Eurocommercial Properties

Eurocommercial Properties N.V.
Herengracht 469, 1017 BS Amsterdam
P.O. Box 15542, 1001 NA Amsterdam
Tel: 31 (0) 20 530 60 30
Fax: 31 (0) 20 530 60 40

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Eurocommercial Properties N.V.

Half year results 2003/2004

Eurocommercial Properties N.V. (the Company) announced its December 2003 half year results today, showing net income up 11% on the previous corresponding period.

<u>Financial results</u>

Net income for the six months to 31 December 2003 was € 22.1 million compared to € 20.0 million for the same period in 2002. The net earnings per depositary receipt increased to € 0.75 compared to € 0.70 for the same period in 2002. Under current circumstances the Board expects that the annual dividend per depositary receipt for 2004 will be at least equal to the dividend for 2003.

The net asset value per depositary receipt at 31 December 2003 was € 21.82 which compares with € 21.35 at 31 December 2002. The net asset value at the full year end at 30 June 2003 was € 22.53 but this figure included the annual dividend of € 1.43 per depositary receipt. All properties will be valued at the year end, in accordance with the Company's normal procedures.

<u>Share capital</u>

The Company increased its share capital by 3.3% in November 2003 mainly by issuing bonus depositary receipts for a total amount of € 19.8 million. The 6.67% stock dividend option (1 for every 15 held) was taken up by 47% of holders of depositary receipts. Shareholders' equity at 31 December 2003 was € 660 million.

<u>Property acquisitions</u>

During the period the Company acquired properties for € 140 million and an average net yield of 7.25%.

Four hypermarkets and associated shops were purchased in Sweden; three anchored by ICA and one by Coop Forum. The cost of the centres was € 86 million, with an overall net yield of 7.5% bringing the Company's investment in Sweden to € 161 million in six centres.

In Italy the gallery of a Coop hypermarket anchored shopping centre in Bologna was purchased for € 26.8 million at a net yield of 6.35%.

The 16 screen cinema in the car park at the Company's existing shopping centre, I Gigli, near Florence was completed and acquired at a price of € 23.6 million and a net yield of 7.4%. It is operated by Pathé in partnership with an Italian group.

email: info@eurocommercialproperties.com
website: www.eurocommercialproperties.com
Commercial register: 33230134

Group offices:

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

Milan
Piazza della Repubblica 30
20124 Milano
Tel: 39 02 63 28 14 227
Fax: 39 02 29 00 00 53

Paris
10 rue du Havre
75009 Paris
Tel: 33 (0)1 48 78 06 66
Fax: 33 (0)1 48 78 79 22

Property markets
Little has changed in the last six months with strong demand for good retail investment properties and very little supply in the main western European markets.

The Italian market is seeing an increase in supply of new shopping centres, particularly in the centre and south of the country, but this is merely redressing the previous massive undersupply of modern retail space and overall shopping centre density levels remain, on average, below those in other major European countries. Investor interest has grown significantly so that if anything there is upward pressure on prices with yields hardening slightly.

Yields in Sweden are on average about 1% higher than in France or Italy which partly reflects the currency risk of the Kroner against the Euro and partly less restrictive planning policies. Current yields, nevertheless represent good value in our view given low rent levels and undemanding rent to turnover ratios.

Retail sales in the Company's centres have shown a like for like average increase of close to 2% for the year to December 2003 compared with 2002. This is hardly exciting, but unsurprisingly reflects subdued economic growth over the period.

Office leasing markets are generally weak, particularly so in The Netherlands where vacancies remain at high levels.

The warehouse sector in France and The Netherlands has seen subdued tenant demand, but investor interest remains sound for properties in better locations.

Investment strategy and outlook
The Company will continue to concentrate on the retail sector in its core markets taking opportunities to expand and improve centres where it can do so. Consideration may be given to Spain and Belgium, if suitable opportunities arise.

The recently acquired Swedish properties increase the portfolio there to six centers and offer expansion and remerchandising possibilities which should lead to good rental growth. Further acquisitions are under consideration in Sweden and it is envisaged that, over the next year or two, exposure to that country could increase towards 20%.

In France and Italy, currently representing around 40% each of the total portfolio, the Company does not rule out further investment but given its current strong position will only acquire properties that have particular strategic importance or very good value for money.

The property purchases during the last six months lead the Company to expect higher earnings in the second half of the year so that the long-term trend of earnings growth will resume after slowing slightly last year as a result of delayed acquisitions.

For additional information please contact:

Jeremy Lewis	+ 44 20 7925 7860
Evert Jan van Garderen	+ 31 20 530 6030
Peter Mills	+ 44 20 7925 7860
Tom Newton	+ 44 20 7925 7860
Tim Santini	+ 44 20 7925 7860

Website: www.eurocommercialproperties.com

FINANCIAL INFORMATION (consolidated before income appropriation)

Six months ended		31-12-03	31-12-02
Profit and Loss Account (X EUR '000)			
Property income		**43,562**	38,236
Property expenses		**(7,885)**	(5,849)
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Net property income		**35,677**	32,387
Interest income		**466**	230
Foreign currency loss		**(23)**	(1)
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Total revenue		**36,120**	32,616
Depreciation fixed assets		**(29)**	(27)
Other company expenses		**(1,923)**	(1,956)
Interest expense		**(11,364)**	(10,559)
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Total expenses		**(13,316)**	(12,542)
Net income before taxation		**22,804**	20,074
Taxation		**(686)**	(64)
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Net income after taxation (direct investment result)		**22,118**	20,010
Indirect investment result		**(408)**	(1,023)
Balance Sheet (before income appropriation) (X EUR '000)	30-06-03	**31-12-03**	31-12-02
Property investments	1,110,356	**1,272,840**	1,061,477
Cash and deposits	122,293	**23,020**	7,549
Receivables	20,914	**31,865**	19,134
Other assets	452	**485**	407
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Total assets	1,254,015	**1,328,210**	1,088,567
Creditors (current liabilities)	19,916	**22,790**	15,232
Borrowings (current liabilities)	68,368	**126,349**	17,139
Creditors (noncurrent liabilities)	6,874	**10,593**	6,437
Borrowings (noncurrent liabilities)	439,199	**436,953**	375,233
Provision for contingent tax liabilities	60,434	**71,891**	49,810
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Total liabilities	594,791	**668,576**	463,851
Shareholders' equity	659,224	**659,634**	624,716
Number of depositary receipts representing shares in issue	29,263,103	**30,231,500**	29,263,103
Per depositary receipt information * (EUR)			
Net asset value	22.53	**21.82**	21.35
Direct investment result		**0.75**	0.70
Indirect investment result		**(0.01)**	(0.04)
Stock market prices (EUR per depositary receipt)	21.55	**20.85**	20.00
Last sale on Euronext Amsterdam at the end of June 2003 and December 2003 and December 2002 respectively			
Property portfolio: sector spread (%)			
Retail	85	**87**	85
Office	11	**10**	11
Warehouse	4	**3**	4
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	100	**100**	100

* The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam (the Amsterdam Stock Exchange). 1 bearer depositary receipt represents 10 ordinary registered shares. The calculation of the direct and indirect investment results is based on the weighted average of the number of depositary receipts representing the ordinary shares in issue over the period using Netherlands GAAP. The weighted average number of depositary receipts over the period is 29,442,046. The per depositary receipt information shown above for period ended in June 2003 is the information taken from the 30 June 2003 annual report. The per depositary receipt information shown above for the first six months of the previous financial year is the information taken from the 31 December 2002 half year report. The dilutive effect of outstanding stock options is minimal, because of the limited quantity of stock involved and the exercise prices of EUR 18.00 and EUR 19.00 which are not significantly lower than the average market price for the period. Accordingly, no additional information on the diluted direct and indirect results is presented. In accordance with market practice this financial information for the first six months 2003/2004 is not audited.

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