



## PRESS RELEASE

**Date: 28 June 2007**

**Release: After close of Euronext Amsterdam and Euronext Paris**

### **EUROCOMMERCIAL PROPERTIES EXPANDS IN SWEDEN AND FRANCE**

Eurocommercial Properties N.V. (ECP) today announces the acquisition of two retail properties in Sweden and one in France for a total cost of €151 million.

#### **Sweden**

The larger of the two Swedish properties marks ECP's first investment in Göteborg (Gothenburg), the second largest city in Sweden, with a population in the greater city area of 890,000.

The property, named "421", is a newly developed major retail centre with a floor area of 33,048m<sup>2</sup> located in the Högsbo-Sisjö area, which has become the most important decentralised retail location in southern Göteborg. The primary catchment of the centre has a population of 105,000 inhabitants. The broader catchment, which includes central and southern Göteborg suburbs together with the municipality of Mölndal, totals 485,000 people.

The property is anchored by ICA, the leading Swedish hypermarket group, who have a store of 11,700m<sup>2</sup> and Media Markt (5,750m<sup>2</sup>), the largest electrical retailer in Europe who have recently entered the Swedish market. The other tenants are all major chains and include H&M, KappAhl, Skopunkten, Lindex, Dressman, Cubus, Intersport, Bolagret, Hemtex and Barnens Hus.

The price of "421" was SEK 811 million (€ 88 million) showing a net initial yield of approximately 5%. Average rent levels in the centre are around SEK 1,300/m<sup>2</sup> from which good growth can be expected over the coming years.

ECP has also signed an agreement to buy a retail park of 15,000m<sup>2</sup> adjoining one of its existing properties in a major Swedish provincial city. The agreed price is SEK 175 million (€ 19 million), representing an initial net yield of 5.75%. Further information on the acquisition will be announced following completion.

These two acquisitions bring ECP's assets in Sweden to € 481 million, or 23% of the total portfolio. This will rise by a further € 60 million when the extensions of Norrköping and Skövde are completed next year.

#### **France**

In France ECP has acquired a site in western Paris, with the benefit of all necessary planning consents, upon which is being erected a substantial retail park which is 100% pre-let to a range of first class retail groups. The property will have a lettable area of 20,000m<sup>2</sup> and is expected to be completed in December this year.

ECP will pay for the building in stages as the work proceeds under the "vefa" (vente en l'état de futur d'achèvement) system and the total price will be € 44 million giving a net yield of 5.4%. Rents on the retail units average € 120/m<sup>2</sup>, an extremely competitive level in the Paris region. Further information on the transaction will be provided on completion.

#### **London**

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

#### **Milano**

Via del Vecchio Politecnico 3  
20121 Milano  
Tel: +39 02 760 759 1  
Fax: +39 02 760 161 80

#### **Paris**

107 rue Saint Lazare  
75009 Paris  
Tel: +33 (0)1 48 78 06 66  
Fax: +33 (0)1 48 78 79 22

#### **Stockholm**

Norrländsgatan 22, 2 tr  
111 43 Stockholm  
Tel: +46 (0)8 678 53 60  
Fax: +46 (0)8 678 53 70



ECP will, on completion of this property, have € 727 million invested in France or 34% of the entire portfolio. The balance, as already noted, being 23% in Sweden, together with 38% in Italy and 5% in the Netherlands. Retail properties represent over 92% of the portfolio.

Commenting on the acquisitions, ECP's Chief Executive Jeremy Lewis said, "Property markets are at an extremely interesting point in the cycle. On the one hand interest rates have risen significantly so that net property yields make it difficult to show an immediate margin over funding costs, but on the other hand institutional demand for high quality long-term investment property is as strong as ever, keeping prices high.

"The improving economic climate in western Europe and its upward pressure on inflation – part of the reason for higher interest rates – can also of course be the justification for an expectation of higher retail spending and thus rents in the better shopping centres in France, Italy and Sweden.

"Our response to this conundrum is to purchase properties in markets where we have the expertise and experience to make accurate judgements on rental growth so that investments add to earnings either immediately or within a very short period. The three property acquisitions noted in this release show an overall initial net yield of 5.2%, comfortably above ECP's funding costs. The Company is also increasingly focussing on extensions to its existing centres where net yields can be 7% or more.

"On the debt side of ECP's balance sheet 85% of loans are hedged for an average term of almost 9 years with an overall average interest rate of 4.5%. Total debt is at a low level, representing only approximately 35% of property values.

"The good economic conditions in the countries in which ECP operates means that sales turnover growth in the Company's centres remains robust, with year-on-year increases in May of 3.8% in France, 3.8% in Italy and 8.6% in Sweden. It is also thought that relatively low levels of household debt in these countries should ensure that retail spending will not be affected adversely as interest rates rise with increased economic activity. Rents in ECP's properties are indexed to inflation and leases provide for a share of sales turnover above the indexed base so that the Company expects rental income to continue to show consistent sustainable growth."

ECP will publish its full year results on Friday, 31 August.

For additional information please contact:

Jeremy Lewis	Chief Executive	+44 20 7925 7860
Evert Jan van Garderen	Finance Director	+31 20 530 6030
Peter Mills	Director	+44 20 7925 7860
Tom Newton	Director	+44 20 7925 7860
Tim Santini	Director	+44 20 7925 7860
Kate Spiro	Director Investor Relations	+44 20 7925 7860

#### Eurocommercial Properties N.V.

Eurocommercial Properties N.V. (ECP) is a Euronext-quoted property investment company and one of Europe's major shopping centre specialists. Founded in 1991, ECP operates 30 retail properties in France, Italy, and Sweden with a total value of over €2.1 billion. The Company has considerable experience in all three markets with strong local management teams.

Further information can be found at [www.eurocommercialproperties.com](http://www.eurocommercialproperties.com).