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## PRESS RELEASE

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## **EUROCOMMERCIAL PROPERTIES N.V. FIRST QUARTER RESULTS 2006/2007**

### ***DIRECT INVESTMENT RESULT UP 10% IN CONTINUED STRONG MARKET CONDITIONS***

#### **Direct Investment Result**

The Direct Investment Result for the three month period ended 30 September 2006 rose 10% to € 15.0 million from € 13.6 million for the previous corresponding period ended 30 September 2005. The Direct Investment Result is defined as net property income less net interest expenses, currency movements and company expenses and in the view of the Board more accurately represents the underlying profitability of the Company than the IFRS "Profit after Taxation" which must include unrealised capital gains and losses. The Direct Investment Result per depositary receipt increased by 7.7% to € 0.42 from € 0.39 for the previous corresponding period.

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

Adjusted Net Asset Value rose by 1.3% to € 33.40 per depositary receipt at 30 September 2006 from € 32.98 per depositary receipt at 30 June 2006. These figures represent the underlying value of properties based on the 30 June 2006 independent valuations and 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). In accordance with the Company's accounting policy, properties were not revalued during the period. They will all be externally revalued as usual at 31 December 2006.

#### **IFRS Profit after Taxation**

The IFRS profit after taxation (Total Investment Result) for the period decreased to € 4.6 million compared with € 11.2 million for the three month period ended 30 September 2005 due to an unrealised negative fair value movement in derivatives as the interest rate yield curve flattened during the period. The IFRS profit after taxation includes contributions from unrealised increases in property values less contingent nominal capital gains taxes and also includes fair value movements in derivatives. This profit figure, as it includes unrealised "capital" movements, does not, in the view of the Board, properly represent continuing underlying earnings which are better defined by the Direct Investment Result.

#### **IFRS Net Asset Value**

This figure is net of contingent nominal capital gains taxes and the fair value of

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derivatives. The IFRS Net Asset Value at 30 September 2006 was € 29.53 per depositary receipt compared with € 29.41 at 30 June 2006. The Board regards as unrealistic the IFRS requirement to deduct the entire theoretical contingent capital gains tax (CGT) liability of € 116 million when calculating net asset value. Under current circumstances in the only two markets where CGT would be payable by ECP (Italy and Sweden), the majority of larger property transactions are made through the sale of the owning corporate entity and purchasers accept all or a major part of the potential CGT liability.

## **Shopping Centre Performance**

Sales turnover growth was strong in ECP shopping centres for the year to September 2006 compared with the same period last year, averaging 4.5% in France, 3.9% in Italy and 10.0% in Sweden. The sales performance of ECP centres for this period was, in all regions, above the national sales growth figures of 3.0% in France, 1.4% in Italy and 7.0% in Sweden.

Vacancies continue to be effectively non-existent with overall occupancy levels above 99%.

## **Property Investments**

In October the Company purchased a 2,800m<sup>2</sup> retail warehouse in France at Noyelles Godault near Lille at a price of € 5.3 million and a net yield of 6.2%.

## **Extension Programme**

Planning consent has now been obtained for the 7,500m<sup>2</sup> extension of Norrköping in Sweden and work will start in 2007 on this project, together with the 8,600m<sup>2</sup> addition to Skövde. The two projects have an expected overall cost of approximately € 55 million and are expected to achieve a net yield of 7%.

The extension works in Italy at Carosello and Centro Leonardo are progressing according to schedule.

## **Market Commentary**

The increase in prices for shopping centres and other major investment properties in western Europe continued unabated during the first quarter 2006/2007 notwithstanding already strong performance over the past year. Net yields are beginning to fall below 5%, even for smaller centres in provincial locations.

In France, shopping centre rents will rise by 7% from January 2007, compared to an increase of just 0.7% in January 2006, as a result of the increase in the local construction price index. It is expected that this will have a direct impact on capital values. ECP's French shopping centre rents currently account for € 30 million or 28% of overall rental income.

The Swedish retail market is also performing extremely well, reflected not only in declining yields and higher property values but also potentially in increased rents as major new retailers such as Mediamarkt enter the market.



## **Annual General Meeting Resolutions Adopted**

All proposed resolutions were adopted at the Annual General Meeting of Shareholders held on 7 November 2006, including the proposed dividend of € 1.60 per depositary receipt in cash or in stock at a ratio of one new depositary receipt for every 25 existing depositary receipts. Mr A.E. Teeuw was elected as Supervisory Director.

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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ '000)	First quarter ended 30-09-06	First quarter ended 30-09-05*
Rental income	26,610	24,552
Service charges income	3,098	2,503
Service charges expenses	(3,565)	(3,189)
Property expenses	(3,007)	(3,140)
	-----	-----
Net property income	23,136	20,726
Investment revaluation	322	(313)
Interest income	174	149
Interest expenses	(6,676)	(5,795)
Foreign currency translation result	0	175
Fair value movement derivative financial instruments	(11,677)	598
	-----	-----
Net financing cost	(18,179)	(4,873)
Company expenses	(1,650)	(1,643)
Investment expenses	(41)	(9)
	-----	-----
Profit before taxation	3,588	13,888
Corporate income tax	0	0
Deferred tax	993	(2,677)
	-----	-----
<b>Profit after taxation</b>	<b>4,581</b>	<b>11,211</b>
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<b>Per depositary receipt (€)**</b>		
Profit after taxation	0.13	0.33
Diluted profit after taxation	0.13	0.32

\* the comparative figures have been adjusted to reflect the accounting policies adopted to prepare the 2005/2006 annual financial statements .

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



## CONSOLIDATED DIRECT, INDIRECT AND TOTAL INVESTMENT RESULTS

(€ '000)	First quarter ended 30-09-06	First quarter ended 30-09-05*
Rental income	26,610	24,552
Service charges income	3,098	2,503
Service charges expenses	(3,565)	(3,189)
Property expenses	(3,007)	(3,140)
	-----	-----
Net property income	23,136	20,726
Interest income	174	149
Interest expenses	(6,676)	(5,795)
Foreign currency translation result	0	175
	-----	-----
Net financing expenses	(6,502)	(5,471)
Company expenses	(1,650)	(1,643)
	-----	-----
Direct investment result before taxation	14,984	13,612
Corporate income tax	0	0
	-----	-----
<b>DIRECT INVESTMENT RESULT</b>	<b>14,984</b>	<b>13,612</b>
Investment revaluation	322	(313)
Fair value movement derivative financial instruments	(11,677)	598
Investment expenses	(41)	(9)
	-----	-----
Indirect investment result before taxation	(11,396)	276
Deferred tax	993	(2,677)
	-----	-----
<b>INDIRECT INVESTMENT RESULT</b>	<b>(10,403)</b>	<b>(2,401)</b>
	-----	-----
<b>TOTAL INVESTMENT RESULT</b>	<b>4,581</b>	<b>11,211</b>
<hr/>		
<b>Per depositary receipt (€)**</b>		
Direct investment result	0.42	0.39
Indirect investment result	(0.29)	(0.06)
	-----	-----
Total investment result	0.13	0.33

\* the comparative figures have been adjusted to reflect the accounting policies adopted to prepare the 2005/2006 annual financial statements .

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



## CONSOLIDATED BALANCE SHEET (before income appropriation) (€ '000)

	30-06-06	30-09-06	30-09-05*
Property investments	1,782,338	1,783,748	1,509,231
Tangible fixed assets	788	729	812
Receivables	1,767	1,703	8,384
Derivative financial instruments	4,677	1,052	0
<b>Total noncurrent assets</b>	1,789,570	1,787,232	1,518,427
Receivables	25,279	28,279	17,278
Cash and deposits	76,581	11,269	8,628
<b>Total current assets</b>	101,860	39,548	25,906
<b>Total assets</b>	1,891,430	1,826,780	1,544,333
Creditors	47,857	49,260	43,273
Borrowings	71,030	26,937	78,076
<b>Total current liabilities</b>	118,887	76,197	121,349
Creditors	31,255	31,118	34,624
Borrowings	572,507	539,827	418,273
Derivative financial instruments	13,421	21,481	51,603
Deferred tax liabilities	117,207	115,992	76,455
Provision for pensions	474	484	469
<b>Total noncurrent liabilities</b>	734,864	708,902	581,424
<b>Total liabilities</b>	853,751	785,099	702,773
<b>Net equity</b>	1,037,679	1,041,681	841,560
<b>Equity Eurocommercial Properties shareholders</b>			
Issued share capital	176,388	176,388	172,312
Share premium reserve	327,196	327,276	330,961
Other reserves	300,168	299,509	213,123
Undistributed income	233,927	238,508	125,164
	1,037,679	1,041,681	841,560
<b>Adjusted net equity</b>			
IFRS net equity per balance sheet	1,037,679	1,041,681	841,560
Deferred tax liabilities	117,207	115,992	76,455
Derivative financial instruments	8,744	20,429	51,603
<b>Adjusted net equity</b>	1,163,630	1,178,102	969,618
Number of depositary receipts representing shares in issue	35,277,619	35,277,619	34,462,476
Net asset value – € per depositary receipt	29.41	29.53	24.42
Adjusted net asset value - € per depositary receipt	32.98	33.40	28.14
Stock market prices - € per depositary receipt	29.96	37.25	31.50

\* the comparative figures have been adjusted to reflect the accounting policies adopted to prepare the 2005/2006 annual financial statements .



## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The movements in shareholders' equity in the first quarter ended 30 September 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 for the period				4,581	4,581
Stock options granted		80			80
Foreign currency translation differences			(659)		(659)
	-----	-----	-----	-----	-----
30/09/06	176,388	327,276	299,509	238,508	1,041,681
	=====	=====	=====	=====	=====

The movements in shareholders' equity in the previous first quarter ended 30 September 2005 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
Profit for the period				11,211	11,211
Stock options granted		82			82
Foreign currency translation differences			2,123		2,123
	-----	-----	-----	-----	-----
30/09/05	172,312	330,961	213,123	125,164	841,560
	=====	=====	=====	=====	=====



# Eurocommercial Properties

CONSOLIDATED CASH FLOW STATEMENT (€ '000)	First quarter ended 30-09-06	First quarter ended 30-09-05*
<b>Cash flow from operating activities</b>		
Profit after taxation	4,581	11,211
<u>Adjustments:</u>		
Movement stock options	80	82
Derivative financial instruments	11,677	(598)
Deferred tax	(993)	2,677
Other movements	938	(1,956)
Cash flow from operations	<u>16,283</u>	<u>11,416</u>
Increase in receivables	(3,752)	(675)
Increase in creditors	6,706	9,616
Interest paid	(5,304)	(6,309)
Interest received	169	148
	<u>(2,181)</u>	<u>2,780</u>
<b>Cash flow from investment activities</b>		
Capital expenditure	(2,906)	(8,604)
Movement tangible fixed assets	(13)	47
	<u>(2,919)</u>	<u>(8,557)</u>
<b>Cash flow from finance activities</b>		
Borrowings added	20,000	0
Repayment of borrowings	(96,552)	(70,534)
Increase in noncurrent creditors	1	32
	<u>(76,551)</u>	<u>(70,502)</u>
<b>Net cash flow</b>	<b>(65,368)</b>	<b>(64,863)</b>
Currency differences on cash and deposits	56	480
Decrease in cash and deposits	(65,312)	(64,383)
Cash and deposits at beginning of period	<u>76,581</u>	<u>73,011</u>
Cash and deposits at end of period	<u>11,269</u>	<u>8,628</u>
	<b>30-09-06</b>	<b>30-09-05</b>
<b><u>Property information: sector spread (%)</u></b>		
Retail	91	90
Office	7	7
Warehouse	2	3
<b><u>Property information: country spread (%)</u></b>		
France	35	35
Italy	41	42
Sweden	18	16
The Netherlands	6	7
<b><u>Net property income by sector (€ '000)</u></b>		
Retail	20,223	17,998
Office	2,069	1,972
Warehouse	844	756
	<u>23,136</u>	<u>20,726</u>
<b><u>Net property income by country (€ '000)</u></b>		
France	8,373	7,621
Italy	8,560	8,309
Sweden	4,421	3,100
The Netherlands	1,782	1,696
	<u>23,136</u>	<u>20,726</u>

\* the comparative figures have been adjusted to reflect the accounting policies adopted to prepare the 2005/2006 annual financial statements .