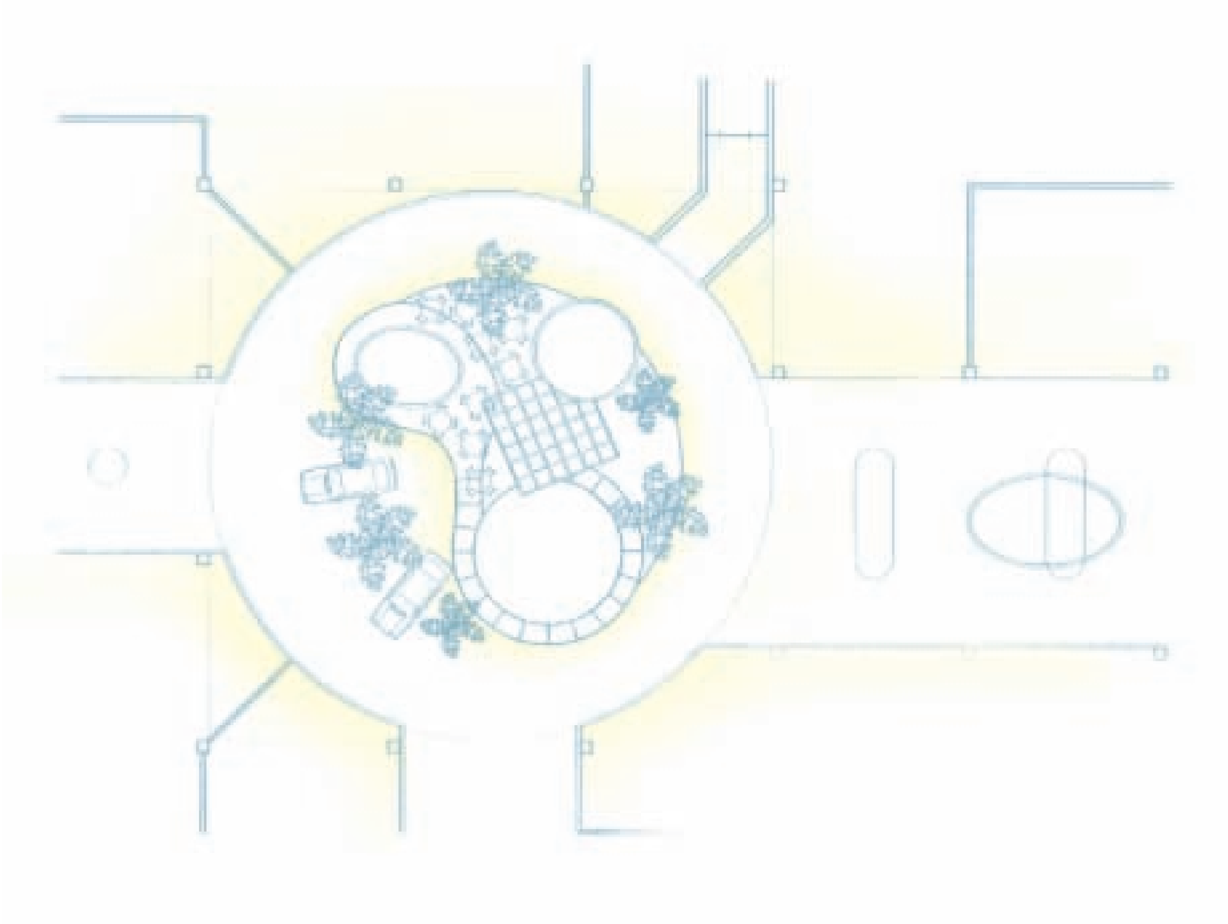
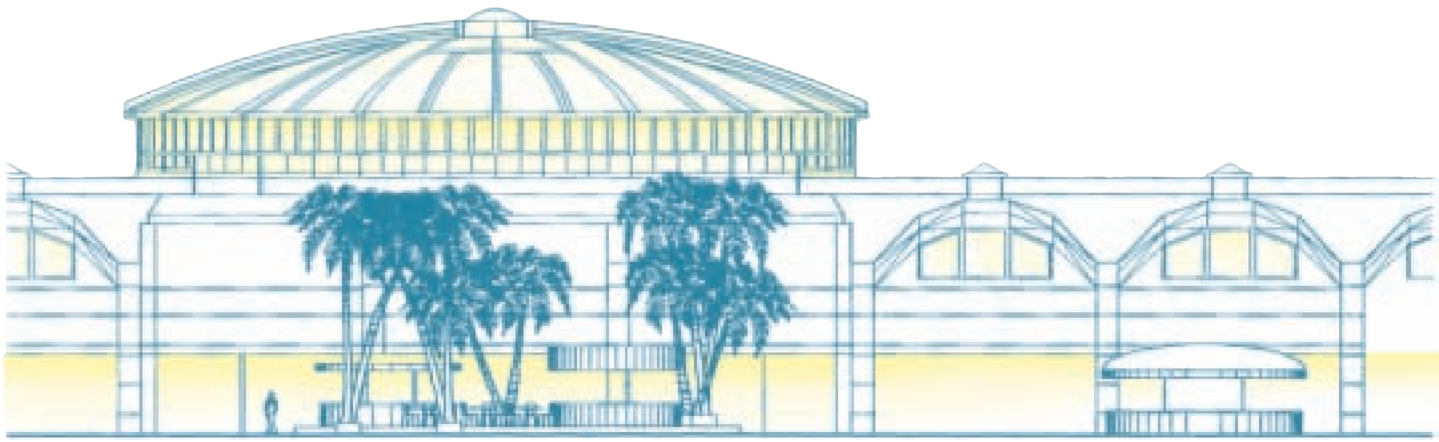
Eurocommercial Properties N.V.

Annual Report 30 June 2004

Contents





CURNO, BERGAMO, ITALY

Company profile

Eurocommercial Properties N.V. ("the Company"or "ECP") 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 Netherlands 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:

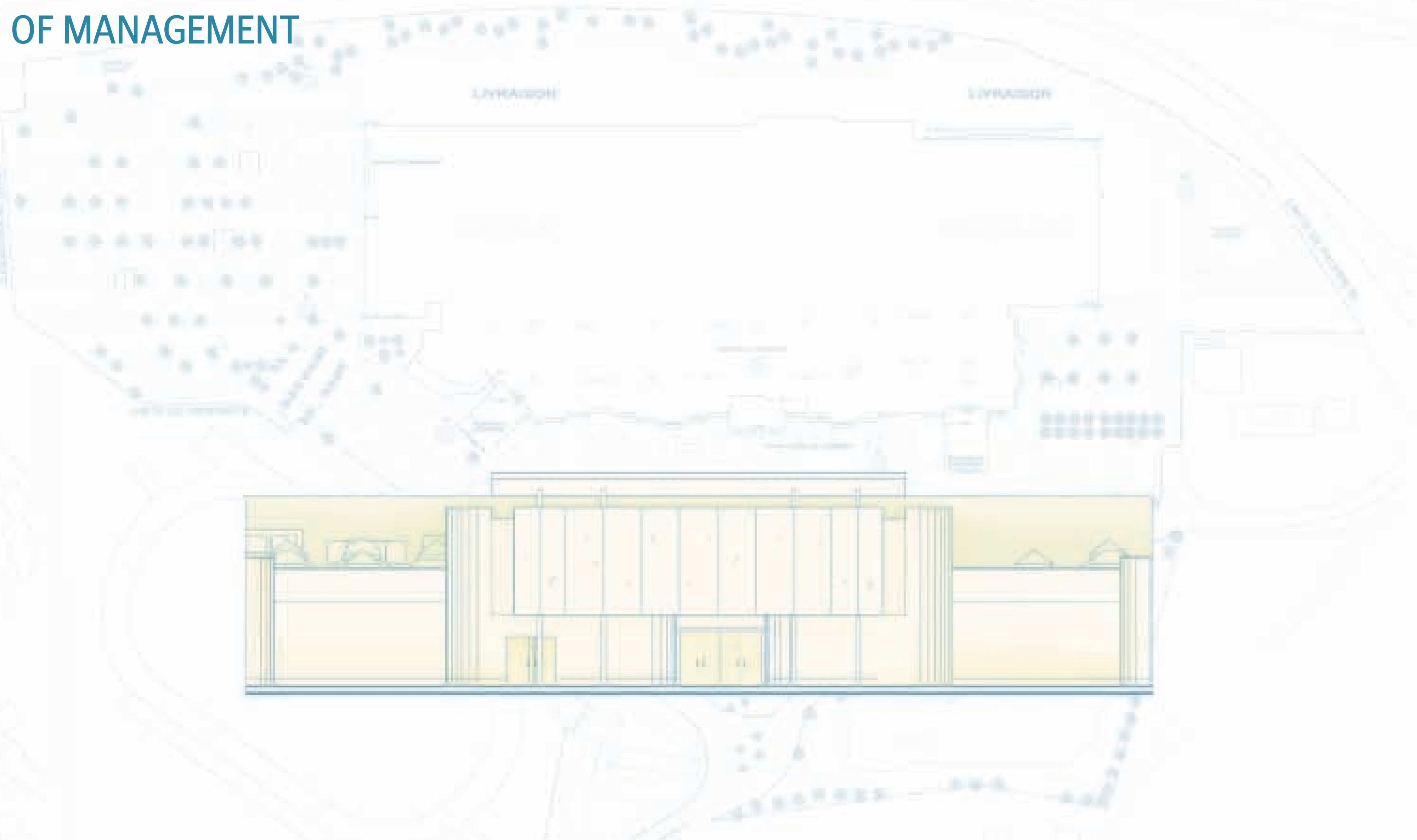
Net income increased by 13% to EUR 44.9 million

Dividend increased by 5% to EUR 1.50 per depositary receipt

Shareholders' equity increased by 7% to EUR 707 million

Net asset value increased by 3% to EUR 23.16 per depositary receipt

FINANCIAL REVIEW



A good year for values and income

Net income increased by 13%

Overall net property income for the year rose to EUR 76.5 million from EUR 66.3 million largely as a result of property purchases during this year. The overall net income after interest and other expenses was EUR 44.9 million for 2003/2004 and represents an increase of approximately 13% over EUR 39.6 million last year. All overhead expenses are now charged to income. Previously, 30% of these costs were charged against the revaluation reserve, as had been the normal practice with similar Dutch companies. The previous comparative numbers have been adjusted to reflect the accounting change in order to show underlying earnings.

The increase in the number of shares in issue has been taken into account when calculating earnings per share of EUR 1.50 per depositary receipt (2003: EUR 1.37; an increase of 9%) to reflect the time weighting under the standard Netherlands formula for the issue of depositary receipts.

Dividend increased by 5%

The Board will recommend a dividend for the year of EUR 1.50 per depositary receipt. This represents an increase of 5% when compared with the dividend for 2003.

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 7%

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 920,897 bonus depositary receipts instead of a cash dividend and the issue of 356,500 new depositary receipts due to excercised options by management and staff also contributed to shareholders' funds so that net equity rose over the year by 7% to EUR 707 million before income appropriation.

Net asset value increased by 3%

Net asset value before income appropriation improved by 3% to EUR 23.16 per depositary receipt as a result of an increase of independent property valuations and after allowing for an appropriate increase in the provision for potential future capital gains taxes. An amount of EUR 40 million has been released from this provision to pay Italian capital gains tax in December 2004 at the concessionary reduced rate of 19% compared with the current corporate income tax rate of 37%. As a result of this concession the tax book values of the majority of the Italian property portfolio have been stepped up to 96% of market values. The net asset value in June 2003 was EUR 22.53 per depositary receipt.

Gearing

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 for the long term. During the year noncurrent borrowings increased further by an amount of EUR 52.6 million to EUR 491.8 million. At 30 June 2004 all the Company's noncurrent borrowings of EUR 491.8 million, representing 83% of all debt, are derived from bank loan facilities with average committed unexpired terms of almost ten years. Interest rates for those borrowings are fixed for an average period of five and a half years with a current average interest rate of 5.2%. At the balance sheet date bank debt represents 83% of shareholders' equity or 42% of total assets.

Application for new French tax regime

The Company has decided to apply for the new French tax regime for real estate property investment companies listed on the Paris Stock Exchange (Euronext Paris) as from 1 July 2005. As from that date the revenues and capital gains from the French portfolio of the Company will be tax exempt. As a counterpart of this exemption, real estate property investment companies, which have elected for this new tax system – so called 'Sociétés d'investissements immobiliers cotées' (SIIC) – will have to pay, over four years, an exit tax equal to 16.5% of the latent capital gains amount relating to French property. The Company has included in its provision for potential future capital gains taxes an amount of EUR 19.6 million for exit tax based on the market value of the French property portfolio as per 30 June 2004. The Company expects to be listed on Euronext Paris in the first half year of 2005.

Tabaksblat code on corporate governance

ECP has always tried to be as transparent as possible in its reporting and procedures so that very few adjustments have had to be made to enable the Company to comply with the relevant best practice provisions of the Netherlands Corporate Governance Code published in December 2003 by the Corporate Governance Committee (also know as Tabaksblat Committee). Full details of ECP's compliance are set out from page 18 of this report.

KEY FINANCIAL INFORMATION

For the financial year ended	**30-06-04**	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
Profit and Loss Account (X EUR '000)										
Net property income	**76,527**	66,341	65,882	56,775	43,062	32,541	26,394	20,619	17,785	15,189
Net interest expense	**(23,171)**	(20,501)	(23,967)	(19,227)	(9,487)	(5,549)	(4,122)	(3,540)	(5,097)	(2,722)
Company expenses	**(6,986)**	(5,940)	(6,961)	(6,247)	(5,033)	(3,686)	(3,205)	(2,656)	(2,273)	(2,357)
Net income after taxation (direct investment result)	**44,872**	39,563	34,542	31,284	28,540	23,281	19,128	14,412	10,444	10,095
Indirect investment result (X EUR '000)	**17,666**	13,704	40,162	26,576	44,637	35,106	34,495	8,902	39	(7,057)
Balance Sheet - before income appropriation (X EUR '000)										
Total assets	**1,416,811**	1,254,015	1,216,662	1,060,959	784,796	532,314	462,122	356,514	267,343	236,693
Property investments	**1,306,304**	1,110,356	1,041,545	1,013,753	766,677	509,552	387,235	280,066	233,742	194,036
Cash and deposits	**84,070**	122,293	156,628	22,016	1,949	8,802	57,336	67,068	26,832	34,469
Borrowings	**590,367**	507,567	512,004	463,729	269,369	131,397	121,892	129,704	107,456	87,889
Shareholders' equity	**707,424**	659,224	631,277	533,088	456,684	371,166	322,209	210,607	143,438	136,647
Number of depositary receipts representing shares in issue at balance sheet date	**30,540,500**	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
Average number of depositary receipts representing shares in issue	**29,937,616**	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
Per depositary receipt information* (EUR)										
Net asset value	**23.16**	22.53	22.09	20.87	19.82	18.96	17.07	15.25	14.99	14.47
Direct investment result	**1.50**	1.37	1.32	1.25	1.31	1.21	1.12	1.19	1.09	1.07
Indirect investment result	**0.59**	0.47	1.54	1.07	2.04	1.82	2.02	0.74	0.00	(0.75)
Dividend	**1.50**	1.43	1.40	1.33	1.26	1.19	1.13	1.11	1.09	1.07
Property information										
Sector spread (%)										
Retail	**88**	85	84	77	74	62	65	63	58	56
Office	**9**	11	12	19	23	34	30	30	36	41
Warehouse	**3**	4	4	4	3	4	5	7	6	3
	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)	**24.95**	21.55	19.10	18.85	18.40	20.40	18.38	17.88	14.38	12.80

* Note

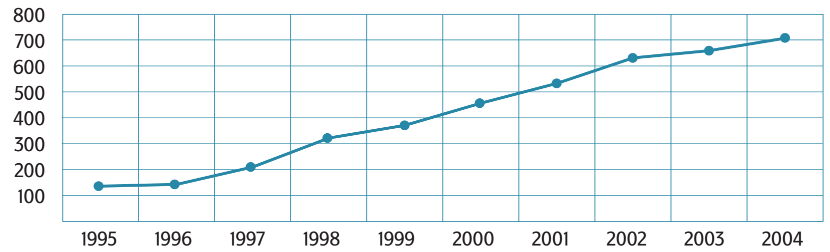
The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam (the Amsterdam Stock Exchange). 1 bearer depositary receipt represents 10 ordinary registered shares.

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 29,937,616. The information shown above for the previous financial years is the information taken from the relevant annual reports taking into account changes of accounting policies.

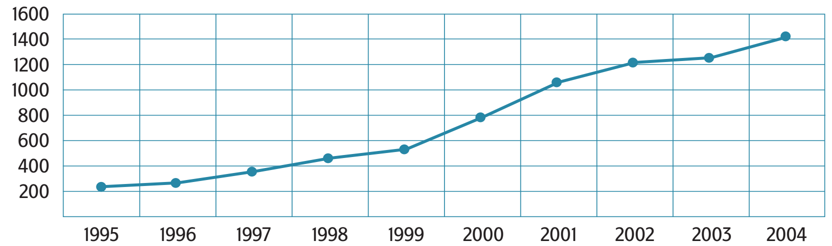
The dilutive effect of outstanding stock options is minimal, because of the very limited quantity of stock involved and the exercise price of EUR 19.00 which is not significantly lower than the average market price for the period. Accordingly, no additional information on the diluted direct and indirect results is presented.

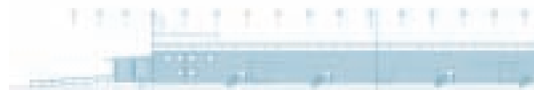
10 YEAR SUMMARY

Shareholders' equity (X EUR '000,000)

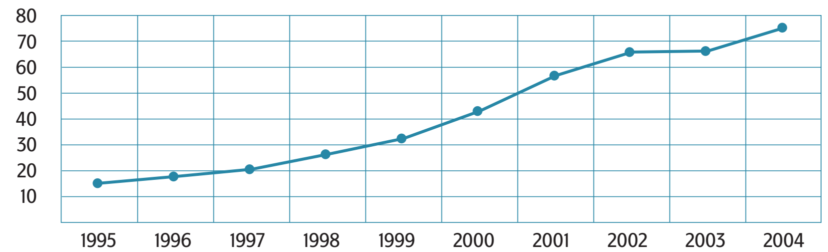


Total assets (X EUR '000,000)

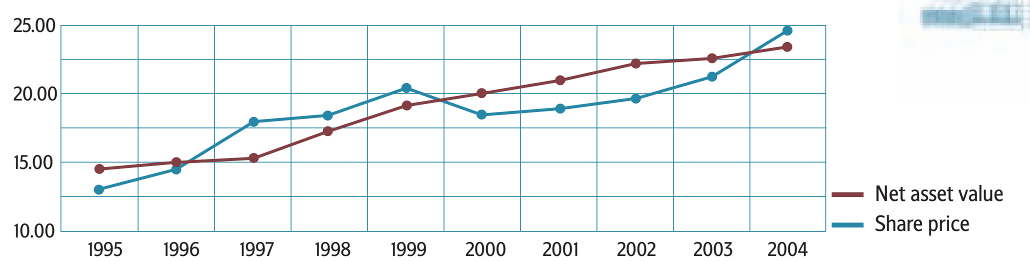


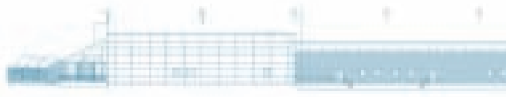


Net property income (X EUR '000,000)

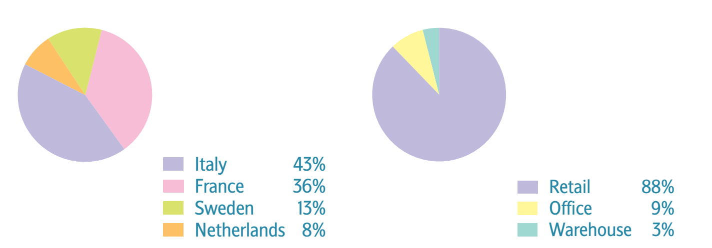


Share price and net asset value (EUR)





Property portfolio by country and type



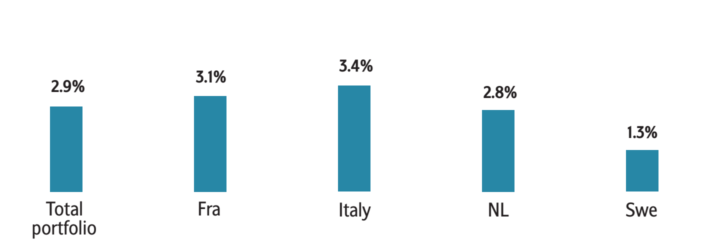
Property revaluations

The Company's independently assessed property values increased 2.3% overall compared with 2003.

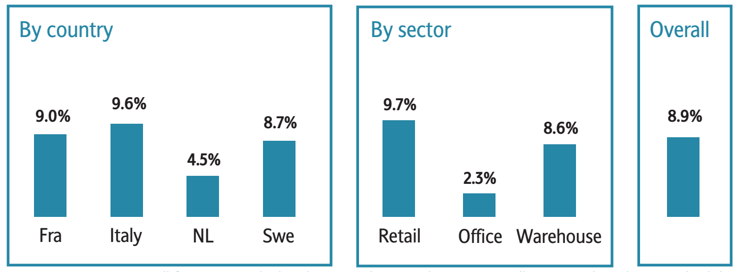
Individual country percentages were:	
France	+2.3%
Italy	+3.1%
The Netherlands	-2.8%
Sweden	+3.0%

Sector percentages were:	
Retail	+3.2%
Offices	-4.6%
Warehouse	-1.0%

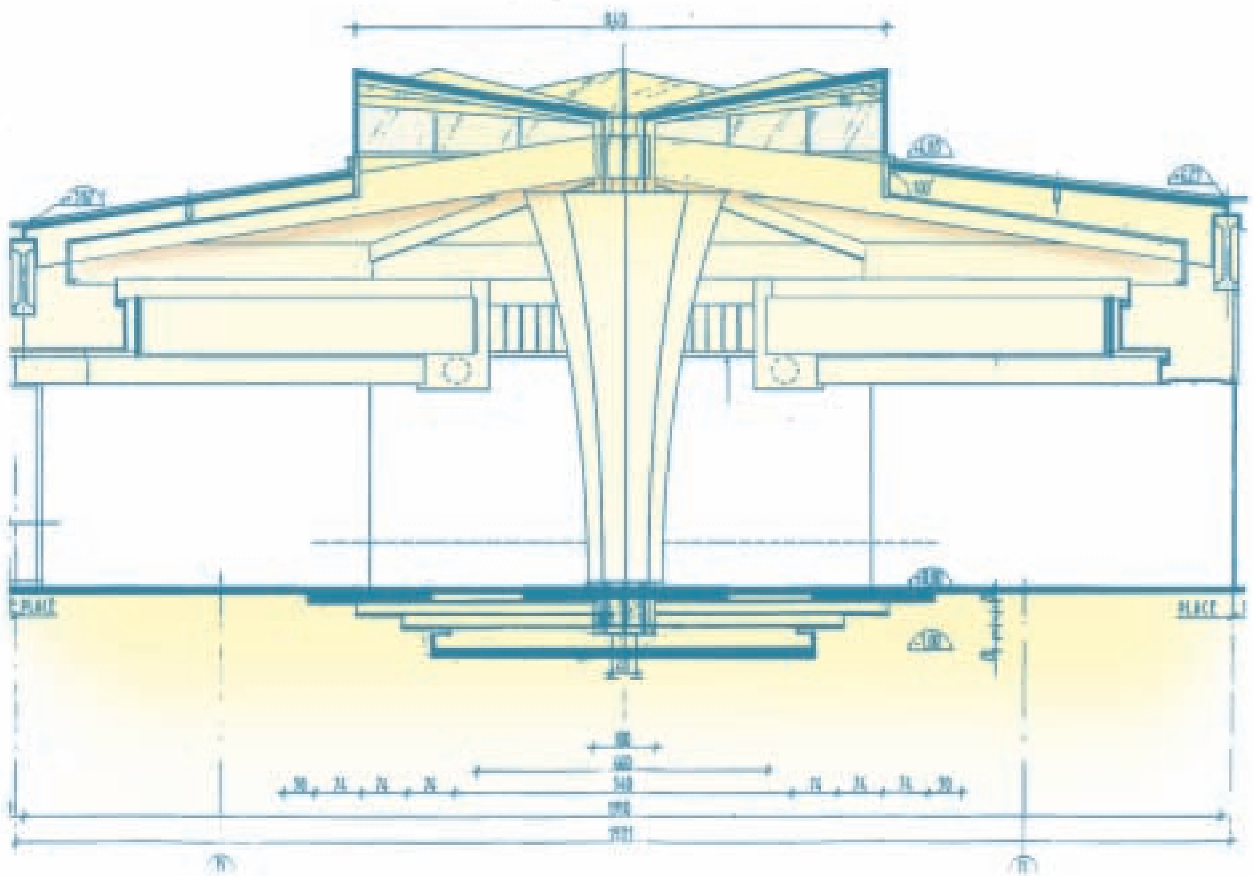
Rental growth - year to June 2004



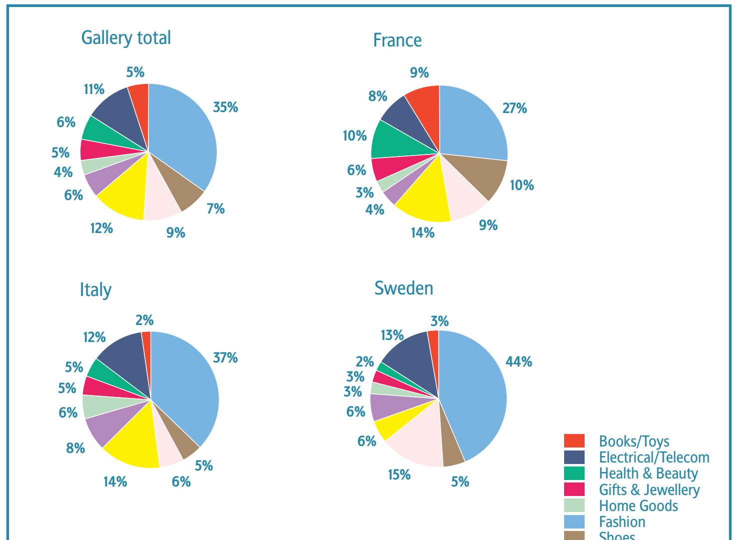
2004 property total returns



Year to 30 June 2004. All figures are calculated in accordance with internationally accepted IPD/ROZ methodology.



Gallery merchandising mix



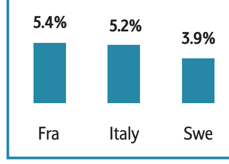
Tenant mixes as a proportion of floor area reflect differing national charateristics.

The Company's properties have about 900 separate tenancies the largest of which are:

	(EUR million)	% of total income
1. Netherlands Government	6.8	7.6%
2. Carrefour	4.5	5.0%
3. Coop Forum	3.4	3.8%
4. ICA Maxi	3.2	3.6%
5. fnac	3.1	3.4%
TOP 5	21.0	23.4%

Average rent to turnover ratios*

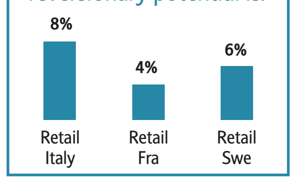
Shopping gallery rent to turnover ratios for ECP centres are extremely low giving high sustainability of rental income.



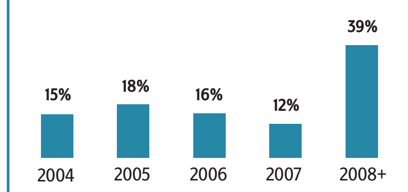
*Base rent excl. VAT / Total turnover incl. VAT

Potential rental reversions

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



Unexpired retail lease terms



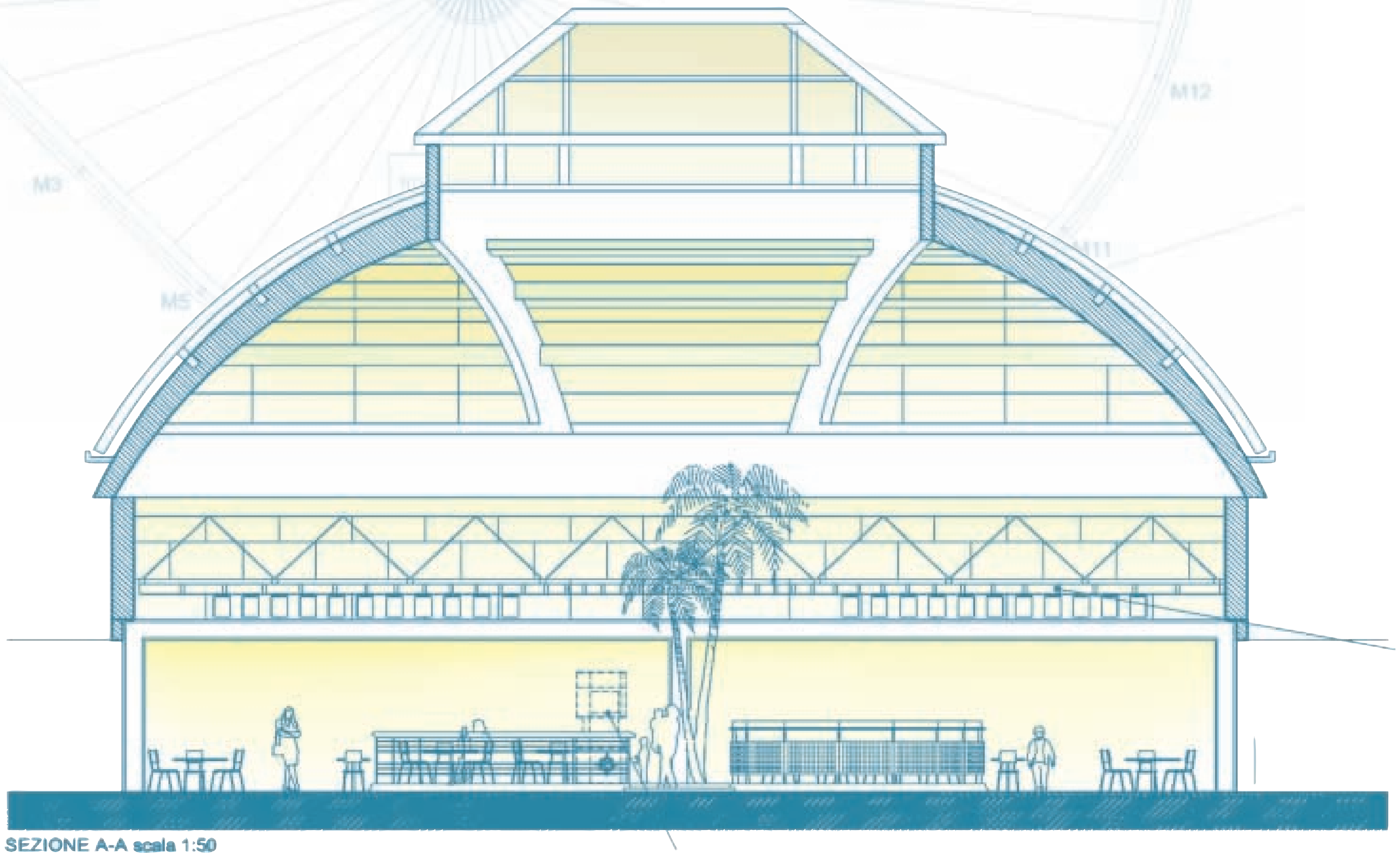
Overall portfolio vacancy

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

The vacancy level of 1% is almost entirely in Passage du Havre offices. ECP shopping centres have effectively no vacancies.

EUROPEAN PROPERTY MARKETS

ECP's main markets of France, Italy and Sweden have seen very little supply of good investments but strongly increasing demand. Prices have risen accordingly, perhaps to levels from which growth may be questionable especially if interest rates do finally rise. One must say, though, that the similar caution we expressed last year has proved to be unjustified with good retail property yields actually falling slightly with long term interest rates broadly stable.



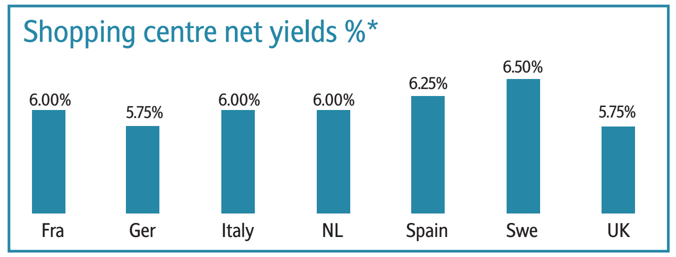
Market sectors

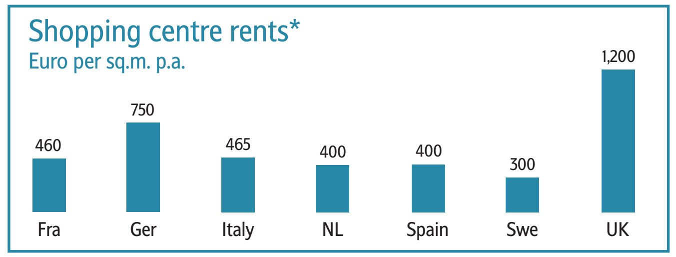
Retail

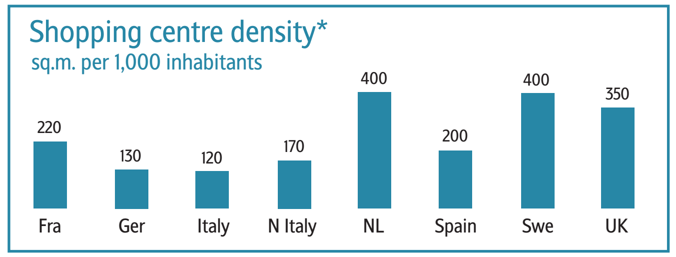
The retail sector of the property market is by far the strongest at the moment. Major reasons for this strength are that sizeable shopping centres remain relatively scarce with planning consents for hypermarket anchored centres difficult to obtain, particularly in France and Italy.

In addition, shopping centres have the virtue that despite modest national retail sales growth, their tenant base is extremely diverse and centres are to some extent "controlled environments" in which a competent manager can have a positive impact on turnover and rents through extensions, tenant changes and good marketing. Specific comments on the Company's main retail markets follow later in this report.

European retail market statistics







*All figures are ECP estimates compiled from a number of authoritative sources.

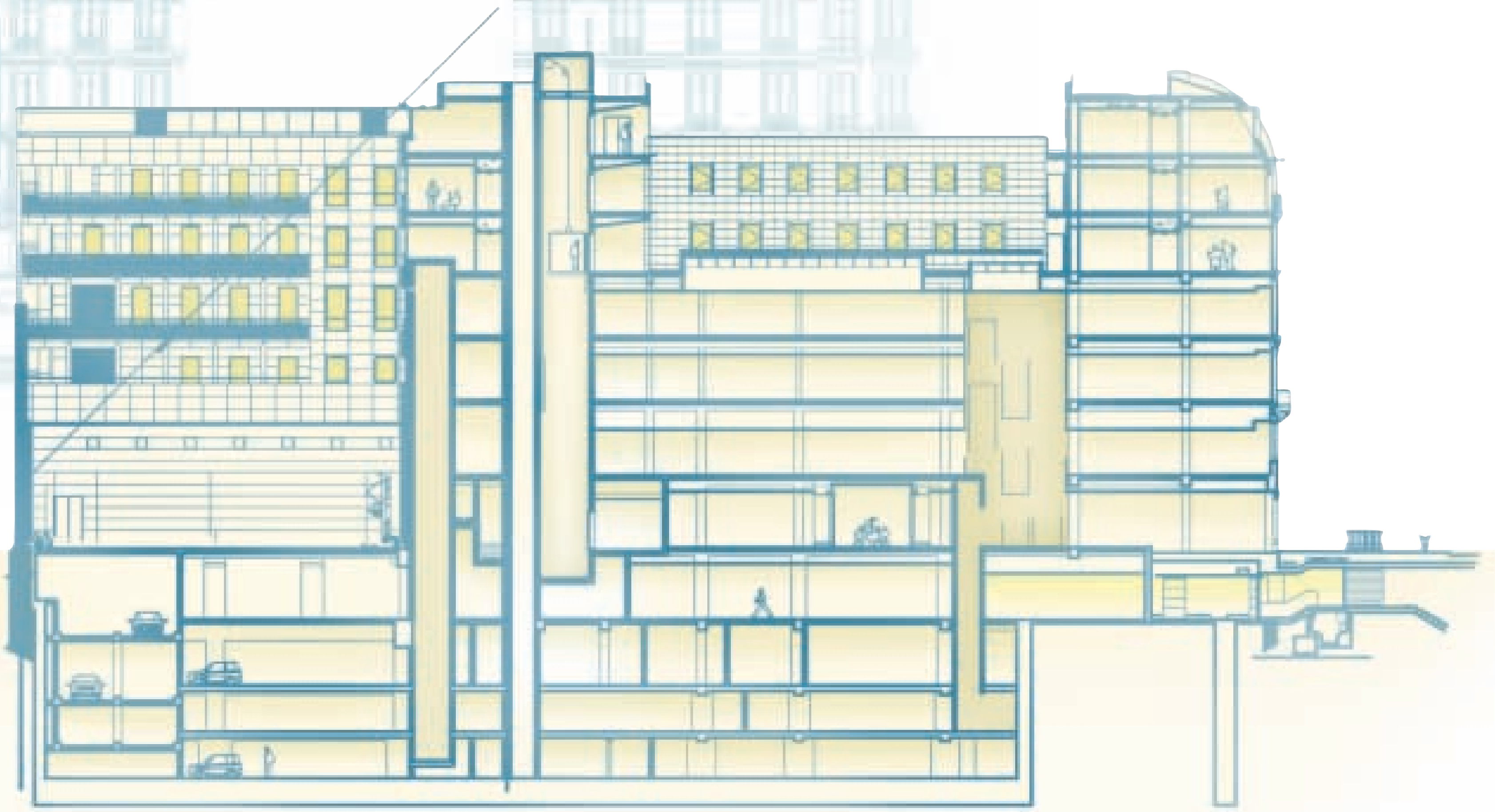
Office

The office markets across Europe display contrasting characteristics although strong investor demand remains a common theme for prime property where security of income is undoubted. There is a marked yield differential for secondary property or where leases are short or covenants uncertain. On the occupational front the market is most robust where demand is diversified and supply more restricted such as in parts of central Paris and London. Indeed, the West End has recently seen a return of some modest rental growth. Elsewhere, particularly in many decentralised office locations around Europe, letting activity remains patchy and requires the support of incentives, although some tenants are taking advantage of weaker markets to upgrade.

Warehouse

For diversified investors, higher yielding warehouse property has been much in demand at a time when the office markets have underperformed and retail is difficult to access. Yields have therefore remained stable although there is not much institutional stock available and new construction activity relies on substantial pre-lets. In quieter leasing markets the most active tenants are retailers and logistic operators looking for increasingly large regional hubs.

FRANCE



A strong market in an improving economy

Investment transactions
The major feature of the French retail market over the last year has been the almost complete lack of transactions, a fact that has made life difficult for investors and valuers alike.

We doubt that this situation will change next year unless buyers are prepared to accept lower yields when it may be that the supply of investments could increase. One could argue though that prime retail property could still offer relatively good value when compared with alternative investments but only if rental levels are reasonable.

Sales turnover growth
Sales turnover growth in ECP's centres has been better than expected at the beginning of the year, despite a slowly growing economy. The average growth of sales in our galleries has been 2.2% for the year to 30 June 2004, with all centres positive except Les Portes de Taverny.

After a lacklustre end to 2003, turnover growth has accelerated during the first half of 2004 in line with the improving economy in France - latest expectations are that the next year should show growth of around 2.5%. Whilst fashion has continued to struggle, both the Health & Beauty and Jewellery & Gifts sectors have compensated with more vigorous performances. The leisure/culture sector which is dominated by FNAC has also shown a promising evolution in early 2004. Demand for units in our shopping centres is stable with store sizes of 150 to 250m² favoured more than mega stores. International retailers increasingly add to the diversification of our tenancy mix.

The position of hypermarkets in the retail hierarchy is evolving with competition both from discount supermarkets in the food sector and "category killers" in the electrical, household and lower priced fashion sectors. It can be expected that the major hypermarket chains will fight back by using more of their own brands to reduce food prices but shopping gallery owners could review their tenant mix to take advantage of the new trends.

Occupancy
Vacancies in our shopping centres remain non-existent and rental growth has been around 3%. Substantial entry premiums continue to be paid by incoming tenants. The offices of Passage du Havre have a vacancy of 1,600m² but negotiations are underway for a reletting.

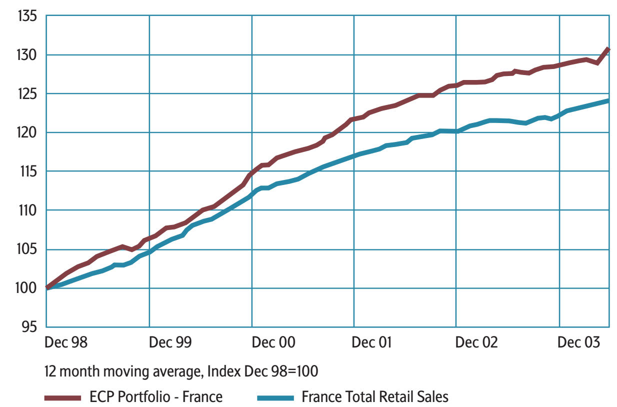
Centre improvements
Plans for a major refurbishment of ECP's centre Les Portes de Taverny, which is now thirteen years old, are well advanced. This project will focus on improving the comfort of the centre which is situated in a rather wealthy part of the Paris suburbs. New entrances and public areas are intended to rejuvenate the centre in parallel with merchandising improvements. Discussions with local authorities to provide a new entrance road are also progressing well with works due to start in 2005.

At Tours Les Atlantes, the lease renewal programme has started and this will be accompanied by refurbishment of the façade and the main piazza in the mall. Negotiations are also well advanced for a significant improvement to the fashion mix.

Amiens Glisy is now surrounded by a strong retail-warehousing zone and the local authority has indicated support for a small extension to the gallery which is likely to be focused on restaurants.

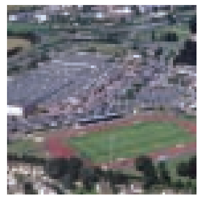
Turnover growth

ECP centres and national average sales growth comparison

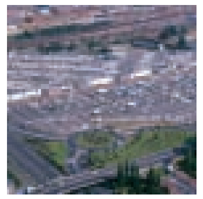


Centre improvements

Amiens
Preliminary discussions have been held with the municipality for a small extension to the gallery.

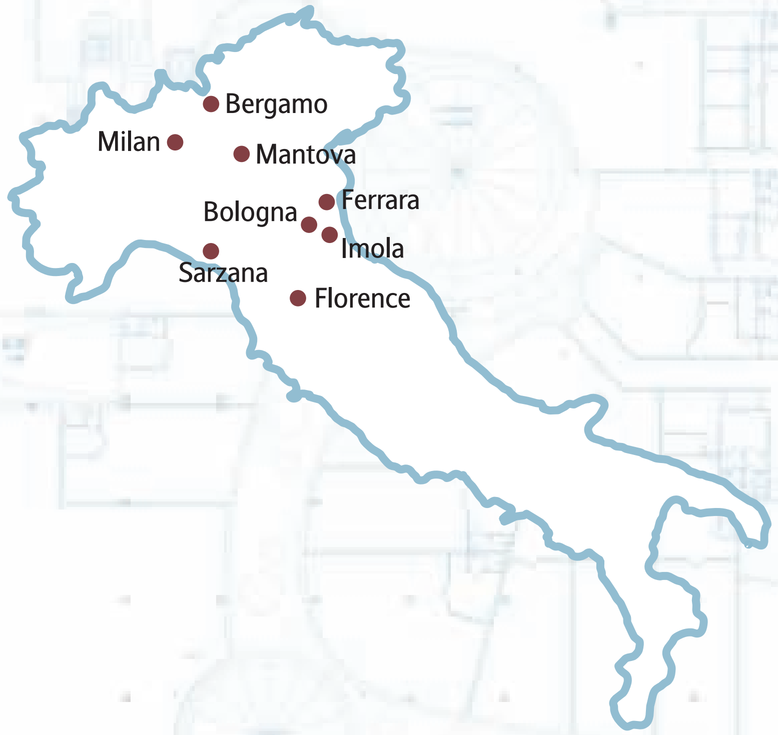


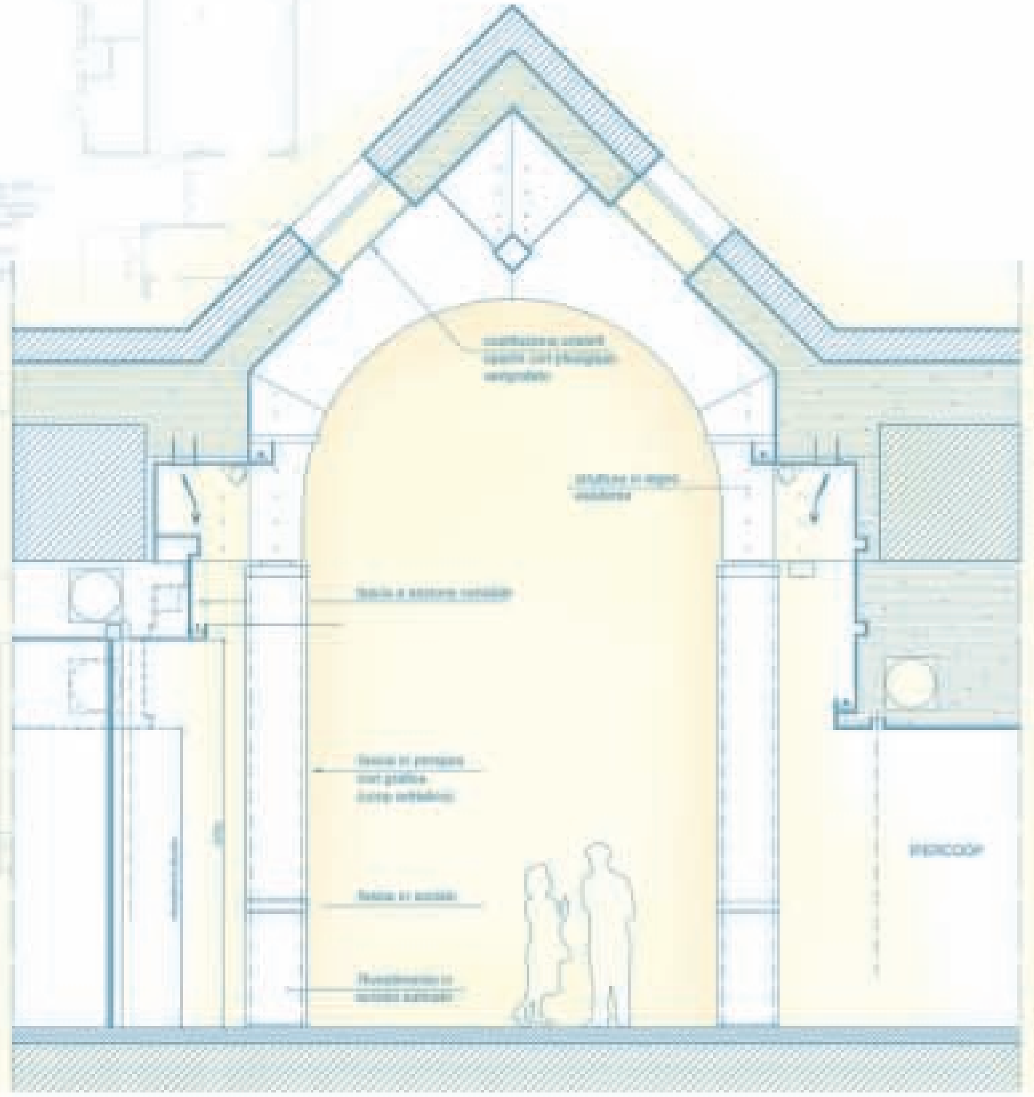
Taverny
Plans for a significant refurbishment of the entrances and mall areas and major upgrade to the washrooms and child facilities has been prepared. A planning application has been submitted for the works to start in early 2005.



Tours
Re-merchandising and lease renewals, which are in progress, have created the opportunity to upgrade the mall. The façade of the centre is to be enhanced with improved lighting and public walkways.

ITALY

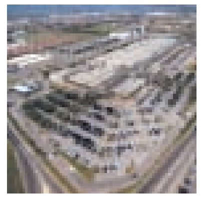




Centre improvements

Mantova

The retail park next to the centre is completed and fully leased. The food court has been reorganised and refurbished.

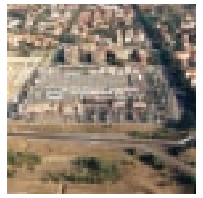


Bergamo (Curno)

A major refurbishment of the mall was completed in September 2004. A new freeflow restaurant was introduced, anchoring a new foodcourt. Lease renewals, which have accompanied the refurbishment, have increased the overall rent by 18%. For those leases renewed an average increase of 40% was achieved.

Florence (I Gigli)

The new Pathé Multiplex Cinema is trading well and negotiations are continuing with the Municipality to create a small Retail Park of around 9,000m² on the adjoining land. Investigations have also started for a possible extension of the gallery.

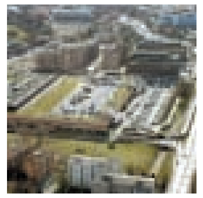


Imola

A planning application has been granted for an extension of approximately 10,800m² and 500 extra car spaces. Negotiations are at an advanced stage for construction and leasing.

Milan (Carosello)

Road improvements have been made which will reduce delays at the Tangenziale exit. Plans for an extension to the Gallery of around 11,000m² are being progressed with the Municipality. The extension is intended to accommodate strong secondary anchors.



Bologna

Following acquisition in November 2003, a remerchandising programme has been completed and a significant refurbishment has commenced.

Significant widening of investment demand

Investment market

Investment demand for Italian shopping centres has increased dramatically with some new foreign entrants to the market being less than discriminating in their choices of property and location. We remain of the view that it is both unnecessary and unwise to buy south of Rome. Quite apart from problems in business conditions, disposable income is much lower than in the north and the population more thinly spread and less "suburbanised".

Development supply

Ten years ago Northern Italy was substantially undersupplied with out of town shopping centres with a ratio of floor space per capita around a third of that of France.

Today the levels are similar in the major cities of Lombardy, particularly Milan at around 250m² per 1,000 people. Rental growth which had been spectacular has now settled down to rates that are, unsurprisingly, similar to those in France.

Sales turnover

Disposable income remains higher in Northern Italy than in any other major investment market in Europe, so that the outlook for shopping centre spending is still very good, even after years of extraordinary sales growth (see chart).

Average turnovers from ECP's centres galleries were 0.7% lower year on year to 30 June. This is partly due to generally poorer trading conditions in Italy and to the arrival of competing centres in some of our catchments where we previously enjoyed near monopoly conditions. Absolute levels of turnover remain entirely satisfactory however, with low rent to turnover ratios.

Tenant demand

All rent reviews concluded by ECP in its centres this year have achieved at least budgeted levels and there are effectively no vacancies. Substantial entry premiums, as in France, continue to be paid by incoming tenants.

Centre improvements

We have been preparing for increased competition by upgrading the public spaces of our centres. In particular we have completed a major refurbishment of the Curno shopping centre creating a large food court, two exciting new piazzas and modernised all public areas.

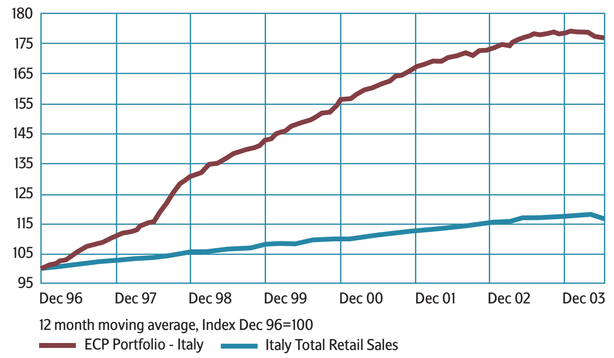
The Curno refurbishment also involved the transfer of public areas into new retail space, effectively reducing the real refurbishment cost to ECP significantly. The works coincided with and assisted a major lease renewal programme, which produced an average rental increase of 40% for those renewed and provided an opportunity to refresh the retail offer.

In Milan we have substantially improved the access to the Carosello centre. The works involved three major projects, including a new-tunnel access direct from the Milan ring road into the centre.

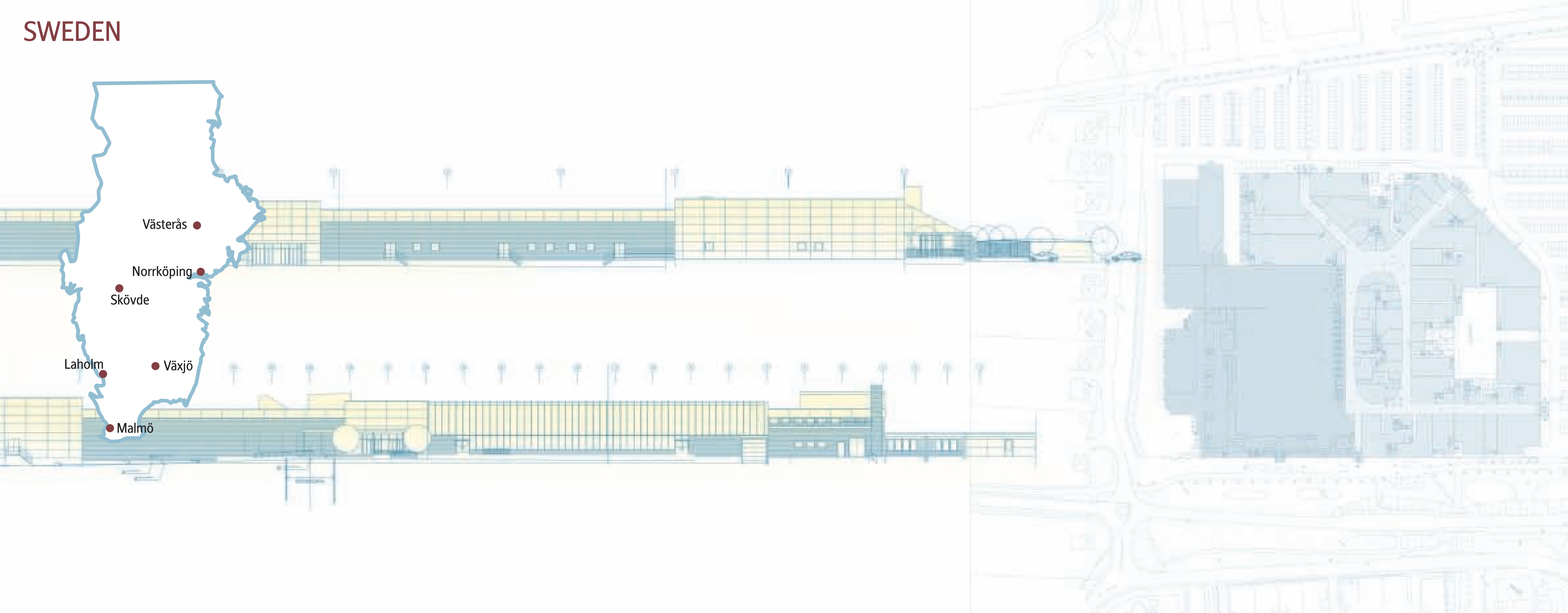
Elsewhere we have installed new food courts in Carosello and Mantova and are about to do so in Ferrara.

Turnover growth

ECP centres and national average sales growth comparison



SWEDEN



Strong local and international investor demand

Investment market
The Swedish market for shopping centres has firmed in yield terms by at least fifty basis points over the last year so that for the best centres it is currently around 6.5%. Demand is now, significantly, coming from Swedish investors as well as the foreigners who have hitherto dominated the market.

Development supply
The supply of new centres, despite relatively relaxed planning laws and higher densities than in France or Italy has not been excessive in 2004. Base rents have shown modest growth at around 1.3%, although higher reversions should be coming through in future years.

Tenant demand
Sweden is an extremely wealthy country in terms of GDP per capita but this is not proportionately reflected in net disposable income, because of high personal income taxes, particularly at upper levels.

This partly explains why sales per square metre are low, although a further contributing factor is the very large size of a typical Swedish 'boutique' which is at least three times the size of its counterpart in France and Italy. However, rental levels are also much lower and the result is that rent to turnover ratios, the key "health check" for rents, are quite sound and often even lower than in other markets.

The retails markets of Denmark, Norway and Sweden are overlapping increasingly, with the major chains taking a pan-Scandinavian view. This means that there is generally higher demand for shops and so vacancy levels in ECP's centres are, as elsewhere, minimal.

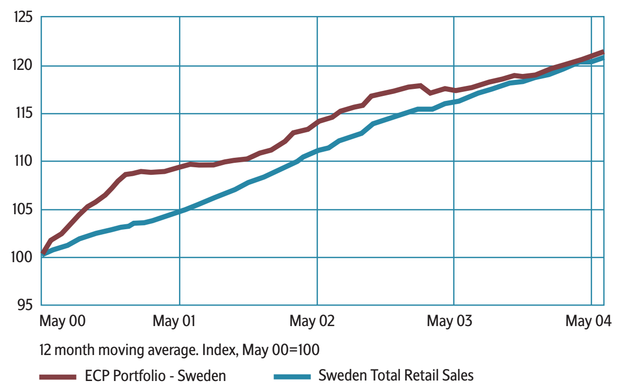
Sales turnover growth
Overall, the Swedish Portfolio saw yearly turnover growth of 4.5%. The three new shopping centres acquired from ICA in October 2003 have shown outstanding overall turnover growth of almost 8%, demonstrating their strong market position and providing a sound base for good future rental performance. Furthermore, Norrköping and Skövde also provide potential for significant gallery extensions which are already under investigation.

Hälla Shopping, now in its second year of trading, has shown the strongest like for like turnover growth of over 10%. The first re-letting of a 600m² unit occupied by Power (electrical) has allowed us to further strengthen the fashion offer in the centre and achieve a rental uplift for this unit of 15%.

Centre improvements
In January 2004, we secured planning approval for an extension of 6,000m² to Burlöv Centre, Malmö. Subsequent pre-leasing activity is resulting in substantial pre-lets and it is therefore anticipated that construction should commence this autumn. The entire shopping centre will also be substantially refurbished and, when completed in 2006, will provide a broader and stronger tenant mix, particularly in fashion, to complement the 19,000m² Coop Forum hypermarket. The hypermarket will also be refurbished in 2005 and re-modelled to allow the creation of a new internal mall, thereby improving the overall master plan and providing some needed smaller shop units and a new food court. The total cost of EUR 27 million should show a yield of about 8%.

Turnover growth

ECP centres and national average sales growth comparison



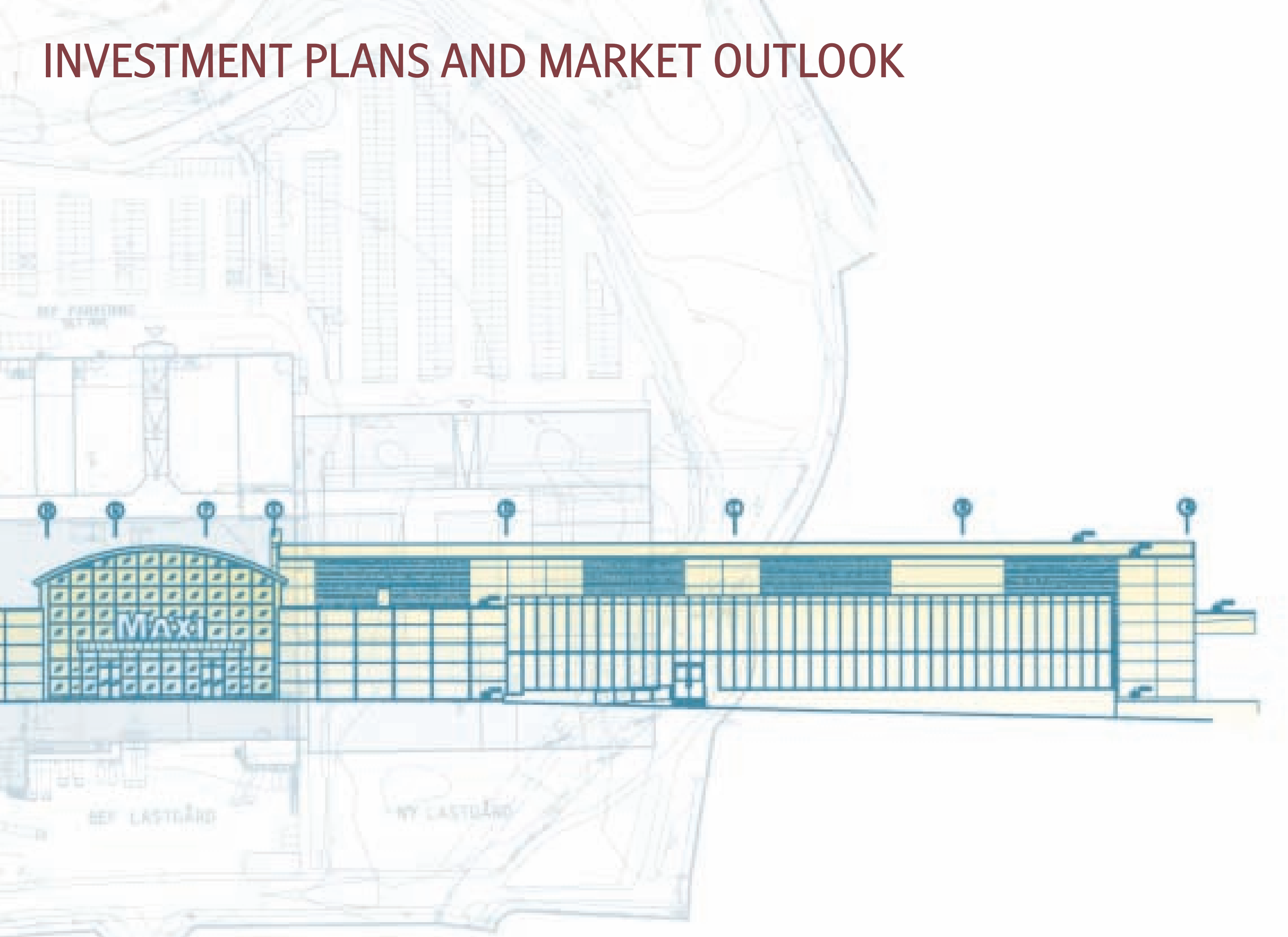
Centre improvements

Malmö (Burlöv)
Planning approval has been secured for an extension and major refurbishment of the centre. The tenant mix will be improved, particularly in the fashion and household sectors and 2 new food courts will be created. Coop Forum will refurbish their hypermarket in 2005.

Norrköping
Discussions have commenced with the Municipality for a gallery extension of approximately 6,000m² to broaden the fashion and service sectors.

Skövde
Detailed investigations have commenced for a gallery extension of up to 8,500m² including an extension to the ICA Maxi hypermarket of 2,500m².

INVESTMENT PLANS AND MARKET OUTLOOK



We have already noted that property investment markets are extremely strong with demand exceeding supply. We are, as always, active in our core markets but are setting firm price parameters that reflect realistic expectations of income growth, rather than joining increasingly frenzied competition at ever lower yields.

We are, also in view of market conditions, focusing on improving and expanding the Company's existing centres. It is normally possible to achieve yields up to 2% higher through creating extensions rather than buying ready made investments through the market.

The total cost of the extension programme is likely to be in the order of EUR 150 million, the bulk of which will be spread over at least three years. The extension projects will not only enhance income, with yields up to 8%, but will also significantly strengthen the position of ECP's centres in an increasingly competitive market.

The difficulty of this strategy is of course the time, effort and expertise involved in obtaining the necessary consents and the problems involved in supervising architects, builders and consultants.

To accomplish these tasks we have been joined by an engineer who has specialised in the technicalities of property development and construction, particularly in Italy. The majority of our expansion prospects are in Italy and he has already made a significant contribution to the impetus and efficiency of our programme there.

Strong tenant demand for shops in ECP's centres is expected to continue with turnover growth in France showing the greatest improvement from relatively subdued levels over the past few years. In Italy on the other hand it is likely that the extraordinary overall growth previously seen will reduce to more normal though perfectly satisfactory levels, especially when potential reversions are taken into account. We expect rental and turnover growth to average 3-4%.

In Sweden growth is expected to continue at historic levels of around 2%.

Future property values will depend partly on rental levels, of course but investment demand is likely to continue to push yields down and therefore, values up. In the absence of particular features or opportunities, total returns from the few shopping centres that will come to the market are unlikely to exceed 8% per annum. This is, historically, a relatively low figure for investment property but at the moment compares quite well with expectations from equities or bonds.

CORPORATE GOVERNANCE

In accordance with the recommendations of the Dutch Corporate Governance Committee (the Tabaksblat Committee), a broad outline of the corporate governance structure of the Company is presented in this section including any departures from the Committee's recommendations. A detailed list of the recommendations and best practice provisions can be found on pages 61 to 64 of the report and on our website.

General Meeting of Shareholders

The General Meeting of Shareholders has core overriding powers on such matters as statutory changes, adoption of the annual accounts and the profit appropriation. It has powers regarding appointment, suspension, dismissal and remuneration of members of the Board of Management and the Supervisory Board.

The General Meeting of Shareholders is usually held in the first week of November each year. Holders of depositary receipts are entitled to attend and to vote at the meeting. Upon written request by shareholders and holders of depositary receipts who solely or jointly represent 10% of the issued capital, the Board of Management and the Supervisory Board shall be required to convene a General Meeting of Shareholders, the notice calling that meeting to specify the items to be considered. The secretary appointed for the meeting will take minutes of the proceedings at the meeting. The minutes will be signed by the Chairman of the meeting and by the secretary. In principle, the minutes will be published on the Company's website within three months after the meeting and copies of such minutes are available free of charge on request.

Supervisory Board

The Supervisory Board's primary task is to supervise the activities of the Company and to provide advice and guidance to the Board of Management. In pursuing these responsibilities, the Supervisory Board takes the interests of all stakeholders into account. Supervision focuses on the achievement of corporate goals and objectives, strategy and implementation. In addition, the Supervisory Board supervises the proper execution of internal risk and control structures, the property and financial reporting process, and legal and regulatory compliance. Finally, the Supervisory Board is involved in drawing up the remuneration policy of the Company and ratifies the individual remuneration of the Board of Management members according to the policy and remuneration proposals approved by the General Meeting of Shareholders.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Meeting of Holders of Priority Shares. The General Meeting of Shareholders determines the remuneration of members of the Supervisory Board. The members of the Supervisory Board are independent of one another, the Board of Management and any particular interest. Pursuant to the Articles of Association, the Supervisory Directors retire under a rotation scheme. In view of the current size of the Supervisory Board (four members), each appointment will be made for a period of maximum four years. Any proposal for appointment or reappointment to the General Meeting of Shareholders shall be properly explained. In the case of a reappointment, account will be taken of the candidate's performance and functioning as a Supervisory Director. The rules and regulations of the Supervisory Board stipulate that the maximum term of office is twelve years, unless there are weighty interests (for which the reasons must be expressly given) to justify a longer term. A resolution by the General Meeting of Shareholders to dismiss or suspend can be passed with a simple majority of the votes cast, representing more than half of the issued capital.

The Supervisory Board has decided to also function as the audit committee, the remuneration committee and the selection and appointment committee, as the Supervisory Board consists only of four members.

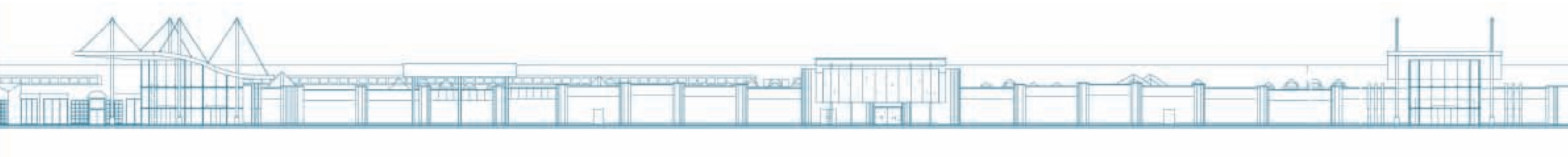
The Supervisory Board meets according to a fixed schedule of meetings and at least four times a year. Furthermore, there is a special meeting dedicated to a discussion – without the Board of Management being present – of the Supervisory Board's own functioning, the relationship to the Board of Management and the composition, assessment and remuneration of the Board of Management. The Supervisory Board profile with which the members of the Supervisory Board are expected to comply will be evaluated annually and, where necessary, revised.

In the year under review no business transactions took place in which conflicts of interest could have played a role. Any business transactions between the Company and the members of the Board will be published in the Annual Report. The profile and rules and regulations of the Supervisory Board, the resignation rota for members of the Supervisory Board are published on the Company's website and are available free of charge on request.

Board of Management

The Board of Management is responsible for managing the Company and its subsidiaries. It is accountable for the pursuit and achievement of corporate goals and objectives of the Company and its subsidiaries, its strategy and policies. In addition to determining strategy and its implementation, the Board of Management should optimise risk management and control, financing and ensuring the Company and its subsidiaries comply with legal and other applicable regulatory requirements.

The members of the Board of Management are appointed by the General Meeting of Shareholders, from a binding nomination to be drawn up by the Meeting of Holders of Priority Shares. Managing Directors are appointed for a maximum period of four years. The Board of Management's remuneration is determined in line with the policy set out in the remuneration report. The remuneration of the Board of Management will be submitted to the General Meeting of Shareholders for approval. In 2004 the Supervisory Board drew up a remuneration report. The report is posted on the Company's website. A resolution by the General Meeting of Shareholders to dismiss or suspend can be passed with a simple majority of the votes cast, representing more than



half of the issued capital. The amount of compensation which a member of the Board of Management may receive on termination of his employment may not exceed one year's salary.

Hostile takeover defence

The mechanism for protecting the Company against hostile takeovers comprises the hundred priority shares, which have been issued and are held by the Stichting Prioriteitsaandelen Eurocommercial Properties. The Board of Trustees of this foundation (*stichting*) currently comprises the Chairman of the Board of Management and an independent member. The determination of the number of Managing Directors and Supervisory Directors of the Company and the drawing up of a binding nomination for their appointment and the approval of the appropriation of income of the Company are the principal rights attached to the priority shares. The priority shares are in all other respect identical to the registered ordinary shares.

Under powers granted to it by the General Meeting of Shareholders for the period to 30 November 2006, the Meeting of Holders of Priority Shares is empowered to authorise the issue of new shares and the terms of issue, including the power to limit or exclude the pre-emptive rights of existing shareholders. Mutatis mutandis the same applies to the granting of rights to subscribe for shares.

Internal risk management and control system

The Board of Management considers the internal risk management and control systems to be adequate and effective. Key elements in the internal control systems are a management structure designed to enable effective and collegiate decision-making, monthly review of important indicators, such as turnovers in shopping centres, vacancy and doubtful debtors and weekly meetings between the Board of Management and area directors to review each country's performance against budgets and long-term financial plans. Detailed procedures and responsibilities for the various country teams as well as for the segregation of duties and authorisation structures have been implemented and maintained. Strict procedures are also observed for the periodic drawing up of monthly, quarterly and annual figures on the basis of the adopted policies. The internal management reporting system is designed to identify directly developments in the value of investments and the earnings per share. For this purpose use is made of electronic data processing within automated, integrated central information systems.

Because of its size the Company has no internal audit department. The Supervisory Board discusses the external auditors' findings on the Company's internal control environment with the Board of Management and the external auditors.

The Supervisory Board supervises the internal control framework and procedures and the assessment of risks facing the Company and its subsidiaries.

External auditor

The external auditor is appointed by the General Meeting of Shareholders. The external auditor will attend the meeting of the Supervisory Board and the Board of Management at which the annual figures are discussed and adopted. The quarterly, half-year and annual figures presented in press releases will be discussed with the external auditor prior to publication.

The General Meeting of Shareholders may question the external auditor about his report on the fairness of the annual accounts. The external auditor may address the meeting in respect of this matter.

Corporate Governance best practice

To the extent possible under the current legal structures the Company applies the Principles and Best Practice provisions of the Tabaksblat Code to its existing corporate governance structure with only a few minor exceptions with explanations noted below. At the Annual General Meeting of Shareholders to be held on 2 November 2004 various items will be tabled to amend relevant statutes to be able to comply fully with the Code.

Contracts of employment for the members of the Board of Management have been suitably modified, effective immediately and Jeremy Lewis is resigning from the Board of the Stichting Administratiekantoor Eurocommercial Properties, the remaining directors being independent of the Company as recommended by the Code.

The only best practice provisions with which the Company does not fully comply or which require an explanation are:

Provision III.4.3 of the Code
Due to its size the Company will not appoint a company secretary.

Provision IV.1.1 of the Code
The Netherlands Civil Code provides for the possibility to set aside binding nominations for the appointment of directors by a shareholders resolution passed by two thirds of the votes cast representing more than half of the issued capital. The Company will maintain this system so that a substantial majority of shareholders and holders of depositary receipts decides these issues.

Provision IV.1.7 of the Code
The present system for casting votes has worked in a completely satisfactory way since the inception of the Company and we believe that there is no benefit to it, its shareholders and holders of depositary receipts to change this.

Provision IV.3.1 of the Code
No arrangements will be made to follow analysts' and shareholders' meetings in real time by means of webcasting or telephone for reasons of cost.

Provision V.3.1 of the Code
Due to its size the Company will not appoint an internal auditor.

ORGANISATION AND RISK MANAGEMENT

ECP has had offices in Amsterdam and London since inception, but the Company's increased focus on France and Italy, has led to the opening of additional offices in Paris and Milan.

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.

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.

We note with great regret the retirement, because of ill health, of Hans van Lookeren Campagne from the Board of Stichting Prioriteitsaandelen Eurocommercial Properties. Hans was one of the founding directors of this company and we are greatly in his debt for his distinguished service and friendship to us all.

Remuneration

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. The remuneration policy is set out in the remuneration report posted on the Company's website. A summary of the remuneration report is included in the report of the Board of Supervisory Directors on page 35.

Interest rate risk and currency risk

The Company has a long term investment horizon, especially for retail properties. Borrowings used for funding these investments therefore also have a long term nature and it is the policy of the Company to secure commitments preferably for ten years or more. The Company uses interest rate swaps and other financial instruments to manage its interest rate risk. It is the policy of the Company to operate a defensive interest rate hedging policy to protect the Company against increase of interest rates. The Company is hedged at an average interest rate of 5.2% and only 25% of the current loans are at a floating rate. An increase in interest rates of 1% would therefore only have a limited negative impact of an additional annual interest expense of EUR 1.5 million or 3.3% of reported net income.

The Company has increased its exposure to the Swedish property markets over the year, therefore increasing its exposure to the Swedish Krona, the only foreign currency exposure for the Company. However, by recently entering into a long term SEK loan facility with a major Swedish bank, a natural hedging of the foreign currency was achieved up to 50%. The remaining exposure is relatively limited compared to the total size of the portfolio and will in principle not be hedged. A weakening of this currency by 5% would result, for eaxample, in a decrease of shareholders equity of only 0.6% of reported net asset value.

Insurance

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 costs. Its insurance programme has been benchmarked against its peer group.

Italian property management

The Company has changed its organisation in Italy to separate the management of its own properties from the third party work undertaken by its subsidiary Larry Smith Italia, the prominent specialist retail property consultant it purchased in 2001. Larry Smith personnel responsible for ECP matters have joined the Company at its own new office in Milan. The Company has also changed its financial involvement in Larry Smith Italia by selling the shares in the underlying company to five of its directors and leasing to it the trademark. ECP will in return for the use of the Larry Smith name, the rights to which ECP retains, receive a fixed annual royalty or a percentage of turnover whichever is the higher for a term of 10 years with the licensee having the right to buy the trademark from the seventh year on. ECP and Larry Smith will therefore continue their mutually rewarding relationship with Larry Smith continuing to do leasing, catchment studies and on site management work on some ECP centres. This transaction has significant benefits for both parties – for ECP, its dedicated management team will no longer be involved in third party work whilst ECP retains a financial interest in Larry Smith's extremely successful business.

Amsterdam, 23 August 2004
Board of Management

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

initions

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

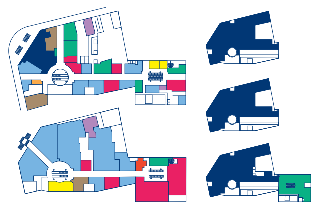
Books/Toys	Fashion
Electrical/Telecom	Shoes
Health & Beauty	Sport
Gifts & Jewellery	Restaurants/Food
Home Goods	Services

FRANCE

Retail

Passage du Havre, Paris

(includes 10 rue du Havre)



Total lettable area
20,447m²
Retail: 13,839m²
Office: 4,271m²
Residential: 2,337m²

ECP ownership
20,447m²

Car spaces
179

Tenure
Freehold

Net valuation
EUR 172.83 million

Yield on gross value
5.5%

Occupancy
92% (Retail 100%)

Major tenants
fnac, Sephora, Nature et Découverte, Zara, H&M

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 9.97 million p.a.

Rent to turnover ratio
3.7%

Turnover growth 2003/2004
1.8%

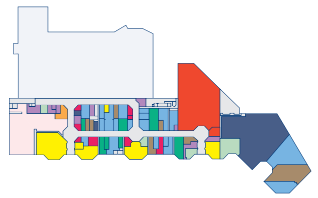
Rental growth 2003/2004
2.5% (retail)

Total return per annum since purchase in October 2000
7.5% (retail and office)

Retail

Centre les Atlantes, Tours

(Indre et Loire)



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 68.42 million

Yield on gross value
6.8%

Occupancy
100%

Major tenants
Go Sport, Flunch, Planète Saturn, Toys R us

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 4.93 million p.a.

Rent to turnover ratio
4.9%

Turnover growth 2003/2004
4.0%

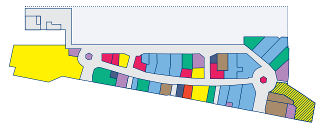
Rental growth 2003/2004
4.7%

Total return per annum since purchase in June 1992
12.9%

Retail

Centre Commercial Amiens Glisy, Amiens

(Somme)



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 27.33 million

Yield on gross value
7.0%

Occupancy
100%

Major tenants
Flunch, Etam, Camaieu

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 2.02 million p.a.

Rent to turnover ratio
6.3%

Turnover growth 2003/2004
3.5%

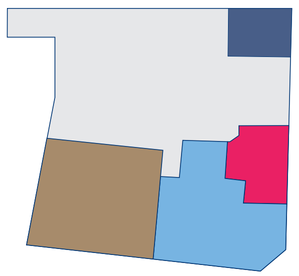
Rental growth 2003/2004
3.1%

Total return per annum since purchase in January 1995
17.7%

FRANCE

Retail

74 Rue de Rivoli,
1-3 Rue du Renard,
Paris



Total lettable area
2,842m²
Retail: 587m²
Office: 466m²
Residential: 1,789m²

ECP ownership
2,842m²

Tenure
Freehold

Net valuation
EUR 11.94 million

Yield on gross value
5.5%

Occupancy
100%

Major tenants
Natalys, Minelli, Phone House

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

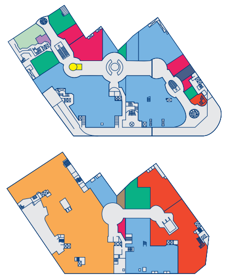
Current net income
EUR 0.69 million p.a.

Rental growth 2003/2004
8.0%

Total return per annum since purchase in March 1998
7.7%

Retail

Passy Plaza,
Paris



Total lettable area
8,077m²

ECP ownership
8,077m²

Car spaces
150

Tenure
Freehold volume

Net valuation
EUR 85.94 million

Yield on gross value
6.0%

Occupancy
100%

Major tenants
Inno, H&M, Grande Récré

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 5.43 million p.a.

Rent to turnover ratio
8.4%

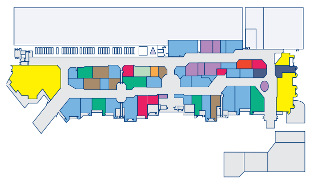
Turnover growth 2003/2004
1.0%

Rental growth 2003/2004
3.0%

Total return per annum since purchase in July 1999
9.8%

Retail

Les Portes de Taverny,
Val d'Oise



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 29.62 million

Yield on gross value
6.8%

Occupancy
100%

Major tenants
Paul, Krys, Jacqueline Riu

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.

Current net income
EUR 2.14 million p.a.

Rent to turnover ratio
6.0%

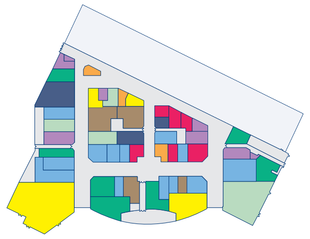
Turnover growth 2003/2004
-4.0%

Rental growth 2003/2004
2.1%

Total return per annum since purchase in August 1995
15.4%

Retail

Centr'Azur,
Hyères
(Var)



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 25.66 million

Yield on gross value
7.0%

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 1.9 million p.a.

Rent to turnover ratio
4.7%

Turnover growth 2003/2004
8.0%

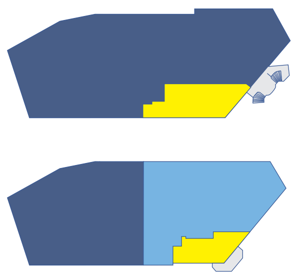
Rental growth 2003/2004
5.4%

Total return per annum since purchase in December 1993
12.9%

FRANCE

Retail

Les Trois Dauphins, Grenoble (Isere)



Total lettable area
16,800m^2
Retail: 8,300m^2
Hotel/Office: 4,073m^2
Residential: 4,402m^2

ECP ownership
16,800m^2

Tenure
Freehold

Net valuation
EUR 22.90 million

Yield on gross value
6.75%

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.

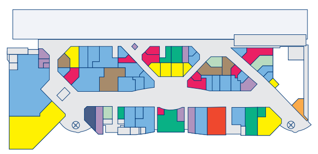
Current net income
EUR 1.64 million p.a.

Total return per annum since purchase in February 2003
6.7%

ITALY

Retail

Carosello, Carugate, Milan (Lombardy)



Total lettable area
41,000m^2
Gallery GLA: 11,000m^2
Carrefour – Hypermarket (Sales): 15,000m^2
Reserves: 15,000m^2

ECP ownership
41,000m^2

Car Spaces
3,200

Tenure
Freehold

Net valuation
EUR 144.31 million

Yield on gross value
5.85%

Occupancy
100%

Major tenants
Carrefour, Oviesse, Autogrill, Zara

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 8.61 million p.a.

Rent to turnover ratio
Gallery 6.1%, Hypermarket 2.8%

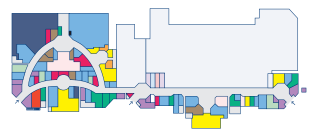
Turnover growth 2003/2004
Gallery -7.1%, Hypermarket -6.7%

Rental growth 2003/2004
0%

Total return per annum since purchase in May 1997
19.2%

Retail

Il Castello, Ferrara (Emilia Romagna)



Total lettable area
28,550m^2
Gallery GLA: 16,000m^2
Coop – Hypermarket (Sales): 9,500m^2
Brico: 3,050m^2

ECP ownership
16,000m^2

Car spaces
2,400

Tenure
Freehold in co-ownership

Net valuation
EUR 70.10 million

Yield on gross value
6.2%

Occupancy
98.5%

Major tenants
Oviesse, Autogrill, Euronics

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
2004/5: 19% leases
2006: 11% leases
2007: 26% leases

Current net income
EUR 4.36 million p.a.

Rent to turnover ratio
6.8%

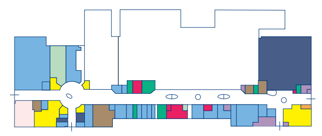
Turnover growth 2003/2004
13.7%

Rental growth 2003/2004
0%

Total return per annum since purchase in July 2001
10.7%

Retail

Curno, Bergamo (Lombardy)



Total lettable area
26,944m^2
Gallery GLA: 15,344m^2
Città Mercato - Hypermarket (Sales): 8,200m^2
Brico: 3,400m^2

ECP ownership
15,344m^2

Car spaces
2,500

Tenure
Freehold in co-ownership

Net valuation
EUR 70.20 million

Yield on gross value
6.0%

Occupancy
99.5%

Major tenants
Media World, Passatempo, Brek

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
2005-9: 12% leases

Current net income
EUR 4.38 million p.a.

Rent to turnover ratio
5.0%

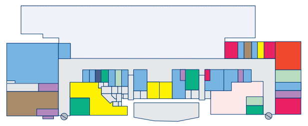
Turnover growth 2003/2004
-1.0%

Rental growth 2003/2004
16.5%

Total return per annum since purchase in January 1994
16.9%

Retail

La Favorita, Mantova (Lombardy)



Total lettable area
28,760m^2
Gallery GLA: 7,390m^2
Retail Park GLA: 5,860m^2
Ipercoop – Hypermarket (Sales): 7,200m^2
Brico: 5,700m^2
Cinema: 2,700m^2

ECP ownership
13,250m^2

Car spaces
2,050

Tenure
Freehold in co-ownership

Net valuation
EUR 39.60 million

Yield on gross value
6.7%

Occupancy
100%

Major tenants
UPIM, Benetton, Media World, Scarpe & Scarpe

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 (gallery)
2005: 15% leases
2006: 2% leases
2007/8: 57% leases

Current net income
EUR 2.7 million p.a

Rent to turnover ratio
Gallery 8.9%
Retail Park 4.0%

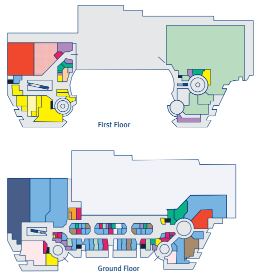
Turnover growth 2003/2004
Gallery -0.17%

Rental growth 2003/2004
Gallery 4.0%

Total return per annum since purchase in December 1997
9.5%

Retail

I Gigli, Florence (Tuscany)



Total lettable area
67,515m^2
Gallery GLA: 44,300m^2
Panorama – Hypermarket (Sales): 12,000m^2
Cinema: 11,215m^2

ECP ownership
55,515m^2

Car spaces
3,600

Tenure
Freehold in co-ownership

Net valuation
EUR 173.15 million

Yield on gross value
6.1%

Occupancy
100%

Major tenants
Leroy Merlin, Media World, Coin, Vis Pathé

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 (gallery)
2005: 22% leases
2006: 15% leases

Current net income
EUR 10.71 million p.a.

Rent to turnover ratio
Gallery 4.8%

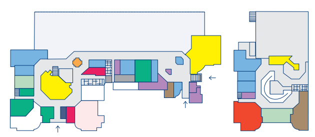
Turnover growth 2003/2004
Gallery -2.9%

Rental growth 2003/2004
Gallery 2.0%

Total return per annum since purchase in November 1999
10.4%

Retail

Centro Leonardo, Imola (Emilia Romagna)



Total lettable area
14,380m^2
Gallery GLA: 6,380m^2
Ipercoop - Hypermarket (Sales): 8,000m^2

ECP ownership
6,380m^2

Car spaces
1,500

Tenure
Freehold in co-ownership

Net valuation
EUR 21.60 million

Yield on gross value
5.4%

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 1.19 million p.a.

Rent to turnover ratio
6.3%

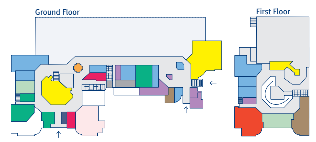
Turnover growth 2003/2004
-0.3%

Rental growth 2003/2004
2.0%

Total return per annum since purchase in July 1998
13.6%

Retail

Centroluna, Sarzana (Liguria)



Total lettable area
9,633m^2
Gallery GLA: 3,633m^2
Ipercoop- Hypermarket (Sales): 6,000m^2

ECP ownership
3,633m^2

Car Spaces
1,000

Tenure
Freehold in co-ownership

Net valuation
EUR 15.40 million

Yield on gross value
4.7%

Occupancy
100%

Major tenants
Trony, Benetton

Lease terms/renewal profile
Head lease to Coop Liguria expiring 2008, subject to annual indexation.

Current net income
EUR 0.74 million p.a.

Rent to turnover ratio
7.0%

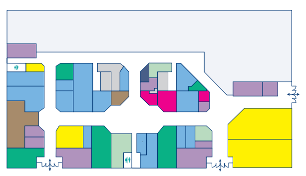
Turnover growth 2003/2004
7.8%

Rental growth 2003/2004
1.8%

Total return per annum since purchase in July 1998
13.8%

Retail

Centro Lame, Bologna
(Emilia Romagna)



Total lettable area
13,650m²
Gallery GLA: 5,450m²
Ipercoop – Hypermarket (Sales): 8,200m²

ECP ownership
5,450m²

Car spaces
1,400

Tenure
Freehold in co-ownership

Net valuation
EUR 28.70 million

Yield on gross value
6.4%

Occupancy
100%

Major tenants
Bata, Camst, Max & Co.

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
2008: 77% leases

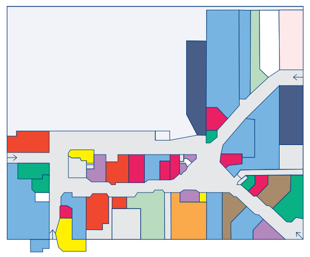
Current net income
EUR 1.87 million p.a

Rent to turnover ratio
7.9%

Turnover growth 2003/2004
-1.3%

Retail

Burlöv Centre, Malmö
(Skåne)



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 56.64 million

Yield on gross value
6.4%

Occupancy
97%

Major tenants
Coop Forum, H&M, KappAhl, 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.

Current net income
EUR 3.72 million p.a.

Rent to turnover ratio
4.1%

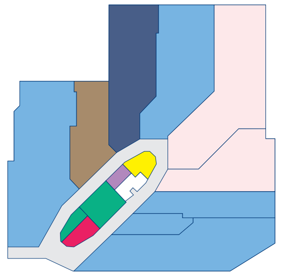
Turnover growth 2003/2004
-5.0%

Rental growth 2003/2004
1.0%

Total return per annum since purchase in April 2001
14.0%

Retail

Hälla Shopping Centre, Västerås
(Västmanland)



Total lettable area
7,950m²

ECP ownership
7,950m²

Car spaces
400

Tenure
Freehold

Net valuation
EUR 16.91 million

Yield on gross value
6.5%

Occupancy
100%

Major tenants
H&M, Stadium, KappAhl, 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 1.16 million p.a.

Rent to turnover ratio
5.0%

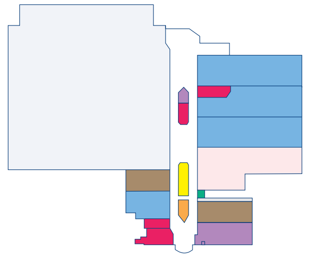
Turnover growth 2003/2004
10.0%

Rental growth 2003/2004
3.9%

Total return per annum since purchase in December 2002
16.5%

Retail

MaxiHuset, Norrköping
(Östergötland)



Total lettable area
16,580m²
Gallery GLA: 7,000m²
ICA Maxi Hypermarket GLA: 9,580m²

ECP ownership
16,580m²

Car spaces
1,000

Tenure
Freehold

Net valuation
EUR 27.59 million

Yield on gross value
6.5%

Occupancy
100%

Major tenants
ICA Maxi, H&M, KappAhl, Stadium, Lindex, JC

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. The ICA hypermarket lease is 15 years without break.

Renewal profile
2005/6: 80% leases

Current net income
EUR 1.88 million p.a.

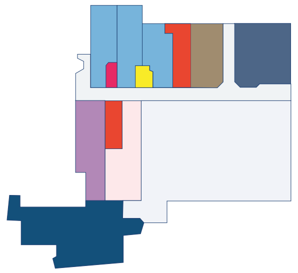
Rent to turnover ratio
3.5%

Turnover growth 2003/2004
10.6%

Rental growth 2003/2004
1.1%

Retail

MaxiHuset, Skövde (Västergötland)



Total lettable area
17,445m^2
Gallery GLA: 9,195m^2
ICA Maxi Hypermarket GLA: 7,500m^2
Office: 750m^2

ECP ownership
17,445m^2

Tenure
Freehold

Net valuation
EUR 22.71 million

Yield on gross value
6.8%

Occupancy
Retail: 100%

Major tenants
ICA Maxi, KappAhl, Lindex, Siba, Sportex, Elgiganten

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. The ICA hypermarket lease is 15 years without break.

Renewal profile
2005: 65% leases

Current net income
EUR 1.62 million p.a.

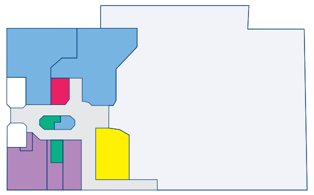
Rent to turnover ratio
3.0%

Turnover growth 2003/2004
6.0%

Rental growth 2003/2004
1.0%

Retail

Mellby Centre, Laholm (Halland)



Total lettable area
11,485m^2
Gallery GLA: 3,250m^2
ICA Maxi Hypermarket GLA: 8,235m^2

ECP ownership
11,485m^2

Car spaces
700

Tenure
Freehold

Net valuation
EUR 12.60 million

Yield on gross value
7.0%

Occupancy
98%

Major tenants
ICA Maxi, KappAhl, Lindex

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. The ICA hypermarket lease is 15 years without break.

Current net income
EUR 0.925 million p.a.

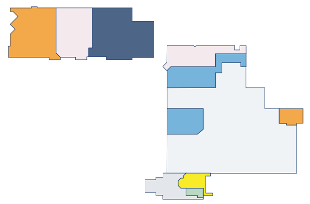
Rent to turnover ratio
4.0%

Turnover growth 2003/2004
4.9%

Rental growth 2003/2004
0.7%

Retail

Samarkand, Växjö (Småland)



Total lettable area
24,500m^2
Retail GLA: 22,900m^2

ECP ownership
24,500m^2

Car spaces
1,000

Tenure
Freehold

Net valuation
EUR 28.76 million

Yield on gross value
6.9%

Occupancy
Retail: 100%

Major tenants
Coop Forum, H&M, KappAhl, Stadium, Systembologet, OnOff, Intersport

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
2008: 65% leases

Current net income
EUR 2.10 million p.a.

Rent to turnover ratio
4.5%

Turnover growth 2003/2004
-3.0%

Rental growth 2003/2004
0.9%

Office

Kingsfordweg 1, Amsterdam Sloterdijk The Netherlands

Total lettable area
39,475 m^2

ECP ownership
39,475 m^2

Car spaces
650

Tenure
Perpetual ground lease

Net valuation
EUR 89.00 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 6.20 million p.a.

Rental growth 2003/2004
2.2%

Total return per annum since purchase in October 1998
8.0%

Warehouse

Galvanibaan 5, Nieuwegein, The Netherlands

Total lettable area 5,446m^2
ECP ownership 5,446m^2
Site area 9,056m^2
Tenure Freehold
Net valuation EUR 4.10 million
Yield on gross value 8.3%
Occupancy 100%
Tenant Koninklijke Fabriek Inventum
Lease terms Lease expires in June 2009.
Current net income EUR 0.36 million p.a.
Rental growth 2003/2004 1.0%
Total return per annum since purchase in November 1994 14.0%

Warehouse

Horsterweg 20, Maastricht-Airport, The Netherlands

Total lettable area 8,760m^2
ECP ownership 8,760m^2
Site area 21,650m^2
Tenure Freehold
Net valuation EUR 4.65 million
Yield on gross value 8.7%
Occupancy 100%
Tenant Boston Scientific International
Lease terms
10 year lease expiring in April 2006.
Current net income EUR 0.43 million p.a.
Rental growth 2003/2004 1.0%
Total return per annum since purchase in November 1996 13.6%

Warehouse

Koeweistraat 10, Waardenburg, The Netherlands

Total lettable area 2,900m^2
ECP ownership 2,900m^2
Site area 5,715m^2
Tenure Freehold
Net valuation EUR 2.10 million
Yield on gross value 7.9%
Occupancy 100%
Tenant Koninklijke Olland Groep
Lease terms
Lease expires in February 2009.
Current net income EUR 0.175 million p.a.
Rental growth 2003/2004 2.0%
Total return per annum since purchase in September 1995 12.8%

Warehouse

Standaardruiter 8, Veenendaal, The Netherlands

Total lettable area 7,170m^2
ECP ownership 7,170m^2
Site area 12,595m^2
Tenure Freehold
Net valuation EUR 3.37 million
Yield on gross value 8.5%
Occupancy 100%
Tenant Boxal Netherlands
Lease terms
Lease expires in February 2009
Current net income EUR 0.3 million p.a.
Rental growth 2003/2004 2.0%
Total return per annum since purchase in November 1991 14.7%

Warehouse

Parisud, Sénart, France

Total lettable area 19,335m^2
ECP ownership 19,335m^2
Site area 42,000m^2
Tenure Freehold
Net valuation EUR 11.60 million
Yield on gross value 8.85%
Occupancy 100%
Tenant Geodis Logistics France
Lease terms
9 years from July 1999 with a tenant only break clause at July 2005.
Current net income EUR 1.10 million p.a.
Rental growth 2003/2004 2.5%
Total return per annum since purchase in May 2001 9.1%

Warehouse

Rue des Béthunes, Saint-Ouen L'Aumone, France

Total lettable area
28,599m^2 Bic: 14,886m^2 Lancel: 13,713m^2
ECP ownership 28,599m^2
Site area 55,484m^2
Tenure Freehold
Net valuation EUR 16.90 million
Yield on gross value 8.8%
Occupancy 100%
Tenant 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 1.60 million p.a.
Rental growth 2003/2004 2.5%
Total return per annum since purchase in January 2001 8.3%

REPORT OF THE BOARD OF SUPERVISORY DIRECTORS

To the General Meeting of Shareholders.

Financial Statements

We are pleased to present the annual report of Eurocommercial Properties N.V. for the financial year ending 30 June 2004, 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.

Dividend Proposal

We support the proposal of the Board of Management to distribute a cash dividend of EUR 1.50 per depositary receipt (10 ordinary shares) for the financial year ending 30 June 2004. 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.

Activities

During the year under review there were five 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 strategy and risk, property and financial markets, management and financial accounts, funding, currency and dividend policy, the system of internal controls, remuneration levels and policies and corporate governance. Furthermore, the contents of press releases, the annual report, the interim report and the quarterly reports were discussed. 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. The Supervisory Board also met in the absence of the Board of Management to discuss its own functioning and that of the Board of Management. None of the members of the Supervisory Board was frequently absent. There have been no matters of conflict of interests.

Corporate Governance

After the publication of the Dutch Corporate Governance Code in December 2003 the Supervisory Board has discussed in detail the effect of the Code on the corporate governance structure of the Company. Various codes and rules and regulations for the Company and its subsidiaries were prepared and adopted. The Company complies with almost all best practices of the Code, but will in some cases propose to amend Articles of Association and Conditions of Administration to bring the corporate governance structure further in compliance with the Code. These amendments will be tabled at the Annual General Meeting of Shareholders to be held on 2 November 2004. All introduced or amended codes and rules and regulations have been posted on the website of the Company as from the date of publication of this report.

The Supervisory Board as a whole is also functioning as the Audit Committee and had two meetings with the auditors of the Company as well as one meeting with the auditors of the Company in the absence of the Board of Management. The Supervisory Board as a whole is also functioning as the Remuneration Committee and as the Selection and Appointment Committee.

Summary Remuneration Report

The purpose of our remuneration policy is to attract, motivate and retain qualified executives and staff who will contribute to the success of the Company. The remuneration policy aims to reward management and key staff for their contribution to the performance of the Company and its subsidiaries. The Supervisory Board proposes the remuneration policy and all material adjustments to that policy, to the Annual General Meeting of Shareholders based on recommendations of the Board of Management. The Supervisory Board recommends decisions on all aspects of the remuneration of the members of the Board of Management within the scope of the remuneration policy, to the Annual General Meeting of Shareholders. The Annual General Meeting of Shareholders is invited to approve both the remuneration policy and the remuneration of the members of the Board of Management.

At the end of each financial year, the Supervisory Board reviews and discusses the remuneration of the members of the Board of Management. The level of remuneration for the members of the Board of Management reflects the differences in responsibilities of the Board members as well as their individual performance. The benchmark for remuneration of the Board of Management is based on a combination of the average remuneration for (international) real estate companies and the United Kingdom and Dutch remuneration markets for executives of companies with comparable positions, determined by size and complexity of the organisation and the responsibilities of the board members.

The Company's remuneration package for employees and members of the Board of Management comprises the following elements:

- base salary – total annual gross fixed income including holiday allowance;
- short-term variable annual performance-related gross cash bonuses;
- long-term incentives through a stock option plan;
- pension and other benefits.

Variable cash bonuses may be granted each year in addition to the base salary. Variable cash bonuses for executives and members of the Board of Management are entirely and directly linked to the annual growth in the Company's net asset value and dividend per share. There is no minimum bonus guaranteed. Only one member of the Board of Management has joined a pension scheme. This scheme is a defined contribution scheme with current annual premiums being capped at 12% of the base salary.

Profile and composition of the Supervisory Board

All members of the Supervisory Board are independent. The profile and 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 and placed on the website of the Company.

During the year under review the Supervisory Board was composed as follows:

Mr W.G. van Hassel (57), Chairman, of Dutch nationality, member of the Supervisory Board since 1997, was reappointed in 2003 for a period of three years. He is a former partner and chairman of a major Dutch law firm and former Dean of The Dutch Bar Association. He is a member of the following supervisory boards:

Holding AVR-Bedrijven N.V. (Chairman)
Ahoy Rotterdam N.V. (Chairman)
Stichting Woningbedrijf Rotterdam N.V.
Bakkenist & Emmens N.V. (Chairman)

Mr H.Th.M. Bevers (71), 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). He is a member of the following supervisory board:

CF-Kantoor voor Staatsobligaties (Chairman)

Mr H.W. Bolland (58), 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. He is a member of the following boards:

ARK Group Limited
Fidelity Asian Values plc

Mr J.H. Goris (72), of Dutch nationality, member of the Supervisory Board since 1996, was reappointed in 2003 for a period of three years. He is a former member of the Executive Board of Philips N.V. and a former professor in corporate finance of the University of Tilburg, The Netherlands. He is a member of the following supervisory boards:

Blue Sky Groep B.V.
Groeneveld Groep B.V.
Koninklijke Nederlandse Springstoffen Fabriek N.V.
Phoenix Megatronica N.V.
Van Straten Bouw N.V.

Appointments

At the Annual General Meeting of Shareholders held on 4 November 2003, Mr W.G. van Hassel and Mr J.H. Goris were reappointed as members of the Supervisory Board.

At the forthcoming Annual General Meeting of Shareholders to be held on 2 November 2004 Mr H.Th.M. Bevers and Mr H.W. Bolland will retire by rotation. They, being eligible, are proposed for re-election.

Rotation Scheme

Under a rota devised by the Supervisory Board, each director retired by rotation every three years. The rotation scheme has been amended and in the future each director will retire by rotation every four years. This rotation scheme for the next few years is as follows:

2004: Mr H.Th.M. Bevers and Mr H.W. Bolland
2006: Mr J.H. Goris and Mr W.G. van Hassel

Members of the Supervisory Board will resign in the annual general meeting of shareholders held after the end of the financial year in which they reach the age of 75.

Staff

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, 23 August 2004
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 2004 (before income appropriation)

(EUR '000)	Note	30-06-04	30-06-03
Assets			
Investments			
Property investments	3	**1,306,304**	1,110,356
Cash and deposits	4	**84,070**	122,293
		1,390,374	1,232,649
Receivables	5	**25,984**	20,914
Other assets	6		
Tangible fixed assets		**453**	452
Total assets		**1,416,811**	1,254,015
Liabilities			
Current liabilities			
Creditors	7	**64,320**	19,916
Borrowings	8	**98,579**	68,368
		162,899	88,284
Noncurrent liabilities			
Creditors	7	**10,523**	6,874
Borrowings	8	**491,788**	439,199
		502,311	446,073
Provisions	9		
Provision for contingent tax liabilities		**43,997**	60,434
Provision for pensions		**180**	-
		44,177	60,434
Total liabilities		**709,387**	594,791
Net assets		**707,424**	659,224
Shareholders' equity	14		
Issued share capital	10	**152,703**	146,316
Share premium reserve	11	**271,807**	271,993
Revaluation reserve	12	**175,251**	157,585
Retained profit reserve	13	**62,791**	43,767
Undistributed income		**44,872**	39,563
		707,424	659,224
Net asset value – EUR per depositary receipt		**23.16**	22.53

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the financial year ended 30 June 2004

(EUR '000)	Note	2003/2004	2002/2003
Revenue			
Property income	15	**93,236**	79,846
Property expenses	16	**(16,709)**	(13,505)
Net property income		**76,527**	66,341
Interest income		**616**	949
Other income	17	**840**	-
Foreign currency gain/(loss)		**17**	(18)
Total revenue		**78,000**	67,272
Expenses			
Depreciation fixed assets		**(95)**	(82)
Other company expenses	18	**(6,891)**	(5,858)
		(6,986)	(5,940)
Interest expense		**(23,787)**	(21,450)
Total expenses		**(30,773)**	(27,390)
Net income before taxation		**47,227**	39,882
Taxation	19	**(2,355)**	(319)
Net income after taxation (direct investment result)		**44,872**	39,563
Movements in the revaluation reserve			
Net revaluation		**17,572**	14,780
Exchange rate movements		**583**	(520)
Financial and investment expenses		**(489)**	(556)
Indirect investment result		**17,666**	13,704
Total investment result		**62,538**	53,267

CONSOLIDATED CASH FLOW STATEMENT
for the financial year ended 30 June 2004

(EUR '000)	2003/2004	2002/2003
Cash flow from investment activities		
Net income after taxation	**44,872**	39,563
Additions to tangible fixed assets	**(267)**	(344)
Depreciation tangible fixed assets	**240**	216
Disposal of tangible fixed assets	**26**	-
Increase in receivables	**(5,070)**	(2,752)
Increase in current creditors	**4,437**	2,807
Rental deposits received	**331**	412
Increase in other noncurrent creditors	**3,318**	-
Additions to provision for pensions	**180**	-
Expenses charged to the revaluation reserve	**(489)**	(556)
Goodwill	**1,552**	228
Property investments	**(155,326)**	(44,478)
Gain on property sales	**-**	(41)
	(106,196)	(4,945)
Cash flow from finance activities		
Net proceeds share issue	**6,265**	-
Borrowings added	**145,992**	185,900
Repayment of borrowings	**(62,277)**	(189,753)
Dividends paid	**(22,155)**	(25,548)
	67,825	(29,401)
Net cash flow	**(38,371)**	(34,346)
Currency differences on cash and deposits	**148**	11
Decrease in cash and deposits	**(38,223)**	(34,335)
Cash and deposits at beginning of year	**122,293**	156,628
Cash and deposits at end of year	**84,070**	122,293

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 Exploitatiemaatschappij 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 Seine 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
Juma S.r.l., Milan
Aktiebolaget Laholm Mellby 2:219, Stockholm
Aktiebolaget Norrköping Silvret 1, Stockholm
Aktiebolaget Skövde K-mannen 2, Stockholm
Burlöv Centre Fastighets A.B., Stockholm
Eurocommercial Properties Sweden A.B., Stockholm
Hälla Shopping Fastighets A.B., Stockholm
Samarkandfastigheter 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. The consolidated profit and loss account includes the income statement of the disposed subsidiary Larry Smith S.r.l. until the balance sheet date.

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.

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.

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 the company expenses and after allowing for associated foreign exchange translation variances. Previously, 30% of the company expenses were charged against the revaluation reserve as asset management expenses, as had been the normal practice with similar Netherlands property companies. These expenses are now fully charged to the profit and loss account. The comparative figures were adjusted accordingly. 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 as financial and investment expenses. 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 Netherlands tax law (*fiscale beleggingsinstelling*), the Company is subject to a nil rate of Netherlands 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 Netherlands 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

Netherlands dividend withholding tax at a rate of 25% must be withheld from dividend distributions. A refund or a reduction of the Netherlands 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 Netherlands 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 Netherlands dividend withholding tax.

2. Exchange rates

The following exchange rates applied as at 30 June 2004:

	30-06-04 EUR	30-06-03 EUR
AUD 1	**0.56967**	0.58425
GBP 1	**1.49076**	1.44259
SEK 10	**1.09350**	1.08120

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 2004.

The current property portfolio is:

	Book value (EUR '000)	Costs to date (EUR '000)
Retail		
France		
Centre Commercial Amiens Glisy, Amiens	**27,330**	15,777
Les Trois Dauphins, Grenoble	**22,900**	22,811
Centr'Azur, Hyères	**25,660**	16,514
Centre les Portes de Taverny, Paris	**29,620**	18,251
*Passage du Havre, Paris	**146,830**	134,904
*Passy Plaza, Paris	**85,940**	70,633
*74 rue de Rivoli, 1-3 rue du Renard, Paris	**11,940**	10,192
*Centre les Atlantes, Tours	**68,420**	44,921
Tourville la Rivière	**1,680**	1,685
	420,320	335,688
Italy		
*Curno, Bergamo	**70,200**	32,237
*Centro Lame, Bologna	**28,700**	27,413
*Il Castello, Ferrara	**70,100**	62,164
*I Gigli, Florence	**173,151**	139,824
*Centro Leonardo, Imola	**21,600**	15,388
*La Favorita, Mantova	**39,600**	30,350
*Centro Carosello, Carugate, Milan	**144,310**	79,132
*Centroluna, Sarzana	**15,400**	10,044
	563,061	396,552
Sweden		
*Mellby Centre, Laholm	**12,597**	12,720
*Burlöv Centre, Malmö	**56,643**	46,449
*MaxiHuset, Norrköping	**27,589**	27,635
*MaxiHuset, Skövde	**22,712**	23,216
*Hälla Shopping Centre, Västerås	**16,906**	14,890
*Samarkand, Växjö	**28,756**	27,517
	165,203	152,427
	1,148,584	884,667

3. Property investments (continued)

	Book value (EUR '000)	Costs to date (EUR '000)
Office		
France		
*Passage du Havre, Paris**	**26,000**	28,683
The Netherlands		
Kingsfordweg 1, Amsterdam	**89,000**	84,846
	115,000	113,529
Warehouse		
France		
Rue des Béthunes, Saint-Ouen L'Aumone	**16,900**	17,351
Parisud, Sénart	**11,600**	11,656
	28,500	29,007
The Netherlands		
Horsterweg 20, Maastricht-Airport	**4,650**	3,949
Galvanibaan 5, Nieuwegein	**4,100**	3,308
Standaardruiter 8, Veenendaal	**3,370**	2,777
Koeweistraat 10, Waardenburg	**2,100**	1,673
	14,220	11,707
	42,720	40,714
	1,306,304	1,038,910

* These properties carry mortgage debt up to EUR 457 million at 30 June 2004.
** Part of the retail complex.

Changes in property investments for the financial year ended 30 June 2004 were as follows:

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**1,110,356**	1,041,545
Investments	**166,880**	44,478
Revaluation	**29,727**	25,445
Exchange rate movement	**(659)**	(1,112)
Book value at end of year	**1,306,304**	1,110,356

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

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Fees receivable	**-**	1,434
Funds held by managing agents	**263**	792
Other receivables and prepayments	**2,029**	2,808
Prepaid borrowing costs	**1,019**	910
Prepaid letting fees and relocation expenses	**2,044**	2,132
Rents receivable	**8,526**	8,062
Staff loans	**351**	555
Trademark license	**2,877**	-
VAT receivable	**8,875**	4,221
	25,984	20,914

Receivables at 30 June 2004 include an amount of EUR 5.4 million (2003: EUR 3.7 million) which is due after one year. In connection with the disposal of Larry Smith S.r.l. the Company entered into a license agreement for the trademark Larry Smith. In return for the use of the trademark the Company will receive a fixed annual royalty or a percentage of turnover whichever is the higher for a term of ten years, with a call option for Larry Smith S.r.l. to buy the trademark from the seventh year on. The bookvalue of the royalties to be received under the trademark is EUR 2.9 million. (See also note 13 and note 17 to the consolidated financial statements.)

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, Via del Vecchio Politecnico 3, 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:

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**452**	327
Additions	**267**	344
Disposals	**(26)**	-
Depreciation	**(240)**	(216)
Exchange rate movement	**-**	(3)
Book value at end of year	**453**	452
Cost at end of year	**860**	942
Accumulated depreciation	**(407)**	(490)
Book value at end of year	**453**	452

7. Creditors

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
(i) Current liabilities		
Accruals and deferrals	**4,279**	3,959
Corporate tax payable	**41,003**	149
Creditors	**4,544**	5,263
Interest payable	**4,017**	3,907
Local and property tax payable	**239**	572
Payable on purchased property	**1,443**	-
Rent received in advance	**7,506**	5,135
VAT payable	**1,289**	931
	64,320	19,916
(ii) Noncurrent liabilities		
Purchase price land	**3,318**	-
Tenant rental deposits	**7,205**	6,874
	10,523	6,874

An amount of EUR 40 million has been released from the provision for contingent tax liabilities and recorded as corporate tax payable under current liabilities. This amount is Italian capital gains tax at the concessionary reduced rate of 19% payable in December 2004. As a result of this concession the tax book values of the majority of the Italian property portfolio have been stepped up to 96% of market values. (See also note 9 to the consolidated financial statements.)

8. Borrowings

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**507,567**	512,004
Drawdown of funds	**145,992**	185,900
Repayments	**(62,277)**	(189,753)
Exchange rate movements	**(915)**	(584)
Book value at end of year	**590,367**	507,567

The maturity profile of the borrowings is as follows:

	30-06-04	30-06-03
- less than 1 year	**98,579**	68,368
- 1 to 2 years	**5,958**	9,929
- 2 to 5 years	**75,651**	65,426
- 5 years or more	**410,179**	363,844
	590,367	507,567

The borrowings are all directly from major banks with average committed unexpired terms of almost ten years. Borrowings of EUR 457 million are secured on property (30 June 2003: EUR 441 million). The average interest rate in the current financial year was 4.6% (2002/2003: 5.1%).

At 30 June 2004 25% (30 June 2003: 31%) of the Company's borrowings are at floating rate plus an appropriate commercial margin. At 30 June 2004 the Company has hedged its exposure to interest rate movements on 75% (30 June 2003: 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 5.2% (30 June 2003: 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 20 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 derivates 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 2004 is a negative value of EUR 21.7 million (30 June 2003: EUR 33.0 million).

9. Provisions

(i) Provision for contingent tax liabilities
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 is calculated on the basis of the discounted present value of contingent tax liabilities and has a face value of EUR 57 million (2003: EUR 84 million). The provision is considered to be of a long-term nature as there are no current plans to sell any of the relevant properties. In respect of the Italian property portfolio an amount of EUR 40 million has been released to current liabilities as explained in note 7. In respect of the French property portfolio the provision is calculated assuming the application for the new French tax regime for listed property companies, which would result in a tax liability payable as from December 2005 in four annual instalments, with a net present value of EUR 19.6 million. The discounted present value of the potential tax has been calculated on the basis of a net interest rate of 5.0%.

9. Provisions (continued)

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**60,434**	49,810
Additions from new acquisitions	**11,554**	-
Additions from revaluation reserve	**12,155**	10,624
Release to current liabilities	**(39,967)**	-
Exchange rate movement	**(179)**	-
Book value at end of year	**43,997**	60,434
(ii) Provision for pensions	**180**	**-**

10. Issued share capital

Share capital comprises:

- 999,999,900 authorised ordinary shares of EUR 0.50 par value, of which 305,404,895 shares are issued and fully paid as at 30 June 2004
- 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 299,376,157.

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**146,316**	142,864
Issued shares exercised stock options	**1,783**	-
Issued bonus shares	**4,604**	3,452
Book value at end of year	**152,703**	146,316

As at 30 June 2004 15,000 staff stock options were outstanding, representing 0.05% 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 and 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, provided the option holder is employed. Thereafter, the options can be exercised during a period of seven years. Having regard to the market price of depositary receipts at 30 June 2004 (EUR 24.95), the exercise price of EUR 19.00 and the first possible date for exercise being 8 November 2005, the value of the outstanding options is assessed at EUR 52,500 using the appropriate formula to calculate option values. No options were granted during the current financial year.

On 18 November 2003 staff exercised 47,500 stock options granted on 9 November 2000 at an exercise price of EUR 18.00 and sold at a market price of EUR 21.10. On 1 March 2004 the members of the Board of Management exercised all 180,000 stock options granted on 23 February 2001 at an exercise price of EUR 18.00 and sold at a market price of EUR 23.00 the following holdings:-

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

Staff exercised on the same day 129,000 options granted under the same terms and subsequently sold for the same market price. As a result of these exercises of options the Company issued in total 356,500 new depositary receipts during the current financial year. The Company has not bought back depositary receipts to cover future possible exercises of options granted to staff. It is the intention to issue new depositary receipts if and when options are exercised.

11. Share premium reserve

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**271,993**	275,486
Issued shares exercised stock options	**4,482**	-
Release for issued bonus shares	**(4,604)**	(3,452)
Dividends paid	**(64)**	(41)
Book value at end of year	**271,807**	271,993

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

12. Revaluation reserve

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**151,724**	139,802
Movement change in accounting policies	**5,861**	4,079
Financial and investment expenses	**(489)**	(556)
Revaluation of property investments	**29,727**	25,445
Movement on provision for contingent tax liabilities	**(12,155)**	(10,624)
Exchange rate movement on property investments	**(659)**	(1,112)
Exchange rate movement on financial investments	**148**	8
Exchange rate movement on borrowings	**915**	584
Exchange rate movement on provision for contingent tax liabilities	**179**	-
Gain on sale Købmagergade 19	**-**	(41)
Book value at end of year	**175,251**	157,585

The movement of EUR 17.7 million (2003: EUR 13.7 million) in the current financial year includes a realised amount of EUR 0.8 million (2003: EUR (0.6) million) and an unrealised amount of EUR 16.9 million (2003: EUR 14.3 million).

13. Retained profit reserve

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**45,703**	34,478
Movement change in accounting policies	**(4,049)**	(1,936)
Net income previous financial year	**19,754**	14,496
Funding of dividends paid	**(169)**	(3,499)
Goodwill	**1,552**	228
Book value at end of year	**62,791**	43,767

Holders of depositary receipts holding 13,813,452 receipts opted for 920,897 bonus depositary receipts at an issue price of EUR 21.45 from the Company's share premium reserve, instead of a cash dividend of EUR 1.43 per depositary receipt for the financial year ended 30 June 2003. Accordingly, an amount of EUR 19.8 million of the 2002/2003 net income was added to the retained profit reserve.

The disposal of Larry Smith S.r.l. increased the retained profit reserve with an amount of 50% of the goodwill charged against this reserve on the acquisition date in December 2001. This partial reversal of paid goodwill was charged against the proceeds of the disposal recorded in the profit and loss account under other income. (See also note 5 and note 17 to the consolidated financial statements.)

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
30-06-03 reported	146,316	271,993	151,724	45,703	43,488	659,224
Movement change in accounting policies			5,861	(1,936)	(3,925)	0
30-06-03 amended	146,316	271,993	157,585	43,767	39,563	659,224
Issued shares	6,387	(122)				6,265
Net income previous financial year				19,754	(19,754)	0
Movement revaluation reserve			17,666			17,666
Goodwill				1,552		1,552
Net income for the period					44,872	44,872
Dividends paid		(64)		(169)	(21,922)	(22,155)
Movement change in accounting policies				(2,113)	2,113	0
30-06-04	152,703	271,807	175,251	62,791	44,872	707,424

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
30-06-02 reported	142,864	275,486	139,802	34,478	38,647	631,277
Movement change in accounting policies			4,079	(1,936)	(2,143)	0
30-06-02 amended	142,864	275,486	143,881	32,542	36,504	631,277
Issued shares	3,452	(3,452)				0
Net income previous financial year				14,496	(14,496)	0
Movement revaluation reserve			13,704			13,704
Goodwill				228		228
Net income for the period					39,563	39,563
Dividends paid		(41)		(3,499)	(22,008)	(25,548)
30-06-03	146,316	271,993	157,585	43,767	39,563	659,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2004

15. Net property income

Net property income comprised:

(EUR '000)	**Property income 2003/2004**	Property income 2002/2003	**Property expenses 2003/2004**	Property expenses 2002/2003	**Net property income 2003/2004**	Net property income 2002/2003
Retail	**80,242**	67,293	**(16,094)**	(12,856)	**64,148**	54,437
Office	**8,908**	8,529	**(465)**	(489)	**8,443**	8,040
Warehouse	**4,086**	4,024	**(150)**	(160)	**3,936**	3,864
	93,236	79,846	**(16,709)**	(13,505)	**76,527**	66,341
France	**33,808**	32,274	**(4,639)**	(4,309)	**29,169**	27,965
Italy	**39,774**	34,238	**(8,920)**	(7,233)	**30,854**	27,005
Sweden	**11,542**	5,446	**(2,505)**	(1,359)	**9,037**	4,087
The Netherlands	**8,112**	7,888	**(645)**	(604)	**7,467**	7,284
	93,236	79,846	**(16,709)**	(13,505)	**76,527**	66,341

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:

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Accounting and advisory fees	**1,350**	1,329
Depreciation fixed assets	**145**	134
Dispossession indemnities	**306**	824
Insurance premiums	**626**	492
Letting fees and relocation expenses	**902**	922
Local and property taxes	**2,534**	1,901
Managing agent fees	**1,133**	781
Marketing expenses	**623**	232
Property management expenses	**5,807**	4,083
Repair and maintenance	**1,176**	801
Services charges	**1,910**	1,751
Other expenses	**197**	255
	16,709	13,505

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 3,424,000 (salaries EUR 2,591,000 social securities charges EUR 685,000 and contributions EUR 148,000) and personnel costs of the Paris office of EUR 441,000 (salaries EUR 308,000 and social security charges EUR 133,000). Larry Smith S.r.l. and the Paris office employed an average of 45 persons and of 6 persons respectively during the financial year.

17. Other income

The proceeds of the disposal of Larry Smith S.r.l. were reduced with the reversed goodwill amount (see also note 5 and note 13 to the consolidated financial statements) resulting in net revenues of EUR 0.8 million.

18. Other company expenses

Other company expenses in the current financial year comprise:

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Audit fees	**117**	84
Directors' fees	**1,294**	1,090
Legal and other advisory fees	**590**	563
Office and accommodation expenses	**739**	645
Personnel costs	**2,823**	2,216
Statutory costs	**376**	372
Travelling expenses	**543**	446
Other expenses	**409**	442
	6,891	5,858

The Company like other similar Netherlands companies has changed its accounting policy so that it no longer charges 30% of its company expenses as asset management expenses against the revaluation reserve.

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

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Salaries	**2,050**	1,719
Social security charges	**190**	172
Pension contributions	**583**	325
	2,823	2,216

The Company directly employed an average of 21 persons during the financial year (2002/2003: 20 persons) so that the total average number including the employees of Larry Smith S.r.l. and the Paris office was 72 (2002/2003: 64 persons). As per 30 June 2004 the total number of employees reduced to 31 as a result of the disposal of Larry Smith S.r.l.

The directors' fees include an amount of EUR 85,000 (2002/2003: EUR 85,000) 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 1,209,000 (2002/2003: EUR 1,005,000) 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		E.J. van Garderen	
	30-06-04 (EUR '000)	30-06-03 (EUR '000)	**30-06-04 (EUR '000)**	30-06-03 (EUR '000)
Salary	**443**	435	**294**	285
Bonus	**201**	109	**140**	73
Pension premiums	**7**	6	**37**	34
Social security charges	**83**	59	**4**	4

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 and members of the Board of Management.

19. Taxation

Reported taxation relates to corporate income taxes on profits of subsidiaries including Larry Smith S.r.l (EUR 1,137,000).

20. Commitments not included in the balance sheet

As at 30 June 2004 bank guarantees have been issued for a total amount of EUR 2.8 million. Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements for a total notional amount of EUR 443 million. (See also note 8 to the consolidated financial statements and note 9 to the Company financial statements.)

(EUR '000)	Note	30-06-04	30-06-03
Assets			
Investments			
Property investments	2	**14,220**	14,340
Investments in subsidiaries	3	**361,327**	284,638
Due from subsidiaries	4	**256,832**	259,214
Cash and deposits	5	**76,809**	109,030
		709,188	667,222
Receivables		**680**	1,058
Other assets	6		
Tangible fixed assets		**112**	90
Total assets		**709,980**	668,370
Liabilities			
Current liabilities			
Creditors		**2,274**	1,675
Due to subsiduaries		**102**	-
Borrowings	7	**-**	7,028
		2,376	8,703
Noncurrent liabilities			
Due to subsidiaries		**-**	443
Provisions			
Provision for pensions		**180**	-
Total liabilities		**2,556**	9,146
Net assets		**707,424**	659,224
Shareholders' equity	8		
Issued share capital		**152,703**	146,316
Share premium reserve		**271,807**	271,993
Revaluation reserve		**175,251**	157,585
Retained profit reserve		**62,791**	43,767
Undistributed income		**44,872**	39,563
		707,424	659,224

Company profit and loss account – for the financial year ended 30 June 2004

(EUR '000)	2003/2004	2002/2003
Company income after taxation	**18,690**	18,704
Result from subsidiaries after taxation	**26,182**	20,859
Net income (direct investment result)	**44,872**	39,563
Movement in the revaluation reserve	**17,666**	13,704

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 2004 were as follows:

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**14,340**	14,160
Investments	**-**	28
Revaluation	**(120)**	152
Book value at end of year	**14,220**	14,340

3. Investments in subsidiaries

Movements in investment in subsidiaries for the financial year ended 30 June 2004 were as follows:

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**284,638**	249,786
Investments	**31,650**	-
Result from subsidiaries	**26,182**	20,859
Revaluation	**18,857**	13,993
Book value at end of year	**361,327**	284,638
Cost at end of year	**59,106**	27,456
Cumulative result from subsidiaries	**95,107**	68,925
Cumulative revaluation	**207,114**	188,257
Book value at end of year	**361,327**	284,638

4. Due from subsidiaries

The balance at 30 June 2004 principally represents funds advanced to 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 Seine S.N.C., Eurocommercial Properties Taverny S.a.r.l., Eurocommercial Properties Sweden A.B. and Hålla Shopping Fastighets A.B.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
as at 30 June 2004

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:

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**90**	84
Additions	**81**	57
Depreciation	**(59)**	(51)
Book value at end of year	**112**	90
Cost at end of year	**386**	305
Accumulated depreciation	**(274)**	(215)
Book value at end of year	**112**	90

7. Borrowings

	30-06-04 (EUR '000)	30-06-03 (EUR '000)
Book value at beginning of year	**7,028**	-
Draw down of funds	**-**	14,842
Repayments	**7,028**	(7,641)
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 110 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 12.9 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 26 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 9 million.

The Company has entered into guarantees in favour of ING Bank N.V., Milan Branch, for guarantees issued for Eurocommercial Properties Italia S.r.l. to an amount of EUR 108 million.

The Company has entered into guarantees in favour of Banca SanPaolo IMI S.p.A. for debts incurred by Eurocommercial Properties Italia S.r.l. and Juma S.r.l. to an amount of EUR 50 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 Glisy S.a.r.l., 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 Bürlov Centre Fastighets A.B. to an amount of EUR 31 million.

The Company has entered into guarantees in favour of Nordea A.B. for debts incurred by Aktiebolaget Laholm Mellby 2:129, Aktiebolaget Norrköping Silvret 1, Aktiebolaget Skövde K-mannen 2, Hälla Shopping Fastighets A.B. and Samarkandfastigheter A.B. to an amount of SEK 550 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 443 million. (See also notes 8 and 20 to the consolidated financial statements.)

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

Amsterdam, 23 August 2004

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 shareholders for election to the Board of Management and the Supervisory Board and to approve the appropriation of income of the Company.

For the period to 30 November 2006, 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 mutandis 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.

Owing to ill health Mr H.J. van Lookeren Campagne resigned from the Board of Stichting Prioriteitsaandelen Eurocommercial Properties in May 2004.

The Board of Stichting Prioriteitsaandelen Eurocommercial Properties at 30 June 2004 comprised:
J.P. Lewis
J.C. Pollock

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 2 November 2004 at 11.00 hours to distribute a cash dividend of EUR 1.50 per depositary receipt (10 ordinary shares) for the financial year ended 30 June 2004 (30 June 2003: EUR 1.43 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 premium reserve, instead of a cash dividend. The percentage of such scrip issue will be announced on 29 October 2004. The distribution will be payable as from 30 November 2004. In the case of the scrip issue, the depositary receipts would be issued from the share premium reserve and will therefore not be subject to Netherlands dividend withholding tax which is charged at the rate of 25% and 15% for the Netherlands and certain overseas holders respectively. The depositary receipts will rank pari passu with the existing depositary receipts of the Company in respect of the financial year 2004/2005. Holders of depositary receipts are given the opportunity to make their choice known until and including 23 November 2004. 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 shareholders' equity.

Financial calendar

29 October	2004:	Announcement of scrip issue price
2 November	2004:	Annual General Meeting of Shareholders
4 November	2004:	Ex-dividend date
5 November	2004:	Announcement of first quarter results 2004/2005
30 November	2004:	Dividend payment date
11 February	2005:	Announcement of half year results 2004/2005
20 May	2005:	Announcement of third quarter results 2004/2005
26 August	2005:	Announcement of annual results 2004/2005
1 November	2005:	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, section 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 2004 and is available at the Company's office and 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 five 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%), 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, 24 June 2003 and 13 August 1998 respectively.

Directors' and staff interests

Mr Lewis holds 189,148 depositary receipts and holds 6,210,000 ordinary registered shares indirectly, which shares are blocked until 31 December 2005, in total representing 2.65% of the issued share capital of the Company. Mr van Garderen sold in December 2003 on Euronext Amsterdam 28,000 depositary receipts at an average price of EUR 21.07 He currently holds 2,000 depositary receipts and 400,000 ordinary registered shares, which shares are blocked until 31 December 2005, in total representing 0.14% of the issued share capital of the Company. Mr van Hassel indirectly holds 1,550 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 6,340 blocked depositary receipts and 640,000 ordinary registered shares, which securities are blocked until 31 December 2005, in total representing 0.23 % of the issued share capital of the company. To enable staff to purchase blocked shares loans have been granted of which is currently outstanding a total amount of EUR 351,000 at an interest rate of 5%.

Stock market prices and turnover 2003/2004

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 2004 (EUR; depositary receipts)	24.95	25.75	20.50	21.65
Average daily turnover (in depositary receipts)	41,880			
Average daily turnover (X EUR '000,000)	0.9			
Total turnover over the past twelve months (X EUR '000,000)	232.1			
Market capitalisation (X EUR '000,000)	762			
Total turnover divided by market capitalisation	30%			

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: ECMPR NA
Datastream: 307406 or H:SIPF
Reuters: SIPFc.AS

Valuers

The following independent firms have valued the Company's properties at 30 June 2004:

France	Cushman & Wakefield Healey & Baker, FPD Savills, Knight Frank, Retail Consulting Group
Italy	CB Richard Ellis, Jones Lang LaSalle, Retail Consulting Group
Sweden	Cushman & Wakefield Healey & Baker, DTZ
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 2004. 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 2004 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, 23 August 2004
Ernst & Young Accountants

Best practice principle	Short description	Page	Comply/ explain
Compliance with the enforcement of the code			
I.1	Broad outline of the corporate governance structure in separate chapter of the annual report.	18	Comply
I.2	Substantial changes in the corporate governance structure shall be submitted to the annual general meeting of shareholders (AGM).	18	Comply
Board of Management (BM)			
Duties and procedure			
II.1.1	BM members appointed for 4 years	18	Comply
II.1.2.	Financial reporting by BM to Supervisory Board (SB)	18	Comply
II.1.3.a	Risk analyses of objectives of the Company	18	Comply
II.1.3.b	Code of conduct	19	Comply
II.1.3.c	Manual for financial administration	19	Comply
II.1.3.d	Internal reporting system	19	Comply
II.1.4	Explanation of internal risk management and control systems	19	Comply
II.1.5	Analysis of sensitivity	20	Comply
II.1.6	Protection of whistleblower	Website	Comply
II.1.7	Test supervisory board memberships of BM members	4	Comply
Remuneration			
II.2.1	Contingent condition share options	48	Comply
II.2.2	Performance criteria share options	Website	Comply
II.2.3	Lock-up shares from share regulations	N/A	Comply
II.2.4	Minimum exercise price share options	Website	Comply
II.2.5	No modification of option conditions	Website	Comply
II.2.6	SB securities transactions regulations different from those in ‘own’ company	Website	Comply
II.2.7	Dismissal fee no more than 1 times fixed annual salary	19	Comply
II.2.8	No loans to BM and SB members	52	Comply
Determination and disclosure of remuneration			
II.2.9	Remuneration report including overview of policy for next few years	18	Comply
II.2.10	Information requirements remuneration report	Website	Comply
II.2.11	Immediate publication of important elements of BM member employment contract at appointment	Website	Comply
II.2.12	Explanation of special remuneration in remuneration report	N/A	Comply
II.2.13	Remuneration report on website	35	Comply
II.2.14	Value of share options of BM and personnel in notes in the annual accounts	48	Comply
Conflicting interests			
II.3.1.a	BM member does not enter into competition with the Company	18	Comply
II.3.1.b	BM member does not make material gifts to family members	18	Comply
II.3.1.c	BM member does not provide unjustified benefits to third parties	18	Comply
II.3.1.d	BM member does not provide business opportunities to himself or his family	18	Comply
II.3.2	Reporting arrangement conflicting interests	Website	Comply
II.3.3	Not participate in decisions regading situations with conflicting interests	Website	Comply
II.3.4	Conflicting interests situations handled as customary in industry	Website	Comply
Supervisory Board			
Duties and procedure			
III.1.1	Division of duties SB in regulations placed on website	36	Comply
III.1.2	Inclusion of SB report in annual report	35	Comply
III.1.3	Personal information SB members	36	Comply
III.1.4	Policy interim retirement SB members	18	Comply
III.1.5	Report of absence of SB members	35	Comply

TABAKSBLAT CODE CHECKLIST

Best practice principle	Short description	Page	Comply/ explain
III.1.6	Supervising duties SB	18	Comply
III.1.7	General committee SB	18	Comply
III.1.8	SB meeting strategy	18	Comply
III.1.9	Provision of means SB for performing its duties	18	Comply
Independence			
III.2.1	No more than one SB member does not have to comply with provision III.2.2	35	Comply
III.2.2.a	SB member has not been director or employee of the Company in last 5 years	35	Comply
III.2.2.b	SB member does not receive other fee than for SB membership	52	Comply
III.2.2.c	SB member has not had business relationship with the Company before appointment	35	Comply
III.2.2.d	SB member is not BM member of a company of which a BM member of the Company is SB member	35	Comply
III.2.2.e	SB member does not have interest of at least 10 percent in the Company	59	Comply
III.2.2.f	SB member is not director or SB member of a legal entity that has at least a 10% interest in Company	36	Comply
III.2.2.g	SB member has not been temporary director of the Company in the past 12 months	36	Comply
III.2.3	Statement of independence	35	Comply
Expertise and composition			
III.3.1	Profile SB	Website	Comply
III.3.2	Presence of financial expert	36	Comply
III.3.3	Presence of introduction programme	Website	Comply
III.3.4	Number of SB memberships of SB members	36	Comply
III.3.5	Maximum term SB members of 3 times 4 years	18	Comply
III.3.6	Retirement schedule	36	Comply
Chairman SB and company secretary			
III.4.1.a	Supervision of following introduction programme	18	Comply
III.4.1.b	Supervision of timely receipt of information	18	Comply
III.4.1.c	Supervision of sufficient time for discussion	18	Comply
III.4.1.d	Supervision of functioning SB committees	18	Comply
III.4.1.e	Supervision of assessment SB and BM members	18	Comply
III.4.1.f	Supervision of SB choosing Vice-Chairman	18	Comply
III.4.1.g	Guarantee contracts SB and BM with works council	N/A	Comply
III.4.2	Chairman SB is not former BM member of Company	36	Comply
III.4.3	Guarantee of supervision by company secretary. Secretary is appointed and dismissed by BM after SB approval	19	Explain
Composition and duties three core committees of SB			
III.5.1	SB draws up regulations for each committee	Website	Comply
III.5.2	SB report states composition committees, number of meetings and topics discussed	35	Comply
III.5.3	SB receives committee reports	N/A	Comply
Audit committee (AC)			
III.5.4.a	Supervision of risk control and ICT systems	Website	Comply
III.5.4.b	Supervision of financial information provision	Website	Comply
III.5.4.c	Supervision of follow-up recommendations external auditor	Website	Comply
III.5.4.d	Supervision of internal audit service	N/A	Comply
III.5.4.e	Supervision of tax planning	Website	Comply
III.5.4.f	Supervision of relationship with external auditor	Website	Comply
III.5.4.g	Financing of the Company	Website	Comply
III.5.4.h	ICT applications	Website	Comply
III.5.5	AC is first point of contact for external auditor	18	Comply
III.5.6	Chairman AC is not chairman SB or former BM member of the Company	N/A	Comply
III.5.7	AC has at least one financial expert	36	Comply
III.5.8	AC decides who is present at its meetings	Website	Comply
III.5.9	AC meets at least once a year in absence of BM	18	Comply

Best practice principle	Short description	Page	Comply/ explain
Remuneration committee (RC)			
III.5.10.a	RC makes proposal to SB about remuneration policy to be pursued	35	Comply
III.5.10.b	RC makes proposal to SB about remuneration of individual BM member	35	Comply
III.5.10.c	RC draws up remuneration report in accordance with best practice provision II.2.9	35	Comply
III.5.11	Chairman RC is not chairman SB, former BM member of the Company or BM member of other listed company	N/A	Comply
III.5.12	No more than 1 RC member is BM member of other Dutch listed company	36	Comply
Selection and appointment committee			
III.5.13.a	Draw up selection criteria and appointment procedures SB and BM members	18	Comply
III.5.13.b	Evaluation size and composition SB and BM	18	Comply
III.5.13.c	Assessment of functioning of SB and BM members	18	Comply
III.5.13.d	Proposals for (re)appointments	18	Comply
III.5.13.e	Supervision of BM policy concerning appointment procedures senior management	18	Comply
Conflicting interests			
III.6.1	SB member reports conflicting interests immediately to Chairman SB	Website	Comply
III.6.2	Respective SB member does not participate in discussion and decision making concerning conflicting interests	Website	Comply
III.6.3	Conflicting interests transactions made on conditions customary in industry	Website	Comply
III.6.4	Transactions with shareholders of at least 10% of shares in the Company made on conditions customary in industry and require SB approval	Website	Comply
III.6.5	SB regulations contain regulations on conflicting interests	Website	Comply
III.6.6	Delegated SB member has no more rights than SB member	Website	Comply
III.6.7	SB member who takes on management duties retires from SB	Website	Comply
Remuneration			
III.7.1	SB member has no options on shares in the Company	48	Comply
III.7.2	Shareholding in the Company is long-term investment	59	Comply
III.7.3	SB sets regulations for ownership and transactions in securities by SB members other than in 'own' shares	Website	Comply
III.7.4	The Company does not provide personal loans to SB members	52	Comply
One tier board structure			
III.8.1	The chairman of the board is not and has not been an executive director	N/A	Comply
III.8.2	The chairman of the board checks composition and functioning of the board	N/A	Comply
III.8.3	The board implements III.5 of this code	N/A	Comply
III.8.4	Majority of board members is charged with daily affairs	N/A	Comply

Shareholders

Best practice principle	Short description	Page	Comply/ explain
IV.1.1	Amplified majority requirement binding nomination of SB or BM member can be annulled by second meeting of shareholders	19	Explain
IV.1.2	Voting rights attaching to financing preference shares based on the real value of the capital contribution	N/A	Comply
IV.1.3	Publication of position of BM if private bid is made for substantial part of the business	4	Comply
IV.1.4	Dividend policy shall be separate item on the agenda	Agenda	Comply
IV.1.5	Proposal to pay dividend shall be separate item on the agenda	Agenda	Comply
IV.1.6	Discharge of MB and SB shall be separate items on the agenda	Agenda	Comply
IV.1.7	The Company sets registration date for voting rights and access to general meeting	19	Explain
Depositary receipts of shares			
IV.2.1	The Board of Trustees of foundation has the confidence of depositary receipt holders and is independent of the Company	Agenda	Comply
IV.2.2	The Board of Trustees of foundation shall be appointed by the Board of Trustees	Website	Comply

TABAKSBLAT CODE CHECKLIST

Best practice principle	Short description	Page	Comply/ explain
IV.2.3	Maximum term for appointment of Board of Trustees members is 3 times 4 years	Website	Comply
IV.2.4	The Board of Trustees shall be present at AGM	Agenda	Comply
IV.2.5	In exercising its voting rights, the Board of Trustees shall be guided primarily by the interests of the depositary receipt holders	Website	Comply
IV.2.6	Board of Trustees reports on its activities	Website	Comply
IV.2.7	Report must fulfill a number of requirements	Website	Comply
IV.2.8	The foundation shall issue proxies to depositary receipt holders at their request	Website	Comply
Information provision/logistics AGM			
IV.3.1	Analysts' meetings and press conference are announced in advance and can be followed via webcasting or conference call	19	Explain
IV.3.2	Assessment of analysts' report only on factual inaccuracies	4	Comply
IV.3.3	Company pays no fees for preparation of analysts' reports	4	Comply
IV.3.4	No analysts' meetings and such shortly before publication of regular financial information	4	Comply
IV.3.5	SB and BM provide AGM with all information unless contrary to interests of the Company	4	Comply
IV.3.6	The Company shall place all information, which it is required to publish pursuant to company and securities laws, on a separate part of its website, or uses hyperlinks to that end	Website	Comply
IV.3.7	Shareholders' circular of all facts and circumstances relevant to approval requested from shareholders	Agenda	Comply
IV.3.8	AGM minutes are published within three months after the AGM	Website	Comply
IV.3.9	BM gives overview of protection measures and states under which conditions these would be implemented	19	Comply
Responsibility of institutional investors (II's)			
IV.4.1	II's annually publish voting right policy on website	N/A	Comply
IV.4.2	II's annually report on voting policy on website	N/A	Comply
IV.4.3	II's quarterly report on their website how they voted at AGM's in concrete cases	N/A	Comply

Audit of the financial reporting and the position of the auditor

Best practice principle	Short description	Page	Comply/ explain
Financial reporting			
V.1.1	SB supervises procedures concerning preparation and publication of financial reports	18	Comply
V.1.2	AC assesses how auditor is involved in financial reporting	19	Comply
V.1.3	BM carries responsibility for internal procedures securing timely provision of full and correct information	19	Comply
Appointment, remuneration and assessment of external auditor			
V.2.1	External auditor is present at AGM and can be questioned	19	Comply
V.2.2	BM and AC report annually to SB on relation with external auditor	4	Comply
V.2.3	BM and AC assess external auditor once every 4 years	4	Comply
Internal audit function			
V.3.1	External auditor and AC prepare the work schedule of the internal auditor	19	Explain
Relation and communication of external accountant with Company bodies			
V.4.1	The external auditor is present at SB meeting in which the report of the audit of the annual accounts and its approval are discussed	19	Comply
V.4.2	Chairman of AC can request external accountant to attend AC meeting	4	Comply
V.4.3.A	Lay-out demands 2:393 subsection 4 of the Netherlands Civil Code concerning audit	4	Comply
V.4.3.B	Lay-out demands 2:393 subsection 4 of the Netherlands Civil Code concerning financial figures	4	Comply
V.4.3.C	Lay-out demands 2:393 subsection 4 of the Netherlands Civil Code concerning internal risk management and control systems	4	Comply

DIRECTORY

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

Managers

V. Di Nisio
P.H. Le Goueff
J.M. Camacho-Cabiscol (Economist)

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
J.C. Pollock

Board of Stichting Administratiekantoor Eurocommercial Properties*

A. Plomp
B.T.M. Steins Bisschop
*(as from 2 November 2004)

Head Office

Eurocommercial Properties N.V.
Herengracht 469
1017 BS Amsterdam
Tel: 31 (0) 20 530 6030
Fax: 31 (0) 20 530 6040

Email: info@eurocommercialproperties.com
Website: www.eurocommercialproperties.com

Eurocommercial Properties N.V. is registered with the Amsterdam Trade Registry under number: 33230134

Group Offices

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

Via del Vecchio Politecnico 3
20121 Milan
Italy
Tel: 39 02 76 07 591
Fax: 39 02 76 01 61 80

10 rue du Havre
75009 Paris
France
Tel: 33 (0) 1 48 78 06 66
Fax: 33 (0) 1 48 78 79 22