Eurocommercial Properties N.V.

European shopping centres

Half Year Report 31 December 2008

Press Release

Published 6 February 2009 before opening of
NYSE Euronext Amsterdam and NYSE Euronext Paris

Conference Call

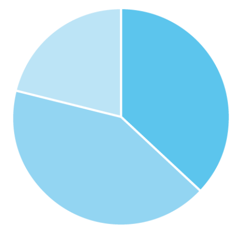
6 February 2009 at 2:00 PM (UK) / 3:00 PM (CET)
See page 23 for details

Eurocommercial Properties was listed on the Amsterdam Stock Exchange (NYSE Euronext) in 1991. Since then it has built up a focused portfolio of shopping centres, prime city shops and retail parks in France, Northern Italy and Sweden.

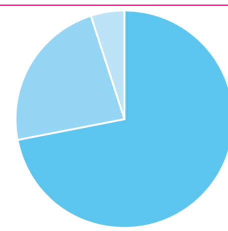
Focused retail portfolio

Location*	
France (€824m)	37%
Italy (€916m)	42%
Sweden (€469m)	21%

* after the sale of Kingsfordweg 1



Retail type	
Suburban centres	72%
City centre galleries & shops	23%
Retail parks	5%



Strong balance sheet*

Property assets	€2.2bn
Borrowings	€900m
Loan to property value	40%
Average loan term (committed)	9 years

* allows for post balance sheet date sale of Kingsfordweg 1

Sustainable income

Overall occupancy cost ratio	7.5%
Vacancy level (% rent)	< 1.0%
Largest tenant exposure	3.6%

Contents

Cover photograph: Carosello, Milano (extension opened October 2008)

Half year results at 31 December 2008

Eurocommercial Properties today announces its half year results which have benefitted from its focused retail property portfolio in France, Northern Italy and Sweden where low household debt levels have resulted in only modest reductions in spending in its centres for the year to 31 December 2008.

Net property income for the six month period rose overall by 7.3% compared to the same period in 2007 and despite property devaluations of 5.4% over the year, the loan to value ratio is only 40%. The Company has fully committed funding in place to cover all its needs with an average term of almost nine years and interest rates fixed for just under seven years at an average of 4.7%, including margins.

Direct investment result

€32.0m

+5.8%
compared with Dec 2007

The direct investment result for the six months to 31 December 2008 rose 5.8% to €32.0 million from €30.3 million for the same period in 2007. The direct investment result is defined as net property income less net interest expenses, company expenses and corporate income taxes and in the view of the Board more accurately represents the underlying profitability of the Company than the IFRS “profit after tax” which must include unrealised capital gains and losses.

Net property income

€56.4m

+7.3%
compared with Dec 2007

Property income for the six months to 31 December 2008 after deducting net service charges and direct and indirect property expenses (branch overheads) was €56.4 million compared with €52.6 million for the prior year period – an increase of 7.3%.

Property valuations (in local currencies)

€2.3bn

-5.4%
compared with Dec 2007

-4.4%
compared with June 2008

All Company properties were independently revalued at 31 December 2008 resulting in a like for like decrease in value of 5.4% compared with December 2007 and 4.4% compared with June 2008. For property valuations in Euros see note 8 of the financial statements.

Adjusted net asset value

€34.94

-12.0%
compared with Dec 2007

-8.2%
compared with June 2008

Adjusted net asset value declined by 12% to €34.94 per depositary receipt at 31 December 2008 from €39.70 at 31 December 2007. The figure decreased by 8.2% from €38.08 per depositary receipt at 30 June 2008, having deducted the dividend paid from the figure before income appropriation of €39.83 per depositary receipt. These figures represent the underlying value of properties at 31 December 2008 and do not take into account the fair value of financial derivatives (interest rate swaps) or contingent capital gains tax liabilities if all properties were to be sold simultaneously.

The decline in adjusted NAV is primarily due to the decrease in value of the Company’s properties during the period, but also because of the weakening of the Swedish krona, notwithstanding the currency hedge provided by kronor debt. The net currency effect was € 30.6 million (see page 13).

The IFRS net asset value, which includes the reduction in fair value of financial derivatives (interest rate swaps) of €80 million and contingent capital gains tax liabilities if all properties were to be sold simultaneously, at 31 December 2008 was €30.48 per depositary receipt compared with €35.89 at 31 December 2007 and €36.41 at 30 June 2008.

Rental growth

The like for like (same floor area) rents of Eurocommercial's retail properties increased by 5.1% at 31 December 2008 compared with 31 December 2007. The rent figures compare tenancy schedules at the relevant dates and include indexation and turnover rents.

	Like for like rental growth year to 31/12/08
France	4.6%
Italy	4.8%
Sweden	6.7%
Overall	5.1%

Rent indexation for 2009 will be 3.85% in France (based on the new ILC system), 2.0% in Italy and 4.0% in Sweden. Indexation for 2009 is lower in France and Italy than it was in 2008 but higher in Sweden.

Retail sales turnover growth

Sales turnover*† in Eurocommercial's centres was down modestly at 2.1% overall for the year to 31 December 2008 compared with the year to 31 December 2007. Smaller shops outperformed larger ones however with a positive result for the year, as indicated in the table below.

Turnover slowed in December as customers delayed purchases until the January sales. This was particularly the case in France and Italy where price discounting is not generally permitted outside of the authorised sales period commencing in early January.

		Gallery sales turnover increase year to 31/12/08*
Overall	shops under 300m²	+0.6%
	shops over 300m²	-3.4%
	combined	-2.1%
France	shops under 300m²	+0.1%
	shops over 300m²	-5.0%
	combined	-3.1%
Italy†	shops under 300m²	+1.1%
	shops over 300m²	-2.2%
	combined	-1.2%
Sweden†	shops under 300m²	-0.7%
	shops over 300m²	-2.6%
	combined	- 2.1%

* Excludes hypermarkets

† Excludes Carosello, Milano and Elins Esplanad, Skövde (comparable 24 month data not available due to the extensions and refurbishments)

Occupancy cost ratios

Overall, Eurocommercial's occupancy cost ratio (rent plus marketing contributions, service charges and property taxes as a proportion of turnover including VAT) averages a low 7.5%, ranging from 4% for shops in centres in provincial Sweden to 14% for boutiques in central Paris.

Today, with increasingly difficult economic conditions, a reasonable occupancy cost ratio makes it more likely that a retailer will be able to trade profitably, despite difficult conditions.

	Gallery total occupancy costs to retail sales at 31/12/08*
France	7.2%
Italy	7.9%
Sweden	7.1%
Overall	7.5%

* Excludes hypermarkets

Vacancies, arrears and bad debts

Vacancies for the total Eurocommercial portfolio remain at under 1% of rent and rental arrears of more than 90 days for the six months to December 2008 continue to be under 0.5%. Early indications for the first quarter of 2009 show no significant deterioration. Bad debts in the current financial period remain unchanged from the previous corresponding financial period.

	At 31/12/07*	At 31/12/08*
Vacancies	< 1.0%	< 1.0%
Rental arrears	< 0.5%	< 0.5%
Bad debts	0.2%	0.2%

* All figures are shown as a percentage of rental income

Property valuations

All of the Company's properties were independently valued as usual at 31 December 2008 in accordance with the rules set out in the RICS "Red Book", the International Valuation Standards and IAS40.

Overall, the property portfolio declined in value by 5.4% on a like for like basis compared with December 2007 and 4.4% when compared with June 2008. The decline in values for the year by country was -5.0% in France, -5.5% in Italy, and -6.2% (kronor) in Sweden. The natural currency hedge provided by kronor debt on the properties reduced the impact of the declining currency (-15%) on the Company's balance sheet.

The overall net income valuation yield applicable to the properties was 5.33% (net rent as a percentage of gross value including transaction costs). The overall net yield for the retail properties was 5.26%. The average net yield in France was 5.1%, in Italy 5.4% and in Sweden 5.3%. The yield for the Dutch office building was 7.0% and 7.6% for the remaining small Dutch warehouse. The office building has since been sold just above the December valuation figure.

	Net value 31/12/07 million	Net value 30/06/08 million	Net value 31/12/08 million	Net initial valuation yield incl. purchase costs %
France retail (€)				
Amiens Glisy, Amiens [5]	43.40	41.36	**42.05**	**5.7**
St. Doulchard, Bourges [7]	42.30	42.00	**40.60**	**5.7**
Buchelay Retail Park [8]	7.56	8.04	**7.45**	**6.3**
Centre Chasse Sud, Chasse-sur-Rhône [7]	34.60	33.50	**31.00**	**6.0**
Les Allées de Cormeilles, Cormeilles [5]	42.74	38.36	**39.04**	**5.8**
Les Trois Dauphins, Grenoble [7]	35.80	35.10	**33.70**	**6.1**
Centr'Azur, Hyères [8]	47.08	46.89	**44.35**	**5.4**
Passage du Havre, Paris [7]	279.40	276.20	**260.20**	**4.9**
Passy Plaza, Paris [7]	127.60	126.60	**122.00**	**5.3**
74 rue de Rivoli, Paris [7]	17.80	28.70	**37.10**	***1.7**
Les Portes de Taverny, Taverny [5]	49.66	49.93	**50.78**	**5.6**
Les Atlantes, Tours [8]	127.10	121.28	**115.73**	**5.3**
Italy retail (€)				
Curno, Bergamo [2]	102.12	102.79	**100.19**	**5.0**
Centro Lame, Bologna [6]	38.34	38.35	**38.94**	**5.9**
Il Castello, Ferrara [6]	94.05	94.05	**98.03**	**5.8**
I Gigli, Firenze [9]	253.33	251.17	**236.10**	**5.3**
I Gigli Extension Land, Firenze [9]	28.73	29.16	**29.64**	***-**
Centro Leonardo, Imola [3]	78.75	77.60	**73.08**	**5.5**
La Favorita, Mantova [9]	56.20	56.59	**52.80**	**5.8**
Carosello, Carugate, Milano [2]	227.69	240.77	**261.44**	**5.2**
Centroluna, Sarzana [3]	26.54	26.92	**25.87**	**5.5**
Sweden retail (SEK) **				
421, Göteborg [3]	833.98	797.60	**757.00**	**5.5**
Kronan, Karlskrona [4]	145.15	151.00	**152.00**	**5.2**
Bergvik, Karlstad [4]	533.50	510.00	**507.00**	**5.4**
Mellby Center, Laholm [4]	163.25	160.00	**158.00**	**5.4**
Burlöv Center, Malmö [3]	1,172.62	1,155.00	**1,137.00**	**5.4**
Ingelsta Shopping, Norrköping [4]	595.33	701.00	**725.00**	**5.7**
Elins Esplanad, Skövde [4]	457.65	559.00	**631.00**	**5.6**
Moraberg, Södertälje [3]	412.82	407.20	**395.00**	**5.8**
Hälla Shopping, Västerås [3]	294.25	304.20	**292.40**	**5.7**
Samarkand, Växjö [4]	368.96	383.00	**342.00**	***1.8**
The Netherlands office (€)				
Kingsfordweg 1, Amsterdam Sloterdijk [1]	87.70	87.80	**86.29**	**7.0**
The Netherlands warehouses (€)				
Standaardruiter 8, Veenendaal [1]	3.81	3.97	**3.91**	**7.6**

* Development projects
** 1 € = 10.87 SEK

Valuations by: [1] Boer Hartog Hooft, [2] CB Richard Ellis, [3] Cushman & Wakefield, [4] DTZ, [5] ICADE Expertise, [6] Jones Lang LaSalle, [7] Knight Frank, [8] Retail Consulting Group, [9] Savills

Funding

The Company has a secure funding base with committed loans in place to cover all capital requirements. If the sale is assumed of Kingsfordweg 1, the Amsterdam office building for which the balance of the sale price is to be paid by 31 March 2009 and the proceeds used to reduce short term debt, the situation at 31 December 2008 would be as follows:

Total Debt	€900 million
of which < 1 year	€35 million
of which > 1 year	€865 million
Shareholders' equity*	€1.2 billion
Debt to equity ratio*	75%
Loan to property value ratio	40%
Average loan term	9 years
Average interest period through swaps	7 years
Average loan margin	47 bps
Average overall interest rate	4.7%

* ECP's loan documents provide for a maximum debt to equity ratio of 100%. Equity is defined in all but one case as IFRS equity plus the provision for future capital gains taxes if all properties were to be sold. The shareholders' equity and debt to equity ratio figures stated above take this definition into account.

The first loan repayment of any substance (€125 million) is due in 2014. The Company has no securitised debt or bond programmes - all loans are sourced directly from banks with whom there are long-term relationships. The Company currently has undrawn facilities in place for a further €100 million.

Acquisitions and divestments

Eurocommercial has consolidated its ownership of the St. Doulchard shopping centre in Bourges by purchasing a small external unit for €1.4 million, reflecting a net yield of 6%.

At Il Castello in Ferrara, ECP bought 2,770m² of retail space for €13.1 million from the hypermarket operator, Coop, during the period leased to H&M and Co. Import, the national household retailer. Trading in both stores has been very good since opening. The units show a net yield of 5.2% but will add substantially to the attractiveness of the centre.

Contracts were exchanged on 23 December 2008 for the sale of the Amsterdam office building Kingsfordweg 1, at a price of €86.5 million. The balance of the purchase price (after the deposit of €4.3 million) is to be paid by 31 March 2009. The small retail park unit at Noyelles Godault in France was also sold during the period bringing total sales proceeds during 2008 to a total of €135 million for seven properties. All sales were made at or above current valuations reinforcing the fact that, as throughout the history of the Company, its independent valuations give reliable indications of the value of the properties.

The proceeds of the most recent sales will be used to further reduce debt in the short term and in due course to allow room for funding required for any extension or acquisition the Company may propose in the future. There are no commitments except for the completion of the ongoing extension in Norrköping and the food court in Carosello, together amounting to approximately €27 million and already fully funded.

Extensions and refurbishments

Two major extensions were completed during the period, both on time and on budget. The largest project was at Carosello in Milano where 12,000m² was added to the centre, including a new Saturn (MediaMarkt) store of 3,900m² together with a range of major fashion retailers including Zara, Oviesse and H&M. All stores were let at the opening on 30 October 2008.

Work has now commenced on the new Carosello food court, which is expected to open in September 2009. The total cost of the completed extension is €82 million, of which the food court will represent approximately €10 million. When all works are completed the net return on cost will be at least 7.0%.

Elins Esplanad at Skövde in Sweden was completely remodelled and extended by 10,000m^2. The extension opened fully leased on 28 November and on budget. Major new tenants include ICA Maxi, Clas Ohlson, H&M and MQ.

The extension of Norrköping in Sweden is proceeding on schedule and is expected to open fully leased in May 2009. Two retailers – Stadium and MQ – opened their new stores in early October and have been trading well since.

The total budget for the two Swedish projects is approximately €63 million which is expected to yield a combined net return on cost of at least 7.0%. Approximately €17 million still remains to be spent.

Eurocommercial is not committed to any further extensions or acquisitions but expects to decide in the next few months whether to proceed with the creation of a new shopping centre within the space now vacated by Coop at its existing centre at Växjö, Sweden.

Market commentary

The economies of France, Italy and Sweden are, of course, being affected by the worldwide recession but largely as a result of reduced demand for their exports and the consequent effect on industrial production and employment.

House prices in these countries have risen over the last 10 years but much less so than in the UK, and housing and other debt is significantly less than in either the UK or the Netherlands. In Sweden mortgage debt as a percentage of disposable income is less than two thirds of UK levels, in France it is less than 40% and in Italy it is less than a quarter. There has also been very little, if any, “sub prime” lending on the US model.

The consequence of these lower household debt levels and limited concerns over possible negative equity is that retail sales have not collapsed in France, Italy and Sweden. Indeed, as we have seen, sales turnover in our centres for the year 2008 was only down 2% on average overall compared with 2007 on a like for like same floor area basis.

Eurocommercial rents are consequently not under significant downward pressure and vacancy levels have barely changed, both of which can be attributed to the fact that occupancy cost ratios are around half UK and US levels. Rental arrears and bad debts have also remained at low levels, unchanged since 2007.

Clearly shopping centre performance in our countries over the next few years will depend, above all, on unemployment levels, which are currently 8% in France, 6% in Sweden and 4% in Northern Italy. We think it is conceivable that, over two or three years, unemployment could reach 10% in France, 9% in Sweden and 5.5% in Northern Italy.

If these much higher levels are reached, national retail sales will decline, which would lead to lower sales turnover in shopping centres and Eurocommercial’s occupancy cost ratios would increase, assuming constant rent levels, to an overall average of around 9.5% compared with 7.5% today, according to research we have conducted together with Experian, a leading economic consultant. These reductions in turnover would be unpleasant but not catastrophic as the occupancy cost ratio is still, for example, well below pre-recession levels in the UK, Australia and Spain. Obviously some sectors will be affected more than others with food suffering least and big ticket electrical and furniture items suffering the most.

Institutional property investment markets have, unsurprisingly, been extremely quiet, with very few transactions of any size. Only one first class regional shopping centre in Western Europe, La Maquinista in Barcelona, was sold in July at a net yield of 5.4%. A preliminary agreement has been signed for the sale of a medium sized Italian shopping centre in the Lombardy region at a net yield of approximately 5.75%. A number of Tesco Superstores in the UK were sold late last year with leasebacks at net yields of 5.25%, which is encouraging if not directly relevant to Western European markets.

The difficulty faced by Governments and Central Banks is that as they push down short-term interest rates to encourage consumer confidence on the one hand, on the other they may force longer term interest rates upwards because of massive bond issuances to cover the costs of their various rescue programmes. The effect on bond yields should be mitigated by investor preferences for safe government securities but on balance we see bond yields rising moderately within two years. Whether this will directly affect prime shopping centre yields and, if so, by how much, is far from clear.

Outlook

We think that over the coming year overall base rental levels can at least be maintained in Eurocommercial's centres although it is inevitable that the proportion of rent attributable to turnover will decline with the recession. Turnover "top up" payments are in any case a very small part of the Company's income – we estimate around 1.2% for the 2008/2009 financial year.

We think that vacancy levels may increase, but only slightly, from the current level (< 1%) given the continued very low level of rental arrears. A lot can happen in a year though and, as we have said, a massive increase in unemployment will put pressure on all retailers to a greater or lesser extent.

Nonetheless, lower interest costs for the Company together with limited vacancies are expected to ensure that net income is at least sustained for the balance of this financial year. It is more difficult to make accurate forecasts beyond 2009 but we believe that our relatively low occupancy cost ratios and the low household debt in our markets should prevent a significant increase in vacancy levels.

The investment market is likely to remain very quiet with few prime centres being offered in Eurocommercial's countries. Low base interest rates should mean that, even with high margins, five year debt should cost well under 5% so that good retail property, if it is available, can offer a positive funding margin to creditworthy investors, thus potentially increasing demand.

We have seen an increase in yields in our valuations since December 2007 of around 55 basis points, 30 of which have been since June 2008. It is not unreasonable to expect that yields may rise further, but not significantly, by June 2009. We think that yields for good European shopping centres should settle at that point from when the most investor emphasis will be on the sustainability of income in the face of continued recession and higher unemployment.

Amsterdam, 6 February 2009

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

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 a fair review of the development and performance of the business and the position of the group, 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.

Amsterdam, 6 February 2009

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

Consolidated direct, indirect and total investment results

(€ ‘000)	Note	Six months ended 31-12-08	Six months ended 31-12-07	Second quarter ended 31-12-08	Second quarter ended 31-12-07
Rental income		66,412	62,237	33,613	31,789
Services charges income		11,171	9,049	5,090	5,350
Service charges expenses		(12,779)	(10,963)	(6,121)	(6,539)
Property expenses	4	(8,368)	(7,744)	(4,379)	(4,056)
Net property income	2	56,436	52,579	28,203	26,544
Interest income	6	318	1,161	216	648
Interest expenses	6	(20,694)	(19,463)	(10,327)	(10,060)
Net financing expenses	6	(20,376)	(18,302)	(10,111)	(9,412)
Company expenses	7	(4,043)	(4,013)	(2,177)	(2,053)
Direct investment result before taxation		32,017	30,264	15,915	15,079
Corporate income tax		0	0	0	0
Direct investment result		32,017	30,264	15,915	15,079
Disposal of investment properties		(312)	602	(203)	602
Investment revaluation	5	(105,253)	61,676	(105,948)	61,715
Fair value movement derivative financial instruments	6	(80,601)	(7,069)	(62,982)	1,688
Investment expenses		(512)	(402)	(316)	(370)
Indirect investment result before taxation		(186,678)	54,807	(169,449)	63,635
Deferred tax	12	34,825	3,157	31,659	1,768
Indirect investment result		(151,853)	57,964	(137,790)	65,403
Total investment result		(119,836)	88,228	(121,875)	80,482
Per depositary receipt (€)*					
Direct investment result		0.90	0.86	0.45	0.43
Indirect investment result		(4.24)	1.63	(3.85)	1.84
Total investment result		(3.34)	2.49	(3.40)	2.27

* The average number of depositary receipts on issue during the period was 35,754,863 (six months to 31/12/2007: 35,355,642)

Consolidated profit and loss account

(€ '000)	Note	Six months ended 31-12-08	Six months ended 31-12-07	Second quarter ended 31-12-08	Second quarter ended 31-12-07
Rental income		66,412	62,237	33,613	31,789
Service charges income		11,171	9,049	5,090	5,350
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Interest income	6	318	1,161	216	648
Interest expenses	6	(20,694)	(19,463)	(10,327)	(10,060)
Fair value movement derivative financial instruments	6	(80,601)	(7,069)	(62,982)	1,688
Net financing cost	6	(100,977)	(25,371)	(73,093)	(7,724)
Company expenses	7	(4,043)	(4,013)	(2,177)	(2,053)
Investment expenses		(512)	(402)	(316)	(370)
Result before taxation		(154,661)	85,071	(153,534)	78,714
Corporate income tax		0	0	0	0
Deferred tax	12	34,825	3,157	31,659	1,768
Result after taxation		(119,836)	88,228	(121,875)	80,482

Per depositary receipt (€)*					
Result after taxation		(3.34)	2.49	(3.40)	2.27
Diluted result after taxation		(3.27)	2.42	(3.33)	2.20

* The average number of depositary receipts on issue during the period was 35,754,863 (six months to 31/12/2007: 35,355,642).

Consolidated balance sheet

(before income appropriation) (€ '000)	Note	31-12-08	31-12-07	30-06-08
Property investments	8	2,179,312	2,355,194	2,374,896
Property investments under development		29,643	71,468	29,159
Tangible fixed assets		1,627	1,252	1,400
Receivables	9	1,567	1,555	1,749
Derivative financial instruments		437	14,108	30,138
Total non-current assets		2,212,586	2,443,577	2,437,342
Property investment held for sale		89,170	0	42,560
Receivables	9	34,737	30,083	35,238
Cash and deposits		10,075	10,422	13,796
Total current assets		133,982	40,505	91,594
Total assets		2,346,568	2,484,082	2,528,936
Corporate tax payable		0	8,097	8,248
Creditors	10	91,448	97,408	81,839
Borrowings	11	120,371	158,477	62,259
Total current liabilities		211,819	263,982	152,346
Creditors	10	16,344	15,150	15,019
Borrowings	11	865,239	774,583	907,990
Derivative financial instruments		53,871	3,619	2,284
Deferred tax liabilities	12	106,358	146,563	149,782
Provision for pensions		444	131	534
Total non-current liabilities		1,042,256	940,046	1,075,609
Total liabilities		1,254,075	1,204,028	1,227,955
Net assets		1,092,493	1,280,054	1,300,981
Equity Eurocommercial Properties shareholders	13			
Issued share capital		179,859	178,731	179,394
Share premium reserve		324,298	321,165	324,278
Other reserves		708,172	691,930	687,023
Undistributed income		(119,836)	88,228	110,286
		1,092,493	1,280,054	1,300,981
Adjusted net equity				
IFRS net equity per balance sheet		1,092,493	1,280,054	1,300,981
Deferred tax liabilities		106,358	146,563	149,782
Derivative financial instruments		53,434	(10,489)	(27,854)
Adjusted net equity		1,252,285	1,416,128	1,422,909
Number of depositary receipts representing shares in issue after deduction of depositary receipts bought back		35,840,442	35,670,294	35,727,332
Net asset value - € per depositary receipt (IFRS)		30.48	35.89	36.41
Adjusted net asset value - € per depositary receipt		34.94	39.70	39.83

Consolidated cash flow statement

For the six months ended (€ '000)	Note	31-12-08	31-12-07
Cash flow from operating activities			
Result after taxation		(119,836)	88,228
Adjustments:			
Decrease/increase in receivables	9	820	(2,877)
Increase in creditors	10	12,096	14,497
Movement stock options		493	270
Investment revaluation	5	104,912	(60,410)
Property sale result		312	(602)
Derivative financial instruments		80,601	7,069
Deferred tax	12	(34,825)	(3,157)
Other movements		(133)	(347)
		44,440	42,671
Cash flow from operations			
Capital gains tax		(8,106)	(8,031)
Derivative financial instruments		0	50
Interest paid		(19,193)	(17,583)
Interest received		318	1,161
		17,459	18,268
Cash flow from investment activities			
Property acquisitions	8	(14,960)	(98,255)
Capital expenditure	8	(43,413)	(24,260)
Property sales	8	47,739	3,200
Additions to tangible fixed assets		(426)	(414)
		(11,060)	(119,729)
Cash flow from finance activities			
Borrowings added	11	140,546	243,131
Repayment of borrowings	11	(91,865)	(103,174)
Dividends paid	13	(59,016)	(38,770)
Stock options exercised		489	7,168
Depositary receipts bought back		0	(14,042)
Increase/decrease in non-current creditors		682	(44)
		(9,164)	94,269
Net cash flow		(2,765)	(7,192)
Currency differences on cash and deposits		(956)	(430)
Decrease in cash and deposits		(3,721)	(7,622)
Cash and deposits at beginning of period		13,796	18,044
Cash and deposits at end of period		10,075	10,422

Consolidated statement of changes in shareholders' equity

The movements in shareholders' equity in the six months period ended 31 December 2008 were:

(€ '000)	Issued share capital	Share premium reserve	Other reserves	Undistributed income	Total
30/06/08	179,394	324,278	687,023	110,286	1,300,981
Result for the period				(119,836)	(119,836)
Foreign currency translation differences			(30,618)		(30,618)
Total recognised income and expense for the period	179,394	324,278	656,405	(9,550)	1,150,527
Issued shares	465	(465)			0
Profit previous financial year			51,278	(51,278)	0
Dividends paid		(8)		(59,008)	(59,016)
Stock options exercised			489		489
Stock options granted		493			493
31/12/08	179,859	324,298	708,172	(119,836)	1,092,493

The movements in shareholders' equity in the previous six months period ended 31 December 2007 were:

(€ '000)	Issued share capital	Share premium reserve	Other reserves	Undistributed income	Total
30/06/07	176,388	324,392	481,866	259,472	1,242,118
Result for the period				88,228	88,228
Foreign currency translation differences			(4,918)		(4,918)
Total recognised income and expense for the period	176,388	324,392	476,948	347,700	1,325,428
Issued shares	2,343	(2,343)			0
Profit previous financial year			220,908	(220,908)	0
Dividends paid		(206)		(38,564)	(38,770)
Depositary receipts bought back			(14,042)		(14,042)
Stock options exercised		(948)	8,116		7,168
Stock options granted		270			270
31/12/07	178,731	321,165	691,930	88,228	1,280,054

Notes to the consolidated financial statements

as at 31 December 2008

1. Principal accounting policies

The financial statements of the Company for the financial year starting 1 July 2008 and ending 30 June 2009 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 2008 have been drawn up in accordance with IAS 34 (Interim Financial Reporting). The comparative figures for the six months period in the previous year have been taken from last year's interim report for 31 December 2007. For the principal accounting policies applied in this interim financial report reference is made to the published financial statements for the financial year ended 30 June 2008.

2. Segment information

(€ '000)	France		Italy		Sweden		The Netherlands		Total	
For the six months ended 31/12	08	07	08	07	08	07	08	07	08	07
Rental income	23,209	20,606	24,840	23,062	14,855	14,639	3,508	3,930	66,412	62,237
Service charge income	3,911	3,317	2,307	1,558	4,745	3,902	208	272	11,171	9,049
Service charge expenses	(4,754)	(4,066)	(2,307)	(1,558)	(5,510)	(5,067)	(208)	(272)	(12,779)	(10,963)
Property expenses	(2,528)	(2,259)	(3,526)	(3,457)	(1,750)	(1,660)	(564)	(368)	(8,368)	(7,744)
Net property income	19,838	17,598	21,314	19,605	12,340	11,814	2,944	3,562	56,436	52,579
Disposal of investment properties	(145)	602	0	0	0	0	(167)	0	(312)	602
Investment revaluation	(35,797)	27,442	(40,049)	14,708	(26,657)	19,318	(2,750)	208	(105,253)	61,676
Segment result	(16,104)	45,642	(18,735)	34,313	(14,317)	31,132	27	3,770	(49,129)	114,857
Net financing income/costs									(100,977)	(25,371)
Company expenses									(4,043)	(4,013)
Investment expenses									(512)	(402)
Result before taxation									(154,661)	85,071
Corporate income tax									0	0
Deferred tax									34,825	3,157
Profit after taxation									(119,836)	88,228
Acquisitions, divestments and capital expenditure (including capitalised interest)	(25,335)	102,117	38,813	46,895	27,345	31,145	(10,867)	54	29,956	180,211

(€ '000)	Retail		Offices		Warehouses		Total	
For the six months ended 31 /12	08	07	08	07	08	07	08	07
Rental income	61,938	55,601	3,767	3,852	707	1,784	66,412	62,237
Service charge income	10,500	8,331	208	272	463	446	11,171	9,049
Service charge expenses	(12,105)	(10,214)	(208)	(272)	(466)	(477)	(12,779)	(10,963)
Property expenses	(7,787)	(7,318)	(550)	(272)	(31)	(154)	(8,368)	(7,744)
Net property income	52,546	47,400	3,217	3,580	673	1,599	56,436	52,579
Disposal of investment properties	53	602	0	0	(365)	0	(312)	602
Investment revaluation	(102,209)	61,026	(2,541)	221	(503)	429	(105,253)	61,676
Segment result	(49,610)	109,028	676	3,801	(195)	2,028	(49,129)	114,857
Net financing income/costs							(100,977)	(25,371)
Company expenses							(4,043)	(4,013)
Investment expenses							(512)	(402)
Profit before taxation							(154,661)	85,071
Corporate income tax							0	0
Deferred tax							34,825	3,157
Profit after taxation							(119,836)	88,228
Acquisitions, divestments and capital expenditure (including capitalised interest)	72,082	179,969	(10)	(40)	(42,116)	282	29,956	180,211

Notes to the consolidated financial statements

continued as at 31 December 2008

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 2008 SEK 10 was € 0.92000 (31 December 2007: € 1.05920) and GBP 1 was € 1.04990 (31 December 2007: € 1.36350).

4. Property expenses

Property expenses in the current financial period were:

For the six months ended (€ '000)	31-12-08	31-12-07
Direct property expenses		
Bad debts	162	149
Centre marketing expenses	705	614
Insurance premiums	328	326
Managing agent fees	684	703
Property taxes	727	698
Repair and maintenance	778	657
Shortfall service charges	198	70
	3,582	3,217
Indirect property expenses		
Accounting fees	209	188
Audit fees	76	95
Depreciation fixed assets	121	103
Dispossession indemnities	84	103
Italian local tax (IRAP)	398	452
Legal and other advisory fees	559	456
Letting fees and relocation expenses	891	1,022
Local office and accommodation expenses	456	433
Pension contributions	19	5
Salaries, wages and bonuses	1,114	932
Social security charges	450	382
Stock options granted (IFRS 2)	75	47
Travelling expenses	145	127
Other local taxes	120	104
Other expenses	69	78
	4,786	4,527
	8,368	7,744

5. Investment revaluation

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

For the six months ended (€ '000)	31-12-08	31-12-07
Revaluation of property investments	(104,912)	60,410
Elimination of capitalised letting fees	(1,782)	(84)
Movement non-current creditors	(2)	119
Other movements	1,443	1,231
	(105,253)	61,676

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

Notes to the consolidated financial statements

continued as at 31 December 2008

6. Net financing costs

Net financing cost in the current financial period comprised:

For the six months ended (€ '000)	31-12-08	31-12-07
Interest income	318	1,161
Gross interest expense	(22,931)	(20,295)
Capitalised interest	2,237	832
Unrealised fair value movement interest rate swaps	(80,601)	(7,119)
Realised fair value movement interest rate swaps	0	50
	(100,977)	(25,371)

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 (2007/2008: 4.80 per cent).

The negative unrealised fair value movement in interest rate swaps reflects the reduction in market base rates. Approximately 95% of the Company's interest payments have been fixed for an average term of almost seven years at an average rate of 4.2%, which is above current swap rates for just under seven years of around 3.4%. When ECP's very low average margins of 47 basis points are added, however, the Company's total interest cost is an extremely competitive 4.7% which, under IFRS rules, is not reflected in the balance sheet.

7. Company expenses

Company expenses in the current financial period comprise:

For the six months ended (€ '000)	31-12-08	31-12-07
Audit fees	80	91
Depreciation fixed assets	131	106
Directors' fees	545	522
Legal and other advisory fees	335	304
Marketing expenses	107	171
Office and accommodation expenses	514	418
Pension contributions	163	247
Salaries, wages, bonuses	1,219	1,158
Social security charges	156	168
Statutory costs	201	187
Stock options granted (IFRS 2)	171	142
Travelling expenses	242	312
Other expenses	179	187
	4,043	4,013

Notes to the consolidated financial statements

continued as at 31 December 2008

8. Property investments, property investments under development and property investments held for sale

Property investments

The book value of each property is its full cost of acquisition until revalued, and thereafter revaluation plus subsequent improvements. 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 with the exception of Kingsfordweg 1, Amsterdam (perpetual ground lease). All properties were revalued at 31 December 2008. 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.

Property investments under development

The book value of each property is stated at cost until construction or development is complete, at which time it is reclassified and subsequently independently valued as a property investment.

Property investments held for sale

The book value of each property is stated at its expected net sale proceeds.

The current property portfolio is:

(€ '000)	31-12-08 Book value	31-12-08 Costs to date	30-06-08 Book value	30-06-08 Costs to date
RETAIL				
France				
Amiens Glisy, Amiens*	42,050	15,936	41,360	15,938
St. Doulchard, Bourges*	40,600	46,823	42,000	45,508
Buchelay Retail Park	7,450	6,747	8,040	6,735
Centre Chasse Sud, Chasse-sur-Rhône*	31,000	33,305	33,500	33,288
Les Allées de Cormeilles, Cormeilles	39,040	44,773	38,360	44,155
Les Trois Dauphins, Grenoble*	33,700	24,033	35,100	23,910
Centr'Azur, Hyères*	44,350	17,275	46,890	16.858
Noyelles Godault Retail Park**	0	0	5,460	5,291
Les Portes de Taverny, Paris	50,780	24,163	49,930	24,091
Passage du Havre, Paris*	260,200	165,805	276,200	164,967
Passy Plaza, Paris*	122,000	72,016	126,600	71,608
74 rue de Rivoli, 1-3 rue de Renard, Paris*	37,100	18,147	28,700	10,696
Les Atlantes, Tours*	115,725	47,575	121,280	47,470
	823,995	516,598	853,420	510,515

Notes to the consolidated financial statements

continued as at 31 December 2008

8. Property investments, property investments under development and property investments held for sale (continued)

(€ '000)	31-12-08 Book value	31-12-08 Costs to date	30-06-08 Book value	30-06-08 Costs to date
RETAIL				
Italy				
Curno, Bergamo*	100,192	33,862	102,790	33,832
Centro Lame, Bologna*	38,942	29,000	38,350	28,936
Il Castello, Ferrara*	98,029	76,833	94,050	63,131
I Gigli, Firenze*	236,101	153,486	251,170	153,358
I Gigli Extension Land, Firenze***	29,643	29,643	29,159	29,159
Centro Leonardo, Imola*	73,077	63,615	77,600	63,673
La Favorita, Mantova*	52,800	33,362	56,590	33,290
Carosello, Milano*	261,442	154,188	240,770	129,853
Centroluna, Sarzana*	25,865	12,801	26,920	12,744
	916,091	586,790	917,399	547,976
Sweden				
421, Göteborg*	69,644	87,857	84,219	87,812
Kronan, Karlskrona*	13,984	14,388	15,944	14,366
Bergvik, Karlstad*	46,644	37,138	53,851	37,048
Mellby Center, Laholm*	14,536	13,226	16,894	13,071
Burlöv Center, Malmö*	104,604	74,647	121,956	74,840
Ingelsta Shopping, Norrköping*	66,700	71,231	74,019	57,774
Elins Esplanade, Skövde*	58,052	59,457	59,025	46,993
Moraberg, Södertälje*	36,340	38,026	42,996	37,948
Hälla Shopping, Västerås*	26,901	21,233	32,121	21,165
Samarkand, Växjö*	31,464	29,724	40,441	28,582
	468,869	446,927	541,466	419,599
	2,208,955	1,550,315	2,312,285	1,478,090
OFFICES				
The Netherlands				
Kingsfordweg 1, Amsterdam* ****	85,260	84,945	87,800	84,944
	85,260	84,945	87,800	84,944
WAREHOUSES				
France				
Rue des Béthunes, Saint-Ouen L'Aumone**	0	0	19,900	18,226
Parisud, Sénart**	0	0	11,800	11,779
	0	0	31,700	30,005
The Netherlands				
Horsterweg 20, Maastricht-Airport**	0	0	4,430	4,165
Galvanibaan 5, Nieuwegein**	0	0	4,220	3,318
Standaardruiter 8, Veenendaal****	3,910	2,908	3,970	2,908
Koeweistraat 10, Waardenburg**	0	0	2,210	1,678
	3,910	2,908	14,830	12,069
	3,910	2,908	46,530	42,074
	2,298,125	1,638,168	2,446,615	1,605,108

* These properties carry mortgage debt up to € 876 million at 31 December 2008 (30 June 2008: € 907 million).
** These properties have been sold; the legal transfer was also completed during this reporting period.
*** This property is recorded at cost as property investment under development.
**** These properties held for sale are recorded at expected net sale proceeds.

Notes to the consolidated financial statements

continued as at 31 December 2008

8. Property investments, property investments under development and property investments held for sale (continued)

Changes in property investments and in property investments held for sale for the financial period ended 31 December 2008 were as follows:

(€ '000)	31-12-08	31-12-07
Book value at beginning of the period	2,417,456	2,178,849
Acquisitions	14,960	82,186
Capital expenditure	58,997	45,340
Capitalised interest	1,753	1,046
Capitalised letting fees	1,782	84
Revaluation of property investments	(102,372)	60,410
Revaluation of property investments held for sale	(2,540)	0
Elimination of capitalised letting fees	(1,782)	(84)
Book value divestment property	(48,020)	(2,500)
Exchange rate movement	(71,752)	(10,137)
Book value at the end of the period	2,268,482	2,355,194

Changes in property investments under development for the financial period ended 31 December 2008 were as follows:

(€ '000)	31-12-08	31-12-07
Book value at beginning of the period	29,159	18,221
Acquisitions	0	53,076
Capitalised interest	484	171
Book value at the end of the period	29,643	71,468

9. Receivables

The two largest current receivables items are rents receivable for an amount of € 21.9 million (June 2008: € 20.7 million), VAT receivable for an amount of € 7.4 million (June 2008: € 10.4 million). The largest non-current receivables item is the trademark license for an amount of € 1.3 million (June 2008: € 1.6 million).

10. Creditors

The two largest current creditors items are rent received in advance for an amount of € 20.0 million (June 2008: € 21.9 million) and the payable on purchased property and extensions for an amount of € 47.9 million (June 2008: € 33.5 million). The largest non-current creditors item is the final instalment on the purchase of the land adjoining the shopping centre I Gigli (Italy) for an amount of € 4.8 million (June 2008: € 4.8 million).

11. Borrowings

The borrowings are all directly from major banks with average committed unexpired terms of almost nine years. The average interest rate in the current financial period was 4.7% (six months ended 31 December 2007: 4.8%). At 31 December 2008 the Company has hedged its exposure to interest rate movements on its borrowings for 94.5% (June 2008: 89.8%) at an average term of almost seven years (30 June 2008: almost seven years).

12. Deferred tax liabilities

Deferred tax liabilities decreased to € 106.4 million due to lower market values, notwithstanding lower tax book values for the property portfolio, the weaker Swedish kronor and the reduction of the corporate income tax rate in Sweden to 26.3% which came into effect from 1 January 2009.

Notes to the consolidated financial statements

continued as at 31 December 2008

13. Share capital and reserves

The number of shares on issue increased on 28 November 2008 as a result of the issue of 93,110 bonus depositary receipts under the stock dividend plan. Holders of depositary receipts representing 5.7% of the issued share capital (last year 35%) opted for the bonus depositary receipts at an issue price of € 38.50 from the Company's share premium reserve, instead of a cash dividend of € 1.75 per depositary receipt for the financial year ended 30 June 2008. Accordingly, an amount of € 3.6 million of the 2007/2008 profit was taken to the reserves.

14. Commitments not included in the balance sheet

As at 31 December 2008 bank guarantees have been issued for a total amount of € 7.4 million. Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements for a total notional amount of € 934.0 million (June 2008: € 873.6 million). As at 31 December 2008 the Group has no other formal off balance sheet commitments than the extension of Ingelsta Shopping in Norrköping for an amount of € 14 million.

Amsterdam, 6 February 2009

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 nor 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), Stichting Pensioenfonds PGGM (13.76 per cent) and the Government of Singapore (12.75 per cent). The dates of the aforesaid notifications were 18 June 2008 (Stichting Pensioenfonds PGGM) and 1 November 2006 respectively.

Stock market prices and turnovers during 1 July to 31 December 2008		High	Low	Average
Closing price 31 December 2008 (€; depositary receipts)	24.00	31.69	21.60	27.31
Average daily turnover (in depositary receipts)	135,574			
Average daily turnover (€ '000,000)	3.70			
Total turnover over the past twelve months (€ '000,000)	1,125			
Market capitalisation (€ '000,000)	860			
Total turnover divided by market capitalisation	131%			

Liquidity providers: ABN AMRO Bank, Amsterdams Effectenkantoor, Kempen & Co
Depositary receipts listed on NYSE Euronext Amsterdam are registered with Centrum voor Fondsenadministratie B.V. under code: 28887. Depositary receipts listed on NYSE Euronext Paris are registered under code: NSCFR0ECMPP3

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

Subsequent events

Since the balance sheet date 31 December 2008 no material events have taken place which the Company would be required to disclose.

Other information
continued

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

Introduction
We have reviewed the accompanying consolidated interim financial information for the six month period ended 31 December 2008 of Eurocommercial Properties N.V., Amsterdam, which comprises the consolidated direct, indirect and total investment results, the consolidated profit and loss account, the consolidated balance sheet as at 31 December 2008 and the consolidated cash flow statement and the consolidated statement of changes in shareholders' equity for the six-month period then ended and the notes to the consolidated interim financial statements. We have not performed a review of the figures for the second quarter (the period 1 October 2008 up to and including 31 December 2008). The Board of Management of the Company is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. 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 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 consolidated interim financial information as at 31 December 2008 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, 6 February 2009
for Ernst & Young Accountants LLP

M.A. van Loo

Conference call

Eurocommercial will host a conference call today, Friday 6 February 2009, at 2:00 PM (UK) / 3:00 PM (CET) for investors and analysts. To access the call, **please dial +44 (0)1452 555 566** approximately 5-10 minutes before the start of the conference and ask to be connected to the Eurocommercial Properties call using the **conference ID number of 78430553.** A replay facility will be available for one week following the call and can be accessed by dialling +44 (0)1452 550 000. 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 or +44 (0)20 7925 7860.

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