



WERELDHAVE

ANNUAL REPORT

1996



Annual Report 1996 Wereldhave N.V.

Contents

Wereldhave in brief	2
Summary of past 5 years	3
Supervisory Board – Board of Management	4
Report to shareholders	4
Report of the Board of Management	5-20
· Introduction	5-6
· Financial review	6-8
· Economic and financial developments	8-9
· A user oriented approach	9-10
· Investments	11-19
· Organization and staffing	19
· Prospects	19-20
Annual Accounts	21-34
· Consolidated balance sheet	22
· Consolidated profit and loss account	23
· Movements in shareholders' equity	23
· Notes to the accounts	24-25
· Notes to the consolidated balance sheet and consolidated profit and loss account	26-30
· Consolidated cash flow statement	30
· Company balance sheet and profit and loss account	31
· Notes to the company balance sheet and profit and loss account	32-34
Other information and Auditor's report	35-36
Property schedules	37-40

This is the English translation of the official Dutch Annual Report and Accounts 1996.



Wereldhave in brief

Mission and corporate aim

- **Wereldhave's** mission is to make available, when and where needed, commercial and residential property for rent.
- The object is to offer an attractive return on investment combined with a low risk profile of the property portfolio. For this purpose the timely recognition of the performance and risk prospects of property markets and individual properties is essential.

Organization

- **Wereldhave** has at its disposal an integrated organization for development, investment and management of commercial property with offices in Brussels, The Hague, London, Madrid, New York and Paris.
- This organization provides Wereldhave with continuous direct access to reliable and up-to-date information about the property markets in which it operates. This enables Wereldhave to react swiftly to changing circumstances.

Investments

- **Wereldhave's** investments consist of shopping centres, office buildings, industrial property and apartments. Changes in prospective investment returns and risks lead to regular adjustments in the mix of the property portfolio and its geographical distribution.
- The investments are currently distributed over Belgium, Germany, France, Hungary, the Netherlands, Spain, the United Kingdom and the United States.

Property valuation

- **Wereldhave's** properties are valued at open market value less selling costs.
- Appraisals take place annually with successive halves of the portfolio being valued on June 30 and December 31 by independent external sworn valuers. Parallel, internal valuations using identical methods are carried out at the same time for the entire portfolio.

Financing and currency management

- **Wereldhave's** operation is financed by both equity and loan capital.
- The Company reduces currency risks through the partial financing of foreign investments in local currency.

Structure

- **Wereldhave** is an independent international property investment company, founded in 1930.
- Wereldhave shares are traded on the Stock Exchanges in Amsterdam, Brussels and Antwerp.
- The Company is an investment company with variable capital. The Board of Management alone has the authority to issue shares and to acquire its own shares; the Company has neither an obligation to issue shares, nor to buy its shares.
- Wereldhave has the status of an Investment Institution under Dutch law and so does not pay Corporation Tax in the Netherlands.
- Wereldhave is licensed to operate as an investment company under the Netherlands Wet toezicht beleggingsinstellingen (Investment Funds Supervision Act).

Financial calendar

- Announcement distribution rate 1996 stockdividend : March 14, 1997
- Annual General Meeting of Shareholders : March 20, 1997
- Payment date of dividend : April 2, 1997
- Publication 1997 first quarter report : May 6, 1997
- Publication of 1997 half-year report : August 8, 1997
- Publication of 1997 nine-months report : November 3, 1997
- Publication of 1997 Annual Report and Accounts : March 1998

Information

- Further information on Wereldhave is available from banks and stockbrokers or directly from the Company (tel. 31 - 70 - 346 93 25).

Summary of past 5 years

	1996	1995	1994	1993	1992
Results					
(× NLG 1 mln)					
Net rental income	185.8	185.0	180.9	199.8	207.0
Profit	121.5	113.3	108.7	92.7	85.2
Direct investment result	122.7	113.3	110.2	100.9	85.2
Indirect investment result	118.6	./ 122.2	./ 124.5	./ 89.3	./ 324.6
Balance sheet					
(× NLG 1 mln)					
Investments	2,511.2	2,334.8	2,458.4	2,418.4	2,692.8
Shareholders' equity	1,517.4	1,318.3	1,402.2	1,381.5	1,262.3
Long-term debt	816.4	882.8	923.6	1,031.4	1,348.8
Issued ordinary shares of NLG 20 nominal value:					
– ranking for dividend at December 31	16,041,440	15,204,984	14,811,497	13,558,489	11,465,993
– average number in issue	15,759,729	15,096,775	14,496,012	12,236,205	11,465,993
Statistics per dividend ranking ordinary share					
(× NLG 1) ¹⁾					
Net asset value ²⁾	94.13	86.21	94.07	101.24	108.07
Profit	7.55	7.42	7.30	6.77	7.27
Direct investment result ¹⁾	7.62	7.42	7.39	7.37	7.27
Indirect investment result (incl. other)	7.55	./ 8.03	./ 7.32	./ 6.96	./ 27.96
Dividend	7.25	7.25	7.24	7.24	7.16
	or ... % ³⁾	or 8%	or 8%	or 6.25%	or 8%
Profit per ordinary share (× NLG 1)					
based on the average number in issue					
	7.68	7.47	7.45	7.50	7.27

¹⁾ The amounts per share up to and including 1994 have been adjusted for the 1994 bonus issue; moreover, the figures for 1992, have been adjusted for the 1992 bonus issue. Adjustment has taken place according to the so called 'issue method'.

²⁾ Assuming all shareholders opt for the cash dividend rather than the bonus issue.

³⁾ To be announced on March 14, 1997.



Wereldhave N.V. (Investment company with variable capital)

Supervisory Board

J.F.Visser (Chairman)
P.J.Vinken (Vice-chairman)
F.H.J.Boons
J.M.G.Hoes
W.Lemstra

Board of Management

G.C.J.Verweij (Chairman)
R.L.M.de Ruijter

Report of the Supervisory Board

To the Annual General Meeting of Shareholders

We have pleasure in submitting the Annual Report of the Board of Management of the Company and the Accounts for the year ended December 31, 1996. Coopers & Lybrand N.V., auditors, have audited the financial statements and have certified the Accounts. We propose the approval of the Accounts and, in accordance with the proposal of the Board of Management, a dividend per ordinary share of either NLG 7.25 in cash or, at the choice of the shareholder, a tax free dividend in the form of bonus shares to be charged to the tax-exempted share premium reserve. The distribution rate for the bonus shares will be announced on March 14, 1997.

In our periodic consultations with the Board of Management we reviewed such subjects as the developments in the property markets where Wereldhave operates and the implications for the investment and disinvestment policy. Other topics of discussion were financing, currency and dividend policy, organizational structure and staffing.

At the Annual General Meeting of Shareholders on March 20, 1997, Messrs F.H.J. Boons and J.M.G. Hoes retire by rotation from the Supervisory Board. Mr. Boons has stated that he is available for re-election. Mr. Hoes has reached the statutory retirement age and is thus not eligible for re-election. The Supervisory Board and the Board of Management are indebted to Mr. Hoes for his intense application and involvement with the Company as well as for his expert advice. The election of Mr. H.M.N. Schonis to the Supervisory Board to fill the vacancy left by the retirement of Mr. Hoes is proposed.

On behalf of the Supervisory Board

J.F.Visser, Chairman

The Hague, February 24, 1997

Report of the Board of Management

Introduction

Wereldhave recorded a distinctly satisfactory set of results in 1996. The profit after tax increased from NLG 113.3 mln to NLG 121.5 mln, as a result of a slight rise in net rental income and a marked fall in interest charges. At 93.6% the occupancy rate in the property portfolio was practically unchanged (1995: 93.5%). The profit per share, calculated on the basis of the average number of ordinary shares in issue during the year under review, amounted to NLG 7.68 (1995: NLG 7.47). Calculated on the basis of the number of ordinary shares ranking for dividend at December 31, the profit per share amounted to NLG 7.55 (1995: NLG 7.42). For 1996 the distribution of a cash dividend of NLG 7.25 per share or, at the option of the shareholder, a tax-free dividend in the form of bonus shares to be charged to the share premium reserve, will be proposed at the Annual General Meeting of Shareholders. The distribution rate of the bonus shares will be announced on March 14, 1997. The total investment return on Wereldhave shares in 1996 was 31%, assuming reinvestment of the dividend.

During the year under review properties were acquired in the Netherlands and Belgium to the amount of NLG 81.6 mln. Properties were sold in the Netherlands, Belgium and the United Kingdom; the proceeds which were in excess of the book value at the end of 1995, amounted to NLG 129.8 mln. Based on market conditions the value of the portfolio was increased by 1.5% in local currency terms against a reduction of 2.5% in 1995. At the end of 1996 the portfolio was valued at NLG 2,511 mln. The net asset value per ordinary share, after deduction of the proposed cash dividend, amounted to NLG 94.13 (1995: NLG 86.21 after distribution of profits).

There was a 2.4% (1995: 2.0%) increase in the economic growth rate in the area covered by the OECD member states, mainly due to faster economic growth in Japan and the United States. By contrast, for the European Union (EU) the rate of growth fell from 2.5% in 1995 to 1.6% in 1996. This disparity is largely the result of the fall in growth of investments in Europe from 3.7% in 1995 to 1.7% in 1996, a sharp contrast with a figure of 9.6% for Ja-

pan and of 6.0% for the United States. The principal cause of the slackening pace of investment growth in Europe are the efforts being made to hold down government deficits to below 3% of GDP. This depresses economic growth in Europe in the short term, which effect is being reinforced by slower export growth. Growth in world trade fell from 9.2% in 1995 to 6.1% in 1996. The increased pressure to achieve more flexibility in the labour market is leading to consumer insecurity and only modest growth in consumer expenditure, despite a further drop in interest rates. The ongoing liberalization of international trade is heightening competition. Together with the convergence criteria for admission to the European Monetary Union (EMU) this is having a favourable effect on inflation. Viewed in this light the Stability Pact agreed at the end of 1996 could prove to have marked the transition to structurally lower inflation, low interest rates and higher price-earning ratios on the equity markets.

Despite the fall in the rate of economic growth the gross take-up of office space in the European Union was almost universally higher in 1996, with those countries experiencing relatively high economic growth showing the strongest advances. The European countries in question were the Netherlands, and the United Kingdom. In the United States there was also a sharp increase in new lettings of office space. In a number of markets the amount of space let reached new records. It is noteworthy that there is not only a constant stream of re-locations from older office buildings to new ones, but also a clear net increase in the amount of office space occupied. In markets with a low level of new construction activity this has resulted in lower vacancy rates and higher market rents.

Retail property presents a different picture. In general there has been only limited growth in consumer expenditure in 1996, whereas retail floorspace has increased. Throughout Europe managers of shopping centres are being forced to find methods of combatting the competitive challenge of cheap, large-scale shopping formulae. In this they are often hindered by a lack of co-operation on the part of individual tenants, owners or local authorities so that the necessary investment is put in jeopardy. The problem is exacerbated whenever the

growth in shop rents stalls. Generally rents in well-patronized shopping centres showed little real growth in 1996. Lower rents have been observed for shops in less favourable locations struggling to meet the intensifying competition.

Financial review

Results

The profit after tax rose by 7.2% from NLG 113.3 mln in 1995 to NLG 121.5 mln in 1996. This figure includes an amount of NLG 1.6 mln as a result of positive exchange rate differences (1995: ./ NLG 4.8 mln). Up till now Wereldhave has published figures for profit per share on the basis of the number of ordinary shares in issue ranking for dividend. The regulations of the Raad voor de Jaarverslaggeving (Council for Annual Reporting) now require companies to publish earnings per share calculated on the average number of shares in issue. Since this average is normally lower than the number of shares ranking for dividend, it generally yields a higher figure for profit per share (see page 3: Summary of past 5 years). Profit per ordinary share, calculated on the average number in issue, rose from NLG 7.47 in 1995 to NLG 7.68 in 1996. Profit per share ranking for dividend increased from NLG 7.42 to NLG 7.55.

Gross rental income rose by NLG 7.4 mln to NLG 225.4 mln. However, net rental income rose by only NLG 0.8 mln to NLG 185.8 mln. This was the result of a steep rise in operating costs, principally due to the sum paid in commutation of the long-term lease of the United Kingdom management office, vacated at the end of September 1996. The costs of accommodating our United Kingdom management organization will be substantially lower from 1997 onwards. Net interest charges fell by NLG 6.6 mln to NLG 50.4 mln. This steep drop can be explained principally by the repayment of loans and by lower interest rates. General costs fell from NLG 14.7 mln to NLG 13.8 mln.

The indirect investment result amounted to NLG 118.6 mln (1995: ./ NLG 122.2 mln). Net asset value per share calculated on the basis of the number of ordinary shares in issue at December 31 and after deduction of the proposed cash dividend

(1996: NLG 7.25), rose from NLG 86.21 to NLG 94.13. Movements in net asset value per share are specified in the table below:

Movements in net asset value per share (× NLG 1)	1996	1995
Net asset value at January 1, before distribution of profits	93.46	101.31
Less: previous year's dividend	7.25	7.24
	<hr/>	<hr/>
	86.21	94.07
Profit	7.55	7.42
Revaluation	2.32	./ 3.94
Exchange rate differences/ other movements	5.08	./ 4.09
Effect of bonus issue 1995	0.13	-
Effect of share issues	0.09	-
	<hr/>	<hr/>
Net asset value at December 31, before distribution of profits	101.38	93.46
Less: (proposed) cash dividend	7.25	7.25
	<hr/>	<hr/>
Net asset value at December 31, net of (proposed) cash dividend	94.13	86.21
	<hr/> <hr/>	<hr/> <hr/>

Equity and debt financing

Wereldhave aims to maintain sound balance sheet ratios to be able to raise finance quickly for future investments and to limit its sensitivity to possible rises in interest rates. Shareholders opted for bonus shares rather than a cash distribution for 1995 in respect of 38% of the shares. Together with the 375,000 shares issued during the first half of 1996, this led to a 5.5% increase in the number of ordinary shares in issue to over 16 million. Positive currency movements and property revaluations also contributed to the increase in shareholders' equity. At the end of 1996 shareholders' equity, after deduction of the proposed cash dividend, amounted to NLG 1,517 mln. Long-term debt has been further reduced to NLG 816 mln (1995: NLG 883 mln), bringing shareholders' equity at 64% of total assets (1995: 59%).

Both long-term and short-term interest rates fell during 1996 in all the countries in which Wereldhave operates. According to the inflation figures calculated by the Statistics Department of the EU (Eurostat) since 1983, the EU inflation reached its lowest level in 1996. In view of these developments Wereldhave continued its policy to finance long-term loans at variable interest rates and has even switched other loans to the same system. At the end of the year variable rates applied to over 80% of the Group's loans. During the EMU's qualification year Wereldhave will continue for the time being to borrow at variable rates. Once interest-rate developments so indicate, the Company will utilize rate-fixing facilities in loan covenants and other opportunities for consolidating interest rates. By the end of 1996 the average interest rate on Wereldhave's borrowings had fallen to 5.7% (1995: 6.6%). Over the medium term Wereldhave aims for a balanced spread of maturities with due regard for the flexibility required for investments and sales.

Currency

Wereldhave aims to pursue a currency hedging policy which is simple and understandable to shareholders. This means that the relationship between debt finance and total assets, currently 36% (1995: 41%), is taken as the guideline for hedging currency risks on the various national portfolios. The effect of currency movements is moderated principally by financing in local currency. In addition the Company may take account of the progress being made towards the establishment of the EMU when deciding upon its hedging policy. If the introduction of the Euro goes through as planned on January 1, 1999 Wereldhave will as far as possible convert to Euro-bookkeeping with immediate effect and use the Euro for the annual accounts, billing and similar transactions to the extent that legal, economic and fiscal factors permit.

The sharp rise in the US Dollar (8.9%) and Sterling (19.7%) exchange rates boosted shareholders' equity by NLG 89.6 mln.

Dividend

Wereldhave recognizes the preference of certain categories of shareholder for a tax-free distribution of bonus shares. The Company's dividend policy, however, is determined largely by the tax legislation governing investment institutions. In principle there is an obligation to distribute a cash dividend at least equal to the profit as calculated for tax purposes. This requirement can be reduced by capital losses for tax purposes, to the extent that they can no longer be charged to the re-investment reserve. During the period 1992-1995 the Company earned substantial financial profits but capital losses for tax purposes meant that there was no distribution requirement. Since a financial profit was made in 1996 without a distribution requirement applying, an optional dividend in respect of that year can be proposed at the Annual General Meeting of Shareholders. Holders of ordinary shares will be able to choose between a tax-free dividend in the form of bonus shares, to be charged to the tax-exempted share premium reserve, or a dividend in cash of NLG 7.25. The distribution rate for the bonus shares will be announced on March 14, 1997. The Board of Management considers a bonus option justified in the light of the profit forecast for 1997.

Share price performance

Wereldhave shares, in common with other equities, have risen sharply with a total rate of return, assuming the reinvestment of dividend, of over 31%. Lower interest rates and low inflation have driven prices and price earnings ratios upward in 1996. The rise in the prices of shares in property investment companies, in Wereldhave's case 21%, reflected a clear increase in investor interest in this class of asset. In most cases high dividend yields provided extra support. Wereldhave's total return was 2.8% higher than that of the Kempen Property Reinvestment Index (AKX). Average daily turnover in Wereldhave shares increased from 17,500 in 1995 to 56,000 in 1996. The price/earning ratio's (P/E) and the movements in Wereldhave's share price were as follows:

P/E 1996*)	(x NLG 1)	1996	1995	1994
14.2	highest price	109.00	99.00	131.00
11.4	lowest price	87.50	83.00	92.30
14.1	year-end price	108.00	89.00	98.40

*) In these ratios, profits per share are calculated on the average number of shares in issue.

The following shareholders have declared holdings of more than 5% in the total outstanding ordinary and preference share capital of Wereldhave as at December 31, 1996: Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen (Health & Social Services Pension Fund PGGM) with 14.45%, Stichting Pensioenfonds Rabobankorganisatie (Rabobank Pension Fund) with 5.56% and Stichting tot het houden van Preferente en Prioriteitsaandelen B Wereldhave (Foundation for the holding of Wereldhave preference shares and B priority shares) with 7.7%.

Economic and financial developments

The economic stagnation confronting Europe in the first half of 1996 made way for a gentle recovery in the second half of the year, with the driving force being provided by the continuing growth of exports and a somewhat stronger increase in personal consumption. Nevertheless, at 1.6% the European growth for the year as a whole was below initial expectations. The result was that jobs growth halted and the unemployment rate rose in the EU.

In Germany money-market rates were reduced further to around 3% in order to provide a short-term stimulus to growth. The difference between long-term and short-term rates in Europe increased to about 3% (the 'yield curve' steepened), which is high from a historical point of view. Cuts in European short-term rates were made possible by the fall in German inflation from 2.2% in 1995 to 1.3% in 1996. The fall in inflation for the EU as a whole was less pronounced. Against expectations there was no rise in inflation in the United States. This is remarkable, given the acceleration in economic growth and the low level of unemployment. Furthermore oil prices surged in 1996. A parallel

development was in evidence in the United Kingdom. The unexpectedly low inflation figures led interest rates downward in both countries. In Germany and the United States real long-term interest rates have stabilized at around 4.5%; the figure for the United Kingdom is approximately 5.5%. Disappointing economic growth figures for Continental Europe suggest that there will be no interest-rate hikes there for the time being. On the other hand, in the United States and the United Kingdom rate hikes are a distinct possibility. This resulted in an anticipatory sharp rise in the value of the US Dollar and Sterling at the end of 1996.

It is important to determine whether the low interest rates in Europe are a structural or a temporary phenomenon. A structural shift downward depends on a similar improvement in government finances. Doubts remain on this score despite agreement on the Stability Pact at the end of 1996. In many countries the funding of pensions and social security lacks a sound financial basis. The political determination to qualify for the EMU in 1997 is evident throughout the EU, as shown by the convergence of the government deficits over the past four years, the rates of inflation and the interest rates. Nevertheless, Germany and France, the innermost core of a future EMU, have made little progress in cutting back the government deficit, which was 4.1% of GDP in both countries in 1996, well above the 3% critical level. Since government consumption has not been pruned back sufficiently, these countries have been driven to raising taxes and cutting capital expenditure in the public sector. This is not a sound policy in the long run. Political pressure on Central Banks to keep down or even reduce short-term interest rates can be expected to continue. Central Banks will probably make rate cuts conditional on structural reforms to government expenditure. A suitable policy for member countries of the EMU would be a permanent reduction in government deficits and a switch in government expenditure from consumption to investment. In view of the composition of the consumptive element in government expenditure this implies moderation in real wage growth combined with raising labour productivity and lowering transfer payments. This policy, which has been applied with success in the Netherlands, lays the way open to

'Entrepreneurship in property' (Ondernemen in vastgoed)
- an advertisement appearing on a tram in The Hague

higher investment, lower unemployment and an affordable social security system. It has shown that low inflation and a stable exchange rate are not impossible obstacles on the road to lower unemployment. The table reproduced below, published in the December 1996 'Economic Outlook' of the OECD, confirms this and illustrates why the Dutch model has been acclaimed as a blueprint in other European countries. Nevertheless, any potential reversal of the upward path of the US Dollar or Sterling aimed at bolstering the competitive position of American and British companies, could undermine support for the Dutch policy.

Growth in 1996 (%)

	Public consumption	Total investment expenditure
Belgium	0.6	3.3
Germany	2.7	- 2.2
France	1.6	0.6
The Netherlands	1.1	3.2
Spain	0.3	2.4
United Kingdom	0.8	3.4
United States	0.5	6.0

A user oriented approach

The rapid pace of change and increasing competition in the markets for goods and services are forcing companies to think hard about which of their operations constitute their core activity. Rapid and effective response to change requires a flexible corporate structure and flexible production facilities. In consequence many companies have disposed of operations lying outside their core activity. Production must be most cost-efficient both in manner and location. The onward march of automation is also resulting in organizational changes such as the utilization of flexi-time staff, the setting up of small independent units with short decision paths, or of project teams with variable membership, exploiting the possibilities offered by modern telecommunications technology, or ceasing to assign specific working areas to individual employers. Furthermore, government policy on land use and



traffic is exerting greater influence on corporate accommodation policies. All these factors affect companies' spatial requirements.

As the supply of commercial property has expanded rapidly over the past ten years, the range of choices open to users has widened considerably. No longer does the property available exclusively determine how the user can meet his requirements. Companies are paying increasing attention to how they are housed, a development which is a natural extension to the logistics of cutting costs. Today users are actually able to find properties which are exactly suited to their specific circumstances.

When commercial properties fall vacant this does not necessarily mean that they are of poor quality. It could just as easily imply that the users' requirements as to location, type of building or ancillary facilities have changed. In the past construction was often instigated by the investor, who assumed that final demand would follow new supply. More recently it has become the user who determines construction. In all markets it is now customary to commence construction only after a user has been found. Tenants prefer flexible contracts with relatively short-term leases or break clauses, thus allowing them to act effectively to changes in circumstances. Where occupants seek properties which are tailor-made to their own individual requirements, the property may become less marketable. A conflict of interest arises. The investor's primary interest is to have a flexible building let under a long-term lease, providing accommodation attractive to future tenants. This results in lower alteration costs

and a property which yields profitable rents for a longer period. The extent of these costs depends largely on the investment needed to meet the next tenants' requirements. Property investors therefore need to have a close insight into tenants' primary business processes to be able to estimate the cost of future alterations to buildings.

Alteration costs will increase even if circumstances do not change. The reasons are not only changes in tenants' requirements but also technological developments such as energy utilization. There is an increasing tendency to tax waste products, with the result that demolition and renovation will become increasingly expensive. More specifically, when refurbishment ceases to be viable and a new use has to be found for the building, the cost of waste disposal will weigh heavily on the budget. Investors must be prepared to meet these developments. Extra investment now could prove worthwhile to avoid higher future costs.

Changing users' requirements and oversupply have accelerated the process of economic depreciation or functional obsolescence of property. From a technical viewpoint obsolescence need not occur provided all the technical facilities continue to operate satisfactorily; functional obsolescence arises from competition from new buildings. In determining initial yields on new property, account should therefore be taken of future refurbishing costs and possibly even the costs of demolition. Basing property investment decisions solely on the positive margin between net initial yields (gross rentals less operating costs) and interest rates is thus too simplistic, since it neglects consideration of factors such as technical and functional obsolescence, the service costs arising from property vacancies and the general costs of property ownership. Inclusion of these costs in calculating property investment returns is recommended.

The changes in users' requirements to accommodation and the widening selection of property available have led to the landlord having to offer a broad range of services to tenants. The type of service offered depends on the tenant. This extra obligation on owners necessitates a switch in their approach to the market. They need to actively nurture

their tenants and understand how their businesses work. Accommodation has become a product that has to be offered at the lowest possible price: intensive property management has become absolutely essential.

In conclusion it can be stated that just investing in property is not enough. The owner must consider alternative uses for its properties. To do so requires both an insight into the property market and an understanding of the business of potential users. A property with a higher residual value resulting from the existence of alternative uses costs less to hold since the cost of refurbishment will be lower. Since the user looks to minimize the joint costs of renting space and using facilities, it is in its interest to enter into a dialogue with the owner to agree an optimal rental package. A dialogue of this type is advantageous, not only with potential users, but also with existing tenants, so that necessary changes are recognized in advance and initiated in good time. This is a completely new market approach for the property investor whose success more than ever depends on how he serves his customers. The investor who follows this user oriented approach can develop an accommodation that is optimal for both owner and tenant.

only by a modest percentage. At the end of 1996 the total value of the portfolio was NLG 2,511 mln.

Over the past ten years properties to the value of NLG 1,516 mln have been sold, representing an average of approximately 6% per annum.

Sales proceeds and sales profit 1987-1996
(investment properties and trading portfolio)

Net proceeds
(x NLG 1 mln)

	Nether-lands	Bel- gium	France	Ger- many	U.K.	U.S.	Total
1987	5.3	9.2	59.9	-	28.4	-	102.8
1988	25.0	13.7	-	-	32.6	-	71.3
1989	97.2	26.7	-	-	199.7	18.9	342.5
1990	63.9	-	-	-	73.1	-	137.0
1991	16.2	-	-	-	107.9	-	124.1
1992	50.5	-	117.4	-	25.1	-	193.0
1993	67.5	79.6	-	147.0	44.4	-	338.5
1994	10.3	-	-	-	30.4	-	40.7
1995	1.7	-	29.3	-	5.2	-	36.2
1996	83.4	35.9	-	-	10.5	-	129.8
	421.0	165.1	206.6	147.0	557.3	18.9	1,515.9

Net proceeds
(as a % of book value)

	Nether-lands	Bel- gium	France	Ger- many	U.K.	U.S.	Total
1987	98	118	100	-	104	-	102
1988	117	114	-	-	123	-	119
1989	93	151	-	-	141	104	122
1990	105	-	-	-	118	-	111
1991	116	-	-	-	98	-	100
1992	112	-	102	-	102	-	104
1993	113	96	-	104	102	-	103
1994	103	-	-	-	102	-	102
1995	113	-	97	-	103	-	98
1996	100	106	-	-	107	-	102
	104	107	101	104	116	104	108

As the table shows sales proceeds exceeded the book value as determined by the most recent valuations in the vast majority of cases. Currency movements have been eliminated.

The key economic figures in the following national market reviews have been drawn from the December 1996 edition of the OECD publication 'Economic Outlook'. The revaluation figures have been calculated in local currencies. The occupancy rate is defined as: gross rental income (assuming zero vacancies) minus rental losses due to voids, expressed as a percentage of gross rental income.

Belgium

	1996	1995
Economic growth	1.3%	1.9%
Inflation	1.6%	2.1%
Growth in private consumption	1.2%	1.2%
Growth in employment	0.1%	0.4%
Unemployment rate	12.9%	13.0%

As a result of the postponement of investment decisions on the part of European institutions the gross take-up of office space in the Brussels conglomeration fell in 1996. The vacancy rate was steady at around 7.5%. The bulk of the take-up, amounting to 77%, was accounted for by Belgian and foreign companies. Belgian public authorities took up 20%. European institutions took up only 3% as against 35% in 1995. Given the future additions to EU-membership, a greater demand for space on the part of European institutions is almost certain. In particular the Léopold Quarter, the location par excellence for these institutions, has suffered from the postponement. Nevertheless, rents there were almost unchanged from 1995's levels. The Brussels periphery gained in importance thanks to the good accessibility by car. The North Quarter is another up-and-coming location for new offices.

Rents for retail space in A2-locations are under pressure but in the main shopping streets and in shopping centres they have held up well. During 1996 the radical renovation of the Les Bastions shopping centre, Tournai, and the addition of 15 new shops was completed. On completion the shopping centre, which now has 60 shops, was fully let; there has been a sharp increase in the number of people visiting the centre.



Les Bastions shopping centre, Tournai, after extension and refurbishment



An artist's impression of the office building at 30 Rue Joseph II, Brussels; the refurbishment of the building will be completed mid-1998

An interesting development on the investment market was the entry of German investors. During the year under review Wereldhave sold the office building at 41, Kunstlaan, Brussels, to a German investor. Agreement has also been reached with the same investor for the sale of another of Wereldhave's Brussels' buildings, 139-141, Koningsstraat with completion in January 1997. In addition Wereldhave sold five buildings in Aalst, Roeselaere, Oostende, Waterloo and Verviers, with a total of 12 shops, at prices equal to or above the book value at the end of 1995. In November 1996 Wereldhave purchased an office building of 18,500 m² on Rue Joseph II in the Léopold Quarter for redevelopment. Wereldhave expects that the building will readily attract tenants after such a major renovation, which is scheduled to be completed in the spring of 1998. The total investment amounts to approximately NLG 94 mln.

The Belgian portfolio yielded a satisfactory performance. The occupancy rate amounts to 98%. The portfolio was revalued by 0,7% to reach a value of NLG 452,8 mln at the end of 1996, including property in development.

Germany

	1996	1995
Economic growth	1.1%	1.9%
Inflation	1.3%	2.2%
Growth in private consumption	1.7%	1.8%
Growth in employment	- 0.9%	- 0.3%
Unemployment rate	10.3%	9.4%

The rental market for offices in Germany is still showing little sign of recovery. There has been some increase in the number of transactions but the absolute level is still relatively low. In addition, vacancy levels continue to be high and have actually risen in some areas. Germany also has seen a trend towards tenants moving from older buildings to new or renovated accommodation. During 1996 market rents on average fell by approximately 5%, so that initial rents on new offices are now around 30% lower than at the beginning of the 1990's.



Obviously conditions vary from one city to another. At the moment Munich is the strongest market, Hamburg and Dusseldorf are holding up fairly well but vacancy rates in Frankfurt have moved higher. The highest market rents now lie between DM 55 and DM 60 per m² per month. Net initial yields on prime offices continue to be between 5.5% and 6%.

Wereldhave granted a German investor an option to purchase the office on the Taunusanlage in the centre of Frankfurt. Now this option has lapsed, an alternative purchaser is being sought. Although in the somewhat longer term the establishment in Frankfurt of the European Central Bank should bring recovery in the office market, current market conditions have led to a 16% reduction in the valuation of the Taunusanlage building. It was valued at NLG 71.8 mln at the year-end.

Views of the outside and main entrance of the Parinor shopping centre after refurbishment: Marks & Spencer's shop in the Galerie Marchande

France

	1996	1995
Economic growth	1.3%	2.2%
Inflation	1.7%	1.7%
Growth in private consumption	2.4%	1.8%
Growth in employment	0.0%	0.9%
Unemployment rate	12.4%	11.7%

There has been a slight decrease in the amount of office space available in the Paris conglomeration. For the first time in several years there was a positive net take-up of space but the vacancy rate still lies at around 10%. Whereas the amount of office accommodation available in the short term has fallen, there are a large number of development projects which will come to the market over the next 12-months. Demand is concentrated on new or renovated office space. As a result the supply of this class of property has fallen faster than for the market as a whole; buildings of 5,000 m² and upwards are especially sought after.

With the reletting of the Aguesseau Saint Honoré property at the end of 1996, the occupancy rate of Wereldhave's office portfolio improved slightly. Given current market conditions tenants can enforce many of their demands, such as rent-free periods. This phenomenon occurs not only in new leases but also when negotiations take place under early termination options in 9-year leases. Landlords have been granting concessions worth of as much as a full year's rent. Nevertheless, market rents have stabilized at between FRF 2,000 and FRF 2,200 per m².

The retail sector presents a more mixed picture. Against all expectations consumer expenditure has remained low due to the loss of purchasing power caused by higher taxes imposed to meet the criteria for EMU-membership. The reaction of retailers has been an attempt to maintain sales levels by means of reducing prices, thus depressing margins. Shortfalls in turnover have been particularly severe in city-centre clothing outlets. Among the shopping centres only the larger ones, such as Wereldhave's



recently renovated Parinor centre, have been able to keep turnover levels reasonably constant, whereby the large retail chains have been more successful than the small independent shopkeepers. This calls for extra care in setting rental levels to maintain a high standard of tenant mix. Sales-related rents are still the norm but the underlying minimum rent levels are coming under pressure.

Against this background very few investment transactions took place. In general terms the French property market in 1996 was weak and investor interest remained extremely selective. Several property portfolios were put on the market during the second half of the year, mainly by large financial institutions, resulting in pressure on prices.

The valuation of the French portfolio was lowered by 2.7%. The occupancy rate amounted to 88%. At the end of 1996 the portfolio was valued at NLG 306.2 mln.

Hungary

	1996	1995
Economic growth	0.5%	1.5%
Inflation	21.5%	24.2%
Growth in private consumption	3.3%	- 5.7%
Growth in employment	- 1.8%	- 1.4%
Unemployment rate	10.6%	10.3%

Although the rate of economic growth fell in 1996 this did not result in less office space being let in Budapest. Lettings covered a total of around 51,000 m². Since new buildings added 63,000 m² to the available supply, the vacancy rate rose to over 17%. There are wide differences in vacancy rates not only between the office locations in the various parts of the city but also between high-quality and lower-quality buildings. Well-fitted modern buildings on prime sites command market rents of about DEM 40 per m² per month and in a few cases even at approximately DEM 50. In general, modern buildings are let at between DEM 25 and DEM 30 per m² on average. Prime sites are rented mainly by Hungarian subsidiaries of Western and Japanese companies. Domestic companies tend to prefer less expensive office-space for which they pay DEM 20 to DEM 25 per m² per month.

In the light of market conditions and current uncertainty as to whether various leases expiring in 1997 would be extended or renewed, the valuation of the portfolio, consisting of two office buildings, was reduced by 7%. The portfolio was fully let during the year under review and was valued at NLG 10 mln at the year-end.

The Netherlands

	1996	1995
Economic growth	2.7%	2.1%
Inflation	1.5%	1.4%
Growth in private consumption	2.9%	2.1%
Growth in employment	1.9%	2.4%
Unemployment rate	6.6%	7.1%

Economic recovery and increasing employment in sectors such as telecommunications, automation and professional services have contributed to the strengthening of the office market which took place during the year. In the Randstad the vacancy level has fallen to approximately 8%. The Amsterdam conglomeration has seen a particularly steep drop in supply on the rental market. In The Hague the amount of office space available is almost unchanged despite a sharp increase in the volume of lettings, as some of the leases have been in respect of office space still under construction. Market rates for prime locations are rising. It is noteworthy that concessions to tenants, such as rent-free periods, are much less common on the better locations. Functionally obsolescent properties continue to be difficult to market. A solution to the problem of vacancies in such buildings will in many cases have to be found in radical renovation or alternative uses, when necessary combined with demolition. This can require heavy investment. Several transactions in the office market involving both Dutch and foreign property investors, generally German, caught the eye. Purchases by German investors in prime locations in Amsterdam and The Hague took place at relatively low initial yields of between 6.5% and 7%. Wereldhave sold an office building (4,100 m²) on the Carnegielaan in The Hague for a price equal to its book value at the end of 1995. The lease contract with the occupant of the Bogaard Center (50,000 m²) in Rijswijk has been extended until September 1999. Plans are being prepared to change the use of this building.

A measure of excess supply is in evidence in the retail market. Smaller neighbourhood shopping centres in particular are facing difficulties partly



Main entrance to the Kronenburg shopping centre after refurbishment

because local authorities are introducing parking charges. There is still a lack of clarity with respect to official policy towards large-scale peripheral retail activities. One of the consequences is that many construction plans are being made which, if completed, could lead to vacancies and downward pressure on rents. The introduction of new legislation governing shop openings hours has led to shops remaining open later, especially in the food sector, and this appears to have had a positive effect on turnover. In the non-food sector the customary closing time of 6.00 p.m. has generally been retained.

Wereldhave's retail portfolio again performed well in 1996. There are practically no vacancies. In January 1996 the Company transferred ownership of its 50%-interest in the 'De Binnenhof' shopping centre, Amstelveen, for a price which lay well above the book value at the time exchange of contracts took place. During the year under review Wereldhave extended the shopping centre and residential complex 'De Heuvel', Geldrop, built a new main entrance to the 'Kronenburg' shopping centre in Arnhem and started renovation of the arcade in the original section of the shopping centre in Etten-Leur. Plans for an extension to this shopping centre and shopping centre 'Winkelhof', Leiderdorp, are nearing completion and work is expected to commence in the course of 1997. These renovations and extensions will reinforce these centres' competitive position.

As foreseen at the time of purchase a large area of the modern Fokker industrial complex on the former Ypenburg air-base (Rijswijk) will become available for letting during 1997 when the current lease

expires. There is a lot of interest on the part of potential tenants, including companies which have taken over certain of Fokker's activities.

Wereldhave's Dutch portfolio has an excellent 99% occupancy rate. The valuation was lowered slightly by 1.7%. At the end of 1996 the investment properties were valued at NLG 515.9 mln.

Spain

	1996	1995
Economic growth	2.1%	2.8%
Inflation	3.9%	4.9%
Growth in private consumption	2.1%	1.5%
Growth in employment	1.3%	1.7%
Unemployment rate	22.7%	23.3%

In Madrid, market rents for office buildings have stabilized. Rents for prime locations in the central business districts vary between around ESB 2,200 and ESB 2,400 per m² per month. Rents in the suburbs and on the periphery are considerably lower at about ESB 1,500 per m². The vacancy rate in the Madrid conglomeration has fallen slightly to approximately 9%, but there are wide variations between the various locations from 6 to 7% in the central business districts to 16% elsewhere. Gross take-up is estimated to have amounted to 300,000 m² during the year under review. There is only a limited supply of medium-sized, modern office units in the city centre; rents for this type of property are rising gradually.

In Barcelona, the stabilization has been limited to rents for prime sites. Prime locations carry rents averaging ESB 2,100 per m² in the centre and ESB 1,500 per m² elsewhere. The take-up of office space amounted to approximately 125,000 m². The average vacancy rate in Barcelona is almost 9%, but, as in Madrid, there are large differences between the central business districts and the outskirts.

The amount of shopping space in Spain continues to grow. During 1996 new shopping centres with a

total retail floor space of approximately 400,000 m² were opened. Wereldhave studied various investment opportunities but no acquisitions took place.

The occupancy rate of Wereldhave's office portfolio improved from 76% in 1995 to over 80% in 1996. With unemployment still at a high level fundamental improvement in the Spanish office markets can be only gradual. After a downward revaluation of well over 14%, the portfolio was valued at the end of 1996 at NLG 54 mln.

United Kingdom

	1996	1995
Economic growth	2.4%	2.4%
Inflation	2.3%	2.4%
Growth in private consumption	2.9%	2.0%
Growth in employment	0.2%	0.6%
Unemployment rate	7.6%	8.2%

There was a further improvement in the British property markets during 1996. Although increases in market rents have not been universal, rents have been rising in various areas. The incentives needed to entice tenants are also becoming smaller. In London, West End is one of the districts where rents have been rising for both offices and shops. The vacancy rate for West End offices fell from 8% at the end of 1995 to 7%. There has also been a slight decline in the vacancy rate in the City where market rents for prime offices have risen by about 15%. Older City offices are still difficult to let. There has, however, been a change in the typical term of leases. The customary 25-year contract has now largely given way to contracts with a 15-year term and quinquennial rental revisions.

The retail market has also been strengthening. Consumer expenditure increased in the United Kingdom in 1996, leading to an increased readiness for shopkeepers to invest in their businesses. In London in particular rents have been rising. Both Knightsbridge and Oxford Street and its surrounding area are particularly in demand at this moment.



There has been an upsurge of activity in the investment market, especially in areas where rents have been rising. Wereldhave has taken advantage of this development to sell the Carnaby Estate for a sum in excess of NLG 265 after selling costs, considerably more than the book value at the end of 1995. Completion of the sale took place in the beginning of 1997.

All in all, it has been a good year for Wereldhave's British portfolio. The occupancy rate is 97%. In line with market developments the value of the portfolio increases by 13% and amounted to NLG 796 mln at the end of 1996.

United States

	1996	1995
Economic growth	2.4%	2.0%
Inflation	2.0%	2.5%
Growth in private consumption	2.5%	2.3%
Growth in employment	1.4%	1.6%
Unemployment rate	5.4%	5.6%

Continuing economic growth and gains in employment have had a positive effect on the property market in several cities and regions of the United States. Employment growth has been most rapid in the Western and Southern states and these are the areas where there has been the strongest increase in demand for office space. In a number of markets in the South rents have risen steeply. One such market is Dallas, where there have been increases in

market rents of between 10% and 15% in some commercial districts despite the vacancy rate in the city continuing to be high. In addition, a number of office markets in the North-East, such as mid-town New York and Boston, have improved strongly. The vacancy rate in down-town New York has diminished slightly to about 18%. Vacancy rates in Philadelphia and Washington were almost unchanged over the year at around 16% and 13% respectively. Market rents in down-town New York, Philadelphia and Washington rose slightly. Given that office space for rental is still readily available in places such as New York and Philadelphia, there has been little change in the occupancy rate in Wereldhave's office buildings in these cities. There is an increasing interest on the part of tenants, evidenced by extensions to existing leases and new lettings. On the other hand, tenants in these markets are being offered attractive alternative leases on expiry of their existing contracts. The Commercial Revitalization Plan for down-town Manhattan, an initiative of New York City Council, is beginning to bear fruit. Under this plan various office buildings have been adapted for either residential or mixed residential/commercial use. Wereldhave is investigating possibilities for an alternative use for part of the building at 20 Exchange Place. Plans are being prepared to convert 14 storeys from offices to apartments and to provide parking facilities at basement levels.

An artist's impression of the new Arboretum apartment complex in Richardson (Texas); completion is expected mid-1998

Wereldhave recently purchased a plot of land in Richardson (near Dallas, Texas) for the development of approximately 325 apartments for letting by the Group. Completion is expected in mid-1998. The total investment amounts to approximately NLG 30 mln. An upward valuation was applied to the office building in Dallas and there were minor downward adjustments in value to the buildings in Washington and Philadelphia. A more substantial reduction in value was applied to the New York office buildings. During the year under review the occupancy rate of the portfolio amounted to 81%. There was a net downward revaluation to the property portfolio of 5%. At the end of the year the value amounted to NLG 301.1 mln.

Organization and staffing

There was an average of 119 employees during 1996 (1995: 125), 75 of whom worked in the local management offices in Brussels, The Hague, London, Madrid, Paris and New York. If the size of the portfolio remains at current levels the staff will stabilize at between 120 and 125 employees. In view of the many changes confronting the property industry the quality of staff will require constant attention. Internal and external refresher courses and co-operation with institutions for advanced professional training and universities are very important in this respect. We are grateful to our staff for their continuing hard work and commitment in 1996.



Prospects

General

Economic prospects for 1997 in Western Europe and the United States in general present a favourable picture: further growth in the economy combined with low inflation and interest rates. The growth of world trade together with the expected growth for consumer expenditure and investments will have a favourable influence on the figures for economic growth. These factors can contribute to a further recovery on the property markets.

Policy

Wereldhave represents: Entrepreneurship in Property. Emphasis is laid on the profit per share and on a user oriented approach in its corporate philosophy. This demands high standards throughout the management organization. Alert reactions to market developments permit timely portfolio modifications through purchases, sales and property upgrading, in order to further raise profitability and earnings per share. Determining the proper market value, insight into market developments and thorough analysis of new investment opportunities are essential tools for this purpose. The major purchases and disposals carried out in recent years are illustrative of this policy.

Results 1997

Against the background of the economic prospects and policy principles outlined above Wereldhave forecasts higher rental income and a modest improvement in the occupancy rate for the portfolio. Assuming a stabilization of currency rates and a continuation of low short-term and long-term interest rates, the Board of Management is confident of being able to achieve a further increase in the profit per share in 1997.

Board of Management Wereldhave N.V.

G.C.J. Verweij, Chairman

R.L.M. de Ruijter

The Hague, February 24, 1997



Annual Accounts 1996

Consolidated balance sheet at December 31, 1996

after proposed distribution of profits (\times NLG 1 mln)*)

	note	1996	1995
Investments			
property investments	1	2,511.2	2,334.8
Working capital			
accounts receivable	2	39.3	49.3
other assets	3	101.0	56.7
short-term liabilities	4	./.	./.
		281.7	213.0
		./.	./.
		141.4	107.0
		2,369.8	2,227.8
Long-term debt			
loans	5	./.	./.
		805.5	874.5
other liabilities	6	./.	./.
		10.9	8.3
		./.	./.
		816.4	882.8
Provisions	7	./.	./.
		36.0	26.7
Shareholders' equity		1,517.4	1,318.3

*) See note 4 on page 27 and the proposed distribution of profits on page 35.

Consolidated profit and loss account for 1996

(× NLG 1 mln)

	note	1996	1995
Investment income			
gross rental income	1	225.4	218.0
operating costs	1	././ 39.6	././ 33.0
net rental income	1	185.8	185.0
Costs			
interest costs	2	././ 50.4	././ 57.0
general costs	3	././ 13.8	././ 14.7
		././ 64.2	././ 71.7
result before tax		121.6	113.3
taxes on corporate income		././ 0.1	-
Profit after tax		121.5	113.3

Movements in shareholders' equity in 1996

(x NLG 1 mln)

	1996	1995
Direct investment result		
- profit after tax	121.5	113.3
- other	1.2	-
	122.7	113.3
Indirect investment result		
- movements in reserves as a result of differences in valuations and exchange rates	121.1	././ 116.6
- other	././ 2.5	././ 5.6
	118.6	././ 122.2
Proposed dividend	././ 116.7	././ 110.7
Dividend not paid out over 1995 resp. 1994	41.8	35.7
Issues of shares	32.7	-
Increase/decrease in shareholders' equity	199.1	././ 83.9

Notes to the accounts

Consolidation

Companies which form a group with Wereldhave, are included in the consolidated annual accounts. Interests of less than 100% are consolidated on a proportional basis. Proportional consolidation provides a direct illustration of the magnitude of Wereldhave's investments and related assets, liabilities and results.

Foreign currencies

Balance sheet items are translated into Dutch Guilders at year-end rates of exchange. The results denominated in foreign currencies are converted at period average rates of exchange. Exchange rate differences are accounted for under the revaluation reserve.

The values of assets and liabilities denominated in foreign currencies have been converted to guilders at the following year-end rates of exchange:

	1996	1995
100 BEF	NLG 5.447	NLG 5.448
100 FRF	33.29	32.75
100 ESP	1.331	1.321
1 DEM	1.12235	1.1195
100 HUF	1.059	1.149
1 GBP	2.961	2.474
1 USD	1.7445	1.6025

Tax status

Wereldhave N.V. has the tax status of an investment company in accordance with Article 28 of the Netherlands 'Wet op de vennootschapsbelasting 1969' (Corporation Tax Act 1969). This means that no corporation tax is to be paid in the Netherlands, provided that certain conditions are met. The main conditions concern the requirement to distribute the taxable profit as dividend and the restrictions with respect to financing of investments with loans. There is no requirement to include surpluses, arising on disposal of investments, in the taxable profit to be distributed.

Basis of valuation for assets and liabilities

General

Assets, liabilities and provisions are included at their nominal value, except in those cases where a different basis of valuation is disclosed in the notes to the accounts.

Investments

Investment properties

Investment properties are valued at open market value. Open market value is based on market rents less operating costs. The net capitalization factor and the present value of the differences between market rent and contracted rent, vacancies and investments needed in the future are calculated for each property to determine the open market value. Selling costs are deducted from this value.

Half of the portfolio is valued at open market value by independent external valuers on June 30 and the other half on December 31 of each year. The open market value of those properties not appraised by external valuers is subjected to internal valuation by the same method. Differences against the previous valuations are taken to the revaluation reserve.

Development properties

Development properties are valued at cost or at estimated market value if lower. Development properties transferred from investment properties are valued at estimated market value. Cost includes commitments for capital expenditure on works not yet undertaken as well as the capitalized interest costs. After completion of the (re)development the property is transferred to the category of investment properties. A property is not considered to be a development property if the property has been at least 75 per cent let, or one year after the date of certified practical completion of the development. Differences against the previous valuations are accounted for in the revaluation reserve.

Provisions

Provisions are created to meet possible future liabilities or risks. The provision for contingent tax liabilities represents the discounted value of contingent liabilities to taxation arising from differences between the valuation of properties in the accounts and the valuation for tax purposes, taking into account allowable tax losses.

Accounting policies for determining results

Investment income

Gross rental income

Gross rental income is made up of rents charged to tenants for the year. Service costs recoverable from tenants are not included in either rental income nor in operating costs.

Operating costs

These costs relate to operating costs attributable to the year, of which the main elements are:

- maintenance costs
- property tax
- insurance premiums
- management costs and rent collection costs
- service costs which cannot be charged to tenants
- letting expenses.

No provision is made for depreciation on investment properties. Investment properties are valued at open market value (see above under Investment properties) in which allowance is made for technical and economic obsolescence.

Interest costs

Interest costs comprise interest attributable to the year on loans, other liabilities, accounts receivable and bank balances and the differences in interest arising on the conversion of financing arranged in foreign currencies. Capitalized interest attributable to investments is deducted from the balance of interest paid and interest received.

General costs

General costs are those attributable to the year under review which relate to operational activities. The costs which relate to asset management are deducted from total general costs and charged to the indirect investment result.

Taxes on corporate income

Under this heading are shown corporate tax and withholding tax related to the results from investments in group companies in the year under review.

Movements in shareholders' equity

The schedule of movements in shareholders' equity presents the direct and the indirect investment result and movements on account of share issues and dividend. The 1995 bonus issue resulted in retained cash dividends in 1996.

The direct investment result includes the profit after tax as stated in the profit and loss account and the result relating to the current book year comprised in the issue price of the shares. Before 1996 this amount was recorded under interest received (1995: nil).

The principal components of the indirect investment result are mainly the movements in reserves as a result of differences against the previous year's valuations and exchange rate differences. These movements include valuation adjustments on investments, movements in contingent tax liabilities and exchange rate differences on investments and liabilities together with exchange rate differences arising on forward currency transactions and the conversion of results denominated in foreign currencies.

Differences from the previous year's valuations, exchange rate differences and movements in contingent tax liabilities are accounted for in the revaluation reserve.

Notes to the consolidated balance sheet at December 31, 1996

(× NLG 1 mln)

	1996	1995
1 Property investments		
Investment properties	2,464.7	2,331.6
Development properties	46.5	3.2
	<u>2,511.2</u>	<u>2,334.8</u>
Investment properties		
balance at January 1	2,331.6	2,308.9
exchange rate differences	146.7	./ 83.5
	<u>2,478.3</u>	<u>2,225.4</u>
purchases/expenditures	76.2	52.4
transferred from development properties	-	150.4
	<u>2,554.5</u>	<u>2,428.2</u>
disposals	./ 127.0	./ 36.7
	<u>2,427.5</u>	<u>2,391.5</u>
valuation adjustments	37.2	./ 59.9
balance at December 31	<u>2,464.7</u>	<u>2,331.6</u>
Development properties		
balance at January 1	3.2	149.5
purchases/expenditures	43.3	4.1
transferred to investment properties	-	./ 150.4
	<u>46.5</u>	<u>3.2</u>
2 Accounts receivable		
debtors	16.8	16.3
prepaid costs (partly long-term)	14.8	18.9
taxes recoverable	1.3	1.6
other	6.4	12.5
	<u>39.3</u>	<u>49.3</u>

	1996	1995
3 Other assets		
cash and bank balances	97.1	53.3
office equipment and cars	3.9	3.4
	<u>101.0</u>	<u>56.7</u>
4 Short-term liabilities		
dividend	116.9	110.9
taxes	17.0	18.4
fixed-term loans and overdrafts	59.0	0.9
creditors and other liabilities	88.8	82.8
	<u>281.7</u>	<u>213.0</u>
<p>Dividend includes the sum needed to meet dividend obligations in respect of the financial year should all shareholders opt for a cash dividend.</p>		
5 Loans		
balance at January 1	874.5	914.4
exchange rate differences	54.1	./.
	<u>928.6</u>	<u>883.8</u>
new loans	29.6	166.8
redemptions	./.	./.
	<u>152.7</u>	<u>176.1</u>
balance at December 31	<u>805.5</u>	<u>874.5</u>
Redemption scheme:		
1 to 2 year	99.9	176.1
2 to 5 year	557.5	452.7
5 years or more	148.1	245.7
	<u>805.5</u>	<u>874.5</u>

Loans to the amount of NLG 208.1 mln are secured on property (1995: NLG 183.7 mln).
Loans can be illustrated as follows:

Currency	Distribution percentage December 31		Average interest rate December 31	
	1996	1995	1996	1995
NLG	26.1	24.0	4.7	6.2
BEF	20.3	22.5	3.7	4.7
FRF	6.2	10.3	3.9	6.4
ESB	2.9	2.6	7.0	9.8
GBP	29.4	22.3	7.5	7.7
USD	15.1	18.3	7.4	7.9
	<u>100.0</u>	<u>100.0</u>	<u>5.7</u>	<u>6.6</u>

6 Other long-term liabilities

This item consists of tenants' deposits.

	1996	1995
7 Provisions		
provisions for contingent tax liabilities	36.0	26.7

The provision for contingent tax liabilities is considered to be of a long-term nature.

8 Items not included in the balance sheet

In 1996 agreements were reached with third parties to sell property in the beginning of 1997 to the amount of NLG 285.5 mln and to purchase property to the amount of NLG 4.7 mln.

Notes to the consolidated profit and loss account for 1996

(× NLG 1 mln)

1 Net rental income

	Gross rental income		Operating costs		Net rental income	
	1996	1995	1996	1995	1996	1995
The Netherlands	57.0	57.8	7.3	6.4	49.7	51.4
Belgium	38.8	34.4	1.8	2.2	37.0	32.2
France	22.7	22.5	4.0	2.9	18.7	19.6
Spain	4.1	3.7	1.9	1.2	2.2	2.5
Germany	4.7	4.7	0.3	0.3	4.4	4.4
Hungary	1.9	1.8	0.1	0.1	1.8	1.7
United Kingdom	64.5	61.3	14.7	7.6	49.8	53.7
United States	31.7	31.8	9.5	12.3	22.2	19.5
	<u>225.4</u>	<u>218.0</u>	<u>39.6</u>	<u>33.0</u>	<u>185.8</u>	<u>185.0</u>
Offices	117.5	111.3	25.1	21.3	92.4	90.0
Shops	85.9	86.8	11.9	9.9	74.0	76.9
Other	22.0	19.9	2.6	1.8	19.4	18.1
	<u>225.4</u>	<u>218.0</u>	<u>39.6</u>	<u>33.0</u>	<u>185.8</u>	<u>185.0</u>

Loss of rental income due to voids amounted to 6.4% of the theoretical rent (1995: 6.5%).
The theoretical rent is the sum of gross rental income and the loss of rent due to voids.

	1996	1995
2 Interest costs		
interest paid	53.6	61.5
interest received	./.	2.5
	<u>50.7</u>	<u>59.0</u>
less: capitalized interest	./.	2.0
	<u>50.4</u>	<u>57.0</u>
3 General costs		
personnel	12.0	12.8
remuneration of Supervisory Board	0.3	0.3
external advisors' and auditors' fees	1.5	1.8
other	4.8	4.6
	<u>18.6</u>	<u>19.5</u>
less: costs of asset management	./.	4.8
	<u>13.8</u>	<u>14.7</u>

4 Other

Salaries amounted in total to NLG 12.2 mln (1995: NLG 11.5 mln), social security contributions to NLG 2.0 mln (1995: NLG 2.2 mln), and pension costs to NLG 3.2 mln (1995: NLG 3.3 mln). Of the total amount of NLG 17.4 mln, an amount of NLG 10.6 mln is included in general costs (personnel) and NLG 6.8 mln in operating costs. The remuneration of the members of the Board of Management and former Board members amounts to NLG 1.1 mln (1995: NLG 1.0 mln) including social security contributions and pension costs. An average of 119 people has been employed by the Company during 1996 (1995: 125).

Consolidated cash flow statement for 1996

(× NLG 1 mln)

	1996		1995
Cash flow from operational activities			
direct investment result	122.7		113.3
movements in accounts receivable	10.0		11.5
movements in other assets	./.	0.5	-
movements in short-term liabilities	68.7		./.
movements in provisions	0.9		./.
		201.8	124.0
Cash flow from investment activities			
investments in property	./.	119.5	./.
disposals of property		127.0	36.7
other movements in revaluation reserve	./.	2.0	./.
		5.5	./.
Cash flow from financing activities			
new loans		29.6	166.8
redemptions on loans	./.	152.7	./.
movements in other long-term liabilities		2.6	./.
dividend paid	./.	74.9	./.
share issues		32.7	-
other movements in revaluation reserve	./.	0.5	./.
		./.	163.2
net cash flow		44.1	13.4
exchange rate differences	./.	0.3	0.1
Increase in cash and bank balances		43.8	13.5

Company balance sheet at December 31, 1996

after proposed distribution of profits (\times NLG 1 mln)*¹

	note	1996	1995
Investments			
property investments		489.4	531.3
investments in group companies	1	907.1	783.9
other financial investments	2	517.7	455.3
		1,914.2	1,770.5
Working capital			
accounts receivable	3	0.9	4.6
other assets		50.7	25.9
short-term liabilities	4	./.	153.2
		./.	120.4
		1,793.8	1,647.8
Long-term debt			
loans	5	./.	329.5
other liabilities		./.	-
		./.	276.4
		1,517.4	1,318.3
Shareholders' equity			
issued share capital	6	328.3	311.6
share premium	7	1,396.2	1,380.2
revaluation reserve	8	./.	781.2
general reserve	9	455.5	407.7
		1,517.4	1,318.3

Company profit and loss account for 1996

(\times NLG 1 mln)

	note	1996	1995
results of group companies		66.5	50.2
other results	10	55.0	63.1
Profit after tax		121.5	113.3

*¹ See notes 4 on page 32 and the proposed distribution of profits on page 35.

Notes to the company balance sheet at December 31, 1996 and profit and loss account for 1996

(× NLG 1 mln)

General

For the basis of valuation of assets and liabilities and the accounting policies for determining the results, the reader is referred to the Notes to the accounts.

The Company has made use of the exemption referred to in Article 402, Title 9, Book 2 of the Netherlands Civil Code.

1 Investments in group companies

Movements are as follows:

	1996		1995
balance at January 1	783.9		816.5
investments/disposals	5.7		5.1
	789.6		821.6
results	66.5		50.2
valuation adjustments	102.4	./.	83.0
profit distributions	./.	51.4	./.
	907.1		783.9
balance at December 31	907.1		783.9

Investments in group companies have been valued at net asset value. A list of companies as referred to in Articles 379 and 414, Title 9, Book 2 of the Netherlands Civil Code, has been deposited with the Chamber of Commerce in The Hague.

2 Other financial investments

On account of intercompany relations NLG 517.5 mln (1995: NLG 359.4 mln) is included under other financial investments.

3 Accounts receivable

On account of intercompany relations NLG 0.6 mln (1995: NLG 2.3 mln) is included under accounts receivable.

4 Short-term liabilities

Short-term liabilities include the sum needed to meet dividend obligations in respect of the 1996 financial year, should all shareholders opt for a cash dividend. On account of intercompany relations an amount of NLG 4.9 (1995: NLG 14.5 mln) is also included under short-term liabilities.

5 Loans

On account of intercompany relations NLG 64.6 mln (1995: NLG 64.6 mln) is included under loans.

6 Issued share capital

The share capital is as follows:

Type of shares	Nominal value per share (NLG)	Authorized (NLG)	In issue at December 31 (NLG)	
			1996	1995
ordinary shares	20	500,000,000	320,828,800	304,099,680
preference shares	20	250,000,000	30,000,000	30,000,000
'A' priority shares	20	200	200	200
'B' priority shares	20	249,999,800	-	-
		1,000,000,000	350,829,000	334,099,880
less: uncalled preference capital			./ 22,500,000	./ 22,500,000
		1,000,000,000	328,329,000	311,599,880

Movements in issued share capital:

	1996	1995
balance at January 1	304.1	296.2
stock dividend	9.2	7.9
share issues	7.5	-
balance at December 31	320.8	304.1

At December 31, 1996 there are 16,041,440 ordinary shares, 1,500,000 preference shares and 10 'A' priority shares in issue. No 'B' priority shares have been issued. For further information concerning the preference shares and the 'A' and 'B' priority shares the reader is referred to the section 'Other information'.

7 Share premium

	1996	1995
balance at January 1	1,380.2	1,388.1
stock dividend	./ 9.2	./ 7.9
share issues	25.2	-
balance at December 31	1,396.2	1,380.2

The share premium at December 31, 1996 includes an amount of NLG 1,365 mln exempted from tax (1995: NLG 1,349 mln).

	1996	1995
8 Revaluation reserve		
balance at January 1	./ 781.2	./ 659.0
valuation adjustments on investments	37.2	./ 59.9
exchange rate differences	92.3	./ 52.8
movements in contingent tax liabilities	./ 8.4	./ 3.9
other movements	./ 2.5	./ 5.6
balance at December 31	<u>./ 662.6</u>	<u>./ 781.2</u>
9 General reserve		
balance at January 1	407.7	369.4
retained cash dividends	41.8	35.7
added according to proposal for distribution of profits	6.0	2.6
balance at December 31	<u>455.5</u>	<u>407.7</u>

10 Other results

On account of intercompany relations interest income to the amount of NLG 17.8 mln (1995: NLG 22.7 mln) is included in these results.

11 Items not included in the balance sheet

The company has given guarantees on behalf of group companies to third parties for a total amount of NLG 447 mln (1995: NLG 486 mln).

Supervisory Board

J.F.Visser
P.J.Vinken
F.H.J.Boons
J.M.G.Hoes
W.Lemstra

Board of Management

G.C.J.Verweij
R.L.M.de Ruijter

The Hague, February 24, 1997

Other information

Distribution of profits

Rules for the distribution of profits are set out in Article 25 of the Company's Articles of Association. The preference shareholders have a first call on profits in the form of a dividend distribution on the paid-up nominal share value at a percentage rate equal to the twelve-month money market rate (Amsterdam Interbank Offered Rates), valid for the first exchange day of the financial year concerned, or so much less as is available from the distributable profit plus a surcharge of 1¹/₂%. Holders of 'B' priority shares have a second call on profits in the form of a dividend distribution on the paid-up nominal share value at a percentage rate equal to the percentage rate of the dividend distribution to the preference shareholders, or a such lower amount as is available from distributable profit. Holders of 'A' priority shares are entitled to a dividend distribution at a 5% rate on the paid-up nominal share value from the remainder. Distribution of the balance then outstanding is determined by the Annual General Meeting of Shareholders.

Proposed distribution of profits

In addition to the cash dividend of 5% on the 'A' priority shares in issue and 5.02% on the preference shares in issue, it is proposed to distribute to ordinary shareholders a dividend of NLG 7.25 in cash, or should they so prefer, a tax-free dividend in the form of bonus shares charged to the tax-exempted share premium reserve. The number of bonus shares to be distributed per ordinary share will be announced on March 14, 1997. That part of profits which is not paid out in cash will be added to the general reserve.

(x NLG 1 mln)	1996	1995
Direct investment result	122.7	113.3
Preference dividend and dividend		
'A' priority shares	0.4	0.5
Ordinary dividend*	116.3	110.2
Addition to general reserve	6.0	2.6
	122.7	113.3

* On the assumption that the cash dividend is paid in respect of all dividend ranking ordinary shares.

Preference and priority shares

The 'A' priority shares are held by the Stichting tot het houden van prioriteitsaandelen van de naamloze vennootschap: Wereldhave N.V. (Foundation for the holding of priority shares of Wereldhave N.V.). The Supervisory and Management Boards of Wereldhave N.V. manage this foundation. The most important rights of the holders of 'A' and 'B' priority shares involve fixing the number of members of the Management and Supervisory Boards of the Company and the placing of a binding nomination list for their appointment. There are no 'B' priority shares issued.

1,350,000 of the preference shares are held by the Stichting tot het houden van preferente en prioriteitsaandelen B Wereldhave (Foundation for the holding of preference shares and B priority shares Wereldhave). The management of the Foundation consists of Messrs. H. Zomerplaag (Chairman), H.J.A.F. Meertens and H.M.N. Schonis. In addition to voting rights, the preference shares carry a preferential right to a dividend out of the profits. They have no entitlement to the Company's reserves. The purpose of the Foundation is, as set out in Article 2 section 1 of its Articles of Association, to look after the interests of Wereldhave N.V. (the Company), of the business concern related to the Company as legal entity and of all parties involved, taking into consideration, amongst other objectives the maintenance of the independence, continuity and identity of the Company as a legal entity and as a business concern.

The Company and the Board of the Foundation jointly declare that, to the best of their knowledge and belief, the Foundation is independent of the Company as defined in Annex X of the Fondsenreglement (Listing & Issuing Rules) of the Amsterdam Stock Exchange.

Transactions with directly related parties

The members of the Supervisory Board and the Board of Management had no personal interest in any of the Company's investments during the year. The Company has no knowledge of any property transactions taking place in the year under review between the Company and persons or institutions which can be considered to stand in a direct relationship to the Company.

Auditor's Report

Introduction

We have audited the Annual Accounts 1996 of Wereldhave N.V., The Hague. These financial statements are the responsibility of the Company's Board of 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 the Board of 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, the Annual Accounts give a true and fair view of the financial position of the Company as of December 31, 1996 and of the result for the 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.

COOPERS & LYBRAND N.V.

The Hague, February 24, 1997



Property portfolio

Investment properties at December 31, 1996

(Only properties with an open market value of more than NLG 10 mln are separately mentioned)

Location	Type	m ²	Parking spaces	Year of construction or renovation	Annual rent 1997 (× NLG 1 mln)
Belgium					
Brussels					
1-8 Boulevard Bischoffsheim	office	12,800	150	1988	6.5
22-25 Boulevard Bischoffsheim	office	6,000	64	1990	2.6
139-141 Koningsstraat	office	5,000	48	1976	2.0
22 Muntplein/Schildknaapstraat	office	7,700	34	1987	2.9
58 Regentlaan	office	3,100	34	1975	1.4
Liège					
1 Quai des Vennes	shopping centre	30,000	1,650	1995	13.4
Nijvel					
10 Steenweg op Bergen	shopping centre	15,400	800	1995	3.3
Doornik					
22 Boulevard Walter de Marvis	shopping centre	14,300		1996	3.3
Properties with an open market value less than NLG 10 mln		8,500			2.5
		<u>102,800</u>			<u>37.9</u>
Germany					
Frankfurt					
21 Taunusanlage	office and shops	4,700	4	1990	4.3
France					
Paris and environs					
29-30 Quai de Dion Bouton; Puteaux	office	18,100	411	1987	5.7
56 Rue du Faubourg Saint Honoré/	office	6,400	50	1986	4.5
4-14 Rue d'Aguesseau (50%)	shopping centre	32,400		1996	16.1
Shopping centre Parinor, Le Haut de Galy; Aulnay-sous-Bois					
		<u>56,900</u>			<u>26.3</u>
Hungary					
Budapest					
Properties with an open market value less than NLG 10 mln	office	3,200	37		2.0
The Netherlands					
Arnhem					
Shopping centre Kronenburg, 1-13 Kronenburg Passage (leasehold till 2110)	shopping centre and office	34,000	1,000	1985	12.7
Best					
4 Brem	other commercial space	11,300	690	1971	1.6
Doorn					
Park Boswijk, Boswijklaan	apartments	33,300		1996	3.9
Etten-Leur					
Shopping centre Etten-Leur, 1-72 Winkelcentrum	shopping centre and office	21,300		1980	5.1
Geldrop					
62-87 De Heuvel	shops with apartments	5,700		1996	1.7
The Hague and environs					
366-370 Sir Winston Churchillaan; Rijswijk	office	50,000	656	1986	12.2
1-8 Koningin Julianaplein	office	11,600	79	1993	3.3
2-6 Nieuwe Havenstraat; Voorburg	office	19,000	351	1988	3.6
12 Veraartlaan; Rijswijk	office	5,600	87	1991	1.3
35 Rotterdamseweg; Rijswijk	other commercial space and office	56,500		1993	2.1
Leiderdorp					
Shopping centre Winkelhof	shopping centre	14,800	750	1990	5.1
Nuth					
15 Thermiekstraat	other commercial space	17,000	690	1987	2.3
Properties with an open market value less than NLG 10 mln		9,700			2.0
		<u>289,800</u>			<u>56.9</u>
Spain					
Madrid					
2 Plaza de la Lealtad	office	3,000		1972	1.3
15 Calle Fernando El Santo	office	3,250	43	1993	1.3
Barcelona					
2-4, Rambla de Catalunya	shops and office	5,250	50	1993	2.0
Properties with an open market value less than NLG 10 mln	shops and office	2,950	16	1993	0.9
		<u>14,450</u>			<u>5.5</u>

Location	Type	m ²	Parking spaces	Year of construction or renovation	Annual rent 1997 (×NLG 1 mln)
United Kingdom					
Birmingham					
24-28 Teall Street & 12-29 The Springs	shops	3,100	350	1988	1.1
Guildford					
73-75 North Street	office	1,400		1976	0.9
London and environs					
126-134 Baker Street	shops	1,700		1935	1.2
76 Cannon Street, EC4 (leasehold till 2138)	office	800		1988	1.5
The Carnaby Estate, W1	shops and office	27,600	2	diverse	19.4
72-74 Dean Street, Royalty House, W1	office	2,600	12	1950	1.2
14-18 Eastcheap, EC3 (leasehold till 2128)	office	5,200		1991	3.5
65 Kingsway, WC2	office	6,000		1986	2.8
1,3,5 Lower George Street en 1 Eton Street, Richmond-upon-Thames	shops	2,900	10	1963	1.2
11-12 Haymarket, SW2	office	1,100		1988	1.2
56/70 Putney High Street, SW15	shops	4,200	44	1971	1.5
10, 11 & 12 Thames Street en 1, 2 & 5 Curfew Yard, Windsor	office	1,500	53	1972	1.1
31-36 Foley Street, W1	office	3,300	12	1993	1.7
Redhill					
Grosvenor House, 65/71 London Road	office	4,700	150	1986	2.4
Sittingbourne					
Trinity Trading Estate	other commercial space	36,500	200	1982	5.0
Sheffield					
Penistone Road	shops	3,900		1986	1.0
Yeovil					
Bay 6 Lynx Trading Estate	shops	2,900		1986	0.9
Whyteleafe					
439/445 Godstone Road	office	7,300	270	1964	1.9
Rickmansworth					
Olds Approach, 1 Tolpits Lane	other commercial space	7,800		1993	1.1
Properties with an open market value less than NLG 10 mln		89,200			22.7
		<u>213,700</u>			<u>73.3</u>
United States					
Dallas					
1910 Pacific Place	office	29,700	14	1982	3.2
Philadelphia					
1515 Market Street	office and shops	46,900		1986	13.1
New York					
20 Exchange Place	office	60,400		1985	15.0
83 Maiden Lane	office and shops	12,700		1985	2.6
Washington D.C.					
1401 New York Avenue	office	17,800	165	1984	7.0
		<u>167,500</u>			<u>40.9</u>
Total		<u>853,050</u>			<u>247.1</u>

All properties are freehold unless otherwise stated. For properties which are not 100%-owned, the surface areas, number of parking spaces and the annual rent are shown on pro-rata base. The annual rent is calculated on the assumption that the buildings are fully let and before deducting operating costs.

Independent valuers

Healey & Baker, Amsterdam
Healey & Baker, London
Intervalor Roux S.A., Madrid
Jones Lang Wootton, London

Nieboer-Gemako, The Hague
Roux Troostwijk S.A., Paris
Troostwijk Taxaties B.V., Amsterdam

Troostwijk N.V., Antwerp
Troostwijk U.K. Ltd., London
Vellinga Makelaardij B.V., Doorn

Summary of investment properties

The following is a summary of the open market value of the Group's investment properties at December 31, 1996. Dutch guilders have been converted at rates of exchange ruling at December 31, 1996. The annual rent is calculated on the assumption that the buildings are fully let and before deducting operation costs.

(<i>× NLG 1 mln</i>)	Offices		Shops		Other properties		Total	
	open market value	annual rent	open market value	annual rent	open market value	annual rent	open market value	annual rent
Belgium	180.1	16.7	228.6	21.1	1.0	0.1	409.7	37.9
Germany	62.8	3.8	9.0	0.5	-	-	71.8	4.3
France	97.0	8.3	209.2	18.0	-	-	306.2	26.3
Hungary	10.0	2.0	-	-	-	-	10.0	2.0
The Netherlands	168.7	18.6	238.7	26.3	108.5	12.0	515.9	56.9
Spain	35.0	3.6	19.0	1.9	-	-	54.0	5.5
United Kingdom	368.9	34.0	321.5	29.6	105.6	9.7	796.0	73.3
United States	288.3	39.2	12.8	1.7	-	-	301.1	40.9
Total	1,210.8	126.2	1,038.8	99.1	215.1	21.8	2,464.7	247.1

General lease conditions

The following is a summary of typical provisions relating to leases on Wereldhave's investment properties in the respective countries.

Belgium

- Term: 3, 6 or 9 years with a mutual option at the end of a term to extend or renegotiate.
- Rent increases: annual increases based on increases in the health index.
- Outgoings: structural maintenance only is for the landlords' account.

Germany

- Term: 5 years with the tenant having an option for a further 5 years.
- Rent increases: occur as soon as the cost of living index increases by 10 points after which negotiations take place for a new market rent.
- Outgoings: structural maintenance, insurance, management and local taxes are for the landlords' account.

France

- Term: 3, 6 and 9 years with the tenant having the option each three years to extend the lease.
- Rent increases: annual increases based on building cost increases (INSEE-index) unless otherwise agreed.
- Outgoings: structural maintenance only is for the landlords' account.

Hungary

- Term: 5 years with an option for the tenant to extend a further 5 years.
- Rent increases: annual increase based on the cost of living index (consumer price index).
- Outgoings: structural maintenance, insurance, and a part of local taxes are for the landlords' account.

The Netherlands

- Term: 5 years with an option for the tenant to extend a further 5 years.
- Rent increases: annual increases based on the cost of living index (consumer price index).
- Outgoings: structural maintenance, insurance, management and a part of local taxes are for the landlords' account.

Spain

- Term: up to 5 years.
- Rent increases: annual increases based on the cost of living index (consumer price index).
- Outgoings: structural maintenance, insurance, management and a part of local taxes are for the landlords' account.

United Kingdom

- Term: up to 25 years.
- Rent adjustments to market levels every five years, in general not below the previous rent level.
- Outgoings: mainly structural maintenance and insurance are all recoverable from the tenants.

United States

- Term: 5 or 10 years usual.
- Rent increases: unusual during the term.
- Outgoings: structural maintenance only is for the landlords' account; escalation clauses exist for increases in property taxes, electricity and wages.

Development projects

(Projects with a value above NLG 10 mln)

Belgium

Brussels
30 Rue Joseph II

Reconstruction of an office building of 18.850 m² and 170 parking places. Estimated date of completion: spring 1998



Wereldhave N.V. - 23 Nassaulaan - 2514 JT The Hague - The Netherlands

Telephone: (0)70 - 346 93 25 - Fax: (0)70 - 363 89 90