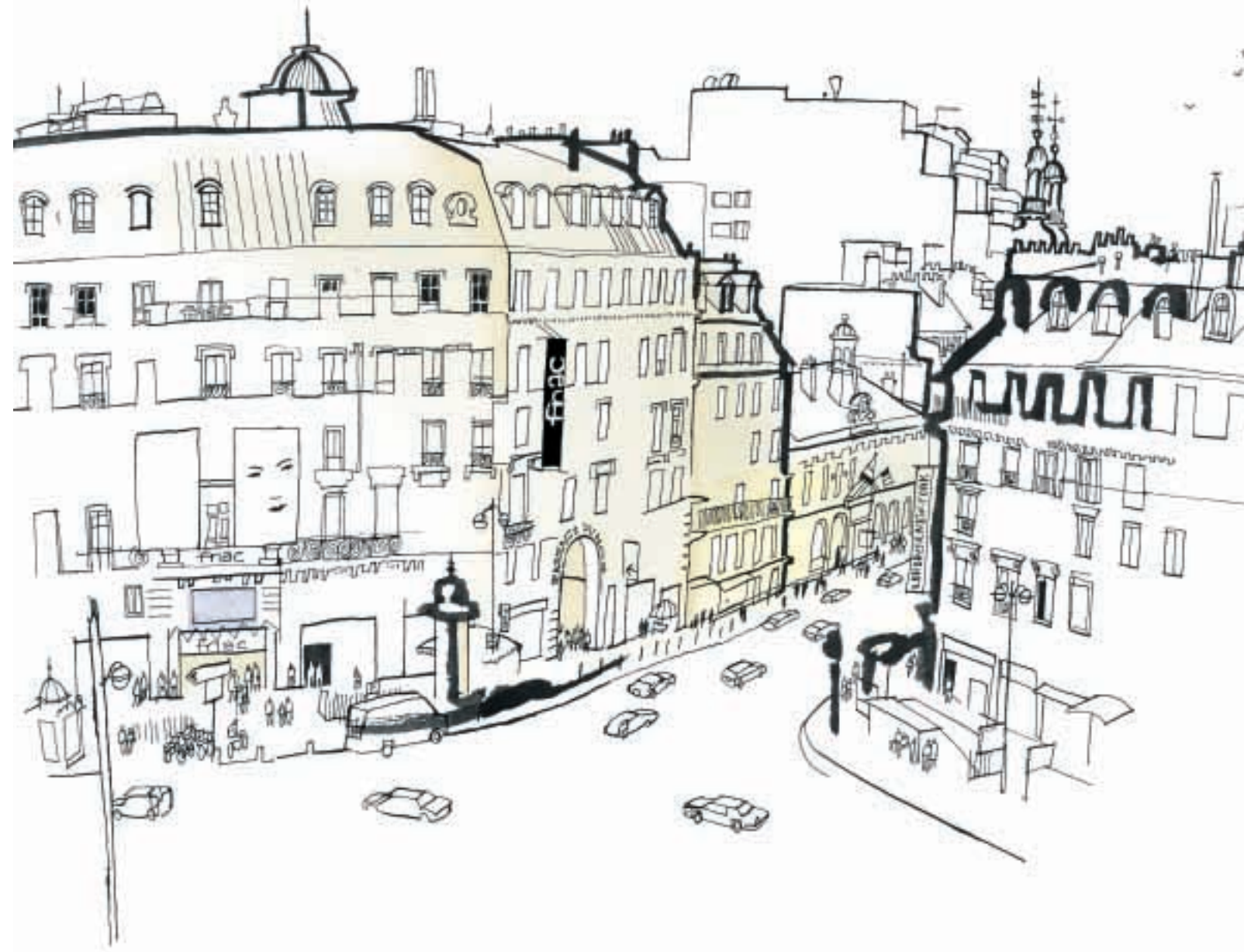




**Eurocommercial
Properties N.V.**



All illustrations by Lucinda Rogers.
Cover: view of Rue du Havre, Paris
featuring Passage du Havre left of centre.

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CORPORATE PROFILE

Eurocommercial Properties N.V. (“the Company”) is a quoted Netherlands company, founded in 1991, approved and supervised by the Netherlands Authority for the Financial Markets to act as an Investment Institution. It invests in retail, office and warehouse properties exclusively in the European Union and, as it qualifies as a fiscal investment institution (fiscale beleggingsinstelling), it is subject to a nil rate of Dutch corporate income and capital gains tax, provided it meets certain conditions.

The Company currently pays out 100% of its distributable profit which shareholders have the option of taking as a cash dividend or in the form of bonus shares from the share premium reserve. Cash dividend is subject to 25% Netherlands dividend withholding tax, which non-resident shareholders may be able to reduce under the relevant tax treaty and/or any credit against their local tax liability. The issue of the bonus shares is not subject to Netherlands dividend withholding tax.

The Company is listed on the Euronext Stock Exchange (Amsterdam, Brussels, Paris and Lisbon) and admitted to the Next 150 index and the NextPrime market segment. Its shares may be bought or sold through any stockbroker.

THE YEAR IN BRIEF

Gains consolidated in an uncertain economic climate

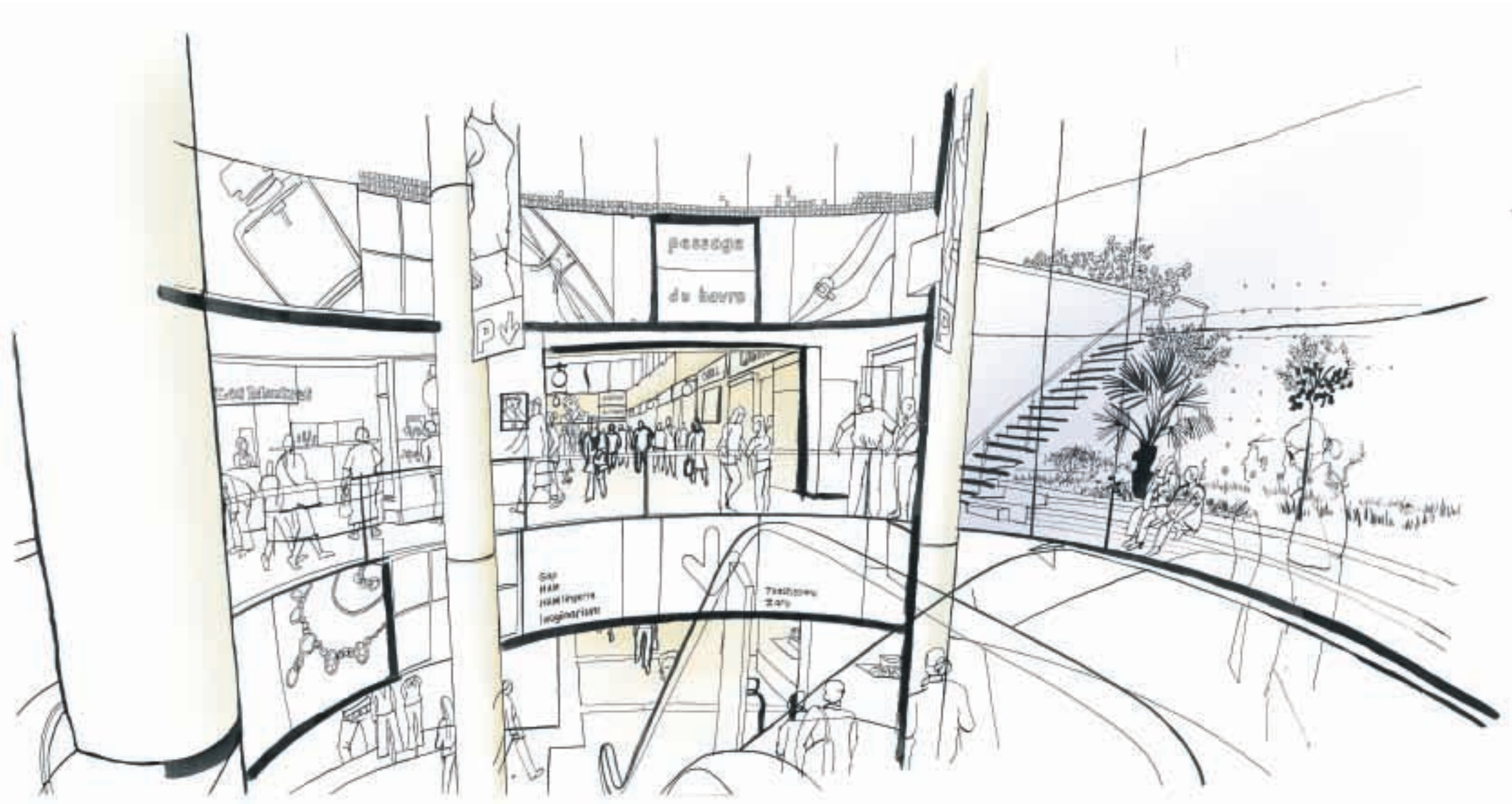
Over the year:

Net income increased by 13% to EUR 41.3 million

Dividend increased by 2% to EUR 1.43 per depositary receipt

Shareholders’ equity increased by 4% to EUR 659 million

Net asset value increased by 2% to EUR 22.53 per depositary receipt

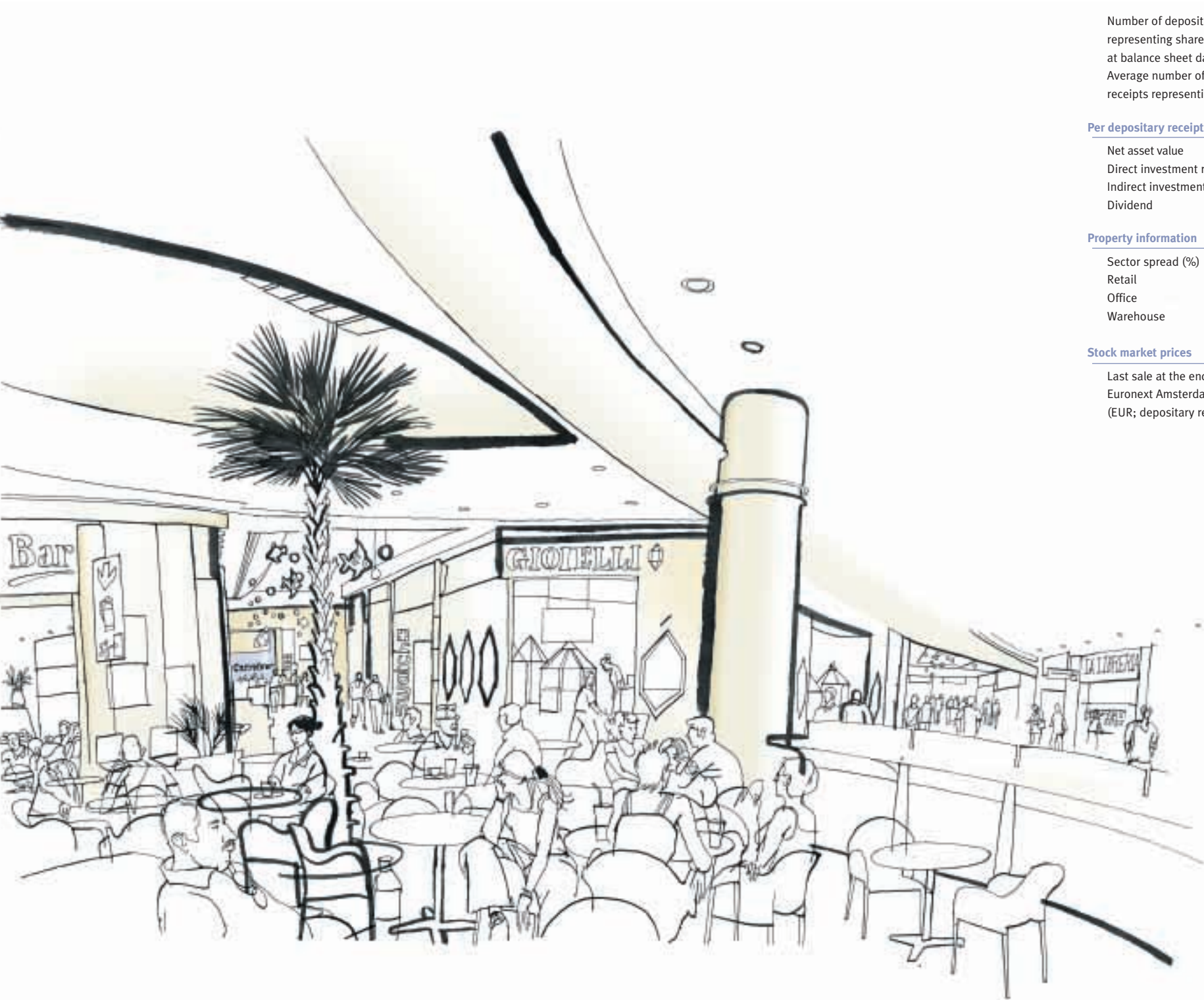


Drawing shows interior of
Passage du Havre, Paris





Drawing shows food court at Carosello, Milan



KEY FINANCIAL INFORMATION

For the financial year ended	30-06-03	30-06-02	30-06-01	30-06-00	30-06-99	30-06-98	30-06-97	30-06-96	30-06-95	30-06-94
Profit and Loss Account (X EUR '000)										
Net property income	66,341	65,882	56,775	43,062	32,541	26,394	20,619	17,785	15,189	12,161
Net interest expense	(20,501)	(23,967)	(19,227)	(9,487)	(5,549)	(4,122)	(3,540)	(5,097)	(2,722)	(263)
Company expenses	(4,158)	(4,873)	(4,257)	(5,033)	(3,686)	(3,205)	(2,656)	(2,273)	(2,357)	(2,024)
Net income after taxation (direct investment result)	41,345	36,630	33,274	28,540	23,281	19,128	14,412	10,444	10,095	9,513
Indirect investment result (X EUR '000)	11,922	38,074	24,586	44,637	35,106	34,495	8,902	39	(7,057)	4,152

Balance Sheet - before income appropriation (X EUR '000)										
Total assets	1,254,015	1,216,662	1,060,959	784,796	532,314	462,122	356,514	267,343	236,693	249,531
Property investments	1,110,356	1,041,545	1,013,753	766,677	509,552	387,235	280,066	233,742	194,036	167,188
Cash and deposits	122,293	156,628	22,016	1,949	8,802	57,336	67,068	26,832	34,469	74,654
Borrowings	507,567	512,004	463,729	269,369	131,397	121,892	129,704	107,456	87,889	98,830
Shareholders' equity	659,224	631,277	533,088	456,684	371,166	322,209	210,607	143,438	136,647	143,684

Number of depositary receipts representing shares in issue at balance sheet date	29,263,103	28,572,841	25,544,853	23,038,762	19,575,700	18,876,549	13,810,930	9,566,064	9,446,595	9,446,595
Average number of depositary receipts representing shares in issue	28,977,543	26,073,611	24,943,097	21,853,009	19,284,547	17,072,268	12,138,702	9,516,131	9,446,595	9,446,595

Per depositary receipt information* (EUR)										
Net asset value	22.53	22.09	20.87	19.82	18.96	17.07	15.25	14.99	14.47	15.21
Direct investment result	1.43	1.40	1.33	1.31	1.21	1.12	1.19	1.09	1.07	1.01
Indirect investment result	0.41	1.46	0.99	2.04	1.82	2.02	0.74	0.00	(0.75)	0.44
Dividend	1.43	1.40	1.33	1.26	1.19	1.13	1.11	1.09	1.07	1.07

Property information										
Sector spread (%)										
Retail	85	84	77	74	62	65	63	58	56	64
Office	11	12	19	23	34	30	30	36	41	34
Warehouse	4	4	4	3	4	5	7	6	3	2
	100	100	100	100	100	100	100	100	100	100

Stock market prices										
Last sale at the end of June on Euronext Amsterdam (EUR; depositary receipts)	21.55	19.10	18.85	18.40	20.40	18.38	17.88	14.38	12.80	12.84

*** Note**

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 year using Netherlands GAAP. This allows for the fact that, although payment for newly issued shares was made during the respective financial year, they ranked for dividend from the start of the respective financial year. The weighted average number of depositary receipts over the year is 28,977,543. The information shown above for the previous financial years is the information taken from the relevant annual reports taking into account a change of accounting policies.

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 close to the average market price for the period. Accordingly, no additional information on the diluted direct and indirect results is presented.

REPORT OF THE BOARD OF MANAGEMENT

FINANCIAL RESULTS

Net income increased by 13%

Overall net property income for the year rose slightly to EUR 66.3 million from EUR 65.9 million reflecting property sales in 2001/2002 and purchases during this year. The overall net income after reduced interest and other expenses was EUR 41.3 million for 2002/2003 and represents an increase of approximately 13% over EUR 36.6 million last year.

The increase in the number of shares in issue has been taken into account when calculating earnings per share of EUR 1.43 per depositary receipt (2002: EUR 1.40; an increase of 2%) to reflect the time weighting under the standard Netherlands formula for the issue of depositary receipts.

Dividend increased by 2%

The Board will recommend a dividend for the year of EUR 1.43 per depositary receipt. This represents an increase of 2% when compared with the dividend for 2002.

Depositary receipt holders will again be offered the option of taking new depositary receipts from the Company's share premium reserve, instead of a cash dividend, at a price to be announced prior to the Annual General Meeting of Shareholders. Our policy remains one of offering these depositary receipts at a price that ensures there is no dilution of the interest of the majority of shareholders who cannot use the tax advantages of these bonus depositary receipts.

Shareholders' equity increased by 4%

The Company increased its equity during the year benefiting from the upward independent revaluation of its properties at the balance date with the transfer to reserves of the net increment, after allowing for an appropriate increase in the provision for potential future capital gains taxes.

Furthermore, the issue of 690,262 bonus depositary receipts instead of a cash dividend also contributed to shareholders' funds so that net equity rose over the year by 4% to EUR 659 million before income appropriation.

Net asset value increased by 2%

Net asset value per depositary receipt before income appropriation increased by 2% to EUR 22.53 at 30 June 2003 compared with EUR 22.09 in June 2002.

The increase in net asset value results from higher appraisals for the existing property portfolio (EUR 25.4 million). Allowance has been made for an increased provision for potential future capital gains taxes (EUR 10.6 million) as a result of property revaluations.

Funding, interest rates risk and insurance

The Company has a policy of limiting total external borrowings to a maximum amount equal to net shareholders' equity and to finance its property investments long term. During the year non-current borrowings increased further reducing short-term borrowings by more than EUR 40 million. At 30 June 2003 all the Company's noncurrent borrowings of EUR 439 million, representing 87% of all debt, are derived from bank loan facilities with average committed unexpired terms of almost eleven years. Interest rates for those borrowings are fixed for an average period of five and a half years. At the balance sheet date net debt represents 77% of shareholders' equity or 40% of total assets.

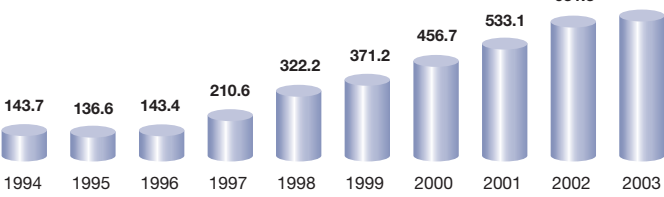
The Company is accordingly defensively financed at an average interest rate of around 5%. New property acquisitions can therefore be funded partly through debt at lower short rates that allow a positive contribution to earnings, even on net property yields of 6%.

The Company is fully insured against property damage and liability and consequent loss of income for the period during which the property is rebuilt and relet. Terrorism, flooding and earthquake cover is limited by current market conditions, but the Company believes it has achieved a reasonable balance of risk cover and premium cost. Its insurance programme has been benchmarked against its peer group.

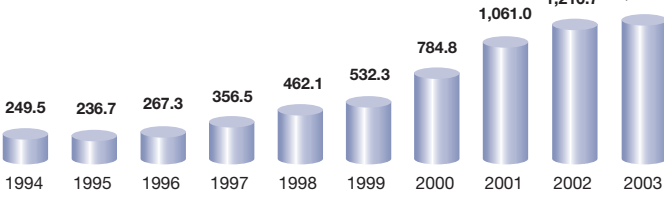


Long-term steady income and asset growth reflecting conservative investment choices within decisive strategic shifts

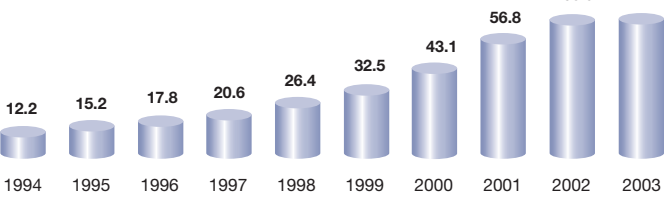
SHAREHOLDERS' EQUITY
(X EUR '000,000)



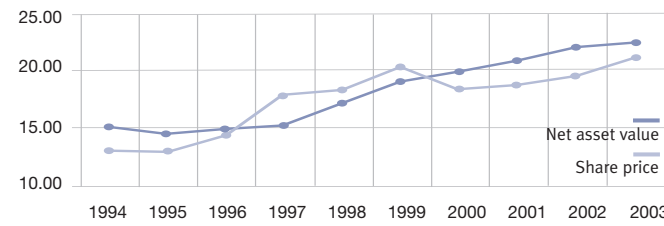
TOTAL ASSETS
(X EUR '000,000)

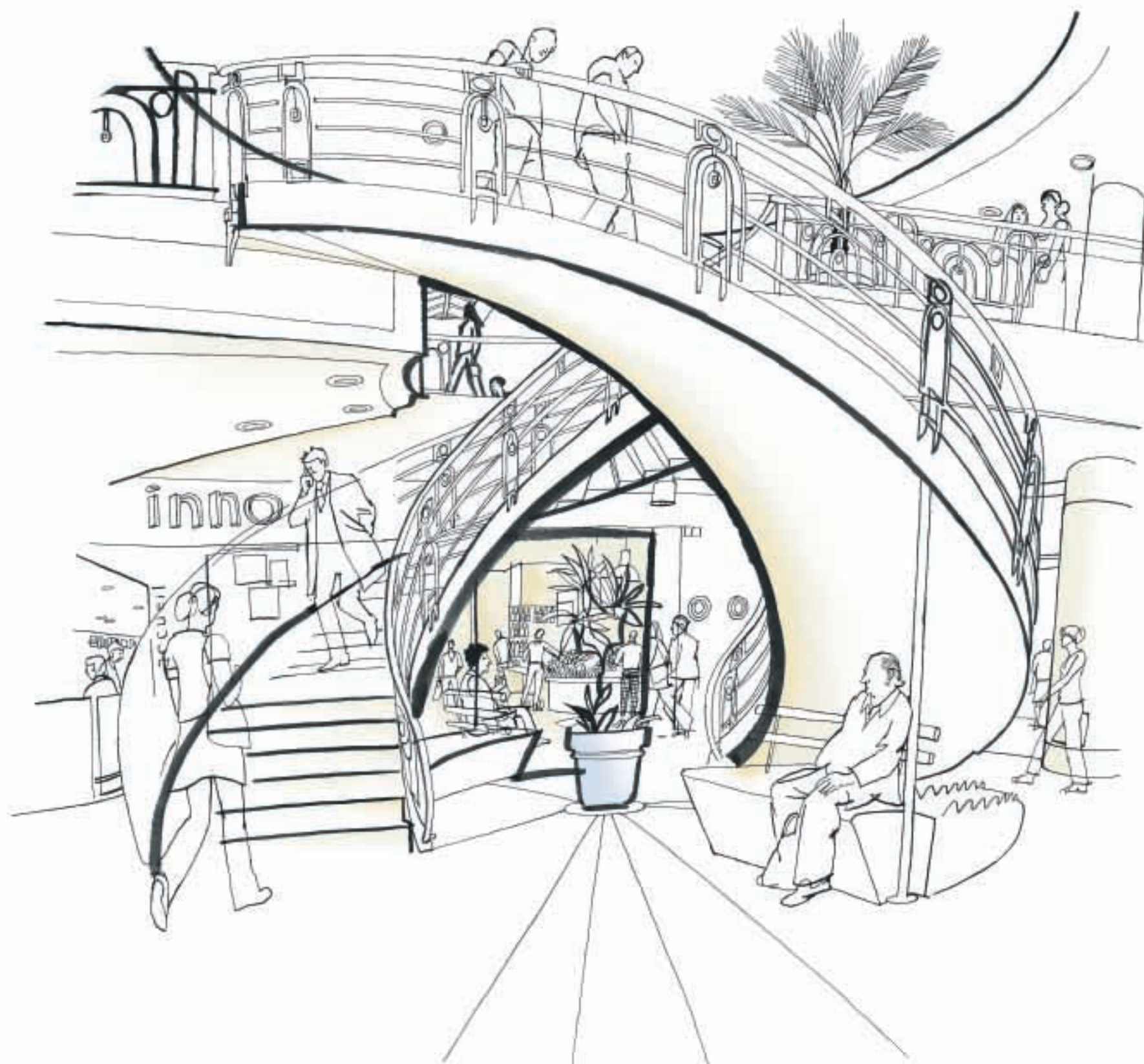


NET PROPERTY INCOME
(X EUR '000,000)



SHARE PRICE AND NET ASSET VALUE (EUR)





Drawing shows interior of Passy Plaza, Paris



Focused diversification

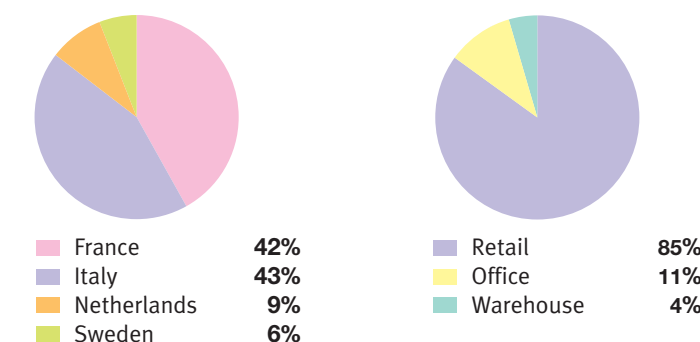
Eurocommercial Properties N.V. is a long-term investor in substantial institutional western European properties.

Today's portfolio is over 85% invested in retail properties in France, Italy and Sweden with the balance in office and warehouses in The Netherlands and France.

The Company believes that the fundamental planning constraints on the supply of out of town shopping centres in France and Italy in particular together with their diversity of tenant mix renders these investments the most appropriate in current economic circumstances.

The Company's investment balance has evolved and will continue to evolve with the aim of producing consistent returns within a strategic framework that adapts as early as possible to expected changes in market conditions whilst maintaining an acceptable level of income.

Property portfolio by country and type



The organisation and remuneration of management

Eurocommercial Properties N.V. has its head office in Amsterdam but the Company's focus on four main markets i.e. France, Italy, The Netherlands and Sweden has led to the opening of additional offices in Milan and Paris.

The three senior directors responsible for property have a regional management role as well as contributing their expertise to collective major investment decisions. Tom Newton is responsible for France, Tim Santini for Italy and Peter Mills for The Netherlands and Scandinavia.

Increasingly management and leasing of properties is being brought in house in Italy using Larry Smith personnel at significant cost savings. Certain services in France such as rent collection and accounting will also be handled directly by the Company's Paris office. The portfolio in Sweden is not yet large enough to warrant the Company establishing its own organisation in that country and external managing agents are used.

The Management Board and regional directors keep the Supervisory Board of the Company fully informed of operations through formal management reports and informal discussions as necessary.

The remuneration policy for Supervisory Directors and Managing Directors has been continued. Supervisory Directors receive a fixed fee. Managing Directors may be entitled to cash bonuses in addition to their base salaries. These bonuses like those of the senior managers are entirely and directly linked to the annual growth in the Company's net asset value and dividend per share. This growth percentage, if any, is used to calculate the variable income as a percentage of base salary. Since 2000 a stock option plan has been in place for Managing Directors and certain staff of the Company. Under this scheme options may be granted from time to time, but these can only be exercised after three years have lapsed since the date of granting.

PROPERTY INVESTMENT PERFORMANCE

Property values rose by 2.3%

Rental growth was 3.5%

Gallery retail sales increased by 3.8%



Drawing shows entrance at Les Portes de Taverny, Paris



Property revaluations

The Company's independently assessed property values increased 2.3% overall compared with 2002.

Individual country percentages were:	
France	+ 2.1%
Italy	+ 3.7%
The Netherlands	- 1.7%
Sweden	+ 1.5%

Sector percentages were:	
Retail	+ 3.1%
Offices	- 2.7%
Warehouse	+ 1.7%

Rental growth

France: The rental growth of 2.4% for the French retail portfolio has been driven primarily by indexation.

Centr'Azur and Les Portes de Taverny have seen increases of 6.1% and 4.8% respectively driven by new lettings and lease renewals. At Les Atlantes 74% of leases are due for renewal in 2004.

Italy: Rental growth of 4.6% has been driven by a combination of lease renewals and indexation. Thus total rent is up 9.2% at La Favorita, 9% at Il Castello and 5.5% at I Gigli. At Curno we are renewing 45 leases and we expect an overall rental uplift of 18% by the end of the year.

Sweden: Rental growth in Sweden has been lower this year at around 1% mainly because most of the reversions at Burlöv centre have now been secured.

Turnover growth

France: The average turnover growth in our French galleries for the year to 30 June 2003 compared to the previous year was 5.3%.

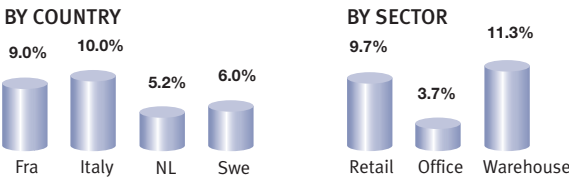
The best performing centres have been Centr'Azur with an increase of 8.1% and Passage du Havre with 7.3%.

Italy: The average turnover growth in the Italian galleries was 3.2% for the year to 30th June 2003 compared to the previous year.

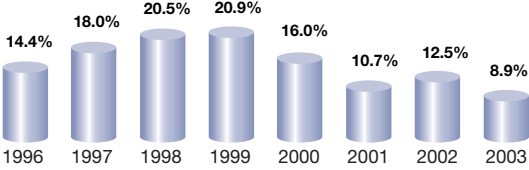
The best performing centres have been I Gigli and Centroluna with an increased turnover of 7.4% and 9.9% respectively.

Sweden: The turnover growth of Burlöv centre has been reduced to around 0.5% reflecting the increase in competition around Malmö, particularly in fashion. The Coop hypermarket continues to prosper. The indications from the first six months turnover and footfall at the recently opened and acquired Hälla Shopping centre, Västerås are most encouraging.

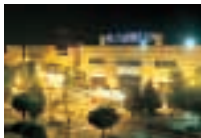
2003 PROPERTY TOTAL RETURNS*



HISTORIC PROPERTY TOTAL RETURNS*



*All figures are for the same properties over the period 1 July – 30 June and are calculated in accordance with internationally accepted IPD/ROZ methodology.



Drawing shows entrance at Il Castello, Ferrara



A diverse tenant base providing low-risk income

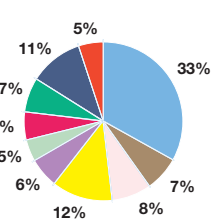
The Company’s properties are leased to about 820 separate tenants, the largest of which are:

	(X EUR '000,000)	% of total income
1. Netherlands Government	6.6	8.3%
2. Carrefour	4.3	5.3%
3. fnac	2.9	3.7%
4. Coop Forum	2.2	2.7%
5. Ipercoop	1.9	2.5%
TOP 5	17.9	22.5%

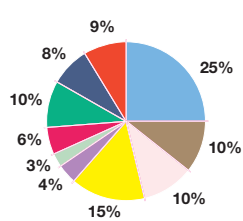
MERCHANDISING MIX

- Books/Toys
- Electrical/Telecom
- Health & Beauty
- Gifts & Jewellery
- Home Goods
- Fashion
- Shoes
- Sport
- Restaurants/Food
- Services

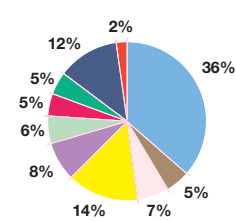
GALLERY TOTAL



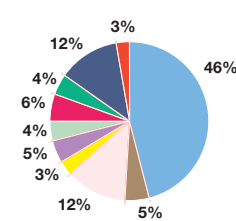
FRANCE



ITALY



SWEDEN

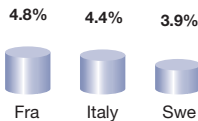


Affordable rents offer better growth prospects and lower vacancies

Average rent to turnover ratios in the Company’s retail properties are low by industry standards encouraging tenant loyalty and performance.

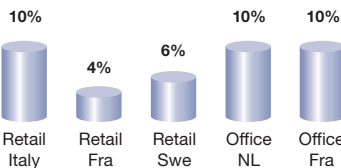
AVERAGE RENT TO TURNOVER RATIOS*

* Base rent excl. VAT
Total turnover incl. VAT

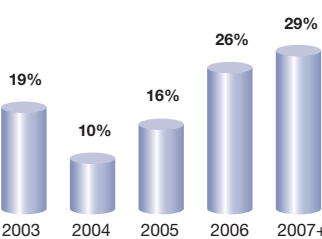


POTENTIAL RENTAL REVERSIONS

Compared to today’s open market rents reversionary potential is:



UNEXPIRED RETAIL LEASE TERMS



OVERALL PORTFOLIO VACANCY

By floor area	< 1%
By rental income	< 1%

MARKET COMMENTARY AND INVESTMENT STRATEGY

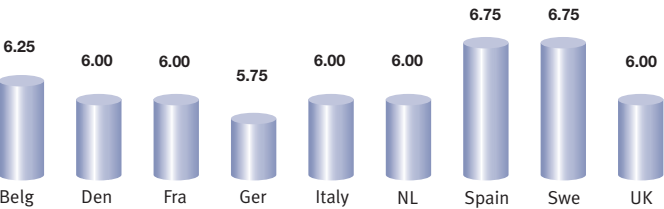
Investment demand is high and yields are low but economies stagnate



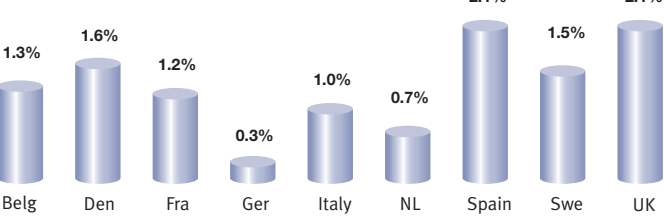
Drawing shows interior of I Gigli, Florence

European retail statistics

SHOPPING CENTRE NET YIELDS %*

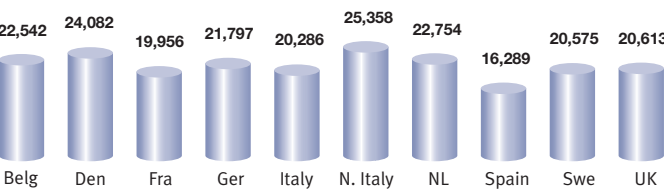


GDP GROWTH 2002/3



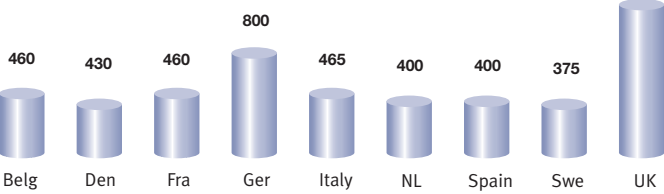
GDP PER HEAD, PPS

(Purchasing Power Standard)



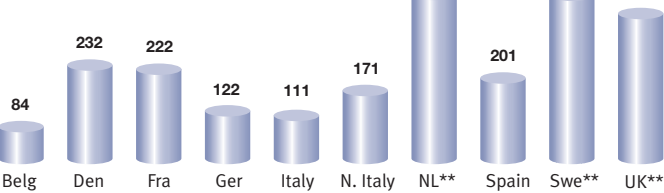
SHOPPING CENTRE RENTS*

Euro per sq.m. p.a.



SHOPPING CENTRE DENSITY

sq.m. per 1,000 inhabitants



*Medium-sized regional shopping centres

**NL include small in-town shopping centres; Sweden and UK include retail parks



Market outlook

Most large western European property markets are in equilibrium for the moment.

The weight of investment demand forcing yields down and prices up is matched by caution over future rental growth in view of the stagnation of major European economies.

The increase in available funds for property stems from disenchantment with equities and fears that bond markets have peaked. Company earnings could, however, improve over coming years with an economic turnaround but if they do, the increased tenant demand for property could be offset by renewed investor interest in equities and a rise in bond yields – which may lead to a rise in property yields.

Investment programme

The Company plans to invest at least EUR 100 million in retail property in the 2003/4 financial year in addition to the EUR 50 million committed last year in Grenoble, Mantova and Västerås. Transactions have been agreed in our core markets but at the date of this report none has reached the stage of a legally binding contract which can be announced to shareholders.

Eurocommercial Properties N.V. is focusing on those properties whose income is extremely secure because of supportable rent levels and diversity of tenancies. These will be the properties that will fare best in changing markets. Initial yields for good shopping centres in France and Italy vary between just under 6% to around 7.5% and with low inflation and modest rental growth in flat economies total returns are likely to be in the range of 8-10% per annum. These may not be exciting returns but they should be reliable and competitive with returns for bonds and equities.

Shopping centre extensions and improvements

Shopping centres by their very nature offer the chance to change their layout, retail mix and overall floor area. Indeed it is vital to continually adjust centres to meet changing trends.

The Company currently has a programme to add a total of approximately 47,000m² to its Italian centres the first 6,300m² of which will be open and rent producing from October this year. The balance is expected to be progressively completed by 2007.

The great advantage of extending centres is that initial yields are generally higher because of lower development costs resulting from infrastructure already in place.

Amsterdam, 26 August 2003
Board of Management
J.P. Lewis, Chairman
E.J. van Garderen

PROPERTY PORTFOLIO

- 15

Retail

France

Italy

Sweden
- 21

Office
- 22

Warehouse

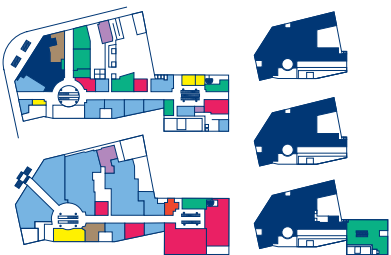
The Netherlands

France

Definitions	
Net valuation	Represents independent valuation of each property net of purchase costs.
Yield on gross value	Represents net income (see below) divided by net valuation plus purchase costs.
Current net income	Represents contractual rents less non-recoverable outgoings at 30 June.
Rent to turnover ratio	Represents base rent excluding VAT divided by turnover including VAT.
Rental growth	Represents the increase in contractual rents at 30 June over those of the previous year.
Key to colour plans	<div><div><div>Books/Toys</div><div>Electrical/Telecom</div><div>Health & Beauty</div><div>Gifts & Jewellery</div><div>Home Goods</div></div><div><div>Fashion</div><div>Shoes</div><div>Sport</div><div>Restaurants/Food</div><div>Services</div></div></div>



RETAIL
PASSAGE DU HAVRE,
PARIS, FRANCE



TOTAL LETTABLE AREA 19,284m² Retail: 13,472m² Office: 4,271m² Residential: 1,541m²
ECP OWNERSHIP 19,284m²
CAR SPACES 179
TENURE Freehold
NET VALUATION EUR 167.75 million
YIELD ON GROSS VALUE 5.9%
OCCUPANCY 100%
MAJOR TENANTS fnac, Generali, Sephora, Nature et Découverte, Zara
LEASE TERMS Retail: 9-12 year leases providing for indexation to the INSEE cost of construction index. Additional variable turnover rental is payable once a tenant's turnover reaches a given threshold. Offices: 9 year leases providing for indexation to the INSEE cost of construction index
RENEWAL PROFILE 2006: 77% leases
CURRENT NET INCOME EUR 10.05 million p.a.
RENT TO TURNOVER RATIO 3.4%
TURNOVER GROWTH 2002/2003 7.3%
RENTAL GROWTH 2002/2003 2.0%
TOTAL RETURN PER ANNUM SINCE PURCHASE IN OCTOBER 2000 8.2% (retail and office)

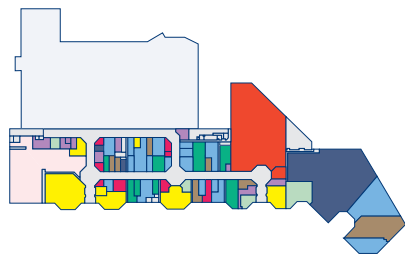


RETAIL
10 RUE DU HAVRE,
PARIS, FRANCE
(adjoins Passage du Havre)

TOTAL LETTABLE AREA 1,163m² Retail: 367m² Office/residential: 796m²
ECP OWNERSHIP 1,163m²
TENURE Freehold
NET VALUATION EUR 4.71 million
YIELD ON GROSS VALUE 5.9%
OCCUPANCY 100%
MAJOR TENANTS Eurocommercial Properties, Minelli
LEASE TERMS Retail/office: 9 years subject to 3 yearly tenant break clauses and indexation to the INSEE cost of construction index. Residential: 6 years subject to annual indexation and 3 month tenant only break clauses.
RENEWAL PROFILE 2003: 15% of leases
CURRENT NET INCOME EUR 0.294 million p.a.



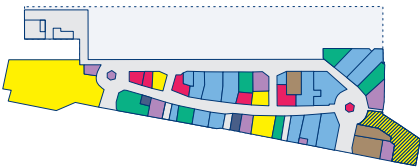
RETAIL
CENTRE LES ATLANTES,
TOURS, FRANCE



TOTAL LETTABLE AREA 33,347m² Gallery GLA: 22,747m² Carrefour- Hypermarket (Sales): 10,600m²
ECP OWNERSHIP 22,747m²
CAR SPACES 2,500
TENURE Freehold in co-propriété
NET VALUATION EUR 64.42 million
YIELD ON GROSS VALUE 6.9%
OCCUPANCY 100%
MAJOR TENANTS Go Sport, Flunch, Planète Saturn
LEASE TERMS 12 year leases providing for indexation to the INSEE cost of construction index. Additional variable turnover rental is payable once a tenant's turnover reaches a given threshold.
RENEWAL PROFILE 2004: 74% leases
CURRENT NET INCOME EUR 4.725 million p.a.
RENT TO TURNOVER RATIO 5.1%
TURNOVER GROWTH 2002/2003 1.3%
RENTAL GROWTH 2002/2003 2.9%
TOTAL RETURN PER ANNUM SINCE PURCHASE IN JUNE 1992 12.3%



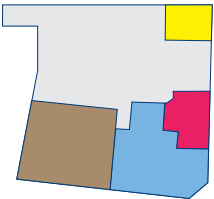
RETAIL
CENTRE COMMERCIAL
AMIENS GLISY,
AMIENS, FRANCE



TOTAL LETTABLE AREA 16,769m² Gallery GLA: 6,279m² Géant - Hypermarket (Sales): 10,000m² Other occupiers: 490m²
ECP OWNERSHIP 6,279m²
CAR SPACES 2,200
TENURE Freehold in co-propriété
NET VALUATION EUR 25.80 million
YIELD ON GROSS VALUE 7.0%
OCCUPANCY 100%
MAJOR TENANTS Flunch, Etam, Camaïeu
LEASE TERMS 12 year leases providing for indexation to the INSEE cost of construction index. Additional variable turnover rental is payable once a tenant's turnover reaches a given threshold.
RENEWAL PROFILE 2006: 73% leases
CURRENT NET INCOME EUR 1.91 million p.a.
RENT TO TURNOVER RATIO 7.1%
TURNOVER GROWTH 2002/2003 6.2%
RENTAL GROWTH 2002/2003 2.0%
TOTAL RETURN PER ANNUM SINCE PURCHASE IN JANUARY 1995 17.3%



RETAIL
74 RUE DE RIVOLI,
1-3 RUE DU RENARD,
PARIS, FRANCE



TOTAL LETTABLE AREA
2,907m²
Retail: 654m²
Office: 466m²
Residential: 1,787m²

ECP OWNERSHIP
2,907m²

TENURE
Freehold

NET VALUATION
EUR 11.36 million

YIELD ON GROSS VALUE
5.5%

OCCUPANCY
100%

MAJOR TENANTS
Natalys, Minelli

LEASE TERMS
Retail/office: 9 years subject to 3 yearly tenant break clauses and indexation to the INSEE cost of construction index.
Residential: 6 years subject to annual indexation and 3 month tenant only break clauses.

RENEWAL PROFILE
2006: 75% retail leases

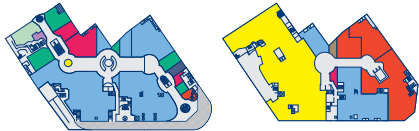
CURRENT NET INCOME
EUR 0.67 million p.a.

RENTAL GROWTH 2002/2003
3.0%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN MARCH 1998
7.3%



RETAIL
PASSY PLAZA,
PARIS, FRANCE



TOTAL LETTABLE AREA
8,077m²

ECP OWNERSHIP
8,077m²

CAR SPACES
150

TENURE
Freehold volume

NET VALUATION
EUR 83.02 million

YIELD ON GROSS VALUE
6.0%

OCCUPANCY
100%

MAJOR TENANTS
Inno, Zara, H&M

LEASE TERMS
12 year leases providing for indexation to the INSEE cost of construction index. Additional variable turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2005: 56% leases

CURRENT NET INCOME
EUR 5.3 million p.a.

RENT TO TURNOVER RATIO
8.1%

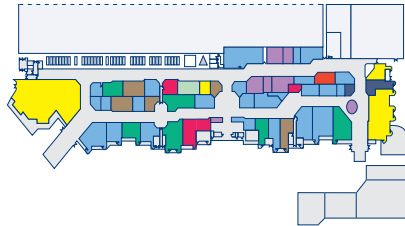
TURNOVER GROWTH 2002/2003
4.6%

RENTAL GROWTH 2002/2003
2.1%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN JULY 1999
9.9%



RETAIL
LES PORTES DE TAVERNY,
PARIS, FRANCE



TOTAL LETTABLE AREA
24,354m²
Gallery GLA: 5,482m²
Auchan- Hypermarket (Sales): 10,200m²
Other ownership: 8,672m²

ECP OWNERSHIP
5,482m²

CAR SPACES
1,500

TENURE
Freehold in co-propriété

NET VALUATION
EUR 28.96 million

YIELD ON GROSS VALUE
6.8%

OCCUPANCY
100%

MAJOR TENANTS
Paul, Histoire d'Or, Kry

LEASE TERMS
12 year leases providing for indexation to the INSEE cost of construction index. Additional variable turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2003: 4% leases

CURRENT NET INCOME
EUR 2.1 million p.a.

RENT TO TURNOVER RATIO
5.5%

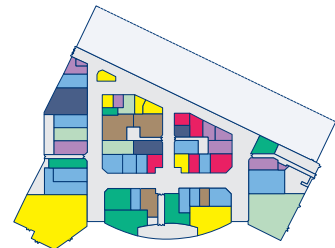
TURNOVER GROWTH 2002/2003
1.5%

RENTAL GROWTH 2002/2003
4.8%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN AUGUST 1995
15.6%



RETAIL
CENTR'AZUR,
HYÈRES, FRANCE



TOTAL LETTABLE AREA
13,043m²
Gallery GLA: 6,243m²
Géant – Hypermarket (Sales): 6,800m²

ECP OWNERSHIP
6,243m²

CAR SPACES
1,600

TENURE
Freehold in co-propriété

NET VALUATION
EUR 24.43 million

YIELD ON GROSS VALUE
6.9%

OCCUPANCY
100%

MAJOR TENANTS
Casino Cafétéria, Pier Import

LEASE TERMS
12 year leases providing for indexation to the INSEE cost of construction index. Additional variable turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2005: 62% leases

CURRENT NET INCOME
EUR 1.78 million p.a.

RENT TO TURNOVER RATIO
4.9%

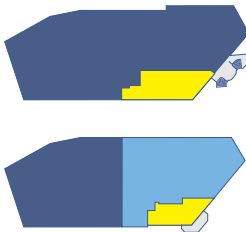
TURNOVER GROWTH 2002/2003
8.1%

RENTAL GROWTH 2002/2003
6.1%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN DECEMBER 1993
12.5%



RETAIL
LES TROIS DAUPHINS,
GRENOBLE, FRANCE



TOTAL LETTABLE AREA
16,800m²
Retail: 8,300m²
Hotel/Office: 4,073m²
Residential: 4,402m²

ECP OWNERSHIP
16,800m²

TENURE
Freehold

NET VALUATION
EUR 21.98 million

YIELD ON GROSS VALUE
7%

OCCUPANCY
100%

MAJOR TENANTS
fnac, C&A, Groupe Accor

LEASE TERMS
Retail/Office: 9 years subject to 3 yearly tenant break clauses and indexation to the INSEE cost of construction index
Residential: 6 years subject to annual indexation and 3 month tenant only break clauses
Hotel: 12 years subject to annual indexation and 3 yearly break clauses.

CURRENT NET INCOME
EUR 1.63 million p.a.



RETAIL
CAROSELLO, CARUGATE,
MILAN, ITALY



TOTAL LETTABLE AREA
41,000m²
Gallery GLA: 11,000m²
Carrefour –Hypermarket (Sales): 15,000m²
Reserves: 15,000m²

ECP OWNERSHIP
41,000m²

CAR SPACES
3,200

TENURE
Freehold

NET VALUATION
EUR 145.39 million

YIELD ON GROSS VALUE
5.8%

OCCUPANCY
100%

MAJOR TENANTS
Carrefour, Ovieffe, Autogrill

LEASE TERMS
Hypermarket: 25 years from April 2001 to Carrefour with further options subject to annual indexation. Additional turnover rental is payable once the hypermarket turnover reaches a given threshold.
Gallery: 6 year leases subject to annual indexation automatically renewable for a further 6 year term. Additional turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
Gallery leases are renewable in 2009

CURRENT NET INCOME
EUR 8.60 million p.a.

RENT TO TURNOVER RATIO
Gallery 5.6%, Hypermarket 2.6%

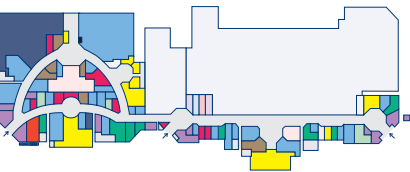
TURNOVER GROWTH 2002/2003
Gallery -4.3%, Hypermarket -2.2%

RENTAL GROWTH 2002/2003
1.6%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN MAY 1997
20.9%



RETAIL
IL CASTELLO,
FERRARA, ITALY



TOTAL LETTABLE AREA
28,550m²
Gallery GLA: 16,000m²
Coop – Hypermarket (Sales): 9,500m²
Brico: 3,050m²

ECP OWNERSHIP
16,000m²

CAR SPACES
2,400

TENURE
Freehold in co-ownership

NET VALUATION
EUR 68.04 million

YIELD ON GROSS VALUE
6.3%

OCCUPANCY
100%

MAJOR TENANTS
Oviesse, Autogrill, Cisalfa

LEASE TERMS
Business licences (affitti d'azienda) for terms of 4-7 years subject to annual indexation to ISTAT cost of living index. Additional turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2004: 6% leases
2005: 24% leases

CURRENT NET INCOME
EUR 4.39 million p.a.

RENT TO TURNOVER RATIO
6.9%

TURNOVER GROWTH 2002/2003
2.1%

RENTAL GROWTH 2002/2003
9.0%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN JULY 2001
11.3%



RETAIL
CURNO, BERGAMO,
ITALY



TOTAL LETTABLE AREA
26,944m²
Gallery GLA: 15,344m²
Città Mercato - Hypermarket (Sales): 8,200m²
Brico: 3,400m²

ECP OWNERSHIP
15,344m²

CAR SPACES
2,500

TENURE
Freehold in co-ownership

NET VALUATION
EUR 59.31 million

YIELD ON GROSS VALUE
6.1%

OCCUPANCY
100%

MAJOR TENANTS
Media World, Cisalfa, Passatempo

LEASE TERMS
6 year leases subject to annual indexation automatically renewable for a further 6 year term. Additional turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2003: 76% leases

CURRENT NET INCOME
EUR 3.70 million p.a.

RENT TO TURNOVER RATIO
4.0%

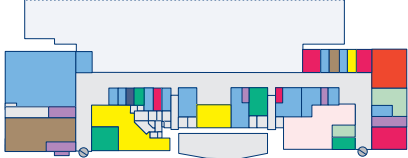
TURNOVER GROWTH 2002/2003
0.2%

RENTAL GROWTH 2002/2003
4.1%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN JANUARY 1994
18.4%



RETAIL
LA FAVORITA, MANTOVA,
ITALY



TOTAL LETTABLE AREA
22,990m²
Gallery GLA: 7,390m²
Ipercoop – Hypermarket (Sales): 7,200m²
Brico: 5,700m²
Cinema: 2,700m²

ECP OWNERSHIP
7,390m²

CAR SPACES
1,600

TENURE
Freehold in co-ownership

NET VALUATION
EUR 25.40 million

YIELD ON GROSS VALUE
7.0%

OCCUPANCY
100%

MAJOR TENANTS
UPIM, Benetton, Pimkie

LEASE TERMS
Business licences (Affitti d'azienda) for terms of 5-7 years subject to annual indexation to ISTAT cost of living index. In some cases additional turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2005: 26% leases

CURRENT NET INCOME
EUR 1.75 million p.a.

RENT TO TURNOVER RATIO
7.5%

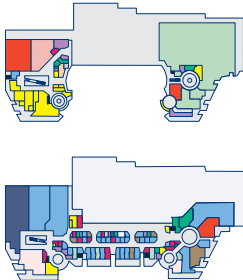
TURNOVER GROWTH 2002/2003
7.0%

RENTAL GROWTH 2002/2003
9.2%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN DECEMBER 1997
15.7%



RETAIL
I GIGLI,
FLORENCE, ITALY



TOTAL LETTABLE AREA
56,300m²
Gallery GLA: 44,300m²
Panorama – Hypermarket (Sales): 12,000m²

ECP OWNERSHIP
44,300m²

CAR SPACES
3,600

TENURE
Freehold in co-ownership

NET VALUATION
EUR 143.34 million

YIELD ON GROSS VALUE
6.0%

OCCUPANCY
100%

MAJOR TENANTS
Leroy Merlin, Media World, Coin

LEASE TERMS
Both leases and business licences (Affitti d'azienda) for terms of 4-10 years subject to annual indexation to ISTAT cost of living index. In each case, additional variable turnover rental is payable once tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2004: 6% leases
2005: 22% leases
2006: 12% leases

CURRENT NET INCOME
EUR 8.8 million p.a.

RENT TO TURNOVER RATIO
4.2%

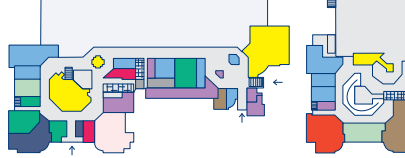
TURNOVER GROWTH 2002/2003
7.4%

RENTAL GROWTH 2002/2003
5.5%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN NOVEMBER 1999
13.6%



RETAIL
CENTRO LEONARDO,
IMOLA, ITALY



TOTAL LETTABLE AREA
14,380m²
Gallery GLA: 6,380m²
Ipercoop - Hypermarket (Sales): 8,000m²

ECP OWNERSHIP
6,380m²

CAR SPACES
1,500

TENURE
Freehold in co-ownership

NET VALUATION
EUR 19.40 million

YIELD ON GROSS VALUE
6.0%

OCCUPANCY
100%

MAJOR TENANTS
Pittarello, Benetton, Douglas

LEASE TERMS/RENEWAL PROFILE
Head lease to Coop Adriatica expires in 2006, subject to annual indexation.

CURRENT NET INCOME
EUR 1.17 million p.a.

RENT TO TURNOVER RATIO
7.0%

TURNOVER GROWTH 2002/2003
-3.4%

RENTAL GROWTH 2002/2003
2.0%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN JULY 1998
13.0%



RETAIL
CENTROLUNA,
SARZANA, ITALY



TOTAL LETTABLE AREA
9,633m²
Gallery GLA: 3,633m²
Ipercoop- Hypermarket (Sales): 6,000m²

ECP OWNERSHIP
3,633m²

CAR SPACES
1,000

TENURE
Freehold in co-ownership

NET VALUATION
EUR 11.30 million

YIELD ON GROSS VALUE
6.2%

OCCUPANCY
100%

MAJOR TENANTS
Trony, Benetton, Tutto Chicco

LEASE TERMS/RENEWAL PROFILE
Head lease to Coop Liguria expiring 2008, subject to annual indexation.

CURRENT NET INCOME
EUR 0.71 million p.a.

RENT TO TURNOVER RATIO
6.0%

TURNOVER GROWTH 2002/2003
9.9%

RENTAL GROWTH 2002/2003
2.0%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN JULY 1998
9.1%



RETAIL
BURLÖV CENTRE,
MALMÖ, SWEDEN



TOTAL LETTABLE AREA
35,150m²
Gallery GLA: 14,250m²
Coop Forum Hypermarket GLA: 20,900m²
(approx 12,400m² sales)

ECP OWNERSHIP
35,150m²

CAR SPACES
1,600

TENURE
Freehold

NET VALUATION
EUR 54.13 million

YIELD ON GROSS VALUE
6.7%

OCCUPANCY
100%

MAJOR TENANTS
Coop Forum, H&M, Kapp-Ahl, Lindex, Stadium, Systembolaget

LEASE TERMS
3 or 5 year standard Swedish leases subject to annual indexation. In most leases additional turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2003: 28% leases

CURRENT NET INCOME
EUR 3.78 million p.a.

RENT TO TURNOVER RATIO
3.6%

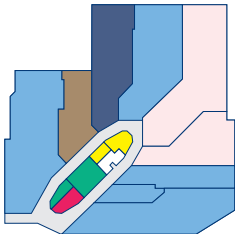
TURNOVER GROWTH 2002/2003
0.5%

RENTAL GROWTH 2002/2003
1.0%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN APRIL 2001
15.4%



RETAIL
HÄLLA SHOPPING CENTRE,
VÄSTERÅS, SWEDEN



TOTAL LETTABLE AREA
7,950m²

ECP OWNERSHIP
7,950m²

CAR SPACES
400

TENURE
Freehold

NET VALUATION
EUR 15.19 million

YIELD ON GROSS VALUE
7.2%

OCCUPANCY
100%

MAJOR TENANTS
H&M, Stadium, Kapp-Ahl, Lindex, Team Sportia, JC

LEASE TERMS
3, 5 or 10 year standard Swedish leases subject to annual indexation. In all leases additional turnover rental is payable once a tenant's turnover reaches a given threshold.

RENEWAL PROFILE
2007: 57% leases

CURRENT NET INCOME
EUR 1.15 million p.a.

RENT TO TURNOVER RATIO
5.9%



OFFICE
KINGSFORDWEG 1,
AMSTERDAM SLOTERDIJK,
THE NETHERLANDS

TOTAL LETTABLE AREA
39,475 m²

ECP OWNERSHIP
39,475 m²

CAR SPACES
650

TENURE
Perpetual ground lease

NET VALUATION
EUR 91.65 million

YIELD ON GROSS VALUE
6.5%

OCCUPANCY
100%

TENANT
Government of The Netherlands

LEASE TERM
15 years from August 1994, subject to rent reviews in 2004 and 5 yearly thereafter.

CURRENT NET INCOME
EUR 6.15 million p.a.

RENTAL GROWTH 2002/2003
2.6%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN OCTOBER 1998
8.7%



WAREHOUSE
GALVANIBAAN 5,
NIEUWEGEIN,
THE NETHERLANDS

TOTAL LETTABLE AREA
5,446m²

ECP OWNERSHIP
5,446m²

SITE AREA
9,056m²

TENURE
Freehold

NET VALUATION
EUR 4.09 million

YIELD ON GROSS VALUE
8.3%

OCCUPANCY
100%

TENANT
Koninklijke Fabriek Inventum

LEASE TERM
Lease expires in June 2009.

CURRENT NET INCOME
EUR 0.36 million p.a.

RENTAL GROWTH 2002/2003
2.7%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN NOVEMBER 1994
13.7%



WAREHOUSE
HORSTERWEG 20,
MAASTRICHT-AIRPORT,
THE NETHERLANDS

TOTAL LETTABLE AREA
8,760m²

ECP OWNERSHIP
8,760m²

SITE AREA
21,650m²

TENURE
Freehold

NET VALUATION
EUR 4.90 million

YIELD ON GROSS VALUE
8%

OCCUPANCY
100%

TENANT
Boston Scientific International

LEASE TERM
10 year lease expiring in April 2006.

CURRENT NET INCOME
EUR 0.42 million p.a.

RENTAL GROWTH 2002/2003
2.7%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN NOVEMBER 1996
14.3%



WAREHOUSE
KOEWEISTRAAT 10,
WAARDENBURG,
THE NETHERLANDS

TOTAL LETTABLE AREA
2,900m²

ECP OWNERSHIP
2,900m²

SITE AREA
5,715m²

TENURE
Freehold

NET VALUATION
EUR 2.05 million

YIELD ON GROSS VALUE
7.8%

OCCUPANCY
100%

TENANT
Koninklijke Olland Groep

LEASE TERM
Lease expires in February 2009.

CURRENT NET INCOME
EUR 0.17 million p.a.

RENTAL GROWTH 2002/2003
3.4%

TOTAL RETURN PER ANNUM SINCE PURCHASE IN SEPTEMBER 1995
12.5%



WAREHOUSE
STANDAARDRUITER 8,
VEENENDAAL,
THE NETHERLANDS

TOTAL LETTABLE AREA
7,170m²
ECP OWNERSHIP
7,170m²
SITE AREA
12,595m²
TENURE
Freehold
NET VALUATION
EUR 3.30 million
YIELD ON GROSS VALUE
8.5%
OCCUPANCY
100%
TENANT
Boxal Netherlands
LEASE TERM
Lease expires in February 2009.
CURRENT NET INCOME
EUR 0.3 million p.a.
RENTAL GROWTH 2002/2003
3.2%
TOTAL RETURN PER ANNUM SINCE PURCHASE IN NOVEMBER 1991
14.1%



WAREHOUSE
PARISUD,
SÉNART, FRANCE

TOTAL LETTABLE AREA
19,335m²
ECP OWNERSHIP
19,335m²
SITE AREA
42,000m²
TENURE
Freehold
NET VALUATION
EUR 11.76 million
YIELD ON GROSS VALUE
8.85%
OCCUPANCY
100%
TENANT
Geodis Logistics France
LEASE TERM
9 years from July 1999 with a tenant only break clause at July 2005.
CURRENT NET INCOME
EUR 1.1 million p.a.
RENTAL GROWTH 2002/2003
1.0%
TOTAL RETURN PER ANNUM SINCE PURCHASE IN MAY 2001
9.3%



WAREHOUSE
RUE DES BÉTHUNES,
SAINT-OUEN L'AUMONE,
FRANCE

TOTAL LETTABLE AREA
28,599m²
Bic: 14,886m²
Lancel: 13,713m²
ECP OWNERSHIP
28,599m²
SITE AREA
55,484m²
TENURE
Freehold
NET VALUATION
EUR 17.05 million
YIELD ON GROSS VALUE
8.8%
OCCUPANCY
100%
TENANTS
Bic, Lancel
LEASE TERMS
Bic: 9 years from January 1999 subject to a tenant only break clause after six years. Lancel: 9 years from September 2000 subject to a tenant only break clause after six years.
CURRENT NET INCOME
EUR 1.59 million p.a.
RENTAL GROWTH 2002/2003
1.0%
TOTAL RETURN PER ANNUM SINCE PURCHASE IN JANUARY 2001
8.3%

REPORT OF THE BOARD OF SUPERVISORY DIRECTORS

To the General Meeting of Shareholders

We are pleased to present the annual report of Eurocommercial Properties N.V. for the financial year ending 30 June 2003, as drawn up by the Board of Management. The auditors, Ernst & Young, have examined the financial statements and have issued an unqualified report thereon. We recommend that you adopt the financial statements.

We support the proposal of the Board of Management to distribute a cash dividend of EUR 1.43 per depositary receipt (10 ordinary shares) for the financial year ending 30 June 2003. We also support the offer, at the option of the holders of depositary receipts, of a scrip issue to be charged to the share premium reserve as an alternative to the cash dividend.

During the year under review there were four meetings of the Supervisory Board which meetings were attended by the members of the Board of Management. In addition to those meetings there was regular contact between the Supervisory Board members and the members of the Board of Management with particular reference to the Company's ongoing property acquisition strategy. Amongst the topics discussed were property and financial markets, management and financial accounts, funding, currency and dividend policy, the system of internal controls, and remuneration levels and systems. The Supervisory Board is kept informed of activities and financial performance through monthly management accounts with detailed analysis of rental income, company expenses and investment developments. We are all members of the Audit Committee and had two meetings with the auditors of the Company. Mr W.G. van Hassel and Mr J.H. Goris are members of the Remuneration Committee. All members of the Supervisory Board are independent. The role and responsibility of the Supervisory Board are laid down in specific rules and regulations which are available for inspection at the Company's office.

At the Annual General Meeting of Shareholders held on 5 November 2002, Mr J.H. Goris was reappointed as member of the Supervisory Board. At the forthcoming Annual General Meeting of Shareholders to be held on 4 November 2003 Mr W.G. van Hassel will retire by rotation. He, being eligible, is proposed for re-election. Under a rota devised by the Supervisory Board, each director will retire by rotation every three years.

We would like to take this opportunity to express our gratitude to the Board of Management and all staff for their efforts during the year.

Amsterdam, 26 August 2003
Board of Supervisory Directors
W.G. van Hassel, Chairman
H.Th.M. Bevers
H.W. Bolland
J.H. Goris

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET as at 30 June 2003 (before income appropriation)

(EUR '000)	Note	30-06-03	30-06-02
ASSETS			
Investments			
Property investments	3	1,110,356	1,041,545
Cash and deposits	4	122,293	156,628
		<u>1,232,649</u>	<u>1,198,173</u>
Receivables	5	20,914	18,162
Other assets	6		
Tangible fixed assets		452	327
Total assets		<u>1,254,015</u>	<u>1,216,662</u>
LIABILITIES			
Current liabilities			
Creditors	7	19,916	17,109
Borrowings	8	68,368	111,117
		<u>88,284</u>	<u>128,226</u>
Noncurrent liabilities			
Creditors	7	6,874	6,462
Borrowings	8	439,199	400,887
		<u>446,073</u>	<u>407,349</u>
Provisions	9		
Provision for contingent tax liabilities		60,434	49,810
Total liabilities		<u>594,791</u>	<u>585,385</u>
Net assets		<u>659,224</u>	<u>631,277</u>
Shareholders' equity	14		
Issued share capital	10	146,316	142,864
Share premium reserve	11	271,993	275,486
Revaluation reserve	12	151,724	139,802
Retained profit reserve	13	45,703	34,478
Undistributed income		43,488	38,647
		<u>659,224</u>	<u>631,277</u>
Net asset value – EUR per depositary receipt		<u>22.53</u>	<u>22.09</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the financial year ended 30 June 2003

(EUR '000)	Note	2002/2003	2001/2002
REVENUE			
Property income	15	79,846	79,827
Property expenses	16	(13,505)	(13,945)
Net property income		66,341	65,882
Interest income		949	707
Foreign currency loss		(18)	(19)
Total revenue		67,272	66,570
EXPENSES			
Depreciation fixed assets		(57)	(44)
Other company expenses	17	(4,101)	(4,829)
		(4,158)	(4,873)
Interest expense		(21,450)	(24,674)
Total expenses		(25,608)	(29,547)
Net income before taxation		41,664	37,023
Taxation	18	(319)	(393)
Net income after taxation (direct investment result)		41,345	36,630
Movement in the revaluation reserve			
		11,922	38,074

CONSOLIDATED CASH FLOW STATEMENT
for the financial year ended 30 June 2003

(EUR '000)	2002/2003	2001/2002
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net income after taxation	41,345	36,630
Additions to tangible fixed assets	(344)	(341)
Depreciation tangible fixed assets	216	143
Increase/decrease in receivables	(2,752)	6,893
Increase/decrease in creditors	2,807	(8,332)
Rental deposits received	412	134
Expenses charged to the revaluation reserve	(2,338)	(2,565)
Goodwill	228	(3,335)
Property investments	(44,478)	(68,207)
Property sales	-	92,026
Gain on property sales	(41)	6,697
	(4,945)	59,743
CASH FLOW FROM FINANCE ACTIVITIES		
Net proceeds share issue	-	52,234
Borrowings added	185,900	211,834
Repayment of borrowings	(189,753)	(163,749)
Dividends paid	(25,548)	(25,414)
	(29,401)	74,905
Net cash flow		
	(34,346)	134,648
Currency differences on working capital		
	11	(36)
Decrease/increase in cash and deposits		
Cash and deposits at beginning of year	(34,335)	134,612
	156,628	22,016
Cash and deposits at end of year		
	122,293	156,628

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include those of the holding company and its wholly owned subsidiaries as follows:

Boleto B.V., Amsterdam
Holgura B.V., Amsterdam
Kingsford Exploitiemaatschappij I B.V., Amsterdam
Kingsford Onroerend Goed Financiering B.V., Amsterdam
Sentinel Holdings B.V., Amsterdam
Eurocommercial Properties Belgium N.V., Brussels
Eurocommercial Properties Ltd, London
Eurocommercial Properties Azur S.a.r.l, Paris
Eurocommercial Properties Caumartin S.N.C., Paris
Eurocommercial Properties France S.A., Paris
Eurocommercial Properties Glisy S.a.r.l., Paris
Eurocommercial Properties Midi S.N.C., Paris
Eurocommercial Properties Normandie S.N.C., Paris
Eurocommercial Properties Passy S.a.r.l., Paris
Eurocommercial Properties Picardie S.N.C., Paris
Eurocommercial Properties Seine S.N.C., Paris
Eurocommercial Properties St. Germain S.N.C., Paris
Eurocommercial Properties Taverny S.a.r.l., Paris
S.C.I. les Portes de Taverny, Paris
Eurocommercial Properties Italia S.r.l., Milan
Larry Smith S.r.l., Milan
Burlövs Center Fastighets A.B., Stockholm
Eurocommercial Properties Sweden A.B., Stockholm
Hälla Shopping Fastighets A.B., Stockholm
STBL Fastighets A.B., Stockholm

In view of the fact that the Company's profit and loss account has been included in the consolidated financial statements and in accordance with article 2:402 of the Netherlands Civil Code, a summary profit and loss account of the Company is presented in the Company financial statements.

Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated into Euros at the rate of exchange ruling at the balance sheet date.

Transactions denominated in foreign currencies are translated at the average monthly exchange rate.

Gains or losses arising on the revaluation, translation or realisation of property, financial investments and associated loans and currency hedge instruments are treated as capital items and taken to the revaluation reserve. Possible contingent tax liabilities are taken into account. Foreign exchange gains or losses on all other items are taken to the profit and loss account.

Property investments

It is the Company's policy that all property investments be revalued annually at the balance sheet date by qualified independent experts. These revaluations represent the price, net of normal costs, at which the property could be sold in the open market on the date of revaluation. Property investments are initially brought to account at their full acquisition cost, including registration duties, legal and other consultants' fees.

The cost of financing the development or refurbishment of investments is capitalised as part of the cost of the investment.

Fixed assets

Tangible fixed assets are depreciated over the expected useful lives of the assets concerned varying from two to five years. Intangible fixed assets are not depreciated, but directly written off against reserves. Goodwill paid is written off directly against the retained profit reserve.

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is not provided on property investments in view of the annual revaluation of properties described above. This policy is common practice in The Netherlands for Investment Institutions.

Provisions

Provisions are created to meet possible future liabilities and/or risks. The provision for deferred contingent capital gains tax liabilities represents the discounted present value of contingent liabilities to taxation arising from differences between the property appraisals and bookvalues for tax purposes, taking into account recoverable tax losses.

Other assets and liabilities

Unless stated otherwise, assets and liabilities are shown at the amounts at which they were acquired or incurred. A provision for bad debts is deducted if appropriate. Currency hedge instruments are presented at market value.

Net income

Net income is calculated on the accrual basis of accounting and includes all income derived from the Company's investments, after deducting the property expenses, the interest expenses and 70% of the company expenses and after allowing for associated foreign exchange translation variances. 30% of the company expenses are charged against the revaluation reserve as asset management expenses. The property expenses include expenses associated with non Netherlands property holding companies which are charged to the relevant buildings rather than the general expense pool. Expenses relating to the investigation of potential property investments are written off directly against the revaluation reserve. The majority of the Company's employees are members of a defined contribution pension scheme for which the annual premiums are an expense of the period. The liabilities of the defined benefit pension scheme are provided for on the basis of actuarial calculations.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash flows in foreign currencies have been translated at average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement.

Corporate tax

As an Investment Institution under Dutch tax law (fiscale beleggingsinstelling), the Company is subject to a nil rate of Dutch corporate tax, provided it meets certain conditions, notably the distribution of all taxable income (after permitted deductions) to shareholders within eight months of the end of each financial year. Moreover, the balance of realised capital gains and capital losses on its investments may in principle be transferred to a fiscal reinvestment reserve. The Company will not be required to distribute that part of its taxable income which is reserved in this way.

Corporate tax may, however, be payable on the fiscal results of subsidiaries in The Netherlands which do not have the status of Investment Institutions under Dutch tax law.

The fiscal results of foreign subsidiaries, which are subject to corporate tax, are determined on the basis of the current tax regulations in the countries concerned.

Dividend withholding tax

Dutch dividend withholding tax at a rate of 25% must be withheld from dividend distributions. A refund or a reduction of the Dutch dividend withholding tax may be obtained in respect of dividends paid to an investor resident in a country with which The Netherlands has concluded a treaty for the avoidance of double taxation. For Australian, Danish, French, German, Italian, New Zealand, Swedish and United Kingdom resident investors, the Dutch reduced dividend withholding tax rate specified in the relevant double tax treaties is in principle 15%. For residents of the United States of America the dividend withholding tax rate of 0%, 15% or 25% may apply. There will generally be an allowance of a credit against the shareholders' local tax liability for the amount of the Dutch dividend withholding tax.

2. EXCHANGE RATES

The following exchange rates applied as at 30 June 2003:

	30-06-03 EUR	30-06-02 EUR
AUD 1	0.58425	0.56491
GBP 1	1.44259	1.53890
SEK 10	1.08120	1.09870

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.

3. PROPERTY INVESTMENTS

The book value of each property is its full cost of acquisition until revalued, and thereafter revaluation plus subsequent improvements or net proceeds in case of a sale.

All properties in the group are freehold with the exception of Kingsfordweg 1, Amsterdam (perpetual ground lease) and have been revalued at 30 June 2003.

The current property portfolio is:

	Book value (EUR '000)	Costs to date (EUR '000)
Retail		
France		
Centre Commercial Amiens Glisy, Amiens	25,800	15,775
Les Trois Dauphins, Grenoble	21,980	22,806
Centr'Azur, Hyères	24,430	16,514
Centre les Portes de Taverny, Paris	28,960	18,126
*Passage du Havre, Paris	139,020	129,645
10 rue du Havre, Paris	4,710	4,382
*Passy Plaza, Paris	83,020	70,511
*74 rue de Rivoli, 1-3 rue du Renard, Paris	11,360	10,192
*Centre les Atlantes, Tours	64,420	44,878
Tourville la Rivière	1,630	1,685
	405,330	334,514
Italy		
*Curno, Bergamo	59,310	27,479
*Il Castello, Ferrara	68,040	62,124
*I Gigli, Florence	143,340	112,594
*Centro Leonardo, Imola	19,400	15,072
*La Favorita, Mantova	25,400	17,413
*Carosello, Carugate, Milan	145,390	77,969
*Centroluna, Sarzana	11,300	10,044
	472,180	322,695
Sweden		
*Burlöv Centre, Malmö	54,125	45,870
Hälla Shopping Centre, Västerås	15,191	14,890
	69,316	60,760
	946,826	717,969

3. PROPERTY INVESTMENTS (continued)

	Book value (EUR '000)	Costs to date (EUR '000)
Office		
France		
*Passage du Havre, Paris**	28,730	28,683
The Netherlands		
Kingsfordweg 1, Amsterdam	91,650	84,663
	120,380	113,346
Warehouse		
France		
Rue des Béthunes, Saint-Ouen L'Aumone	17,050	17,351
Parisud, Sénart	11,760	11,656
	28,810	29,007
The Netherlands		
Horsterweg 20, Maastricht-Airport	4,900	3,949
Galvanibaan 5, Nieuwegein	4,090	3,308
Standaardruiter 8, Veenendaal	3,300	2,777
Koeweistraat 10, Waardenburg	2,050	1,673
	14,340	11,707
	43,150	40,714
	1,110,356	872,029

* These properties carry mortgage debt up to EUR 441 million at 30 June 2003.

** Part of the retail complex.

Changes in property investments for the financial year ended 30 June 2003 were as follows:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Book value at beginning of year	1,041,545	1,013,753
Investments	44,478	68,207
Disposals	-	(92,026)
Revaluation	25,445	51,004
Exchange rate movement	(1,112)	607
Book value at end of year	1,110,356	1,041,545

4. CASH AND DEPOSITS

Cash and deposits consist primarily of time deposits, with small amounts held as bank balances and other liquid assets.

5. RECEIVABLES

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Fees receivable	1,434	1,366
Funds held by managing agents	792	79
Other receivables and prepayments	2,808	2,616
Pensions	-	213
Prepaid borrowing costs	910	869
Prepaid letting fees and relocation expenses	2,132	2,424
Rents receivable	8,062	6,307
Staff loans	555	640
VAT receivable	4,221	3,648
	<u>20,914</u>	<u>18,162</u>

Receivables at 30 June 2003 include an amount of EUR 3.7 million (2002: EUR 8.1 million) which is due after one year.

6. OTHER ASSETS

Tangible fixed assets represent office equipment and inventory for the Company's head office at Herengracht 469, Amsterdam and the group offices at 4 Carlton Gardens, London, Piazza della Repubblica 30, Milan and 10 rue du Havre, Paris. These costs are depreciated over the expected useful lives of the assets concerned varying from 2 to 5 years. The movements in the current and the previous financial year were:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Book value at beginning of year	327	135
Additions	344	341
Depreciation	(216)	(143)
Exchange rate movement	(3)	(6)
	<u>452</u>	<u>327</u>
Book value at end of year		
	<u>942</u>	<u>621</u>
Cost at end of year		
Accumulated depreciation	(490)	(294)
	<u>452</u>	<u>327</u>

7. CREDITORS

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
(i) Current liabilities		
Accruals and deferrals	3,959	2,917
Creditors	5,412	5,632
Interest payable	3,907	3,701
Local and property tax payable	572	1,318
Rent received in advance	5,135	2,683
VAT payable	931	858
	<u>19,916</u>	<u>17,109</u>
(ii) Noncurrent liabilities		
Tenant rental deposits	6,874	6,462
	<u>6,874</u>	<u>6,462</u>

8. BORROWINGS

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Book value at beginning of year	512,004	463,729
Drawdown of funds	185,900	211,834
Repayments	(189,753)	(163,749)
Exchange rate movements	(584)	190
	<u>507,567</u>	<u>512,004</u>

The maturity profile of the borrowings is as follows:

- less than 1 year	68,368	111,117
- 1 to 2 years	9,929	3,610
- 2 to 5 years	65,426	66,919
- 5 years or more	363,844	330,358
	<u>507,567</u>	<u>512,004</u>

The borrowings are all directly from major banks and the noncurrent borrowings have average committed unexpired terms of almost eleven years. Borrowings of EUR 441 million are secured on property (30 June 2002: EUR 317 million). The average interest rate in the current financial year was 5.1% (2001/2002: 5.1%).

At 30 June 2003 31% of the Company's borrowings are at floating rate plus an appropriate commercial margin. At 30 June 2003 the Company has hedged its exposure to interest rate movements on 69% of its borrowings for an average term of five and a half years.

The average interest rate on borrowings with remaining periods to maturity of more than one year including hedges is currently 5.0%. The average interest rate is calculated as the weighted average interest rate over the remaining principals until the respective interest maturity dates. (See also note 19 to the consolidated financial statements and note 9 to the Company financial statements).

It is the policy of the Company to operate a defensive interest rate hedging policy by using derivatives to protect the Company against increase of interest rates. The Company intends to hedge the majority of its loans outstanding for the medium to long term (5 to 15 years). The fair value (mark to market) of the current interest rate hedge instruments as at 30 June 2003 is a negative value of EUR 33.0 million.

9. PROVISIONS

The upward revaluation of the Company’s properties makes it prudent to increase the provision for potential future capital gains taxes, which may be payable if buildings are sold. The provision for deferred contingent capital gains tax liabilities has a face value of EUR 84 million (2002: EUR 71 million) and is considered to be of a long-term nature as there are no current plans to sell any of the relevant properties. The discounted present value of the potential tax has been calculated on the basis of a net interest rate of 5.0%.

	30-06-03 (EUR ‘000)	30-06-02 (EUR ‘000)
Book value at beginning of year	49,810	32,373
Additions from revaluation reserve	10,624	17,437
Book value at end of year	60,434	49,810

10. ISSUED SHARE CAPITAL

Share capital comprises:

- 1 999,999,900 million authorised ordinary shares of EUR 0.50 par value, of which 292,630,930 shares are issued and fully paid as at 30 June 2003
- 1 100 authorised priority shares of EUR 0.50 par value, which are entirely issued and fully paid.

The weighted average of the number of shares in issue in the current financial year is 289,775,426.

	30-06-03 (EUR ‘000)	30-06-02 (EUR ‘000)
Book value at beginning of year	142,864	127,724
Issued shares private placement	-	12,987
Issued bonus shares	3,452	2,153
Book value at end of year	146,316	142,864

As at 30 June 2003 374,000 staff stock options were outstanding, representing 1.28% of the current issued share capital. The options each confer the right to one depositary receipt representing ten ordinary shares of EUR 0.50 par value. 155,000 stock options were granted on 9 November 2000 and 230,500 on 23 February 2001 at an exercise price of EUR 18.00. This financial year 26,500 stock options have lapsed and 15,000 stock options were granted on 8 November 2002 at an exercise price of EUR 19.00. The options can only be exercised after three years have lapsed since the date of granting. Thereafter, the options can be exercised during a period of seven years. The members of the Board of Management hold the following stock options granted on 23 February 2001:

J.P. Lewis	100,000
E.J. van Garderen	80,000

The Company has not bought back depositary receipts to cover future possible exercises of options granted to directors and staff. It is the intention to issue new depositary receipts if and when options are exercised.

11. SHARE PREMIUM RESERVE

	30-06-03 (EUR ‘000)	30-06-02 (EUR ‘000)
Book value at beginning of year	275,486	238,419
Issued shares	-	39,220
Release for issued bonus shares	(3,493)	(2,153)
Book value at end of year	271,993	275,486

For Dutch tax purposes the share premium reserve regarded as paid-up capital approximates to at least EUR 269 million.

12. REVALUATION RESERVE

	30-06-03 (EUR ‘000)	30-06-02 (EUR ‘000)
Book value at beginning of year	139,802	101,728
Asset management expenses	(1,782)	(2,088)
Financial and investment expenses	(556)	(477)
Revaluation of property investments	25,445	51,004
Movement on provision for contingent tax liabilities	(10,624)	(17,437)
Exchange rate movement on property investments	(1,112)	607
Exchange rate movement on financial investments	8	(42)
Exchange rate movement on borrowings and rental deposits	584	(190)
Gain on sale Herengracht 459-483, Reguliersdwaarsstraat 12-38	-	6,200
Gain on sale Købmagergade 19	(41)	497
Book value at end of year	151,724	139,802

The movement of EUR 11.9 (2002: EUR 38.1 million) in the current financial year includes a realised amount of EUR (2.4) million (2002: EUR 15.1 million) and an unrealised amount of EUR 14.3 million (2002: EUR 23.0 million).

13. RETAINED PROFIT RESERVE

	30-06-03 (EUR ‘000)	30-06-02 (EUR ‘000)
Book value at beginning of year	34,478	30,037
Net income previous financial year	14,496	8,588
Funding of dividends paid	(3,499)	(812)
Goodwill	228	(3,335)
Book value at end of year	45,703	34,478

Holders of depositary receipts holding 10,353,935 receipts opted for 690,262 bonus depositary receipts at an issue price of EUR 21.00 from the Company’s share premium reserve, instead of a cash dividend of EUR 1.40 per depositary receipt for the financial year ended 30 June 2002. Accordingly, an amount of EUR 14.5 million of the 2001/2002 net income was added to the retained profit reserve.

14. SHAREHOLDERS' EQUITY RECONCILIATION

The movements in shareholders' equity in the current financial year were:

(EUR '000)	Issued share capital	Share premium reserve	Revaluation reserve	Retained profit reserve	Undistri- buted income	Total
30-06-02	142,864	275,486	139,802	34,478	38,647	631,277
Issued shares	3,452	(3,452)				0
Net income previous financial year				14,496	(14,496)	0
Movement revaluation reserve			11,922			11,922
Goodwill				228		228
Net income for the period					41,345	41,345
Dividends paid		(41)		(3,499)	(22,008)	(25,548)
30-06-03	146,316	271,993	151,724	45,703	43,488	659,224

The movements in shareholders' equity in the previous financial year were:

(EUR '000)	Issued share capital	Share premium reserve	Revaluation reserve	Retained profit reserve	Undistri- buted income	Total
30-06-01	127,724	238,419	101,728	30,037	35,180	533,088
Issued shares private placement	12,987	39,247				52,234
Issued bonus shares	2,153	(2,153)				0
Net income previous financial year				8,588	(8,588)	0
Movement revaluation reserve			38,074			38,074
Goodwill				(3,335)		(3,335)
Net income for the period					36,630	36,630
Dividends paid		(27)		(812)	(24,575)	(25,414)
30-06-02	142,864	275,486	139,802	34,478	38,647	631,277

15. NET PROPERTY INCOME

Net property income comprised:

(EUR '000)	Property income 2002/2003	Property income 2001/2002	Property expenses 2002/2003	Property expenses 2001/2002	Net property income 2002/2003	Net property income 2001/2002
Retail	67,293	65,281	(12,856)	(12,970)	54,437	52,311
Office	8,529	10,620	(489)	(842)	8,040	9,778
Warehouse	4,024	3,926	(160)	(133)	3,864	3,793
	79,846	79,827	(13,505)	(13,945)	66,341	65,882
Denmark	-	813	-	(153)	-	660
France	32,274	30,570	(4,309)	(4,062)	27,965	26,508
Italy	34,238	33,074	(7,233)	(7,095)	27,005	25,979
Sweden	5,446	5,186	(1,359)	(1,698)	4,087	3,488
The Netherlands	7,888	10,184	(604)	(937)	7,284	9,247
	79,846	79,827	(13,505)	(13,945)	66,341	65,882

Property income and property expenses for the current financial recorded under Retail and Italy include the revenues and expenses of Larry Smith S.r.l.

16. PROPERTY EXPENSES

Property expenses in the current financial year were:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Accounting and advisory fees	1,329	1,408
Depreciation fixed assets	134	80
Dispossession indemnities	824	1,512
Insurance premiums	492	457
Letting fees and relocation expenses	922	829
Local and property taxes	1,901	2,053
Managing agent fees	781	1,080
Marketing expenses	232	302
Property management expenses	4,083	2,951
Repair and maintenance	801	1,955
Services charges	1,751	1,169
Other expenses	255	149
	13,505	13,945

Property management expenses are the expenses of Larry Smith S.r.l. and the Paris office, and include personnel costs of Larry Smith S.r.l. of EUR 2,486,000 (salaries EUR 1,877,000, social securities charges EUR 507,000 and contributions EUR 102,000) and personnel costs of the Paris office of EUR 207,000 (salaries EUR 142,000 and social security charges EUR 65,000). Larry Smith S.r.l. and the Paris office employed an average of 40 persons and 4 persons respectively during the financial year.

17. OTHER COMPANY EXPENSES

Other company expenses in the current financial year comprise:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Audit fees	84	92
Directors' fees	1,090	1,293
Legal and other advisory fees	563	613
Office and accommodation expenses	645	641
Personnel costs	2,216	2,860
Statutory costs	372	354
Travelling expenses	446	628
Other expenses	442	417
	<u>5,858</u>	<u>6,898</u>
Charged against revaluation reserve	<u>(1,757)</u>	<u>(2,069)</u>
Other company expenses	<u><u>4,101</u></u>	<u><u>4,829</u></u>

The Company charges 30% of its company expenses as asset management expenses against the revaluation reserve, following the usual practice of other similar Netherlands companies.

Personnel costs included in the other company expenses in the current financial year were:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Salaries	1,719	2,285
Social security charges	172	275
Pension contributions	325	300
	<u>2,216</u>	<u>2,860</u>

The Company directly employed an average of 20 persons during the financial year (30 June 2002: 22 persons) so that the total average number including the employees of Larry Smith S.r.l. and the Paris office was 64 (30 June 2002: 57 persons).

17. OTHER COMPANY EXPENSES (continued)

The directors' fees include an amount of EUR 85,000 (2001/2002: EUR 68,000) in respect of gross remuneration paid to the members of the Supervisory Board as follows: W.G. van Hassel EUR 25,000, H.Th.M. Bevers EUR 20,000, H.W. Bolland EUR 20,000, J.H. Goris EUR 20,000. The directors' fees include an amount of EUR 1,005,000 (2000/2001: EUR 1,225,000) in respect of gross remuneration, including social security charges, for the members of the Board of Management to be specified as follows: J.P. Lewis: salary EUR 435,000, bonus EUR 109,000, pension premiums EUR 6,000 and social security charges EUR 59,000, E.J. van Garderen: salary EUR 285,000, bonus EUR 73,000, pension premiums EUR 34,000 and social security charges EUR 4,000. The bonuses paid to directors and senior executives are entirely and directly linked to the annual growth in the Company's net asset value and dividend per share. There are no loans granted to members of the Supervisory Board or members of the Board of Management.

18. TAXATION

Reported taxation relates to corporate income taxes on profits of subsidiaries.

19. COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

As at 30 June 2003 bank guarantees have been issued for a total amount of EUR 13.4 million. Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements for a total notional amount of EUR 348 million (See also note 8 to the consolidated financial statements and note 9 to the Company financial statements).

The completion of the construction of the Mantova retail park has been delayed. The opening is now expected to take place in October 2003. The acquisition and payment of the purchase price of EUR 12.5 million is therefore foreseen for October 2003.

COMPANY BALANCE SHEET
as at 30 June 2003 (before income appropriation)

(EUR '000)	Note	30-06-03	30-06-02
ASSETS			
Investments			
Property investments	2	14,340	14,160
Investments in subsidiaries	3	284,638	249,786
Due from subsidiaries	4	259,214	218,732
Cash and deposits	5	109,030	149,004
		667,222	631,682
Receivables		1,058	1,030
Other assets	6		
Tangible fixed assets		90	84
Total assets		668,370	632,796
LIABILITIES			
Current liabilities			
Creditors		1,675	1,492
Borrowings	7	7,028	-
		8,703	1,492
Noncurrent liabilities			
Due to subsidiaries		443	27
Total liabilities		9,146	1,519
Net assets		659,224	631,277
Shareholders' equity	8		
Issued share capital		146,316	142,864
Share premium reserve		271,993	275,486
Revaluation reserve		151,724	139,802
Retained profit reserve		45,703	34,478
Undistributed income		43,488	38,647
		659,224	631,277

COMPANY PROFIT AND LOSS ACCOUNT – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003

(EUR '000)	2002/2003	2001/2002
Company income after taxation	20,486	16,430
Result from subsidiaries after taxation	20,859	20,200
Net income (direct investment result)	41,345	36,630
Movement in the revaluation reserve	11,922	38,074

NOTES TO THE COMPANY FINANCIAL STATEMENTS
as at 30 June 2003

1. GENERAL

The valuation principles and the principles for determining the results are the same as those for the consolidated financial statements. Investments in subsidiaries are accounted for on an equity basis.

2. PROPERTY INVESTMENTS

Changes in property investments for the financial year ended 30 June 2003 were as follows:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Book value at beginning of year	14,160	87,234
Investments	28	2,072
Disposals	-	(75,275)
Revaluation	152	129
Book value at end of year	14,340	14,160

3. INVESTMENTS IN SUBSIDIARIES

Movements in investment in subsidiaries for the financial year ended 30 June 2003 were as follows:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Book value at beginning of year	249,786	196,996
Result from subsidiaries	20,859	20,200
Revaluation	13,993	32,590
Book value at end of year	284,638	249,786
Cost at end of year	27,456	27,456
Cumulative result from subsidiaries	68,925	48,066
Cumulative revaluation	188,257	174,264
Book value at end of year	284,638	249,786

4. DUE FROM SUBSIDIARIES

The balance at 30 June 2003 principally represents funds advanced to Boleto B.V., Holgura B.V., Kingsford Onroerend Goed Financiering B.V., Sentinel Holdings B.V., Eurocommercial Properties Caumartin S.N.C., Eurocommercial Properties France S.A., Eurocommercial Properties Glisy S.a.r.l., Eurocommercial Properties Midi S.N.C., Eurocommercial Properties Normandie S.N.C., Eurocommercial Properties Passy S.a.r.l., Eurocommercial Properties Picardie S.N.C., Eurocommercial Properties Seine S.N.C., Eurocommercial Properties St. Germain S.N.C., Eurocommercial Properties Taverny, S.a.r.l., Eurocommercial Properties Italia S.r.l., Eurocommercial Properties Sweden A.B. and Hälla Shopping Fastighets A.B.

Most of these advances were made under long-term loan facilities.

5. CASH AND DEPOSITS

Cash and deposits consist primarily of time deposits, with small amounts held as bank balances and other liquid assets.

6. OTHER ASSETS

Tangible fixed assets represent office equipment and inventory for the Company's head office at Herengracht 469, Amsterdam. These costs are depreciated over the expected useful lives of the assets concerned varying from 2 to 5 years. The movements in the current and the previous financial year were:

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Book value at beginning of year	84	53
Additions	57	65
Depreciation	(51)	(34)
Book value at end of year	90	84
Cost at end of year	305	248
Accumulated depreciation	(215)	(164)
Book value at end of year	90	84

7. BORROWINGS

	30-06-03 (EUR '000)	30-06-02 (EUR '000)
Book value at beginning of year	-	-
Draw down of funds	14,842	52,600
Repayments	(7,641)	(52,600)
Exchange rate movements	(173)	-
Book value at end of year	7,028	-

8. SHAREHOLDERS' EQUITY

Reference is made to the consolidated financial statements and the notes thereto for movements in the components of shareholders' equity.

9. COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

The Company has entered into guarantees in favour of IntesaBCI S.p.A for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of EUR 125 million.

The Company has entered into guarantees in favour of UniCredito Italiano S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of EUR 41.8 million and for guarantees issued for Eurocommercial Properties Italia S.r.l. to an amount of EUR 9.3 million.

The Company has entered into a guarantee in favour of Banca di Roma S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of EUR 25 million.

The Company has entered into a guarantee in favour of Banca Antoniana Popolare Veneta S.C.A.R.L. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of EUR 45 million.

The Company has entered into a guarantee in favour of Banca di Imola S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of EUR 10.3 million.

The Company has entered into guarantees in favour of ABN AMRO Bank N.V., Milan Branch, for guarantees issued for Eurocommercial Properties Italia S.r.l. to an amount of EUR 4.1 million.

The Company has entered into guarantees in favour of ING Bank N.V., Milan Branch, for debts incurred by Eurocommercial Properties Italia S.r.l. to an amount of EUR 90 million.

The Company has entered into a guarantee in favour of ING Bank N.V. and ING Vastgoed Financiering N.V. for debts incurred by Eurocommercial Properties Caumartin S.N.C., Eurocommercial Properties France S.A., Eurocommercial Properties Normandie S.N.C.and Eurocommercial Properties Seine S.N.C. to an amount of EUR 150 million.

The Company has entered into guarantees in favour of Westdeutsche ImmobilienBank for debts incurred by Eurocommercial Properties Midi S.N.C., Eurocommercial Properties Picardie S.N.C., Eurocommercial Properties Taverny S.a.r.l. and S.C.I. Les Portes de Taverny to an amount of EUR 40 million and for debts incurred by Bürlovs Center Fastighets A.B. to an amount of EUR 31 million.

The Company has entered into guarantees in favour of credit instructions for interest rate swap contracts hedging the exposure of subsidiaries to interest rate movements over a total notional amount of EUR 348 million. (See also notes 8 and 19 to the consolidated financial statements).

The Company has issued guarantees for Kingsford Onroerend Goed Financiering B.V. and Kingsford Exploitiemaatschappij I B.V. in accordance with article 2:403 of the Netherlands Civil Code.

Amsterdam, 26 August 2003

Board of Management	Board of Supervisory Directors
J.P. Lewis, Chairman	W.G. van Hassel, Chairman
E.J. van Garderen	H.Th.M. Bevers
	H.W. Bolland
	J.H. Goris

Priority shares

All issued priority shares are held by Stichting Prioriteitsaandelen Eurocommercial Properties.

The holders of the priority shares are entitled to determine the number of members of the Company's Supervisory and Management Boards, to nominate the persons to be submitted to the vote of all share-holders for election to the Management Board and the Supervisory Board and to approve the appropriation of income of the Company.

For the period to 30 November 2005, they are empowered to authorise the issue of new shares and the terms of issue, including a power to limit or exclude the pre-emptive rights of existing shareholders. Mutatis mutan-dis the same applies to the granting of rights to subscribe for shares. The priority shares are in all other respects identical to the registered ordinary shares.

The Board of Stichting Prioriteitsaandelen Eurocommercial Properties at 30 June 2003 comprised:
J.P. Lewis, Chairman
H.J. van Lookeren Campagne
J.C. Pollock

Supervisory Board

W.G. van Hassel, Chairman, (56), of Dutch nationality, member of the Supervisory Board since 1997, was reappointed in 2000 for a period of three years. He is a former partner of a major Dutch lawfirm and former Dean of The Dutch Bar Association.

H.Th.M. Bevers, (70), of Dutch nationality, member of the Supervisory Board since 1996, was reappointed in 2001 for a period of three years. He is the former Agent of the Dutch Ministry of Finance (Director of the National Debt Management and Issuing Office).

J.H. Goris, (71), of Dutch nationality, member of the Supervisory Board since 1996, was reappointed in 2002 for a period of three years. He is a former member of the Executive Board of Philips N.V. and a former pro-fessor in corporate finance of the University of Tilburg, The Netherlands.

H.W. Bolland, (57), of British nationality, member of the Supervisory Board since 1998, was reappointed in 2001 for a period of three years. He was Vice Chairman of Schroder Investment Management Limited of London.

Provisions in the Articles of Association concerning the appropriation of income

The appropriation of income is subject to the Provisions of Article 44 of the Articles of Association of the Company of which the major provisions are as follows:

- (a) Out of the profit as evidenced by the adopted annual accounts and after deduction of all taxes due by the Company, such amount may be reserved as the Board of Management shall determine, which reserve shall be at the exclusive disposal of the Board of Management.
- (b) The remainder of the profit shall be at the disposal of the General Meeting of Shareholders for distribution of dividend, either in cash or in shares in the capital of the Company, or a combination of both, on the priority shares and ordinary shares, or for reserves or such other purposes covered by the objects of the Company, as the General Meeting of Shareholders shall decide after prior approval of the meeting of holders of priority shares. If it is decided to distribute dividends in full or in part, the distributable part of the profit shall be distributed amongst holders of priority shares and holders of ordinary shares pro rata to the nominal value of their shares.
- (c) The distribution of profit shall take place after the adoption of the annual accounts showing that such distribution is permitted. (Interim) dividends may be distributed in cash or in shares in the capital of the Company or a combination thereof.

Dividend distribution

The Board of Management proposes to the Annual General Meeting of Shareholders to be held at the Amstel Inter Continental Hotel, Prof. Tulpplein 1, Amsterdam on 4 November 2003 at 11.00 hours to distribute a cash dividend of EUR 1.43 per depositary receipt (10 ordinary shares) for the financial year ended 30 June 2003 (30 June 2002: EUR 1.40 per depositary receipt). Subject to its fiscal and other limitations, the Company will offer holders of depositary receipts the option of taking new depositary receipts from the Company's share premi-um reserve, instead of a cash dividend. The percentage of such scrip issue will be announced on 31 October 2003. The distribution will be payable as from 28 November 2003. In the case of the scrip issue, the deposi-tary receipts would be issued from the share premium reserve and will therefore not be subject to Dutch div-idend withholding tax which is charged at the rate of 25% and 15% for the Dutch and certain overseas hold-ers respectively. The depositary receipts will rank pari passu with the existing depositary receipts of the Company in respect of the financial year 2003/2004. Holders of depositary receipts are given the opportunity to make their choice known until and including 21 November 2003. If notification is not received by that date a cash dividend only will be payable. The part of the profit not distributed in cash will be added to sharehold-ers' equity.

Financial calendar

31 October 2003: Announcement of scrip issue price
4 November 2003: Annual General Meeting of Shareholders
6 November 2003: Ex-dividend date
7 November 2003: Announcement of first quarter results 2003/2004
28 November 2003: Dividend payment date
6 February 2004: Announcement of half year results 2003/2004
14 May 2004: Announcement of third quarter results 2003/2004
August 2004: Announcement of annual results 2003/2004
November 2004: Annual General Meeting of Shareholders

Statements pursuant to the Listing Rules (Fondsenreglement) of Euronext Amsterdam N.V.

The members of the Board of Stichting Administratiekantoor Eurocommercial Properties and the Company are together of the opinion that Stichting Administratiekantoor Eurocommercial Properties is independent from the Company as referred to in Annex X of the Listing Rules of Euronext Amsterdam N.V..

The members of the Board of Stichting Prioriteitsaandelen Eurocommercial Properties and the Company are together of the opinion that Stichting Prioriteitsaandelen Eurocommercial Properties is independent from the Company as referred to in Annex X of the Listing Rules of Euronext Amsterdam N.V..

Statements pursuant to the Investment Institutions Supervision Act

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 Eurocommercial Properties N.V. now nor at any time in the past year. The Company has no knowledge of property transactions taking place in the year under review with persons or institutions which can be considered to stand in a direct relationship to the Company. Stichting Prioriteitsaandelen Eurocommercial Properties and Stichting Administratiekantoor Eurocommercial Properties qualify as substantial investors as defined in article 21, sec-tion 2, of the Decree on the Supervision of Investment Institutions. No transactions as referred to in article 21, section 2, sub c of the Decree have taken place during the reporting period.

A Financial Information Leaflet has been prepared with information about the product (depositary receipts Eurocommercial Properties N.V.), the costs and the risks. Please obtain and read a copy prior to purchasing the product.

The most recently published prospectus of the Company is dated 31 January 2003 and is available at the Company's office and is also available at the Company's website: www.eurocommercialproperties.com.

Holders of depositary receipts/ordinary shares with a holding of 5% or more

Under the Act on the Disclosure of Major Holdings in Listed Companies, Eurocommercial Properties N.V. has received notification from six holders of depositary receipts/ordinary shares with interests greater than 5% in the Company. According to the latest notifications these interests were as follows:

Stichting Administratiekantoor Eurocommercial Properties (66.7%), the Government of Singapore (12.59%), Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen (10.28%), The Equitable Life Assurance Society (9.1%), Stichting Pensioenfonds ABP (5.67%) and ING Groep N.V. (5.1%).

The dates of the aforesaid notifications were 6 April 1994, 16 May 2002, 31 December 1999, 5 September 2000, 24 June 2003 and 13 August 1998 respectively.

Directors’ and staff interests

Mr Lewis holds 138,513 depositary receipts and holds 6,210,000 ordinary registered shares indirectly, which shares are blocked until 31 December 2005, in total representing 2.60% of the issued share capital of the Company. In September 2002 Mr van Garderen purchased on Euronext Amsterdam 22,500 depositary receipts at an average price of EUR 18.35 and in May 2003 he sold on Euronext Amsterdam 15,000 depositary receipts at an average price of EUR 20.40. He currently holds 30,000 depositary receipts and 400,000 ordinary registered shares, which shares are blocked until 31 December 2005, in total representing 0.24% of the issued share capital of the Company. Mr van Hassel indirectly holds 1,453 depositary receipts representing 0.005% of the issued share capital of the Company. None of the other members of the Board of Supervisory Directors has any holdings in the Company. The group staff holds 5,087 blocked depositary receipts and 640,000 ordinary registered shares, which securities are blocked until 31 December 2005, in total representing 0.24% of the issued share capital of the company. To enable staff to purchase blocked shares loans have been granted for a total amount of EUR 0.6 million at an interest rate of 6%.

Stock market prices and turnover 2002/2003

The Company is listed on Euronext Amsterdam (the Amsterdam Stock Exchange) and admitted to the Next 150 index and the NextPrime market segment.

		High	Low	Average
Closing price 30 June 2003 (EUR; depositary receipts)	21.55	21.75	18.25	19.82
Average daily turnover (in depositary receipts)	29,226			
Average daily turnover (X EUR '000,000)	0.6			
Total turnover over the past twelve months (X EUR '000,000)	147.7			
Market capitalisation (X EUR '000,000)	631			
Total turnover divided by market capitalisation	23%			

Liquidity providers: ABN AMRO Bank
Amsterdams Effectenkantoor
Kempen & Co

Depositary receipts listed on Euronext Amsterdam are registered with Centrum voor Fondsenadministratie B.V. under code: 28887

ISIN - Code: NL 0000288876

Stock market prices are followed by:
Bloomberg: SCHIP NA
Datastream: 307406 or H:SIPF
Reuters: SIPFc.AS

Valuers

The following independent firms have valued the Company’s properties at 30 June 2003:

France	Cushman & Wakefield Healey & Baker, FPD Savills, Jones Lang LaSalle, Retail Consulting Group
Italy	CB Richard Ellis, Cushman & Wakefield Healey & Baker, Jones Lang LaSalle, Retail Consulting Group
Sweden	Cushman & Wakefield Healey & Baker
The Netherlands	Jones Lang LaSalle, Van Gool

REPORT OF THE AUDITORS

Introduction

We have audited the financial statements of Eurocommercial Properties N.V., Amsterdam, for the financial year ended 30 June 2003. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in The Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of the Company as of 30 June 2003 and of the result for the financial year then ended in accordance with accounting principles generally accepted in The Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code and the Act on the Supervision of Investment Institutions.

Amsterdam, 26 August 2003
Ernst & Young Accountants

Supervisory Board

W.G. van Hassel, Chairman
H.Th.M. Bevers
H.W. Bolland
J.H. Goris

Management Board

J.P. Lewis, Chairman
E.J. van Garderen

Directors

J.P.C. Mills
T.R. Newton
T.G.M. Santini
M. Schiavi

Managers

V. Di Nisio
P.H. Le Goueff

Administration

J.M. Veldhuis, Group Controller
J.F. Dortland, IT Manager/Controller
R. Fraticelli, Finance Director Italy
C.M.A. van Niel-Mangel, Controller France

Board of Stichting Prioriteitsaandelen
Eurocommercial Properties

J.P. Lewis, Chairman
H.J. van Lookeren Campagne
J.C. Pollock

Board of Stichting Administratiekantoor
Eurocommercial Properties

J.P. Lewis, Chairman
A. Plomp
B.T.M. Steins Bisschop

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Eurocommercial Properties N.V. is registered
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