406	81,940	19,080	23,858	0	0	156,742	132,687
Deferred tax liabilities	0	0	0	0	34,581	60,165	0	0	34,581	60,165
Provision for pensions	0	0	0	0	0	0	1,876	880	1,876	880
Total liabilities	417,335	366,485	706,508	612,390	323,896	388,335	3,444	49,106	1,451,183	1,416,316
Acquisitions, divestments and capital expenditure (including capitalised interest)	31,182	3,014	8,195	86,784	(62,107)	4,553	0	0	(22,730)	94,351

Notes to the consolidated financial statements continued

as at 31 December 2012

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 2012 SEK 10 was €1.1652 (31 December 2011: €1.1221) and GBP 1 was €1.22534 (31 December 2011: €1.19717).

4. Property expenses

Property expenses in the current financial period were:

For the six months ended (€ '000)	31-12-12	31-12-11
Direct property expenses		
Bad debts	286	324
Centre marketing expenses	1,171	1,304
Insurance premiums	267	251
Managing agent fees	973	883
Property taxes	1,461	659
Repair and maintenance	594	525
Shortfall service charges	8	72
	4,760	4,018
Indirect property expenses		
Accounting fees	204	230
Audit fees	141	135
Depreciation fixed assets	123	44
Dispossession indemnities	354	250
Italian local tax (IRAP)	949	771
Legal and other advisory fees	871	622
Letting fees and relocation expenses	861	781
Local office and accommodation expenses	720	508
Pension contributions	56	48
Salaries, wages and bonuses	1,730	1,497
Social security charges	681	575
Stock options granted (IFRS 2)	81	91
Travelling expenses	284	292
Other local taxes	0	83
Other expenses	58	94
	7,113	6,021
	11,873	10,039

5. Investment revaluation

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

For the six months ended (€ '000)	31-12-12	31-12-11
Revaluation of property investments	(13,041)	10,499
Revaluation of property investments under development	(265)	(1,187)
Elimination of capitalised letting fees	(1,100)	(509)
Fair value movement non-current creditors	(43)	(54)
Disinvestment movement property held for sale	(1,841)	0
Foreign currency results on finance	3,241	(10)
Other movements	(151)	94
	(13,200)	8,833

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

Notes to the consolidated financial statements continued

as at 31 December 2012

6. Net financing cost

Net financing cost in the current financial period comprised:

For the six months ended (€ '000)	31-12-12	31-12-11
Interest income	1,527	976
Gross interest expense	(28,063)	(25,464)
Capitalised interest	106	844
Fair value movement derivative financial instruments	(15,545)	(77,316)
	(41,975)	(100,960)

Gross interest expense consists of interest payable on loans calculated using the effective interest rate method. The interest payable to finance the extension/acquisition of an asset is capitalised until completion/acquisition date and is reported as capitalised interest. The interest rate used for capitalised interest during the current financial period was 4.80 per cent (2011: 4.70 per cent). Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements so that 86% (2011: 84%) of interest costs are fixed at an average interest rate of 3.9% (2011: 4.5%) for an average period of seven and a half years (2011: eight years). Due to lower market interest rates the negative fair value of this interest rate swaps portfolio changed, resulting in a negative movement of €15.5 million for the period.

7. Company expenses

Company expenses in the current financial period comprised:

For the six months ended (€ '000)	31-12-12	31-12-11
Audit fees	122	123
Depreciation fixed assets	180	218
Directors' fees	689	626
Legal and other advisory fees	497	458
Marketing expenses	225	185
Office and accommodation expenses	719	607
Pension contributions	396	234
Salaries, wages and bonuses	1,533	1,337
Social security charges	206	175
Statutory costs	294	216
Stock options granted (IFRS 2)	183	183
Travelling expenses	245	257
Other expenses	255	176
	5,544	4,795

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 and property investments under development 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. All properties were revalued at 31 December 2012. 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.

The valuation standards used by the external independent valuers require that valuers draw the 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. Due to the limited number of property transactions, some valuation reports for the Italian portfolio as per 31 December 2012 contain an uncertainty paragraph setting out these circumstances.

Notes to the consolidated financial statements continued

as at 31 December 2012

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

The current property portfolio is:

(€ '000)	31-12-12 Book value	30-06-12 Book value	31-12-12 Costs to date	30-06-12 Costs to date
France				
Amiens Glisy, Amiens*	46,000	46,300	16,086	16,067
Les Grands Hommes, Bordeaux	17,100	0	18,092	0
Saint Doulchard, Bourges*	36,300	36,000	44,798	43,820
Chasse Sud, Chasse-sur-Rhône* **	36,200	30,000	39,842	32,816
Les Allées de Cormeilles, Cormeilles*	41,100	40,600	44,797	44,840
Les Trois Dauphins, Grenoble*	36,100	35,700	25,346	25,197
Centr'Azur, Hyères*	47,600	47,400	18,315	18,331
Plaine de France, Moisselles*	74,600	72,800	62,929	61,422
Passage du Havre, Paris*	301,000	288,000	188,966	186,159
Passy Plaza, Paris*	134,700	131,300	74,133	74,172
74 rue de Rivoli, Paris	51,900	51,900	20,831	20,989
Les Portes de Taverny, Taverny*	59,000	56,500	24,660	24,679
Les Atlantes, Tours*	122,200	122,200	55,939	53,948
	1,003,800	958,700	634,734	602,440
Italy				
Curno, Bergamo*	94,500	96,200	34,363	34,351
Centro Lame, Bologna*	36,100	38,100	29,628	29,564
Cremona Po, Cremona*	81,000	80,600	82,517	82,479
Il Castello, Ferrara*	100,600	101,200	84,848	84,506
I Gigli, Firenze*	254,200	256,100	207,612	207,154
Centro Leonardo, Imola*	68,700	72,300	65,009	65,035
La Favorita, Mantova*	47,000	47,400	33,858	33,824
Carosello, Milano*	280,300	281,400	187,117	180,464
I Portali, Modena*	42,000	43,200	41,860	41,742
Centroluna, Sarzana*	24,800	25,400	14,734	14,218
	1,029,200	1,041,900	781,546	773,337
Sweden				
421, Göteborg*	87,390	84,695	88,554	88,477
Eurostop, Halmstad***	66,300	0	68,907	0
Kronan, Karlskrona*	20,857	20,746	16,602	16,148
Bergvik, Karlstad*	76,204	74,435	37,710	37,699
Mellby Center, Laholm*	19,692	19,492	15,626	15,626
Burlöv Center, Malmö ****	0	131,886	0	76,127
Ingelsta Shopping, Norrköping*	115,005	112,166	92,198	92,148
Elins Esplanad, Skövde*	77,835	76,145	58,100	58,076
Moraberg, Södertälje	50,453	49,472	38,514	38,519
Hälla Shopping, Västerås*	18,760	24,280	21,092	21,057
Grand Samarkand, Växjö*	98,926	96,550	77,682	77,472
	631,422	689,867	514,985	521,349
Property investments	2,664,422	2,690,467	1,931,265	1,897,126

* These properties carry mortgage debt up to €1,157 million at 31 December 2012 (30 June 2012: €1,198 million).

** The new retail park under construction is reported as property investment under development.

*** This shopping centre was acquired via the acquisition of shares.

**** Property investment held for sale.

Notes to the consolidated financial statements continued

as at 31 December 2012

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

Changes in property investments for the financial period ended 31 December 2012 were as follows:

(€ '000)	31-12-12	31-12-11
Book value at beginning of the period	2,690,467	2,515,854
Acquisitions	86,995	82,465
Capital expenditure - general	4,652	1,914
Capital expenditure - extensions and refurbishments	11,338	7,819
Capitalised interest	106	66
Capitalised letting fees	1,100	488
Elimination of capitalised letting fees	(1,100)	(488)
Revaluation of property investments	(13,041)	10,499
Book value divestment property	(131,886)	0
Exchange rate movement	9,991	18,738
Book value at the end of the period	2,658,622	2,637,355

Changes in property investments under development for the financial period ended 31 December 2012 were as follows:

(€ '000)	31-12-12	31-12-11
Book value at beginning of the period	0	6,200
Capital expenditure	6,065	1,309
Capitalised interest	0	778
Capitalised letting fees	0	21
Elimination of capitalised letting fees	0	(21)
Revaluation of property investments under development	(265)	(1,187)
Book value at the end of the period	5,800	7,100

Assumptions and sensitivity analysis:

The average net initial yield applied by the valuers is 5.1% for France, 6.2% for Italy and 5.7% for Sweden, compared to the yields reported as per 30 June 2012 of 5.2%, 6.1% and 5.5% respectively.

An increase in the average yield of 25 bps will result in a decrease of the property portfolio of €107 million, whereas a decrease in the average yield of 25 bps will result in an increase of the property portfolio of €112 million.

An increase in the estimated rental value of 5 per cent will result in an increase of the property portfolio of €88 million. A decrease in the estimated rental value of 5 per cent will result in a decrease of the property portfolio of €94 million.

Notes to the consolidated financial statements continued

as at 31 December 2012

9. Receivables

The two largest current receivables items are rents receivable for an amount of €20.3 million (June 2012: €16.3 million) and VAT receivable for an amount of €2.0 million (June 2012: €1.7 million).

10. Creditors

The two largest current creditors items are rent received in advance for an amount of €21.5 million (June 2012: €20.9 million) and the interest payable to banks for an amount of €9.8 million (June 2012: €9.9 million). The largest non-current creditors item is the tenant rental deposits for an amount of €9.4 million (June 2012: €8.5 million).

11. Borrowings

(€ '000)	31-12-12	31-12-11
Book value at beginning of the period	1,252,744	1,107,964
Drawdown of funds	142,459	93,192
Repayments	(216,192)	(52,920)
Exchange rate movement	6,255	8,218
Movement prepaid borrowing costs	(389)	276
Book value at the end of the period	1,184,877	1,156,730

The borrowings are all directly from major banks with average committed unexpired terms of nearly six years. The average interest rate in the current financial period was 4.0 per cent (six months ended 31 December 2011: 4.6 per cent). At 31 December 2012 the Company has hedged its exposure to interest rate movements on its borrowings for 86 per cent (30 June 2012: 83 per cent) at an average term of seven and a half years (30 June 2012: nearly eight years).

12. Deferred tax assets and liabilities

Deferred tax assets of €0.7 million (June 2012: €0.8 million) relate to the Italian carried forward tax losses, which can be compensated by future taxable profits.

Deferred tax liabilities decreased to €34.6 million (June 2012: €63.9 million) mainly due to the sale of Burlöv Center and the decrease of the Swedish corporate income tax from 26.3% to 22%.

Deferred tax liabilities are attributable to the following items:

(€ '000)	31-12-12	31-12-11
Book value at beginning of the period	(63,864)	(59,035)
Recognised in P&L account	1,954	448
Release to P&L account due to tax rate reduction	6,762	0
Release to P&L account due to property sale	12,784	0
Movement due to property sale	9,140	0
Exchange rate movement	(1,357)	(1,578)
Book value at the end of the period	(34,581)	(60,165)

Notes to the consolidated financial statements continued

as at 31 December 2012

13. Share capital and reserves

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

The number of shares on issue increased on 30 November 2012 by 781,539 bonus depositary receipts under the stock dividend plan. Holders of depositary receipts representing 30.5% of the issued share capital (last year 6.17%) opted for the bonus depositary receipts at an issue price of €30.72 from the Company's share premium reserve, instead of a cash dividend of €1.92 per depositary receipt for the financial year ended 30 June 2012. Accordingly, of the available dividend of €78.6 million, an amount of €24.0 million was not paid out.

14. Commitments not included in the balance sheet

As at 31 December 2012 bank guarantees have been issued for a total amount of €0.4 million. As at 31 December 2012 the Group has no formal off balance sheet commitments other than the refurbishment of Centr'Azur and the extension and refurbishment of Saint Doulchard in France for a total amount of €5.5 million.

15. Post balance sheet events

Since the balance sheet date 31 December 2012 no material events have taken place which the Company would be required to disclose.

Amsterdam, 8 February 2013

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

Board of Supervisory Directors
W.G. van Hassel, Chairman
H.W. Bolland
P.W. Haasbroek
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.

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 or 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 Norges Bank (7.38 per cent). The dates of the aforesaid notifications were 1 November 2006, 1 November 2006 and 31 December 2011 respectively.

Stock market prices and turnovers from 1 July to 31 December 2012

		High	Low	Average
Closing price 31 December 2012 (€; depositary receipts)	30.14	30.92	26.65	29.13
Average daily turnover (in depositary receipts)	112,962			
Average daily turnover (€ '000,000)	3.2			
Total turnover over the past twelve months (€ '000,000)	859.3			
Market capitalisation (€ '000,000)	1,259.2			
Total turnover as a percentage of market capitalisation	68%			

Source: NYSE Euronext, Global Property Research

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

ISIN – Code:	NL 0000288876
Stock market prices are followed by:	
Bloomberg:	ECMPA NA
Datastream:	307406 or H:SIPF
Reuters:	SIPFc.AS

Other information continued

Review report

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

Introduction

We have reviewed the accompanying interim consolidated financial statements of Eurocommercial Properties N.V., Amsterdam, which comprises the consolidated balance sheet as at 31 December 2012, the consolidated profit and loss account, the consolidated cash flow statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the notes for the period of six months ended at 31 December 2012. We have not performed a review of the figures for the second quarter (the period 1 October 2012 up to and including 31 December 2012). The Board of Management of the Company is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union and the Act on Financial Supervision. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements as at 31 December 2012 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 2013
Ernst & Young Accountants LLP

J.C.J. Preijde

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