

WERELDHAVE N.V.
ANNUAL REPORT '90



Summary of the past five years

	1986	1987	1988	1989	1990
Results (× Dfl. 1 mln)					
Net rental income	97.2	98.7	117.9	171.7	193.5
Direct investment result	64.1	67.9	79.0	109.3	95.1
Total investment result	64.3	71.4	103.1	166.9	2.8
Balance sheet (× Dfl. 1 mln)					
Investments	1,400.7	1,592.1	2,926.0	3,213.9	3,374.5
Shareholders' equity	951.9	1,086.8	1,645.8	1,993.5	1,904.3
Long-term debt	524.1	561.9	1,245.8	1,192.8	1,415.8
Distribution of investment properties (in %)					
Offices	88	83	68	71	66
Shops	5	11	25	23	27
Other commercial	7	6	7	6	7
Geographical distribution of investments (in %)					
Belgium	9	12	7	8	10
Germany	8	7	4	4	5
France	16	16	10	11	16
Netherlands	45	50	22	19	18
Spain	—	—	1	2	4
United Kingdom	3	1	45	43	35
United States	19	14	11	13	12
Issued ordinary shares of Dfl. 20 nominal value (in numbers)	6,007,382	6,682,454	9,635,886	11,184,134	11,407,817
Statistics per ordinary share of Dfl. 20*) (in Dfl.)					
Net asset value	145.97	149.99	163.43	174.09	166.27
Direct investment result	9.94	9.58	9.53	9.64	8.27
Total result	10.26	11.45	21.02	18.50	0.18
Dividend	9.38	7.43 +2%	7.58 +2%	7.84 +2%	8.00

*) The amounts per share have been adjusted for the 1989, 1988 and 1987 bonus issue of 2% and the 1988 rights issue.

Report of the Board of Management

During 1990 there were far-reaching changes in a number of property markets, especially in the Anglo-Saxon countries. However, as far as Wereldhave was concerned, there were no adverse effects on rental income, which also increased in the United Kingdom. Nevertheless, this was insufficient to compensate for the amount realized on sales from what remained of the United Kingdom trading portfolio. Such sales made an important contribution to profits in 1989. The direct investment result was Dfl. 14.2 mln lower compared with 1989 and amounted to Dfl. 95.1 mln, or Dfl. 8.27 per share. As planned the British trading portfolio has been substantially reduced and the quality of the direct investment result improved. The investment portfolios in Belgium, Germany, the Netherlands and the United Kingdom yielded satisfactory direct investment results.

The total value of Wereldhave's investments increased from Dfl. 3.2 bln to Dfl. 3.4 bln. Additional investments were made in Belgium, France, the Netherlands, Spain and the United States and sales took place in the Netherlands and the United Kingdom at prices in excess of book value. There was practically no change in the \$ value of the U.S. portfolio. The value of our investments in the United Kingdom fell considerably. In Continental Europe our investments increased considerably in value. The net asset value per share fell by 4.5% to Dfl. 166.27 (1989: Dfl. 174.09 after adjustment for the 2% bonus issue).

It is proposed to pay a cash dividend for the year ended December 31, 1990 of Dfl. 8.- per share, of which Dfl. 4.25 was distributed as an interim dividend in September 1990.

Economic and financial developments

During the year under review enormous changes took place on the world's economic and financial scene. Some political developments, such as the re-unification of Germany, heightened existing differences in economic conditions. Within Europe, Germany set the pace. Growth accelerated in the western part, mainly as a result of the re-unification,

with beneficial effects on neighbouring countries such as the Netherlands. This helped to maintain the Dutch economic growth rate at a relatively high level. The Belgian economy also grew rapidly. The Japanese economy was strong, with a growth rate increasing to over 6%. In the United States and the United Kingdom, on the other hand, signs of a recession became clearly visible in the second half of 1990. France occupied an intermediate position as slower growth in world trade and relatively high interest rates dampened economic growth. In Spain economic activity slowed down but a relatively high rate of growth was maintained.

The surge in oil prices following the onset of the Gulf crisis pushed up inflation rates in the industrialized countries but the fall in value of the U.S. \$ lessened the effect in a large number of European countries. Inflation remained low in the Netherlands, France and Belgium; in the United Kingdom and the United States the situation was different. Despite German monetary unification, inflation was kept under control in this country.

Partly as a result of the German re-unification there was an almost universal increase in long term interest rates. In addition a tightening of Germany's monetary policy drove money market rates upwards in Germany and the Netherlands. In the United States short-term interest rates fell slightly as American monetary policy was eased. The weakness of the U.S. economy, the structural deficits of the Federal Government and the disequilibria in the balance of trade depressed the external value of the U.S. \$. Sterling was highly volatile in 1990. It ended the year at a higher level than in 1989, largely as a result of the British Government's decision to bring the £ into the currency arrangement of the European Monetary System (EMS). The other EMS-currencies have, on balance, little changed over the course of the year. Lower economic growth and higher interest rates led to a sharp drop in share prices which was accentuated by the threat of war in the Persian Gulf.

The economic situation in 1991 will be strongly influenced by the course of the Gulf War which will

have an important impact on energy prices, consumption and investment. The determining factor is how consumers' and producers' confidence is affected. Furthermore, a number of countries, such as the Netherlands, Belgium, Germany and the United States, are facing the consequences of cutting back and financing their budget deficits. Nevertheless, the industrialized world is now less susceptible to shocks such as higher oil prices. Not only are its economies stronger than in the 1970's but the functioning of a number of markets, including the labour market, is more efficient so that the process of adjustment now requires less time.

The international property markets

During the year under review developments in the various national property markets followed widely divergent patterns. There was a particularly sharp dichotomy between the North American and British markets on the one hand and those of Continental Europe on the other. The virtual absence of economic growth in the Anglo-Saxon countries led to a drop in demand for office space, particularly on the part of financial institutions. In addition, the supply of property increased, especially from the completion of projects initiated during the 1980's boom. The result has been a higher vacancy rate and downward pressure on office rents in many American and British cities. In these markets too, high interest rates depressed international investors' demand for property. In many cases the result has been a considerable rise in yields.

The situation in Continental Europe was completely different. Demand for office space remained strong and in some cities actually increased, mainly under the influence of European unity, the German re-unification and the developments in Eastern Europe. This effect was especially obvious in Frankfurt and Berlin where the supply of new property continued to lag behind demand so that vacancy rates fell further and rents increased significantly. Rents also increased in the major Spanish cities as the lack of available building sites caused a continuous shortage of office accommodation. In Belgium, where demand and supply for office space moved in step, vacancy rates remained

low and there was a considerable rise in rents. Rents also increased in France and the Netherlands but, due to an increase in supply, at a slower rate than in previous years.

The markets for shops and shopping centres developed positively during 1990 in Continental Europe. Germany, Belgium, France and the Netherlands showed a favourable development as higher consumer expenditure led to a further rise in rents in the main shopping zones. Interest from tenants and investors was targeted mainly towards shops in the centres of large and medium-sized cities and towards well-located shopping centres. Such locations are keenly sought after by international retail chains expanding into new markets. Recreational shopping has become more important and specialized shops are becoming increasingly represented in the better shopping areas. The British and American markets for retail property were less strong. In the United Kingdom rental values fell somewhat as a result of the weakening economy, higher property taxes and an increased supply of shopping space. However, the increase in yields now seems to have ended and it is to be expected that this will be the first sector of that market to show signs of recovery. Retail valuations dropped in the United States partly as a result of slower growth in personal consumption.

In the short term the demand for offices is expected to slow down in most Western countries. At the same time there is a constant or, in some places such as Paris, an increasing flow of new buildings reaching completion. This implies that in time the available supply will increase and the growth in market rentals and capital values will slow down. For the time being this development will probably not affect Germany where the demand for office space is rising and there is lively interest from foreign investors. Furthermore, it is to be expected that the increased supply, high interest rates and the reluctance of the banks to finance property development will lead to a reduction in new construction. This tendency is already clearly evident in the United States and the United Kingdom so that a recovery is to be expected there in time, especially if interest rates fall further. Investment opportunities

will re-appear in some American cities when the economy recovers, although it will take a considerable time before vacancies disappear. Certain markets in Eastern Europe offer interesting opportunities in the near future. The change of regime in those countries has led to an explosive growth in the demand for modern office accommodation, whilst uncertainty as to title, amongst other factors, has held new construction down to a very low level. Prospects for shops and shopping centres in Continental Europe are also favourable. Despite slowing economic growth, consumption will not fall. Moreover, the number of new shopping centres under construction in Western Europe is negligible.

Anticipating change

Wereldhave's market parameters changed significantly in 1990. This was affected by not only the politic-economic climate but also by the development of certain property markets. It is remarkable, for instance, how rapidly the British property market deteriorated. Nevertheless, Wereldhave's rental income has risen and will continue to do so in the near future, principally as a result of the delay in adjusting existing rents to the considerably higher market levels of recent years.

In addition, Wereldhave has been confronted with adverse conditions on the stock markets, as bond and share prices fell all over the world. Unfavourable property market conditions and higher interest rates led to less interest in property investment companies. In Wereldhave's case the result was a sharp drop in the share price, which was at a discount to net asset value at the end of the year.

To Wereldhave these changed circumstances will offer opportunities to work towards higher rental income and capital appreciation through active property management. One of Wereldhave's advantages, in contrast to most other property investment companies, is having an experienced management team in each of the countries in which it operates. Another important factor is Wereldhave's knowledge and experience in solving problems, often of a complex nature, for any given property.



Shopping centre 'Binnenhof', Amstelveen.

The result which can be achieved through intensive management played an important part in Wereldhave's decision to add to its retail portfolio. More than in other sectors, decisive and knowledgeable management is of paramount importance when investing in shops and shopping centres. Close attention to the needs of consumers and retailers and the maximization of the use of floorspace can boost rental income and property values. This demands an alert reaction to trends in consumer behaviour and developments in the retail trade and continuous alterations to the properties. In this respect shopping centres have an advantage over single shops in that management efforts can be centralized and the investor can influence what happens in and around the shopping centre as a whole. Shopping centres usually offer higher initial yields than prime office buildings. This was the motive behind Wereldhave's decision to purchase shopping centres in the Netherlands and in France as well as nine shops in Belgium in 1990.

In addition, Wereldhave attempts to improve performance by continuous adjustments to the portfolio, disposing in time of investments with below-average prospects and acquiring more promising properties. Realized capital gains are reflected in the indirect investment result and may be re-invested to generate extra income. To this end Wereldhave pursues an active purchase and sale

policy. Sales during the year under review included four office buildings in the Netherlands and a large number of smaller U.K. properties. First-time purchases were made in new markets, such as the French market for shopping centres.

Equity and debt financing

Shareholders' equity amounted to Dfl. 1.9 bln at the end of 1990, equivalent to 1.3 times the long-term debt. A loan of Lux.frs. 750 mln was taken up and the proceeds swapped into French francs to finance part of the purchase of the Parinor shopping centre. Refunding activities included two other Luxemburg francs loans to the amount of Lux.frs. 1,050 mln, which were swapped into guilders and Belgian francs. In the autumn a Dfl 150 mln commercial paper programme was set up to provide working capital. In Spain, a similar programme was arranged (Ptas 2 bln) and the proceeds will be used partially

to provide local financing for two development projects. The bulk of Wereldhave's debt consists of long-term fixed-interest loans.

Currencies

After a period of appreciation Wereldhave covered its equity exposure to Sterling in mid-1990. This cover was maintained after the £ was brought into the currency mechanism of the EMS. In view of the unfavourable economic prospects for the United States Wereldhave also covered its U.S. \$ equity exposure in the second half of 1990.

Wereldhave's currency policy is aimed mainly at preventing unacceptable damage to shareholders' equity from major shifts in currency values. The costs to be incurred determine partially our policy of reducing currency risks. In general, the equity exposure in foreign currency is hedged only if

The Galerie Marchande in the Parinor shopping centre on the outskirts of Paris – 148 shops with 32.200 m² floorspace.



economic or political developments justify doing so. Existing local funding provides a partial protection against currency risks. In principle, equity exposure to EMS-currencies is not hedged, although an exception may be made for EMS-currencies, such as Sterling, with a fluctuation margin of 6%.

Performance

The weak stock market and the reduced interest in property also led to a drop in Wereldhave's share price over the year. The decision of several large Dutch property investment companies to stop buying in their own shares unsettled investors, especially small investors. The result was not only a fall in the price of the open-end funds involved, but also a further downward pressure on Wereldhave so that market performance was disappointing. Property, however, is a long-term investment and so it is unrealistic to judge property by its performance over a short period. Our performance in 1990 cannot be considered representative of future prospects. Whilst realizing that past figures provide no guarantee for the future, the accompanying graph shows that, over the longer period, Wereldhave has achieved a satisfactory performance.

Investments

Properties were purchased in Belgium, France, the Netherlands, Spain and the United States to a total value of Dfl. 301 mln. Sales were made in the Netherlands and the United Kingdom, raising Dfl. 134 mln, which was in excess of book value. Dfl. 82 mln was invested in improvements and further development of the portfolio.

The shifts in the portfolio have led to a further increase in the retail property investment portfolio to 27%. The graph shows the comparable figure for 1986 as a mere 5%. Ninety-two per cent of the properties by value are freehold. Within the investment portfolio the weighting of the United Kingdom has been further reduced from 43% to 35%, whereas in Spain it increased from 2% to 4% and in France from 11% to 16%.

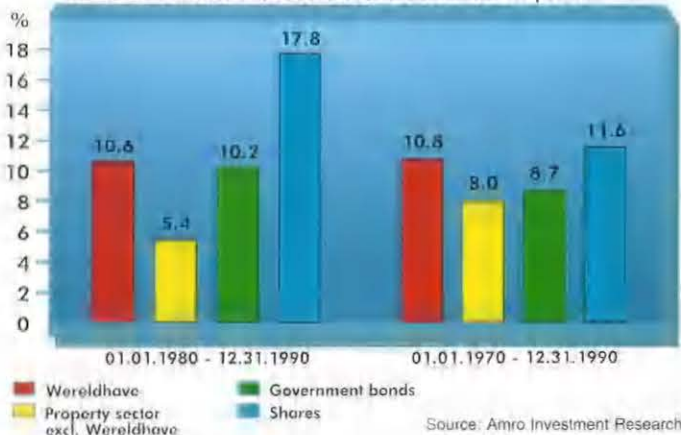
Belgium

The Belgian economy continued to be strong during 1990 with low inflation, mainly as a result of faster growth in consumer expenditure and extensive investment. The decision to tie the franc more closely to the strongest EMS-currency led to its appreciation.

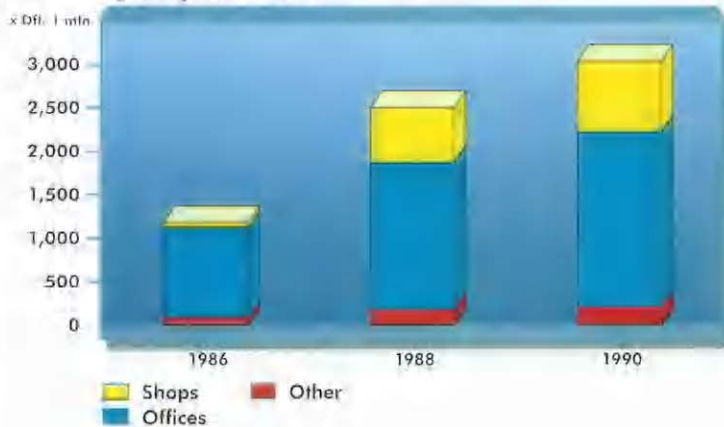
The demand for office space in Brussels was well maintained. Supply kept pace with demand so that the vacancy rate remained at the relatively low level of just over 3%. Market rents increased by approximately 10% to Bfrs 7,000 – 7,500 per m² per year. There has also been an increase in the demand for small and medium-sized offices in the centre of Brussels. Larger tenants are moving out to the periphery, especially to the south-eastern suburbs. In view of the number of construction projects and possible additions to the stock of offices in the northern part of the city, the pace of future rental growth can be expected to slacken. Higher interest rates and the diminishing interest from Swedish investors led to a drop in investment market activity. There has been a slight rise in initial yields which for prime offices now lie between 6% and 7%. The retail market maintained its growth. Although rents in the main shopping streets in Brussels and Antwerp

Performance

averages per annum
all distributions reinvested at stock-market prices



Distribution of investment properties



showed little growth, retail valuations were higher. In general, rents in shopping centres showed a larger increase.

Wereldhave's Belgian portfolio developed well. Retail investment was expanded with the acquisition of three shops in Ostende, Aalst and Roeselare and six shops in Waterloo. In addition, 9,000 m² of land were purchased to enable the expansion of our shopping centre in Tournai. The renovation of the building at 41, Kunstlaan, Brussels, and the construction of the Orion Building, Boulevard Bischoffsheim, were completed. There were few vacancies in the portfolio. At the end of 1990 the value of the investment portfolio amounted to Dfl. 329 mln.

Germany

The re-unification has led to vigorous economic expansion in the western part of the country. Personal consumption, spurred by tax reductions and wage increases, grew particularly strongly. Investment was also at a high level. Export growth has been slower, however, largely as a result of the appreciation of the Deutschmark against the U.S. \$. This appreciation has helped to keep inflation under control despite the effects of the re-unification which has led to a strong surge in the government deficit; this has driven interest rates up steeply. It is likely that Germany, with its large domestic market and high-quality industrial potential, will in time assume an even more dominant economic position than is already the case.

Relatively, property markets in central Germany have become much more important as a result of the re-unification. The Berlin conurbation in particular has profited from the re-unification as market rates rocketed by a spectacular 50% to DM 40 – 50

per m² per month. Other cities benefiting from re-unification were Frankfurt, Hamburg and, to a lesser extent, Munich. In Frankfurt, Germany's main financial centre, market rents for prime property have risen further to reach DM 80 per m² and initial yields for good office buildings lie at around 5%. The Dusseldorf market, for many years a low-growth area, also developed well with rents increasing by 10%. Alternative locations in the area, such as Cologne or Essen, are also experiencing a revival.

The year was a highly satisfactory one for Wereldhave's German portfolio. The extensive renovation of and the extension to the prestigious office building at Taunusanlage 21, Frankfurt, will be completed at the beginning of 1991. The value of the portfolio has again increased and amounted to Dfl. 182 mln by the end of 1990.

France

There was a further slow-down in the growth of the French economy which lagged behind growth rates in the neighbouring countries. This can be traced largely to lower growth in exports and investments. Consumer expenditure, on the other hand, continued to grow satisfactorily. Despite the surge in oil prices the inflation rate remained low. The franc remained weak within the EMS, partially owing to reductions in money market rates.

A large number of lettings took place in the Paris conurbation. As new offices became available on the outskirts of the city, particularly in the western and southern suburbs, tenants of older offices in the city centre have moved to cheaper accommodation on the periphery so that the supply of older offices in the centre has increased. On the other hand, small prestigious office suites are still very much sought after in the centre, as reflected in relatively high rents (Ffrs 4,000 – 4,500 per m² per year). Rents in these locations have risen slightly and capital values have stabilized. Rents in La Défense, with large modern offices close to the city centre, lie between these two extremes. This district has become a still more prestigious location with the construction of the Grande Arche, a striking office



21, Taunusanlage, Frankfurt; refurbished and extended.

building in the form of a triumphal arch. There has been extensive new construction, particularly on the outskirts of Paris and so the rate of increase in office rents is slowing down. The retail property market has prospered and there has been a remarkably lively interest on the part of foreign retail chains to open shops in the Paris conurbation.

The French portfolio developed well and its value increased. Wereldhave's policy of expanding the portfolio by adding shopping centres was put into practice in France with the acquisition of part of the Parinor shopping centre at Aulnay-sous-Bois, about 15 km from Paris on the A1 Lille-Paris motorway. Wereldhave's interest is in the Galerie Marchande which consists of 148 shops, comprising 32,200 m². With its 75,500 m² retail space and 5,000 parking spaces, Parinor is one of the ten largest shopping centres in the country and is well patronized. In terms of turnover per m² Parinor is the third largest in France and is actively managed by Wereldhave. This acquisition improved the spread of the French portfolio, the value of which amounted to Dfl. 540 mln at the end of 1990.

The Netherlands

Despite the slower pace of growth, economic activity continued to increase at a relatively high rate, partly as a result of higher personal expenditure. There was some increase in inflation but compared to other countries the rate of inflation was still low. As a result of the increase in interest rates in Germany, Dutch money market rates and long-term interest rates ended the year at levels substantially higher than those of twelve months earlier, so that the guilder maintained its strong position within the EMS.

The growth in demand for office space was slower than in preceding years as the business sector became more cautious in making new investments. As the high level of office building activity was maintained, the supply increased, especially in areas where there has been speculative construction such as Amsterdam South-East, Amsterdam-West and Hoofddorp. In these locations there has been no increase in rents. On the other hand, in the southern part of Amsterdam and Buitenveldert, areas where the scope for new construction is limited, market rents for high-class offices have increased by between 5% and 10%. In Rotterdam,

where speculative activity has been more limited, rents in the city centre have increased by around 5%; outside the city centre rental levels were practically unchanged. There was little activity in offices in The Hague, where new construction for the business sector has been limited by the cost of suitable sites. Although the vacancy rate has dropped slightly, market rents have not risen. In the Randstad, the western part of the Netherlands, initial yields have generally risen in the wake of higher long-term interest rates and waning investors' interest, especially on the part of the Scandinavians.

Retail rents have risen further in the year under review, especially for specialist shops on good locations in the main shopping streets and in the larger shopping centres. Retail valuations have also risen.

The purchase of a 50%-share in the Binnenhof shopping centre in Amstelveen and the sale of three offices in The Hague and one in Amsterdam have brought about a considerable shift in the composition of the Dutch portfolio. The proceeds from these sales exceeded the book value of the properties in question. In conformity with market trends, there was some downward adjustment to the valuation of the Dutch portfolio. The value of the portfolio at the end of 1990 amounted to Dfl. 585 mln.

Spain

Since Spain joined the European Community the Spanish economy has grown rapidly. This growth continued in 1990, but in a less unbridled fashion as monetary policy was tightened to combat inflation. The peseta continued to be strong with interest rates continuing to rise from an already high level.

Foreign companies continued to be keen to establish a presence in Spain. This resulted in an increase in the demand for office space but lack of available sites limited the possibilities for new construction in the city centres of Madrid and Barcelona, the cities which together account for over 80% of Spanish

offices. As a result, rents increased by over 10% in Madrid and almost 20% in Barcelona. In Madrid, initial yields have increased slightly, whereas in Barcelona they have decreased marginally. The increases in rents have led companies to move to the outskirts where rents are lower and new accommodation is becoming available. In time the establishment of these new sub-markets will put a brake on rental growth in the city centres. In view of the restrictions imposed by the city's location, Barcelona offers less possibilities for decentralized office sites than Madrid.

During the year under review substantial additions were made to Wereldhave's Spanish portfolio with the purchase of two properties for re-development in prime locations. In Madrid the 15, Fernando El Santo project (3,700 m²) will be available for tenancy following completion of its renovation at the end of 1991. In Barcelona, Wereldhave purchased a 3,000 m² building in the Rambla de Catalunya which is being converted into offices and shops. Completion is scheduled for the end of 1992. The value of the Spanish portfolio increased significantly to Dfl. 133 mln at the end of 1990.

United Kingdom

Economic growth in the United Kingdom plummeted in 1990 and towards the end of the year there were clear signs of recession. The principal contributory factor has been the fall in investments induced by the restrictive monetary policy. Spurred on high wage increases, the rate of inflation rose to 9.3%. At the beginning of October Sterling was brought within the currency arrangement of the EMS with a fluctuation margin of 6%. At the same time the base rate was reduced from 15% to 14%. The £ strengthened during 1990.

The year was a disappointing one for the British property market. In general vacancies have risen, principally as a result of the accelerated completion of a number of speculative developments. The demand for office space has also fallen slightly. Vacancy rates in the City of London are now between 13%-14% and in the Docklands have exceeded 50%. In other London office locations such



14-18, Eastcheap, London EC3; construction with original facade, realized in 1990.

as Holborn and the West End vacancies are lower (5%-6%). Against this background rents have fallen, sometimes substantially. In some cases rents for prime City and Docklands offices have fallen by more than 20%. In the West End and Holborn the drop in rental levels was smaller. Rents in the towns flanking the M25 motorway around London were in general unchanged and in some cases actually rose. It is to be expected that market rents for offices in the United Kingdom will continue to fall. Falls in capital values, even for first-class office buildings, have been substantial and in some instances in the City amounted to 20%. Falls in rents for shops in good locations have been less marked, partly because retail sales continued to rise in real terms.

Wereldhave's properties are concentrated principally in the West End and Holborn and in the area to the south-east of England. The City portfolio consists of two office buildings and Wereldhave has no investments in Docklands. Falls in valuations also affected Wereldhave's portfolio as a result of the downward trend in the British property market. Rental income again increased during 1990 due to the high quality of the portfolio and the British letting system. The bulk of British lease contracts have a 25-year term with 5-yearly upwards only rent reviews; downward rent reviews are generally precluded. Despite the fall in market rents, rental

income will show a further increase in 1991. The disposal of the trading portfolio has been largely completed. Twenty properties, most of them small, were sold during the year. The proceeds exceeded book value. At the end of the year the value of the investment properties amounted to Dfl. 1 bln.

United States

The American economy weakened during 1990 and a recession set in towards the end of the year. Consumer expenditure was particularly weak. Investment growth fell back, partly as a result of the problems of the banking system. On the other hand, the fall in value of the U.S. \$ provided some support for exports so that the current account deficit narrowed slightly. Towards the end of the year the monetary authorities realigned the monetary policy, lowering short-time interest rates despite the relatively high rate of inflation.

The lower level of economic activity with rising unemployment has depressed the demand for office space, especially in the financial centres such as down-town Manhattan (New York) where the vacancy rate climbed to 17%. Rents and property values have fallen in most markets. In reaction to the huge losses which banks have suffered in financing property, they have practically stopped lending to property developers. Increased initial yields and lower interest rates will in time create new opportunities. There has been a marked increase in German and Southeast Asian interest in American property, but that of the Japanese has fallen sharply.

In these circumstances Wereldhave's 85% subsidiary West World Holding, Inc. has concentrated its attention on letting the existing portfolio. With the exception of offices at 20, Exchange Place, in the financial district of down-town Manhattan, where the vacancy rate is high, the occupancy level in our other three buildings is excellent. West World Holding now holds the freehold of the office building at 1401 New York Avenue, Washington, following the exercise of its option to purchase the outstanding 18% equity. The valuation of the investment portfolio in local currency was practically

unchanged and the value amounted to Dfl. 348 mln at the end of 1990.

Results

The direct investment result for 1990 amounted to Dfl. 95.1 mln, or Dfl. 8.27 per share (1989: Dfl. 9.64 per share after adjustment for the 2% bonus issue). Gross rental income amounted to Dfl. 243.8 mln and exceeded the 1989 figure by Dfl. 13.4 mln. Operating costs amounted to Dfl. 50.3 mln and were Dfl. 8.4 mln lower compared with the previous year, mainly as a result of additional maintenance costs incurred in 1989 on several properties. Other investment income amounted to Dfl. 19.5 mln (1989: Dfl. 57.5 mln). This decrease was mainly caused by lower results on sales of trading properties in the United Kingdom. As a consequence of the indirect investment result over 1990, the net asset value per share decreased by 4.5% to Dfl. 166.27 (1989: Dfl. 174.09 after adjustments).

We extend our thanks to the staff of Wereldhave and its management organization in the Netherlands and abroad for their intensive efforts and involvement during the year.

Prospects

Wereldhave's policy continues to be aimed at maintaining and, wherever possible, improving the quality of its portfolio. Further improvements and

additions to the services provided for tenants are an integral part of this policy. The rapid changes in property market conditions may induce us, probably to a greater extent than has been the case in the past, to pursue a more active policy of purchasing and selling properties. Wereldhave will concentrate its acquisitions in Continental Europe, with particular emphasis to retail property. Investment opportunities will also arise in various Eastern European countries. At the beginning of 1991, Wereldhave made its first, modest, step into this market with an investment in an office building in the Hungarian capital Budapest.

Wereldhave expects to maintain the direct investment result per share in 1991 at the level reached in 1990. One of the contributory factors is the anticipated further rise in rental income. In view of uncertainties on the various property markets, any statement on the development of the net asset value for 1991 should be treated with extreme caution. However, the quality of the portfolio justifies our confidence in its long-term growth potential.

The Board of Management

M.T. Kooistra
G.C.J. Verweij

The Hague, February 27, 1991

Accounts 1990 Wereldhave N.V.

Consolidated balance sheet at December 31, 1990

after proposed distribution of profits (*x Dlf. 1 mln*)

	1990	1989
Investments		
Investment properties	3,047.2	2,790.5
Other investments	327.3	423.4
	<u>3,374.5</u>	<u>3,213.9</u>
Working capital		
Accounts receivable	94.7	97.4
Cash and bank balances	225.0	478.4
Short-term debt	./.	./.
	<u>311.3</u>	<u>535.5</u>
	8.4	40.3
	<u>3,382.9</u>	<u>3,254.2</u>
Long-term debt		
Loans	./.	./.
Other liabilities	1,407.6	1,187.1
	./.	./.
	<u>8.2</u>	<u>5.7</u>
	./.	./.
	1,415.8	1,192.8
Provisions	./.	./.
	<u>62.8</u>	<u>67.9</u>
Shareholder's equity	<u>1,904.3</u>	<u>1,993.5</u>
Composition of shareholder's equity		
Paid-up and called-up share capital	235.7	231.2
Share premium	1,223.4	1,227.9
Revaluation reserve	206.2	298.5
General reserve	239.0	235.9
	<u>1,904.3</u>	<u>1,993.5</u>

Consolidated results for 1990

(x Dfl. 1 mln)

	1990	1989
Investment income		
Gross rental income	243.8	230.4
Operating costs	./.	./.
	<u>50.3</u>	<u>58.7</u>
Net rental income	193.5	171.7
Other investment income	19.5	57.5
	<u>213.0</u>	<u>229.2</u>
Costs		
Interest	./.	./.
General costs	./.	./.
	<u>98.0</u>	<u>99.8</u>
	<u>18.9</u>	<u>19.9</u>
	./.	./.
	<u>116.9</u>	<u>119.7</u>
Direct investment result before tax	96.1	109.5
Taxes on corporate income	./.	./.
	<u>1.0</u>	<u>0.2</u>
Direct investment result	<u>95.1</u>	<u>109.3</u>

Movements in shareholders' equity for 1990

(x Dfl. 1 mln)

	1990	1989
Direct investment result	95.1	109.3
Indirect investment result	./.	57.6
	<u>92.3</u>	<u>166.9</u>
Total investment result	2.8	166.9
Proposed dividend	./.	./.
Issues of shares	92.0	88.8
	<u>—</u>	<u>269.6</u>
	./.	./.
	<u>92.0</u>	<u>180.8</u>
Decrease/increase shareholder's equity	<u>89.2</u>	<u>347.7</u>

Notes to the accounts

Consolidation

Companies which are directly or indirectly involved in investment in property, securities and mortgage loans and which form a group with Wereldhave, are included in the consolidated annual accounts. Interests of less than 100% are consolidated on a proportional basis. Proportional consolidation provides a direct illustration of the magnitude of Wereldhave's investments, other related assets and liabilities, and results.

Terminology

With respect to a number of items in the annual accounts, deviations have been made from generally prescribed terminology. The terminology which has been adopted is more informative and more in keeping with the nature of investment activities.

Foreign currencies

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

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

	1990	1989
1 U.S. \$	Dfl. 1.69	Dfl. 1.9155
100 Ffrs.	33.175	33.025
1 D.M.	1.12815	1.1295
100 Bfrs.	5.46	5.369
1 U.K. £	3.255	3.076
100 Ptas	1.766	1.743

Basis of valuation for assets and liabilities

General

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

Investments

Investment properties

Investment properties are independently valued at the end of each year at open market value. Differences from the previous year's valuations are accounted for in the revaluation reserve after deducting investments made in the year under review.

Other investments

- Development properties

Development properties are valued at cost or at estimated market value if lower. Development properties transferred from investment properties are valued at estimated market value. Cost includes commitments made for capital expenditure on works not yet undertaken as well as possible capitalized attributable interest costs and, rental income. Differences from the previous valuation are accounted for in the revaluation reserve. A property is not considered to be a development property:

- one year after the date of certified practical completion of the development, or
- if the property has been at least 75 per cent let.

- Property trading portfolio

Properties intended for trading purposes are valued at cost or at estimated market value if lower. Differences from the previous valuation are accounted for in the results.

- Securities

Securities are valued at their stock market quotations. Differences from the valuation at the previous year end are taken to the revaluation reserve, taking into account purchases and disposals in the year under review.

- Loans

Loans are valued at the principal amount outstanding minus such provisions as may be deemed necessary.

Provisions

Provisions are created to meet possible future liabilities or risks. The provision for contingent tax liabilities is based on the discounted value.

Accounting policies for determining results

Investment income

Gross rental income

Gross rental income is composed of the rents charged to tenants with respect to the year. Gross rental income on United States properties includes, along with the basic rent, payments for increased usage of energy and price increases on services, property taxes, energy, etc..

Operating costs

Relate to operating costs attributable to the year and the main elements are:

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

No provision is made for depreciation on properties.

Other investment income

Includes the following:

- realized and unrealized valuation differences on the property trading portfolio
- interest income and dividends on securities
- interest on loans granted.

Costs

Interest

Comprises interest attributable to the year on loan liabilities, other debts, accounts receivable and liquid assets, plus differences in interest arising on the conversion of financing arranged in foreign currencies. Capitalized interest costs attributable to investments are also included.

General costs

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

Taxes on corporate income

Consist of withholding tax on items affecting the year's results and profits tax.

Movements in shareholders' equity

The schedule of movements in shareholders' equity presents the total investment result and movements on account of share issues, along with the proposed dividend distribution over the year under review.

The total investment result consists of the direct investment result and the indirect investment result.

The principal components of the indirect investment result are:

- valuation adjustments on investments and movements in contingent tax liabilities
- exchange rate differences on investments and loan liabilities plus exchange rate differences arising on forward sales transactions and other currency transactions and the translation of results denominated in foreign currencies.

Tax status

Wereldhave N.V. has the tax status of an investment company in accordance with Article 28 of the Netherlands' 'Wet op de vennootschapsbelasting 1969' (Corporation Tax Act 1969). This means that no Dutch corporation tax is to be paid, provided that certain conditions, mainly as to capital structure and the distribution of the profit for tax purposes as dividend, are met. Surpluses arising on the disposal of investments are not attributed to the profit for tax purposes.

The United States investments are held through West World Holding, Inc., a Real Estate Investment Trust. As is the case with a Dutch investment company, a REIT pays no corporation tax on its operating result provided that result, as computed for tax purposes, is paid out in dividends. Dividend payments, however, are subject to withholding tax. The surplus arising on the sale of property is in principle subject to tax.

Investments inside and outside the Netherlands are held through Dutch and foreign corporations which may not enjoy investment company status. Special regulations with regard to debt/equity ratios and profit distribution do not in principle apply to those corporations which are not treated as investment companies for tax purposes.

Notes to the consolidated balance sheet at December 31, 1990

(× Dfl. 1 mln)

	1990	1989
Investment properties		
Balance at January 1	2,790.5	2,514.0
Exchange rate difference	26.3	./ 165.1
	<u>2,816.8</u>	<u>2,348.9</u>
Purchases/expenditures	288.6	336.2
Transferred from other investments	84.1	21.6
	<u>3,189.5</u>	<u>2,706.7</u>
Disposals	./ 76.2	./ 140.3
	<u>3,113.3</u>	<u>2,566.4</u>
Valuation adjustments	./ 66.1	224.1
Balance at December 31	<u>3,047.2</u>	<u>2,790.5</u>
Other investments		
Balance at January 1	423.4	412.0
Exchange rate difference	7.9	./ 46.9
	<u>431.3</u>	<u>365.1</u>
Purchases/expenditures	94.2	220.6
Transferred to investment properties	./ 84.1	./ 21.6
	<u>441.4</u>	<u>564.1</u>
Disposals	./ 92.4	./ 129.5
	<u>349.0</u>	<u>434.6</u>
Valuation adjustments	./ 21.7	./ 11.2
Balance at December 31	<u>327.3</u>	<u>423.4</u>
The specification of these investments is as follows:		
Development properties	194.1	150.6
Property trading portfolio	78.7	166.9
Securities	2.2	41.7
Loans	52.3	64.2
	<u>327.3</u>	<u>423.4</u>
Accounts receivable		
Prepaid costs (partly long-term)	33.5	53.6
Tax recoverable	6.1	8.8
Debtors	10.3	6.7
Other	44.8	28.3
	<u>94.7</u>	<u>97.4</u>

	1990	1989
Cash and bank balances		
Bank term deposits	122.5	434.8
Cash	102.5	43.6
	225.0	478.4

The average interest rate of the deposits is 7.9 (1989: 8.2).

Short-term debt

Redemptions on long-term debt	4.4	76.2
Dividend	43.8	37.4
Tax	14.6	20.5
Fixed-term loans and overdrafts	158.1	296.2
Creditors and other debts	90.4	105.2
	311.3	535.5

Dfl. 144 mln is secured on property (1989: Dfl. 130 mln).

Loans

Balance at January 1	1,187.1	1,240.6
add: Short-term portion	76.2	197.3
	1,263.3	1,437.9
Exchange rate difference	9.3	/. 130.6
New loans	444.2	422.1
Redemptions	/. 304.8	/. 466.1
Balance of principal	1,412.0	1,263.3
less: Short-term portion	/. 4.4	/. 76.2
Balance at December 31	1,407.6	1,187.1
Redemption scheme:		
1 to 2 years	286.6	104.4
2 to 5 years	506.4	541.4
5 years or more	614.6	541.3
	1,407.6	1,187.1

Dfl. 548.5 mln of the balance of principal of the loans is secured on property (1989: Dfl. 510 mln). The nature of the security is mainly a mortgage or a negative and/or positive mortgage pledge. The balance of principal can be illustrated as follows:

Currency	Distribution percentage at December 31		Average interest rate at December 31	
	1990	1989	1990	1989
Dfl.	27.3	35.5	6.7	7.8
U.S. \$	11.2	10.5	9.0	9.1
Ffrs	18.9	11.0	10.3	10.6
D.M.	0.2	11.8	8.1	5.1
Bfrs	8.4	7.9	8.2	7.8
U.K. £	30.6	21.7	12.9	11.4
Ptas	3.4	1.6	15.5	15.4
	100.0	100.0	9.9	8.8

Other long-term liabilities

This item consists of tenants' deposits.

	1990	1989
Provisions		
Provision for contingent tax liabilities	54.5	59.4
Provision for extraordinary maintenance	8.3	8.5
	<u>62.8</u>	<u>67.9</u>

The provision for contingent tax liabilities represents the discounted value of contingent liabilities to taxation arising from differences between the valuation of the properties in the accounts and the valuation for tax purposes, after deduction of fully-allowable tax losses. This provision is of a long-term nature.

Paid-up and called-up share capital

The share capital is as follows:

Type of shares	Nominal value per share (Dfl.)	Authorised (Dfl.)	Issued at December 31 (Dfl.)	
			1990	1989
Ordinary shares	20	500,000,000	228,156,340	223,682,680
Preference shares	20	250,000,000	30,000,000	30,000,000
'A' priority	20	200	200	200
'B' priority	20	249,999,800	—	—
		<u>1,000,000,000</u>	<u>258,156,540</u>	<u>253,682,880</u>
less: Uncalled preference capital			<u>./. 22,500,000</u>	<u>./. 22,500,000</u>
			235,656,540	231,182,880

	1990	1989
Changes in issued share capital		
Balance at January 1	223.7	192.7
Share issues	—	27.0
Bonus issue of 1989	4.5	4.0
Balance at December 31	<u>228.2</u>	<u>223.7</u>

At December 31, 1990 there are 11,407,817 ordinary shares, 1,500,000 preference shares and 10 'A' priority shares outstanding. No 'B' priority shares have been issued. For further information concerning the preference shares and the 'B' priority shares the reader is referred to the section 'Other information'.

	1990	1989
Share premium		
Balance at January 1	1,227.9	989.3
Premium on share issues	—	242.6
Bonus issue over 1989 and 1988	./ 4.5	./ 4.0
Balance at December 31	<u>1,223.4</u>	<u>1,227.9</u>

The share premium at December 31, 1990 includes an amount of Dfl. 1,192 mln (1989: Dfl. 1,197 mln) exempted from tax.

Revaluation reserve

Balance at January 1	298.5	240.9
Valuation adjustments on investments	./ 89.4	218.0
Exchange rate differences	3.5	./ 136.1
Movements in contingent tax liabilities	14.4	./ 17.0
Other movements	./ 20.8	./ 7.3
Balance at December 31	<u>206.2</u>	<u>298.5</u>

General reserve

Balance at January 1	235.9	215.4
Added according to proposal for distribution of profits	3.1	20.5
Balance at December 31	<u>239.0</u>	<u>235.9</u>

Items not included in the balance sheet

Forward currency transactions

At December 31, 1990 the equity exposure to the U.S. \$ and the £ Sterling was completely hedged.

Liabilities

The group can be held liable for an amount of Dfl. 14 mln.

Notes to the consolidated results for 1990

(× Dfl. 1 mln)

Rental income	Gross rental income		Operating costs		Net rental income	
	1990	1989	1990	1989	1990	1989
Belgium	18.8	17.9	3.3	3.3	15.5	14.6
Germany	8.5	8.7	1.0	1.8	7.5	6.9
France	23.4	20.4	1.7	2.3	21.7	18.1
Netherlands	53.4	56.0	9.1	16.8	44.3	39.2
Spain	1.4	1.3	0.3	0.3	1.1	1.0
United Kingdom	83.9	79.6	6.8	7.9	77.1	71.7
United States	54.4	46.5	28.1	26.3	26.3	20.2
	243.8	230.4	50.3	58.7	193.5	171.7

Income on other investments	1990	1989
Differences in valuation of trading property portfolio	13.9	50.0
Interest income and dividends from securities	0.1	0.7
Interest income on loans	5.5	6.8
	19.5	57.5

Interest	1990	1989
Interest paid	145.5	137.8
Interest received	<i>./. 33.4</i>	<i>./. 28.8</i>
	112.1	109.0
less: Capitalized interest costs	<i>./. 14.1</i>	<i>./. 9.2</i>
	98.0	99.8

The interest received includes profits in proceeds of share issues.

General costs	1990	1989
Personnel	10.6	12.7
Remuneration of Supervisory Board	0.3	0.3
Administration fees	4.7	4.0
External advisers, auditors and property valuations costs	3.7	3.8
Other	6.0	5.1
	25.3	25.9
less: Costs of asset management	<i>./. 6.4</i>	<i>./. 6.0</i>
	18.9	19.9

The personnel costs include salaries to the amount of Dfl. 6.7 mln (1989: Dfl. 8.3 mln), social and collective securities contributions Dfl. 0.8 mln (1989: Dfl. 0.8 mln), and pension costs Dfl. 1.1 mln (1989: Dfl. 1 mln). The remuneration of the Board of Management and former Board members amounts to Dfl. 0.9 mln (1989: Dfl. 2.9 mln), including voluntary social and collective security contributions and pension costs. An average of 81 people (1989: 81 people) has been employed by the Company during 1990.

Consolidated source and application of funds

(× Dfl. 1 mln)

	1990	1989
Source of funds		
Direct investment result	95.1	109.3
Capitalized interest costs	./ 14.1	./ 9.2
	<u>81.0</u>	<u>100.1</u>
Sales of investment properties	76.2	140.3
Sales/redemptions other investments	92.4	129.5
New loans	444.2	422.1
Movements in other long-term liabilities	2.5	0.5
Movements in provisions	9.3	./ 8.0
Share issues	—	269.6
	<u><u>705.6</u></u>	<u><u>1,054.1</u></u>
Application of funds		
Purchase of and expenditures on:		
Investment properties	288.6	336.2
Other investments	81.9	206.3
	<u>370.5</u>	<u>542.5</u>
Redemptions on loans	233.0	345.0
Dividend	92.0	88.8
Exchange rate differences working capital	21.2	54.7
Other movements in revaluation reserve	20.8	7.3
	<u><u>737.5</u></u>	<u><u>1,038.3</u></u>
Decrease/increase in working capital	<u><u>./ 31.9</u></u>	<u><u>15.8</u></u>

Company balance sheet at December 31, 1990

after proposed distribution of profits (*× Dfl. 1 mln*)

	1990	1989
Investments		
Investment properties	497.5	549.2
Investments in group companies	1,433.6	1,215.5
Other investments	569.1	490.4
	<u>2,500.2</u>	<u>2,255.1</u>
Working capital		
Accounts receivable	109.7	63.7
Cash and bank accounts	199.4	447.9
Short-term debt	./ 299.6	./ 327.7
	<u>9.5</u>	<u>183.9</u>
	<u>2,509.7</u>	<u>2,439.0</u>
Long-term debt		
Loans	./ 598.4	./ 438.5
Provisions		
	./ 7.0	./ 7.0
Shareholders' equity		
	<u>1,904.3</u>	<u>1,993.5</u>
Composition of shareholders' equity		
Paid-up and called-up share capital	235.7	231.2
Share premium	1,223.4	1,227.9
Revaluation reserve	206.2	298.5
General reserve	239.0	235.9
	<u>1,904.3</u>	<u>1,993.5</u>

Company profit and loss account for 1990

(*× Dfl. 1 mln*)

	1990	1989
Direct investment result	103.9	71.2
Result subsidiaries	./ 8.8	38.1
Operating result		
	<u>95.1</u>	<u>109.3</u>

Notes to the company balance sheet at December 31, 1990 and profit and loss account for 1990

(× Dfl. 1 mln)

General

The basis for the valuation of balance sheet assets and liabilities is identical to the one used for the consolidated balance sheet. The basis for determining the results is identical to the one used in the consolidated results. See further the notes to these accounts.

Investments in group companies

Movements are as follows:	1990	1989
Balance at January 1	1,215.5	1,146.5
Investments during the year	316.3	—
Sales/disposals	—	./. 64.9
	<u>1,531.8</u>	<u>1,081.6</u>
Results	./. 8.8	38.1
Valuation adjustments	./. 80.6	127.1
Profit distributions	./. 8.8	./. 31.3
Balance at December 31	<u>1,433.6</u>	<u>1,215.5</u>

Investments have been valued at net asset value. A list of companies as referred to in Articles 379 and 414 book 2.9 of the Civil Code, has been deposited with the Chamber of Commerce in The Hague.

Inter-company relations

On account of inter-company relations Dfl. 553.8 mln (1989: Dfl. 442.9 mln) is included among other investments, Dfl. 50.9 mln (1989: nil) among accounts receivable, Dfl. 68.4 mln (1989: Dfl. 30.1 mln) among short-time debt and Dfl. 230.3 mln (1989: Dfl. 113.4 mln) among long-term debt. The direct investment result includes the sum of Dfl. 73.7 mln for the excess of interest income over interest charges on inter-company loans. (1989: Dfl. 26.3 mln).

Shareholders' equity

The magnitude and composition of the shareholders' equity are identical to those shown in the consolidated balance sheet to the notes to which the reader is referred for further information. The legal revaluation reserve of the company amounts to Dfl. 197.5 mln (1989: Dfl. 284.1 mln).

Items not included in the balance sheet

Guarantees

The company has given guarantees on behalf of group companies to third parties for an amount totalling Dfl. 426 mln (1989: Dfl. 372 mln).

Supervisory Board

J.F. Visser
J.H. Christiaanse
F.H.J. Boons
J.M.G. Hoes
J.C. van Spronsen
P.J. Vinken

Board of Management

M.T. Kooistra
G.C.J. Verweij

The Hague, February 27, 1991

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 official discount rate on promissory notes at the beginning of the year over which the distribution is made, plus a surcharge of 1½%. Holders of 'B' priority shares have a second call on profits in the form of a dividend distribution on the paid-up nominal share value at a percentage rate equal to the average rate charged during the year over which the distribution is made for borrowing on the security of quoted shares and bonds, as fixed and published by the Vereniging voor de Effectenhandel ('Association of Members of the Amsterdam Stock Exchange'), plus a surcharge of 1½%. 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.

The following distribution of profits is proposed:

	1990	1989
Operating result	95.1	109.3
Preference dividend	0.7	0.5
Ordinary dividend	91.3	88.3
Addition to general reserve	3.1	20.5
	95.1	109.3

Auditors' report

We have audited the financial statements of Wereldhave N.V., The Hague, for the year 1990 as presented in this report. We conducted our audit in accordance with auditing standards generally accepted in the Netherlands.

In our opinion these financial statements give a true and fair view of the financial position of the Company at December 31, 1990 and the results for the year then ended and also comply with the other Dutch legal requirements for financial statements.

The Hague, February 27, 1991

COOPERS & LYBRAND DIJKER VAN DIEN

Preference and priority shares

The 'A' priority shares are held by the 'Stichting tot het houden van prioriteitsaandelen van de naamloze vennootschap: 'Wereldhave N.V.' ('Foundation for the holding of priority shares of Wereldhave N.V.'). The Supervisory and Management Boards of Wereldhave N.V. manage this foundation. The most important rights of the holders of 'A' and 'B' priority shares involve fixing the number of members of the Supervisory and Management Boards of the company and the placing of a binding nomination list for their appointment.

1,350,000 of the preference shares are held by the 'Stichting tot het houden van preferente en prioriteitsaandelen B Wereldhave' ('Foundation for the holding of preference shares and 'B' priority shares Wereldhave'). The management of the foundation consists of Messrs. H. Zomerplaag (Chairman), A.W.J. Caron and M.V.M. van Leeuwe. In addition to voting rights, the preference shares carry a preferential right to a dividend out of the profits. They have no entitlement to the company's reserves. The purpose of the Foundation is, as set out in Article 2 section 1 of its Articles of Association, to ensure the independence and the continuity and to preserve the identity of the legal entity Wereldhave N.V., registered in The Hague, and the company which it embodies, in such a way that the interests of Wereldhave as legal entity and business concern be protected as well as possible and that any threats to the independence, continuity or identity of the company as a legal entity and business concern as far as possible be averted.



The refurbished entrance and central hall of the office building 200, Mörsenbroicherweg, Dusseldorf.

Investment properties at December 31, 1990

(Properties with an open market value of more than Dfl. 10 mln)
All properties are freehold unless otherwise stated.

Location	Type	m ²	Parking spaces	Year of construction or renovation	Gross annual rent 1991 (× Dfl. 1 mln)
Belgium					
Brussels					
Boulevard Bischoffsheim 1-8	office	12,800	89	1988	4.2
Boulevard Bischoffsheim 22-25	office	6,000	60	1990	2.3
Koningsstraat 139-141	office	5,000	48	1976	1.6
Kunstlaan 41	office	3,500	50	1990	1.5
Muntplein/Schildknaapstraat 22	office	7,700	35	1987	1.9
Regentlaan 58	office	3,100	36	1975	0.9
Weistraat 84-86	office	13,700	186	1974	5.2
Nijvel					
Steenweg op Bergen 10	shopping centre	14,900	800	1986	1.6
Doornik					
Boulevard Walter de Marvis 22	shopping centre	4,500		1979	1.0
Germany					
Dusseldorf					
Heinrichstrasse 169/Franziskusstrasse	office	10,900	141	1980	2.8
Mörsenbroicherweg 200	office	10,200	178	1988	2.8
Steinstrasse 27	office and shops	3,200	10	1988	1.0
Frankfurt					
Schwindstrasse 3	office	3,800	21	1985	1.5
Taunusanlage 21	office and shops	4,500	4	1990	2.0
France					
Paris and environs					
145-149 Rue de Courcelles	office	4,500	24	1987	2.9
29-30 Quai de Dion Bouton; Puteaux	office	18,100	411	1987	7.0
56 Rue du Faubourg Saint Honoré/ 4-14 Rue d'Aguesseau	office	12,800	100	1986	11.3
Parinor shopping centre, Le Haut de Galy; Aulnay-sous-Bois	shopping centre	32,200		1974	11.4
The Netherlands					
Amstelveen					
Kostverlorenhof 100 and following/ Rooseveltlaan 2 and following	apartments and shops	13,700		1971	1.4
Binnenhof shopping centre, Binnenhof 10	shopping centre and office	19,700		1988	3.7
Amsterdam					
Boelelaan 403 and following (perpetual leasehold)	apartments and office	26,700	37	1982	3.1
Arnhem					
Kronenburg shopping centre, Kronenburg Passage 1-13 (leasehold till 2110)	shopping centre and office	30,200	1,000	1985	9.0
Best					
Brem 4	other commercial space	11,300	690	1971	1.3
Doorn					
Park Boswijk, Boswijklaan	apartments	33,300		1974	4.0
Dordrecht					
Spuiboulevard 334, 350 (leasehold till 2097)	office	12,500	70	1981	2.5
Geldrop					
De Heuvel 62-87	shops with apartments	5,700		1973	1.1
The Hague and environs					
Carnegielaan 10-14	office	4,100	68	1988	1.7
Sir Winston Churchillaan 366-370; Rijswijk	office	50,000	656	1986	10.5
Koningin Julianaplein 1-8	office	11,600	78	1976	2.5
Nieuwe Havenstraat 2-6; Voorburg	office	19,000	368	1988	3.2
Zuid-Hollandlaan 7	office	9,500	78	1989	3.1
Nuth					
Thermiekstraat 15	other commercial space	17,000	690	1987	1.9
Rotterdam					
Westblaak 87-101	office	5,400	38	1987	1.0

Location	Type	m ²	Parking spaces	Year of construction or renovation	Gross annual rent 1991 (× Dfl. 1 mln)
Spain					
Madrid					
2 Plaza de la Lealtad	office	3,000		1972	2.0
United Kingdom					
Bracknell					
Fielden House, Greville Place, The Ring	office	1,600	30	1983	1.0
Eastrop					
Loddon House, 1/6 The Parade, Basing View (leasehold till 2101)	office	7,200	170	1973	2.3
Gravesend					
Anglesea Centre	shopping centre	8,900	350	1988	2.9
Guildford					
73/75 North Street	office	1,400		1976	0.9
Kingston-upon-Thames					
100 London Road	office	1,900	30	1980	1.1
London and environs					
126/134 Baker Street, W1	shops	1,700		1935	1.1
76 Cannon Street, EC4 (leasehold till 2138)	office	800		1988	1.6
The Carnaby Estate, W1	shops and office	27,300	2	divers	16.2
Castle Yard House, Castle Yard, Richmond-upon-Thames	office	1,300	12	1979	0.9
326/334 Chiswick High Road, W4	shops	2,300	6	1974	0.9
Royalty House 72/74, Dean Street and 8 Richmond Mews, W1	office	2,600	12	1950	1.8
W.T.N. House, 31/36 Foley Street, W1	office	3,300	17	1983	2.3
186/188, 188a and 196a, 192, 196/200 Fulham Road, SW10	shops	900	7	1979	0.9
Julco House, 26/28 Great Portland Street and 21/22 Margaret Street, W1 (leasehold till 2105)	office	1,200		1990	1.2
16/17 Hanover Street, W1	office	800		1965	0.6
11/12 Haymarket, SW1	office	1,100		1988	1.6
65 Kingsway, NC2	office	6,000		1986	5.4
1,3,5 Lower George Street and 1 Eton Street, Richmond-upon-Thames	shops	2,900	10	1963	1.2
56/70 Putney High Street, SW15	shops	4,200	44	1971	1.5
10, 11 & 12 Thames Street and 1, 2 & 5 Curfew Yard, Windsor	office	1,500	53	1972	1.2
Redhill					
Grosvenor House, 65/71 London Road	office	4,700	150	1986	1.9
Sittingborne					
Trinity Estate	other commercial space	36,500	200	1982	4.6
Whyteleafe					
439/445 Godstone Road	office	7,300	270	1964	2.1
United States					
Philadelphia					
1515 Market Street	office and shops	46,900		1986	18.8
New York					
20 Exchange Place	office	60,400		1985	23.5
83 Maiden Lane	office and shops	12,700		1985	6.6
Washington D.C.					
1401 New York Avenue	office	17,800	165	1984	9.4

For properties which are not 100%-owned, the gross rentals shown are on pro-rata base. The surface areas and number of parking spaces relate to the total figures. At December 31, 1990 50,982 m² of floor space, representing 6.1% of the floor space of the Group's investment properties, were unlet.

Independent valuers

Jorrit de Jong B.V., Amsterdam
Vellinga Makelaardij B.V., Doorn
Bourdais Expertises S.A., Paris
N.V. Fibelaf S.A., Brussels
Jones Lang Wootton, London

Nieboer & Van Kuijen, The Hague
Zadelhoff Makelaars, The Hague
Müller Management GmbH, Dusseldorf
Healy & Baker v.o.f., Brussels
Hillier Parker, London

Nienhuis & Luiten, Eindhoven
Healey & Baker, Amsterdam
James G. Peel Associates Inc., New York
Healey & Baker, London
Richard Ellis, S.A., Madrid

Summary of investment properties

The following is a summary of the open market value of the Group's investment properties at December 31, 1990. The valuations were carried out by independent professional valuers. A considerable amount of the information reflected in the separate valuations, including details of tenure, use, lettings, buildings and site areas and planning and zoning consents, has been provided by Wereldhave to the respective valuers. In accordance with Group accounting practice valuations in currencies other than Dutch guilders have been converted at rates of exchange ruling at December 31, 1990.

(<i>× Dfl. 1 mln</i>)	Offices		Shops		Other Properties		Total	
	open market value	gross annual rent	open market value	gross annual rent	open market value	gross annual rent	open market value	gross annual rent
Belgium	262.5	17.8	48.6	4.4	17.6	1.4	328.7	23.6
Germany	170.7	9.6	11.6	0.5	—	—	182.3	10.1
France	394.4	21.2	146.0	11.4	—	—	540.4	32.6
Netherlands	315.5	29.4	178.6	12.1	90.7	10.2	584.8	51.7
Spain	32.5	2.0	—	—	—	—	32.5	2.0
United Kingdom	511.8	40.0	423.5	32.7	—	—	1,030.1	82.5
United States	336.8	56.4	11.6	1.9	94.8	9.8	348.4	58.3
Total	2,024.2	176.4	819.9	63.0	203.1	21.4	3,047.2	260.8

General lease conditions

The following is a summary of typical provisions relating to leases on Wereldhave's investment properties in the respective countries. In all cases the rents exclude service charges except for the United States.

Belgium

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

France

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

Germany

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

The Netherlands

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

Development properties

(Projects with a value above Dfl. 10 mln)

The Netherlands

The Hague and environs

Veraartlaan 12; Rijswijk

Reconstruction and extension of an office building with 5,600 m² floor space and 87 parking spaces. Freehold.

Spain

Barcelona

4 Rambla de Catalunya
Rambla de Catalunya

Construction of an office building and shops with 5,200 m² floor space and 36 parking spaces. Freehold.
Reconstruction of an office building and shops with 3,000 m² floor space and 20 parking spaces. Freehold.

Madrid

15 Calle Fernando El Santo

Reconstruction of an office building with 3,700 m² floor space and 37 parking spaces. Freehold.

United Kingdom

London

14-18 Eastcheap (EC3)

Reconstruction of an office building with 5,180 m² floor space. Leasehold.



Annual Report and Accounts 1990

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

Supervisory Board

J.F. Visser (Chairman)
J.H. Christiaanse (Vice-Chairman)
F.H.J. Boons
J.M.G. Hoes
J.C. van Spronsen
P.J. Vinken

Board of Management

M.T. Kooistra (Chairman)
G.C.J. Verweij

Report to shareholders

We herewith submit the Annual Report of the Board of Management of the Company and the Accounts for the year ended December 31, 1990. We propose the approval of the Accounts and, in accordance with the proposal of the Board of Management, a cash dividend of Dfl. 8.— per share.

At the Annual General Meeting of Shareholders on March 28, 1990, Mr M.T. Kooistra was nominated to the Board of Management of Wereldhave N.V. Since joining the Company on June 1, 1990, Mr Kooistra has been Chairman of the Board of Management.

On January 1, 1991, Mr J.F. Visser succeeded Mr J.H. Christiaanse as Chairman of the Supervisory Board. Mr Christiaanse will stay on as Vice-Chairman. The Supervisory Board and the Board of Management would like to express their appreciation to Mr Christiaanse for his dedication and for the considerable contribution he has made during the nine years in which he has been Chairman of the Supervisory Board.

At the Annual General Meeting of Shareholders on March 27, 1991, Messrs J.C. van Spronsen and P.J. Vinken, who are to retire by rotation from the Supervisory Board, have stated that they are available for re-election.

Supervisory Board

J.F. Visser, Chairman

The Hague, February 27, 1991



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