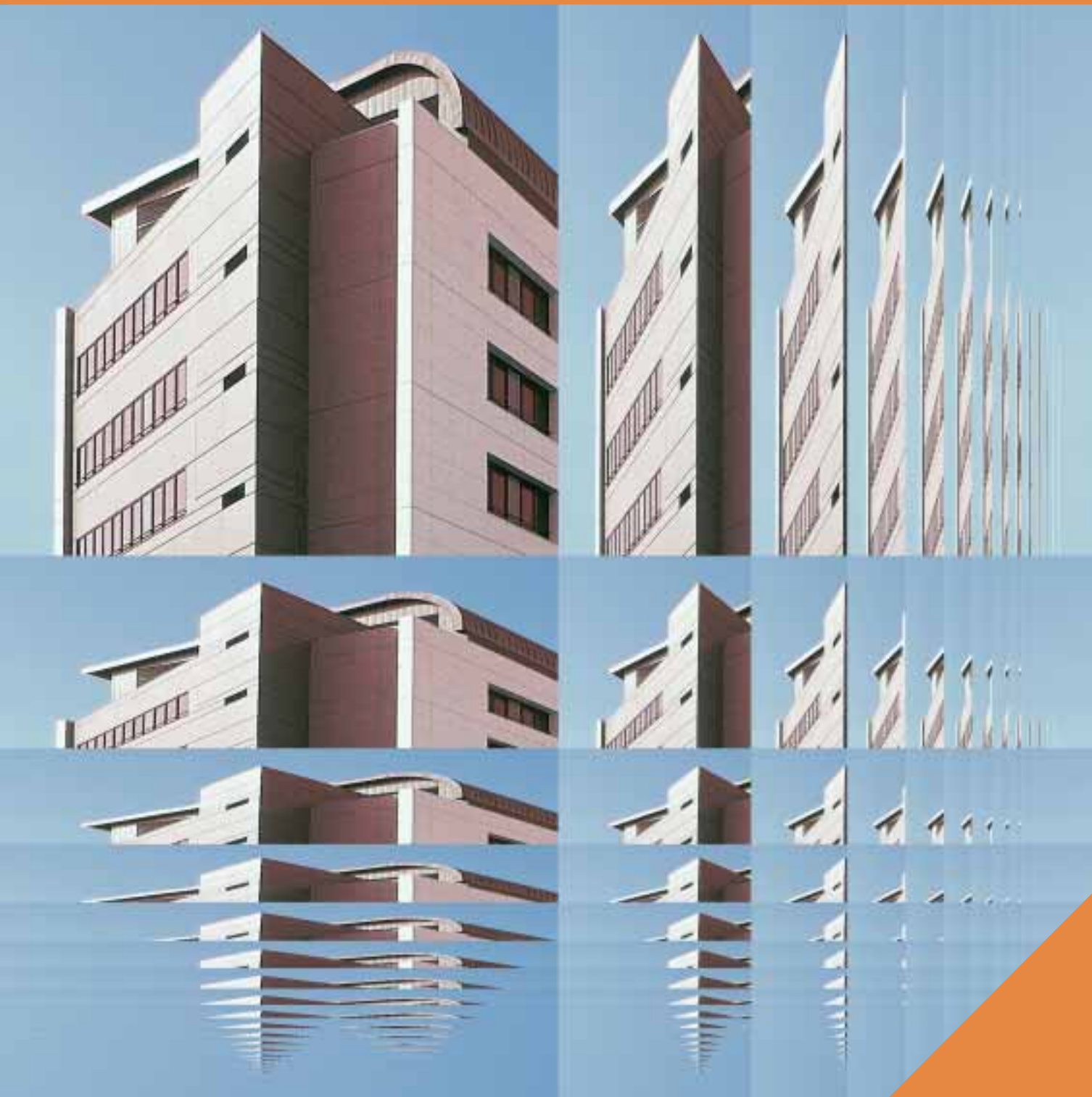


# Annual Report 2003



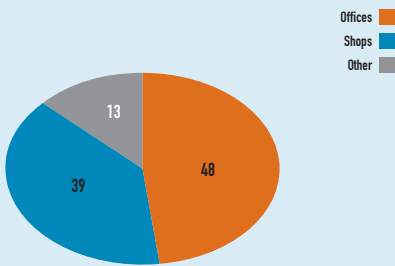
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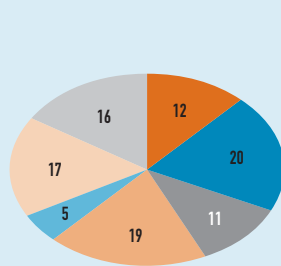
## Highlights 2003

- profit per share EUR 5.91
- EUR 0.2 mln higher profit despite EUR 6.5 mln exchange rate differences and EUR 2.3 mln higher taxes
- dividend proposal EUR 4.45 in cash
- purchase of a department store in Finland
- departure from Hungary
- listing at Euronext Paris
- S.I.I.C. tax status in France

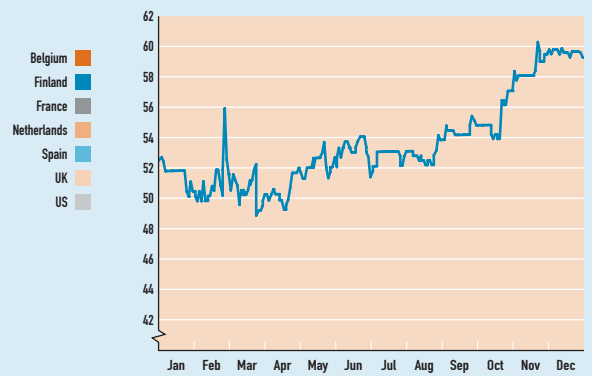
Distribution of investment properties by sector at year end 2003



Geographical distribution of investments properties at year end 2003



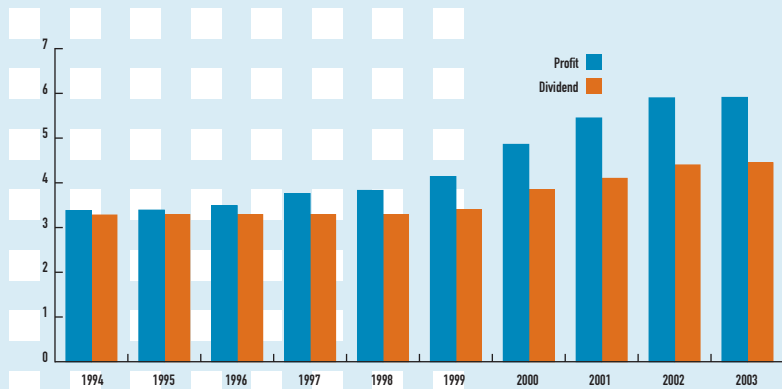
Share price in 2003



## Summary of past 10 years

	1994	1995	1996	1997	1998
<b>Results</b>					
<i>(x EUR 1 mln)</i>					
Net rental income	82.1	83.9	84.3	85.3	84.9
Profit <sup>1)</sup>	49.3	51.4	55.1	61.7	64.7
<b>Balance sheet</b>					
<i>(x EUR 1 mln)</i>					
Investments	1,115.6	1,059.5	1,139.5	1,090.4	1,269.6
Shareholders' equity <sup>2)</sup>	685.3	648.4	741.6	817.1	856.9
Long-term debt	419.1	400.6	370.5	290.5	313.0
Direct investment result	49.3	51.4	55.1	61.7	64.7
Indirect investment result	./.	56.5	./.	55.5	53.8
				41.4	2.2
<b>Number of shares</b>					
at December 31	14,811,497	15,204,984	16,041,440	16,495,377	16,956,748
average during the year	14,496,012	15,096,775	15,759,729	16,380,631	16,834,997
<b>Statistics per share <sup>3)</sup></b>					
<i>(x EUR 1)</i>					
Net asset value <sup>2)</sup>	45.94	42.38	45.96	49.28	50.28
Profit	3.31	3.37	3.43	3.73	3.80
Indirect investment result <sup>4)</sup>	./.	3.32	./.	3.64	3.43
				2.87	0.49
Dividend	3.29	3.29	3.29	3.29	3.29
	or 8%	or 8%	or 5.88%	or 5.56%	or 4.76%
					and 0.57
Pay-out	99.4%	97.6%	95.9%	88.2%	86.6%
<b>Profit per share <sup>5)</sup></b>					
	3.38	3.39	3.49	3.76	3.83

### Profit and dividend per share



<sup>1)</sup> costs relating to asset management are from 2001 onwards no longer charged to the indirect investment result

<sup>2)</sup> before distribution of profits

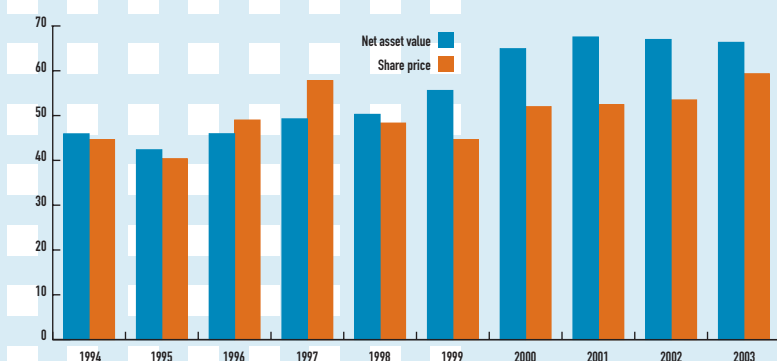
<sup>3)</sup> per ordinary share, ranking for dividend and adjusted for the 1999 bonus issue

<sup>4)</sup> including the effect of issues of new shares and stock dividend and as from 2001 without charging of the costs of asset management

<sup>5)</sup> based on the average number of shares in issue

1999	2000	2001	2002	2003
93.9	112.8	124.9	147.8	<b>146.6</b>
71.6	86.0	97.1	116.3	<b>116.5</b>
1,595.4	1,775.6	1,872.5	1,955.4	<b>1,932.1</b>
968.1	1,156.6	1,203.0	1,322.7	<b>1,310.0</b>
397.7	442.7	449.9	633.2	<b>575.5</b>
71.6	86.0	97.1	116.3	<b>116.5</b>
74.3	140.1	17.8	./.	46.4
./.	./.	./.	./.	./.
17,329,725	17,756,735	17,756,735	19,691,735	<b>19,691,735</b>
17,236,480	17,639,307	17,756,735	19,691,735	<b>19,691,735</b>
55.61	64.94	67.55	66.99	<b>66.35</b>
4.12	4.83	5.45	5.90	<b>5.91</b>
4.50	7.86	1.01	./.	2.36
./.	./.	./.	./.	./.
3.40	3.85	4.10	4.40	<b>4.45</b>
or 4.76%				
and 1.00				
82.5%	79.7%	75.2%	74.6%	<b>75.3%</b>
4.14	4.86	5.45	5.90	<b>5.91</b>

### Net asset value and share price at December 31



## Board of Management

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

## Supervisory Board

F.H.J. Boons  
J. Krant  
H.M.N. Schonis  
C.J. de Swart

## Financial calendar

### March 24, 2004:

Annual General Meeting of Shareholders

### April 2, 2004:

Dividend payment

### May 4, 2004:

Publication of first quarter results 2004

### August 3, 2004:

Publication of interim statement 2004

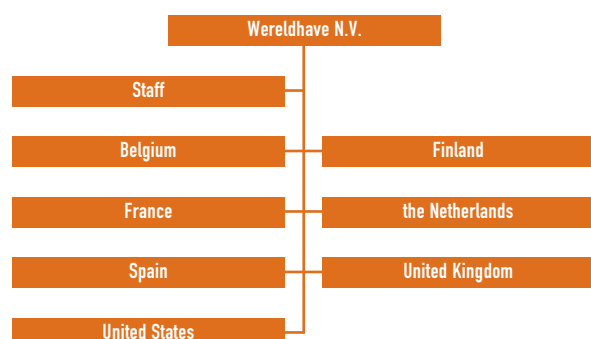
### November 3, 2004:

Publication of nine months results 2004

### March 2005:

Annual Report 2004

## Organisation



## Structure

Wereldhave is an independent international property investment company, founded in 1930. Wereldhave shares are traded at Euronext Amsterdam and Paris. The Company is an investment company with variable capital. The Board of Management has authority to issue and acquire shares of the Company. The Company has neither an obligation to issue shares, nor to buy its shares. The Company has the status of an Investment Institution under Dutch tax law and therefore does not pay Corporation Tax in the Netherlands. Wereldhave is licensed to operate as an investment company under the Dutch "Wet toezicht beleggingsinstellingen" (Investment Institutions Supervision Act).

## Investments

Wereldhave invests in office buildings, shopping centres, industrial property and apartments in Belgium, Finland, France, the Netherlands, Spain, the United Kingdom and the United States. Wereldhave has at its disposal an integrated organisation for the development, investment and management of its properties with local offices in each of these countries. Dynamic management involves regular adjustments in the mix of the portfolio and its geographical distribution. Wereldhave's properties are valued at open market value less selling costs. Valuations take place annually with successive halves of the portfolio being valued on June 30 and December 31 by independent external professional valuers. Parallel, internal valuations using identical methods are carried out at the same time for the entire portfolio. The investments in Belgium are by way of a 68.2% investment in Comm.V.A. Wereldhave Belgium S.C.A., listed at Euronext Brussels. The investments in France are held as a Permanent Establishment (établissement stable).

## Information

Information on Wereldhave is available from banks and stockbrokers or directly from the Company:

tel: +31 70 346 93 25

e-mail: [investor.relations@wereldhave.com](mailto:investor.relations@wereldhave.com)

website: [www.wereldhave.com](http://www.wereldhave.com)



## Strategy outline

### Mission and corporate aim

#### The right accommodation at the right time and in the right place

Wereldhave's mission is to make available, when and where needed, commercial and residential property for rent. The object is to attain a growth in profit per share that exceeds the rate of inflation in the Eurozone by at least 3% over the long term, combined with a low risk profile on the property portfolio.

### Strategy

#### Portfolio renewal

The strategic policy is to apply portfolio renewal for the optimal satisfaction of tenants' changing demands. Wereldhave has a preference for investing in modern, adaptable and identifiable buildings in readily accessible locations in knowledge based areas, where there is a liquid property market. Wereldhave considers that this policy will engender both a continuous increase in earnings per share and an attractive growth in net asset value. Furthermore, this policy allows Wereldhave to actively influence the quality of the buildings and itself determine when investments are made. Portfolio renewal reduces maintenance costs and a high quality property can be more easily let or sold.

#### Diversification by geographical area and type of property

Wereldhave attempts to limit the risks of the cyclical property market. This is achieved both by geographical portfolio diversification between the markets of continental Europe, the United Kingdom and the United States and by investing in offices, shopping centres, industrial property and residential property. Diversification facilitates the portfolio renewal.

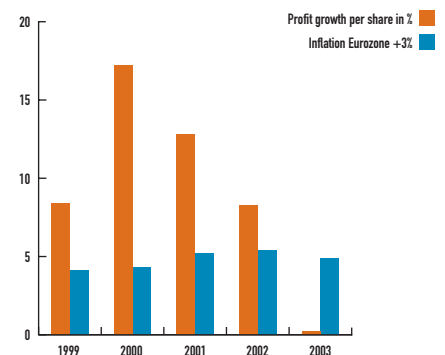
#### In-house management with local know-how

Wereldhave has in-house management with offices in the countries in which Wereldhave operates. This enables an efficient service to tenants and an attractive return to shareholders. The local organisations offer a "window on the market" and offer support to the investment and disinvestment strategy.

#### Innovation and responsible corporate citizenship

Embedded in Wereldhave's Business Principles is a commitment to durable innovative measures which lower total costs and raise tenant flexibility, whilst simultaneously relieving the pressure on the environment. Waste products will increasingly be taxed, making demolition and renovation progressively more expensive. Wereldhave pre-empts this problem by applying our own environmental and sustainability criteria to the choice of materials and a building's energy and water requirements.

### Profit growth / inflation Eurozone +3%



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## Preliminary Report of the Supervisory Board

### To the Annual General Meeting of Shareholders

#### Recommendation

We have pleasure in submitting the Report of the Board of Management and the Annual Accounts for 2003. PricewaterhouseCoopers Accountants N.V. have audited and approved the accounts. We propose the approval of the accounts and support the proposal of the Board of Management to pay a cash dividend of EUR 4.45 per share.

#### Activities of the Supervisory Board

The Supervisory Board convened six times during 2003. The Board paid special interest during the year under review to the Corporate Governance recommendations of the Tabaksblat Committee. The Board has decided to implement these recommendations, with some minor exceptions, with the annual report for the year 2003. The Board will justify the implementation of the Code on the Annual General Meeting of Shareholders on March 24, 2004. An extensive report of the activities of the Board can be found on page 50 of this Annual Report.

#### Proposed (re-)appointment

At the Annual General Meeting to be held on March 24, 2004 Messrs. F.H.J. Boons and H.M.N. Schonis will retire by rotation. Mr. Boons has completed the maximum permissible term of office of 8 years as laid down in the Board's new regulations and so is not available for re-election. The Supervisory Board and the Board of Management are deeply grateful to Mr. Boons for his valued contribution to the Supervisory Board's work during many years. Mr. Schonis is available for re-election for a one-year term. In accordance with Article 14 (3) of the Articles of Association the Foundation for the holding of priority shares of Wereldhave N.V. proposes the re-election of Mr. H.M.N. Schonis for a term of one year and the election of Mr. H. van Nimwegen. Both nominees match the profile applying to members of the Supervisory Board as revised in 2003. The expertise of Mr. Schonis in the field of tax law and his performance as member of the Supervisory Board and Mr. Van Nimwegen's expertise in the area of risk management systems and management information justify their nomination.

On behalf of the Supervisory Board,  
F.H.J. Boons, Chairman

The Hague, February 19, 2004



## Report of the Board of Management

### 2003: The main events

On March 28, 2003, a department store of 12,117 m<sup>2</sup> n.l.a. with 234 parking spaces in Tapiola, Espoo, Finland was acquired by way of a sale and leaseback agreement. The acquisition price including costs amounted to EUR 37.7 mln. The property has been let to Stockmann for a period of 10 years at a net initial yield of 7.25%. The lease is partly turnover related, which in time can contribute to a further increase in yield. During the year 2003, turnover of the department store increased by 2.9%.

In the course of the third quarter Wereldhave acquired the commercial space at the new Aviodrome in Lelystad. The total investment outlay amounts to EUR 4.5 mln for a net initial yield of around 6.5%. The building was transferred to the investment portfolio during the fourth quarter of 2003. In Rivas, near Madrid, Spain, an industrial building of 35,248 m<sup>2</sup> was transferred to the investment portfolio. In Belgium, an industrial building of 22,610 m<sup>2</sup> in Meer, an office building of 12,989 m<sup>2</sup> on the Medialaan in Vilvoorde and another of 11,416 m<sup>2</sup> in Berchem were transferred to the investment portfolio. The value of these additions amounted to EUR 59.1 mln as at December 31, 2003.

Investment properties were sold in the United Kingdom and Hungary. The proceeds of EUR 4.8 mln were slightly in excess of book value. A surplus of EUR 6.8 mln was generated with the sale of a development property in the United Kingdom.

The development portfolio consists of an office project of 14,000 m<sup>2</sup> in Washington, United States (due for completion second quarter 2005), an industrial building of 15,200 m<sup>2</sup> in Alphen aan den Rijn in the Netherlands (work begins in March 2004 and completion is scheduled for early 2005), two industrial buildings in The Hague totalling 9,935 m<sup>2</sup> and the apartment complex "Saxon Woods" in McKinney, United States. The development portfolio amounted to EUR 88.1 mln at the end of 2003 (2002: EUR 124.9 mln).

Wereldhave's ordinary shares have been quoted on the Euronext Paris exchange since December 10, 2003. The shares continue to be traded in Amsterdam.

As from January 1, 2004 the activities of Wereldhave N.V. in France qualify for the tax treatment applicable to S.I.I.C.'s (Sociétés d'Investissements Immobiliers Cotées).

### Purchase of a department store in Tapiola, near Helsinki

### Five new properties with a total value of EUR 59.1 mln added to the investment portfolio

### Disposals in Hungary and the United Kingdom

### Development portfolio

### Introduction of shares on Paris stock market

### S.I.I.C. status in France





## Results and equity

Profit after tax increased by EUR 0.2 mln or 0.01 per share, compared to the previous year. The adverse effect on the results of EUR 6.5 mln (from lower exchange rates for the U.S. dollar and, to a lesser extent, for the pound sterling), EUR 2.3 mln higher taxes and EUR 0.7 higher general costs were compensated by lower interest charges (EUR +2.6 mln), autonomous increases in net rental income (EUR +4.9 mln) and additions to the investment portfolio (EUR +2.2 mln).

The indirect investment result for 2003 amounted to EUR -42.4 mln, arising from currency movements (EUR -28.1 mln), property disposals (EUR 6.9 mln), property revaluation (EUR -6.8 mln) and other movements (EUR -14.4 mln). Net asset value per share before deduction of the proposed cash dividend amounted to EUR 66.35 at December 31, 2003 (2002: EUR 66.99).

### Dividend

Payment of a cash dividend of EUR 4.45 will be proposed to the Annual General Meeting of Shareholders. A dividend of EUR 4.45 implies a pay-out ratio of 75.3%. Wereldhave targets a pay-out ratio of 75% to 85% of net profit subject to the requirement to distribute the profit as calculated for tax purposes. The background to this policy is the need to make regular investments in our properties in order to maintain their attractiveness as accommodation. This policy has a positive effect on the growth of profit per share.

### Stock market performance

Wereldhave Shareholders earned a total return on their investment of 19.2%, which is 0.5% lower than on the EPRA (European Real Estate Association) Return Index (Euro). The price/earnings ratio at the end of 2003 was 10.0. Average daily turnover on the Amsterdam stock exchange amounted to circa 30,500 shares. Wereldhave is one of the constituents of the Dow Jones Sustainability World Index and has formed part of the Amsterdam Midkap Index since March 1, 2003. Options on Wereldhave shares will be traded on Euronext liffe as from January 8, 2004.

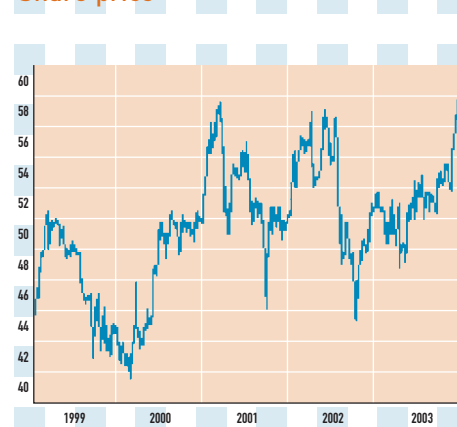
### S.I.I.C. status in France

With the foundation of a permanent establishment (établissement stable) in France and the introduction of Wereldhave ordinary shares on the Euronext Paris stock exchange (Premier Marché) Wereldhave qualifies in France for application of the tax regime for S.I.I.C.'s (Sociétés d'Investissements Immobiliers Cotées). This means that operating profits and capital gains in France are exempt from taxes provided at least 85% of operating profits are distributed as dividend and, in the case of capital gains, at least 50% is distributed within two years of realisation. On adopting S.I.I.C. status, The French tax authorities levy a charge on the difference between market value and book value of the property portfolio, less any losses available for compensation. This "exit tax" is levied at a 16.5% rate. In Wereldhave's case the exit tax amounts to around EUR 8.9 mln. The amount is payable over a four years period and is accounted for under debts. EUR 4.8 mln of this amount was deducted from the provision for contingent tax liabilities. The remainder is included in shareholders' equity as at December 31, 2003.

### Movements in net assets value per ordinary share ranking for dividend (x EUR 1)

	2003	2002		2003	2002
Net assets value at Jan. 1, before distribution of profits	66.99	67.55	Indirect investment result:		
less: dividend previous year	4.40	4.10	- revaluations	./. 0.34	./. 1.26
	62.59	63.45	- exchange rate differences/other movements	./. 1.81	./. 1.10
			Net assets value at Dec. 31, before distribution of profits	66.35	66.99
			less: (proposed) cash dividend	4.45	4.40
Direct investment result: - profit	5.91	5.90	Net assets value at Dec. 31, net of (proposed)	61.90	62.59

### Share price



## Finance and currencies

### Equity

Wereldhave uses as a guideline for the longer term a solvency ratio of 60%, plus or minus 10%. Sound balance sheet ratios limit the sensitivity to any future increases in interest rates and provide flexibility for future investment requirements. No shares were issued in 2003. The total number of ordinary in issue as at December 31, 2003 amounted to 19,691,735. Ownership is spread amongst institutional and private investors, both within The Netherlands as abroad. With the exception of the 6.4% of shareholders' capital owned by the Foundation for the holding of Wereldhave preference shares Wereldhave knows of no holdings of more than 5%. The free float of the ordinary shares amounts to 100%. At the end of December 2003 shareholders' equity, including the proposed dividend distribution, amounted to EUR 1,310.0 mln (2002: EUR 1,322.7 mln). This represents 64.9% (2002: 63.7%) of total assets.

### Debt financing

Wereldhave aims for a balanced spread of debt maturities over the medium term. The Group's financing is arranged on unsecured basis by several international banks. Long-term debt at December 31, 2003 amounted to EUR 575.5 mln (2002: EUR 633.2). The reduction of debt largely reflects the depreciation of the U.S. dollar and the pound sterling and is the result of our currency hedging policy. Wereldhave's strong balance sheet enables the Group to profit from low variable interest rates. At the end of 2003 74% (2002: 71%) of the long-term debt carried a variable interest rate.

As a result of falling interest costs the average interest rate dropped from 4.2% in 2002 to 3.4% in 2003. Given the expected direction of interest rate movements this policy will be continued for the time being. As soon as a clear upward trend in interest rates is evident we shall consider switching to fixed rates. A movement of 0.5% in money market rates leads, in the absence of a policy response, to a movement of circa EUR 0.10 in profit per share.

### Currencies

The standard guideline for covering the currency risk on the American and British property portfolios is a hedging ratio of 70%, but with a permissible range of 30% - 70%. At the end of 2003 both the dollar and the pound sterling exposure were covered for around 70% (2002: 70%). This hedging policy has limited the fall in the value of the portfolio of EUR 99.8 mln due to currency movements to a drop of EUR 28.1 mln in shareholders' equity. A movement of 10% in the dollar and pound sterling against the euro results in a movement of EUR 0.22 profit share.

### Derivatives

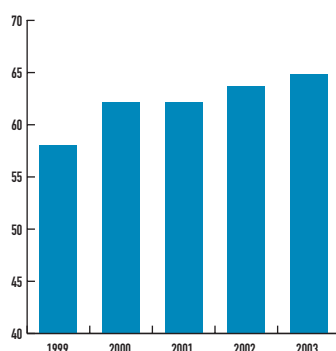
The use of financial instruments such as interest rate and currency swaps is limited to covering underlying positions or transactions. Only well respected banks qualify as a partner for such financial instruments.

### Price (x 1 EUR)

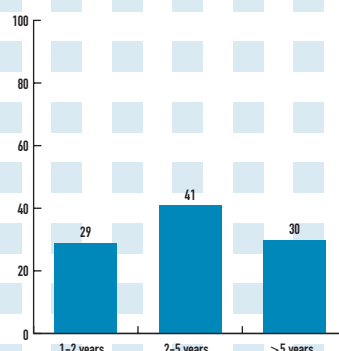
2001	2002	2003	2003
59.95	59.45	60.70	highest 10.3
46.00	45.30	49.01	lowest 8.3
52.45	53.50	59.35	year end 10.0

### P/E

### Equity in % of total assets (before distribution of profits)



### Maturity spread loans in %



## Development of the portfolio

In 2003 Wereldhave made purchases totalling EUR 43.3 mln in Finland and the Netherlands and sold property to a total value of EUR 15.5 mln in the United Kingdom and Hungary.

The investment involves a department store in a sale and leaseback transaction. Five development properties with a total value of EUR 59.1 mln were transferred to the investment portfolio in 2003: two offices in Belgium (Berchem and Vilvoorde), industrial buildings in Belgium (Meer) and Spain (Rivas) and in the Netherlands the commercial premises in the new aviation theme park, Aviodrome (Lelystad). Industrial properties in the Hague and Alphen aan den Rijn were removed

from the investment portfolio prior to demolition and redevelopment.

Through these transactions and currency movements the relative weight of office investments increased and the relative weighting of the United States fell. EUR 17.7 mln was invested in existing properties in the investment portfolio and EUR 31.0 mln in development properties. The investment portfolio was revalued downwards in local currencies by 0.2%. The average occupancy rate in 2003 was 93.7% (2002: 96.1%). At the end of 2003 the investment portfolio was valued at EUR 1,844.0 mln and the development portfolio at EUR 88.1 mln.

### Net sales proceeds of the investment portfolio (x EUR 1 mln)

	Netherlands	Belgium	Germany	Finland	France	Hungary	Spain	UK	US	total
1994	4.7	–	–	–	–	–	–	13.8	–	18.5
1995	0.8	–	–	–	13.3	–	–	2.3	–	16.4
1996	37.8	16.3	–	–	–	–	–	4.8	–	58.9
1997	0.7	8.6	–	–	–	–	4.1	156.6	50.4	220.4
1998	0.8	72.2	25.8	–	20.4	–	9.3	–	–	128.5
1999	30.9	7.9	–	–	–	–	–	72.7	–	111.5
2000	1.1	45.7	–	–	36.9	–	–	–	–	83.7
2001	1.5	–	–	–	–	0.7	–	12.5	–	14.7
2002	14.1	17.4	–	–	145.7	–	–	10.2	–	187.4
2003	–	–	–	–	–	2.1	–	2.7	–	4.8
total	92.4	168.1	25.8	–	216.3	2.8	13.4	275.6	50.4	844.8

### Net sales proceeds of the investment portfolio (as a % of book value)

	Netherlands	Belgium	Germany	Finland	France	Hungary	Spain	UK	US	total
1994	103	–	–	–	–	–	–	102	–	102
1995	113	–	–	–	97	–	–	103	–	98
1996	100	106	–	–	–	–	–	107	–	102
1997	124	100	–	–	–	–	101	101	105	102
1998	116	124	91	–	101	–	96	–	–	110
1999	102	117	–	–	–	–	–	121	–	115
2000	156	175	–	–	109	–	–	–	–	138
2001	157	–	–	–	–	103	–	110	–	113
2002	92	188	–	–	114	–	–	102	–	115
2003	–	–	–	–	–	106	–	101	–	103
average	101	135	91	–	110	105	97	106	105	111

### Portfolio distribution

	99	00	01	02	03
Offices	53	56	58	52	48
Shops	32	30	28	36	39
Other	15	14	14	12	13

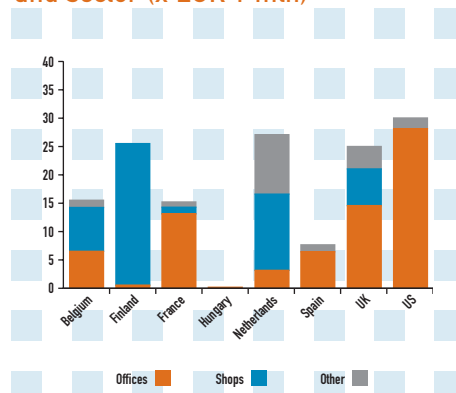
### Portfolio geographical distribution

	99	00	01	02	03
Belgium	12	9	11	10	12
Finland	–	–	–	17	20
France	18	14	16	12	11
Hungary	<1	<1	<1	<1	–
Netherlands	19	19	18	18	19
Spain	1	5	5	4	5
UK	26	24	22	17	17
US	23	28	27	21	16

### Net rental income per country

	(as a % of the net rental income)				
	99	00	01	02	03
Belgium	11.7	10.2	11.3	10.3	10.6
Finland	–	–	–	14.9	17.5
France	11.5	15.6	13.8	10.3	10.4
Hungary	0.5	0.4	0.2	0.1	0.1
Netherlands	29.0	19.9	19.1	17.3	18.6
Spain	1.0	1.5	4.5	3.9	5.2
UK	30.1	25.1	22.5	19.1	17.1
US	16.2	27.3	28.6	24.1	20.5
Total	100	100	100	100	100

### Net rental income per country and sector (x EUR 1 mln)



## Organisation and staff

### Staff matters

Wereldhave employed an average of 100 staff in 2003 (2002: 104), of whom 64 (2002: 66) worked in our local management offices. It is expected that staffing will stabilise at this level so long as the current composition of the portfolio does not alter.

In May 2003 the Board of Management of Wereldhave set out its business principles and code of conduct in two documents which prescribe how management and staff conduct themselves both personally and in a professional capacity. These documents can be found on [www.wereldhave.com](http://www.wereldhave.com) and on the internal network. In December 2003 a new set of rules was introduced governing provisions for reporting alleged irregularities in conformity with the model set out by the Dutch Labour Foundation, which establishes fixed procedures whereby employees can adequately report suspected abuses within the Group company where they are employed without prejudicing their own position.

We should like to thank all our staff for their efforts and involvements during the year under review. We are pleased to announce that a profit sharing bonus in respect of 2003 will be paid to our employees in April. A bonus is paid whenever profit per share matches or exceeds the previous year's level.

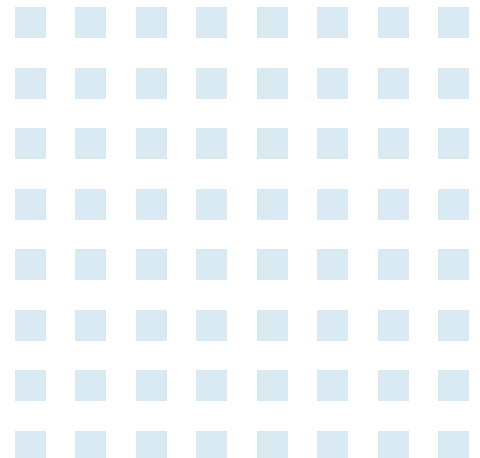
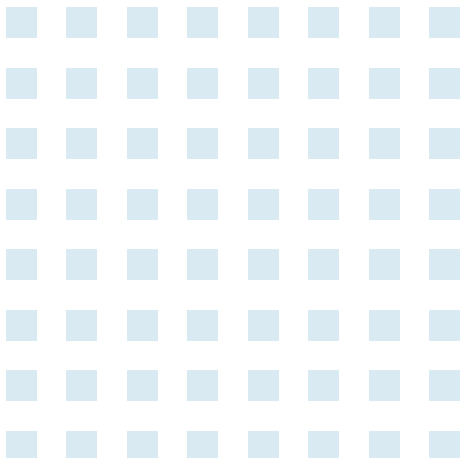
### Supervisory Board

At the General Meeting of Shareholders to be held on 24 March 2004 Mr F.H.J. Boons will retire as Chairman of the Supervisory Board. Mr Boons has been a Supervisory Director of Wereldhave since 1984 and became Chairman of the Board in 2000.

The Board of Management of Wereldhave would like to express its sincere thanks to Mr Boons for the manner in which he has performed his duties as Supervisory Director.

## National market reviews

The key economic figures in this section have been drawn from the December 2003 edition of the OECD publication 'Economic Outlook'. Revaluation figures have been calculated in local currencies. The occupancy rate is defined as the annual rental income (assuming zero vacancies), minus rental losses due to vacancies, expressed as a percentage of annual rental income.



## Belgium

In comparison with other European cities the office market in the centre of Brussels remained fairly strong in 2003. In the Quartier Léopold the vacancy rate was limited to 3.5%, thanks mainly to the expansion of the European Union. The vacancy rate in the centre of Brussels as a whole drifted upwards from 4.2% to 5.2%. In the outer suburbs and on the periphery, however, 20% of office space is unlet. The most popular location in Brussels is the immediate vicinity of the Place Schumann, where the main EU institutions are housed. Market rents in this area had risen to EUR 275 per m<sup>2</sup> by the end of 2002, early 2003. The average market rent for office space in the centre amounts to ca. EUR 200 per m<sup>2</sup>. Total office lettings appear to have jumped by 60% in 2003. This is, however, largely due to the lettings of developments to the Belgian Government and to purely financial transactions such as sale and leaseback agreements, resulting in little or no impact on vacancies.

At 6% the vacancy rate in Antwerp is well below the level of 10% holding in Brussels. Nevertheless the Antwerp office market is demonstrably weak. Total lettings in 2003 are estimated at 80,000 m<sup>2</sup>, including only one large transaction. Top rentals in Antwerp remain EUR 135 per m<sup>2</sup>, making Antwerp one of the cheapest major office locations. There is little demand for offices with large floor plates.

With the expansion of the public sector in Brussels service employment has grown and there has been an increasing demand for housing in the Brussels area. Rising land prices and increasing traffic congestion make Brussels less attractive for companies requiring large floor areas. Many storage and distribution companies have therefore relocated to new buildings in cheaper locations such as Genk, Liège and Antwerp. Only the best sites in Brussels yield rents of EUR 55 per m<sup>2</sup>. Other locations yield at best EUR 40 per m<sup>2</sup>. Net initial yields

for favourably located industrial properties in Brussels are unchanged at 8.5%.

Market rents in Belgium's top shopping streets, Brussels' Rue Neuve and Avenue Louise fell by approximately 5% in 2003 to EUR 1,250 and EUR 1,100 per m<sup>2</sup> respectively. Rents on the Meir in Antwerp dropped by 3% to EUR 1,200 per m<sup>2</sup>. Belgians are increasingly shopping in indoor retail centres, market rents for which rose in 2003. Negotiations for a large number of re-lettings were successfully completed in Wereldhave Belgium's three shopping centres. The average rental increases amounted to 20% in Liège, 30% in Nivelles and 17% in Tournai. Net initial yields for prime retail properties fell to around 6% in 2003. During 2003 an office building of 12,989 m<sup>2</sup> in Vilvoorde, an office building of 11,416 m<sup>2</sup> in Berchem and an industrial property of 22,610 m<sup>2</sup> in Meer were transferred to the investment portfolio. The property in Meer is fully let. Approximately 1,200 m<sup>2</sup> of the building in Berchem has been let.

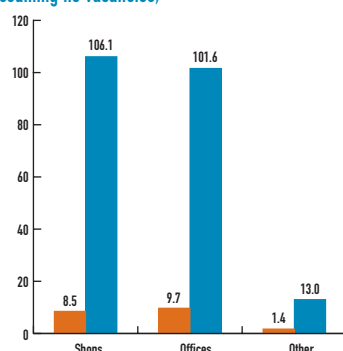
The occupancy rate in Wereldhave Belgium's portfolio averaged 91.9% in 2003 (2002: 95,8%). Wereldhave's interest in Wereldhave Belgium at year end remained unchanged from 2002 at 68.2%. The Belgian portfolio was valued at EUR 220.7 mln. There were no development properties at December 31, 2003. The investment portfolio was revalued upwards by 0.9%, exclusive of a depreciation to the amount of EUR 2.3 mln of development properties that were transferred to the investment portfolio during 2003.

Wereldhave Belgium sees letting the office buildings in Vilvoorde and Berchem as its most important task in 2004.

	2003	2002
Economic growth	0.7	0.7
Inflation	2.5	1.7
Growth private consumption	1.8	0.4
Growth corporate investment	0.3	-2.2
Growth in employment	-0.2	-0.3
Unemployment rate	8.2	7.3

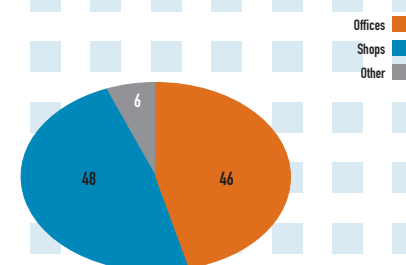
### Annual rent and market value

(in millions of Euro, at December 31, 2003 assuming no vacancies)



### Distribution of investments

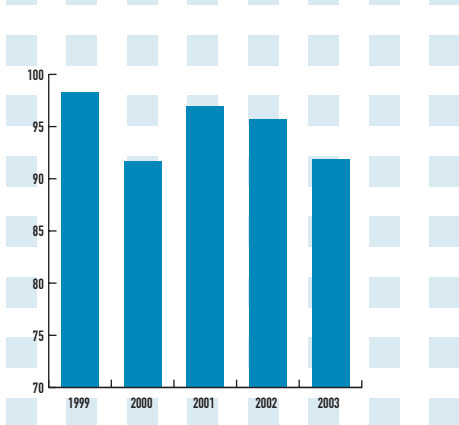
(as a % of market value)



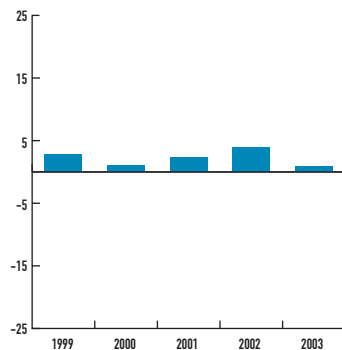


22-25 Boulevard Bischoffsheim, Brussels

**Average occupancy rate (as a %)**



**Revaluation of investment properties (as a %)**



**General lease conditions**

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

## Finland

At the end of the "high tech boom" in 2001 the vacancy rate in the Helsinki office market had dropped to the extremely low level of 1%. Somewhat more than two years later the vacancy rate has risen to 7%. As a result market rates, which reached a maximum of EUR 330 per m<sup>2</sup> in 2001 have fallen to EUR 285 per m<sup>2</sup>. New offices on the outskirts of the city are being let at EUR 200 per m<sup>2</sup> and older offices often yield not more than EUR 150 per m<sup>2</sup>. The cause of the rising vacancy rate is the lag between movements in demand and additions to supply. In 2001, 300,000 m<sup>2</sup> was added to supply, followed by another 200,000 m<sup>2</sup> in 2002 and 125,000 m<sup>2</sup> in 2003. After two difficult years it is to be expected that net lettings in 2004 will turn positive but it is still too early for a rise in market rents.

Lower economic growth rates have depressed the demand for industrial properties. Nevertheless, at 1.8%, the vacancy rate in Helsinki is still relatively low. The level in other cities is 3 to 4%. The tight market is largely the result of the low level of new construction, which has held the vacancy rate down. Despite this low vacancy rate market rents have remained stable at around EUR 85 per m<sup>2</sup>. It is expected that the main locations in Helsinki will move eastwards to where a new harbour will become operational in 2006. This will free up old industrial sites in the centre and along the inner ring-road for redevelopment. A new industrial estate is also being developed close to the airport at Vantaa.

The retail market was largely unchanged in 2003. Sales per m<sup>2</sup> and market rents rose slightly in the better shopping locations such as the central business districts, the large regional shopping centres and smaller shopping centres with a loyal local clientele. Shops in other locations have in many cases lost ground. Market rates at top locations have remained steady at EUR 1,400 per m<sup>2</sup>, a level only seen in the Central Business District and large regional shopping centres of Helsinki.

The highest rents elsewhere are around 40% lower. Major expansion and redevelopments are planned in Helsinki (the Kamppi centre) and in Espoo Leppävaara. Their completion in 2005 and 2006 will lead to a further step up in the size of the Finnish retail market.

Turnover in the Itäkeskus shopping centre developed favourably in 2003 with an average increase of 2.2%. On March 28, 2003, a department store of 12,117 m<sup>2</sup> n.l.a. with 234 parking spaces in Tapiola, Espoo was acquired by way of a sale and leaseback agreement. The acquisition price including costs amounted to EUR 37.7 mln. The property has been let to Stockmann for a period of 10 years at a net initial yield of 7.25%. The lease is partly turnover related, which in time can contribute to a further increase in yield. During the year 2003, turnover of the department store increased by 2.9%.

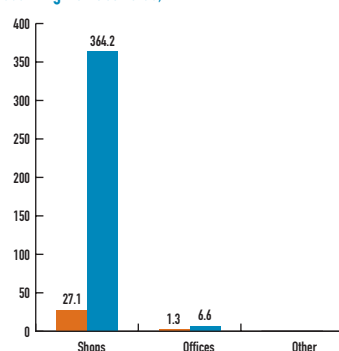
The occupancy rate of the Finnish portfolio averaged 98.2% in 2003 (2002: 98.6%). The value of the portfolio, which includes no development properties, amounted to EUR 370.8 mln as at December 31, 2003. The portfolio was revalued upwards by 2.7%.

In 2004 Wereldhave's Finnish organisation will make it its priority to add new properties to the portfolio.

	2003	2002
Economic growth	1.0	2.2
Inflation	0.5	1.1
Growth private consumption	3.2	1.5
Growth corporate investment	-3.7	-4.0
Growth in employment	-0.1	-0.2
Unemployment rate	9.2	9.1

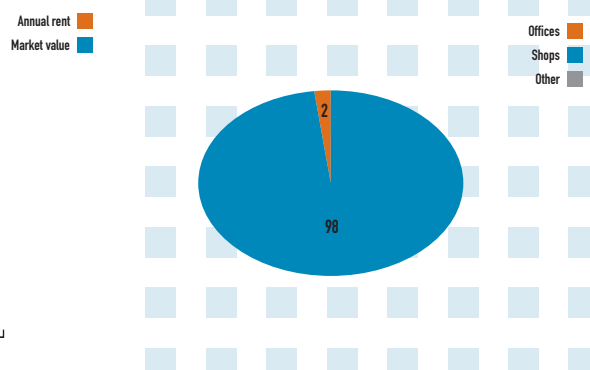
### Annual rent and market value

(in millions of Euro, at December 31, 2003  
assuming no vacancies)



### Distribution of investments

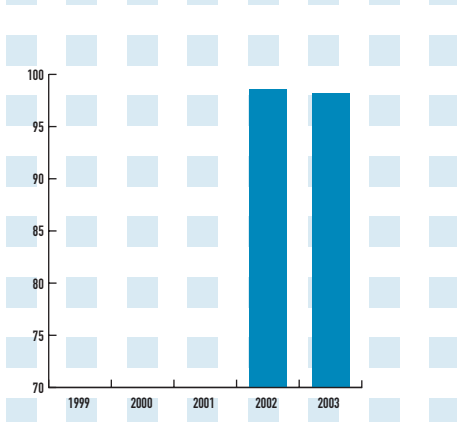
(as a % of market value)



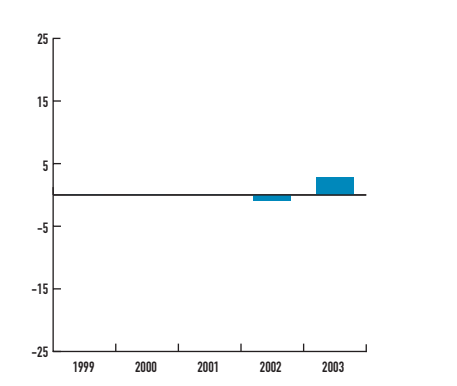


Itäkeskus shopping centre, Helsinki

**Average occupancy rate (as a %)**



**Revaluation of investment properties (as a %)**



**General lease conditions**

1. Term: 5 years with a mutual option at the end of the term to extend or renegotiate.
2. Rent increases: annual increases based on increases in the consumer price index. Part of the rental payment is related to turnover.
3. Outgoings: structural maintenance only is for the landlords' account.



## France

The vacancy rate in the Paris office market rose from 6.1% to 6.5% of the total stock, equivalent to 3 mln m<sup>2</sup>, in 2003. Compared to other large European cities there is relatively little office space in the process of construction (approximately 1.3 mln m<sup>2</sup> at the end of 2003). This probably means that the vacancy rate will rise less sharply than elsewhere. Assuming moderate economic growth and modestly positive net absorption levels, the vacancy rate can be expected to move upwards to approximately 8.5% during the next two years. Thanks to the limited rise in the vacancy rate market rents dropped only slightly in 2003. The top rents are now 15% below the levels holding in 2001. Differences between the various submarkets widened further in 2003. In the Central Business District the vacancy rate hovers around 5%. In La Defense the vacancy rate has climbed to around 10% but the vacancy rate in other peripheral areas to the West of Paris has fallen slightly to around 8%. One remarkable aspect of the market in 2003 was the fact that most large lettings took place in the centre and not on the outskirts. In locations to the north of the city, Saint Denis, the vacancy rate has risen and the number of new developments under construction has fallen sharply. The net initial yield on prime office buildings remained stable at just over 6%.

Lettings of industrial buildings used for storage and distribution slumped by more than 50% in 2003. It is to be expected that new entrants to the EU, thanks to their low wage levels, will secure a larger share of transport activities within Europe. After rising steeply in 2002, vacancies stabilised at around 1 mln m<sup>2</sup>, largely as a result of the sharp fall in new construction. Differences in market rents for industrial properties are beginning to widen. Many industrial properties in France are obsolete. Rents of EUR 60 per m<sup>2</sup> are being paid for large attractive industrial properties in Paris; EUR 45 per m<sup>2</sup> is more typical in the provinces. The market for smaller industrial properties

(between 500 and 3,000 m<sup>2</sup>) remained stable in 2003.

The vacancy rate dropped and market rents rose slightly. EUR 85 per m<sup>2</sup> is being paid for attractive small properties in Paris and EUR 55 per m<sup>2</sup> in the provinces. Net initial rental yields for industrial property in France is a fairly high 9%.

In recent years France has allowed its public sector deficit to grow in order to stimulate employment. A beginning has been made on carrying out structural reforms. At the same time unemployment has been rising. The result has been that consumers have trimmed their expenditure, especially their purchases of durable goods (such as furniture) and luxury items (clothes, shoes) and going out. After a number of years of steady increases, retail rents stabilised in 2003. This holds for both the main shopping streets of Paris and the large shopping centres. Net initial yields on prime shops and shopping centres rose slightly in 2003 from 6.25% to 6.5%.

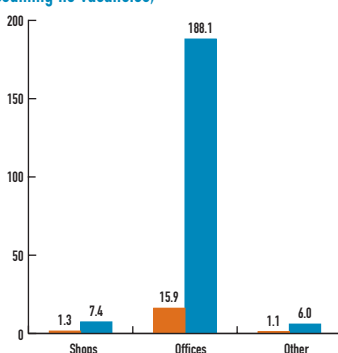
During 2003 no changes took place in the composition of the portfolio. Wereldhave's French investments enjoy the tax status of S.I.I.C. as from January 1, 2004. More details can be found on page 8. The occupancy rate in the French portfolio averaged 94.4% in 2003 (2002: 98.4%). The value of the portfolio, which includes no development properties, amounted to EUR 201.5 mln. The portfolio has been revalued upwards by 1.8%.

During 2004 the French management organisation will focus its attention on letting the remaining vacant space in Clichy and the expansion of the portfolio to benefit from the advantageous fiscal regime.

	2003	2002
Economic growth	0.1	1.3
Inflation	1.5	1.9
Growth private consumption	1.6	1.5
Growth corporate investment	-1.1	-1.4
Growth in employment	-0.1	-0.4
Unemployment rate	9.6	9.0

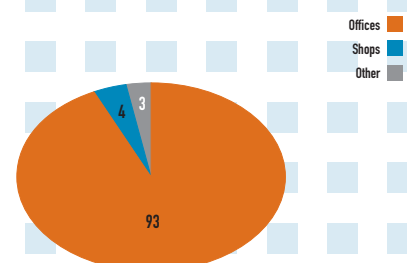
### Annual rent and market value

(in millions of Euro, at December 31, 2003  
assuming no vacancies)



### Distribution of investments

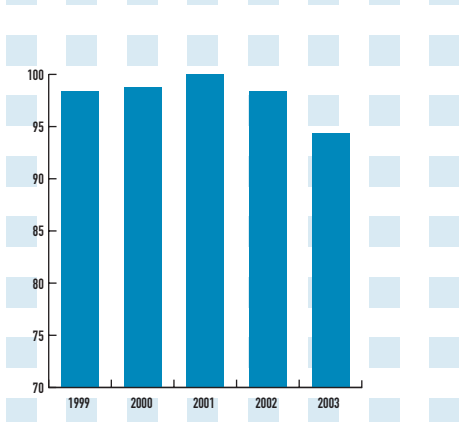
(as a % of market value)



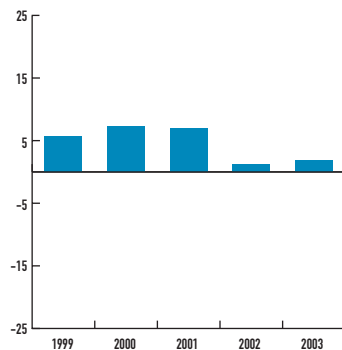


45-49 Rue Kléber, Levallois-Perret

**Average occupancy rate (as a %)**



**Revaluation of investment properties (as a %)**



**General lease conditions**

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

## The Netherlands

The total amount of available office space in the Netherlands increased by about 15% to the record level of 5.5 mln m<sup>2</sup>. The most important cause is that too much new space has been built in recent years. In addition, employment growth has stalled. Net absorption in 2003 was slightly negative. Subletting has led to high incentives and sharply lower effective market rents. Despite lower market rents, more than 20% less space was let than in 2002, especially in Rotterdam and The Hague. For the country as a whole the current vacancy rate is approximately 12%. The vacancy rate is relatively low in The Hague and Rotterdam, where there has been little speculative development. The highest vacancy rate is in Amsterdam. Little improvement can be expected in the short term. In the longer term prospects are best for the larger and more liquid markets. Investors are still paying high prices for prime offices with long-term rental contracts. Net initial yields are now around 6.5%. The low level of interest rates is a major explanatory factor.

The vacancy level in the Dutch market for industrial accommodation has increased by 20% and effective market rents have fallen by around 10% in Amsterdam and 5% in Rotterdam. Older industrial property is becoming obsolete and available for redevelopment. Some 4.5 mln m<sup>2</sup> of industrial sites will be converted to alternative uses, specifically housing and offices, in the next few years. In addition, more than 30 mln m<sup>2</sup> of industrial sites will be restructured by the end of 2008. The most important trends in recent years have involved intensive and sustainable space utilisation, parking space management, restructuring and transformation. The need for site management with the shared provision of services such as security and energy purchasing, etc. is increasing.

The total amount of available retail accommodation in the Netherlands increased by 20% during the year under review to the previously unheard of level of 6% of total retail space.

At the same time retail sales fell by 3% in volume terms. Retail rents will show scarcely any increase in the near future. Visitor frequency at the Kronenburg shopping centre in Arnhem increased as a result of the improvement in tenant mix in 2002 and the addition of a discount supermarket. Visitor frequency at the Winkelhof centre in Leiderdorp remained at the same high level as in 2002. Visitor frequency in Etten-Leur fell, mainly as a consequence of extensive construction activity in the immediate vicinity and changes in the location of parking facilities. The accessibility of the shopping centre will improve in early 2004 with the opening of a direct connection to the new underground parking facilities.

At the Ypenburg industrial complex the reconstruction of a pre-let industrial building with office annex (circa 1,535 m<sup>2</sup>) began in 2003 with completion due early 2004. Along the N11 highway in Alphen aan den Rijn construction will begin during the first quarter of 2004 on a distribution centre (15,200 m<sup>2</sup>) on a site where an industrial building was demolished. At the end of 2003 the National Aviation Theme Park Aviodrome opened in Lelystad. Wereldhave owns the commercial facilities of the park, including entrance building, restaurants, film theatre and offices. The rent is partly related to the number of visitors.

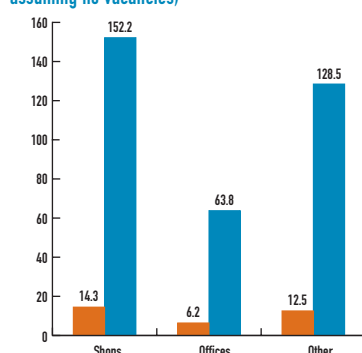
The average occupancy rate in the Dutch investment portfolio in 2003 amounted to 85.6% (2002: 89.9%). As at December 31, 2003 the investment portfolio was valued at EUR 344.5 mln and the development portfolio at EUR 17.6 mln. The Dutch development portfolio was revalued downwards by 3.5%. The Dutch investment portfolio was revalued upwards by 1.1%.

The most important task of Wereldhave's Dutch management organisation in 2004 will be raising the occupancy rate and a possible extension to the shopping centre in Arnhem.

	2003	2002
Economic growth	-0.5	0.2
Inflation	2.7	3.4
Growth private consumption	-1.1	0.8
Growth corporate investment	-1.7	-4.5
Growth in employment	-0.9	1.1
Unemployment rate	3.7	2.3

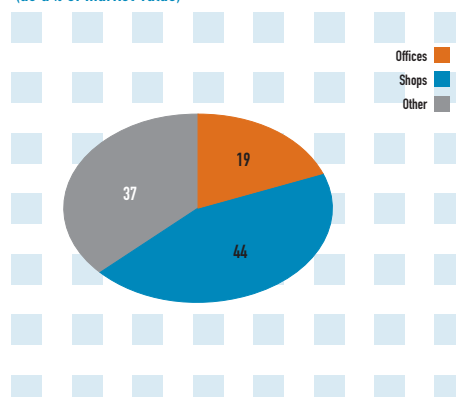
### Annual rent and market value

(in millions of Euro, at December 31, 2003  
assuming no vacancies)



### Distribution of investments

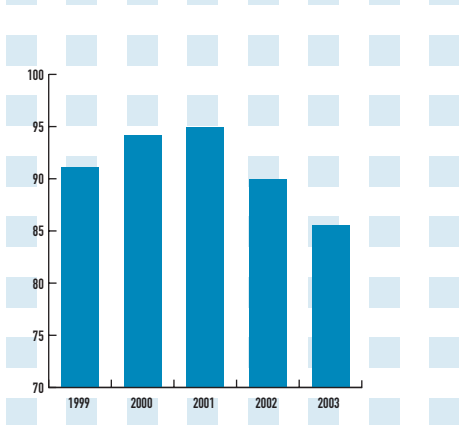
(as a % of market value)



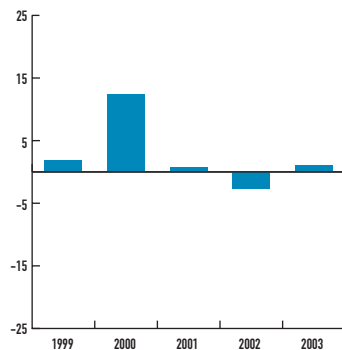


108 Laan van Ypenburg, The Hague

**Average occupancy rate (as a %)**



**Revaluation of investment properties (as a %)**



**General lease conditions**

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

## Spain

Gross lettings of office space in Madrid increased from 450,000 m<sup>2</sup> in 2002 to 575,000 m<sup>2</sup> in 2003. This increase is due to tenants relocating to new accommodation. Net lettings were unchanged in 2003. New construction activity has increased considerably in recent years. The projects involved are now coming on to the market, causing a sharp rise in vacancies. During the year under review the supply of vacant office space in Madrid increased from 300,000 m<sup>2</sup> to 950,000 m<sup>2</sup>. Furthermore, the development pipeline is not yet empty. In three years market rents have fallen by 30% to EUR 320 per m<sup>2</sup>. The steepest drops have been registered along the M30 motorway and on the outer limits of the city where new development activities have been most extensive. In the old Central Business District, where there are many smaller high-status offices and where is little room for new development, rents have fallen least.

Remarkably, net initial yields have not risen despite the increase in vacancies and the fall in market rents. Prime office properties yield 6% on the Castellana and 6.5% in the centre. Net initial yields in the more outlying areas are higher in view of the extra risk of vacancies.

The slowdown in economic growth has led to a lower demand for larger industrial properties. The demand for small units has held relatively steady. Gross lettings amounted around 1.1 mln m<sup>2</sup> in 2003, against 1.4 mln m<sup>2</sup> in 2002. This steep decline has caused the total vacancy rate to rise from 4.3% in 2002 to 5.3%, equal to 1.1 mln m<sup>2</sup>. As vacancies have increased market rents have fallen between 5 to 15%. The largest falls have been recorded in the more expensive locations to the north of the city, where market rents amount to EUR 90 to 95 per m<sup>2</sup>, compared with EUR 60 to 65 per m<sup>2</sup> to the south. Higher vacancies and falling rents have discouraged new development activity. At the end of 2003 the development

pipeline, which consists largely of smaller industrial buildings, amounted to 270,000 m<sup>2</sup>.

Given Spain's traditional high density in city planning and the high level of consumer expenditure the main shopping streets in the Spanish cities continue to do reasonably well. Shop rents in these locations rose slightly in 2003 to reach around EUR 1,600 per m<sup>2</sup>. Overall, however, average rents are unchanged. Competition amongst the Spanish retail chains is fierce. The big chains are interested above all in large shops in prime shopping locations with a high turnover per m<sup>2</sup>. Outlets in the major shopping streets are smaller and generally support a higher turnover per m<sup>2</sup> than shopping centres on the outskirts of the cities. The best retail sites in Spain will continue to be found in the main shopping streets of the large cities.

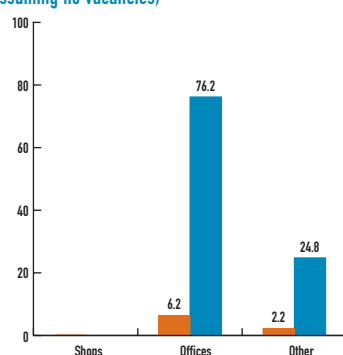
In 2003 an industrial complex of 35,248 m<sup>2</sup> in Rivas-Vaciamadrid was transferred to the investment portfolio. 80% of the property has been let. No other changes took place during the year under review in the Spanish portfolio. The occupancy rate averaged 95.2% in 2003 (2002: 99.1%). The value of the investment portfolio amounted to EUR 101.0 mln at December 31, 2003. Wereldhave holds no development properties in Spain. The Spanish portfolio was revalued downwards by 3.3%.

The foremost tasks in 2004 for the Spanish management organisation are the letting of the remaining unoccupied space at Rivas-Vaciamadrid and the expansion of the portfolio.

	2003	2002
Economic growth	2.3	2.0
Inflation	3.7	4.4
Growth private consumption	3.4	2.6
Growth corporate investment	2.8	1.0
Growth in employment	2.6	2.0
Unemployment rate	11.4	11.4

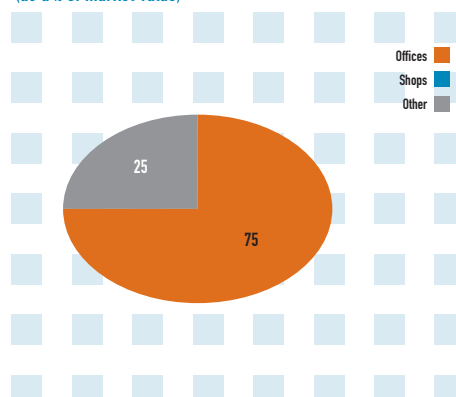
### Annual rent and market value

(in millions of Euro, at December 31, 2003 assuming no vacancies)



### Distribution of investments

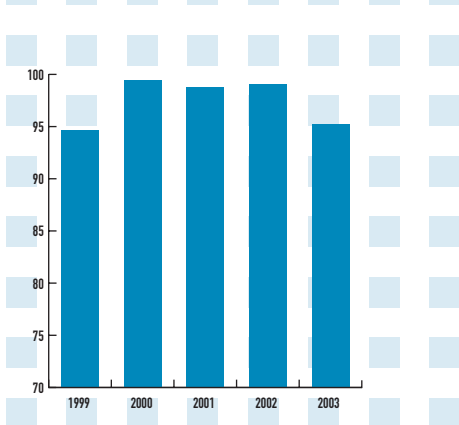
(as a % of market value)



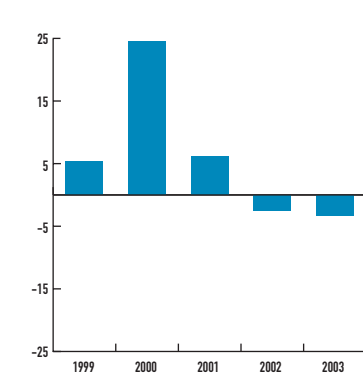


2 Plaza de la Lealtad, Madrid

**Average occupancy rate (as a %)**



**Revaluation of investment properties (as a %)**



**General lease conditions**

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



## Rivas-Futura, Rivas-Vaciamadrid, Madrid

Seventeen kilometres from the centre of Madrid along the A3 motorway to Valencia, Wereldhave has commissioned the building of two distribution centres totalling 35,248 m<sup>2</sup> on a 66,500 m<sup>2</sup> site at Rivas-Vaciamadrid. The centres will be part of the "Rivas-Futura" industrial estate.

A large number of other developments are planned in the vicinity of the centres, including a hotel, houses, shops and offices for a total floor area of 450,000 m<sup>2</sup> to be completed in 2005.

Rivas-Futura lies within the Madrid municipal boundaries to the southeast of the centre and has excellent communication links not only by motorway (the A3 motorway, the M50, M40, M45 and M30 Madrid ring road) but also by bus and underground. An additional underground station is being built 200 metres from the distribution centre site. A new airport, which is supposed to



specialise in freight transport, is being planned on this side of Madrid. This all makes Rivas-Futura an eminently suitable location for setting up logistic facilities.

An increasing number of companies are relocating their logistic activities to the outer rim of the city. This is a direct result of the increasing urbanisation and traffic congestion. The improvements in Spain's infrastructure have only served to reinforce the hub function of Madrid. Goods are moved from the logistic centres to the city centres by smaller lorries which are better adapted to city traffic. The increasing scale of these centres requires a different product from that built in the past, with larger floor areas and higher vertical storage capacity.

This implies not only that these buildings are higher than in the past, but that the critical floor pressure must be adapted to higher floor loads.

The two buildings are constructed with a prefabricated reinforced concrete frame with steel sandwich wall panels and a fibre reinforced concrete floor. The minimum clearance is 11.5 metres and the critical floor pressure is 4,500 kilogrammes per m<sup>2</sup>. The buildings are divided into six units which can be let separately, the smallest of which contains 3,845 m<sup>2</sup> of logistic facilities and 500 m<sup>2</sup> of office space.

There are 351 parking places on the site. The storage areas are equipped with a total of 34 dockshelters under eaves of approximately two metres. A fire detection system with sprinklers is part of the standard equipment with lifts, air conditioning, a fire alarm and an integrated cable system. The industrial estate is provided with 24 hour security staff. By now 80% of the project has been let.





## United Kingdom

For the third year in succession the net absorption of office space in Central London was negative in 2003. As a result there has been a significant upsurge in vacant space on the office market from 505,000 m<sup>2</sup> at the end of 2000 to approximately 2.5 mln m<sup>2</sup> or circa 13% of the total stock, at the end of 2003. Given the potential growth in employment and the gradual emptying of the development pipeline the current vacancy level will prove to be close to its peak. Market rents in the City fell by nearly 20% in 2003 from EUR 825 per m<sup>2</sup> to EUR 675 per m<sup>2</sup>. In the West End market rents fell from EUR 1,075 per m<sup>2</sup> to EUR 900 per m<sup>2</sup> in 2003. The Thames Valley, where the volume of lettings has also fallen, has seen the steepest decline in market rents, mainly as a result of office space being offered cheaply in sublettings. Gross lettings have also falling in the large provincial cities. Market rents have however remained stable. During the last two years net initial yields on fully let office buildings have proved resistant to the rise in vacancy rates. Prime office property with a long-term rental contract are being sold at yields of 6% to 6.5%.

The manufacturing sector in the United Kingdom has seen disappointing sales volumes. The demand for industrial accommodation is therefore weak. Effective rental levels have fallen as potential tenants have increasingly been offered incentives to sign leases. London and the South East provide the most attractive investment opportunities as a result of the growth of the service sector and the lack of suitable building sites. There is a still a lively interest on the part of investors in industrial property and so initial yields have fallen slightly and differences between first-class and second-class properties have narrowed.

The growth of consumer expenditure slowed considerably in 2003. Turnover fell in the main shopping streets in Central London, mainly as a result of lower salaries in the financial sector and the introduction of a road tax. Nevertheless the high market rents for London's prime retail locations did not fall. Rents also held steady in most other British cities. Demand for retail sites of approximately 100 m<sup>2</sup> for speciality shops is as lively as ever. Demand for units of 800 m<sup>2</sup> or more is also strong. Foreign retail chains in particular are interested in renting large buildings in good locations. The big department store chains which own large floor areas in the main shopping streets are attracting interest as take-over candidates.

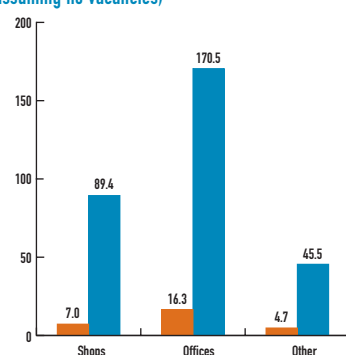
Wereldhave sold a development site in London, a retail property and a plot of land in Rushden, resulting in a total surplus of EUR 6.8 mln. The occupancy rate of the investment portfolio averaged 98.4% in 2003 (2002: 99.2%). As at December 31, 2003 the investment portfolio was valued at EUR 305.4 mln and the development portfolio at EUR 6.4 mln. The British investment portfolio was revalued downwards by 0.6%; the development portfolio was revalued downwards by 8.2%.

Wereldhave aims to expand its United Kingdom portfolio in 2004.

	2003	2002
Economic growth	1.9	1.7
Inflation	2.8	3.2
Growth private consumption	2.4	3.6
Growth corporate investment	2.9	1.8
Growth in employment	0.9	0.7
Unemployment rate	5.0	5.2

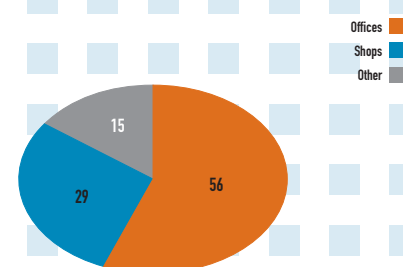
### Annual rent and market value

(in millions of Euro, at December 31, 2003  
assuming no vacancies)



### Distribution of investments

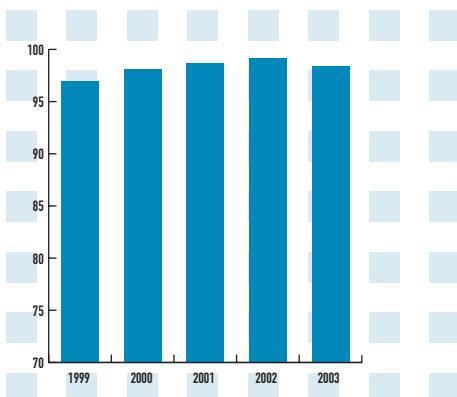
(as a % of market value)



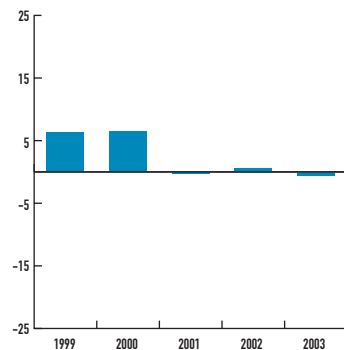


100 Pavillion Drive, Northampton

**Average occupancy rate (as a %)**



**Revaluation of investment properties (as a %)**



**General lease conditions**

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

## United States

In the course of 2003 the average vacancy rate in the American office market increased to almost 17% but, thanks to the low level of interest rates, new construction is still being undertaken in good locations. As a result of weak demand and rising vacancy rates office rents fell further in 2003. Quoted rents in the centres of the large cities average around EUR 400 per m<sup>2</sup>. The average quoted rent in the suburbs currently amounts to circa EUR 200 per m<sup>2</sup>. In both cases the effective rents are approximately 6% lower. The lowest vacancy rates are to be found in Washington and New York. Vacancy rates are relatively high in Atlanta, San Francisco, Austin and Dallas. Despite a low vacancy rate, market rents have dropped by 10% in New York, 15% in San Francisco, 10% in Austin and 5% in Dallas. Rents in Washington have remained largely unchanged. High vacancy rates have had little effect on net initial yields, which stayed at around 7.5% to 8.0% throughout 2003.

Vacancy rates on the market for industrial property stabilised at around 11.5% in 2003. With the economic recovery vacancy rates can be expected to fall earlier in the industrial than in the office market. Up till now developers have been fairly cautious. Market rents for industrial properties dropped again slightly in 2003 to EUR 72 per m<sup>2</sup>. The average effective rent was 4% lower. The highest rents for industrial accommodations are being paid in California and the North East. Net initial yields on industrial property fell by 0.5% to 8.5%.

Economic growth in the United States has been dependent on the American consumer taking on increasing levels of debt to maintain expenditure patterns. As turnover in the shops has continued to grow the retail market has performed relatively well in 2003. Big Box retailers (megastores) are doing better than regional shopping centres. Compared to other sectors of the market the retail vacancy rate is relatively low, at an average of 8%. Retail rents rose slightly in 2003. Quoted rents average

EUR 130 per m<sup>2</sup>, considerably lower than in Europe, where turnover per m<sup>2</sup> is higher. Effective rents are close to quoted levels. Net initial yields average 8.3%.

The market for rented housing had a difficult time in 2003 against the background of the disappointing economy, low inflation and historically low nominal interest rates. Many householders moved from rented to purchased accommodation. As a result vacancy rates have risen in most markets for rented housing. Quoted rents, however, were unchanged showing that competition in the housing market revolves mainly around quality. Net initial yields dropped in the course of the year by 0.5% to 7.5%, which is still relatively high by European standards.

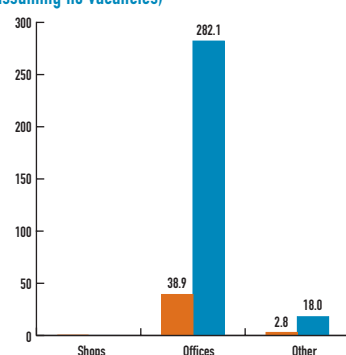
The Saxon Woods apartment complex in McKinney will be transferred to the investment portfolio during the first quarter of 2004. At the end of 2003 74.3% of the complex had been let. The office development of 14,000 m<sup>2</sup> in G-street in Washington will be completed during the second quarter of 2005. By now, 55% of the project has been prelet. The occupancy rate of the investment portfolio averaged 94.5% in 2003 (2002: 96.0%). At December 31, 2003 the value of the investment portfolio amounted to EUR 300.1 mln and the value of the development portfolio amounted to EUR 64.1 mln. The investment portfolio was revalued downwards by 5.3%. The value of the development portfolio did not change.

In 2004 Wereldhave's management organisation will focus its attention on adding to the portfolio.

	2003	2002
Economic growth	2.9	2.4
Inflation	1.6	1.1
Growth private consumption	3.1	3.1
Growth corporate investment	3.7	-1.7
Growth in employment	0.8	-0.3
Unemployment rate	6.1	5.8

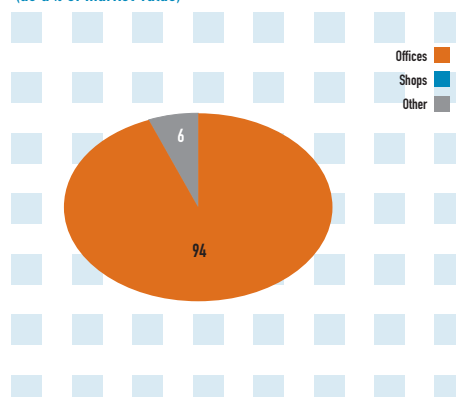
### Annual rent and market value

(in millions of Euro, at December 31, 2003 assuming no vacancies)



### Distribution of investments

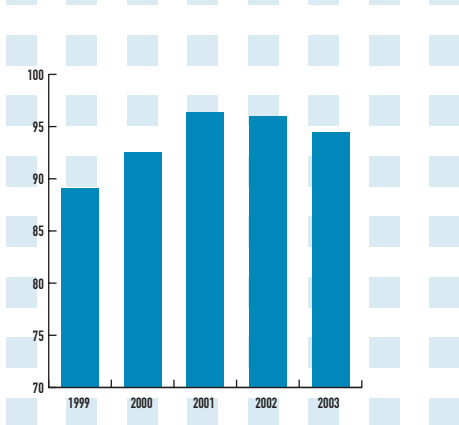
(as a % of market value)



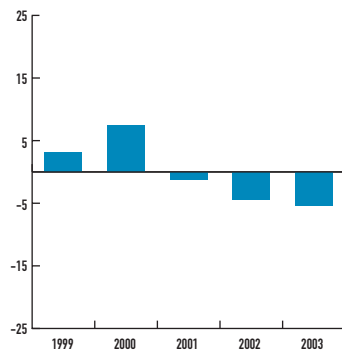


Artist's impression of the development at G-street, Washington

**Average occupancy rate (as a %)**



**Revaluation of investment properties (as a %)**



**General lease conditions**

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

## Prospects

The economic recovery that is apparent in the United States has been achieved with low short-term interest rate, higher levels of public spending and lower taxes. As a result, the twin deficits have increased further and the US dollar has weakened against the Euro. As spending cuts are not probable in the election year 2004, real interest rate levels can remain quite low for the time being and inflation can rise. There is an increased likelihood of a rise in real interest rate levels in 2004. Nevertheless, with property investments remaining attractive in comparison with bonds, demand amongst investors for new, high-quality property will remain buoyant and vacancy levels will stay high. Competition on the property market will increasingly focus on quality.

A weak dollar has the advantage of forcing Europe to carry out structural reforms. The benefits of such reforms will not become evident for some time. The consequences for Europe are that a period of limited economic growth seems to lie ahead. As a result current high vacancy levels in the property markets will only gradually decrease. The opportunities for new developments will be limited in the coming years and the quality requirements made in relation to location and product will, as in the United States, increase further in the next few years. This endorses the need for a policy of portfolio renewal.

Wereldhave aims to expand its portfolio to EUR 2.5 billion by the end of 2005 with recently built, high-quality property. For 2004, this means that most emphasis will be placed on expansions in the United States, Finland, the Netherlands and the United Kingdom. Given the geographic spread of the portfolio and our presence in local markets, we consider expansion of the portfolio to be very feasible.

In view of the volatility of exchange rates and the uncertain pace of economic recovery, we will not give any detailed forecast of the result for the year 2004.

Board of Management Wereldhave N.V.  
The Hague, February 19, 2004

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



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



# Annual Accounts 2003



## Consolidated balance sheet at December 31, 2003

before proposed distribution of profits (x EUR 1 mln) \*

	note	2003	2002
<b>Assets</b>			
Investments			
property investments	1	1,932.1	1,955.4
Accounts receivable	2	41.9	48.4
Other assets	3	43.4	74.0
		<u>2,017.4</u>	<u>2,077.8</u>
<b>Liabilities</b>			
Shareholders' equity		1,310.0	1,322.7
Provisions	4	38.0	45.0
Long-term debt			
loans	5	565.3	629.8
other liabilities	6	10.2	3.4
		575.5	633.2
Short-term liabilities	7	93.9	76.9
		<u>2,017.4</u>	<u>2,077.8</u>

\* See the proposed distribution of profits under 'Other information' on page 44.

## Consolidated profit and loss account 2003

(x EUR 1 mln)

	note	2003	2002
<b>Income</b>			
gross rental income	1	171.8	175.9
operating costs	2	<u>./.</u> 25.2	<u>./.</u> 28.1
net rental income		146.6	147.8
<b>Costs</b>			
interest costs	3	<u>./.</u> 19.4	<u>./.</u> 23.6
general costs	4	<u>./.</u> 7.9	<u>./.</u> 7.4
		<u>./.</u> 27.3	<u>./.</u> 31.0
result before tax		119.3	116.8
taxes on corporate income	5	<u>./.</u> 2.8	<u>./.</u> 0.5
<b>Profit after tax</b>		<u><b>116.5</b></u>	<u><b>116.3</b></u>
<b>Profit per share (x EUR 1)</b>		<b>5.91</b>	<b>5.90</b>

## Movements in shareholders' equity in 2003

(x EUR 1 mln)

	2003	2002
<b>Direct investment result</b>		
– profit after tax	116.5	116.3
<b>Indirect investment result</b>		
– realised		
result on disposals	6.9	28.7
exchange rate differences	33.7	30.1
other	<u>./.</u> 17.8	<u>./.</u> 2.1
	22.8	56.7
– unrealised		
revaluation differences	<u>./.</u> 6.8	<u>./.</u> 24.7
exchange rate differences	<u>./.</u> 61.8	<u>./.</u> 65.4
other	<u>3.4</u>	<u>./.</u> 13.0
	<u>./.</u> 65.2	<u>./.</u> 103.1
	74.1	69.9
Dividend paid	<u>./.</u> 86.8	<u>./.</u> 73.0
Share issue	–	122.8
<b>Decrease/increase in shareholders' equity</b>	<u><b>./.</b></u> 12.7	<u><b>119.7</b></u>



## Consolidated cash flow statement for 2003

(x EUR 1 mln)

	2003	2002
<b>Cash flow from investment activities</b>		
direct investment result	116.5	116.3
purchases/investments in property	./ 91.9	./ 377.5
disposals of property	8.6	164.7
movements in provisions	./ 2.3	./ 16.9
movements in revaluation reserve	6.9	28.7
movements in accounts receivable	0.6	./ 3.6
movements in short-term liabilities	12.8	./ 152.7
	51.2	./ 241.0
<b>Cash flow from financing activities</b>		
dividend	./ 86.8	./ 80.9
share issue	-	130.7
movements in long-term liabilities	./ 29.8	201.0
movements in revaluation reserve	0.1	./ 0.9
	./ 116.5	249.9
<b>Net cash flow</b>	./ 65.3	8.9
exchange rate differences	34.7	49.8
<b>Decrease/increase in cash and bank balances</b>	<b>./ 30.6</b>	<b>58.7</b>

## Notes to the accounts

### Consolidation

Wereldhave N.V. has its registered office in The Hague. The Company's activities consist of direct investment and investment through group companies in property. 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. For that reason acquisitions and sales of interests in group companies are incorporated as acquisitions and sales of assets and liabilities. Proportional consolidation provides a direct view on the volume of Wereldhave's investments and related assets, liabilities and results.

### Foreign currencies

Balance sheet items are translated into Euro 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.

	average		ultimo	
	2003	2002	2003	2002
1 GBP	1.44744	1.59043	1.41884	1.53728
1 HUF	0.00395	0.00412	0.00381	0.00423
1 USD	0.88627	1.06027	0.79177	0.95356

### Tax status

Wereldhave N.V. has the tax status of an investment company in accordance with Section 28 of the Netherlands 'Wet op de Venootschapsbelasting 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. The participations in Belgium and the United States have a similar status. In France, as from January 1, 2004 the conditions for the S.I.I.C. status have been fulfilled. The exit tax payable has been accounted for in the balance sheet under debts. Participations in other countries have no specific tax status.

### 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.

#### Changes in accounting policies

Effective from the 2003 financial year and according to adjusted regulations, the annual accounts will be presented before distribution of profit in the year under review.

The comparative figures for the previous financial year have been adjusted to the amount of EUR 86.8 mln.

Until the end of 2002, rent concessions were shown as rent reductions in the month to which the concession related. Effective from the 2003 financial year, the legislation requires that the costs of rent concessions, including rent-free periods, will be allocated to rental income based on the term of the lease. The adjustment under gross rental income and shareholders' equity for 2002 amounts to nil.

#### Investment properties

Investment properties are valued at open market value, based on market rents less operating costs. The net capitalisation 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. Properties transferred from investment properties are valued at estimated market value. Cost includes commitments for capital expenditure on works not yet undertaken, allocated internal costs of construction management as well as the capitalised interest costs.

A property ceases to be a development property and is transferred to the category of investment properties from the earlier of one year after the date of completion or the date when the property is at least 75% let. Differences against the previous valuations are accounted for in the revaluation reserve.

#### Provisions

Provisions are created to meet particular liabilities or risks. The provision for contingent tax liabilities represents the discounted value of liabilities to taxation arising from differences between the financial valuation and the valuation for tax purposes. The provision for refinancing costs of high rate debt is included at discounted value.

#### Financial instruments

The Company uses financial instruments and derivatives to cover underlying positions or transactions. Premiums and discounts in respect of foreign currency contracts are shown on a time-weighted basis. Currency transactions are valued at open market value at the balance sheet date. Differences in interest arising on interest rate swaps are accounted for as an adjustment to interest costs.

### Accounting policies for determining results

#### Gross rental income

Gross rental income is made up of rents charged to tenants for the year. Rent concessions are deducted from rental income, with an even spread across the term of the leases concerned. 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, mainly consisting of maintenance costs, property tax, insurance premiums and management costs and rent collection costs. 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 conversions of financing in foreign currencies and interest rate swaps. Capitalised interest attributable to investments is deducted from the balance of interest paid and interest received.

#### General costs

General costs are costs attributable to the year under review, which relate to operational activities.

#### Taxes on result

Under this heading is shown corporate tax related to the results from group companies in the year under review. As from 2000, taxes on losses to be compensated based on (contingent) tax receivables will be taken into account. Losses from years before 2000 will be valued in the year in which these losses are compensated with profits.

### 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 direct investment result includes the profit after tax as stated in the profit and loss account and the current year's results comprised in any share issue proceeds.

The principal components of the indirect investment result are 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, results of disposals, movements in tax liabilities and exchange rate differences relating to investments and financing, together with exchange rate differences arising on forward currency transactions and the conversion of results denominated in foreign currencies.

The components of the indirect investment result are accounted for in the revaluation reserve.

## Notes to the consolidated balance sheet at December 31, 2003

(x EUR 1 mln)

<b>1. Property investments</b>	<b>2003</b>	<b>2002</b>
investment properties	1,844.0	1,830.5
development properties	88.1	124.9
	<u>1,932.1</u>	<u>1,955.4</u>
<b>Investment properties</b>		
balance at January 1	1,830.5	1,623.2
exchange rate differences	./ 89.5	./ 94.5
	<u>1,741.0</u>	<u>1,528.7</u>
purchases/expenditures	56.1	347.0
transferred from/to development properties	54.9	137.5
	<u>1,852.0</u>	<u>2,013.2</u>
disposals	./ 4.7	./ 162.7
	<u>1,847.3</u>	<u>1,850.5</u>
valuation adjustments	./ 3.3	./ 20.0
balance at December 31	<u>1,844.0</u>	<u>1,830.5</u>

To the amount of EUR 104.7 mln, properties have been charged by mortgage.

<b>Development properties</b>		
balance at January 1	124.9	249.3
exchange rate differences	./ 10.3	./ 10.7
	<u>114.6</u>	<u>238.6</u>
purchases/expenditures	35.8	30.5
transferred to/from investment properties	./ 54.9	./ 137.5
	<u>95.5</u>	<u>131.6</u>
disposals	./ 3.9	./ 2.0
	<u>91.6</u>	<u>129.6</u>
revaluation	./ 3.5	./ 4.7
balance at December 31	<u>88.1</u>	<u>124.9</u>

<b>2. Accounts receivable</b>	<b>2003</b>	<b>2002</b>
prepaid costs	4.9	4.9
debtors	4.8	6.9
taxes	4.2	10.2
other	28.0	26.4
	<u>41.9</u>	<u>48.4</u>

Of the item prepaid costs EUR 3.0 mln (2002: EUR 1.4 mln) and of the item other accounts receivable EUR 5.8 mln (2002: EUR 4.6 mln) can be characterised as being of a long-term nature. The item other accounts receivable includes the receivables from forward currency transactions to the amount of EUR 12.3 mln.

<b>3. Other assets</b>	<b>2003</b>	<b>2002</b>
cash and bank balances	42.0	72.6
office equipment and cars	1.4	1.4
	<u>43.4</u>	<u>74.0</u>
<b>4. Provisions</b>	<b>2003</b>	<b>2002</b>
provision for contingent tax liabilities	18.3	22.3
refinancing costs	19.7	22.7
	<u>38.0</u>	<u>45.0</u>
<b>Provision for contingent tax liabilities</b>		
balance at January 1	22.3	24.4
exchange rate differences	./ 0.6	./ 0.7
	21.7	23.7
addition	2.8	12.9
withdrawal	./ 6.2	./ 14.3
balance at December 31	<u>18.3</u>	<u>22.3</u>
<b>Provision for refinancing costs</b>		
balance at January 1	22.7	25.7
exchange rate differences	./ 1.8	./ 1.7
	20.9	24.0
addition	1.1	1.2
withdrawal	./ 2.3	./ 2.5
balance at December 31	<u>19.7</u>	<u>22.7</u>

At December 31, 2003 the provisions have a nominal value of EUR 52.3 mln (2002: EUR 63.7 mln) resp. EUR 26.8 mln (2002: EUR 31.5 mln) and are considered to be mainly of a long-term nature. The net present value of the provision for refinancing costs is calculated at a 5.25% discount rate.

<b>5. Loans</b>	<b>2003</b>	<b>2002</b>
balance at January 1	629.8	444.3
exchange rate differences	./ 34.6	./ 17.7
	595.2	426.6
new loans/redemptions, in balance	./ 29.9	203.2
balance at December 31	<u>565.3</u>	<u>629.8</u>

Loans can be specified as follows:

	December 31, 2003				December 31, 2002			
	in local currency	average interest rate in %	in Euro	distrib- ution in %	in local currency	average interest rate in %	in Euro	distrib- ution in %
EUR	340.6	2.9	340.6	60.3	360.6	3.9	360.6	57.3
GBP	71.3	6.3	101.2	17.9	78.3	6.3	120.4	19.1
USD	156.0	2.2	123.5	21.8	156.0	3.4	148.8	23.6
total		<u>3.4</u>	<u>565.3</u>	<u>100.0</u>		<u>4.2</u>	<u>629.8</u>	<u>100.0</u>

	December 31, 2003			December 31, 2002		
	maturity spread in years (from 31-12-2003)			maturity spread in years (from 31-12-2002)		
	1-2	2-5	> 5	1-2	2-5	> 5
EUR	47	38	15	14	79	7
GBP	-	-	100	43	-	57
USD	-	84	16	16	84	0
total	<u>29</u>	<u>41</u>	<u>30</u>	<u>20</u>	<u>65</u>	<u>15</u>

The average duration of debt at fixed interest rates (EUR 147 mln, 26% of total debt) is 4.4 years.

## 6. Other long-term liabilities

taxes  
deposits

	2003	2002
taxes	7.3	-
deposits	2.9	3.4
	<u>10.2</u>	<u>3.4</u>

The item taxes include the long-term part of the French exit tax.

## 7. Short-term liabilities

creditors and other liabilities  
investment obligations  
part of long-term debt with a short-term nature  
taxes  
dividend

	2003	2002
creditors and other liabilities	43.7	59.1
investment obligations	32.1	14.1
part of long-term debt with a short-term nature	9.9	-
taxes	7.9	3.4
dividend	0.3	0.3
	<u>93.9</u>	<u>76.9</u>

The item taxes includes taxes on income to the amount of EUR 2.4 mln and other taxes to the amount of EUR 5.5 mln.

## Notes to the consolidated profit and loss account

(x EUR 1 mln)

### 1. Rental income

	gross rental income		operating costs		net rental income	
	2003	2002	2003	2002	2003	2002
Belgium	16.2	16.2	0.6	1.1	15.6	15.1
Finland	26.9	23.4	1.3	1.3	25.6	22.1
France	16.8	15.9	1.6	0.7	15.2	15.2
Hungary	0.1	0.3	–	0.1	0.1	0.2
The Netherlands	30.4	28.4	3.2	2.8	27.2	25.6
Spain	8.0	6.0	0.3	0.2	7.7	5.8
United Kingdom	27.9	31.3	2.8	3.1	25.1	28.2
United States	45.5	54.4	15.4	18.8	30.1	35.6
	<u>171.8</u>	<u>175.9</u>	<u>25.2</u>	<u>28.1</u>	<u>146.6</u>	<u>147.8</u>
Offices	89.5	101.5	16.8	22.2	72.7	79.3
Shops	58.5	53.9	4.4	3.9	54.1	50.0
Other	23.8	20.5	4.0	2.0	19.8	18.5
	<u>171.8</u>	<u>175.9</u>	<u>25.2</u>	<u>28.1</u>	<u>146.6</u>	<u>147.8</u>

Loss of rental income due to voids amounted to 6.3% of the theoretical rent (2002: 3.9%).

The theoretical rent is the sum of gross rental income and the loss of rent due to voids.

### 2. Operating costs

	2003	2002
maintenance	5.1	5.6
property tax	7.6	10.3
insurance premiums	1.1	0.9
property management and rent collection costs	5.9	6.4
other operating costs	5.5	4.9
	<u>25.2</u>	<u>28.1</u>

### 3. Interest costs

	2003	2002
interest paid	23.8	30.5
interest received	./.	2.6
	<u>21.3</u>	<u>27.9</u>
less: capitalised interest	./.	4.3
	<u>19.4</u>	<u>23.6</u>

**4. General costs**

	2003	2002
personnel	10.8	10.6
remuneration of Supervisory Board	0.1	0.1
external advisors' and auditors' fees	1.3	1.1
other	4.1	4.6
	16.3	16.4
allocated to operating costs	./.	./.
allocated to investments	0.9	1.0
	7.9	7.4

**5. Taxes on results**

The 2003 tax charge is shown after deduction of tax on deductible losses to the amount of EUR 5.1 mln (2002: EUR 12.3 mln).

**6. Remuneration of Board of Management and Supervisory Board**

(amounts x EUR 1,000)

	salary	profit share	social charges	pension costs
Board of Management				
G.C.J. Verweij	275	31	17	58
R.L.M. de Ruijter	252	28	19	53

The profit share of members of the Board of Management amounts to a maximum of 3 month's salary. The outcome depends on the development of both profit per share and share price during the year.

**Members of the Supervisory Board remuneration**

F.H.J. Boons	36	The members of the Supervisory Board and the Board of Management do not hold shares or options in Wereldhave N.V. The Company has not extended loans, advances or guarantees to them.
J. Krant	18	
W. Lemstra	6	
H.M.N. Schonis	24	
C.J. de Swart	24	

**7. Other**

The total amount of salaries was EUR 7.0 mln (2002: EUR 7.1 mln), social charges amounted to EUR 1.7 mln (2002: EUR 1.1 mln) and pension costs to EUR 1.1 mln (2002: EUR 1.2 mln).

The pension scheme of Stichting Pensioenfonds Wereldhave (Pension Fund Foundation Wereldhave) provides for an old-age pension, a pension for surviving relatives and a transitional pension, based on a final pay method. The risks of a temporary pension for surviving relatives of all participants has been insured. Pensions and rights of non-active participants are indexed annually with the consumer price index figure, if and when the funds of the Foundation are sufficient. The financing agreements with the employers contain a maximum contribution of 20% for Wereldhave Management Holding B.V. and 25% for Wereldhave N.V. As at December 31, 2003 the pension fund had a coverage ratio of 125%.

An average of 100 people has been employed by the Group during 2003 (2002: 104). The conditions for the payment of a profit share for the year 2003 have been met.

The total expense ratio amounts to 0.04, or 4.1%. This ratio is the quotient of the sum of the operating costs, interest and general costs and the average shareholders' equity during the year under review.



## Company balance sheet at December 31, 2003

before proposed distribution of profits (x EUR 1 mln)\*

	note	2003	2002
<b>Assets</b>			
<b>Investments</b>			
property investments	1	325.1	302.9
investments in group companies	2	828.8	877.9
other financial investments	3	441.8	419.1
		1,595.7	1,599.9
Accounts receivable	4	32.1	29.8
Other assets		0.1	25.0
		<b>1,627.9</b>	<b>1,654.7</b>
<b>Liabilities</b>			
<b>Shareholders' equity</b>			
issued share capital	5	200.3	200.3
share premium	6	705.1	705.1
revaluation reserve	7	./ 113.7	./ 71.3
general reserve	8	518.3	488.6
		1,310.0	1,322.7
Provisions		19.7	22.7
Long-term debt			
loans	9	219.0	258.2
Short-term liabilities	10	79.2	51.1
		<b>1,627.9</b>	<b>1,654.7</b>

## Company profit and loss account for 2003

(amounts x EUR 1 mln)

	note	2003	2002
company result	11	31.0	32.9
results of group companies		85.5	83.4
Profit after tax		<b>116.5</b>	<b>116.3</b>

\* See the proposed distribution of profits under 'Other information' on page 44.

## Notes to the company balance sheet and the profit and loss account

(amounts x EUR 1 mln)

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 on pages 33 and 34. The Company has made use of the exemption referred to in Article 2:402 of the Netherlands Civil Code.

### 1. Property investments

	2003	2002
Investment properties	309.5	302.9
Development properties	15.6	–
	<u>325.1</u>	<u>302.9</u>
<b>Investment properties</b>		
balance at January 1	302.9	278.5
investments	5.8	17.5
transferred from/to development properties	./ 1.4	14.8
	<u>307.3</u>	<u>310.8</u>
revaluation	2.2	./ 7.9
balance at December 31	<u>309.5</u>	<u>302.9</u>
<b>Development properties</b>		
balance at January 1	–	14.0
purchases/investments	14.8	1.3
revaluation	./ 0.6	./ 0.5
transferred to/from investment properties	1.4	./ 14.8
balance at December 31	<u>15.6</u>	<u>–</u>

### 2. Investments in group companies

Movements are as follows:

	2003	2002
balance at January 1	877.9	869.8
disinvestments/investments, net	./ 1.6	15.0
	<u>876.3</u>	<u>884.8</u>
results	85.5	83.4
revaluations	./ 67.3	./ 56.4
profit distributions	./ 65.7	./ 33.9
balance at December 31	<u>828.8</u>	<u>877.9</u>

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

### 3. Other financial investments

This item consists of intercompany relations.

### 4. Accounts receivable

On account of intercompany relations EUR 2.5 mln (2002: EUR 9.8 mln) is included under accounts receivable.

### 5. Issued share capital

The share capital at year-end 2003 is as follows:

type of shares	authorised	in issue (EUR)	
	(EUR) 31.12.2003	31.12.2003	31.12.2002
ordinary shares (EUR 10)	400,000,000	196,917,350	196,917,350
preference shares (EUR 9.08)	181,600,000	13,620,000	13,620,000
'A' priority shares	100	100	100
'B' priority shares	199,999,900	–	–
	<u>781,600,000</u>	<u>210,537,450</u>	<u>210,537,450</u>
less: uncalled preference capital		<u>./. 10,215,000</u>	<u>./. 10,215,000</u>
	<u>781,600,000</u>	<u>200,322,450</u>	<u>200,322,450</u>

Movements in issued share capital:

	2003	2002
balance at January 1	196.9	177.6
share issue	–	19.3
balance at December 31	<u>196.9</u>	<u>196.9</u>

At December 31, 2003 there are 19,691,735 ordinary, 1,500,000 preference and 10 'A' priority shares in issue. No 'B' priority shares have been issued.

### 6. Share premium

	2003	2002
balance at January 1	705.1	601.6
share issue	–	103.5
balance at December 31	<u>705.1</u>	<u>705.1</u>

The share premium at December 31, 2003 includes an amount of EUR 690.7 mln exempted from tax (2001: EUR 690.7 mln).

<b>7. Revaluation reserve</b>	<b>2003</b>	<b>2002</b>
balance at January 1	./.	71.3
valuation adjustments on investments	./.	6.8
exchange rate differences	./.	28.1
result on disposals		6.9
movements in tax liabilities	./.	10.1
other movements	./.	4.3
balance at December 31	<u>./.</u>	<u>113.7</u>
		<u>./.</u>
		<u>71.3</u>

Of the movement of EUR –42.4 mln (2002: EUR –46.4 mln) in the year under review EUR 22.8 mln (2002: EUR 56.7 mln) can be characterised as realised and EUR –65.2 mln (2002: EUR –103.1 mln) as unrealised.

<b>8. General reserve</b>	<b>2003</b>	<b>2002</b>
balance at January 1	488.6	445.3
dividend previous year	./.	86.8
direct investment result	116.5	116.3
balance at December 31	<u>518.3</u>	<u>488.6</u>

## 9. Loans

On account of intercompany relations EUR 52.0 mln (2002: EUR 91.1 mln) is included under loans.

## 10. Short-term liabilities

On account of intercompany relations an amount of EUR 30.6 mln (2002: EUR 30.0 mln) is also included under short-term liabilities.

## 11. Company results

On account of intercompany relations interest income to the amount of EUR 11.0 mln (2002: EUR 15.7 mln) is included.

## 12. Items not included in the balance sheet

The company has given guarantees for group companies to third parties to the amount of EUR 387 mln (2002: EUR 451 mln). In 2003 the company has entered into forward sale transactions of GBP 75 mln and USD 43 mln. These currency transactions have a remaining duration of less than 2 months. In addition, the Company has entered into exchange rate option contracts to an amount of USD 100 mln, with a remaining duration of well over one year.

The Hague, February 19, 2004

Supervisory Board  
 F.H.J. Boons  
 J. Krant  
 H.M.N. Schonis  
 C.J. de Swart

Board of Management  
 G.C.J. Verweij  
 R.L.M. de Ruijter

## 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 (European Interbank Offered Rates), valid for the first exchange day of the financial year concerned plus a surcharge of 1.5%, or so much less as is available from the 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 4.23% on the preference shares in issue and 5% on the 'A' priority shares in issue, it is proposed to distribute to holders of ordinary shares a dividend of EUR 4.45 in cash. That part of profits which is not paid out will be added to the general reserve.

(amounts x EUR 1 mln)	2003	2002
Direct investment result	<u>116.5</u>	<u>116.3</u>
Preference dividend and dividend 'A' priority shares	0.1	0.2
Dividend ordinary shares	87.6	86.6
Addition to general reserve	28.8	29.5
	<u>116.5</u>	<u>116.3</u>

### Transactions with direct 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.

## Corporate Governance

Wereldhave attaches great importance to achieving a balance between the interests of the providers of risk-bearing capital and those of other stakeholders in the company. Matters such as openness, the adequate provision of forwardlooking information and business ethics form a part of this philosophy. The company's business ethics are embedded in the Business Principles and the Code of Conduct for employees which were adopted by the Board of Management in May 2003 and are published on our website [www.wereldhave.com](http://www.wereldhave.com). In connection with the recommendations of the Tabaksblat Committee, Wereldhave has further amended certain parts of its Regulations of the Supervisory Board and the Regulations of the Board of Management. Any departures from the Committee's recommendations are incorporated into the following summary. A detailed analysis in respect of each recommendation and best practice provision can be found on our website.

### Board of Management

The Board of Management is appointed and dismissed by the General Meeting of Shareholders, from a nomination to be drawn up by the Meeting of Holders of Priority Shares. A resolution by the General Meeting of Shareholders to dismiss or suspend a Managing Director, other than with the consent of the Meeting of Holders of Priority Shares, can only be passed with two thirds of the votes cast, representing more than half the issued capital.

The system of binding nominations is part of the mechanism to protect the company against hostile takeovers. This explains why guarantees must be posed to the decision to cancel a nomination. As such, the provision deviates from the best practice provisions of the Tabaksblat Committee. Changes to the remuneration of the Board of Management will be submitted by Wereldhave to the shareholders for their approval. The Board of Management and Supervisory Board are of the opinion that they cannot function without the confidence of the General Meeting of Shareholders. Account will be taken of this principle in the exercise of the special powers associated with anti-takeover measures. In Wereldhave's opinion, the primary interest of managing directors should be focused on the long-term interest of the business. The period of appointment should be geared toward this and should not introduce the concept of individual interests being served by a contract extension. For this reason, Board of Management members of Wereldhave are appointed for an indefinite period. As the specific causes and circumstances surrounding a dismissal cannot be known in advance, no severance arrangements will be agreed in advance with new managing directors and laid down in the employment contracts to be concluded with them.

The current employment contracts do not contain provisions for the event of dismissal, with the exception of dismissal in the case of a merger (see page 50). Any new contracts will no longer include these arrangements.

The Board of Management's remuneration is determined in line with the policy set out in the remuneration report. Material changes in the remuneration policy will be submitted to the General Meeting of Shareholders. The Supervisory Board compares the remuneration of Managing Directors from time to time with the market. This last happened in 1999. In 2003, the Supervisory Board drew up a remuneration report. The report is posted on Wereldhave's website. The main aspects of this report are published on page 50.

The Regulations of the Board of Management and the Supervisory Board of Wereldhave prohibit Managing Directors and Supervisory Directors from investing in shares of their own company. This avoids the company running the risk of its name being damaged as a result of any actions of a Managing Director or Supervisory Director. Regulations for trading in shares by Board of Management members and Supervisory Board members were adopted in February 2004.

## Supervisory Board

The members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders, from a 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 amount of this remuneration was determined in 1999 and is index-linked annually. 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, one third of the Supervisory Directors retire each year. In view of the current size of the Supervisory Board (4 members), this means that each appointment is made for a period of two 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 Regulations of the Supervisory Board stipulate that the maximum term of office is 8 years, unless there are weighty interests (for which the reasons must be expressly given) to justify a longer term.

The Supervisory Board has decided to appoint an audit committee in order to improve supervision on management. The appointment of a remuneration committee and selection and appointment committee is not considered necessary in view of the low frequency of the associated activities. A separate set of regulations will be drawn up for the audit committee. The audit committee will comprise two Supervisory Directors, assisted on their request by the group controller of Wereldhave and the secretary of the Supervisory Board. At the beginning of February, when the annual accounts are available in draft, the audit committee will hold a meeting with the auditor and the Board of Management. The audit committee will perform its work commencing with the 2004 annual accounts.

The Supervisory Board meets according to a fixed schedule of meetings, and at least six times a year. One of these meetings is 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 Profile which the members of the Supervisory Board are expected to comply with is evaluated annually and, where necessary, revised. Such a revision last happened in 2003. The Supervisory Board is supported by the Company Secretary.

In the year under review no business transactions took place in which conflicts of interest may have played a role. All business transactions between the company and the members of the Board will be published in the Annual Report. The Profile and Regulations of the Supervisory Board, the retirement schedule for members of the Supervisory Board and the Regulations of the Board of Management are published on Wereldhave's website and are available free of charge on request.

## General Meeting of Shareholders

The General Meeting of Shareholders is usually held in the last week of March each year. The voting right on the shares is determined by the nominal value of the shares. The preference shares have a nominal value of EUR 9.08; the priority shares and ordinary shares have a nominal value of EUR 10. The law provides that where the authorised share capital is subdivided into shares with varying nominal values, the voting right of each shareholder is equal to the number of times that the amount of the smallest share contributes to the joint nominal amount of his shares; partial votes are disregarded.

Requests of investors who solely or jointly represent 1% of the issued capital to place items on the agenda of the General Meeting of Shareholders shall be honoured if such requests are submitted to the Board of Management or the Supervisory Board at least 60 days before the scheduled date of the Meeting, unless, in the opinion of the Supervisory Board and the Board of Management, there are vital interests of the company opposing the inclusion of such item or items in the agenda. The resulting discussion in the General Meeting should not affect the orderly course of the Meeting. The secretary of the company 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 Wereldhave website within one month after the Meeting and copies of such minutes are available free of charge on request.

## Anti-takeover measures

The mechanism for protecting the company against hostile takeovers comprises the possibility to issue preference shares, A priority shares and B priority shares. All such shares are registered. The A priority shares should be fully paid up; for the preference shares and B priority shares there is a paying-up commitment of 25%. The authorised share capital provides for the issue of preference and priority shares up to no more than 50% of the share capital issued as ordinary shares. On 31 December 2003, the total issued capital in the form of preference and priority shares amounted to EUR 13,620,100. A total of 1,500,000 preference shares and 10 A priority shares have been issued and are held by the 'Stichting tot het houden van prioriteitsaandelen van de naamloze vennootschap' (Foundation for holding of priority shares of the public limited company): 'Wereldhave N.V.'. The Stichting hereby qualifies as a major investor within the meaning of the Investment Institutions (Supervision) Decree. The Board of Management of this Stichting comprises the Board of Management members and the Supervisory Board members. In addition to entitlements to profit, 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 are the principal rights attached to the A and B priority shares, making the Stichting a major investor within the meaning of the Investment Institutions (Supervision) Decree. A resolution by the General Meeting of Shareholders to dismiss or suspend, other than with the consent of the Holders of Priority Shares, can only be passed with two thirds of the votes cast, representing more than half the issued capital.

There are no outstanding B priority shares. Of the preference shares, 1,350,000 shares are held by the 'Stichting tot het houden van Preferente en Prioriteitsaandelen B Wereldhave' (Foundation for holding Wereldhave Preference and B Priority Shares). The board of the Stichting comprises Messrs. H.J.A.F. Meertens (Chairman), M.A. Snijder and P.C. Neervoort. 150,000 Wereldhave preference shares are listed on the Official Market of the Euronext Amsterdam N.V. stock exchange. The price of Wereldhave preference shares at 31 December 2003 was EUR 1.75. In addition to a voting right, the preference shares give an entitlement to a preferential dividend from the profit. In the event of liquidation, what is remaining after settlement of the debts is transferred to the shareholders in proportion to the shareholding of each of them, with the exception that no further disbursements will be made to the holders of preference shares than the amount paid up on those shares and that no further disbursements will be made to holders of A and B priority shares than the nominal amount paid up on those shares.

Preference shares and A and B priority shares carry no entitlement to the company's reserves. Article 2, paragraph 1 of the articles of association of the 'Stichting tot het houden van Preferente en Prioriteits aandelen B Wereldhave' states that the object of the Stichting is to promote the interests of Wereldhave, its affiliated enterprise and all parties involved, and that in so doing the Stichting shall take into account, amongst other things, the preservation of the independence, continuity and identity of the company and the enterprise. The Stichting has an interest in Wereldhave of 6.4% of the number of outstanding shares, entitling it to 5.8% of the votes. In the joint opinion of the company and the board members of the 'Stichting tot het houden van Preferente en Prioriteits aandelen B Wereldhave', the Stichting is independent of the company, all such within the meaning as referred to in annex X of the Listing and Issuing Rules of Euronext Amsterdam N.V.

### **Internal risk management and control system**

The Board of Management considers the internal risk management and control systems to be adequate and effective. The enabling instruments comprise the operational and financial objectives as laid down in the strategic five-year investment plan that is updated annually as well as in the Code of Conduct that was introduced in 2003. Strict procedures are also observed for the periodic drawing up of quarterly and annual figures on the basis of the adopted policies. The internal management reporting system is designed to identify directly developments in the value of investments and the earnings per share. For this purpose use is made of electronic data processing within an automated, integrated central information system providing a direct link with all domestic and international business units. This system also functioned as intended in the last financial year. The information system was developed by Wereldhave itself and is noted for its advanced functionality and reliability.

### **Complaints procedure**

Complaints about the financial reporting, internal risk management, control systems and the audit must be submitted to the secretary of the company, who will then inform the Supervisory Board of the complaints. The secretary is responsible for ensuring complaints are registered. He will notify the complainant that his complaint has been received and give him an indication of when a decision is expected to be taken in respect of the claim. The Supervisory Board will notify its decision to the complainant within 12 weeks after receiving the complaint.

### **Auditor**

The auditor is appointed by the General Meeting of Shareholders from a nomination to be drawn up by the Supervisory Board. The Board of Management submits a budget annually for the remuneration of the auditor to the Supervisory Board for approval. The auditor will attend the meeting of the Supervisory Board and the Board of Management at which the annual figures are discussed and adopted. The press releases announcing the quarterly, half-year and annual figures will be sent in draft form to the auditor at least two days before their publication.

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

### **Investor Relations**

You may put your questions about Wereldhave stock using our website [www.wereldhave.com](http://www.wereldhave.com). This website also contains the most recent PowerPoint slide shows of the presentations to be given to investors and analysts.



## To the General Meeting of Shareholders of Wereldhave N.V.

### Auditors Report

#### Introduction

In accordance with your instructions we have audited the Annual Accounts 2003 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 at December 31, 2003 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 and the Investment Institutions Supervision act (Wet toezicht beleggingsinstellingen).

The Hague, February 19, 2004

PricewaterhouseCoopers Accountants N.V.

## Supervisory Board

### F.H.J. Boons RA

(m, 63)

Member of the Supervisory Board since 1984. Re-appointed in 2002; Chairman since 2000. Will retire by rotation in 2004.

Former President of the Supervisory Board of VADO Beheer B.V., Eindhoven

#### *Positions in Supervisory Boards:*

Kantoren Fonds Nederland B.V.  
Dela Coöperatie U.A.  
Vesteda B.V.  
VADO Beheer B.V.  
Hurks Holding B.V.  
Stimulus Venture fonds B.V.  
Ducatus N.V.  
Smiths Group Holdings Netherlands B.V.

#### *Board positions:*

Thomas van Villanova  
Foundation Trust Office Van Lanschot Bankers  
Foundation Supervision Certificates Friesland  
Coberco Dairy Foods  
Foundation Admin+  
Foundation Promotors of the van Abbe-Museum

### J. Krant

(m, 55)

Member of the Supervisory Board since 2003. Will retire by rotation in 2006.

Former Chairman of the Board of Directors of Kempen & Co  
Director Catalyst Advisors B.V.

#### *Positions in Supervisory Boards:*

Chairman Supervisory Board Kardan N.V.

#### *Board positions:*

Chairman Jewish Historical Museum  
Foundation "Hollandsche Schouwburg"

### H.M.N. Schonis

(m, 60)

Member of the Supervisory Board since 1997. Re-appointed in 2002. Will retire by rotation in 2004.

Parttime professor in Tax law at the University of Nijmegen; Partner Baker & McKenzie Amsterdam (attorneys, tax advisors and public notaries)

#### *Positions in Supervisory Boards:*

Koninklijke Grolsch N.V.  
Delta Lloyd Bankengroep N.V.  
Juchten Beheer B.V.  
Pepping Verenigde Bedrijven B.V.  
Exact Holding N.V.  
Arch Hill Capital N.V.

#### *Board positions:*

Foundation continuity TKH  
Foundation preferent shares Accell  
Foundation Trustoffice Mammoet  
Foundation Trustoffice Bolsiusgroup  
Foundation Franciscus de Wind

### C.J. de Swart

(m, 62)

Member of the Supervisory Board since 2001. Re-appointed in 2003. Will retire by rotation in 2005.

Former Chairman Board of Management of AMEV Stad Rotterdam Insurance Company and member of the Executive Committee Fortis

#### *Positions in Supervisory Boards:*

Investment Fund 'De Zonnewijzer'  
Japhet de Jong Holding B.V.  
Hogeschool Rotterdam  
Fondel Finance B.V.  
Daf Trucks N.V.  
Ordina N.V.  
Ruwaard van Putten Hospital

#### *Board positions:*

Foundation KunstHal Rotterdam  
University Fund of Leiden  
Foundation Administration office Heijmans N.V.

## General

The members of the Supervisory Board are all Dutch nationals. Mr Boons and Mr Schonis will retire. The re-election of Mr Schonis and the election of Mr H. van Nimwegen will be proposed at the Annual General Meeting of shareholders on March 24, 2004.

## Board of Management

### G.C.J. Verweij

(m, 58)

Employed by Wereldhave since 1977  
Manager Building Staff Department 1981  
Director Wereldhave Management Holding B.V. from 1982  
Director Wereldhave N.V. from 1988 (chairman from 1994)

### R.L.M. de Ruijter

(m, 52)

Employed by Wereldhave since 1987  
Director Wereldhave Management Nederland B.V. 1990  
Director Wereldhave Management Holding B.V. from 1994  
Director Wereldhave N.V. from 1994

## Report of the Supervisory Board

### The Supervisory Board's activities

The Supervisory Board met six times in 2003. Regular items on the agenda of these meetings were the company's results and asset performance, developments in the relevant property markets, investments and divestments, financing, the policy on foreign currency and on dividends and the company's tax position. During several meetings of the Board extensive attention was paid to the recommendations of the Tabaksblat Committee. An extensive description of Wereldhave's position can be found from page 44 of this report. The May meeting saw the presentation by the Management Board of the investment plan for the coming 5 years, which will be adjusted and modified annually. The investment plan sets out the strategy for the coming five years and the critical conditions for success, the requirements made of staff and organisation in relation to these, a description of the information systems, financial policy, the company's tax position, results and volumes of investment on a country by country basis. The report also gives a current projection of prospects in the property markets in the countries in which Wereldhave is active and an extensive set of assumptions that were used to draw up the result forecasts, relating to interest rates, inflation and economic growth, for example. The investment plan was approved by the Supervisory Board in May 2003. The Supervisory Board believes that the annual review of an updated investment plan offers a valuable source of information concerning the procedures and state of affairs within the company. The structure and operation of the internal risk management and control systems was discussed with the Management Board in November. No points were raised at this discussion that require adjustment or modification.

In 2003, the Supervisory Board drew up a remuneration report. The report is published on [www.wereldhave.com](http://www.wereldhave.com) and is available free of charge on request. The main aspects of the report are given below. The ratio of variable remuneration to fixed remuneration at Wereldhave is 25/100. The fixed salary is index-linked annually. The variable pay consists of a participation in the profits amounting to no more than three monthly salaries that becomes payable when the earnings per share match or exceed the level of such earnings in the preceding year.

The amount of the profit share is also dependent on the share price performance in the year concerned and a comparison with the performance of a peer group. Management Board members do not derive any advantage in any other way from the activities of Wereldhave or its affiliated enterprises. Wereldhave operates a final salary pension scheme, pursuant to which members retire at the age of 62. The Management Board members do not hold any shares or option rights in Wereldhave N.V. No loans, advances or guarantees have been extended to the Management Board members by Wereldhave N.V.

In the event of dismissal in the case of merger, the Management Board will receive retaining pay and they will continue to accrue pension rights for the account of the company for as long as they receive retaining pay. The maximum period of retaining pay can be 7 years, depending on the number of years service. In the first five years, 80% of the last recorded salary is paid, and thereafter 70%. The retaining pay will cease in any event when the Management Board member concerned reaches the age of 62. Any new employment contracts will no longer include such arrangements.

A comparative study of remuneration reveals that the salary of the Chairman of the Management Board is below the peer group average. A proposal will be submitted to the General Meeting of Shareholders to increase the Chairman of the Management Board's fixed salary in two steps to EUR 300,000 per year in 2004 and to EUR 325,000 per year in 2005. These salary increases shall not grant backdating pension entitlements and hence past-service commitments are avoided. Pension rights are accrued in future over the amount of the increase, however.

In November, the Supervisory Board assessed the functioning of the Management Board and the mutual cooperation between Supervisory Board members. All Supervisory Board members are independent of one another, the Management Board of Wereldhave and any particular interest. No Supervisory Board member was frequently absent. Following the recommendations of the Corporate Governance Committee, the regulations of the Supervisory Board and the Management Board were modified. Parts of the Profile of Supervisory Board members were also modified. Additionally, the Supervisory Board adopted a set of Regulations concerning Private Investment Transactions. These draft regulations were discussed in 2003 in the light of the draft Tabaksblat code. The final versions were adopted in February 2004. The regulations and the profile, together with an extensive response to all recommendations and best practice provisions, are published on the website [www.wereldhave.com](http://www.wereldhave.com).

No business transactions took place in 2003 between the members of the Supervisory Board and the company.

On behalf of the Supervisory Board,

F.H.J. Boons, Chairman

The Hague, February 19, 2004

## Investment properties at December 31, 2003

(only properties with an open market value of more than EUR 5 mln are mentioned separately)

location	offices m <sup>2</sup> n.l.a.	shops m <sup>2</sup> n.l.a.	other m <sup>2</sup> n.l.a.	number of parking spaces	year of acquisition	year of construction or renovation	annual rent 2004 (xEUR 1 mln)
<b>Belgium</b>							
<b>Berchem</b>							
1-2 Roderveldlaan	12,344			238	1999	2001	1.8
3-4-5 Roderveldlaan	17,139			316	1999	2001	2.3
76-78 Berchemstadionstraat	11,416			217	1999	2002	1.6
<b>Brussels</b>							
1-8 Boulevard Bischoffsheim	12,666			150	1988	2002	2.8
22-25 Boulevard Bischoffsheim	5,730			64	1990	1990	1.1
<b>Doornik</b>							
22 Boulevard Walter de Marvis		14,178		1,260	1988	1996	2.0
<b>Liege</b>							
1 Quai des Vennes		31,252		2,200	1994	1994	7.9
<b>Meer</b>							
35-41 Riyadhstraat			22,610	85	2001	2002	0.8
<b>Nijvel</b>							
18 Chaussée de Mons		15,503		750	1984	1995	2.2
<b>Vilvoorde</b>							
28 Medialaan	12,989			305	1998	2002	2.0
30 Medialaan	5,696			178	1999	2001	0.9
32 Medialaan	4,052			123	1999	2001	0.8
<b>other properties</b>	6,336	3,285	18,359				2.0
	<u>88,368</u>	<u>64,218</u>	<u>40,969</u>				<u>28.2</u>
<b>interest Wereldhave (68.2%)</b>	<u><b>60,267</b></u>	<u><b>43,797</b></u>	<u><b>40,969 *)</b></u>				<u><b>19.6</b></u>
<b>Finland</b>							
<b>Espoo</b>							
5 Lansituulentie		12,117		234	2003	1998	2.8
<b>Helsinki</b>							
Itäkeskus	9,537	85,009		3,000	2002	2001	25.6
	<u>9,537</u>	<u>97,126</u>	<u>-</u>				<u>28.4</u>
<b>France</b>							
<b>Dunkirk</b>							
Quai des Fusiliers Marins		9,895	7,944	600	1999	1999	2.4
<b>Paris and environs</b>							
45-49 Rue Kléber, Levallois-Perret	19,660			350	1999	1999	6.5
Avenue Jules Rimet, Saint-Denis	10,993			121	1999	2001	3.0
Zac des Berges de Seine, Clichy	23,564			350	1999	2002	6.4
	<u>54,217</u>	<u>9,895</u>	<u>7,944</u>				<u>18.3</u>

\*) The interest of Wereldhave in the item other amounts to 100%.

location	offices m <sup>2</sup> n.l.a.	shops m <sup>2</sup> n.l.a.	other m <sup>2</sup> n.l.a.	number of parking spaces	year of acquisition	year of construction or renovation	annual rent 2004 (x EUR 1 mln)
<b>Netherlands</b>							
<b>Alphen aan den Rijn</b>							
35 A. van Leeuwenhoekweg			11,375	103	1997	1991	0.6
R. Wallenbergplein	6,177			108	1999	2002	0.9
<b>Amersfoort</b>							
1-3 Basicweg			11,377	96	1997	1993	0.6
<b>Amsterdam</b>							
64 Hornweg			12,457	117	1997	1991	0.8
<b>Arnhem</b>							
Shopping Centre Kronenburg (leasehold till 2110)		31,747		1,000	1988	1985	7.0
<b>Best</b>							
4 Brem			11,283	690	1977	1971	0.9
<b>Breda</b>							
Distriparc IABC			20,134		2002	2002	1.1
<b>Deventer</b>							
2 Duisburgstraat			18,360	25	1997	1991	0.5
<b>Etten-Leur</b>							
Shopping Centre Etten-Leur		21,620			1991	1995	2.9
<b>Geldrop</b>							
62-89A Heuvel and 1, 3, 5 and 15 Achter de Kerk		5,927			1978	1996	0.9
<b>The Hague and environs</b>							
20-160 Laan van Ypenburg, The Hague			37,290	200	1996	1993	2.5
12 Veraartlaan, Rijswijk	5,490			87	1984	1991	0.7
Winston Churchill Tower, Rijswijk	23,163			370	1974	2002	3.5
<b>Leiderdorp</b>							
Shopping Centre Winkelhof		17,286		830	1993	1999	3.5
<b>Moerdijk</b>							
6 Middenweg			8,779	126	1997	1988	1.1
<b>Nuth</b>							
15 Thermiekstraat			18,066	690	1977	1987	1.3
<b>Roosendaal</b>							
23 Borchwerf			15,378	126	1997	1994	0.6
<b>Utrecht</b>							
1 Rutherfordweg			12,876	100	1997	1994	0.7
<b>other properties</b>	7,022		30,548				2.9
	<u>41,852</u>	<u>76,580</u>	<u>207,923</u>				<u>33.0</u>
<b>Spain</b>							
<b>Madrid</b>							
2 Plaza de la Lealtad	3,012				1989	1999	0.8
15 Calle Fernando El Santo	3,254			39	1991	1993	0.8
15 Avenida de la Vega, Alcobendas	22,676			421	1999	2000	4.6
1-2 Calle Mariano Benlliure, Rivas-Vaciamadrid			35,248	351	2001	2002	2.2
	<u>28,942</u>	<u>-</u>	<u>35,248</u>				<u>8.4</u>

location	offices m <sup>2</sup> n.l.a.	shops m <sup>2</sup> n.l.a.	other m <sup>2</sup> n.l.a.	number of parking spaces	year of acquisition	year of construction or renovation	annual rent 2004 (x EUR 1 mln)
<b>United Kingdom</b>							
<b>Blackburn</b>							
76-80 Bank Top		3,426		202	1994	1987	0.4
<b>Gloucester</b>							
63-71 Northgate Street and 14-20 Hare Lane		4,047			1994	1972	0.4
<b>Guildford</b>							
73-75 North Street	1,085	357			1988	1976	0.5
<b>Leeds</b>							
31-32 Park Row	2,502				1988	1978	0.5
<b>London and environs</b>							
126-134 Baker Street, W1	934	605			1988	1999	0.7
326-334 Chiswick High Road, W4		2,307			1988	1974	0.8
72-74 Dean Street, Royalty House, W1	2,648			12	1988	1999	1.2
14-18 Eastcheap, EC3	3,630				1988	1991	2.1
31-36 Foley Street, W1	3,134			12	1988	1993	1.4
26-28 Great Portland Street, W1 (leasehold till 2105)	1,290				1988	1990	0.6
11-12 Haymarket, SW1	1,183				1988	1988	0.6
1-5 Lower George Street and 1 Eton Street, Richmond upon Thames		2,864		10	1988	1963	0.8
56-70 Putney High Street, SW15		4,369		44	1988	1971	1.1
10-12A Thames Street and 1, 2 and 5 Curfew Yard, Windsor	932	464		62	1988	1972	0.7
<b>Northampton</b>							
100 Pavillion Drive	11,051			510	1998	1991	2.2
<b>Redhill</b>							
Grosvenor House, 65/71 London Road	4,652			150	1989	1986	1.5
<b>Rickmansworth</b>							
Olds Approach, 1 Tolpits Lane			7,334	165	1988	1993	0.7
<b>Sittingbourne</b>							
Trinity Trading Estate			35,742	200	1988	1982	2.6
<b>Sheffield</b>							
Penistone Road		3,918		163	1988	1986	0.7
<b>Warwick</b>							
Warwick Technology Park, Gallows Hill, Conoco Centre	21,814			788	1998	1992	4.3
<b>Yeovil</b>							
Bay 6, Lynx Trading Estate		3,218		207	1994	1986	0.5
<b>other properties</b>	1,924	7,851	15,298				3.7
	<b>56,779</b>	<b>33,426</b>	<b>58,374</b>				<b>28.0</b>

location	offices m <sup>2</sup> n.l.a.	shops m <sup>2</sup> n.l.a.	other m <sup>2</sup> n.l.a.	number of parking spaces	year of acquisition	year of construction or renovation	annual rent 2004 (x EUR 1 mln)
<b>United States</b>							
<b>Austin, Texas</b>							
6801 Cap. of Texas Highway North	8,568			344	1999	1999	1.5
5001 Plaza on the Lake Drive	11,383			539	1999	1999	2.6
4801 Plaza on the Lake Drive	10,363			491	1999	1999	1.8
8300 Mopac Expressway	8,669			431	1998	2000	1.7
<b>Dallas and environs, Texas</b>							
1910 Pacific Place	30,115			14	1994	1982	3.4
805 Central Expressway, Allen	10,702			737	1999	1999	1.6
161 Corporate Center, Irving	9,737			465	1998	1998	1.8
4600 Regent Boulevard, Irving	7,432			479	1998	1998	1.2
4650 Regent Boulevard, Irving	7,432			479	1999	1999	1.2
411 East Buckingham Road, Richardson			28,601	648	1999	1999	2.8
<b>Herndon</b>							
13650 Dulles Technology Drive	10,507			531	1999	2000	2.0
13650 Dulles Technology Drive	10,507			531	1999	2000	2.2
<b>Livonia, Michigan</b>							
19500 Victor Park Way	10,325			600	1998	1998	1.9
<b>Philadelphia, Pennsylvania</b>							
1515 Market Street	47,161				1989	1986	7.6
<b>Pittsburgh, Pennsylvania</b>							
3000 Park Lane	9,784				1998	1998	1.7
<b>Sterling</b>							
21660 Ridgetop Circle	11,681				1999	2002	1.9
<b>Washington D.C.</b>							
1401 New York Avenue	17,646			165	1988	1984	4.8
	<u>222,012</u>	<u>—</u>	<u>28,601</u>				<u>41.7</u>
<b>Total</b>	<u>473,606</u>	<u>260,824</u>	<u>379,059</u>				<u>177.4</u>

N.l.a. means net lettable area. All properties are freehold unless stated otherwise. For properties which are not 100% owned, the surface areas, number of parking spaces and the annual rent are shown on pro rata basis. The annual rent is calculated on the assumption that the buildings are fully let and before deduction of operating costs.

## Independent valuers

Jones Lang La Salle,  
London

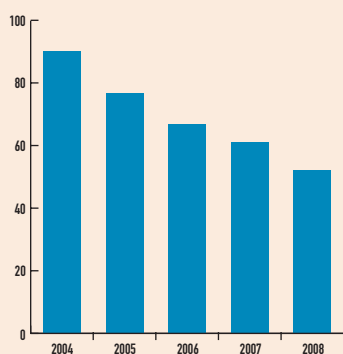
Troostwijk Taxaties B.V.,  
Amsterdam

Troostwijk-Roux Expertises cvba,  
Antwerp



## Contracted rent

(on December 31, 2003, expressed as a % of the forecasted rent)



## Summary of investment propertie

The following is a summary of the open market value of the Group's investment properties at December 31, 2003. Foreign currencies have been converted at rates of exchange ruling at December 31, 2003. The annual rent is shown on the assumption that the buildings are fully let and before deduction of operating costs.

(x EUR 1 mln)	offices		shops		other properties		total	
	market value	annual rent	market value	annual rent	market value	annual rent	market value	annual rent
Belgium	101.6	9.7	106.1	8.5	13.0	1.4	220.7	19.6
Finland	6.6	1.3	364.2	27.1	–	–	370.8	28.4
France	188.1	15.9	7.4	1.3	6.0	1.1	201.5	18.3
The Netherlands	63.8	6.2	152.2	14.3	128.5	12.5	344.5	33.0
Spain	76.2	6.2	–	–	24.8	2.2	101.0	8.4
United Kingdom	170.5	16.3	89.4	7.0	45.5	4.7	305.4	28.0
United States	282.1	38.9	–	–	18.0	2.8	300.1	41.7
<b>Totaal</b>	<b>888.9</b>	<b>94.5</b>	<b>719.3</b>	<b>58.2</b>	<b>235.8</b>	<b>24.7</b>	<b>1,844.0</b>	<b>177.4</b>

## Summary development portfolio

(investment value more than EUR 10 mln)

			(estimated) date of completion	investment value (x EUR 1 mln)
United States	Washington	14,000 m <sup>2</sup> offices, G-street	01-04-2005	50.0
United States	Saxon Woods	525 apartments	15-06-2003	35.6

## Summary of revaluations of the investment properties per country and sector

	value at 31-12-2003 (x EUR 1 mln)	revaluation in 2003 (x EUR 1 mln)	as a % of the value before revaluation			total				
			offices	shops	other					
Belgium	220.7	1.9	./.	4.4	6.0	4.7	0.9			
Finland	370.8	9.8	./.	4.6	2.9	–	2.7			
France	201.5	3.5	7.0	./.	39.6	./.	39.6	1.8		
The Netherlands	344.5	3.6	3.1	2.2	./.	1.2	1.1			
Spain	101.0	./.	3.5	./.	3.7	–	./.	2.3	./.	3.3
United Kingdom	305.4	./.	1.8	./.	2.2	3.1	./.	1.5	./.	0.6
United States	300.1	./.	16.8	./.	6.0	–	7.6	./.	5.3	
<b>Total</b>	<b>1,844.0</b>	<b>./.</b>	<b>3.3</b>	<b>./.</b>	<b>1.7</b>	<b>2.4</b>	<b>./.</b>	<b>2.0</b>	<b>./.</b>	<b>0.2</b>

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design: Claudia Coppen  
Vormplan Design BNO, Amsterdam  
printing: De Eendracht, Schiedam