Eurocommercial Properties N.V.

Annual Report 30th June 2005

A RECORD YEAR FOR PROPERTY VALUES

PROPERTY VALUES ROSE BY 10%

The increase in independent property values of EUR 140 million to EUR 1,498 million - a rise of 10.3% - resulted in an increase of net asset value of 11.6% from EUR 23.16 to EUR 25.84 per depositary receipt after increased capital gains tax provisions.

Cover and these pages: Bergvik shopping centre, Karlstad, Sweden.

SHAREHOLDERS EQUITY INCREASED BY 26%

The independent upward revaluation of properties, the net proceeds of EUR 78.5 million from the issue of 3,100,000 new depositary receipts at EUR 26 each in the May placement and the 821,976 new depositary receipts as stock dividend paid in November 2004 all contributed to a rise in shareholders equity to EUR 890 million from EUR 707 million in 2004, an increase of 26%.

Contents

DIRECT INVESTMENT RESULT ROSE BY 9%

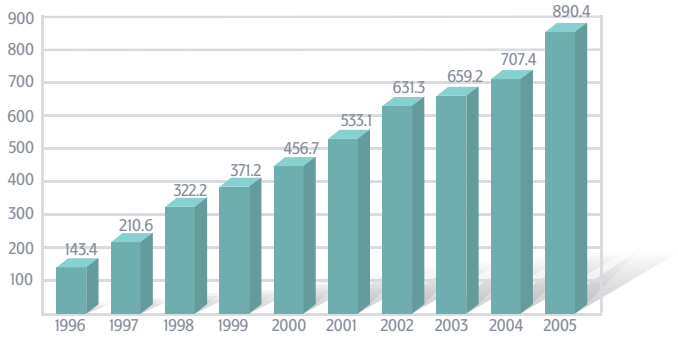
The Direct Investment Result rose by 9% over the year, which after allowing for the increased issued share capital resulted in a Direct Investment Result of EUR 1.55 per depositary receipt, an increase of 3.3%.

DIVIDEND INCREASED BY 3% TO EUR 1.55

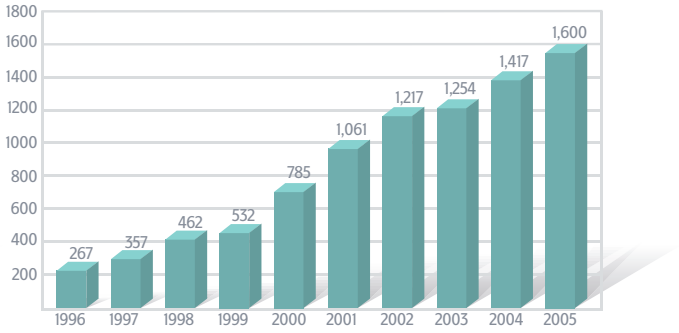
The Board will recommend a dividend for the year of EUR 1.55 per depositary receipt. This represents an increase of 3% when compared with the dividend for 2004 and continues the Company's unbroken series of dividend increases since 1995.

TEN YEAR FINANCIAL OVERVIEW

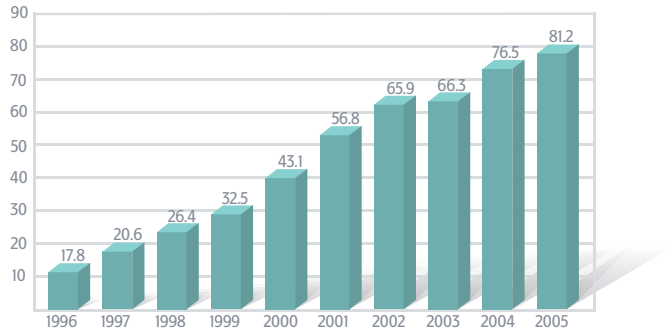
Shareholders' equity (X EUR '000,000)



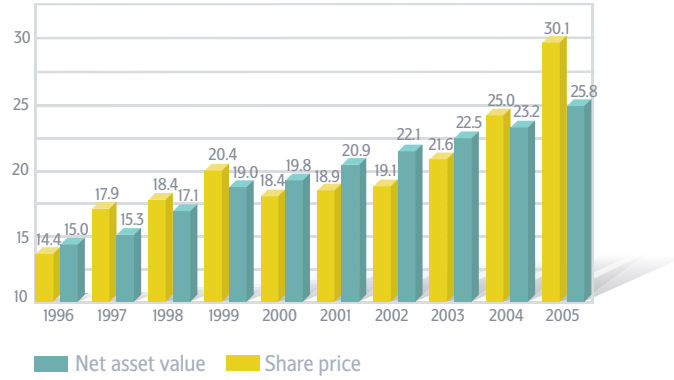
Total assets (X EUR '000,000)



Net property income (X EUR '000,000)



Share price and net asset value (EUR)




Hälla Shopping Centre, Västerås


Passy Plaza, Paris


Curno, Bergamo

Investment profile

Eurocommercial Properties N.V. ('the Company' or 'ECP') is a tax efficient Euronext quoted property investment company and is one of Europe's major shopping centre specialists. It operates 23 retail properties in France, Italy and Sweden where it has had considerable experience and has established good long term relationships with Europe's major retail groups.

Taxation

ECP is a fiscal investment institution under Netherlands law and as such is subject to a nil rate of Netherlands corporate tax provided it distributes its taxable income and meets certain other conditions.

The Company also has SIIC (Société d'investissements immobiliers cotée) status under French law so that it is not liable for income or capital gains taxes on its French assets, having undertaken the payment of an 'exit tax' at the rate of 16.5% on the fiscal capital gain of its properties in four equal instalments over the next four years.

ECP's subsidiaries have normal corporate tax paying status in the other countries in which it operates but through careful planning seeks to reduce imposts to minimal levels.

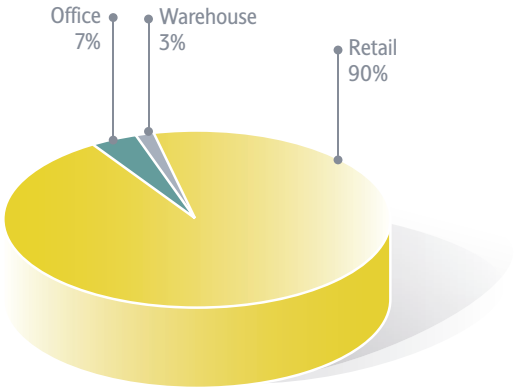
Dividend policy

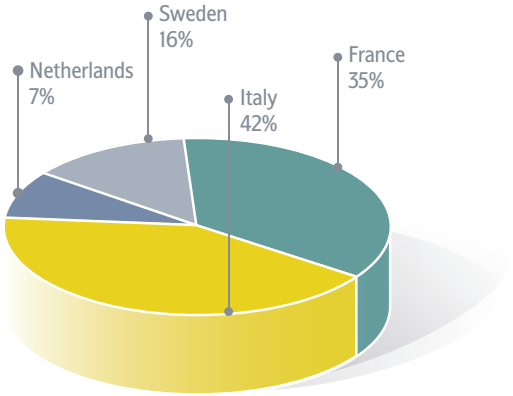
The Company currently pays out 100% of its Direct Investment Result which shareholders have the option of taking as a cash dividend or in the form of bonus shares from the share premium reserve. The cash dividend is subject to 25% Netherlands dividend witholding tax, which non-resident shareholders may 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 witholding tax.

Gearing

The Company has a policy to finance its property investments for the long term but to limit total external borrowings to a maximum amount equal to shareholders' equity. At 30 June 2005 all the Company's noncurrent borrowings of EUR 426 million, representing 75% of all debt, are derived from bank loan facilities with average committed unexpired terms of more than seven years. Interest rates for those borrowings are fixed for an average period of eight and a half years. At the balance sheet date net debt represented 64% of shareholders' equity or 35% of total assets.

Portfolio balance at 30th June 2005





PROPERTY PERFORMANCE

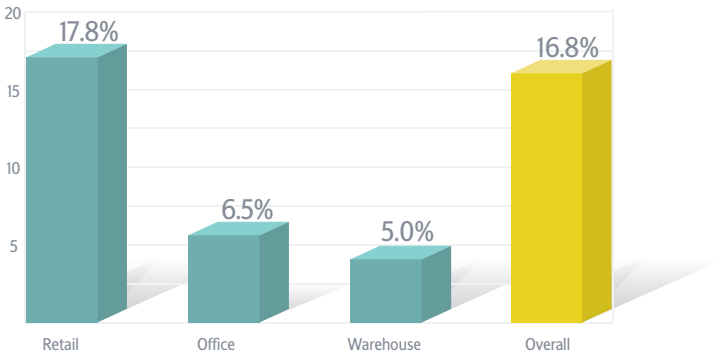
Total return

The combination of capital growth and income produced an overall total return from the entire property portfolio over the year of 16.8%

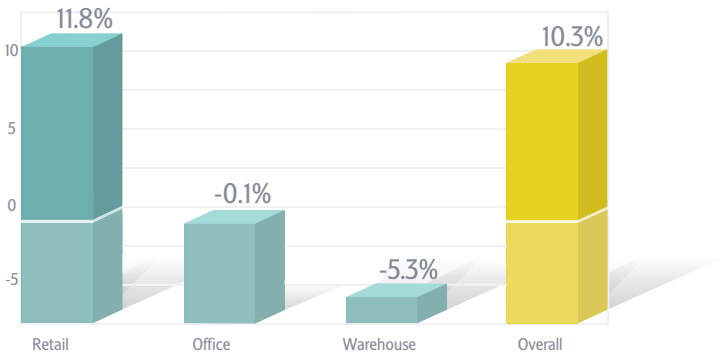
Capital values

2005 has seen the strongest rise in retail property values for many years. ECP's properties increased overall by EUR 140 million or 10% compared with 2004.

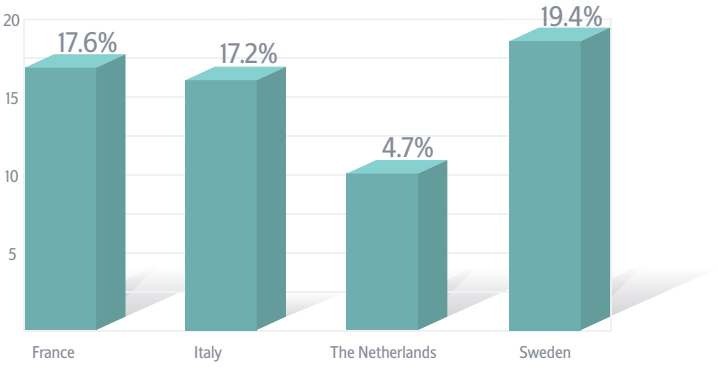
Total return by sector



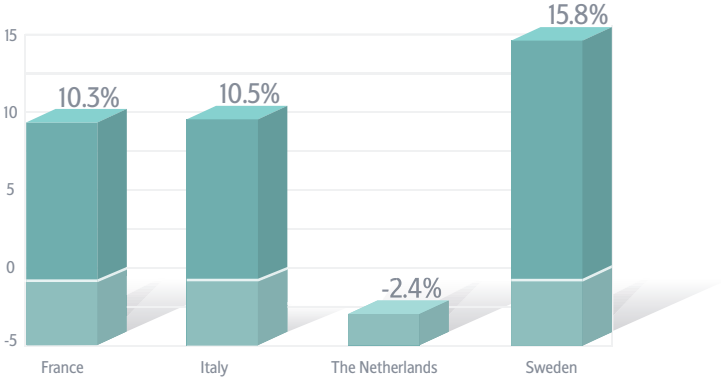
Value growth by sector



Total return by country



Value growth by country



Maxihuset, Norrköping

La Favorita, Mantova


Amiens, Glisy

Rental growth

ECP's retail rents have risen by 4.7% overall over the year on a like for like 'same floor area' basis.

Rental levels remain unchanged from the office properties and warehouses.

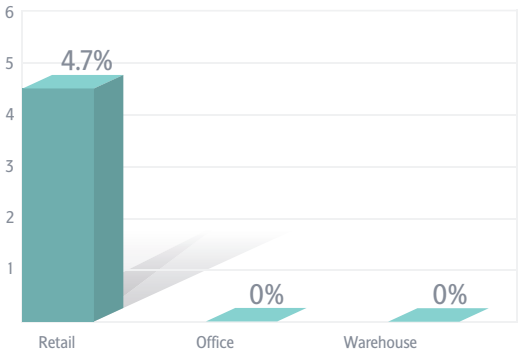
Sales turnover growth

Overall sales turnover in ECP's shopping galleries rose by 3.7% from EUR 1,156 million to EUR 1,198 million.

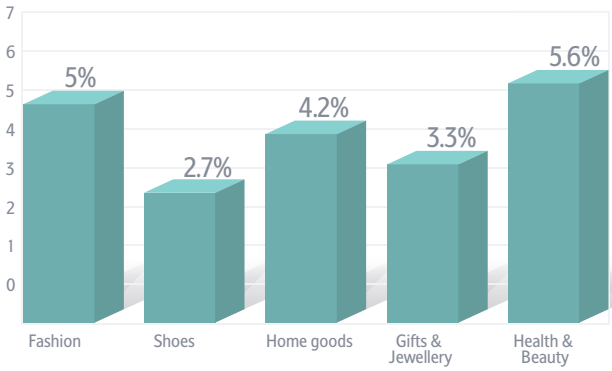
The strongest performance was in Karlstad at 18.3% followed by Mellby and Hyères at 15.8% and 10.1% respectively. These growth numbers exceeded the relevant national sales statistics in all areas.

Shop rents are intimately linked to sales turnover. This relationship is closely observed by retailers and shopping centre owners alike.

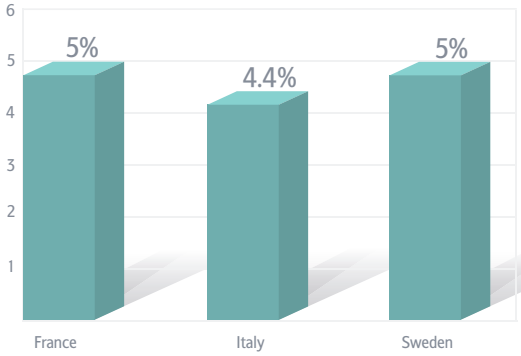
Rental growth by sector



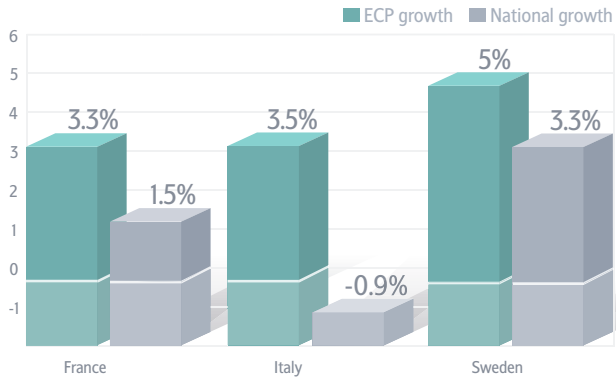
Average Turnover growth by sector



Retail rental growth by country



Turnover growth by country

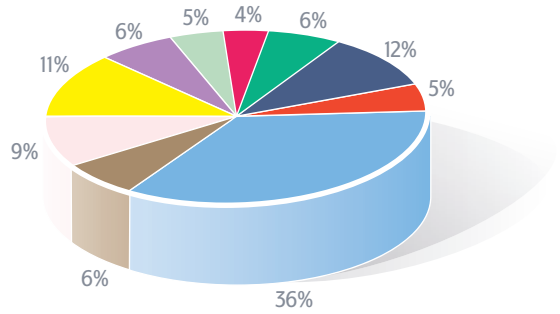


TENANCY PROFILE

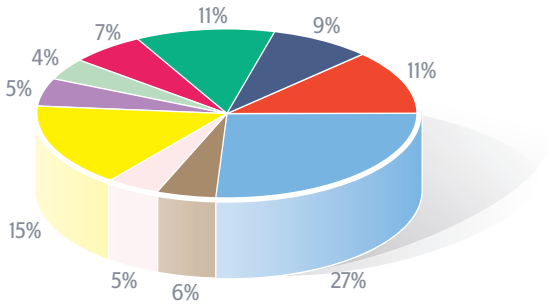
Gallery merchandising mix

Tenant mixes as a proportion of floor area reflecting differing national characteristics.

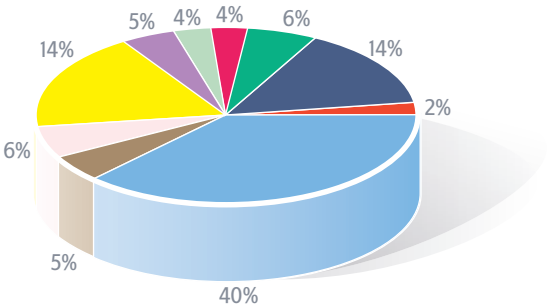
Gallery total



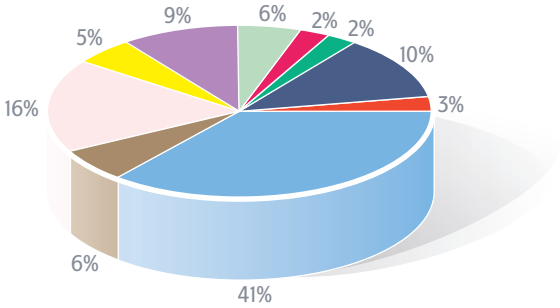
France



Italy



Sweden

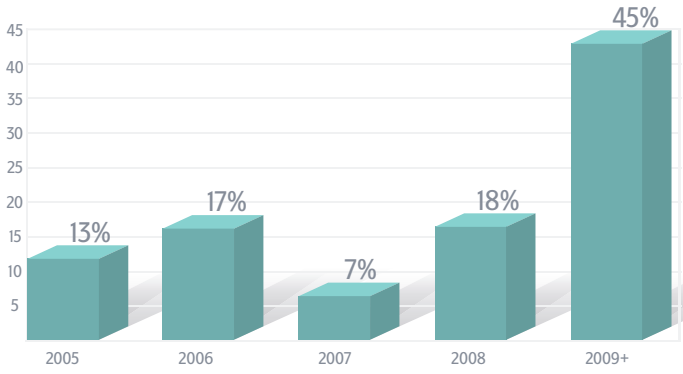


- Books/Toys
- Electrical/Telecom
- Health & Beauty
- Gifts & Jewellery
- Home Goods
- Fashion
- Shoes
- Sport
- Restaurants/Food
- Services


Les Atlantes, Tours

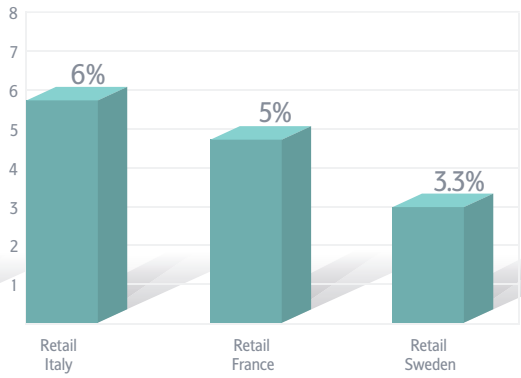

Il Castello, Ferrara

Unexpired retail lease terms



Potential rental reversions

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



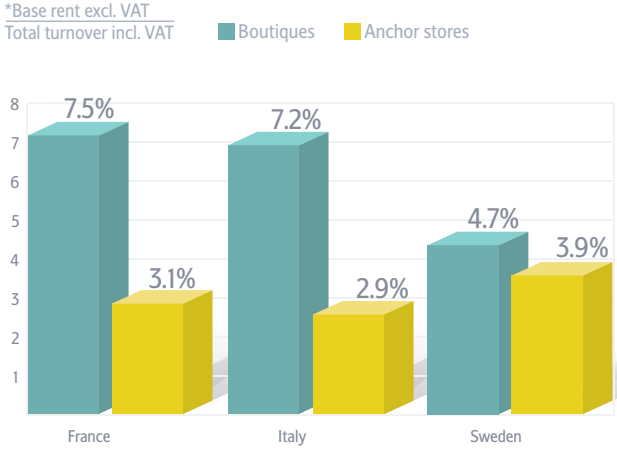
Top 5 tenancies

The Company's properties have about 950 separate tenancies the largest of which are:

	MGR (EUR million)	% of total income
1. NETHERLANDS GOVERNMENT	6.8	7.5%
2. CARREFOUR	4.5	5.0%
3. ICA MAXI	3.1	3.4%
4. COOP FORUM	3.0	3.3%
5. FNAC	2.7	3.0%
TOP 5	**20.1**	**22.2%**

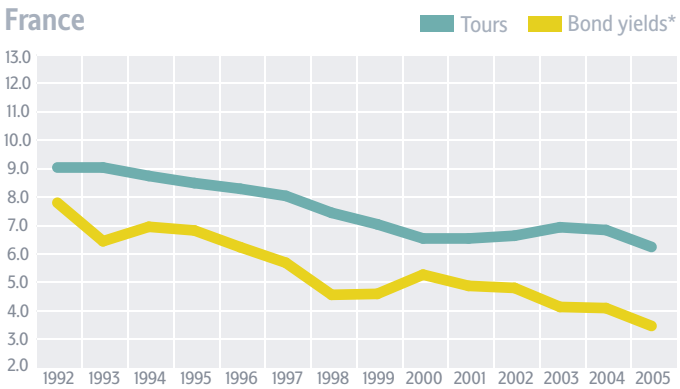
Average rent to turnover ratios*

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

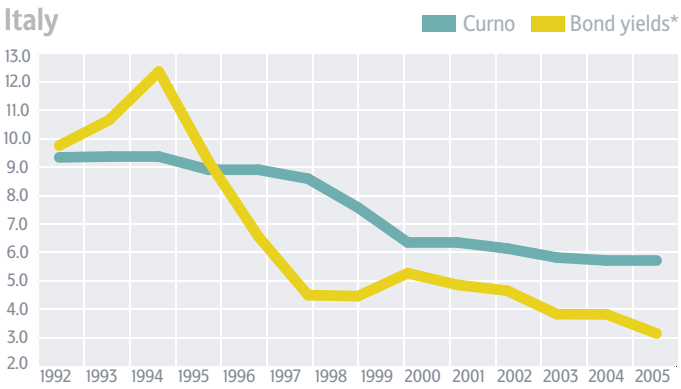


MARKET COMMENTARY AND INVESTMENT PLANS

10 year bond yield vs prime shopping centre yields



*Valuation net yield of ECP's Tour centre vs French 10 year government bonds.



*Valuation net yield of ECP Curno centre vs Italian 10 year government bonds.

Market conditions

Low interest rates and uncertain equity markets have led to greatly increased demand for property investments, both direct and indirect.

Overall, net yields for the best performing sector – retail, have dropped by at least fifty basis points to an average of about 5.5% for prime properties in the major western European markets.

The link between property and Government bond yields is a real one, although accurately defining and predicting it in the short term is difficult.

The current margin of over 2% in favour of property seems to many to offer good value, especially as rental income, at least in Europe, is usually indexed to inflation.

The key question is for how long bond yields will remain at their current low levels which probably predict poor economic growth and limited inflation. US interest rates have recently risen, if only by 25 basis points but a rise is unlikely at the European Central Bank for some time.

If this is so, the positive funding margin for property will remain, enabling careful investors to purchase at the current low yields in relative confidence provided rents remain stable and borrowings are not vulnerable to eventual interest rate rises.

Whilst rental growth has been limited or non-existent for offices and warehouses, shop rents in France, Italy and Sweden have continued to firm, reflecting sustained consumer expenditure in these countries. ECP's turnover growth (excluding hypermarkets) of 3.7% in its centres for the year to 30th June is a pleasing performance when measured against weak overall economic growth in these countries.

Relatively low household debt and high savings ratios are likely reasons for better consumer confidence in ECP's markets than in the UK and the US where high household debt and low savings ratios have led to downward pressure on spending and shop rents.

There is no doubt that the economies of many Western European countries are stagnating or showing limited growth and this situation is unlikely to change radically in the near future.

We believe, though, that such growth as there is, together with inflation of around 2%, is adequate to ensure stability in shop rents provided that they have not been pushed too high in recent years by over optimistic lessors.

The best measure of shop rental sustainability is, as we have often said, the ratio between rent and sales turnover. For boutiques that can be as high as 10% in the early years of a shopping centre but should settle down to


Passy Plaza, Paris


Bergvik, Karlstad

under 8%. The average for ECP's centres (excluding hypermarkets) is 5.5% today, almost certainly the main reason for the Company's very limited vacancies of 1%.

There are no vacancies in the office buildings but half of the warehouse at Parisud has been vacant from 1st July 2005. It should be relet shortly.

Investments and extensions during the year

The Company purchased its seventh shopping centre, Bergvik, in Sweden during the year; a 13,750m² gallery connecting the ICA and Coop Hypermarkets in Karlstad, capital of the county Värmland. The cost was EUR 36 million and the net yield 6.3%. Sales turnover growth here has been the highest of all of our centres at over 18% for the year. The extension to Burlöv Centre in Malmö will be completed early next year at a cost of EUR 27 million and planning consents are being progressed for 7,000m² and 7,700m² extensions at Norrköping and Skövde.

Construction began on the 9,000m² extension of Centro Leonardo in Imola, Italy during the year and the Company obtained the retail licences and overall planning consent for the 11,000m² extension of Carosello shopping centre in Milan, where work is expected to start next year at an estimated cost of around EUR 45 million.

French planning constraints make extensions difficult but discussions are being held with the relevant authorities in Tours and Amiens. New investments are equally scarce in France but letters of intent, subject to CDEC (Planning consent) have been signed for the purchase of a retail park in Caen, Normandy and another in the Paris region.

Future investments

Further shopping centre investments by the Company will be assessed on the basis of sales turnover, if known, or if the centre is under construction with no sales record, conservative estimates will be made in consultation with the retailers themselves and by reference to our considerable database of Europe wide sales statistics for all retail sectors.

ECP has concentrated for sometime on shopping centres in France and Italy and three years ago started an investment programme in Sweden where we now have a critical mass of seven centres and are negotiating for more.

We have also for some time been investigating the markets of Spain, Belgium and Germany and whilst we would not rule out future investment in Spain and Belgium, are focussing our studies on Western Germany where some newer centres offer turnover rents, as in France and Italy.

German shop rents have fallen consistently over the last ten years, so that they are now in some cases lower than in France and Italy and approaching Swedish levels. Yields are now also at slightly higher levels than in other Western European countries where prices have risen strongly in the last year.

In the absence of many German investment funds from the market it may now be possible, we think, to build up a sound portfolio of centres in the wealthy western and southern Länder at prices that offer good growth potential as the German economy recovers.

The risks to this strategy are that economic conditions continue to worsen, unemployment grows and shop rents continue to fall. German institutions also could be sellers of shopping centres not just absent buyers and yields could rise, depressing prices.

On balance, though, we think that shopping centre purchases today, at sensible rents, could prove to be prudent in the medium term.


I Gigli, Firenze

PROPERTY REPORT

EUR 525 MILLION INVESTED 35% OF THE PORTFOLIO

GDP GROWTH OF 2.1% HAS DEMONSTRATED THE RESILIENCE OF THE FRENCH ECONOMY AND ALL OUR CENTRES HAVE SHOWN POSITIVE SALES GROWTH THIS YEAR WITH AN OVERALL INCREASE OF 3.3%.

Property total return
+17.6%

Rental growth (retail)
+5.0%

Valuation growth
+10.3%

Turnover growth
+3.3%

Strong turnover growth in our centres of almost double inflation means that rental levels are well underpinned, although retailers are perhaps more cautious than they were with expansion plans. Particular sectors, notably health & beauty and culture (predominately fnac) have performed strongly.

Hypermarkets are being subjected to increased competition by hard discount stores, yet despite this, our best performing centres Hyères and Amiens are hypermarket anchored. They do, however, have attractive, well-merchandised malls. We have stepped up marketing in these centres and believe that this is counteracting some of the slight negativity surrounding the hypermarkets sector.

The freeze on planning consents for new peripheral shopping centres remains in place nationally and developers are focussed on town centre schemes and retail parks. Not all recent leisure based town centre openings have been successful but there is plenty of appetite from retailers and investors alike for retail parks.

This type of retailing is well established in France but new entrants, attracted by lower rents and charges are pushing rents upwards. Strong investor demand has also seen the yield differential with shopping centres eradicated.

In this climate investment performance has been particularly strong. Cumulative rises in the cost of construction index of 8.75% over the past twenty four months has seen rents rise in unison and this combined with falling yields has resulted in strong capital growth.

Rent to turnover ratios remain at healthy levels and refurbishments will be carried out across our portfolio over the next few years to ensure the centres remain competitive in their markets.

The proposed new entrance for Les Portes de Taverny

LES PORTES DE TAVERNY, TAVERNY

Les Portes de Taverny opened in 1991 and since then has performed very strongly with sales growth of 18% in the past five years compared to rental growth of 36% over the same period as a result of recent lease renewals and indexation.

Taverny is a prosperous suburb of Paris with a growing population but also competition and to accompany recent improvements in merchandising the Company is investing in a significant modernisation of the mall and other common areas.

In parallel, negotiations are being held with the local authorities which will, it is hoped, result in the creation of a new access road to the centre.

The refurbishment programme which is due to be finished by October 2005 consists of:

- Demolition and creation of new entrances with improved orientation to the car park and a gain of 25 spaces
- Creation of new central piazza in the mall with natural light
- Demolition and creation of new female/male toilets with associated nursery
- Replacement of mall suspended ceilings
- Provision of new floor to the entrance zones and the new piazza

The total cost of these works, projected to be EUR 4.2 million, have been taken into account in this year's valuation.


Passage du Havre, Paris

PASSAGE DU HAVRE, PARIS

City Centre retailing in France is receiving strong support from municipal authorities. Fnac, the French cultural phenomenon is a major beneficiary of this policy and the group continues to demonstrate strong sales growth. Fnac is present as an anchor in both Le Passage du Havre in Paris and at Les Trois Dauphins in Grenoble.

Le Passage du Havre continues to thrive with turnover up 3% overall and 4.3% in the gallery where all sectors have been strongly propelled by the arrival of Histoire d'Or in the jewellery sector and Geox from Italy which has brought some variety to the shoes sector.

Following a vacancy of 1.600m^2 in the offices last year the building is once again fully let with the vacant offices leased to Credit Mutuel and Factset International at an average rent of EUR 400 per m^2.

Centre Les Atlantes, Tours

CENTRE LES ATLANTES, TOURS

Lease renewal negotiations are progressing at Tours and to date an average uplift of 9% has been achieved. These uplifts concern 25% of the floor area and have been achieved on top of cumulative indexation of 8.75% over the past two years. In the corresponding period turnover has grown by 6.2%. The outstanding renewal discussions concern a further 31% of the floor area and are progressing in parallel with our efforts to maintain an innovative merchandising mix. The fashion sector will be enhanced with the arrival of Esprit in November when we anticipate starting works to improve the entrances and common areas.

Centr'Azur, Hyères

TURNOVER GROWTH COMMENTARY

Small is beautiful?

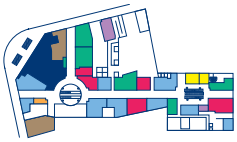
All ECP centres in France have shown positive turnover growth this year but actually the strongest performance has come from the smallest centres, with Hyères showing 10% growth, Amiens 7% and Taverny 4%. Taverny is, we believe a direct result of improvements to the merchandising mix with Promod, Jacqueline Riu and a new parapharmacy amongst recent arrivals.

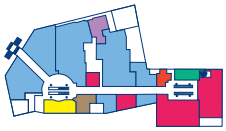
At Amiens, the centre has been boosted by the continuing growth of the adjoining business park and infrastructure improvements. Merchandising has been stable.

Centr'Azur, Hyères continues to thrive, with health and beauty the star performer growing by 33.3% following the arrival of a pharmacy in the centre.

The town and its surrounding coastal areas continue to benefit from strong population growth. The majority of leases are due for renewal over the next two years and healthy uplifts are anticipated along with continuing improvements in merchandising.

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 190.96 million

Yield on gross value
5.4%

Occupancy
100%

Major tenants
fnac, Nature et Découverte, Zara, H&M, Eole Finance

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: 76% leases

Current net income
EUR 10.88 million p.a.

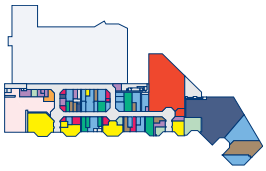
Rent to turnover ratio
3.8%

Turnover growth 2004/2005
3%

Rental growth 2004/2005
4.4%

Total return per annum since purchase in October 2000
9.2% (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 79.25 million

Yield on gross value
6.2%

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.

Current net income
EUR 5.2 million p.a.

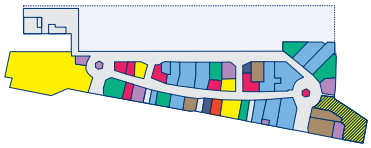
Rent to turnover ratio
5.2%

Turnover growth 2004/2005
2%

Rental growth 2004/2005
7%

Total return per annum since purchase in June 1992
14.0%

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 32.1 million

Yield on gross value
6.2%

Occupancy
100%

Major tenants
Flunch, Camaieu, Nocibé

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: 55% leases

Current net income
EUR 2.1 million p.a.

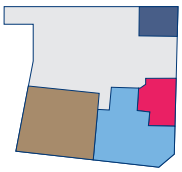
Rent to turnover ratio
6.3%

Turnover growth 2004/2005
7.2%

Rental growth 2004/2005
5.3%

Total return per annum since purchase in January 1995
19.2%

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 12.45 million

Yield on gross value
5.3%

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.

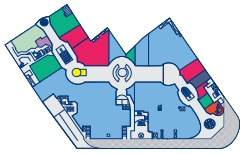
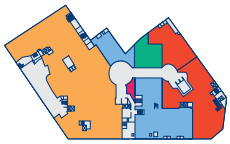
Renewal profile
2006: 50% retail leases

Current net income
EUR 0.7 million p.a.

Rental growth 2004/2005
3.3%

Total return per annum since purchase in March 1998
7.5%

RETAIL
PASSY PLAZA, PARIS

Total lettable area
8,077m²

ECP ownership
8,077m²

Car spaces
150

Tenure
Freehold volume

Net valuation
EUR 92.74 million

Yield on gross value
5.65%

Occupancy
100%

Major tenants
Inno, H&M, Zara, Gap

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: 68% leases

Current net income
EUR 5.55 million p.a.

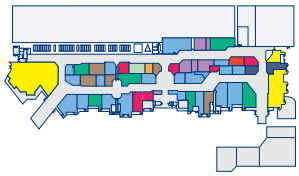
Rent to turnover ratio
9.1%

Turnover growth 2004/2005
0.5%

Rental growth 2004/2005
3%

Total return per annum since purchase in July 1999
10.5%

RETAIL
LES PORTES DE TAVERNY, 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 32.17 million

Yield on gross value
6.2%

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.

Renewal profile
2005: 16% leases

Current net income
EUR 2.32 million p.a.

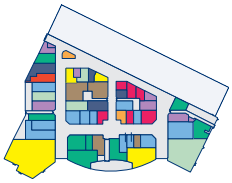
Rent to turnover ratio
6.2%

Turnover growth 2004/2005
4%

Rental growth 2004/2005
7%

Total return per annum since purchase in August 1995
15.5%

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 31.60 million

Yield on gross value
5.9%

Occupancy
100%

Major tenants
Casino Cafétéria, Pier Import

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

Renewal profile
2005: 45% leases

Current net income
EUR 1.98 million p.a.

Rent to turnover ratio
5.8%

Turnover growth 2004/2005
10%

Rental growth 2004/2005
6%

Total return per annum since purchase in December 1993
14.7%

RETAIL
LES TROIS DAUPHINS, GRENOBLE
(ISERE)


Total lettable area
16,800m²
Retail: 8,300m²
Hotel/Office: 4,073m²
Residential: 4,402m²

ECP ownership
16,800m²

Tenure
Freehold

Net valuation
EUR 25.79million

Yield on gross value
6.0%

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.

Renewal profile
2006: 33% retail leases

Current net income
EUR 1.7 million p.a.

Rental growth 2004/2005
3.5%

Total return per annum since purchase in February 2003
11.0%

WAREHOUSE
PARISUD, SÉNART
(SEINE ET MARNE)

Total lettable area
20,097m²

ECP ownership
20,097m²

Site area
42,000m²

Tenure
Freehold

Net valuation
EUR 9.9 million

Yield on gross value
7.61%

Occupancy
50%

Tenant
ID Logistics France

Lease terms
3/6/9 year leases from July 2005

Current net income
EUR 402,000 p.a.

Rental growth 2004/2005
N/A

Total return per annum since purchase in May 2001
6.1%

WAREHOUSE
RUE DES BÉTHUNES, SAINT-OUEN L'AUMONE
(VAL D'OISE)

Total lettable area
28,599m² Bic: 14,886m² Lancel: 13,713m²

ECP ownership
28,599m²

Site area
55,484m²

Tenure
Freehold

Net valuation
EUR 17 million

Yield on gross value
9.2%

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 1.65 million p.a.

Rental growth 2004/2005
3%

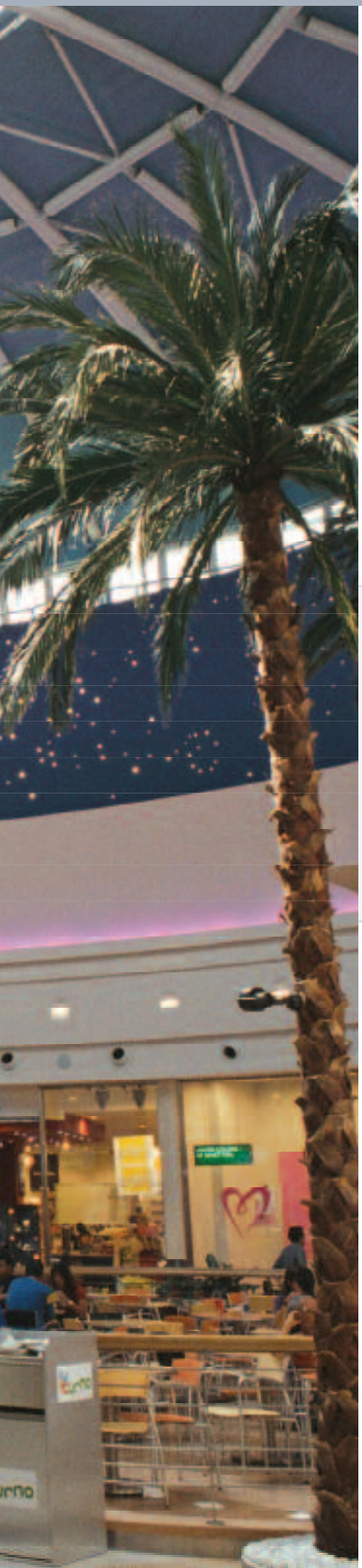
Total return per annum since purchase in January 2001
8.8%

Les Trois Dauphins, Grenoble

Rue de Rivoli, Paris

Histoire d'Or Boutique, Passage du Havre, Paris


ITALY
GELATERIA
I NEGOZI DEL SOLE



EUR 627 MILLION INVESTED 42% OF THE PORTFOLIO

THE ITALIAN PROPERTY MARKET AND PARTICULARLY THE RETAIL SECTOR, HAVE ENJOYED VERY STRONG PERFORMANCE OVER THE LAST 12 MONTHS. THE DEPTH OF INVESTOR INTEREST AND SCARCITY OF GOOD INVESTMENTS HAVE COMBINED TO MAINTAIN UPWARD PRESSURE ON VALUES.

Property total return

+17.2%

Rental growth

+4.4%

Valuation growth

+10.5%

Turnover growth

+3.5%

With many still below their target allocation for Italy, the world's sixth largest economy, investors are accepting lower initial yields to secure properties that do come on to the market. This is particularly true for shopping centre or retail park investments whose multi-let nature offer intrinsic income security and therefore some protection against the full impact of the weaker Italian economy. This natural hedge is reinforced by the presence of large food based anchors. The 'essential' nature of this food spending guarantees a certain daily footfall and allows centres to offer convenient, long opening hours.

Italian investors are increasingly active with local property funds continuing to emerge, although to date these have focussed on smaller lot sizes. There is now real depth to the investment market with the main players currently being Dutch, French, Spanish, German and more recently British and American.

Despite a generally weak Italian economy, turnover growth in our centres has been strong this year - averaging 3.5% against inflation of less than 2%. Part of the reason for this is the relatively low provision of shopping centres in Italy compared with other wealthy European countries.

Our stronger centres are accordingly seeing solid rental growth, helping to underpin the largely yield driven capital growth. Prime rents are in the region of EUR 550/m^2 for shop units less than 300m^2 and EUR 200/m^2 for units in excess of 1,000m^2.

Carosello, Carugate, Milano

CAROSELLO, CARUGATE, MILANO

An approval for an 11,000m² extension of the centre has been granted by the Conferenza dei Servizi comprising the local comune of Carugate, the province of Milan and the region of Lombardy. Final technical building approval should be received early next year so that work can start in 2006. The expected cost is in the order of EUR 45 million with a target return upon completion of approximately 7.25%

Strong tenant interest has already been shown in the new space so that we expect it to be pre-let on completion. The extension will reinforce what is already one of the strongest and most prominent shopping centres in the Milan area.

A major road upgrade has improved the two existing access points, and created a new third entrance point through a tunnelled access directly from the Milan Ring Road. With the support of Carrefour, agreement was found with the numerous public bodies and the works were completed in time for Christmas trading 2004. The total cost of the works was EUR 3 million.

Centro Leonardo, Imola

CENTRO LEONARDO, IMOLA

In January 2005 ECP signed a contract to purchase the extension of the Leonardo shopping centre on completion and to refurbish the existing gallery. This project is the culmination of many years joint effort with the hypermarket operator Coop Adriatica. The final gallery of 60 shops will be in excess of 15,000m² and house 6 large retail anchors, an attractive food-court and offer 1,800 car spaces, 700 of which are covered.

Leonardo is the only large shopping centre in Imola, a city whose spending power exceeds the Italian average by 26%. It is hoped this upgrading will capture more of the expenditure from the city which, due to the absence of a large enough centre, has been leaking to neighbouring cities such as Ravenna and Bologna.

Construction has begun and completion is expected end 2006/early 2007. Leasing of the new centre has begun and good early response has been received from retailers. The total investment will be in the region of EUR 38 million.

Centro Lame, Bologna

CENTRO LAME, BOLOGNA

Centro Lame is a very strong large neighbourhood centre but is also the closest hypermarket and gallery to the centre of Bologna, one of the wealthiest cities in Italy. Following the purchase of the gallery in November 2003, a refurbishment of the internal public areas has begun to assist and enhance the 25 lease renewals. The intention was to consolidate locally but also pull more people from the city, given that some 142,000 people live within 10 minutes drivetime of the centre. Both the physical appearance and the shop mix were refreshed, with the first phase completed by summer 2005. A second phase of works will be completed before Christmas trading 2005. The total cost will not exceed EUR 1 million.

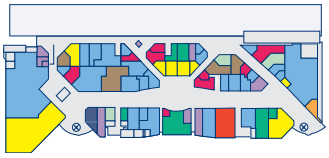
I Gigli, Firenze

I GIGLI, FIRENZE

An interesting project to insert a new 2 level 1,800m^2 Zara store into the centre strengthening the first floor retail offer was completed in time for Christmas trading 2004. The project involved relocating 6 tenants without losing a day's trading. The opening of the new store onto the first floor of the mall has also increased footfall significantly in this previously quieter part of the mall. The result is a significant boost to the centre which now houses most of the best anchors in Italy.

In rental terms, this project resulted in a rental uplift of 39% and formed part of a wider lease renewal programme for the year which saw an average uplift of 28% on those leases signed. Discussions are commencing with the relevant authorities to explore the possibility for an extension to the gallery but this is likely to be a lengthy process.

RETAIL
CAROSELLO, CARUGATE, MILANO
(LOMBARDIA)



Total lettable area
41,000m²
Gallery GLA: 11,000m²
Carrefour – Hypermarket (Sales): 15,000m²
Reserves: 15,000m²

ECP ownership
41,000m²

Car spaces
3,200

Tenure
Freehold

Net valuation
EUR 172.90 million

Yield on gross value
5%

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: Mostly 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 8.78 million p.a.

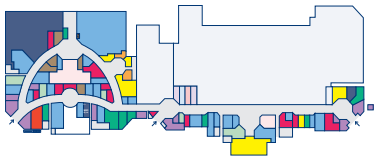
Rent to turnover ratio
Gallery 6.0%, Hypermarket 3.0%

Turnover growth 2004/2005
Gallery 3.1%, Hypermarket -2.2%

Rental growth 2004/2005
4.8%

Total return per annum since purchase in May 1997
20.3%

RETAIL
IL CASTELLO, FERRARA
(EMILIA ROMAGNA)



Total lettable area
28,550m²
Gallery GLA: 16,000m²
Coop – Hypermarket (Sales): 9,500m²
Brico: 3,050m²

ECP ownership
16,000m²

Car spaces
2,400

Tenure
Freehold in co-ownership

Net valuation
EUR 73.33 million

Yield on gross value
6.1%

Occupancy
95%

Major tenants
Oviesse, Cisalfa, 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
2005 : 4% leases
2006 : 10% leases
2007 : 22% leases

Current net income
EUR 4.59 million p.a.

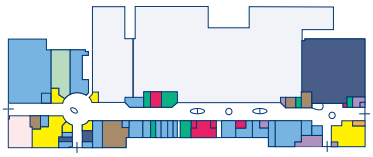
Rent to turnover ratio
5.6%

Turnover growth 2004/2005
6.4%

Rental growth 2004/2005
2%

Total return per annum since purchase in July 2001
10.7%

RETAIL
CURNO, BERGAMO
(LOMBARDIA)



Total lettable area
26,944m²
Gallery GLA: 15,344m²
Città Mercato - Hypermarket (Sales): 8,200m²
Brico: 3,400m²

ECP ownership
15,344m²

Car spaces
2,500

Tenure
Freehold in co-ownership

Net valuation
EUR 81.50 million

Yield on gross value
5.85%

Occupancy
100%

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
2008-9: 17% leases

Current net income
EUR 4.8 million p.a.

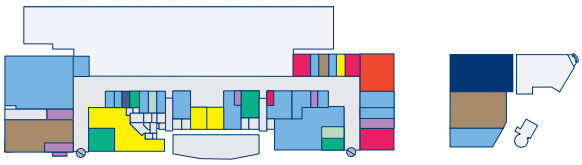
Rent to turnover ratio
4.9%

Turnover growth 2004/2005
7.2%

Rental growth 2004/2005
11.5%

Total return per annum since purchase in January 1994
18.0%

RETAIL
LA FAVORITA, MANTOVA
(LOMBARDIA)



Total lettable area
28,760m²
Gallery GLA: 7,390m²
Retail Park GLA: 5,860m²
Ipercoop – Hypermarket (Sales): 7,200m²
Brico: 5,700m²
Cinema: 2,700m²

ECP ownership
13,250m²

Car spaces
2,050

Tenure
Freehold in co-ownership

Net valuation
EUR 41.71 million

Yield on gross value
6.55%

Occupancy
100%

Major tenants
Media World, UPIM, Piazza Italia, 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: 7% leases
2006: 2% leases
2007/8: 57% leases

Current net income
EUR 2.8 million p.a.

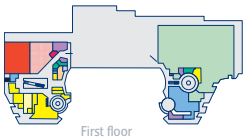
Rent to turnover ratio
Gallery 7.8%
Retail Park 4.0%

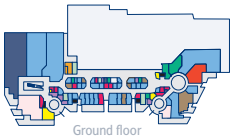
Turnover growth 2004/2005
Gallery -4.5%

Rental growth 2004/2005
-1.6%

Total return per annum since purchase in December 1997
9.9%

RETAIL
I GIGLI, FIRENZE
(TOSCANA)





Total lettable area
67,515m²
Gallery GLA: 44,300m²
Panorama – Hypermarket (Sales): 12,000m²
Cinema: 11,215m²

ECP ownership
55,515m²

Car spaces
3,600

Tenure
Freehold in co-ownership

Net valuation
EUR 188.12 million

Yield on gross value
5.8%

Occupancy
100%

Major tenants
Leroy Merlin, Media World, Coin, Zara, 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: 3% leases
2006: 12% leases
2007: 6% leases

Current net income
EUR 11.10 million p.a.

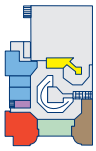
Rent to turnover ratio
Gallery 5.6%

Turnover growth 2004/2005
Gallery 3.4%

Rental growth 2004/2005
Gallery 5.6%

Total return per annum since purchase in November 1999
11.2%

RETAIL
CENTRO LEONARDO, IMOLA
(EMILIA ROMAGNA)



Total lettable area
14,380m² (excluding extension)
Gallery GLA: 6,380m²
Ipercoop – Hypermarket (Sales): 8,000m²

ECP ownership
6,380m² (excluding extension)

Car spaces
1,500

Tenure
Freehold in co-ownership

Net valuation
EUR 22.50 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 September 2006, subject to annual indexation.

Current net income
EUR 1.22 million p.a.

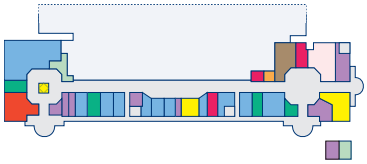
Rent to turnover ratio
7.3%

Turnover growth 2004/2005
-5.1%

Rental growth 2004/2005
1.4%

Total return per annum since purchase in July 1998
12.3%

RETAIL
CENTROLUNA, SARZANA
(LIGURIA)



Total lettable area
9,633m²
Gallery GLA: 3,633m²
Ipercoop- Hypermarket (Sales): 6,000m²

ECP ownership
3,633m²

Car Spaces
1,000

Tenure
Freehold in co-ownership

Net valuation
EUR 16.40 million

Yield on gross value
4.6%

Occupancy
100%

Major tenants
Piazza Italia, Benetton

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

Current net income
EUR 0.76 million p.a.

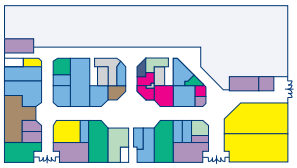
Rent to turnover ratio
7.5%

Turnover growth 2004/2005
-3.6%

Rental growth 2004/2005
1.3%

Total return per annum since purchase in July 1998
13.3%

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 30.90 million

Yield on gross value
6.1%

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: 71% leases

Current net income
EUR 1.89 million p.a.

Rent to turnover ratio
7.5%

Turnover growth 2004/2005
3.9%

Rental growth 2004/2005
2%

Total return per annum since purchase in December 2003
12.7%

SWEDE

EUR 244 MILLION INVESTED 16% OF THE PORTFOLIO

THE RETAIL INVESTMENT MARKET HAS REMAINED VERY ACTIVE OVER THE LAST YEAR FOR BOTH LOCAL AND FOREIGN INVESTORS, THE MOST AGGRESSIVE OF WHOM HAVE BEEN SEVERAL NEW PARTICIPANTS FROM OUTSIDE SWEDEN.

Property total return
+19.4%

Rental growth
+5.0%

Valuation growth
+15.8%

Turnover growth
+5.0%

The Swedish market is a particularly liquid one and vendors have included retailers, particularly those in the food sector, offering sale and lease back opportunities, municipalities and private equity funds taking advantage of strong market conditions to realise profits on earlier acquisitions.

This has led to yield reductions and the removal of any price discount which Sweden may historically have offered over other western European countries. Prime yields have reduced by at least seventy five basis points and now stand at around 5.75% for the strongest regional shopping centres.

In this competitive investment market the Company was particularly pleased to have been able to purchase the shopping centre Bergvik, outside Karlstad, the capital of the Värmland region of central Sweden. The gallery connects two of the strongest hypermarkets in the country and has shown very strong turnover growth this year. ECP has also accelerated its significant extension programme which can deliver enhanced returns in catchments that are well understood and can be accurately appraised in terms of further potential consumer and tenant demand.

Performance

Overall the Swedish portfolio has performed very well in terms of valuation with an uplift of 15.8% resulting from the combination of the yield shift and rental growth. The 24.5% uplift at Burlöv Centre included valuation gains achieved by the extension. Average turnover growth of 5% (excluding hypermarkets) over the last 12 months is sound with Bergvik being the main outperformer at over 18% although Hälla Shopping has also maintained its early trading success. Rental growth has been 5% with inflation currently negligible and this was largely due to the re-lettings at Burlöv following the refurbishment.

Bergvik, Karlstad

BERGVIK, KARLSTAD

In April 2005 the Company acquired its seventh shopping centre in Sweden with the purchase of the gallery at Bergvik in Karlstad for EUR 36 million at a net yield of around 6.3%.

Bergvik has a lettable area of 13,750m² in 31 shop units and is let to a wide range of national multiple retailers including H&M, Stadium, Intersport, Lindex, KappAhl and JC. Average rents are around SEK 1,750m² and the overall rent to turnover ratio is 5.3%.

The gallery links the two major Swedish hypermarkets, Coop, which trades locally as Obs! (20,000m²) and ICA Maxi (10,000m²) and was developed in 2003 by the vendor, the regional cooperative, Konsum Värmland. Bergvik has a combined annual turnover of almost SEK 2 billion with 7.3 million annual visitors making it one of Sweden's most important regional shopping centres, serving a catchment of 300,000 people, including the city of Karlstad (80,000).

Turnover performance has been outstanding and we expect some significant turnover rental income in only its second year of trading.

Burlöv Centre, Malmö

BURLÖV CENTRE, MALMÖ

The most advanced of the extensions in the Company's programme is Burlöv Centre, Malmö, where the EUR 27 million project is now 50% complete including the construction of an additional 6,000m² which is already open for trading and is 100% let to Systembolaget, OnOff, Power, Cervera and Cubus.

The remaining building works include the refurbishment of the existing centre and the re-organization of the 19,000m² Coop Forum hypermarket, who have released floor space to allow the creation of further retail shop units and a new food court. Coop Forum have simultaneously entered into a new 13 year lease.

The centre has attracted strong tenant demand, particularly fashion, including new units let to JC and several brands from the Bestseller and Varner Groups from Denmark and Norway respectively. Most of the existing tenants have taken the opportunity to refurbish their stores and introduce their latest concepts including the existing anchors H&M, Stadium, Lindex and KappAhl. The entire project will be completed in April 2006 and will show an overall return on cost of over 8%.

Maxihuset, Norrköping

MAXIHUSET, NORRKÖPING

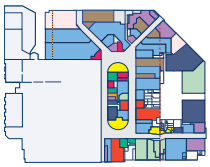
Maxihuset, Norrköping was the largest of three shopping centres the Company acquired from ICA in 2003, which were all subject to 15 year lease backs on the hypermarkets. The property comprises a 10,000m² ICA Maxi hypermarket and a gallery of 7,000m² including the major Swedish multiple tenants in fashion and sport (H&M, KappAhl, Lindex, JC and Stadium). Customer surveys have confirmed strong demand from consumers as well as retailers for further fashion and services. A planning application was therefore made for an extension of 7,000m², which the municipality is considering positively as the property is located within Ingelsta, its preferred decentralized retail area. A planning decision is not expected until May 2006 but there are already advanced discussions on some substantial pre-lets and Stadium have entered into a forward commitment for an enlarged new store of 1,500m² at the entrance to the extension.

Maxihuset, Skövde

MAXIHUSET, SKÖVDE

At Skövde, the Company made a planning application for an extension of 7,700m² in December 2004 and also acquired an adjoining logistics building on a site of 12,000m², which was necessary in order to provide additional car parking. The extension will include a further 2,750m² for the ICA Maxi hypermarket, so that it can offer its normal product range from a standard 10,000m² store. The shopping centre needs a broader offer in the fashion, household and service sectors and recent lettings to Dressman and Cervera demonstrate strong tenant demand from major retailers and also the potential for some significant rental growth (almost 50% in the Cervera letting). The municipality is currently indicating support for the project and a final decision is likely before the end of 2005.

RETAIL
BURLÖV CENTRE, MALMÖ
(SKÅNE)



Total lettable area
41,000m²
Gallery GLA: 22,000m²
Coop Forum Hypermarket GLA: 19,000m²
(approx 12,000m² sales)

ECP ownership
41,000m²

Car spaces
1,600

Tenure
Freehold

Net valuation
EUR 84.59 million

Yield on gross value
6%

Occupancy
100%

Major tenants
Coop Forum, H&M, KappAhl, Lindex, Stadium, Systembolaget, JC, Cubus, OnOff, Cervera

Lease terms
3, 5 or 10 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 Coop Forum lease is 13 years.

Current net income
EUR 5.75 million p.a. after completion of the refurbishment

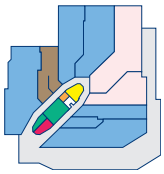
Rent to turnover ratio
4.1%

Turnover growth 2004/2005
-6.2%

Rental growth 2004/2005
10.3%

Total return per annum since purchase in April 2001
15.7%

RETAIL
HÄLLA SHOPPING CENTRE, VÄSTERÅS
(VÄSTMANLAND)



Total lettable area
7,950m²

ECP ownership
7,950m²

Car spaces
400

Tenure
Freehold

Net valuation
EUR 19.10million

Yield on gross value
6%

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 1.19 million p.a.

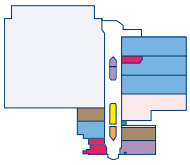
Rent to turnover ratio
5.1%

Turnover growth 2004/2005
7.1%

Rental growth 2004/2005
3.5%

Total return per annum since purchase in December 2002
18.0%

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 30.87 million

Yield on gross value
6%

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 from October 2003.

Renewal profile
2005/6: 80% leases

Current net income
EUR 1.9 million p.a.

Rent to turnover ratio
3.4%

Turnover growth 2004/2005
2.4%

Rental growth 2004/2005
1%

Total return per annum since purchase in October 2003
13.2%

RETAIL
MAXIHUSET, SKÖVDE
(VÄSTERGÖTLAND)

Total lettable area
Retail: 16,695m²
Gallery GLA: 9,195m²
ICA Maxi Hypermarket GLA: 7,500m²
Office: 750m²
Land: property includes adjoining site of 12,000m² with warehouse of 2,900m²

ECP ownership
17,445m² plus land

Tenure
Freehold

Net valuation
EUR 26.42 million

Yield on gross value
6.25%

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 from October 2003.

Renewal profile
2005: 65% leases

Current net income
EUR 1.6 million p.a.

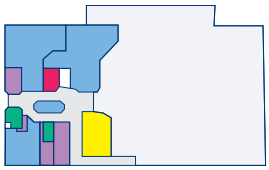
Rent to turnover ratio
3.3%

Turnover growth 2004/2005
3.4%

Rental growth 2004/2005
4.5%

Total return per annum since purchase in October 2003
9.6%

RETAIL
MELLBY CENTRE, LAHOLM
(HALLAND)



Total lettable area
11,485m²
Gallery GLA: 3,250m²
ICA Maxi Hypermarket GLA: 8,235m²

ECP ownership
11,485m²

Car spaces
700

Tenure
Freehold

Net valuation
EUR 14.53 million

Yield on gross value
6.5%

Occupancy
100%

Major tenants
ICA Maxi, KappAhl, Lindex, Dressman

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 from October 2003.

Current net income
EUR 0.95 million p.a.

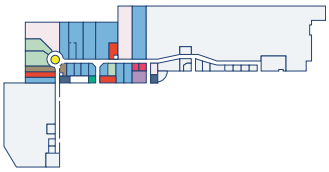
Rent to turnover ratio
3.6%

Turnover growth 2004/2005
5.6%

Rental growth 2004/2005
4.1%

Total return per annum since purchase in October 2003
14.5%

RETAIL
BERGVIK, KARLSTAD
(VÄRMLAND)



Total lettable area
13,750m²

ECP ownership
13,750m²

Car spaces
2000

Tenure
Freehold

Net valuation
EUR 37.36 million

Yield on gross value
5.75%

Occupancy
100%

Major tenants
H&M, Stadium, Intersport, Lindex, KappAhl, JC

Lease terms
3, 5 or 10 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: 90% leases

Current net income
EUR 2.2 million p.a.

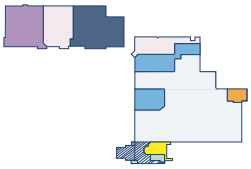
Rent to turnover ratio
5.2%

Turnover growth 2004/2005
18.3%

Rental growth 2004/2005
1%

Total return per annum since purchase in April 2005
12.0%

RETAIL
SAMARKAND, VÄXJÖ
(SMÅLAND)



Total lettable area
24,500m²
Retail GLA: 22,900m²

ECP ownership
24,500m²

Car spaces
1,000

Tenure
Freehold

Net valuation
EUR 31.30 million

Yield on gross value
6.5%

Occupancy
Retail: 100%

Major tenants
Coop Forum, H&M, KappAhl, Stadium, Systembolaget, 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 2.1 million p.a.

Rent to turnover ratio
4.8%

Turnover growth 2004/2005
-4.2%

Rental growth 2004/2005
0.7%

Total return per annum since purchase in October 2003
15.9%

Maxihuset, Skövde


THE
NETHERLAN

EUR 100 MILLION INVESTED 7% OF THE PORTFOLIO

THE NETHERLANDS MARKET HAS BEEN QUIET THIS YEAR REFLECTING A SUBDUED ECONOMY.

Property total return

+4.7%

Rental growth

+1%

Valuation change

-2.4%

The office sector in The Netherlands has suffered from oversupply with rents under downward pressure, particularly in Amsterdam and the Randstad generally. The Company's only remaining office building, in Amsterdam Sloterdijk, is fully leased to the Belastingdienst (Netherlands Government) until 2009 and therefore has been relatively little affected, the value declining over the year by only 2.1%.

The value of the warehouse properties in Beek, Veenendaal, Nieuwegein and Waardenburg have remained almost unchanged, the shortening lease terms being outweighed by lower market yields.

OFFICE
KINGSFORDWEG 1, AMSTERDAM SLOTERDIJK
(NOORD-HOLLAND)

Total lettable area
39,475 m²
ECP ownership
39,475 m²
Car spaces
650
Tenure
Perpetual ground lease
Net valuation
EUR 87.1 million
Yield on gross value
6.6%
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 2004/2005
1%
Total return per annum since purchase in October 1998
7.6%

WAREHOUSE
GALVANIBAAN 5, NIEUWEGEIN
(UTRECHT)

Total lettable area
5,446m²
ECP ownership
5,446m²
Site area
9,056m²
Tenure
Freehold
Net valuation
EUR 4.10 million
Yield on gross value
8.25%
Occupancy
100%
Tenant
Koninklijke Fabriek Inventum
Lease terms
Lease expires in June 2009.
Current net income
EUR 0.36 million p.a.
Rental growth 2004/2005
1.5%
Total return per annum since purchase in November 1994
14.3%

WAREHOUSE
HORSTERWEG 20, MAASTRICHT-AIRPORT
(LIMBURG)

Total lettable area
8,760m²
ECP ownership
8,760m²
Site area
21,650m²
Tenure
Freehold
Net valuation
EUR 4.00 million
Yield on gross value
10%
Occupancy
100%
Tenant
Boston Scientific International
Lease terms
Lease expires in April 2006.
Current net income
EUR 0.43 million p.a.
Rental growth 2004/2005
1.5%
Total return per annum since purchase in November 1996
12.5%

WAREHOUSE
KOEWEISTRAAT 10, WAARDENBURG
(GELDERLAND)

Total lettable area
2,900m²
ECP ownership
2,900m²
Site area
5,715m²
Tenure
Freehold
Net valuation
EUR 2.10 million
Yield on gross value
8%
Occupancy
100%
Tenant
Koninklijke Olland Groep
Lease terms
Lease expires in February 2009.
Current net income
EUR 0.18 million p.a.
Rental growth 2004/2005
1%
Total return per annum since purchase in September 1995
12.9%

WAREHOUSE
STANDAARDRUITER 8, VEENENDAAL
(UTRECHT)

Total lettable area
7,170m²
ECP ownership
7,170m²
Site area
12,595m²
Tenure
Freehold
Net valuation
EUR 3.42 million
Yield on gross value
8.5%
Occupancy
100%
Tenant
Boxal Netherlands
Lease terms
Lease expires in February 2009
Current net income
EUR 0.31 million p.a.
Rental growth 2004/2005
1.4%
Total return per annum since purchase in November 1991
15.5%

Kingsfordweg 1, Amsterdam

CORPORATE GOVERNANCE

In accordance with the Dutch Corporate Governance Code, a broad outline of the corporate governance structure of the Company is presented in this section including any departures from the Code's best practices. A detailed list of these best practices can be found on pages 66 to 69 of this annual report and on the Company's 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 at least 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 strategy. 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 reasons (for which explanations 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 also to function as the audit committee, the remuneration committee and the selection and appointment committee, as the Supervisory Board consists of only 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 Boards will be published in the Annual Report. The profile and rules and regulations of the Supervisory Board and 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

CORPORATE GOVERNANCE

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, which has been updated recently. 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 that 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 respects identical to the registered ordinary shares.

Under powers granted to it by the General Meeting of Shareholders for the period to 30 November 2007, 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 Company has clearly identified its risks comprising strategic risks, operational risks, financial risks, reporting risks and compliance risks. The strategic risks mainly concern the property sector and country allocation as well as timing of investments and disinvestments and the leverage used. Operational risks include asset and tenant selection, performance by suppliers, third parties and the Company's organisation and systems but also the technical condition of the properties and risks related to taxation. Financial risks comprise interest rate and currency risk as well as (re)financing risk. The Company operates a comprehensive insurance programme for those risks which can be effectively and efficiently insured.

The Company has appropriate internal risk management and control systems. 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 directly identify developments in the value of investments and in income and expenses. For this purpose use is made of electronic data processing within automated, integrated central information systems.

Although the Board of Management believes that the internal risk management and control systems are adequate and effective given the size and activities of the Company, views and opinions as well as standards and references about 'in control statements' are in the process of further development among companies in the property sector. More clarity and certainty may be expected in the next years, which will be monitored by the Board of Management and, if applicable, used when testing and developing its 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. During the financial year ended 30 June 2005 there have been no reasons to believe that the systems and procedures were not functioning in accordance with their purposes.

External auditor

The external auditor is appointed by the General Meeting of Shareholders. The external auditor will attend the meetings of the Supervisory Board and the Board of Management at which the annual and half year 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

ORGANISATION AND RISK

on the fairness of the annual accounts. The external auditor may address the meeting in respect of this matter.

Corporate Governance best practice

After the publication of the Dutch Corporate Governance Code in December 2003 the Supervisory Board and the Board of Management have 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 all but five best practices of the Code and has amended its Articles of Association and Conditions of Administration to bring the corporate governance structure further in compliance with the Code. These amendments were tabled and approved at the Annual General Meeting of Shareholders held on 2 November 2004. All introduced or amended codes and rules and regulations have been posted on the website of the Company.

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

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

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 are very sad to report the death of Hans van Lookeren Campagne at the age of 78. Mr Van Lookeren Campagne was a founder member of the Board of Management of the Company and subsequently took the position of member of the Board of Trustees of the Stichting Prioriteitsaandelen Eurocommercial Properties from which he retired in 2004. His charm and friendly advice will be greatly missed by 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 38.

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 4.9% and only 12% 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 0.7 million or 1.4% of reported direct investment result.

The Company has increased its exposure to the Swedish property market over the year, therefore increasing its exposure to the Swedish

ORGANISATION AND RISK

Krona, the only significant foreign currency exposure for the Company. However, due to SEK loan facilities and currency swaps with major banks, a hedging of the foreign currency is achieved up to 64%. 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 example, in a decrease of shareholders equity of only 0.5% 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.

International Financial Reporting Standards (IFRS)

In accordance with the European and national rules and regulations the Company will draw up its financial statements for the financial year starting 1 July 2005 based on IFRS. During the financial year the Boards and the Company's external auditors have had various discussions about the impact of and the preparations for IFRS. Under 'Other information' in this report a detailed summary of the effects of IFRS on the Company's opening balance sheet as per 1 July 2004 and the results for the financial year 2004/2005 as well as the main differences between IFRS and current Netherlands GAAP is provided.

Amsterdam, 22 August 2005

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

Passage Du Havre, Paris

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 2005, 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 1.55 per depositary receipt (10 ordinary shares) for the financial year ending 30 June 2005. 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 four meetings of the Supervisory Board which 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, taxation, the system of internal controls, remuneration levels and systems 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 were frequently absent. There have been no matters of conflict of interests.

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 the Report of the Board of Management. In this report we report about various corporate governance items in compliance with the Committee's recommendations.

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. Remuneration was discussed in two meetings on the basis of an updated external benchmark report and the draft updated remuneration report. The Supervisory Board is also functioning as the Selection and Appointment Committee, which discussed the proposed appointment of a new member of the Supervisory Board as set out in more detail below.

Summary remuneration report

The Company's 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 any material adjustments to it, 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 an independent survey of the remuneration for Directors of international real estate 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.

Supervisory Directors only receive a fixed fee.

The remuneration policy for Supervisory Directors and Managing Directors has been continued during the year under review.

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 (58), 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,
Bakkenist & Emmens N.V. (Chairman)

Mr H.Th.M. Bevers (72), of Dutch nationality, member of the Supervisory Board since 1996, was reappointed in 2004 for a period of four 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 boards:

CF-Kantoor voor Staatsobligaties (Chairman)

Mr H.W. Bolland (59), of British nationality, member of the Supervisory Board since 1998, was reappointed in 2004 for a period of four 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
JP Morgan Fleming Indian Investment Trust plc

Mr J.H. Goris (73), 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 2 November 2004, Mr H.Th.M. Bevers and Mr H.W. Bolland were reappointed as members of the Supervisory Board for a period of four years.

At the forthcoming Annual General Meeting of Shareholders to be held on 1 November 2005 Mr J.C. Pollock is proposed for appointment for a period of four years. His appointment would increase the number of members of the Supervisory Board to five. Mr Pollock is currently member of the Board of Trustees of Stichting Prioriteitsaandelen Eurocommercial Properties, from which Board he will resign prior to his appointment to the Supervisory Board. Mr Pollock (65), of British nationality and resident in The Netherlands, is a former partner of Ernst & Young and worked for many years as a certified public accountant in the international practice as well as for a time outside the profession, for two major international companies, for the second of these initially as Finance and subsequently Managing Director, before returning to Ernst & Young from which he retired in 2000.

The Board of Trustees of Stichting Prioriteitsaandelen Eurocommercial Properties will appoint Mr N.R.L. Mijnssen as a member of the Board of Trustees succeeding Mr Pollock.

Mr Mijnssen (55), of Dutch nationality, is a former Managing Director, Corporate Finance of ABN AMRO Bank N.V. and worked since 1983 in various investment banking and private equity positions within the bank both in The Netherlands and abroad. He retired in June 2005 and is since his retirement advisor to various domestic and international companies. He will also advise the Company as general counsel on international corporate property and financial markets.

At the Annual General Meeting of Shareholders held on 2 November 2004 Mr J.P. Lewis (60) of British nationality and member of the Board of Management since 1991, was reappointed for a period of four years as Chief Executive Officer and Mr E.J. van Garderen (43) of Dutch nationality and member of the Board of Management since 1995, was reappointed for a period of four years as Chief Financial Officer.

Rotation scheme

Under a rota devised by the Supervisory Board, each director will retire by rotation every four years. This rotation scheme for the next few years is as follows:

2006: Mr J.H. Goris and Mr W.G. van Hassel
2008: Mr H.Th.M. Bevers and Mr H.W. Bolland

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, 22 August 2005

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

TEN YEAR KEY FINANCIAL INFORMATION

For the financial year ended	**30-06-05**	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
Profit and Loss Account (X EUR '000)										
Net property income	**81,217**	76,527	66,341	65,882	56,775	43,062	32,541	26,394	20,619	17,785
Net financing costs	**(24,520)**	(23,154)	(20,519)	(23,986)	(19,224)	(9,489)	(5,565)	(4,058)	(3,551)	(5,068)
Company expenses	**(7,746)**	(6,986)	(5,940)	(6,961)	(6,247)	(5,033)	(3,686)	(3,205)	(2,656)	(2,273)
Direct investment result	**48,908**	44,872	39,563	34,542	31,284	28,540	23,281	19,128	14,412	10,444
Indirect investment result	**79,869**	17,666	13,704	40,162	26,576	44,637	35,106	34,495	8,902	39
Balance Sheet - before income appropriation (X EUR '000)										
Total assets	**1,600,072**	1,416,811	1,254,015	1,216,662	1,060,959	784,796	532,314	462,122	356,514	267,343
Property investments	**1,498,081**	1,306,304	1,110,356	1,041,545	1,013,753	766,677	509,552	387,235	280,066	233,742
Cash and deposits	**73,011**	84,070	122,293	156,628	22,016	1,949	8,802	57,336	67,068	26,832
Borrowings	**567,078**	590,367	507,567	512,004	463,729	269,369	131,397	121,892	129,704	107,456
Shareholders' equity	**890,435**	707,424	659,224	631,277	533,088	456,684	371,166	322,209	210,607	143,438
Number of depositary receipts representing shares in issue at balance sheet date	**34,462,476**	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
Average number of depositary receipts representing shares in issue	**31,589,214**	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
Per depositary receipt information* (EUR)										
Net asset value	**25.84**	23.16	22.53	22.09	20.87	19.82	18.96	17.07	15.25	14.99
Direct investment result	**1.55**	1.50	1.37	1.32	1.25	1.31	1.21	1.12	1.19	1.09
Indirect investment result	**2.53**	0.59	0.47	1.54	1.07	2.04	1.82	2.02	0.74	0.00
Dividend	**1.55**	1.50	1.43	1.40	1.33	1.26	1.19	1.13	1.11	1.09
Property information										
Sector spread (%)										
Retail	**90**	88	85	84	77	74	62	65	63	58
Office	**7**	9	11	12	19	23	34	30	30	36
Warehouse	**3**	3	4	4	4	3	4	5	7	6
	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)	**30.10**	24.95	21.55	19.10	18.85	18.40	20.40	18.38	17.88	14.38

*** Note**

The Company's shares are listed in the form of bearer depositary receipts on Euronext Amsterdam (the Amsterdam Stock Exchange) and Euronext Paris (the Paris 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 31,589,214. 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. Accordingly, no additional information on the diluted direct and indirect results is presented.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at 30 June 2005 (before income appropriation)

(EUR '000)	Note	30-06-05	30-06-04*
Assets			
Investments			
Property investments	3	**1,498,081**	1,306,304
Cash and deposits	4	**73,011**	84,070
		1,571,092	1,390,374
Receivables	5	**28,121**	25,984
Other assets	6		
Tangible fixed assets		**859**	453
Total assets		**1,600,072**	1,416,811
Liabilities			
Current liabilities			
Creditors	7	**39,156**	64,320
Borrowings	8	**141,567**	98,579
		180,723	162,899
Noncurrent liabilities			
Creditors	7	**35,257**	10,523
Borrowings	8	**425,511**	491,788
		460,768	502,311
Provisions	9		
Provision for contingent tax liabilities		**67,834**	43,997
Provision for pensions		**312**	180
		68,146	44,177
Total liabilities		**709,637**	709,387
Net assets		**890,435**	707,424
Shareholders' equity	13		
Issued share capital	10	**172,312**	152,703
Share premium reserve	11	**330,666**	271,807
Reserves	12	**258,680**	220,376
Undistributed income		**128,777**	62,538
		890,435	707,424
Net asset value – EUR per depositary receipt		**25.84**	23.16

*Adjusted for comparison

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ended 30 June 2005

(EUR '000)	Note	2004/2005	2003/2004*
Revenue			
Property income	14	**96,889**	93,236
Property expenses	15	**(15,672)**	(16,709)
Net property income		**81,217**	76,527
Other income		**143**	840
Total income		**81,360**	77,367
Investments revaluation	16	**135,666**	30,131
Total revenue		**217,026**	107,498
Expenses			
Net financing costs	17	**(24,520)**	(23,154)
Company expenses	18	**(7,746)**	(6,986)
Financial and investment expenses		**(983)**	(489)
Total expenses		**(33,249)**	(30,629)
Net revenue before taxation		**183,777**	76,869
Corporate income tax	19	**(186)**	(2,355)
Deferred tax	9	**(54,814)**	(11,976)
Profit after taxation		**128,777**	62,538
Investments revaluation		**135,666**	30,131
Financial and investment expenses		**(983)**	(489)
Deferred tax		**(54,814)**	(11,976)
Indirect investment result		**79,869**	17,666
Total investment result		**128,777**	62,538
Less indirect investment result		**(79,869)**	(17,666)
Direct investment result		**48,908**	44,872

*Adjusted for comparison

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 June 2005

(EUR '000)	2004/2005	2003/2004*
Cash flow from investment activities		
Profit after taxation	128,777	62,538
Revaluation investments	(135,666)	(30,131)
Deferred tax	54,814	11,976
Additions to provision for pensions	132	180
Property investments	(56,606)	(155,326)
Goodwill	-	1,552
Additions to tangible fixed assets	(628)	(267)
Depreciation tangible fixed assets	222	240
Disposal of tangible fixed assets	-	26
Increase in receivables	(1,752)	(5,070)
Decrease/increase in current creditors	(34,440)	4,437
Rental deposits received	545	331
Increase in other noncurrent creditors	85	3,318
	(44,517)	(106,196)
Cash flow from finance activities		
Proceeds issued shares	78,516	6,265
Borrowings added	161,115	145,992
Repayment of borrowings	(182,214)	(62,277)
Dividends paid	(24,282)	(22,155)
	33,135	67,825
Net cash flow	(11,382)	(38,371)
Currency differences on cash and deposits	323	148
Decrease in cash and deposits	(11,059)	(38,223)
Cash and deposits at beginning of year	84,070	122,293
Cash and deposits at end of year	73,011	84,070

*Adjusted for comparison

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

1. Summary of principal accounting policies

Adoption of new Netherlands accounting principles

The Company has adopted the recent changes in Netherlands accounting principles so that the profit and loss account includes realised and unrealised revaluation results and movements in provisions, which were previously part of movements in equity. These ex balance sheet items are now separately shown as "Indirect Investment Result". "Direct Investment Result" therefore is the equivalent of net income after taxation under the old Netherlands accounting principles, with which a direct comparison can be made. The comparative figures have been adjusted accordingly. This change in accounting policy had no impact on the amount of shareholders' equity.

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 II B.V., Amsterdam
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 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
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
Bergvik Köpet 3 K.B., Stockholm
Burlöv Centre Fastighets A.B., Stockholm
Eurocommercial Properties Sweden A.B., Stockholm
Hälla Shopping Fastighets A.B., Stockholm
Premi 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

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 book values 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.

Profit and loss account

The profit and loss account is prepared on the accrual basis of accounting. 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 separately presented 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.

As of 1 July 2005 the Company has opted for the French tax regime applicable to 'Sociétés d'investissements immobiliers cotées' (SIIC). As from that date the revenues and capital gains from the French portfolio of the Company will be tax exempt.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

2. Exchange rates

The following exchange rates applied as at 30 June 2005:

	30-06-05 EUR	30-06-04 EUR
AUD 1	**0.62952**	0.56967
GBP 1	**1.48324**	1.49076
SEK 10	**1.06090**	1.09350

It is generally the Company's policy for non Euro investments to use debt denominated in the currency of investment to provide a whole or 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 independently revalued at 30 June 2005.

The current property portfolio is:

(EUR '000)	30-06-05 Book value	30-06-04 Book value	30-06-05 Costs to date	30-06-04 Costs to date
Retail				
France				
Centre Commercial Amiens Glisy, Amiens	**32,100**	27,330	**15,805**	15,777
Les Trois Dauphins, Grenoble	**25,790**	22,900	**23,181**	22,811
Centr'Azur, Hyères	**31,600**	25,660	**16,514**	16,514
Centre les Portes de Taverny, Paris	**32,170**	29,620	**19,076**	18,251
*Passage du Havre, Paris	**163,220**	146,830	**135,227**	134,904
*Passy Plaza, Paris	**92,740**	85,940	**70,671**	70,633
*74 rue de Rivoli, 1-3 rue du Renard, Paris	**12,450**	11,940	**10,308**	10,192
*Centre les Atlantes, Tours	**79,250**	68,420	**45,064**	44,921
Tourville la Rivière	**1,880**	1,680	**1,685**	1,685
	471,200	420,320	**337,531**	335,688
Italy				
*Curno, Bergamo	**81,500**	70,200	**33,252**	32,237
*Centro Lame, Bologna	**30,900**	28,700	**28,063**	27,413
*Il Castello, Ferrara	**73,330**	70,100	**62,245**	62,164
*I Gigli, Florence	**188,120**	173,151	**140,622**	139,824
*Centro Leonardo, Imola	**22,500**	21,600	**16,154**	15,388
*La Favorita, Mantova	**41,710**	39,600	**30,352**	30,350
*Centro Carosello, Carugate, Milan	**172,900**	144,310	**80,410**	79,132
*Centroluna, Sarzana	**16,400**	15,400	**10,044**	10,044
	627,360	563,061	**401,142**	396,552
Sweden				
Bergvik Köpcentre, Karlstad	**37,360**	-	**36,839**	-
*Mellby Centre, Laholm	**14,534**	12,597	**12,736**	12,720
Burlöv Centre, Malmö	**84,586**	56,643	**59,756**	46,449
*MaxiHuset, Norrköping	**30,872**	27,589	**27,687**	27,635
*MaxiHuset, Skövde	**26,416**	22,712	**25,044**	23,216
*Hälla Shopping Centre, Västerås	**19,096**	16,906	**14,894**	14,890
*Samarkand, Växjö	**31,297**	28,756	**27,582**	27,517
	244,161	165,203	**204,538**	152,427
	1,342,721	1,148,584	**943,211**	884,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

3. Property investments (continued)

(EUR '000)	**30-06-05 Book value**	30-06-04 Book value	**30-06-05 Costs to date**	30-06-04 Costs to date
Office				
France				
*Passage du Havre, Paris**	**27,740**	26,000	**28,683**	28,683
The Netherlands				
Kingsfordweg 1, Amsterdam	**87,100**	89,000	**84,846**	84,846
	114,840	115,000	**113,529**	113,529
Warehouse				
France				
Rue des Béthunes, Saint-Ouen L'Aumone	**17,000**	16,900	**17,431**	17,351
Parisud, Sénart	**9,900**	11,600	**11,656**	11,656
	26,900	28,500	**29,087**	29,007
The Netherlands				
Horsterweg 20, Maastricht-Airport	**4,000**	4,650	**3,949**	3,949
Galvanibaan 5, Nieuwegein	**4,100**	4,100	**3,308**	3,308
Standaardruiter 8, Veenendaal	**3,420**	3,370	**2,777**	2,777
Koeweistraat 10, Waardenburg	**2,100**	2,100	**1,673**	1,673
	13,620	14,220	**11,707**	11,707
	40,520	42,720	**40,794**	40,714
	1,498,081	1,306,304	**1,097,534**	1,038,910

* These properties carry mortgage debt up to EUR 431 million at 30 June 2005 (2004: EUR 457 million).
** Part of the retail complex.

Changes in property investments for the financial year ended 30 June 2005 were as follows:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	**1,306,304**	1,110,356
Investments	**58,624**	166,880
Revaluation	**139,554**	29,727
Exchange rate movement	**(6,401)**	(659)
Book value at end of year	**1,498,081**	1,306,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

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

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Funds held by managing agents	228	263
Other receivables and prepayments	2,305	2,029
Prepayment for extension Centro Leonardo	5,700	-
Prepaid borrowing costs	886	1,019
Prepaid letting fees and relocation expenses	2,144	2,044
Rents receivable	11,036	8,526
Staff loans	255	351
Trademark license	2,404	2,877
VAT receivable	3,163	8,875
	28,121	25,984

Receivables at 30 June 2005 include an amount of EUR 9.5 million (2004: EUR 5.4 million) which is due after one year.

6. Other assets

Tangible fixed assets represent office equipment and inventory for the Company's head office at Herengracht 469, Amsterdam and the group offices at 4 Carlton Gardens, London, Via del Vecchio Politecnico 3, Milan, 10 rue du Havre, Paris and Birger Jarlsgatan 2, Stockholm. 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:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	453	452
Additions	628	267
Disposals	-	(26)
Depreciation	(222)	(240)
Book value at end of year	859	453
Cost at end of year	1,488	860
Accumulated depreciation	(629)	(407)
Book value at end of year	859	453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

7. Creditors

(i) Current liabilities	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Accruals and deferrals	5,141	4,279
Corporate tax payable	8,509	41,003
Creditors	6,624	4,544
Interest payable	4,525	4,017
Local and property tax payable	772	239
Payable on purchased property	1,444	1,443
Rent received in advance	11,031	7,506
VAT payable	1,110	1,289
	39,156	64,320
(ii) Noncurrent liabilities		
Corporate tax payable	24,104	-
Purchase price land	3,403	3,318
Tenant rental deposits	7,750	7,205
	35,257	10,523

An amount of EUR 32.1 million released from the provision for contingent tax liabilities has been recorded partly (25%) as corporate tax payable under current liabilities and partly (75%) as corporate tax payable under noncurrent liabilities. This amount is French capital gains tax at the concessionary reduced rate of 16.5% payable in four annual instalments starting in December 2005. This so called exit tax is payable as a result of the application for the tax exempt status of the Company in France.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

8. Borrowings

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	**590,367**	507,567
Drawdown of funds	**161,115**	145,992
Repayments	**(182,214)**	(62,277)
Exchange rate movements	**(2,190)**	(915)
Book value at end of year	**567,078**	590,367

The maturity profile of the borrowings is as follows:

- less than 1 year	**141,567**	98,579
- 1 to 2 years	**52,827**	5,958
- 2 to 5 years	**32,774**	75,651
- 5 years or more	**339,910**	410,179
	567,078	590,367

The borrowings are all directly from major banks with average committed unexpired terms of more than seven years. Borrowings of EUR 431 million are secured on property (30 June 2004: EUR 457 million). The average interest rate in the current financial year was 4.8% (2003/2004: 4.6%).

At 30 June 2005 12% of the Company's borrowings are at floating rate plus an appropriate commercial margin. At 30 June 2005 the Company has hedged its exposure to interest rate movements on 88% (30 June 2004: 75%) of its borrowings for an average term of eight and a half years (30 June 2004: 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 4.7% (30 June 2004: 5.2%). 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 2005 is a negative value of EUR 56.7 million (30 June 2004: EUR 21.7 million).

SEK borrowings amount to EUR 77.4 million (30 June 2004: EUR 85.8 million). In addition the Company entered into SEK currency swaps for a total amount of EUR 77.9 million to provide a hedge against currency movements of the Swedish Krona. The total property investments in Sweden are EUR 244.2 million so 63% of this SEK exposure is hedged at 30 June 2005 (30 June 2004: 52%).

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 properties 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 85 million (2004: EUR 57 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. The discounted present value of the potential tax has been calculated on the basis of an interest rate of 4.6% (2004: 5.0%). The book value of the provision as per 30 June 2005 of EUR 67.8 million comprises EUR 28.7 million for Italian properties, EUR 29.3 million for Swedish properties and EUR 9.8 million for Netherlands properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

9. Provisions (continued)

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	**43,997**	60,434
Additions from new acquisitions	**1,161**	11,554
Additions from investments revaluation	**55,241**	12,155
Release to current liabilities	**(8,034)**	(39,967)
Release to noncurrent liabilities	**(24,104)**	-
Exchange rate movement	**(427)**	(179)
Book value at end of year	**67,834**	43,997
(ii) Provision for pensions	**312**	180

10. Issued share capital

Share capital comprises:

- 999,999,900 authorised ordinary shares of EUR 0.50 par value, of which 344,624,658 shares are issued and fully paid as at 30 June 2005
- 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 315,892,144.

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	**152,703**	146,316
Issued shares exercised stock options	**-**	1,783
Issued bonus shares	**4,109**	4,604
Issued shares placement	**15,500**	-
Book value at end of year	**172,312**	152,703

As at 30 June 2005 726,000 staff stock options were outstanding, representing 2.1% 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. Of the outstanding stock options 10,000 stock options were granted on 8 November 2002 at an exercise price of EUR 19.00 and 716,000 stock options were granted on 8 November 2004 at an exercise price of EUR 24.82. The options can only be exercised after three years have lapsed since the date of granting. Thereafter, the options can be exercised during a period of seven years. With regard to the market price of depositary reciepts at 30 June 2005 (EUR 30.10), the exercise price of EUR 24.82 and the first possible date for exercise, the value of the outstanding options is assessed at EUR 1,115,000 using the appropriate formula to calculate option values. The members of the Board of Management hold the following stock options, which were granted on 8 November 2004 at an exercise price of 24.82.

J.P. Lewis	120,000
E.J. van Garderen	100,000

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

11. Share premium reserve

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	271,807	271,993
Issued shares exercised stock options	-	4,482
Release for issued bonus shares	(4,109)	(4,604)
Issued shares placement	65,100	-
Issue costs	(2,084)	-
Dividends paid	(48)	(64)
Book value at end of year	330,666	271,807

For Dutch tax purposes the share premium reserve is also regarded as paid-up capital.

12. Reserves

	30-06-05 (EUR '000)	30-06-04* (EUR '000)
Book value at beginning of year	220,376	187,648
Net profit previous financial year	39,219	33,458
Dividends paid	(915)	(169)
Goodwill	-	1,552
Movement change in accounting policies	-	(2,113)
Book value at end of year	258,680	220,376

These reserves are composed of the revaluation reserve and the retained profit reserve. For those reserves the movements are as follows:

Revaluation reserve	30-06-05 (EUR '000)	30-06-04* (EUR '000)
Book value at beginning of year	157,585	143,881
Net profit previous financial year	17,666	13,704
Book value at end of year	175,251	157,585

Retained profit reserve	30-06-05 (EUR '000)	30-06-04* (EUR '000)
Book value at beginning of year	62,791	43,767
Net profit previous financial year	21,553	19,754
Goodwill	-	1,552
Dividends paid	(915)	(169)
Movement change in accounting policies	-	(2,113)
Book value at end of year	83,429	62,791

*Adjusted for comparison

Holders of depositary receipts representing 47.1% of the issued share capital (last year 47.2%) opted for 821,976 bonus depositary receipts at an issue price of EUR 26.25 from the Company's share premium reserve, instead of a cash dividend of EUR 1.50 per depositary receipt for the financial year ended 30 June 2004. Accordingly, an amount of EUR 21.6 million of the 2003/2004 direct investment result was taken to the retained profit reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

13. 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
30-06-04 reported	152,703	271,807	175,251	62,791	44,872	707,424
Movement change in accounting policies			(17,666)		17,666	0
30-06-04 amended	152,703	271,807	157,585	62,791	62,538	707,424
Issued shares	19,609	58,907				78,516
Net profit previous financial year			17,666	21,553	(39,219)	0
Net profit for the period					128,777	128,777
Dividends paid		(48)		(915)	(23,319)	(24,282)
30-06-05	172,312	330,666	175,251	83,429	128,777	890,435

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
30-06-03 reported	146,316	271,993	157,585	43,767	39,563	659,224
Movement change in accounting policies			(13,704)		13,704	0
30-06-03 amended	146,316	271,993	143,881	43,767	53,267	659,224
Issued shares	6,387	(122)				6,265
Net profit previous financial year			13,704	19,754	(33,458)	0
Goodwill				1,552		1,552
Net profit for the period					62,538	62,538
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	157,585	62,791	62,538	707,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

14. Net property income

Net property income comprised:

(EUR '000)	**Property income 2004/2005**	Property income 2003/2004	**Property expenses 2004/2005**	Property expenses 2003/2004	**Net property income 2004/2005**	Net property income 2003/2004
Retail	**84,412**	80,242	**(14,945)**	(16,094)	**69,467**	64,148
Office	**8,270**	8,908	**(623)**	(465)	**7,647**	8,443
Warehouse	**4,207**	4,086	**(104)**	(150)	**4,103**	3,936
	96,889	93,236	**(15,672)**	(16,709)	**81,217**	76,527
France	**35,853**	33,808	**(5,732)**	(4,639)	**30,121**	29,169
Italy	**38,615**	39,774	**(5,668)**	(8,920)	**32,947**	30,854
Sweden	**14,621**	11,542	**(3,577)**	(2,505)	**11,044**	9,037
The Netherlands	**7,800**	8,112	**(695)**	(645)	**7,105**	7,467
	96,889	93,236	**(15,672)**	(16,709)	**81,217**	76,527

15. Property expenses

Property expenses in the current financial year were:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Accounting and advisory fees	**788**	1,164
Audit fees	**200**	186
Depreciation fixed assets	**113**	145
Dispossession indemnities	**856**	306
Insurance premiums	**644**	626
Letting fees and relocation expenses	**1,186**	902
Local and property taxes	**2,399**	2,534
Managing agent fees	**1,540**	1,133
Marketing expenses	**745**	623
Property management expenses	**2,463**	5,807
Repair and maintenance	**2,096**	1,176
Services charges	**2,509**	1,910
Other expenses	**133**	197
	15,672	16,709

Property management expenses are the expenses of the Milan office and the Paris office and include personnel costs of the Milan office of EUR 605,000 (salaries EUR 385,000 and social securities charges EUR 220,000) and personnel costs of the Paris office of EUR 740,000 (salaries EUR 506,000 and social security charges EUR 234,000). The Milan office and the Paris office both employed an average of 7 persons during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

16. Investments revaluation

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

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Revaluation of property investments	139,554	29,727
Exchange rate movement on property investments	(6,401)	(659)
Exchange rate movement on financial investments	323	148
Exchange rate movement on borrowings	2,190	915
	135,666	30,131

The movement of EUR 135.7 million (2004: EUR 30.1 million) in the current financial year includes a realised amount of EUR (0.2) million (2004: EUR 1.3 million) and an unrealised amount of EUR 135.9 million (2004: EUR 28.8 million).

Revaluation of property investments comprised:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Retail	141,994	35,720
Office	(160)	(5,563)
Warehouse	(2,280)	(430)
	139,554	29,727
France	49,097	10,776
Italy	59,710	17,024
Sweden	33,247	4,880
The Netherlands	(2,500)	(2,953)
	139,554	29,727

17. Net financing costs

Net financing costs in the current financial year comprise:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Interest income	287	616
Foreign currency gain	111	17
Interest expense	(24,918)	(23,787)
	(24,520)	(23,154)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2005

18. Company expenses

Company expenses in the current financial year comprise:	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Audit fees	126	117
Depreciation fixed assets	106	95
Directors' fees	1,480	1,294
Legal and other advisory fees	662	590
Office and accommodation expenses	768	739
Personnel costs	3,355	2,823
Statutory costs	304	376
Travelling expenses	599	543
Other expenses	346	409
	7,746	6,986

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

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Salaries	2,537	2,050
Social security charges	298	190
Pension contributions	520	583
	3,355	2,823

The Company directly employed an average of 23 persons during the financial year (2003/2004: 21 persons) so that the total average number including the employees of the Milan office and the Paris office was 37 (30 June 2004: 31 persons).

The directors' fees include an amount of EUR 97,500 (2003/2004: EUR 85,000) in respect of gross remuneration paid to the members of the Supervisory Board as follows: W.G. van Hassel EUR 30,000, H.Th.M. Bevers EUR 22,500, H.W. Bolland EUR 22,500, J.H. Goris EUR 22,500.

The directors' fees include an amount of EUR 1,383,000 (2003/2004: EUR 1,209,000) 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	
	30-06-05 (EUR '000)	30-06-04 (EUR '000)	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Salary	445	443	306	294
Bonus	293	201	201	140
Pension premiums	7	7	40	37
Social security charges	87	83	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. Corporate income tax

Reported corporate income tax relates only to profits of subsidiaries. Corporate income tax is low due to either fiscal losses made or use of tax losses carried forward.

20. Commitments not included in the balance sheet

As at 30 June 2005 bank guarantees have been issued for a total amount of EUR 2.9 million. Interest rate swap agreements have been entered into to hedge the exposure to interest rate movements for a total notional amount of EUR 498 million (See also note 8 to the consolidated financial statements and note 9 to the Company financial statements).

COMPANY BALANCE SHEET

as at 30 June 2005 (before income appropriation)

(EUR '000)	Note	30-06-05	30-06-04*
Assets			
Investments			
Property investments	2	13,620	14,220
Investments in subsidiaries	3	476,378	361,327
Due from subsidiaries	4	355,589	256,832
Cash and deposits	5	66,829	76,809
		912,416	709,188
Receivables		603	680
Other assets	6		
Tangible fixed assets		182	112
Total assets		913,201	709,980
Liabilities			
Current liabilities			
Creditors		2,568	2,274
Due to subsidiaries		259	102
Borrowings	7	19,627	-
		22,454	2,376
Provisions			
Provision for pensions		312	180
Total liabilities		22,766	2,556
Net assets		890,435	707,424
Shareholders' equity	8		
Issued share capital		172,312	152,703
Share premium reserve		330,666	271,807
Reserves		258,680	220,376
Undistributed income		128,777	62,538
		890,435	707,424

Company profit and loss account – for the financial year ended 30 June 2005

(EUR '000)	2004/2005	2003/2004*
Company profit after taxation	13,619	17,499
Result from subsidiaries after taxation	115,158	45,039
Profit after taxation	128,777	62,538

* Adjusted for comparison

NOTES TO THE COMPANY FINANCIAL STATEMENTS
as at 30 June 2005

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 2005 were as follows:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	14,220	14,340
Revaluation	(600)	(120)
Book value at end of year	13,620	14,220

3. Investments in subsidiaries

Movements in investment in subsidiaries for the financial year ended 30 June 2005 were as follows:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	361,327	284,638
Investments	100	31,650
Result from subsidiaries	115,158	45,039
Legal merger subsidiary	(207)	-
Book value at end of year	476,378	361,327
Cost at end of year	58,999	59,106
Cumulative result from subsidiaries	417,379	302,221
Book value at end of year	476,378	361,327

4. Due from subsidiaries

The balance at 30 June 2005 principally represents funds advanced to Kingsford Onroerend Goed Financiering B.V., Sentinel Holdings II B.V., Eurocommercial Properties Caumartin S.N.C., Eurocommercial Properties France S.A., 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., S.C.I. Les Portes de Taverny, Bergvik Köpet 3 K.B., Burlöv Centre Fastighets A.B., Eurocommercial Properties Sweden A.B., Hälla Shopping Fastighets A.B and Premi Fastighets A.B.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
as at 30 June 2005

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:

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	112	90
Additions	147	81
Depreciation	(77)	(59)
Book value at end of year	182	112
Cost at end of year	533	386
Accumulated depreciation	(351)	(274)
Book value at end of year	182	112

7. Borrowings

	30-06-05 (EUR '000)	30-06-04 (EUR '000)
Book value at beginning of year	-	7,028
Draw down of funds	19,973	-
Repayments	-	(7,028)
Exchange rate movements	(346)	-
Book value at end of year	19,627	-

8. Shareholders' equity

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
as at 30 June 2005

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 104.2 million and for guarantees issued for Eurocommercial Properties Italia S.r.l. to an amount of EUR 2.1 million.

The Company has entered into guarantees in favour of UniCredit Banca d' Impresa 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 40 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 42.7 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 9,0 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 68.5 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 SA, 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 Nordea AB 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 institutions for interest rate swap contracts hedging the exposure of subsidiaries to interest rate movements over a total notional amount of EUR 498 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, 22 August 2005

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

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

OTHER INFORMATION

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 2007, 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.

The Board of Stichting Prioriteitsaandelen Eurocommercial Properties at 30 June 2005 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 1 November 2005 at 11.00 hours to distribute a cash dividend of EUR 1.55 per depositary receipt (10 ordinary shares) for the financial year ended 30 June 2005 (30 June 2004: EUR 1.50 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 28 October 2005. The distribution will be payable as from 30 November 2005. 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 2005/2006. Holders of depositary receipts are given the opportunity to make their choice known until and including 23 November 2005. 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.

OTHER INFORMATION

Financial calendar

28 October 2005	Announcement of scrip issue price
1 November 2005	Annual General Meeting of Shareholders
3 November 2005	Ex-dividend date
4 November 2005	Announcement of first quarter results 2005/2006
30 November 2005	Dividend payment date
10 February 2006	Announcement of half year results 2005/2006
19 May 2006	Announcement of third quarter results 2005/2006
25 August 2006	Announcement of annual results 2005/2006
7 November 2006	Annual General Meeting of Shareholders

Statements pursuant to the General Listing Rules (Fondsenreglement) Euronext Amsterdam Stock Market

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 General Listing Rules Euronext Amsterdam Stock Market.

The members of the Board of Stichting Prioriteitsaandelen Eurocommercial Properties and the Company are together of the opinion that Stichting Prioriteitsaandelen Eurocommercial Properties complies with Annex X of the General Listing Rules Euronext Amsterdam Stock Market.

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 2005 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 and entities associated with him hold 811,441 depositary receipts, of which 621,000 are blocked until 31 December 2005, in total representing 2.35% of the issued share capital of the Company. Mr van Garderen holds 42,000 depositary receipts, which are blocked until 31 December 2005, in total representing 0.12% of the issued share capital of the Company. Mr van Hassel indirectly holds 1,639 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 13,840 blocked depositary receipts and 565,000 ordinary registered shares, which securities are blocked until 31 December 2005, in total representing 0.20% 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 255,000 at an interest rate of 5%.

OTHER INFORMATION

Stock market prices and turnover 2004/2005

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

		High	Low	Average
Closing price 30 June 2005 (EUR; depositary receipts)	30.10	30.99	23.65	26.43
Average daily turnover (in depositary receipts)	44,499			
Average daily turnover (X EUR '000,000)	1.17			
Total turnover over the past twelve months (X EUR '000,000)	306.3			
Market capitalisation (X EUR '000,000)	1,037			
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.

Depositary receipts listed on Euronext Paris are registered under code: NSCFR0ECMPP3

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 2005:

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

Implications of International Financial Reporting Standards (IFRS)

As from the financial year starting 1 July 2005 the Company will draw up its consolidated financial statements in accordance with IFRS. The Company has identified the most important differences compared to the currently applicable Dutch accounting principles. Details of those differences are given hereinafter. Based on a provisional estimate it is indicated below what the impact will be on shareholders' equity as at 1 July 2004 and on the results for the financial year ended 30 June 2005. The 2005/2006 financial statements of the Company will be based on IFRS as of 30 June 2006. However, IFRS have not yet reached the point where it is known which standards and interpretations will apply at that date. Furthermore, the final position of the European Commission on endorsing individual standards and interpretations is not yet known. Therefore, any conclusion on the impact of IFRS application is provisional and could be subject to change.

(I) Provisions for contingent tax liabilities

IFRS requires that the provision for deferred tax liabilities is calculated at the nominal value. Furthermore, it seems that the tax rate to be used should reflect the tax consequences for the entity owning the property in case of a disposal. Accordingly selling the property by way of selling the shares of the entity, which would have different tax consequences, must be ignored under such interpretation. Currently, the provision for deferred contingent capital gains tax liabilities is calculated on the basis of the discounted present value of contingent tax liabilities, taking the applicable tax rate for the entity owning the respective property, when disposing, into account. The impact of this change would be that as at 1 July 2004 shareholders' equity would be EUR 21.9 million lower. The results for the financial year to 30 June 2005 would increase by approximately EUR 4.6 million, resulting in a positive impact for the same amount on shareholders' equity as per June 2005, which would therefore be only EUR 17.3 million lower.

OTHER INFORMATION

(II) Interest rate hedge instruments

Under IFRS the fair value of interest rate hedge instruments will be recorded on the balance sheet. If International Accounting Standard (IAS) 39 was applied shareholders' equity as at 1 July 2004 would have been EUR 21.7 million lower than reported, as the fair value (mark to market) of the interest rate hedge instruments was EUR 21.7 million negative. The fair value of the interest rate hedge instruments as at 30 June 2005 had a negative value of EUR 56.7 million, which would then result in a EUR 56.7 million lower shareholders' equity than reported. The results for the financial year to 30 June 2005 would then decrease by EUR 35 million.

(III) Letting fees and lease incentives

IAS 40 states that in determining the fair value of investment property, an entity does not double-count assets and liabilities that are recognised as separate assets and liabilities. This implies that the prepaid letting fees and relocation expenses recorded under the item Receivables on the balance sheet as per 30 June 2004 should not be recognised under IFRS. Therefore, shareholders' equity as at 1 July 2004 would be EUR 2.0 million lower than reported. Although the Company currently applies a policy of straight-lining (letting fees and lease incentives are depreciated over the term of the relevant lease) IFRS will have a small impact on the results for the financial year to 30 June 2005.

(IV) Pensions

Only five employees of the Company have a pension scheme which is classified under IFRS as 'defined benefit'. Due to this, taking into account future salary rises, average employment terms, inflation and such, future pension charges must be estimated. To this end the Company has had, taking into account presently known IFRS rules and the current pension scheme rules, an actuarial report drawn up by an independent actuary. Based on this report the Company's provision as per 1 July 2004 is sufficient, so there will be no impact on shareholders' equity under IFRS. The impact on the results for the financial year 2004/2005 is almost nil. All other employees with entitlement to pensions have a defined contribution scheme, which will not trigger any impact when adopting IFRS.

(V) Options

On 7 November 2002 the Company granted 15,000 conditional options to employees. Under IFRS this would have resulted in slightly higher personnel costs charged to the profit and loss account with a movement in shareholders' equity for the same amount. On 8 November 2004 the Company granted 716,000 conditional options to employees. Under IFRS this would have resulted in EUR 0.61 million personnel costs charged to the profit and loss account for the financial year ending 30 June 2005 with a movement in shareholders' equity for the same amount.

Report of the Auditors

Introduction

We have audited the financial statements of Eurocommercial Properties N.V., Amsterdam, for the financial year ended 30 June 2005. 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 2005 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, 22 August 2005
Ernst & Young Accountants

TABAKSBLAT CODE CHECKLIST

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.	34	Comply
I.2	Substantial changes in the corporate governance structure shall be submitted to the annual general meeting of shareholders (AGM).	34	Comply
Board of Management (BM)			
Duties and procedure			
II.1.1	BM members appointed for 4 years	35	Comply
II.1.2.	Financial reporting by BM to Supervisory Board (SB)	34	Comply
II.1.3.a	Risk analyses of objectives of the Company	34	Comply
II.1.3.b	Code of conduct	36	Comply
II.1.3.c	Manual for financial administration	35	Comply
II.1.3.d	Internal reporting system	35	Comply
II.1.4	Explanation of internal risk management and control systems	35	Comply
II.1.5	Analysis of sensitivity	36	Comply
II.1.6	Protection of whistleblower	Website	Comply
II.1.7	Test supervisory board memberships of BM members	39	Comply
Remuneration			
II.2.1	Contingent condition share options	52	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	35	Comply
II.2.8	No loans to BM and SB members	57	Comply
Determination and disclosure of remuneration			
II.2.9	Remuneration report including overview of policy for next few years	36	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	36	Comply
II.2.14	Value of share options of BM and personnel in notes in the annual accounts	52	Comply
Conflicting interests			
II.3.1.a	BM member does not enter into competition with the Company	36	Comply
II.3.1.b	BM member does not make material gifts to family members	36	Comply
II.3.1.c	BM member does not provide unjustified benefits to third parties	36	Comply
II.3.1.d	BM member does not provide business opportunities to himself or his family	36	Comply
II.3.2	Reporting arrangement conflicting interests	Website	Comply
II.3.3	Not participate in decisions regarding 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	39	Comply
III.1.2	Inclusion of SB report in annual report	38	Comply
III.1.3	Personal information SB members	39	Comply
III.1.4	Policy interim retirement SB members	39	Comply
III.1.5	Report of absence of SB members	38	Comply

TABAKSBLAT CODE CHECKLIST

Best practice principle	Short description	Page	Comply/ explain
III.1.6	Supervising duties SB	34	Comply
III.1.7	General committee SB	34	Comply
III.1.8	SB meeting strategy	34	Comply
III.1.9	Provision of means SB for performing its duties	34	Comply
Independence			
III.2.1	No more than one SB member does not have to comply with provision III.2.2	39	Comply
III.2.2.a	SB member has not been director or employee of the Company in last 5 years	39	Comply
III.2.2.b	SB member does not receive other fee than for SB membership	57	Comply
III.2.2.c	SB member has not had business relationship with the Company before appointment	39	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	39	Comply
III.2.2.e	SB member does not have interest of at least 10 percent in the Company	63	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	39	Comply
III.2.2.g	SB member has not been temporary director of the Company in the past 12 months	39	Comply
III.2.3	Statement of independence	39	Comply
Expertise and composition			
III.3.1	Profile SB	Website	Comply
III.3.2	Presence of financial expert	39	Comply
III.3.3	Presence of introduction programme	Website	Comply
III.3.4	Number of SB memberships of SB members	39	Comply
III.3.5	Maximum term SB members of 3 times 4 years	34	Comply
III.3.6	Retirement schedule	39	Comply
Chairman SB and company secretary			
III.4.1.a	Supervision of following introduction programme	34	Comply
III.4.1.b	Supervision of timely receipt of information	34	Comply
III.4.1.c	Supervision of sufficient time for discussion	34	Comply
III.4.1.d	Supervision of functioning SB committees	34	Comply
III.4.1.e	Supervision of assessment SB and BM members	34	Comply
III.4.1.f	Supervision of SB choosing Vice-Chairman	34	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	39	Comply
III.4.3	Guarantee of supervision by company secretary. Secretary is appointed and dismissed by BM after SB approval	36	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	38	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	35	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	39	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	38	Comply

TABAKSBLAT CODE CHECKLIST

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	34	Comply
III.5.10.b	RC makes proposal to SB about remuneration of individual BM member	34	Comply
III.5.10.c	RC draws up remuneration report in accordance with best practice provision 11.2.9	34	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	39	Comply
Selection and appointment committee			
III.5.13.a	Draw up selection criteria and appointment procedures SB and BM members	34	Comply
III.5.13.b	Evaluation size and composition SB and BM	39	Comply
III.5.13.c	Assessment of functioning of SB and BM members	38	Comply
III.5.13.d	Proposals for (re)appointments	39	Comply
III.5.13.e	Supervision of BM policy concerning appointment procedures senior management	38	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	52	Comply
III.7.2	Shareholding in the Company is long-term investment	63	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	57	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			
IV.1.1	Amplified majority requirement binding nomination of SB or BM member can be annulled by second meeting of shareholders	36	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	36	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	36	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	70 plus 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	36	Explain
IV.3.2	Assessment of analysts' report only on factual inaccuracies	36	Comply
IV.3.3	Company pays no fees for preparation of analysts' reports	36	Comply
IV.3.4	No analysts' meetings and such shortly before publication of regular financial information	36	Comply
IV.3.5	SB and BM provide AGM with all information unless contrary to interests of the Company	36	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	35	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			
Financial reporting			
V.1.1	SB supervises procedures concerning preparation and publication of financial reports	34	Comply
V.1.2	AC assesses how auditor is involved in financial reporting	38	Comply
V.1.3	BM carries responsibility for internal procedures securing timely provision of full and correct information	35	Comply
Appointment, remuneration and assessment of external auditor			
V.2.1	External auditor is present at AGM and can be questioned	35	Comply
V.2.2	BM and AC report annually to SB on relation with external auditor	38	Comply
V.2.3	BM and AC assess external auditor once every 4 years	38	Comply
Internal audit function			
V.3.1	External auditor and AC prepare the work schedule of the internal auditor	36	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	35	Comply
V.4.2	Chairman of AC can request external accountant to attend AC meeting	35	Comply
V.4.3.A	Lay-out demands 2:393 subsection 4 of the Netherlands Civil Code concerning audit	36	Comply
V.4.3.B	Lay-out demands 2:393 subsection 4 of the Netherlands Civil Code concerning financial figures	36	Comply
V.4.3.C	Lay-out demands 2:393 subsection 4 of the Netherlands Civil Code concerning internal risk management and control systems	35	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

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

Administration

J.M. Veldhuis, Group Controller
M.V. Alvares, Senior Group Manager
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

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
20124 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

Birger Jarlsgatan 2
114 34 Stockholm
Sweden