

European Convergence Property Company

European Convergence Property Co plc - Acquisition

The board of ECPC is pleased to announce the conditional acquisition of Mall Veliko Turnovo (MVT), a new shopping centre located in Veliko Turnovo, Bulgaria for a total consideration of €29 million payable in cash. Completion which is expected in August 2006, is subject to certain performance targets being met to ECPC's satisfaction. The investment is expected to generate running yields in excess of 11% on ECPC's net equity contribution over an assumed five-year holding period of the asset. It is anticipated that 60-65% of the acquisition price will be debt financed.

Following completion, MVT will open to the public on 26th August 2006.



Artist's impression of MVT upon completion in August, 2006.

MVT will enjoy a major competitive advantage as the only modern and sizeable shopping centre in Veliko Turnovo. The city is the fifth largest in Bulgaria as well as Bulgaria's previous capital city. The shopping centre's catchment area includes more than 300,000 inhabitants and it is located to the west of the city on the principle main highway linking the city to Sofia in the west and Varna in the east. The shopping centre comprises c. 33,000 sqm of gross area including c. 16,000 sqm retail floor area plus c. 1,500 sqm of office net floor area. Ninety per cent of the lettable areas are pre-let to a mixture of well known international and local retailers including Benetton, Esprit, Kenvelo, Germanos, and First Investment Bank.

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ECPC investment outlook

Further progress has been made in identifying and negotiating additional investment properties in both Bulgaria and Romania. The board believes that the time frame for full investment implementation expressed in February, when it announced ECPC's first investment, remains valid and looks forward to making further investment announcements.

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Notes to editors:

ECPC is a property company focused on investing in commercial, retail and industrial property in South-East Europe with a view to taking advantage of high yields and the potential for capital appreciation.

The principal target countries are Romania, Bulgaria and Turkey. Opportunistically, the Company may also seek special situations investments in these markets and in Central Europe, predominantly in Poland, Hungary and the Czech Republic.

In June 2005, the Company raised €62.7 million before expenses through the placing of 62.7 million new ordinary shares at a price of €1 per share.

The Company's investment manager is Charlemagne Capital (IOM) Limited which is regulated by the Isle of Man Financial Supervision Commission for investment and corporate service provider business. The Charlemagne Group specialises in managing funds in public and private equity in global emerging markets. Its private equity and property team have historically focused on Central and South-East Europe. The Charlemagne Group currently manages US\$5.8 billion.