Annual Report 2005

Contents

This is the English translation of the Annual Report and Accounts 2005. The official version is in Dutch.

1930-2005: 75 years Wereldhave

Wereldhave was established in Rotterdam on May 30, 1930 under the name N.V. Maatschappij tot exploitatie van onroerende goederen "De Wereldhaven". Early in 1947 the shares were admitted to official daily quotation on the stock exchanges of Amsterdam and Rotterdam.
Until the beginning of the 1960's De Wereldhaven operated locally in Rotterdam as an investor in residential property and as a construction company. It was not until 1962-1972 that an extremely rapid expansion took place, with the area of operations being extended throughout the Randstad and a number of property and construction companies being taken over.

By 1971 the company's activities were focused principally on property investment and to much lesser extent on property development and construction. Consequently De Wereldhaven was converted from a property developer and lessor to an investment company with the specific associated tax status. The letter 'n' was simultaneously dropped from the company's name.

Following a period of consolidation and the oil crisis in 1973, Wereldhave found itself in a strong financial position. This provided a secure basis for the purchase of properties elsewhere in Europe at relatively low prices. The first foreign investment was made in 1975 in France. Investments followed in Belgium in 1976, in Germany in 1977 and in the United Kingdom in 1978. In 1978 Wereldhave also made its first property investment in the United States. In the years that followed additional investments were made in these countries.

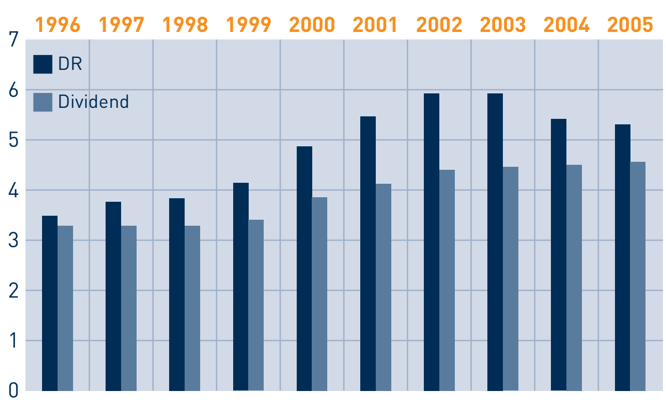
During the second half of 1988 a substantial expansion of Wereldhave's property interests in the United Kingdom took place with the acquisition of the British property company Peachey Property Corporation plc. The first investment in Spain was made in the same year. At the beginning of 1991 Wereldhave made its first investment in Budapest (Hungary). No new countries were added to the list until Wereldhave became one of the first foreign property investors in Finland when it purchased the Itäkeskus shopping centre in Helsinki in 2002. The German investments were disposed of in 1993 and 1998 and those in Hungary in 2001 and 2004.

The company's history has been recorded in the book: "75 years Wereldhave – from a Rotterdam housing investor to a leading property company with an internationally diversified portfolio in Europe and the United States".
Wereldhave's long history shows the extent to which a property company is affected by developments in the world at large. Anticipating such developments and responding to them adequately has been a recurring theme in our corporate history: a tradition which we are glad to maintain.

Key figures of past 10 years [1]

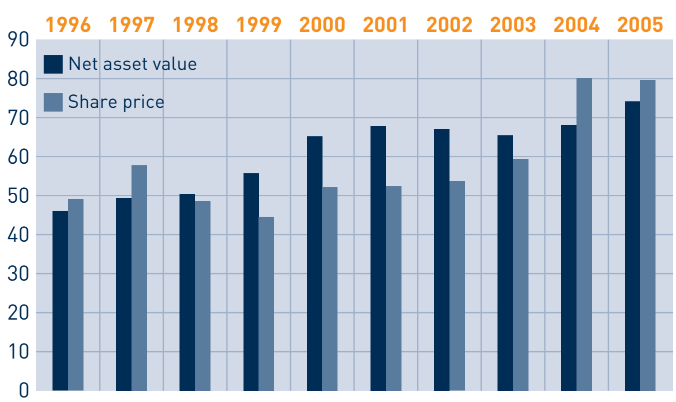
	1996	1997	1998	1999	2000
Results					
(x EUR 1 mln)					
Net rental income [4]	84.3	85.3	84.9	93.9	112.8
Profit	65.1	72.8	86.9	131.4	216.2
Direct result [2]	55.1	61.7	64.7	71.6	86.0
Indirect result [6]	53.8	41.4	2.2	74.3	140.1
Balance sheet					
(x EUR 1 mln)					
Investments	1,118.4	1,045.2	1,061.7	1,316.8	1,517.5
Development projects	21.1	45.2	207.9	278.6	258.1
Equity [3]	741.6	817.1	856.9	968.1	1,156.6
Interest bearing debt	392.3	316.0	311.0	420.1	464.6
Number of shares					
At December 31	16,041,440	16,495,377	16,956,748	17,329,725	17,756,735
Average during the year	15,759,729	16,380,631	16,834,997	17,236,480	17,639,307
Share data [5]					
(x EUR 1)					
Equity [3]	45.96	49.28	50.28	55.61	64.94
Direct result	3.43	3.73	3.80	4.12	4.83
Indirect result [6]	3.43	2.87	0.49	4.50	7.86
Dividend	3.29	3.29	3.29	3.40	3.85
	or 5.88%	or 5.56%	or 4.76%	or 4.76%	
			and 0.57	and 1.00	
Pay-out	95.9%	88.2%	86.6%	82.5%	79.7%
Direct result per share [7]	3.49	3.76	3.83	4.14	4.86
Profit per share [7]	4.12	4.43	5.15	7.62	12.24

Direct result and dividend per share



Net asset value and share price at December 31

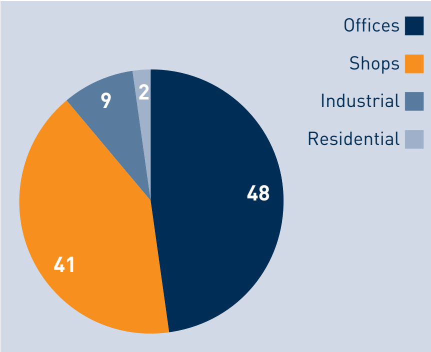
(before distribution of profit)



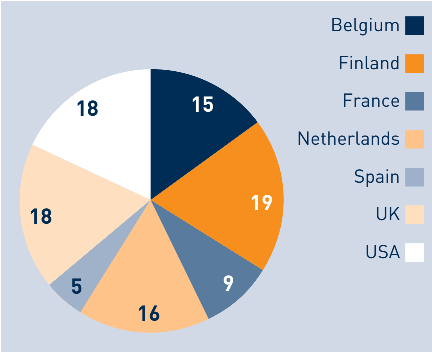
2001	2002	2003	2004	2005
124.9	147.8	146.6	147.5	**151.8**
102.6	127.6	104.7	160.8	**192.1**
97.1	116.3	116.5	110.9	**110.1**
17.8	./. 46.4	./. 42.4	49.9	**82.0**
1,623.2	1,830.5	1,844.0	2,015.1	**2,288.8**
249.3	124.9	88.1	50.3	**34.0**
1,203.0	1,322.7	1,310.0	1,414.8	**1,542.2**
552.1	629.8	575.2	500.0	**630.1**
17,756,735	19,691,735	19,691,735	20,781,735	**20,781,735**
17,756,735	19,691,735	19,691,735	20,573,265	**20,781,735**
67.55	66.99	66.35	68.08	**74.21**
5.45	5.90	5.91	5.34	**5.30**
1.01	./. 2.36	./. 2.15	2.40	**3.94**
4.10	4.40	4.45	4.50	**4.55**
75.2%	74.6%	75.3%	84.3%	**85.8%**
5.45	5.90	5.91	5.39	**5.30**
5.77	6.47	5.31	7.81	**9.24**

1) the figures from 1996 up to 2004 are based on Dutch GAAP. As from 2004 the figures are based on IFRS; the figures up to 2004 have been recalculated in view of the changes in accounting policies in 2004
2) costs relating to asset management are from 2001 onwards no longer charged to the indirect investment result
3) excluding minority interest, before distribution of profit
4) as from 2004 including minority interest
5) per ordinary share ranking for dividend and adjusted for the bonus issue
6) up to and including 2003 other movements in equity are included and as from 2001 without charging of the costs of asset management.
7) based on the average number of shares in issue

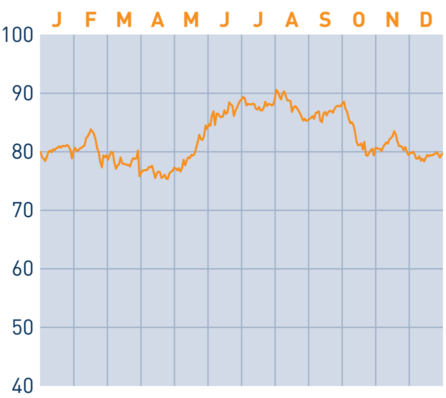
Distribution of investment properties by sector at year end 2005



Geographical distribution of investment properties at year end 2005



Share price during 2005



Board of Management

G.C.J. Verweij

Supervisory Board

C.J. de Swart
J. Krant
F.Th.J. Arp
P.H.J. Essers

Financial calendar

March 30, 2006:
Annual General Meeting of Shareholders

April 7, 2006:
Dividend payment

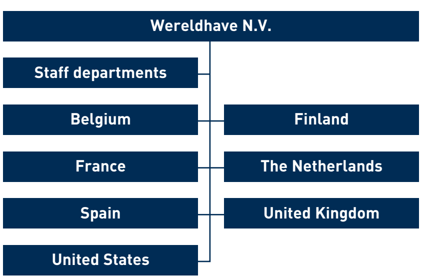
May 10, 2006:
First quarter results 2006

August 9, 2006:
Interim statement 2006

November 8, 2006:
Third quarter results 2006

March 2007:
Annual Report 2006

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 (closed end). 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 and residential property 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 to 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. Internal valuations are carried out four times per year 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 in a permanent establishment (établissement stable) and qualify for the SIIC regime. The investments in the USA are held in a REIT (Real Estate Investment Trust).

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
website: 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 objective is to attain a growth in the direct investment result 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 in economic perspective

Diversification by geographical area and type of property
Wereldhave endeavours 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.

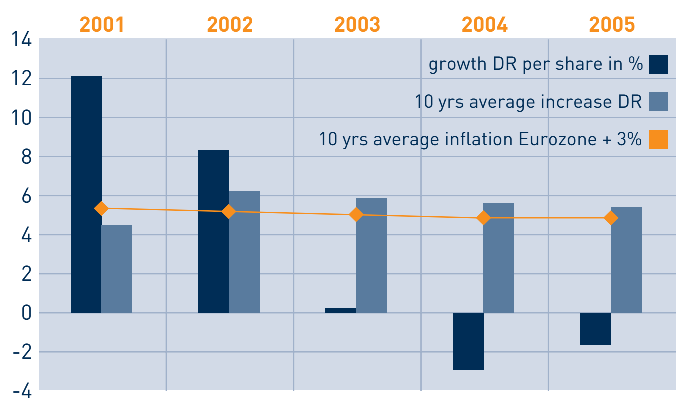
Economic trends
Developments on the property markets are underpinned by trends in the world economy. The most important trends are the rise of the low-wage economies, the fall-off in population growth in the Western countries and the sharp rise in the prices of energy and other commodities. The rapid growth of demand and the limitations on supply imply that this last trend will continue for some time to come.

These trends have led to stagnation in both real incomes and employment in the Western countries. Increasing competition on world markets and slower population growth necessitate innovation and corporate restructuring. Productivity will have to be raised and longer hours worked for the same pay. Differences in income will widen. The highest salaries will be earned by workers in areas with a high quality of life whose efforts yield high added value, for example through the development of new products for expanding export markets.

The aforementioned trends in the world economy have also led to persistently low levels of inflation and real interest rates. The emerging low-wage countries in Asia have a surplus of savings, part of which, despite a high investment rate, is exported as capital to the affluent West. This keeps their currencies cheap and their exports high. The major Western economies have used the low rates of inflation and real interest rates to maintain their high level of consumption for as long as possible. Consequently investments needed for essential structural reforms have been delayed. This will exacerbate the loss of competitive strength and the building up of debt.

Property trends
Stagnating income and employment levels in the Western countries imply that activities involve less and less production aimed to expand and more and more product innovation. Product life cycles become shorter and new concepts must be introduced more quickly and more frequently.

Growth direct result/inflation Eurozone +3%



Product innovation works only if the consumer is prepared to pay more or if better quality is provided at an affordable price. This need not always involve higher investment costs. A retail park, for example, is cheaper than a shopping centre but offers higher returns. Quality implies customized solutions which are attuned not only to general trends but local conditions as well.

Companies therefore prefer to be based in large conurbations (where good specialist staff is readily available) and be housed in efficient and flexible accommodation in easily accessible centralized locations. This need not imply Central Business Districts: peripheral locations with good connections are also acceptable.

Policy Wereldhave

Wereldhave meets the rapidly changing demands of tenants through a policy of portfolio renewal. This involves close attention to the quality of the buildings and an endeavour to optimize investments and disposals as the property cycle develops. A low average age of the properties holds down maintenance costs and enhances their attractiveness to purchasers and tenants.

The essential determinant in making investment decisions is the scope for value creation. Developing properties offers the best opportunities for value creation. By developing properties, Wereldhave is not only able to actively influence the quality of the product, but also to time the investment. Value can also be created by property management, for example by improving the attractiveness of shopping centres, thus increasing purchases and rental income. Finally, capital appreciation can be achieved by buying property in locations where rents are expected to rise relatively sharply. The property expertise of Wereldhave's local in-house management teams and the knowledge of economic and property trends available at Wereldhave staff Market Research department are a cornerstone of our investment and disinvestment policy.

Taking all these trends into consideration Wereldhave has a preference for modern, flexible and distinctive buildings in knowledge-intensive regions with a high quality of life, in readily accessible locations in active property markets. The policy of portfolio renewal will be continued and Wereldhave will exploit the modest yield differential between prime and secondary qualities to position the portfolio in an optimal manner. For the next few years, portfolio renewal and expansion will be accomplished mainly with property developments.

Sustainability

Social responsibility and product innovation

As energy and other commodities become scarcer there is an increasing need for companies to operate in a socially responsible manner. Wereldhave accepts this responsibility. Wereldhave's Business Principles formally require the company to invest in sustainable, innovative property products that will result in higher practical value, lower overall costs and a lower burden on the environment. Since 1998 Wereldhave has consistently applied them with respect to energy, water, building materials, site surroundings, flexibility and the internal environment ('healthy buildings'). Knowledge gathered in specific projects is formalized in standard programmes of requirements for buildings to be applied in making new investments.

Examples of product innovation include:

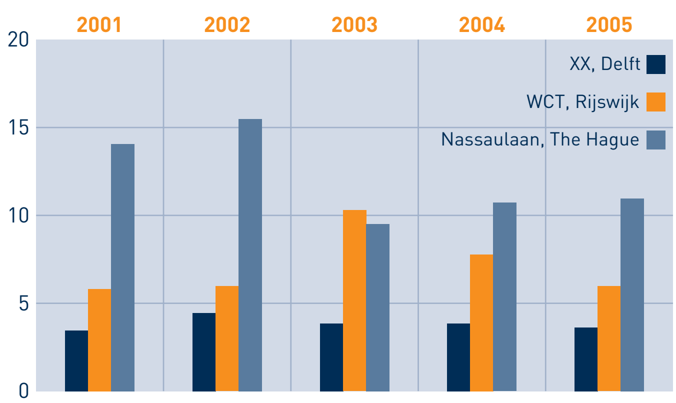
- Energy conservation through storage of energy underground. As the temperature of groundwater at circa 40m below the surface is fairly constant at around 10° C it can be used in the summer for cooling purposes and in the winter for warming air to be passed through ventilation systems. This technique has been applied in the Aviodrome and the McKinney Green Building.
- Water savings (water usage and waste production) of circa 40% through the usage of water-saving toilets. Applied in all buildings completed from 2001 onwards.
- Energy savings through the use of climate-regulating outer surfaces consisting of two 'layers' of double glass enclosing an internal cavity of 10-15 cm. which traps the heat of the sun in the summer, thus reducing the need for air conditioning. This technique has been applied, inter alia, in offices in Alphen aan den Rijn, Delft, Rijswijk and Vilvoorde.
- Water reservoirs (both natural and artificial) for storing rainwater to ensure the watering of greenery during the summer: applied in the McKinney Green Building.

The procedure is set out in the Sustainable Investment Procedure and covers not only controls on building design and construction in conformity with the strictest standards of the European Union but includes test measurements to determine whether the building meets expectations once it is occupied. The performance of new buildings is carefully monitoed. The results of these tests provide feedback for setting benchmarks for new properties, thus engendering a process of continuous product improvement. The graph compares the gas usage of two modern properties with an older building in the Nassaulaan in The Hague.

Corporate Governance

It is Wereldhave's aim to provide all stakeholders with transparent information about the Company's policies on the environment, human rights/ethics and rights of employees. The Corporate Governance recommendations put forward by the Dutch Tabaksblat Committee were implemented in 2004. On March 31, 2004, the General Meeting of Shareholders granted its approval. An extensive description can be found at pages 91 and following.

m³ gas/m²



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 2005. 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 4.55 per share.

Membership of Board of Management

The Supervisory Board deliberated in 2005 over the Board of Management's future composition and division of responsibilities. As a result Mr. R.L.M. de Ruijter has resigned by mutual agreement as managing director. Mr. de Ruijter joined Wereldhave in 1987 and sat on the Board of Management, along with its Chairman, Mr. G.C.J. Verweij, from 1994 onwards.

Proposed (re-)appointments

At the Annual General Meeting of Shareholders to be held on March 30, 2006 the appointment of Mr. J. Buijs to membership of the Board of Management of Wereldhave N.V. will be proposed. Mr. Buijs has worked for Wereldhave since June 1, 2000 as Head of the Building staff department and, in addition, was appointed Managing Director of Wereldhave Management B.V., Wereldhave's management company, as from January 1, 2005. In complete conformity with the recommendations of the Tabaksblat Committee Mr. Buijs will be appointed for a term of four years.

Mr. Verweij, who was due to retire in 2007, has declared his willingness to extend his tenure as Chairman of the Board of Management until 2010. A proposal to re-appoint Mr. Verweij for a period of four years will be submitted to the Annual General Meeting.

Mr. C.J. de Swart is due to retire by rotation at the Annual General Meeting. He is eligible for re-election. His experience in managing multinational organizations and his expertise in financial instruments and risk management are the reasons for his nomination. The candidature closely fits the draft profile for Supervisory Board members.

Report of the Supervisory Board

The Supervisory Board met six times in 2005. An extensive report on its activities can be found on page 97 of this Annual Report.

Supervisory Board Wereldhave N.V.

C.J. de Swart
J. Krant
F.Th.J. Arp
P.H.J. Essers

The Hague, February 23, 2006

Main events 2005

Purchases in Belgium, the United Kingdom and the United States

Within the framework of the planned extension to the shopping centre in Nivelles Wereldhave Belgium purchased four adjoining shops on April 13, 2005 for the sum of EUR 3.9 mln. On September 1, 2005 Wereldhave bought the Towers Business Park in Manchester, United Kingdom, for GBP 83 mln (EUR 120.1 mln) including costs. This office park, situated between the city centre and Manchester airport, contains 27,084 m^2 of office space, over 9 buildings in a landscaped setting. On October 18, 2005 Wereldhave acquired a plot of over 48 ha. In San Antonio, Texas, United States for the sum of USD 18.5 mln (EUR 15.4 mln).

Sales in The Netherlands, the United Kingdom and the United States

In the United Kingdom Wereldhave sold three office buildings, a number of properties in Folkestone and an industrial estate in Sittingbourne for a total of EUR 67.7 mln in the course of 2005. The proceeds exceeded book value. In the Netherlands an industrial property in Alphen aan den Rijn was sold on December 15, 2005 for EUR 6 mln. This figure exceeded book value. On December 28, 2005 Wereldhave sold an office building in Livonia, Michigan, United States. The proceeds lay below book value. Result on the disposal of these properties amounted to EUR 7.8 mln.

Office building in the United States and industrial building in The Netherlands transferred to investments

At the end of the second quarter a 12,465 m^2 office development on G-Street in Washington was completed. 70% of the building has been let. A 14,698 m^2 industrial building on the Keplerweg in Alphen aan den Rijn was transferred to the investment portfolio. The building is fully let with a 15-year lease.

Development portfolio

In the United States work began on a 5,000 m^2 office building in McKinney, Texas. The building meets the strictest sustainability and environmental criteria (LEED-Platinum). In Washington an architect has been commissioned to design a new office building on a site at Herndon (Dulles V). In San Antonio a site plan was submitted in January 2006 for the development of the plot purchased in 2005. The plan envisages the construction of more than 1,200 houses, 4,000 m^2 of retail space, two office buildings, each of 8,000 m^2, and a hotel. The total plan will be completed in four phases over a period of approximately six years. Work on the first phase, comprising 400 houses, is expected to begin in September 2006. The total projected investment costs amount to approximately USD 160 mln (EUR 130 mln).

Work on the renovation of the shopping centre in Nivelles is expected to begin early in 2006. Application will be made for a building permit for an adjoining extension in the spring of 2006. The value of the development portfolio amounted to EUR 34.0 mln at the end of 2005 (2004: EUR 50.3 mln).

Results

Direct result
The direct result consists of net rental income, general costs, other gains and losses, financial income and expense and tax charges. The direct result for 2005 amounted to EUR 116.5 mln, EUR 0.4 lower than in 2004. Gross rental income rose by EUR 5.3 mln to EUR 169.0 mln. Due to the increase of service and operational charges and property expenses of EUR 1.0 mln, net rental income rose by EUR 4.3 mln. The increase is the result of the purchases made last year and of autonomous increases in rents, less the effect of sales. Of the increase in service and operational charges EUR 0.6 mln is caused by autonomous increases in costs and EUR 0.4 mln is the result of property purchases and sales.

General costs increased by EUR 1.8 mln to EUR 13.1 mln, because of a bonus payment to staff (EUR 0.6 mln, 2004: nil), the exit payment to Mr De Ruijter (EUR 0.8 mln), additional auditor's fees in connection with IFRS and the costs of the 75-year celebration. The other gains and losses have increased with EUR 1.0 mln as a result of higher fees for service costs management.

Compared to 2004, financial charges rose by EUR 2.8 mln. This is the result of the increased size of the portfolio and higher average interest rates, less EUR 0.4 mln dividend received on the share certificates of the Kortrijk Ring shopping centre. Taxes on result rose by EUR 1.1 mln, mainly in the United Kingdom.

As a result of a higher average number of shares outstanding the direct result per share, at EUR 5.30, was 1.7% lower than 2004. The occupancy rate for the portfolio as a whole amounted to 92.2% over 2005 (2004: 91.1%). The figures per segment for 2005 were 89.1% for offices, 98.7% for shops, 85.0% for industrial property and 88.4% for residential property.

Indirect result
The indirect result consists of valuation results, results on disposals, other gains en losses, financial income and expense and the movement in deferred tax liabilities. Deferred tax liabilities increased by EUR 15.8 mln as a result of higher property valuations. The highest property revaluations were seen in the United States and Finland. The EUR 1.6 mln increase in other income and expenditure was the result of exchange rate differences. The financial charges increased by EUR 1.7 mln, of which EUR 1.2 mln relates to movements in assets and liabilities from defined benefit pension schemes and EUR 0.5 to other items. The indirect result for 2005 amounts to EUR 84.7 mln, which is EUR 33.7 mln higher than in 2004.

A table providing comparative figures for the direct and indirect result can be found in Note 5 to the consolidated accounts on pages 61 and 62.

Share price *(x EUR 1)* / **Price/DR**

2003	2004	2005	Price/DR 2005	
60.70	80.05	90.40	17.06	highest
49.01	58.00	75.60	14.26	lowest
59.35	80.00	79.65	15.03	year end

Movement net asset value per ordinary share ranking for dividend, before distribution of profit *(x EUR 1)*

	2005	2004
Net asset value as at 01-01	68.08	65.45
less: dividend previous year	4.50	4.45
	63.58	61.00
Direct result	5.30	5.34
Indirect result	3.94	2.40
Other movements in equity	1.39	-/- 0.66
Net asset value as at 31-12 before distribution of profit	74.21	68.08
less: proposed dividend	4.55	4.50
Net asset value after distribution of profit as at 31-12	69.66	63.58

Profit

Profit consists of the direct and the indirect result. The profit over 2005 was EUR 33.3 mln higher than over 2004, principally as a result of a positive property revaluation and the result on property disposals. Property yields have fallen again in 2005. Many investors consider real estate as an attractive alternative to bonds and offer high prices for fully let property. In many instances the increases in property prices do not reflect the trends in the rental markets. As a result, the valuation results of the portfolio amount to EUR 102.0 mln (2004: EUR 60.6 mln). The results on disposals amounted to EUR 7.8 mln (2004: –EUR 3.1 mln). You are referred to page 104 for a detailed review of the property revaluations.

Dividend

It will be proposed to the General Meeting of Shareholders to distribute a cash dividend for 2005 of EUR 4.55 per share (2004: EUR 4.50). A dividend of EUR 4.55 implies a pay-out ratio of 85.8%. Wereldhave aims for a pay-out ratio of 75%-85%, based on the direct result. Of the dividend EUR 3.10 per share will be paid out, subject to dividend withholding tax, to meet the distribution requirements under Dutch tax law. The remainder (EUR 1.45) will be charged against the reinvestment reserve and as such will not be subject to withholding tax.

Stock market performance

Over 2005 Wereldhave shareholders enjoyed a total performance of 5.2% (2004: 42.3%). This result is 21% lower than the EPRA (European Public Real Estate Association) Return Index measured in euros (2004: +0.6%). The price/direct result ratio at the end of 2005 was 15.03. Stock market turnover was approximately 53,000 shares per day. The Wereldhave share is included in the Dow Jones Sustainability Index and the Amsterdam Midkap Index (AMX). Options on Wereldhave shares are traded on Euronext Liffe.

Share price *(EUR)*

Equity

Equity

At the end of 2005 shareholders' equity, including minority interest and before the distribution of the proposed dividend, amounted to EUR 1,648.3 mln (2004: EUR 1,517.4 mln), equivalent to 67.5% (2004: 70.6%) of total assets. Currency movements, namely the appreciation of the GBP and USD against the euro, boosted shareholders' equity by EUR 27.9 mln. The main source of the increase in equity was the addition to the general reserve of 2005 profit, less the dividend paid in respect of the year 2004.

Wereldhave maintains a long-term target solvency ratio of 60%, with maximum acceptable deviations of 10% in either direction. Sound balance sheet ratio's limit the sensitivity to interest rate movements and provide flexibility for future investment decisions. No additional shares were issued in 2005. The total number of ordinary shares in issue amounted to 20,781,735 at the end of 2005. Ownership is spread amongst institutional and private investors, both within the Netherlands and abroad. Wereldhave is aware of no shareholdings of more than 5%, with the exception of the 6.06% of shareholders' equity held by the Foundation for the holding of Wereldhave preference shares. The free float for the ordinary shares amounts to 100%. The net asset value per share before distribution of profits amounted to EUR 74.21 at December 31, 2005 (2004: EUR 68.08).

Debt financing

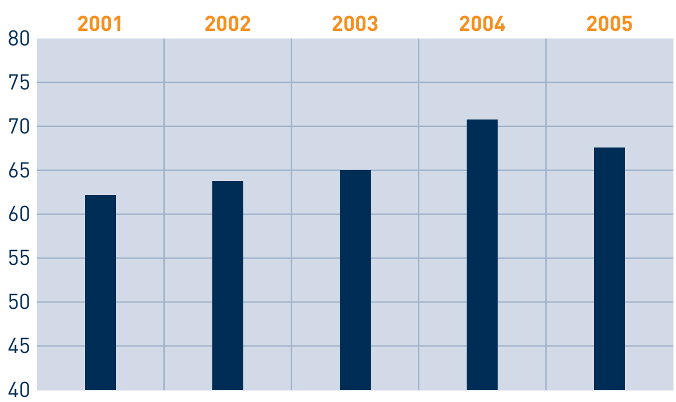
At December 31, 2005 interest bearing debt amounted to EUR 630.1 mln (2004: EUR 500.0 mln), of which 86% (2004: 82%) carried a variable interest rate. The average interest rate rose to 4.6% (2004: 4.1%) as a result of the increase in US money-market rates. The increase in interest bearing debt is the result of financing the purchase of the Towers Business Park in Manchester and higher exchange rates for USD and GBP. The effect of exchange rate differences on long term interest bearing debt amounted to EUR 22.9 mln. The interest bearing liabilities in USD and GBP are part of our currency hedging policy. Mainly the higher rate for the USD led to a higher value of debt in euros.

A provision of EUR 19.7 mln that had been made for refinancing the high-yielding interest bearing liabilities in GBP (dating from 1985 and 1987) was released as at January 1, 2004. The comparative figures for 2004 have been adjusted accordingly, causing an increase of EUR 2.4 mln in 2004 interest charges.

Wereldhave's strong balance sheet enables the Group to profit from low variable interest rates. Although money-market rates in the United States company rose substantially in 2005 conversion to fixed rates would have been a more expensive option. Capital-market rates in the United States barely rose in 2005. Given our expectations for European interest rates we shall continue to borrow at money-market rates. Consideration is being given to limit further the interest-rate volatility on interest bearing liabilities in USD. A movement of 0.5% in money-market rates leads, in the absence of a policy response, to a movement of circa EUR 0.13 in equity per share.

Wereldhave aims for a balanced spread of debt maturities over the medium term. In principle, the Group's funding is arranged on an unsecured basis with several international banks. Further information on group interest bearing liabilities is provided in the notes to the consolidated accounts.

Equity as a % of total assets
(before distribution of profit)



On February 8, 2006, Wereldhave launched an issue of convertible bonds up to EUR 200 mln with a coupon of 2.5%. The maturity of the bonds is 5 years. The bonds were offered to international institutional investors. The bonds can be converted to ordinary shares Wereldhave at a conversion price of EUR 97. The shares to be issued upon conversion of the Bonds will represent approximately 9.9% of Wereldhave's currently issued share capital. This convertible loan offers Wereldhave funding at an attractive rate, which will be used for refinancing and investments.

Currencies

At the end of 2005 55% (2004: 80%) of the currency risk on our American portfolio and 74% (2004: 63%) of the currency risk on our British portfolio was hedged. The purchase of the Towers Business Park has been temporarily funded exclusively by loans. The hedging ratio on the British portfolio will be brought back within the target range (30%-70%) in 2006. Use was made of currency options to hedge the USD position in 2005 and of forward currency transactions to hedge the GBP position. The property appreciation of EUR 58.2 mln as a result of currency movements led to an increase of EUR 27.9 mln in shareholders' equity.

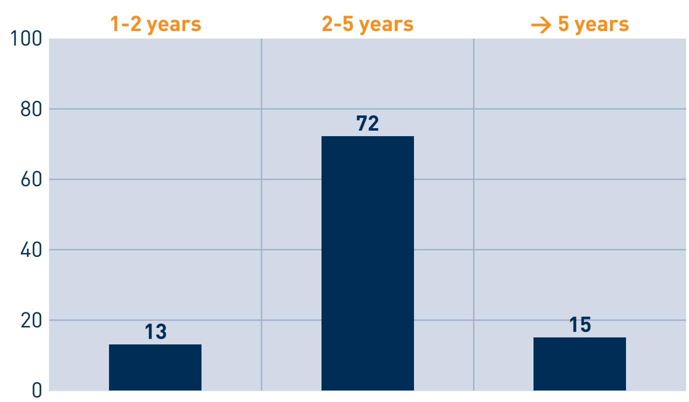
Wereldhave's currency policy and the coverage ratios mentioned above are based on hedging the "Economic Currency Exposure". The total exposure in a single currency is the basis for our hedging policy. Wereldhave has a preference for this gross method as a policy instrument above the method of net investment hedging which is followed under IFRS rules in the annual accounts. The currency risks are hegded by a combination of interest bearing liabilities in the relevant currencies and other financial instruments at country and group level.

The standard guideline for covering the currency risk on the American and British property portfolios is a hedging ratio of 50%, but with a permissible range of 30%-70%. Earnings in USD and GBP, with the exception of interest charges in these currencies, are not hedged. A movement of 10% in the value of the USD and GBP leads to a movement of approximately EUR 0.17 in the direct result per share.

Derivatives

Wereldhave employs currency swaps and currency options; in addition, Wereldhave uses financial instruments to manage interest costs. Individually and in combination these financial instruments are used solely to limit the sensitivity of net equity per share to currency movements and the sensitivity of profit per share to shifts in interest rates within the framework of the Group's interest rate and currency policy. Only banks of high standing qualify as a partner for such transactions.

Maturity spread loans *(as a %)*



Transition to IFRS

As from the annual accounts 2005, Wereldhave applies IFRS. The comparative figures for 2004 have been adjusted accordingly. The most important changes are explained below.

The consolidation of subsidiaries in which Wereldhave has control, has been changed from proportional to 100% consolidation, showing third parties minority interest in equity and in the consolidated income statement.

The basis for determining the value of the property portfolio is and remains market value. Under IFRS, revaluations of investment property will continue to be accounted for in the profit and loss account. Property in own use will be accounted for under property, plant and equipment (previously under investment properties).

Development projects will continue to be valued at the lower of cost or market value. Investment commitments stemming from construction activities that have been commissioned but not yet carried out will no longer be included in the balance sheet, but will be reported in the notes to the annual accounts. Development projects are transferred to investment immediately upon completion.

Tenant investments will be amortized over the duration of the lease. Under IFRS property maintenance investments and the amortisation of tenant investments are expensed as maintenance costs through the profit and loss account. On the other hand, the property revaluation will increase, as maintenance investments and tenant investments are no longer capitalised as property investment.

Property that is subject to ground lease is valued based on market value and full ownership, while the discounted value of future ground rent payments is included in long term debts.

Deferred tax liabilities that until 2003 were presented at discounted value will be carried at nominal value from 2004 onward. The financial instruments that are used will be shown at market value in the balance sheet. The hedge of net investments in foreign entities will be accounted for by way of hedge accounting. This implies that both exchange rate differences on net investments and the instruments of coverage will be accounted for in shareholders' equity.

The movements in equity as a result of IFRS at January 1, 2004 amount to –EUR 21.0 mln. The main elements of this item are:
- a decrease from the valuation of tax liabilities at nominal value (–EUR 34.0 mln);
- an increase from the release of a provision for the costs of refinancing (EUR 19.7 mln).

The IFRS results for 2004 are EUR 10.4 mln lower. This is mainly the result of:
- higher taxes on the results, arising from the valuation at nominal value of contingent tax liabilities from property revaluations (EUR 5.0 mln);
- higher interest charges as a result of the release of a provision for the costs of refinancing (EUR 2.4 mln).

Development of the portfolio

During 2005 Wereldhave purchased properties in Belgium, the United Kingdom and the United States and sold properties in the Netherlands, the United Kingdom and the United States. The largest purchase transaction involved the Towers Business Park in Manchester, which raised the share of offices in the portfolio to 48% and increased the position of the United Kingdom as shown within the geographical distribution of the portfolio. With the completion of the office building on G-Street in Washington there has been a fall in the value of the development portfolio, which was partially offset by the land purchase in Texas.

Outlays on existing investment properties and acquisitions amounted to EUR 133.7 mln and EUR 32.1 mln on investments in and acquisitions to the development portfolio. The investment portfolio underwent an upward revaluation of 4.8%, with all countries contributing to this positive figure. The average occupancy rate amounted to 92.2% in 2005 (2004: 91.1%). At the end of 2005 the balance sheet value of the investment portfolio amounted to EUR 2,288.8 mln and the development properties were valued at EUR 34.0 mln.

Net sales proceeds of investment properties *(x EUR 1 mln) *)*

	Netherlands	Belgium	Germany	Finland	France	Hungary	Spain	UK	USA	total
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
2004	4.4	–	–	–	–	–	–	–	23.7	28.1
2005	6.0	–	–	–	–	–	–	62.2	10.0	78.2
total	97.3	168.1	25.8	–	203.0	2.8	13.4	321.7	84.1	916.2

Net sales proceeds of investment properties *(as a % of book value) *)*

	Netherlands	Belgium	Germany	Finland	France	Hungary	Spain	UK	USA	total
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
2004	56	–	–	–	–	–	–	–	102	90
2005	100	–	–	–	–	–	–	116	90	111
average	97	135	91	–	111	105	97	108	102	110

*) the figures up to and including 2003 are based on Dutch GAAP. The figures as from 2004 on IFRS

Investment portfolio distribution *(as a %) *)*

	01	02	03	04	05
Offices	58	52	48	44	48
Shops	28	36	39	42	41
Industrial	12	11	12	12	9
Residential	2	1	1	2	2

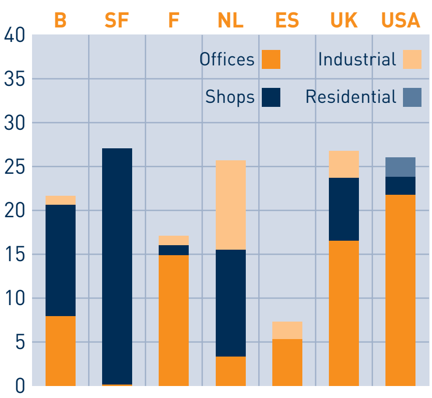
Investment portfolio geographical distribution *(as a %) *)*

	01	02	03	04	05
Belgium	11	10	12	16	15
Finland	–	17	20	19	19
France	16	12	11	10	9
Hungary	<1	<1	–	–	–
Netherlands	18	18	19	18	16
Spain	5	4	5	5	5
UK	22	17	17	16	18
USA	27	21	16	16	18

Net rental income per country *(as a %) *)*

	01	02	03	04	05
Belgium	11.3	10.3	10.6	13.6	14.2
Finland	–	14.9	17.5	18.3	17.9
France	13.8	10.3	10.4	11.0	11.3
Hungary	0.2	0.1	0.1	–	–
Netherlands	19.1	17.3	18.6	17.2	17.0
Spain	4.5	3.9	5.2	5.0	4.8
UK	22.5	19.1	17.1	16.5	17.6
USA	28.6	24.1	20.5	18.4	17.2
Total	100	100	100	100	100

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



Staff and organisation

Staff

In December 2005 Mr. de Ruijter resigned from the Board of Management. At the General Meeting of Shareholders the appointment as Managing Director of Mr. J. Buijs for a period of four years will be proposed. Mr. G.C.J. Verweij, who was due to retire in 2007, has declared himself willing to stay on as Chairman untill 2010. A proposal to this effect will be submitted to the General Meeting of Shareholders.

Mr. C. Schouten who has been Managing Director of Wereldhave's management organisation in the United States since 1980 will retire in May 2006. Ms. C. Taveras-Cruz who has become acquainted with every facet of the property sector in a variety of positions during more than 24 years' employment with Wereldhave has been appointed as his successor. We wish to express our gratitude to Mr. Schouten for his contribution to the Group's achievements and wish Ms. Taveras-Cruz every success in her new appointment.

In 2005 Wereldhave amended its company pension scheme in the Netherlands following a number of changes in social security legislation and new employee benefits. The retirement age was raised to 65 for existing employees who were younger than 55 years of age at December 31, 2004. At the end of 2005 the solvency ratio of the pension fund amounted to 153%.

A new profit-sharing scheme was also introduced in 2005. The new scheme is tied to the occupancy rate, operating costs, administrative costs and the increase in value of the portfolio. The realized results are compared with a target to determine the bonus, which amounted to one month's salary in respect of 2005.

During 2005 Wereldhave celebrated its 75th anniversary in the Netherlands with two days of partying for all domestic and foreign employees. We can look back on a particularly successful celebration which was greatly appreciated by all our staff.

Wereldhave employed an average of 100 staff in 2005 (2004: 101), of whom 65 (2004: 67) were based in our offices abroad. Of the total number, 43% were women and 57% were men. The average age of employees amounts to 41; again the average absence due to illness was very low (2.3%). We should like to express our appreciation to our staff for their dedication and involvement during the year under review.

Staff party 2005

Organisation

Work on the construction of a new centralized information system is proceeding according to plan. It is expected that the new system will be operational mid 2007.

In response to the proposals of the Dutch Corporate Governance Committee a start has been made on setting out a system to document all the processes occurring within the organization (including the associated qualitative norms). Such a system is an aid to improving performance, the retention of expertise and risk control. The system will be available on the Group's intranet and is expected to be operational at the end of 2006.

Since 1992, Wereldhave operates under a license of the Dutch Investment Institutions Supervision Act (Wet toezicht beleggingsinstellingen). The law has changed in 2005. One of the effects is that all license holders need to apply for a new license, before March 1, 2006. Wereldhave complies with the Investment Institutions Supervision Act and has filed the application for the license in time.

Information per country

The key economic figures per country have been drawn from the December 2005 OECD '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

During the year under review almost 50% more office space was let than in 2004. Thanks to the expansion of the European Union the vacancy rate in the Brussels conurbation dropped slightly to 10.4%. No improvement was recorded in the Leopold district, where a relatively large amount of new buildings were completed in anticipation of this expansion. The European Union, however, has a preference for larger office buildings, for which no space is available in the Leopold district. As a result the EU is now moving to more peripheral office locations, resulting in increasing vacancies and falling rents (down 3% to EUR 285 per m^2) in the Leopold district.

In the nearby Central district vacancies decreased but rents none-the-less fell by 10% to EUR 200 per m^2. Other districts also recorded this remarkable combination of lower vacancy rates and falling rents. In view of the expected completion of circa 500,000 m^2 of new office space in 2006 landlords have been prepared to make concessions on rents. Companies are sensitive to the quality of locations and of individual buildings. Initial rental yields amount to 6% in the Central Business District (Leopold), to 6.5% in the outlying areas (Ring) and 6.7% on the periphery.

The take up of office space in Antwerp probably totalled around 70,000 m^2 in 2005, which is considerably less than the average for the recent past. Major road works on the outer ring-road, which lasted till the end of the year, were a contributory depressing element. The supply of office space peaked at the end of 2004 and hardly declined since. In view of the lower office rent levels conversion to residential accommodation is a more remunerative option than in Brussels. Initial rental yields on office properties currently amount to circa 7%.

The vacancy level for shops in the traditional main shopping streets is attributed to the success of shopping centres and retail parks. In the last few years there has been a definite upgrading of the retail trade on the outskirts of towns, which are no longer dominated by discount outlets. In the city centres there is strong demand for good quality shops in A-1 locations. Since the end of 2004 rents in shopping centres have been rising rapidly. In the best centres higher rents (EUR 1,600 per m^2) than in the main shopping streets (EUR 1,250 per m^2 are already being paid. Rents in retail parks amount to EUR 135 per m^2. Rental yields on top Belgian retail property are currently running at 5% in the main shopping streets and 6% to 7.5% in shopping centres. Yields are under downward pressure as a result of the low level of interest rates and investors' demand for retail property.

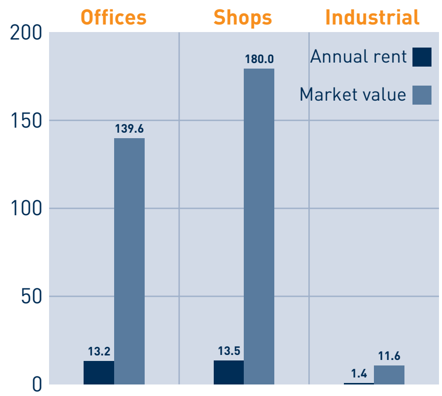
The weak demand for industrial property has affected rental levels, which in the case of semi-industrial buildings have scarcely risen in the last ten years. Letting periods are getting successively shorter. Initial rental yields have fallen from 10% to 7% over the last few years.

Wereldhave Belgium purchased four adjacent shops as part of its plan to expand the Nivelles shopping centre. The application for the building permit for the expansion of 8,000 m^2 will be submitted in the spring of 2006. In anticipation of the expansion, the shopping centre will be renovated. In Tournai plans have been prepared for the expansion of the shopping centre by 4,500 m^2. In view of this, on February 9, 2006 a plot of land was acquired to expand the parking facilities of the shopping centre.

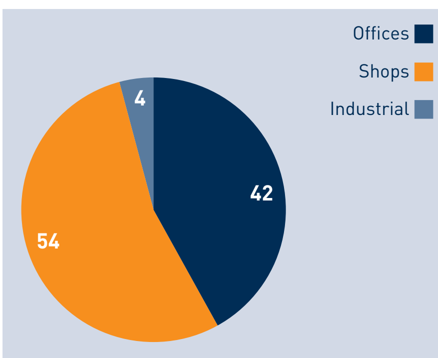
The occupancy rate of Wereldhave's Belgian portfolio amounted to 83.4% (2004: 79.9%). The value of the Belgian investment portfolio at 31 December 2005 was EUR 331.2 mln. The portfolio did not contain any development properties. The portfolio was revalued upwards by 2.3%. At December 31, 2005, Wereldhave's interest in Wereldhave Belgium amounted to 68.2% (2004: 68.2%).

	2005	2004
Economic growth	1.4	2.4
Inflation	2.0	2.3
Growth private consumption	1.1	1.3
Growth corporate investment	12.9	3.3
Growth in employment	0.7	0.7
Unemployment rate	8.4	7.9

Annual rent and market value
(in millions of Euro, as at December 31, 2005, assuming no vacancies)

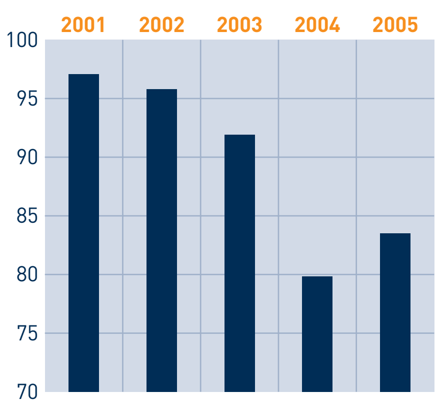


Distribution of investments *(as a % of market value)*

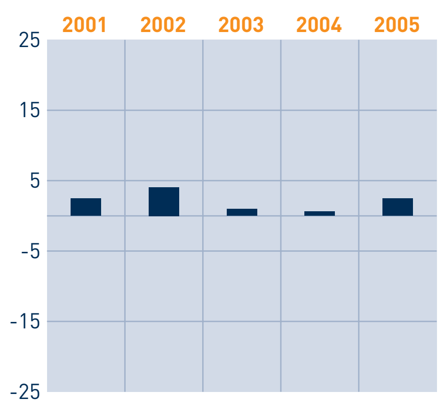


1. Winkelcentrum Belle Ile, Liege (interior) 2. 139-141 Koningstraat, Brussels, (1983-1997) 3. 41 Kunstlaan, Brussels (1976-1996) 4. Keiberg, Zaventem (1989-1999) 5. Muntplein / Schildknaapstraat, Brussels (1984-2002)

Average occupancy rate *(as a %)*



Property revaluation *(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. Lease prices are inlusive of VAT.

Finland

With less new office space coming on to the market in 2005 there was no further increase in vacancy levels. Despite the fact that many office buildings in the city centre are economically outdated vacancy rates are not higher than the average for Helsinki. There is a lively interest in city-centre locations but suitable buildings are scarce. Users of office space are relocating from old buildings in the centre to newly built accommodation, preferably in the centre and otherwise in outlying areas (such as Ruohlahti) or the periphery (for instance near the airport at Vantaa). In Espoo, where many ICT companies are located, the vacancy rate is considerably higher. This is an attractive area but with a large number of relatively old buildings. In addition the ICT sector has been slow to recover.

Over the period 2001-2005 market rents fell by 20% to 25%. Now that vacancies are no longer rising office rents appear to be stabilizing at around EUR 280 per m^2. In suburban areas market rents are around EUR 150 per m^2. An important positive signal is the increase in the number of transactions, although net take up has been at a low level for the last five years. Net initial rental yields for offices fell from 7.0% to 6.5% in the course of 2005.

For several years now the retail sector has been the most attractive property market in Helsinki. An important factor has been the strong growth in consumer expenditure. The growth in consumption has been accompanied by an expansion in retail outlets. A number of large new shopping centres were opened in 2005. The vacancy rate in the centre of Helsinki is approximately 1.5%. Vacancies are also minimal or non-existent in the large shopping centres. Vacancies elsewhere are higher at 4% to 5%. In Espoo retail vacancies run at around 7%. Top shoprents in the city centre lie at around EUR 1,200 per m^2. Similar levels hold for the best locations in the large shopping centres. Average rental levels in the better retail locations have been steady since 2000 at circa EUR 900 per m^2. Rents are beginning to rise in the very best locations. In less well favoured locations in the centre and on the outskirts rents amount to EUR 480 to EUR 600 per m^2. The net initial yields for shopping centres vary between 6% and 6,75%.

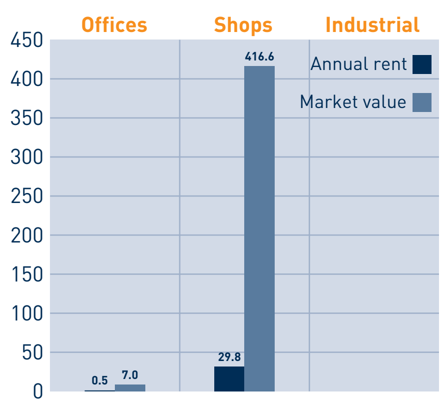
Turnover rose in 2005 by 2.5% in the Itäkeskus shopping centre and by 4% in Tapiola. The basic rents, excluding participation in increased turnover, also rose on the renewal of leases. After the recent expansion of the shopping area in Greater Helsinki turnover has stabilized.
There is still scope for rental increases in the better locations in Itäkeskus. During the year under review further improvements were made to the shopping centre. The old entrance on Talinna Square and two bridges over the pedestrian passageway have been modernized, the approach views of "the Boulevard" have been improved and an electronic system has been installed in the garage which helps vistors find an available parking space.

The Finnish government is considering the introduction of a special tax régime for property investment companies. The final report of the work group set up by the government, including proposed legislative changes, is expected to be presented during 2006. The contents of these proposals remain unknown as yet. The work group aims for introduction of the new tax régime as at January 1, 2007.

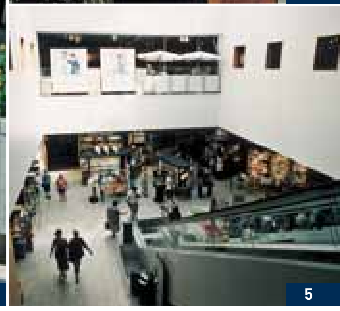
The occupancy rate in the Finnish portfolio was 99.1% at the end of 2005 (2004: 99.0%). At December 31, 2005 the investment portfolio was valued at EUR 423.6 mln. Wereldhave has no Finnish development properties. The valuation of the portfolio was revised upwards by 9.3%.

	2005	2004
Economic growth	1.3	3.5
Inflation	2.1	0.3
Growth private consumption	3.3	2.8
Growth corporate investment	–3.3	4.6
Growth in employment	1.2	0.0
Unemployment rate	8.6	8.9

Annual rent and market value
(in millions of Euro, as at December 31, 2005, assuming no vacancies)

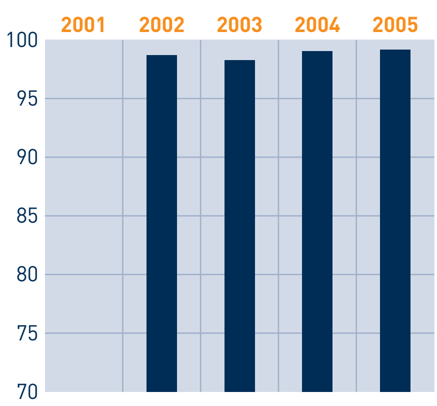


Distribution of investments *(as a % of market value)*

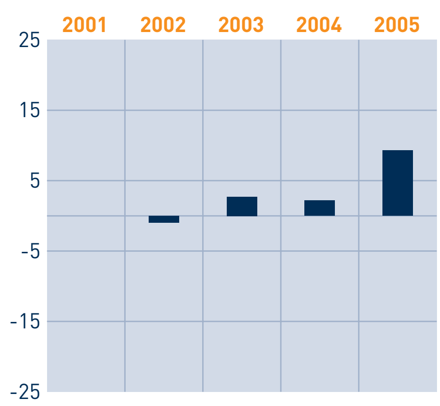


1. 5 Lansituulentie, Tapiola - exterior 2. 3. 4. 5.: interior

Average occupancy rate *(as a %)*



Property revaluation *(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 agreements are turnover rents.
3. Outgoings: structural maintenance only is for the landlords' account.

France

The gross take up of office space in the Ile de France was 12% higher than in 2004. There was a particularly strong surge in the final quarter of 2005. Demand is centred on new efficient office buildings in readily accessible locations, as evidenced by, inter alia, the increase in lettings on the eastern outskirts, despite the continuing preference of most tenants for the traditional office locations on the western side of the city. Older, less efficient office buildings are difficult to let as are buildings in poorly accessible locations such as the outer periphery. The number of large transactions was lower than in 2004, the number of medium-sized transactions rose and the number of small transactions was unchanged. The vacancy rate in the Ile de France fell over the past years to a current level of 6%. With an increase of 28% in the amount of new office space to be released to the market in 2006/2007 the fall in vacancies is expected to be reversed. The vacancy rate in the Central Business Districts lies at around 4.2%. In La Défense (west) the vacancy rate fell sharply during the fourth quarter with the closure of a number of large transactions involving new office buildings and a jump in the top market rents of 27% to EUR 493 per m^2. Elsewhere on the western periphery the top rents rose by 8%. In the Central Business Districts the top rents rose by a mere 2% to EUR 639 per m^2. As the development of market rents in La Défense shows, tenants are prepared to pay high rents for quality and customized accommodation. Differences in quality between buildings and locations are becoming increasingly important. Average rental levels remained basically unchanged, which implies falling rents elsewhere. The persistence of low interest rates is pushing initial rental yields down further to 5.0% for the Central Business Districts and 6.0% for La Défense.

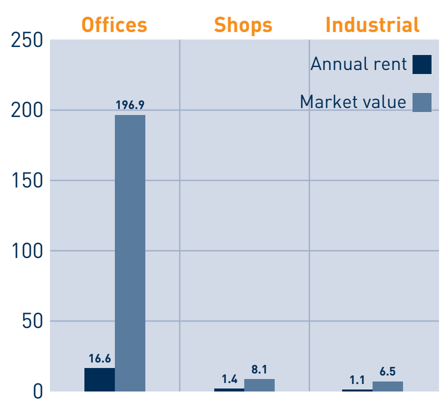
The new retail legislation of 1996 (loi Raffarin) was aimed at checking the unbridled expansion of retail outlets and stimulating the renewal of older retail locations. Initially this led to redevelopment and expansion of the large regional shopping centres on the outskirts of the cities. The number of peripheral retail outlets is still increasing. As a result shops and shopping centres in the inner cities have come under increasing pressure. Against this background it is understandable that the competition between the major retail chains for large retail spaces (megastores) in the inner cities appears to be abating. Shopkeepers are increasingly relocating from the city centres to cheaper accommodation in retail parks on the periphery. These parks provide low service costs and cheap or free parking and already account for 30% of France's total retail space. The market share of "hard discount" outlets is steadily rising as stagnating incomes and widening income differentials boost the demand for cheap shopping. Consumers also seem to increasingly wish to shop in an outdoor environment. In the main shopping streets there is now more interest in smaller shops of between 100 m^2 and 300 m^2 in the better locations, which continue to attract top rents. These shops target the fashion-conscious consumer and "city trippers". Supermarkets have lost market share, hypermarkets have maintained their position and discounters have been the major winners. The highest rents have been recorded in the centre of Paris with incidental peak levels of up to EUR 9,000 per m^2 for exclusive fashion houses on the Champs Elysées. Rents in the retail parks are around EUR 170 per m^2. Initial rental yields lie between 5.5% and 6% for the best locations in Paris, between 5.5% and 6.5% for shopping centres and between 5.75% and 6.25% for retail parks in the Paris region.

No changes took place to the French portfolio in 2005. The occupancy rate was 97.2% (2004: 96.4%). The value of the investment portfolio at December 31, 2005 amounted to EUR 211.5 mln. There is no French development portfolio. The valuation of the portfolio increased by 4.6% in 2005.

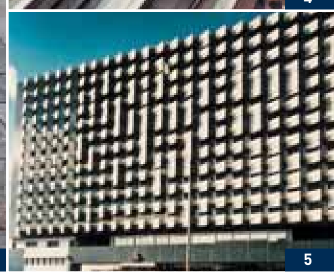
	2005	2004
Economic growth	1.6	2.1
Inflation	1.3	1.6
Growth private consumption	2.1	2.3
Growth corporate investment	3.1	1.4
Growth in employment	0.2	–0.1
Unemployment rate	10.0	10.0

Annual rent and market value

(in millions of Euro, as at December 31, 2005, assuming no vacancies)

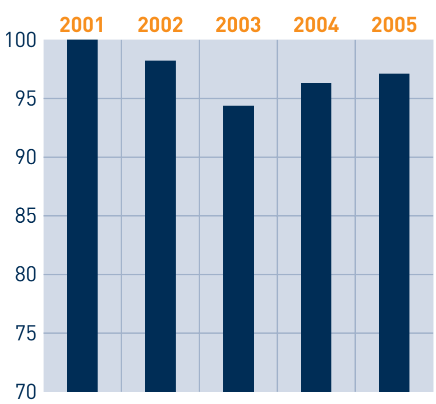


Distribution of investments *(as a % of market value)*

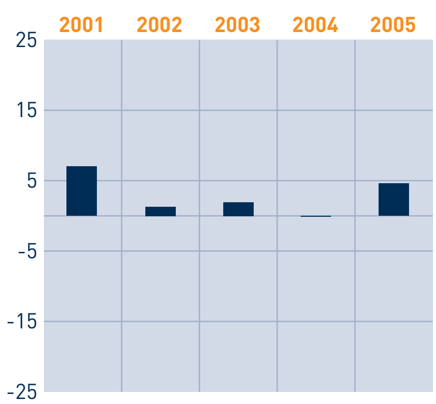


1. Ilot Kléber, Levallois-Perret 2. Rue d'Aguesseau / Rue du Faubourg St Honoré, Paris (1977-2000) 3. 28-30 Avenue George V, Paris (1979-1986)
4. Winkelcentrum Parinor, Aulnay-sous-Bois (1990-2002) 5. 29-30 Quai de Dion Bouton, Paris (1985-1998)

Average occupancy rate *(as a %)*



Property revaluation *(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

After four lean years a modest recovery seems to be in store for the Dutch office market. Lettings increased by 15% in 2005 and there was no longer a negative net absorption. Vacancies did, however, rise by 5% as a result of a continuing glut of new supply. The year 2006 should bring a higher rate of economic growth and a further improvement in net absorption. The effect on vacancy levels depends on the amount of new supply. The demand for high quality property will remain strong, given the high vacancy levels and the supply of available new office space. This will widen the rental differentials between prime and secondary properties. Rents for the better locations were unchanged in 2005 but fell once more for less desirable locations. The highest vacancy rates are to be found in the communities areas around the major cities. The top rents along Amsterdam's "Southern Axis" are around EUR 320 per m^2. Tenant incentives amount on average to 20% of the basic quoted rent. Initial rental yields approximate to 6.0%.

Margins in the retail sector are under pressure from rising costs and falling sales. The opening of new outlets has led to increased competition. A scramble is under way for the best positions in the top inner-city locations and in the better shopping centres, with hefty prices being paid. In these segments rents have increased by circa 5%. In streets outside the core shopping area, in obsolescent shopping centres and concentrations of furniture showrooms shops are falling empty and there have been cases of falling market rents. The gross rental yield for shops in prime locations in the Randstad lie between 5.0% and 6.0%.

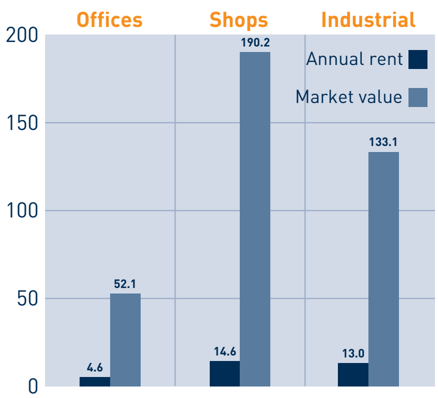
The supply of industrial property increased fourfold to 8.3 million m^2 over the period 2000-2005. There has been a particularly strong increase in the number of large units (larger than 5,000 m^2). Many properties are technically unsuitable or poorly located. The transfer of production to low-wage countries has led to increasing vacancies.

Older industrial property is readily available. Rents held steady for good industrial property but fell in the case of older buildings in 2005. Rents are at around EUR 60 per m^2 in the Randstad and EUR 45 per m^2 elsewhere. Rental yields for modern industrial accommodation with long-running leases amount to 7.5% in the Randstad and 8.0% in the better locations in other regions.

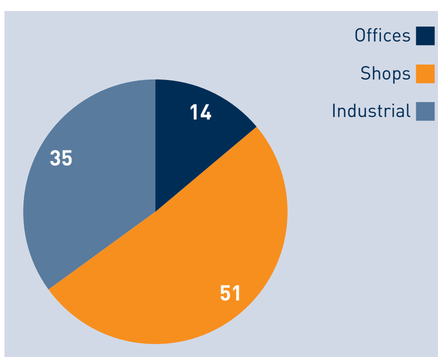
Traffic in Wereldhave's shopping centres, with the exception of the one in Etten-Leur, held steady. Now that the inconvenience caused by the surrounding major construction activities in Etten-Leur is over, the number of visitors is increasing. Additional space has been added to that vacated by Albert Heijn and has been let to fashion outlets, who will open to the public in the spring 2006. A logistics centre, annexe offices, in Amersfoort has been enlarged and modernized to the tenant's specifications. In Alphen aan den Rijn a tenant was found for an industrial building, annexe offices, and another logistics centre was sold for slightly more than the book value on December 15, 2005. The occupancy rate for the Dutch portfolio improved from 88.0% in 2004 to 88.8% in 2005. Given the fact that a number of lettings were agreed in 2005 the occupancy rate will improve further in 2006. The value of the investment portfolio at December 31, 2005 was EUR 375.4 mln. The value of the development portfolio was EUR 2.0 mln. The Dutch portfolio was revalued upwards by 3.5%.

	2005	2004
Economic growth	0.7	1.7
Inflation	1.5	0.9
Growth private consumption	0.2	0.0
Growth corporate investment	–0.9	4.2
Growth in employment	–0.6	–0.7
Unemployment rate	6.2	4.9

Annual rent and market value
(in millions of Euro, as at December 31, 2005, assuming no vacancies)

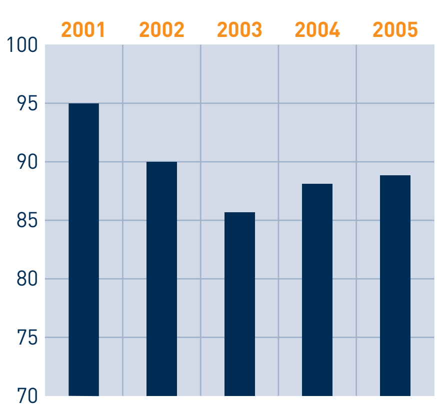


Distribution of investments *(as a % of market value)*

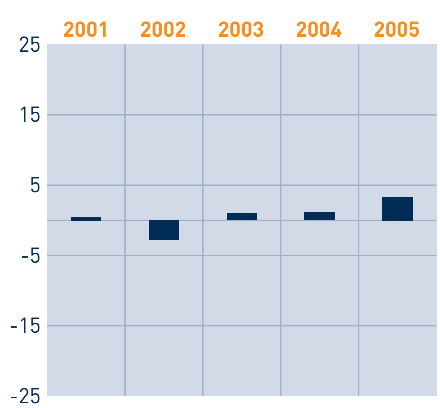


1. Kronenburg Shopping Centre, Arnhem 2. 10 Binnenhof, Amstelveen (1990-1996) 3. 10-14 Carnegielaan, The Hague (1986-1996) 4. 4-10-12-14 Blekerslaan, Groningen (1978-1988) 5. Park Boswijk, Doorn (1975-2002)

Average occupancy rate *(as a %)*



Property revaluation *(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

The vacancy rate in the Madrid office market fell slightly in 2005, largely due to much less new construction being released on the market. Net take up amounted to around 300,000 m^2 in 2005. New construction looks set to increase in the coming years so that the vacancy rate is expected to remain high. There are sharp differences in take up and vacancy rates between the various sub-markets. Demand is strongest in readily accessible locations in the city centre and along the northern section of the innermost ring-road. Competition for space from the housing sector helps keep vacancy rates in the centre extremely low (2%). Vacancy rates are approximately 4% on the Castellana, 10% along the M30 and average over 20% on the periphery, with wide variations between locations. Tenants who cannot find space in the centre plump for the better office locations on the outskirts, such as La Moraleja and Campo de las Nacionas. Access to Alcobendas, Arroyo de la Vega and San Sebastian de los Reyes will improve when the metro is extended northwards in mid-2007. Office rents in Madrid rose by approximately 2% in 2005. In the centre there was an increase of 8% from EUR 300 to EUR 325 per m^2. On the periphery rents were unchanged. Net initial yields for Madrid offices fell to 5%, and even 4.75% in some cases. Net initial yields for better-quality office buildings on the periphery lie between 6% and 6.5%.

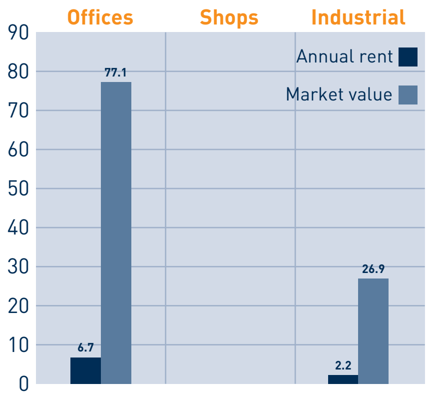
The highest shop rents in Madrid are to be found in the main shopping streets, where basic rents of between EUR 1,600 and EUR 2,000 per m^2 have been recorded for the best shops. The lowest rents are to be found in the retail parks at between EUR 140 and EUR 180 per m^2. On average shop rents were unchanged or modestly higher in 2005. There were increases at the top end of the market but the vacancies in less favoured locations mean that rents there have fallen. Net initial rental yields for the main shopping streets have held steady or fallen slightly and now lie at around 5% in Madrid.

The demand for industrial accommodation increased to approximately 250,000 m^2 in 2005. Demand is concentrated on the larger units of over 5,000 m^2, but ease of access is essential. For logistics centres even larger spaces are sought. The vacancy rate for industrial property has dropped to around 3.5% as rising house prices have put suitable development sites in short supply. The rents for large units to the south of the city increased by 3% to EUR 67 per m^2. To the north, where the competition from the housing market is fiercer, an increase of 5% was recorded.

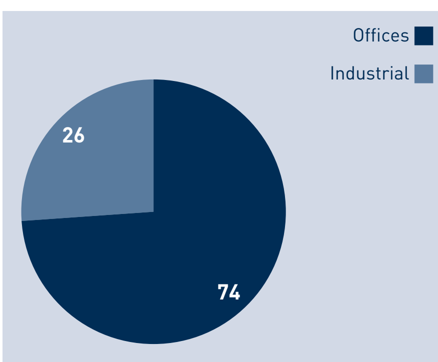
The occupancy rate for the portfolio averaged 92.9% during the year under review (2004: 92.4%). At the end of 2005 Wereldhave succeeded in letting the remaining vacant space in the Arroyo de la Vega office building. An improvement in the occupancy rate can therefore be expected in 2006. At the end of 2005 the Spanish investment portfolio amounted to EUR 104.0 mln. Wereldhave has no development properties in Spain. The Spanish portfolio was revalued upwards by 0.8% in 2005.

	2005	2004
Economic growth	3.4	3.1
Inflation	3.6	4.1
Growth private consumption	4.2	4.4
Growth corporate investment	6.5	5.6
Growth in employment	4.8	3.9
Unemployment rate	9.1	10.5

Annual rent and market value
(in millions of Euro, as at December 31, 2005, assuming no vacancies)

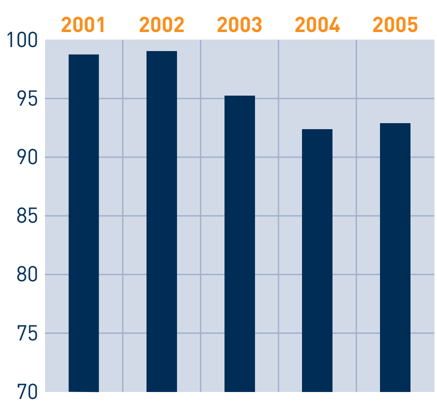


Distribution of investments *(as a % of market value)*

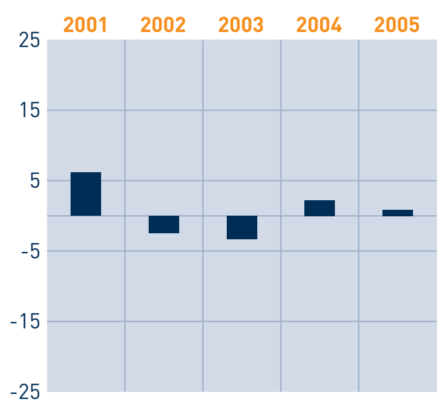


1. 2 Plaza de la Lealtad, Madrid 2. 124 Rambla de Cataluna, Barcelona (1994-1997) 3. 1-2 Calle Mariano Benlliure, Rivas-Vaciamadrid
4. 2-4 Rambla de Cataluna, Barcelona (1994-1998) 5. 15 Calle Fernando el Santo, Madrid

Average occupancy rate *(as a %)*



Property revaluation *(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.









CINEAC











United Kingdom

The British office market strengthened further in 2005. In London the vacancy rate fell by one third to circa 6.8% and rents have been rising since 2004. This is especially true for Midtown and the West End where the top rents now lie at GBP 400 and GBP 800 per m^2 respectively. In the City rents have risen less and the top rents are at GBP 480 per m^2. Further rent increases are expected. This is the case not only for the centre of London, but also for the centres of large cities such as Birmingham, Manchester, Leeds and Liverpool. London suburban offices, however, are facing high vacancy rates, and slow and widely varying rates of recovery. The gross take up of space in the centre of Manchester was practically unchanged with rents rising slightly to GBP 300 per m^2. In Manchester's southern suburbs the volume of transactions has increased and, there too, rents have risen slightly.

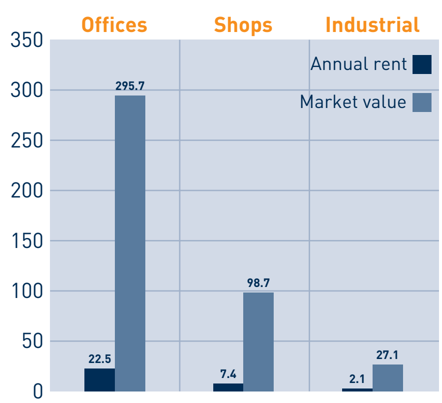
The net initial yields on the British office markets fell again in 2005. Yields for prime offices now average 5% in the West End and circa 5.5% in the City. In the London suburbs net initial yields fell from 6.25% to 5.75%; in other large cities in the UK from 6.0% to 5.5%. The drop in initial yields can be explained by the expectation of persistently low nominal interest rates and rising construction costs. In the longer term more office rent increases are to be expected. The development of initial yields imply that the steepest rent increase are to be expected in the West End.

Against the background of, inter alia, lower economic growth, higher interest rates, higher energy prices and a cooling down of the housing market the rapid growth in consumer expenditure came to an abrupt end in 2005. The consumer had to be more selective and this has intensified competition in the retail market, especially with the development of new retail channels such as teleshopping, factory outlets and retail parks. Shops selling luxury goods have recorded lower turnover and shops in secondary locations have also suffered. Well located shops in the main shopping areas continue to prosper, with rent increases (3.8%) rising even faster than for shopping centres (3.3%). Evidently consumers are influenced not only by price but also by convenience and ambience. Shopping centres in London have performed better than in the provinces. This is reflected in the development of net initial retail yields. Initial yields on outlets in the main shopping streets have fallen from 4.25% to 4.0%, while initial yields on shopping centres are unchanged at 5.25%. Initial yields for top retail warehouses in retail parks have fallen from 4.75% to 4.5%.

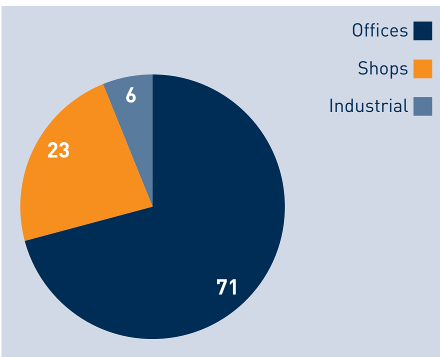
The portfolio was expanded during the year under review with the purchase of the Towers Business Park in Manchester. Three offices (in London, Truro and Leeds) and an industrial park in Sittingbourne were sold with a total proceeds of EUR 8.5 mln. The average occupancy rate on the portfolio was 97.3% (2004: 91.3%). At December 31, 2005 the investment portfolio was valued at EUR 421.5 mln and of the development portfolio EUR 0.3 mln. The British portfolio was revalued upwards by 1.6%.

	2005	2004
Economic growth	1.7	3.2
Inflation	2.0	2.0
Growth private consumption	1.8	3.6
Growth corporate investment	3.1	3.4
Growth in employment	0.8	1.0
Unemployment rate	4.8	4.7

Annual rent and market value
(in millions of Euro, as at December 31, 2005, assuming no vacancies)

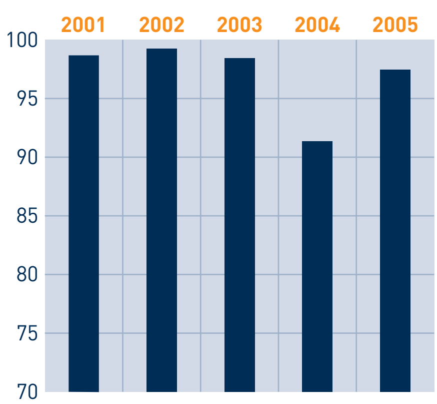


Distribution of investments *(as a % of market value)*

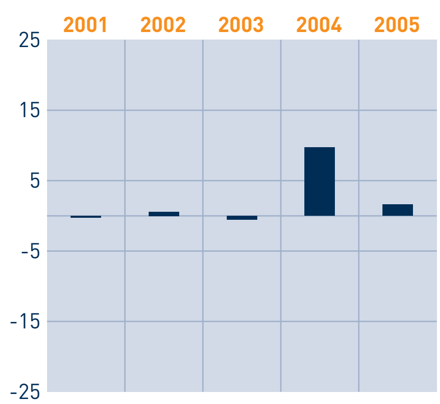


1. The Towers Business Park, Manchester   2. 65 Kingsway, London (1989-1999)   3. The Carnaby Estate, London (1988-1997)   4. Ebury Gate, London (1978-1987)
5. 85 / 87 Clarence Street and 1 Castle Street Kingston upon Thames, London (1988-1991)

Average occupancy rate *(as a %)*



Property revaluation *(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

The continuing expansion of the American economy led to a fall in office vacancy rates during the year under review in both central business districts and, more noticeably, suburban locations. Nevertheless, the increased interest in city centre accommodation and the lack of suitable construction sites indicate that vacancies in the city centres will continue to be lower than in the suburbs. The best performances have been achieved in knowledge based local economies offering a high quality of life. As a result of the fall in vacancy rates rents in a number of markets on the West Coast rose by more than 5%. Similar increases were seen in Manhattan and Long Island in New York. Elsewhere rents rose more slowly. Most markets have experienced rising rents and less generous tenant concessions.

The recovery of the office markets has been accompanied by a sustained price increase on the investment market. Increasing rents and low interest rates keep property investments with high gearing attractive. Average initial rental yields now stand at approximately 7%. Lower rates hold for California and New York and higher yields in Texas. In the immediate future the market will face higher inflation, higher interest rates and a weakening dollar, all of which work to raise initial yields. On the other hand, higher construction costs could discourage new building activity, thus raising rents.

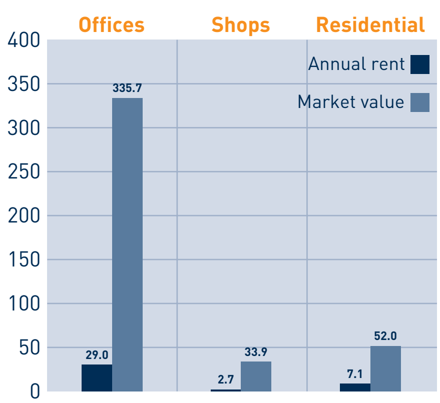
The retail markets in the United States have put in an excellent performance in recent years as consumers took on additional debt. The combination of low money-market rates and strong increases in house prices encouraged borrowing. This no longer holds now that the Federal Reserve has raised interest rates sharply over a short period of time. Effective retail rents rose during the year under review by approximately 5% to circa USD 200 per m^2. Low real interest rates have also led to drop in net initial yields from 7.9% to 7.4%. The highest increases in rents and value were seen in California. Now that market interest rates have been raised sharply a partial reversal seems likely. Competition in the retail trade will intensify and the gap in rental growth between attractive and less attractive locations will widen. This prospect is already anticipated in differences in net initial yields, which average 7.4% but are much lower in California (6.9%), at average levels in Texas, and well above average in the Midwest.

More than 16% of Wereldhave's leases, relating to more than 45,000 m^2 came up for renewal or extension in 2005, a task which was completed successfully. Construction of the 12,465 m^2 Portrait Building on G-Street in Washington was completed at the end of the second quarter. 70% of the building has now been let. During the fourth quarter Wereldhave acquired a site in San Antonio, Texas for a development comprising more than 1,200 houses, 4,000 m^2 of retail space, two office buildings, each of 8,000 m^2, and a hotel. Work on the first phase (400 houses) is expected to commence in September 2006. In December 2005 Wereldhave sold the Victor V Corporate Park office building in Livonia, Michigan below book value.

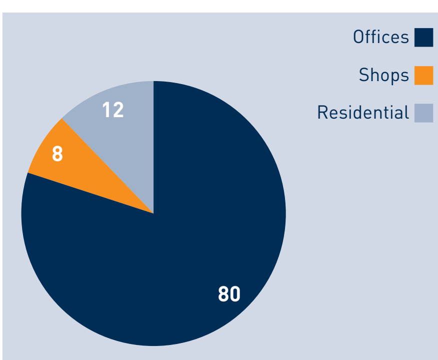
The average occupancy rate of the American portfolio averaged 89.7% in 2005 (2004: 93.0%). At December 31, 2005 the investment portfolio was valued at EUR 421.6 mln and the development portfolio at EUR 31.7 mln. The investment portfolio was revalued upwards by 8.0%.

	2005	2004
Economic growth	3.6	4.2
Inflation	2.7	2.6
Growth private consumption	3.5	3.9
Growth corporate investment	8.3	9.4
Growth in employment	1.8	1.1
Unemployment rate	5.1	5.5

Annual rent and market value
(in millions of Euro, as at December 31, 2005, assuming no vacancies)

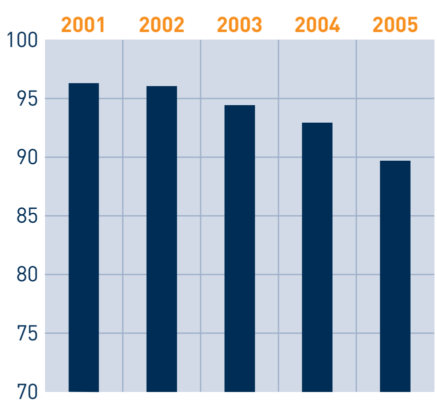


Distribution of investments *(as a % of market value)*

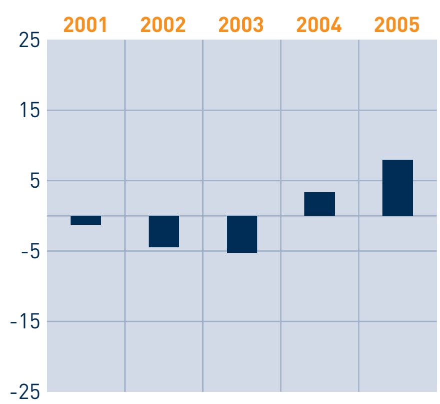


1. Saxon Woods, 4490 Eldorado Parkway, McKinney   2. 1910 Pacific Place, Dallas (1991-2004)   3. 20 Exchange Place, New York (1979-1997)
4. 83 Maiden Lane, New York (1980-1997)   5. 2404 Wilshire Boulevard, Los Angeles (1982-1989)

Average occupancy rate *(as a %)*



Property revaluation *(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

Many property markets are showing signs of saturation as a result of low economic growth and persistently high levels of new construction. Quality is increasingly the weapon with which competition is being waged. Companies seek to locate in large cities with an ample supply of labour, good international transport links and a high quality of life. Tenant demand for new high-quality property will continue to be strong, but overall vacancy rates will remain high. With inflation and real interest rates expected to remain low there should be a sustained investment demand for property with a high initial yield compared to bonds, which will maintain the low yield differential between prime and secondary properties.

This makes portfolio renewal an increasingly important theme. On the one hand this policy allows Wereldhave to utilize the aforementioned low yield differentials to position the portfolio in an optimal manner but, on the other hand, low financing costs make new developments a competitive option.

Wereldhave is actively seeking to expand, preferably through the purchase of existing properties, which, given the present capital structure, give an immediate boost to the direct result. Additions to the portfolio will be sought mainly in major property markets, such as France, Spain, the United Kingdom and the United States. In the United States, emphasis will be put on new investments in New York, Washington and the West Coast (San Diego and surroundings). Nevertheless, we shall continue to dispose of properties with limited prospects for capital appreciation.

With such a policy of purchases and disposals Wereldhave can profit from the modest yield differentials between first-class and second-class properties to further raise the quality of the portfolio. In The Netherlands and Belgium, the expansion of shopping centres in the portfolio will be undertaken. For the somewhat longer term, the emphasis will be placed on new developments in all countries in which Wereldhave currently operates.

An office building in France (Clichy) and another in the United Kingdom (Warwick) will probably be sold in 2006, allowing Wereldhave to cash in the steep price appreciation on these properties. These disposals are examples of our policy of continuous portfolio renewal. Wereldhave aims for an expansion of the portfolio in 2006 through selective and responsible purchases.

Board of Management Wereldhave N.V. G.C.J. Verweij
The Hague, February 23, 2006

Annual Accounts 2005

Consolidated balance sheet at December 31, 2005

(amounts x EUR 1,000)

	Notes	December 31, 2005		December 31, 2004	
Assets					
Non-current assets					
Investment properties	7	2,288,819		2,015,058	
Development projects	8	34,031		50,330	
Property and equipment	9	5,969		5,740	
Financial assets	10	23,845		26,522	
Other long term assets	11	22,879		11,877	
			2,375,543		2,109,527
Current assets					
Trade and other receivables	12	18,700		15,648	
Tax receivables	13	1,430		2,604	
Cash and cash equivalents	14	44,967		21,060	
			65,097		39,312
Total assets			2,440,640		2,148,839
Equity and Liabilities					
Equity					
Share capital	15	207,817		207,817	
Share premium	16	755,707		755,707	
General reserve	17	563,213		465,284	
Revaluation reserve		1,527		–	
Reserve for exchange rate differences	18	13,898		-/- 14,017	
			1,542,162		1,414,791
Minority interest			106,171		102,614
			1,648,333		1,517,405
Long term liabilities					
Interest bearing liabilities	19	563,901		499,960	
Deferred tax liabilities	20	84,491		59,108	
Other long term liabilities	21	26,729		25,851	
			675,121		584,919
Short term liabilities					
Trade payables		2,289		3,127	
Taxes		6,216		5,906	
Interest bearing debts	19	66,199		–	
Other short term liabilities	22	42,482		37,482	
			117,186		46,515
Total equity and liabilities			2,440,640		2,148,839

Consolidated income statement for the year 2005

(amounts x EUR 1,000)

	Notes	2005	2005	2004	2004
Total revenue			327,244		283,383
Total charges (excluding financial income and expense)			-/- 74,093		-/- 85,024
Net operational result			253,151		198,359
Gross rental income	24		168,983		163,730
Service and operational costs					
– paid		-/- 44,126		-/- 38,864	
– received		39,681		35,049	
		-/- 4,445		-/- 3,815	
Property expenses	25	-/- 12,725		-/- 12,401	
			-/- 17,170		-/- 16,216
Net rental income			151,813		147,514
Valuation results	26		99,892		60,648
Results on disposals	27		7,389		-/- 3,063
General costs	28		-/- 13,051		-/- 11,262
Other gains and losses	29		7,108		4,522
Net operational result			253,151		198,359
Financial income and expense	30		-/- 24,303		-/- 19,837
Result before tax			228,848		178,522
Taxes on results	31		-/- 27,617		-/- 10,659
Profit			201,231		167,863
Shareholders			192,110		160,778
Minority interest			9,121		7,085
Profit			201,231		167,863
Earnings per share (x EUR 1) *)	32		9.24		7.81

**) For the year 2005 and 2004 earnings per share and diluted earnings per share are equal.*

Consolidated statement of movements in equity

(amounts x EUR 1,000)

	Notes	Attributable to shareholders of the Company					Minority interest	Total equity
		Share capital	Share premium	General reserve	Revaluation reserve	Reserve for exchange rate differences		
Balance at January 1, 2004		196,917	699,055	393,084	–		101,803	1,390,859
Exchange rate differences	a	–	–	–		-/- 14,017	–	-/- 14,017
Other	b	–	–	-/- 806	–	–		-/- 806
Profit book year		–	–	160,778	–	–	7,085	167,863
Total movements		–	–	159,972	–	-/- 14,017	7,085	153,040
Proceeds from share issues	c	10,900	56,652	–	–	–	–	67,552
Dividend 2003	d	–	–	-/- 87,772	–	–	-/- 6,274	-/- 94,046
Balance at December 31, 2004		207,817	755,707	465,284	–	-/- 14,017	102,614	1,517,405
IFRS adjustments	e	–	–	170	394	–	183	747
Balance at January 1, 2005		207,817	755,707	465,454	394	-/- 14,017	102,797	1,518,152
Exchange rate differences	f	–	–	–	–	27,915	–	27,915
Revaluation of assets held for sale		–	–	–	1,133	–	526	1,659
Other	g	–	–	-/- 833	–	–	–	-/- 833
Profit book year		–	–	192,110	–	–	9,121	201,231
Total movements		–	–	191,277	1,133	27,915	9,647	229,972
Dividend 2004	h	–	–	-/- 93,518	–	–	-/- 6,273	-/- 99,791
Balance at December 31, 2005		207,817	755,707	563,213	1,527	13,898	106,171	1,648,333

Notes to the consolidated statement of movements in equity

a Exchange rate differences

Exchange rate differences on net investments in foreign entities	-/-	16,100
Hedges of net investments in foreign entities		6,162
Exchange rate differences on results in foreign currencies (difference between year-end and average rates)	-/-	4,079
	-/-	14,017

b Other

Non recoverable withholding tax	-/-	916
Other		110
	-/-	806

c Proceeds from share issues

Issue of 1,090,000 ordinary shares on March 11, 2004 at EUR 67.30 per share		73,357
Less: dividend for the year 2003 (EUR 4.45 per share)	-/-	4,851
		68,506
Costs of share issue	-/-	954
		67,552

d Dividend relating to 2003

Ordinary shares (EUR 4.45 per share)	-/-	87,628
Preference shares (4.23% of the issued preference share capital of EUR 3,405,000)	-/-	144
	-/-	87,772

e IFRS adjustments as at January 1, 2005

Derivatives, valuation at fair value	-/-	1,155
Revaluation of interest bearing debt from nominal value to valuation at amortised cost		1,325
Revaluation of financial assets held for sale		394
Minority interest in revaluation of financial assets held for sale		183
		747

f Exchange rate differences

Exchange rate differences on net investments in foreign entities		28,716
Hedges of net investments in foreign entities	-/-	3,060
Exchange rate differences on results in foreign currencies (difference between year-end and average rates)		2,259
		27,915

g Other

Non recoverable withholding tax	-/-	833

h Dividend 2004

Ordinary shares (EUR 4.50 per share)	-/-	93,518

Consolidated cash flow statement

(amounts x EUR 1,000)

	Notes	2005		2004	
Operating activities					
Profit		201,231		167,863	
Exchange rate differences	a	142		-/- 2,708	
			201,373		165,155
Add:					
Financial income and expense		24,303		19,837	
Valuation results	b	-/- 99,892		-/- 60,648	
Results on disposals		-/- 7,389		2,999	
Taxes on result		23,640		7,830	
Other movements in reserves		-/- 752		-/- 849	
Exchange rate differences deferred tax liabilities		2,354		-/- 447	
			-/- 57,736		-/- 31,278
			143,637		133,877
Add:					
Movements in working capital	c		60,002		-/- 23,091
Financial income and expense, paid	d		-/- 22,528		-/- 19,869
Cash flow from operating activities			181,111		90,917
Investment activities					
Proceeds from disposals	e	83,273		26,054	
Investments in investment property, equipment and projects		-/-164,802		-/- 60,747	
Investments in financial assets		-/- 17,253		-/- 352	
Cash flow from investment activities			-/- 98,782		-/- 35,045
Financing activities					
New loans/repayment of long term interest bearing debt		42,395		-/- 56,317	
Movement in other long term liabilities		-/- 2,672		-/- 1,622	
Share issues		–		72,403	
Dividend minority interest		-/- 6,273		-/- 6,274	
Dividend paid		-/- 93,612		-/- 92,661	
Other movements in reserves	f	2,192		3,767	
Disposal of financial instruments		-/- 452		–	
Cash flow from financing activities			-/- 58,422		-/- 80,704
Increase/decrease in cash and bank balances			23,907		-/- 24,832
Cash and bank balances at January 1			21,060		45,892
Increase/decrease			23,907		-/- 24,832
Cash and bank balances at December 31			44,967		21,060

Notes to the consolidated cash flow statement

a	**Exchange rate differences**		
	Exchange rate differences in profit and loss (difference between year-end rates versus average exchange rates)		142
b	**Valuation results**		
	Valuation results on investment properties	101,964	
	Valuation results on financial instruments	-/- 2,072	
			99,892
c	**Movements in working capital**		
	Change in receivables	-/- 1,877	
	Corrections for changes in non-cash items	1,010	
			-/- 867
	Change in short term liabilities	70,671	
	Corrections for changes in non-cash items	-/- 9,284	
			61,387
	Exchange rate differences		-/- 518
			60,002
d	**Financial income and expense**		
	Financing costs from income statement	-/- 24,303	
	Capitalized interest	-/- 1,316	
	Movement in pension liabilities	1,509	
	Movement in leasehold liabilities	1,582	
			-/- 22,528
e	**Proceeds from disposals**		
	Investment properties	78,508	
	Development projects	4,765	
			83,273
f	**Other movements in reserves**		
	Result on forward transactions		2,192

1. General information

Wereldhave N.V., (the company), is an investment property company. The property portfolio of Wereldhave and its subsidiaries (the group) are located in Europe and the U.S.A. The group is principally involved in leasing out investment property under operating leases. The property management is performed by group property and management companies. The company is a limited liability company incorporated and domiciled in The Netherlands. The shares of the company are listed on the Euronext Stock Exchanges of Amsterdam and Paris.

The consolidated financial statements for the year 2005 have been approved and authorised for issue by the Supervisory Board on February 23, 2006. The general Meeting of Shareholders on March 30, 2006 will finalise these financial statements.

2. Tax status

Wereldhave N.V. has the tax status of an investment company in accordance with section 28 of the Dutch 'Wet op de vennootschapsbelasting' (Corporation Tax Act 1969). This means that no corporation tax is due 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 subsidiaries in Belgium, France and the United States have a similar status. Subsidiaries in other countries have no specific tax status.

3. Accounting policies

3.1 Basis for preparation of 2005 financial statements

The Group's functional currency is the euro. The financial statements of Wereldhave N.V. have been presented in euros, rounded to the nearest thousand. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU Commission and endorsed up to December 31, 2005. Wereldhave has not early adopted IFRS standards. The consolidated financial statements and the company financial statements have been prepared on historical cost basis, unless specified otherwise. The company has made use of the exemption referred to in art. 402 BW 2.9.

Wereldhave has adopted IFRS rules as approved by the EU Commission and has implemented IFRS 1 as from the book year 2005 with a transition date of January 1, 2004. Before 2005, the accounts were based on Dutch GAAP. Comparative 2004 figures included in the 2005 accounts have been restated in accordance with relevant IFRS requirements.

The accounting policies below have been applied to the years presented. The standards adopted by Wereldhave as from January 1, 2004 require retrospective application except for the movement of property in own use from investment properties to property and equipment (IAS16). The reclassified item, accounted for at fair value, will be depreciated prospectively as from January 1, 2004.

The company has elected to make use of the exemptions available under IFRS 1 and to:

- deem cumulative translation differences on foreign operations to be zero at January 1, 2005. As a result the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before January 1, 2005;
- apply the exemption for retrospective recognition and measurement of financial instruments (IAS 32 and 39) in comparative figures;
- apply the exemption to reflect hedging relationships (IAS 39) in comparative figures.
- not apply IFRS 3 for the years before 2004.

The accounts have been prepared before distribution of profit.

3.2 Consolidation

Subsidiaries are those entities, including special purpose entities, controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity. The financial statements of subsidiaries are included in the consolidated financial statements. Intra-group balances and unrealised gains and losses are eliminated. In case of control of less than 100%, subsidiaries are consolidated on a 100% basis. In these cases a minority share is shown in the balance sheet under equity as well as in the profit and loss account as a separate item.

The purchase method is used to account for the acquisition of subsidiaries. The acquisition is measured at the fair value of the assets and liabilities at the date of acquisition. Re-measurement at subsequent balance sheet dates is based on fair value. As soon as control ceases to exist, subsidiaries are deconsolidated.

3.3 Foreign currencies

Results in foreign currencies are translated to euros at period-average rates. Assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates at the balance sheet date.

	average		year-end	
	2005	**2004**	**2005**	**2004**
GBP	1.46230	1.47312	1.45921	1.41824
USD	0.80528	0.80504	0.84767	0.73416

Exchange differences on the net investment in foreign entities are recognised in the equity under reserves. Exchange differences on directly held assets and liabilities in foreign currencies are recognised in the profit and loss account under other gains and losses.

3.4 Derivatives

Derivative financial instruments are stated at fair value. The gain or loss on remeasurement is recognised in the profit and loss account. Purchase and sale are recognised and derecognised using trade date accounting.

3.5 Hedging of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation and determined to be an effective hedge is recognised directly in equity.
The ineffective portion, if any, is recognised in the profit and loss account. On disposal of a foreign investment cumulative gains and losses on hedges recognised in the equity are transferred to the income statement.

3.6 Investment property

Investment properties are those properties which are held either to earn rental income, for capital appreciation or both. On acquisition, investment properties are recognised at cost. Investment properties are stated at fair value at the balance sheet date. The fair values are based on market value, being the estimated amount for which a property could be exchanged on the date of valuation in an at arm's length transaction.

Market value is based on the capitalisation of market rents less operating costs, such as cost of maintenance, insurance and expenses. The net capitalisation factor and the present value of the differences between market rent and contracted rent, of vacancies and of maintenance expenditure to be taken into account are calculated for each property individually. Transfer tax is deducted. After acquisition subsequent expenditure is added to the asset's carrying amount when it is probable that future economic benefits will flow to the entity. All other expenditures, such as repairs and maintenance, are charged to the income statement during the financial period in which they are incurred.

Investments for which the land has been acquired by means of an operational lease (ground rent agreement), are valued in accordance with the fair value method classifying operational leases as an investment property. The investment property valuation will include, as a deduction, the present value of the ground rent payments to be made. For accounting purposes ground rents are accounted for as financial leases, adding the present value of these lease liabilities back to the investment property value. At the same time the fair value of lease liabilities is shown under long term liabilities. In cases where the present value on the basis of market rates of lease liabilities is lower than their fair value, the present value will be shown.

Every six months half of the portfolio is valued at market value by independent external valuers, on June 30 and on December 31. All properties are internally valued at market value at the end of every quarter. Valuation differences and results on disposals are recognised in the income statement.

Related tax effects are taken into account in taxes on results. Investment properties under redevelopment are continued to be classified as investment properties. Properties in own use are classified under property and equipment and its fair value at the date of reclassification is considered to be its cost for depreciation purposes of property in own use. When properties are sold the difference between the net proceeds and book value are accounted for in the profit and loss account under results on disposals.

3.7 Property and equipment

Property and equipment include property in own use. Property and equipment are stated at cost less depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets:

- property : 33 years
- office furniture : 10 years
- equipment : 3 years
- cars (excl. residual value) : 4 years

For properties in own use the fair value at the date of reclassification is considered to be its cost for depreciation purposes. Impairment tests are performed every three years by way of valuation. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount less costs to sell. Gains and losses on disposal are recognised in the income statement.

3.8 Development projects

Property that is being constructed or developed for future use as investment property is classified as a development project. Development projects are valued at cost or at market value if lower. Cost includes the (estimated) works performed, the costs of staff directly related to technical supervision and project management on the basis of time spent, and capitalised interest costs on the basis of amounts spent and money market rates plus margin up to the date of completion. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount less costs to sell. Impairment losses are recognised in the income statement. Development projects are transferred to investment properties on the date of technical completion.

3.9 Trade receivables

Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group company will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The movement in the provision is recognised in the income statement.

3.10 Financial assets

Financial assets will include items due after more than twelve months, unless mentioned otherwise. Financial assets are initially recognised at market value. Capital gains on disposals are accounted for under results on disposals.

Loans and other receivables

Loans issued and other receivables are taken into account, initially at fair value plus transaction costs directly attributable to the loan and subsequently on amortised cost basis. Movements are taken to the income statement under financial income and expenditure.

Derivatives

Derivatives having a long term nature are initially recognised at acquisition cost and subsequently at their fair value, based on information of well respected parties. Movements are taken to equity in case of net investment hedges and in all other cases to the income statement under valuation results.

Financial assets available for sale
Financial assets available for sale are initially recognised at market value plus acquisition costs and subsequently valued at market value. Valuation results are directly taken to the equity. Negative valuation results are taken to the profit and loss account under valuation results if market value is lower than market value and acquisition costs.

3.11 Other long term assets

Capitalised rent free periods and other leasing expenses
These costs are initially recognised at cost and subsequently valued at amortised cost over the remaining term of the lease.
Employee benefits plans
The capitalised net receivable from defined benefit plans is accounted for at present value and considered as long term. Movements in the present value are taken to the income statement. For further information, see note 3.16.
Deferred tax receivables
Deferred tax receivables are valued at the amount that is expected to be offset against future tax liabilities.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.13 Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from the proceeds.

3.14 Provisions

A provision is recognised in the balance sheet when a legal or actual obligation would exist, as a result of a past event and when it is probable that an outflow of economic benefits will be required to settle the obligation.

3.15 Long term debts

Interest bearing debts
On acquisition, interest bearing debts are recognised at fair value, minus transactions costs directly attributable to the loan. Any difference between the nominal value and the book value is recognised in the income statement over the period of the interest bearing liabilities on the basis of the effective interest per loan. The short term portion of loans outstanding to be repaid within twelve months is shown under current liabilities.
Deferred tax liabilities
Deferred tax liabilities are valued at nominal value and are based on the temporary differences between the book value of assets and liabilities and their fiscal book value for tax purposes, taking into account the applicable taxation rate and any fiscal facilities, such as the indexation allowance in the UK, and losses to be compensated. If possible, any deferred tax receivables are taken into account.
Other long term items
Long term debts from leasehold liabilities (see 3.6) and employee benefits plans (see 3.16) are stated at present value.

3.16 Employee benefit plans

Defined contribution plans
The movement in obligations for defined contribution pension plans are recognised as an expense in the income statement.

Defined benefit plans
The net receivable or liability in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. In markets where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds are used.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are recognised under financial income and expenditure, over the average remaining service period of employees, if and as far as the balance of these gains and losses exceeds 10% of the higher of the actuarial obligations or the value of assets.

3.17 Trade and other payables

Trade and other payables are stated at their nominal values.

3.18 Leases

If a group company is the lessee, operating and financial leases could occur:

- Operating lease:
  Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.
- Finance lease:
  Leases of assets where the group company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding obligations, net of finance charges, are included in long term liabilities. The interest element of the finance cost is charged to the income statement over the lease period. The investment properties acquired under finance leases are carried at their fair value.

If a group company is the lessor, operating and financial leases could occur:

- Operating lease:
  Properties leased out under operating leases are included in investment property in the balance sheet.
- Finance lease:
  When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. When the present value of the perational leases of a property equals its value, the property is reclassified to financial assets.

3.19 Revenue

Rental income

Rental income from investment properties leased out under operating lease is recognised in the income statement on a straight-line basis over the term of the lease.
Lease incentives having the nature of rent free periods are recognised as an integral part of the rental income.
The incentives are amortised over the term of the lease.
Amortizations are charged to rental income.

Rental income does not include value added tax or amounts charged to tenants in respect of service and operating costs.
Rental income is shown on an accrual basis.

3.20 Expenses

Service and operational costs

Service and operational costs are shown on a gross basis when the property owner acts as a principal. In the presentation on a gross basis costs and charges are shown separately. Costs and charges are shown on an accrual basis.

Property expenses

The amount consists of operational cost for the account of the owner attributable to the accounting period, such as:

- maintenance
- property tax
- insurance premiums
- property management
- letting expenses

Letting expenses include the depreciation of expenditure in connection with a letting. The expenditure is depreciated over the term of the lease.

Investment property depreciation charges are not recognised since investment properties are valued at market value (see above under Investment properties). The market value calculation takes into account technical and economical obsolescence.

General costs

The amount comprises general costs attributable to the accounting period. Direct staff costs relating to property management are included in property expenses. Direct staff costs relating to supervising and monitoring development projects are capitalised on the basis of time spent.

3.21 Interest

Interest comprises interest attributable to the accounting period on loans, other debts, accounts receivable and cash and bank balances. Due to the amortised cost valuation of loans, interest will include interest addition to loans on the basis of the effective interest rate per loan.

3.22 Income tax

Income tax on profit and loss for a year comprises current and deferred tax and is calculated on results before taxes, taking into account any tax-exempt components of profit and non-deductable costs. Losses to be compensated are recognised as deferred tax receivables. Current income tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates prevailing at the balance sheet date and any adjustment to taxation in respect of previous years. Tax receivable is only taken into account if it is reasonably expected that losses will be compensated.

Deferred tax is based on the temporary differences between the book value of assets and liabilities and their fiscal book value for tax purposes, taking into account the applicable taxation rate and any fiscal facilities available.

3.23 Direct and indirect result

In the notes to the consolidated financial statements Wereldhave presents results as direct and indirect results, enabling a better understanding of results. The direct result consists of net rental income, general costs, other gains and losses, financial income and expense and tax charges. The indirect result consists of the valuation results, results on disposals, other gains and losses, financial income and expense and the movement in deferred tax liabilities. This presentation is not obligatory under IFRS.

3.24 Segment reporting

Segment reporting presents results, assets and liabilities primarily per country and secondarily per sector. Sectors reported are determined in accordance with the type of investment property: offices, shops, industrial and residential. Segment results and assets include items directly attributable to these segments.

4. Transition to IFRS

The Wereldhave financial statements for the year ended December 31, 2005 are the first Wereldhave annual financial statements complying with IFRS. The IFRS transition date is January 1, 2004. Wereldhave has adjusted its opening balance sheet at January 1, 2004 to an IFRS opening balance sheet per that date. The following IFRS standards, including amendments up to December 31, 2005, are applied by Wereldhave as from January 1, 2004 and relevant to the Wereldhave operations and financial reporting:

IAS 1	Presentation of financial statements
IAS 7	Cash flow statements
IAS 8	Accounting policies, changes in accounting estimates and errors
IAS 10	Events after the balance sheet date
IAS 12	Income taxes
IAS 14	Segment reporting
IAS 16	Property and equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign exchange rates
IAS 23	Borrowing costs
IAS 24	Related party disclosures
IAS 27	Consolidated and separate financial statements
IAS 32	Financial instruments: disclosure and presentation
IAS 33	Earnings per share
IAS 36	Impairment of assets
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 39	Financial instruments: recognition and measurement
IAS 40	Investment property
and	
IFRS 1	First-time adoption of international financial reporting standards
IFRS 3	Business combinations

The adoption of these standards has resulted in changes in Wereldhave's accounting policies. Amendments as per January 1, 2004 of accounting policies applied up to and including the financial year 2003 are in respect of:

Tax liabilities	IAS 12 requires tax assets and liabilities and movements in tax liabilities to be shown at nominal value;
Development projects	IAS 16 requires development projects to be transferred to investment properties as per the date of technical completion and requires property maintenance and refurbishment expenditure to be shown in the income statement;
Expenditure relating to leases	IAS 17 requires straight-lining of expenditure relating to the letting of space over the term of the lease;
Employee benefits	IAS 19 requires the recognition of the net asset or liability resulting from defined benefit pension plans;
Exchange rate differences in monetary assets and liabilities	IAS 21 requires the recognition of exchange differences in monetary assets and liabilities in the income statement;
Consolidation	IAS 27 requires consolidation of controlled subsidiaries on a 100% basis, showing a minority interest in equity and the income statement;
Valuation of loans	IAS 39 requires valuation of loans at amortised cost;
Property in own use	IAS 40 requires property in own use to be classified under Property and equipment;
Land under operational leases	in accordance with IAS 40 land under operational leases is valued as investment properties and the present value of leasehold liabilities is shown under long term liabilities.

A summary of amendments to the equity from Dutch GAAP to IFRS as well as the amended balance sheets at January 1, 2004 and December 31, 2004 and the amended income statement 2004 are shown below.

As a result of further interpretations the IFRS effects as presented by us during 2005 have been changed. The effects on the net 2004 result in the amount of EUR 5.9 mln have changed, due to amendments to the indirect result, to total EUR 10.4 mln and the effects to the equity at January 1, 2005 have changed from 19.7 mln to EUR 30.4 mln.

4.1 Recapitulation of IFRS adjustments in equity

(amounts x EUR 1,000)

	January 1, 2004	December 31, 2004	January 1, 2005
Total equity according to Dutch GAAP	1,310,031	1,445,763	
Consolidation of the Foundation for the holding of preference shares and priority shares B Wereldhave	-/- 3,181	-/- 3,181	
Valuation of tax losses	2,749	2,783	
Refurbishment costs to be amortised (previously added to the book value of properties)	2,416	2,190	
Adjustment balance sheet valuation investment properties in respect of book value of rent free periods and other leasing expenses	-/- 7,588	-/- 6,956	
Liabilities relating to defined benefit pension plans	-/- 1,106	-/- 1,091	
Deferred tax liabilities from present to nominal value	-/- 33,980	-/- 33,718	
Provision for refinancing costs added to reserves	19,715	20,802	
Negative correction to results on disposals, reclassified to 2004 profit		64	
Exchange rate differences added to 2004 profit		-/- 1,480	
Adjustment of 2004 profit		-/- 10,385	
Minority interest	101,803	102,614	
Total equity according to IFRS	1,390,859	1,517,405	1,517,405
Effects of application of IAS 32 and 39 as from January 1, 2005:			
– Derivatives at fair value			-/- 1,155
– Revaluation of loans from nominal value to amortised costs			1,325
– Revaluation of assets held for sale			394
– Minority interest in revaluation of assets held for sale			183
Total equity according to IFRS	1,390,859	1,517,405	1,518,152

4.2 IFRS adjustments on the consolidated balance sheet as at January 1, 2004

(amounts x EUR 1,000)

	Notes	Dutch GAAP		IFRS adjustments		IFRS	
Assets							
Non current assets							
Investment properties	a	1,844,041		117,702		1,961,743	
Development projects	b	88,045		-/- 48,719		39,326	
Property and equipment	c	–		5,738		5,738	
Financial assets	d	–		6,041		6,041	
Other long term assets	e	–		11,367		11,367	
			1,932,086		92,129		2,024,215
Current assets	f		85,295		-/- 6,286		79,009
			2,017,381		85,843		2,103,224
Equity and liabilities							
Equity							
Share capital		200,322		-/- 3,405		196,917	
Share premium		699,055		–		699,055	
General reserve		552,322		-/- 159,238		393,084	
Revaluation reserve		-/- 141,668		141,668		–	
			1,310,031		-/- 20,975		1,289,056
Minority interest			–		101,803		101,803
	g		1,310,031		80,828		1,390,859
Provisions	h		38,012		-/- 38,012		–
Long term liabilities							
Interest bearing liabilities		565,307		–		565,307	
Deferred tax liabilities	i	–		52,277		52,277	
Other long term liabilities	j	10,196		17,054		27,250	
			575,503		69,331		644,834
Short term liabilities	k		93,835		-/- 26,304		67,531
			2,017,381		85,843		2,103,224

Number of ordinary shares in issue	19,691,735	19,691,735	19,691,735
Net asset value per ordinary share (x EUR 1)	66.35 *)	-/- 0.90	65.45 *)

**) including profit current year*

Notes to the IFRS adjustments on the consolidated balance sheet as at January 1, 2004

a Investment properties

100% consolidation instead of proportional consolidation of subsidiaries		96,571
Leasehold land shown as investment property at fair value		12,008
Adjustment balance sheet valuation investment properties in respect of book value of rent free periods and other leasing expenses	-/-	7,588
Transfer from development projects		26,188
Owner occupied property classified under property and equipment	-/-	4,325
Reversal of commitments for works not yet carried out	-/-	5,152
		117,702

b Development projects

Transfer to investment properties	-/-	26,188
Reversal of commitments for works not yet carried out	-/-	22,531
	-/-	48,719

c Property and equipment

Owner occupied property classified under property and equipment (previously under investment property)	4,325
Office equipment reclassified under property and equipment (previously under other current assets)	921
Cars reclassified under property and equipment (previously under other current assets)	492
	5,738

d Financial assets

Granted loans to tenants classified under financial assets (previously under current assets)	5,151
Deposits paid classified under financial assets (previously under current assets)	890
	6,041

e Other long term assets

Book value of refurbishment costs (previously added to the book value of properties)	2,416
Receivables relating to defined benefit pension plans recognised in the balance sheet	990
Balance sheet valuation of losses to be compensated	827
Receivables previously under current assets	7,134
	11,367

f Current assets

Increase of cash and bank balances because of 100% consolidation instead of proportional consolidation of subsidiaries		3,893
Increase of trade and other receivables because of 100% consolidation instead of proportional consolidation of subsidiaries		2,304
Consolidation of the Foundation for the holding of preference and priority shares B Wereldhave		183
Losses to be compensated valued and accounted for in the balance sheet		1,922
Receivables classified as other long term assets	-/-	7,134
Receivables classified as financial assets	-/-	6,041
Office equipment and cars reclassified to property and equipment	-/-	1,413
	-/-	6,286

g	**Equity**		
	Consolidation of the Foundation for the holding of preference and priority shares B Wereldhave	-/-	3,181
	Valuation of tax losses to be compensated		2,749
	Refurbishment costs to be amortised (previously added to the book value of properties)		2,416
	Adjustment balance sheet valuation investment properties in respect of book value of rent free periods and other leasing expenses	-/-	7,588
	Liabilities relating to defined benefit pension plans	-/-	1,106
	Deferred tax liabilities from present value to nominal value	-/-	33,980
	Provision for refinancing costs added to reserves		19,715
		-/-	20,975
	Minority interest		101,803
			80,828
h	**Provisions**		
	Deferred tax liabilities accounted for under long term liabilities	-/-	18,297
	Provision for refinancing costs transferred to reserves	-/-	19,715
		-/-	38,012
i	**Deferred tax liabilities**		
	Deferred tax liabilities transferred from provisions		18,297
	Deferred tax liabilities at nominal value, previously at present value		33,980
			52,277
j	**Other long term liabilities**		
	100% consolidation instead of proportional consolidation of subsidiaries		46
	Leasehold liabilities at fair value		12,008
	Financing of preference shares, held by the Foundation for the holding of preference and priority B shares Wereldhave		2,904
	Liabilities relating to defined benefit pension plans accounted for in the balance sheet		2,096
			17,054
k	**Short term liabilities**		
	100% consolidation instead of proportional consolidation of subsidiaries		919
	Reversal of commitments for works not yet carried out	-/-	27,683
	Consolidation of the Foundation for the holding of preference and priority shares B Wereldhave		119
	Preference shares third parties		341
		-/-	26,304

4.3 IFRS adjustments to the consolidated balance sheet as at December 31, 2004

(amounts x EUR 1,000)

	Notes	Dutch GAAP		IFRS adjustments		IFRS	
Assets							
Non current assets							
Investment properties	a	1,922,807		92,251		2,015,058	
Development projects	b	58,159		-/- 7,829		50,330	
Property and equipment	c	–		5,740		5,740	
Financial assets	d	–		26,522		26,522	
Other long term assets	e	–		11,877		11,877	
			1,980,966		128,561		2,109,527
Current assets	f		68,741		-/- 29,429		39,312
			2,049,707		99,132		2,148,839
Equity and liabilities							
Equity							
Share capital		211,222		-/- 3,405		207,817	
Share premium		755,707		–		755,707	
General reserve		635,713		-/- 170,429		465,284	
Revaluation reserve		-/- 156,879		156,879		–	
Reserve for exchange rate differences		–		-/- 14,017		-/- 14,017	
			1,445,763		-/- 30,972		1,414,791
Minority interest			–		102,614		102,614
	g		1,445,763		71,642		1,517,405
Provisions	h		39,067		-/- 39,067		–
Long term liabilities							
Interest bearing liabilities		499,960		–		499,960	
Deferred tax liabilities	i	–		59,108		59,108	
Other long term liabilities	j	8,150		17,701		25,851	
			508,110		76,809		584,919
Short term liabilities	k		56,767		-/- 10,252		46,515
			2,049,707		99,132		2,148,839

Number of ordinary shares in issue	20,781,735	20,781,735	20,781,735
Net asset value per ordinary share (x EUR 1)	69.40 *)	-/- 1.32	68.08 *)

*) including current profit

Notes to the IFRS adjustments to the consolidated balance sheet as at December 31, 2004

a **Investment properties**

100% consolidation instead of proportional consolidation of subsidiaries		97,718
Leasehold land shown as investment property at fair value		12,279
Adjustment for capitalised interest	-/-	15
Adjustment balance sheet valuation investment properties in respect of rent free periods and other leasing expenses	-/-	10,573
Owner occupied property classified under property and equipment	-/-	4,625
Reversal of commitments for works not yet carried out	-/-	2,533
		92,251

b **Development projects**

Reversal of commitments for works not yet carried out	-/-	7,829

c **Property and equipment**

Owner occupied property classified under property and equipment (previously under investment property), after reversal of revaluation and after depreciation		4,336
Office equipment reclassified under property and equipment (previously under other current assets)		884
Cars reclassified under property and equipment (previously under other current assets)		520
		5,740

d **Financial assets**

Granted loans to tenants classified under financial assets (previously under current assets)		4,885
Assets available for sale classified under financial assets (previously under current assets)		5,958
Valuation of derivative financial instruments under financial assets (previously under current assets)		14,680
Deposits paid classified under financial assets (previously under current assets)		999
		26,522

e **Other long term assets**

Book value of refurbishment costs previously added to the book value of properties		3,798
Receivables relating to defined benefit pension plans recognised in the balance sheet		1,101
Receivables previously under current assets		6,978
		11,877

f **Current assets**

Increase of cash and bank balances because of 100% consolidation instead of proportional consolidation of subsidiaries		1,974
Increase of trade and other receivables because of 100% consolidation instead of proportional consolidation of subsidiaries		4,070
Increase of other current assets because of 100% consolidation		36
Consolidation of the Foundation for the holding of preference and priority shares B Wereldhave		172
Losses to be compensated valued and accounted for in the balance sheet		827
Receivables classified as financial assets	-/-	26,522
Receivables classified as other long term assets	-/-	8,582
Office equipment and cars reclassified to property and equipment	-/-	1,404
	-/-	29,429

g **Equity**

Consolidation of the Foundation for the holding of preference and priority shares B Wereldhave	-/-	3,181
Valuation of tax losses to be compensated		2,783
Refurbishment costs to be amortised (previously added to the book value of properties)		2,190
Adjustment balance sheet valuation investment properties in respect of book value of rent free periods and other leasing expenses	-/-	6,956
Balance of liabilities relating to defined benefit pension plans charged to reserves	-/-	1,091
Deferred tax liabilities at nominal value as at January 1, 2004, previously at net present value (after correction for exchange rate differences)	-/-	33,718
Provision for refinancing costs added to reserves		20,802
Correction of result on disposals reclassified to 2004 profit		64
Correction for exchange rate differences, charged to 2004 profit	-/-	1,480
Adjustments to 2004 profit	-/-	10,385
	-/-	30,972
Minority interest		102,614
		71,642

h **Provisions**

Deferred tax liabilities accounted for under long term liabilities	-/-	20,688
Provision for refinancing costs transferred to reserves	-/-	18,379
	-/-	39,067

i **Deferred tax liabilities**

Deferred tax liabilities transferred from provisions	20,688
Deferred tax liabilities at nominal value, previously at present value	38,420
	59,108

j **Other long term liabilities**

100% consolidation instead of proportional consolidation of subsidiaries	46
Leasehold liabilities at fair value	12,279
Consolidation of the Foundation for the holding of preference and priority shares B Wereldhave	2,904
Liabilities relating to defined benefit pension plans are accounted for in the balance sheet	2,472
	17,701

k **Short term liabilities**

100% consolidation instead of proportional consolidation of subsidiaries		1,138
Reversal of commitments for works not yet carried out	-/-	10,362
Preference shares dividend for the year 2004		128
Reclassified to other long term assets (rent free periods)	-/-	1,604
Consolidation of the Foundation for the holding of preference and priority shares B Wereldhave		107
Preference shares third parties		341
	-/-	10,252

4.4 IFRS adjustments to the profit and loss account for 2004

(amounts x EUR 1,000)

	Notes	Dutch GAAP		IFRS adjustments		IFRS	
Gross rental income	a		166,502		-/- 2,772		163,730
Service and operational costs							
– paid	b			-/- 38,864		-/- 38,864	
– received	c			35,049		35,049	
				-/- 3,815		-/- 3,815	
Property expenses	d	-/- 24,373		11,972		-/- 12,401	
			-/- 24,373		8,157		-/- 16,216
Net rental income			142,129		5,385		147,514
Valuation results	e		58,904		1,744		60,648
Results on disposals	f		-/- 2,999		-/- 64		-/- 3,063
General costs	g		-/- 6,882		-/- 4,380		-/- 11,262
Other gains and losses	h		–		4,522		4,522
Net operational result			191,152		7,207		198,359
Financial income and expense	i		-/- 16,278		-/- 3,559		-/- 19,837
Profit before tax			174,874		3,648		178,522
Taxes on results	j	-/- 870		-/- 1,959		-/- 2,829	
Movement in deferred tax liabilities	k	-/- 2,841		-/- 4,989		-/- 7,830	
			-/- 3,711		-/- 6,948		-/- 10,659
Profit			171,163		-/- 3,300		167,863
Shareholders			171,163		-/- 10,385		160,778
Minority interest			–		7,085		7,085
Profit			171,163		-/- 3,300		167,863

	Dutch GAAP	IFRS adjustments	IFRS
Number of shares ranking for dividend	20,781,735		20,781,735
Profit per share ranking for dividend	8.23 *)	-/- 0.49	7.74
Average number of shares	20,573,265		20,573,265
Profit per share (x EUR 1)	8.31 *)	-/- 0.50	7.81

**) Based on profit for the year, after deduction of dividend on preference shares*

Notes to the IFRS adjustments to the profit and loss account for 2004

a Gross rental income

100% consolidation instead of proportional consolidation of subsidiaries		6,701
Operational costs charged previously included in rental income, now shown separately	-/-	9,000
Elimination of rental income from owner occupied property	-/-	473
	-/-	2,772

b Service and operational costs paid

Service and operational costs that were previously included in property expenses, now shown separately	-/-	38,864

c Service and operational costs received

Service and operational costs that were previously included in property expenses, now shown separately		35,049

d Property expenses

100% consolidation instead of proportional consolidation of subsidiaries	-/-	403
Service costs that were previously included in property expenses, now shown separately		12,391
Ground rents charged to leasehold liabilities		845
Amortisation of refurbishment costs during the period of the lease	-/-	505
Investment expenditure no longer added to the book value of properties, but charged as maintenance costs under property expenses	-/-	2,342
Elimination of property expenses for owner occupied property		39
Elimination of margins on internal management fees from general costs		1,947
		11,972

e Valuation results

100% consolidation instead of proportional consolidation of subsidiaries		790
Investments for maintenance no longer added to the book value of property		2,342
Refurbishment costs no longer added to the book value of property		2,113
Adjustment valuation of owner occupied property	-/-	222
Movement of the valuation of rent free periods and other leasing expenses	-/-	3,551
Movement in leasehold liabilities		272
		1,744

f Results on disposals

Correction of results on disposals, reclassified to profit	-/-	64

g General costs

100% consolidation instead of proportional consolidation of subsidiaries	-/-	474
Service costs management fees shown separately	-/-	2,326
Elimination of rental charges for owner occupied property		434
Depreciation of owner occupied property	-/-	67
Elimination of margins on internal management fees to property expenses	-/-	1,947
	-/-	4,380

h **Other gains and losses**

Service costs management fees shown separately		2,326
Miscellaneous income, previously accounted for under rental income		427
Exchange rate differences on financial assets and liabilities		1,769
		4,522

i **Financial income and expense**

100% consolidation instead of proportional consolidation of subsidiaries		406
Reversal of the release of the provision for refinancing costs	-/-	2,423
Movement leasehold liabilities	-/-	1,117
Movement in pension liabilities	-/-	281
Dividend preference shares	-/-	128
Adjustment of capitalised interest	-/-	16
	-/-	3,559

j **Taxes on result**

100% consolidation instead of proportional consolidation of subsidiaries	-/-	3
Higher taxes on results since losses to be compensated have been valued in the balance sheet	-/-	1,956
	-/-	1,959

k **Deferred tax liabilities**

Movement (at average rates) of the valuation of tax liabilities from present to nominal value	-/-	4,989

4.5 IFRS adjustments to the 2004 consolidated cash flow statement

(amounts x EUR 1,000)

	Notes	Dutch GAAP		IFRS adjustments		IFRS	
Operational activities							
Profit		171,163		-/- 3,300		167,863	
Less: exchange rate differences	a	–		-/- 2,708		-/- 2,708	
			171,163		-/- 6,008		165,155
Add:							
Financial income and expense		–		19,837		19,837	
Valuation results	b	-/- 58,904		-/- 1,744		-/- 60,648	
Results on disposals	c	–		2,999		2,999	
Capital gain tax		2,841		4,989		7,830	
Depreciation property and equipment		–		67		67	
Other movements in reserves		-/- 916		–		-/- 916	
Exchange rate differences deferred tax liabilities		–		-/- 447		-/- 447	
			-/- 56,979		25,701		-/- 31,278
			114,184		19,693		133,877
Less:							
Movements working capital	d	-/- 37,512		14,421		-/- 23,091	
Movements in provisions		-/- 2,236		2,236		–	
Financial income and expense, paid	e	–		-/- 19,869		-/- 19,869	
			-/- 39,748		-/- 3,212		-/- 42,960
Cash flow from operational activities			74,436		16,481		90,917
Investment activities							
Proceeds from property disposals	f	29,053		-/- 2,999		26,054	
Investments in property, equipment and projects	g	-/- 47,793		-/- 12,954		-/- 60,747	
Investments in financial assets		–		-/- 352		-/- 352	
Cash flow from investment activities			-/- 18,740		-/- 16,305		-/- 35,045
Financing activities							
Repayment of loans		-/- 56,317		–		-/- 56,317	
Movements other long term liabilities	h	-/- 2,072		450		-/- 1,622	
Share issues		73,357		–		73,357	
Costs of share issue		-/- 954		–		-/- 954	
Dividend minority interest		–		-/- 6,274		-/- 6,274	
Dividend paid	i	-/- 92,623		-/- 38		-/- 92,661	
Other movements in reserves		–		3,767		3,767	
Cash flow from financing activities			-/- 78,609		-/- 2,095		-/- 80,704
Decrease in cash and bank balances			-/- 22,913		-/- 1,919		-/- 24,832
Cash and bank balances at January 1	j		41,999		3,893		45,892
Decrease			-/- 22,913		-/- 1,919		-/- 24,832
Cash and bank balances at December 31			19,086		1,974		21,060

Notes to the IFRS adjustments to the 2004 consolidated cash flow statement

a	**Exchange rate differences**		
	2004 Dutch GAAP exchange rate differences		6,000
	Reclassified to working capital	-/-	4,941
	Reclassified to other movements in reserves	-/-	3,767
		-/-	2,708
b	**Valuation results**		
	Reference is made to IFRS adjustments to 2004 profit	-/-	1,744
c	**Results on disposals**		
	Reclassification from investment cash flow to operational cash flow		2,999
d	**Movements working capital**		
	100% consolidation instead of proportional consolidation of subsidiaries	-/-	1,547
	Reclassifications		15,968
			14,421
e	**Financial income and expense, paid**		
	Finance costs charged to income statement	-/-	19,837
	Capitalised interest	-/-	1,149
	Movement leasehold liabilities		1,117
		-/-	19,869
f	**Proceeds from property disposals**		
	Results on disposals reclassified from investment cash flow to operational cash flow	-/-	2,999
g	**Investments in fixed assets, investment property, equipment and projects**		
	Investment expenditure 2004 (Dutch GAAP: in 2003 commitments for works not yet carried out)	-/-	16,094
	100% consolidation instead of proportional consolidation of subsidiaries	-/-	297
	Investments reclassified to income statement		2,342
	Capitalised interest (non cash)		1,079
	Other		16
		-/-	12,954
h	**Movements in long term liabilities**		
	Non cash movements		450
i	**Dividend paid**		
	100% consolidation instead of proportional consolidation of subsidiaries	-/-	38
j	**Cash and bank balances at January 1, 2004**		
	100% consolidation instead of proportional consolidation of subsidiaries		3,893

5 Direct and indirect result

(amounts x EUR 1,000)

	2005		Direct result		Indirect result
Gross rental income		168,983		168,983	
Service and operational costs					
– paid	-/- 44,126		-/- 44,126		
– received	39,681		39,681		
	-/- 4,445		-/- 4,445		
Property expenses	-/- 12,725		-/- 12,725		
		-/- 17,170		-/- 17,170	
Net rental income		151,813		151,813	
Valuation results		99,892			99,892
Results on disposals		7,389			7,389
General costs		-/- 13,051		-/- 13,051	
Other gains and losses		7,108		3,748	3,360
Net operating profit		253,151		142,510	110,641
Financial income and expense		-/- 24,303		-/- 22,040	-/- 2,263
Result before tax		228,848		120,470	108,378
Taxes on results		-/- 27,617		-/- 3,977	-/- 23,640
Profit		201,231		116,493	84,738
Shareholders		192,110		110,109	82,001
Minority interest		9,121		6,384	2,737
Profit		201,231		116,493	84,738
Profit per share (x EUR 1)		9.24		5.30	3.94

5 Direct and indirect result *)

(amounts x EUR 1,000)

	2004		Direct result		Indirect result	
Gross rental income		163,730		163,730		
Service and operational costs						
– paid	-/- 38,864		-/- 38,864			
– received	35,049		35,049			
	-/- 3,815		-/- 3,815			
Property expenses	-/- 12,401		-/- 12,401			
		-/- 16,216		-/- 16,216		
Net rental income		147,514		147,514		
Valuation differences		60,648				60,648
Results on disposals		-/- 3,063				-/- 3,063
General costs		-/- 11,262		-/- 11,262		
Other gains and losses		4,522		2,751		1,771
Net operating profit		198,359		139,003		59,356
Financial income and expense		-/- 19,837		-/- 19,269		-/- 568
Result before tax		178,522		119,734		58,788
Taxes on results		-/- 10,659		-/- 2,829		-/- 7,830
Profit		167,863		116,905		50,958
Shareholders		160,778		110,897		49,881
Minority interest		7,085		6,008		1,077
Profit		167,863		116,905		50,958
Profit per share (x EUR 1)		7.81		5.39		2.42

**) The direct and indirect result have been adjusted for IFRS*

6 Segment information

(amounts x EUR 1,000)

Primary segmentation (geographical)

The segmentation of gross rental income and assets and liabilities per country is shown as follows:

2005	**NL**	**BE**	**F**	**ES**	**SF**	**UK**	**USA**	**Total**
Result income								
Gross rental income	29,044	22,834	18,503	8,097	29,024	28,016	33,465	168,983
Net rental income	25,787	21,637	17,187	7,354	27,147	26,655	26,046	151,813
Investment portfolio								
Balance at 01/01	352,401	319,599	202,175	103,168	386,002	338,379	313,334	2,015,058
Exchange rate differences 01/01	–	–	–	–	–	9,777	48,445	58,222
	352,401	319,599	202,175	103,168	386,002	348,156	361,779	2,073,280
Purchases/investments	5,541	4,203	-/- 2	126	1,527	120,372	1,949	133,716
Disposals	-/- 5,952	–	–	–	–	-/- 53,569	-/- 11,639	-/- 71,160
From development projects	10,643	–	–	–	–	–	38,139	48,782
Revaluation	12,740	7,396	9,232	787	36,082	6,589	31,375	104,201
Balance at 31/12	375,373	331,198	211,405	104,081	423,611	421,548	421,603	2,288,819
Other assets	50,389	18,666	5,876	3,064	2,581	18,421	52,824	151,821
Total assets *)	425,762	349,864	217,281	107,145	426,192	439,969	474,427	2,440,640
Liabilities	-/-282,024	-/- 4,282	-/- 83,904	-/- 79,014	-/- 62,736	-/-125,372	-/-154,975	-/-792,307

2004	**NL**	**BE**	**F**	**ES**	**SF**	**UK**	**USA**	**Total**
Result income								
Gross rental income	28,509	22,255	17,564	7,899	28,586	26,756	32,161	163,730
Net rental income	25,402	20,061	16,201	7,411	26,999	24,281	27,159	147,514
Investment portfolio								
Balance at 01/01	345,150	316,273	201,376	100,679	375,803	305,604	316,858	1,961,743
Exchange rate differences 01/01	–	–	–	–	–	-/- 130	-/- 23,052	-/- 23,182
	345,150	316,273	201,376	100,679	375,803	305,474	293,806	1,938,561
Purchases/investments	3,913	81	448	447	1,553	1,128	32,165	39,735
Disposals	-/- 7,800	–	–	–	–	–	-/- 21,253	-/- 29,053
From development projects	7,096	–	–	–	–	2,016	80	9,192
Revaluation	4,042	3,245	351	2,042	8,646	29,761	8,536	56,623
Balance at 31/12	352,401	319,599	202,175	103,168	386,002	338,379	313,334	2,015,058
Other assets	46,714	20,963	4,658	4,046	3,207	7,450	46,743	133,781
Total assets *)	399,115	340,562	206,833	107,214	389,209	345,829	360,077	2,148,839
Liabilities	-/-162,249	-/- 5,464	-/- 83,290	-/- 78,063	-/- 60,016	-/-115,002	-/-127,350	-/-631,434

**) This primary segmentation includes the office building used by Wereldhave as headquarters to the amount of EUR 4.3 mln (2004: EUR 4.3 mln) under the segment Netherlands (NL). In addition, derivative financial instruments, used for the coverage of financial risks of the Group, to the amount of EUR 10.3 mln (2004: EUR 14.7 mln) have been included in this segment.*

Secondary segmentation (per sector)

Rental income and investments are segmented to the following sectors:

2005	**Offices**	**Shops**	**Industrial**	**Residential**	**Total**
Rental income					
Gross rental income	77,742	67,615	17,861	5,765	168,983
Net rental income	70,475	62,555	16,763	2,020	151,813
Investment portfolio					
Balance at 01/01	888,709	848,703	233,753	43,893	2,015,058
Exchange rate differences 01/01	42,525	7,328	1,582	6,787	58,222
	931,234	856,031	235,335	50,680	2,073,280
Purchases/investments	122,571	9,059	2,069	17	133,716
Disposals	-/- 33,515	–	-/- 37,645	–	-/- 71,160
From development projects	38,158	645	9,998	-/- 19	48,782
Revaluation	45,644	61,765	-/- 4,577	1,369	104,201
Balance at 31/12	1,104,092	927,500	205,180	52,047	2,288,819

2004	**Offices**	**Shops**	**Industrial**	**Residential**	**Total**
Rental income					
Gross rental income	75,097	63,897	19,505	5,231	163,730
Net rental income	68,761	58,794	17,917	2,042	147,514
Investment portfolio					
Balance at 01/01	922,052	778,709	217,192	43,790	1,961,743
Exchange rate differences 01/01	-/- 19,940	-/- 38	-/- 19	-/- 3,185	-/- 23,182
	902,112	778,671	217,173	40,605	1,938,561
Purchases/investments	4,540	33,797	1,165	233	39,735
Disposals	-/- 21,253	–	-/- 7,800	–	-/- 29,053
From development projects	80	–	9,112	–	9,192
Revaluation	3,230	36,235	14,103	3,055	56,623
Balance at 31/12	888,709	848,703	233,753	43,893	2,015,058

7 Investment properties *(x EUR 1,000)*

	2005	2004
Balance at January 1	2,015,058	1,961,743
Exchange differences	58,222	-/- 23,182
	2,073,280	1,938,561
Purchases	124,081	29,339
Investments	9,635	10,396
Transfer from development projects	48,782	9,192
Disposals	-/- 71,160	-/- 29,053
Revaluations	104,201	56,623
Balance at December 31	2,288,819	2,015,058

The transfer from development projects relates to the project G-Street, Washington, USA (transferred to investment properties on July 1, 2005) and an industrial project in Alphen aan den Rijn (transferred on February 25, 2005). Disposals include four properties in the UK and one in the Netherlands that were sold above book value and one in the United States sold below book value.
Investment properties valued at EUR 125.0 mln (2004: EUR 123.3 mln) have been charged by way of mortgage.
The properties in the investment property portfolio were valued at December 31, 2005. External valuers involved in the valuation of properties are Troostwijk Taxaties B.V., Amsterdam, Jones Lang LaSalle, London and Troostwijk-Roux Expertises cvba, Antwerp.

At December 31, 2005 the balance sheet valuation of investment properties valuation is as follows:

Total investment property values according to internal and external valuation reports	2,297,291
Add back: present value of future ground rent payments (leasehold)	13,027
	2,310,318
Deduct: book value of rent free periods and other leasing expenses to be amortised	21,499
Balance sheet valuation of investment properties	2,288,819

Property expenses and service costs of unlet properties amount to EUR 196,000 (2004: EUR 688,000).

8 Development projects *(x EUR 1,000)*

	2005	2004
Balance at January 1	50,330	39,326
Exchange rate differences	5,407	-/- 1,772
	55,737	37,554
Purchases	15,450	–
Investments	16,693	22,028
Transfer to investment properties	-/- 48,782	-/- 9,192
Disposals	-/- 4,349	–
Revaluation	-/- 718	-/- 60
Balance at December 31	34,031	50,330

The disposals relate to a number of shops in Folkestone (United Kingdom).

9 Property and equipment *(x EUR 1,000)*

	property in own use	office equipment	cars	total
Balance at January 1, 2004	4,325	921	492	5,738
Exchange rate differences	–	-/- 13	–	-/- 13
	4,325	908	492	5,725
Purchases	78	487	224	789
Disposals	–	–	-/- 17	-/- 17
Depreciation	-/- 67	-/- 511	-/- 179	-/- 757
Balance at December 31, 2004	4,336	884	520	5,740
Balance at January 1, 2005	4,336	884	520	5,740
Exchange rate differences	–	24	2	26
	4,436	908	522	5,766
Purchases	44	620	316	980
Disposals	–	-/- 30	-/- 70	-/- 100
Depreciation	-/- 67	-/- 382	-/- 228	-/- 677
Balance at December 31, 2005	4,313	1,116	540	5,969

	December 31, 2005	December 31, 2004
Total acquisition at costs	12,502	11,744
Total depreciation	-/- 6,533	-/- 6,004
Net book value	5,969	5,740

Material fixed assets, as defined in IAS 1, consist of property, plant and equipment and development projects to the amount of EUR 40.0 mln (2004: EUR 56.1 mln).

10 Financial assets *(x EUR 1,000)*

	December 31, 2005	December 31, 2004
Loans	4,209	4,885
Financial assets for sale	8,197	5,958
Deposits paid	1,130	999
Derivative financial instruments	10,309	14,680
Total	23,845	26,522

The fair value of financial assets coincides with their balance sheet valuation. For a detailed explanation on derivative financial instruments, see note 23.

11 Other long term assets *(x EUR 1,000)*

	December 31, 2005	December 31, 2004
Pension plans	1,313	1,101
Capitalised expenses to be amortised	6,105	3,798
Capitalised agent fees	8,288	3,566
Capitalised rent free periods	7,173	3,412
	22,879	11,877

Employee benefits plans

The net asset is composed as follows:	December 31, 2005	December 31, 2004
Benefits obligations	32,509	30,007
Fair value of plan assets	38,427	32,859
	5,918	2,852
Unrealised actuarial losses	-/- 4,605	-/- 1,751
Net asset	1,313	1,101

	2005	2004
The movement in the net asset is as follows:		
Net asset at January 1	1,101	990
Employer contributions	611	459
Net movement	-/- 399	-/- 348
Net asset at December 31	1,313	1,101
Assumptions:		
– discount rate obligations	4.25%	4.25%
– long term rate of return on plan assets	5.20%	5.90%
– rate of pension increases	2.50%	2.50%

The mortality rates used are obtained from the mortality tables "Gehele bevolking mannen en vrouwen 1995-2000", published by the Dutch society of actuaries. The plan assets include ordinary shares issued by the company with a fair value of EUR 1,075 (2004: EUR 3,200).

12 Trade and other receivables *(x EUR 1,000)*

	December 31, 2005	December 31, 2004
Tenant receivables	6,089	5,197
Prepayments	1,688	1,524
Interest to be received	1,466	2,179
Other	9,457	6,748
Total	18,700	15,648

As in 2004, other receivables do not include amounts receivable and prepaid with a remaining term of more than twelve months. The amount of tenant receivables has been shown after deduction of provisions for doubtful debts in the amount of EUR 1,198 (2004: EUR 617).

13 Tax receivables *(x EUR 1,000)*

	December 31, 2005	December 31, 2004
Withholding tax	1,430	1,420
Income tax	–	933
Value added tax	–	251
Total	1,430	2,604

14 Cash and cash equivalents *(x EUR 1,000)*

	December 31, 2005	December 31, 2004
Bank balances	17,293	11,841
Deposits	27,674	9,219
Total	44,967	21,060

15 Share capital *(Number of shares)*

	Authorised share capital	Issued share capital
Ordinary shares		
Balance at January 1, 2004	40,000,000	19,691,735
Additions in 2004	–	1,090,000
Balance at December 31, 2004	40,000,000	20,781,735
Additions in 2005	–	–
Balance at December 31, 2005	40,000,000	20,781,735

The authorised ordinary shares have a par value of EUR 10 each. All issued ordinary shares have been fully paid.

	Authorised share capital	Issued share capital
Priority shares A		
Balance at January 1, 2004	10	10
Additions in 2004	–	–
Balance at December 31, 2004	10	10
Additions in 2005	–	–
Balance at December 31, 2005	10	10

The priority shares A have a par value of EUR 10 each. All issued priority shares have been fully paid.

The principal rights attached to the A priority shares are, in addition to entitlement to profit, the determination of the number of Managing Directors and Supervisory Directors of the company and the drawing up of a nomination for their appointment.

	Authorised share capital	Issued share capital
Priority shares B		
Balance at January 1, 2004	19,999,990	–
Additions in 2004	–	–
Balance at December 31, 2004	19,999,990	–
Additions in 2005	–	–
Balance at December 31, 2005	19,999,990	–

The authorised priority shares B have a par value of EUR 10 each. No priority shares B have been issued. The principal rights attached to the B priority shares are, in addition to entitlement to profit, the determination of the number of Managing Directors and Supervisory Directors of the company and the drawing up of a nomination for their appointment.

16 Share premium

Share premium is paid up share capital in excess of nominal value. The share premium is exempted from tax to the amount of EUR 741.4 mln (2004: EUR 741.4 mln).

17 General reserve *(x EUR 1,000)*	**2005**	**2004**
Balance at December 31 previous year	465,284	393,084
IFRS adjustments	170	–
At January 1	465,454	393,084
Profit	192,110	160,778
Dividend previous year	-/- 93,518	-/- 87,772
Other	-/- 833	-/- 806
At December 31	563,213	465,284

An amount of EUR 357.4 mln (2004: EUR 265.1 mln) is designated as a legal reserve.

18 Reserve for exchange rate differences

The exchange rate differences reserve comprises the exchange differences arising from the translation of the income statements of foreign subsidiaries denominated in USD and GBP as well as from the translation of liabilities and transactions designated as hedges together with the translation differences from the net investment in US and UK based subsidiaries. The movements in the reserve for exchange rate differences are specified in the consolidated statement of movements in equity on page 38.

19 Interest bearing liabilities *(x EUR 1,000)*

	December 31, 2005	December 31, 2004
Long term		
Unsecured	500,177	437,097
Secured	63,724	62,863
	563,901	499,960
Short term		
Interest bearing debt	66,199	–
Total interest bearing liabilities	630,100	499,960

The movement is as follows:	2005	2004
Balance at January 1	499,960	565,307
IFRS adjustments	-/- 1,325	–
	498,635	565,307
Exchange rate differences	22,871	-/- 9,030
	521,506	556,277
New loans / repayments	108,561	-/- 56,317
Change in value due to valuation at amortised cost	33	–
Balance at December 31	630,100	499,960

Significant terms and conditions

Secured interest bearing liabilities consist of two GBP mortgage debentures from 1985 and 1987 until 2015.

Unsecured interest bearing liabilities have financial covenants that include various clauses. As at December 31, 2005 Wereldhave complies with these clauses. The exposure of the Group's interest bearing liabilities to interest rate changes and the contractual re-pricing dates up to 12 months are at the balance sheet date as follows:

	December 31, 2005	December 31, 2004
Up to 12 months	66,199	89,592
> 12 months	563,901	410,368
Total interest bearing liabilities	630,100	499,960
Floating rate loans as a percentage of total interest bearing liabilities:	85.8%	82.4%
The maturity of non-current interest bearing liabilities is as follows:		
Between 1 and 2 years	74,988	20,000
Between 2 and 5 years	406,439	327,505
Over 5 years	82,474	152,455
	563,901	499,960
Non-current interest bearing liabilities as a percentage of total borrowings:	89.5%	100%

The average effective interest rates at the balance sheet date are as follows:

	2005				2004 *)			
	EUR	USD	GBP	total	EUR	USD	GBP	total
Current interest bearing liabilities	3.0%	–	4.8%	4.3%	–	–	–	–
Non-current interest bearing liabilities								
– unsecured	3.2%	4.9%	5.1%	4.1%	3.0%	2.8%	5.6%	3.2%
– secured								
• debentures	–	–	10.5%	10.5%	–	–	10.0%	10.0%
• interest rate swaps	–	–	-/- 1.7%	-/- 1.7%	–	–	0.2%	0.2%
Average	3.2%	4.9%	6.2%	4.6%	3.0%	2.8%	8.5%	4.1%

**) average interest rates for 2004 are based on nominal interest rates*

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net book value of the financial asset or financial liability.

The book value and the fair value of the non-current interest bearing liabilities are as follows:	Book value		Fair value	
	2005	2004	2005	2004
Unsecured	500,177	437,097	501,792	438,847
Secured	63,724	62,863	90,319	86,814
	563,901	499,960	592,111	525,661

The fair values are based on cash flows discounted using relevant market interest rate yield curves with a company specific margin. The market value of short term debt is presumed to be equal to the balance sheet valuation.

The book value of the Group's interest bearing liabilities (current and non-current) are denominated in the following currencies:

	2005		2004	
	Currency	EUR	Currency	EUR
EUR	271,383	271,383	269,592	269,592
USD	173,000	146,647	176,000	129,212
GBP	145,331	212,070	71,325	101,156
		630,100		499,960

Interest bearing liabilities to the amount of EUR 39.6 mln (2004: EUR 19.8 mln) have been designated as a qualifying instrument for the purpose of hedging net investments in foreign operations. The gain or loss on these hedges is recognized in equity through the statement of changes in equity.

	2005		2004 *)	
	Currency	EUR	Currency	EUR
USD	27,000	22,888	27,000	19,822
GBP	11,424	16,670	–	–
Total net investment hedges through interest bearing liabilities		39,558		19,822

**) As IAS 39 has been adopted as from January 1, 2005 no financial instruments were designated as net investment hedges in 2004.*

In addition to the usage of interest bearing liabilities in local currencies for the purpose of net investment hedging, certain derivative financial instruments with a notional amount of EUR 194.2 mln (2004: EUR 253.2 mln) at balance sheet date are also designated hedges of net investment (see Note 23).

	2005	2004
– expiring within 1 year	–	–
– expiring beyond 1 year	22,685	98,964
	22,685	98,964

20 Deferred tax liabilities *(x EUR 1,000)*

Deferred tax liabilities are related to the difference between the fair value of investment properties and their tax book value. This item is to be considered as being of a long term nature. Movements are shown as follows:

	2005	2004
Balance at January 1	59,108	52,277
Exchange difference	1,513	-/- 441
	60,621	51,836
Movements taken to the result	23,870	7,272
Balance at December 31	84,491	59,108

21 Other long term liabilities *(x EUR 1,000)*

	December 31, 2005	December 31, 2004
Leasehold liabilities	13,027	12,279
Employee benefits plans	4,246	2,472
Tenants' deposits	3,832	3,292
Taxes payable	2,507	4,904
Other	3,117	2,904
Total	26,729	25,851

The present value and nominal value of leasehold liabilities, by duration, amount to:

	December 31, 2005		December 31, 2004	
	nominal value	present value	nominal value	present value
– < 1 year	844	844	844	844
– 2-5 years	3,377	2,530	3,374	2,873
– > 5 years	62,726	9,653	63,487	8,562

Employee benefit plans

The net liability is composed as follows:

	December 31, 2005	December 31, 2004
Benefits obligations	19,231	14,826
Fair value of plan assets	14,985	12,354
Net obligation	4,246	2,472

The movement in the net liability is as follows:	**2005**	**2004**
Net liability at January 1	2,472	2,072
Exchange rate differences	70	-/- 2
Employer contributions	-/- 337	-/- 286
Net movement	350	221
Unrealised actuarial losses	1,691	467
Net liability at December 31	4,246	2,472

Assumptions:		
– discount rate obligations	4.75%	5.30%
– long term rate of return on plan assets	6.39%	6.71%
– rate of pension increases	2.75%	2.75%

The mortality rates used are obtained from the 1992 series of the tables applicable to current experience with allowance for medium cohort mortality improvements.

22 Other short term liabilities *(x EUR 1,000)*	**December 31, 2005**	**December 31, 2004**
Deferred income	21,779	19,808
Other short term liabilities	20,703	17,674
Total	42,482	37,482

23 Financial instruments *(x EUR 1,000)*

Derivatives are used for the purpose of net investment hedging of foreign currency denominated assets and to convert high fixed rate interest on long term loans to low money market interest rates.

Hedge of net investment in foreign subsidiaries

Foreign currency loans, forward currency transactions and currency option transactions are designated as hedging instruments against the currency risk resulting from USD-based and GBP based foreign subsidiaries.

Net investment hedge:	Fair value **2005**		Fair value **2004 *)**	
	assets	liabilities	assets	liabilities
Forward foreign exchange contracts	1,324	–	715	–
Currency options	32	–	13,965	–
Total	1,356	–	14,680	–

**) As IAS 39 has been adopted as from January 1, 2005, no financial instruments were designated as net investment hedges. 2004 information given is indicative and is based upon Dutch GAAP.*

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.
At 2005 year-end, all derivative financial instruments are non-current.

Forward foreign exchange contracts

The notional amounts of the outstanding forward exchange contracts at December 31, 2005 amount to EUR 109 mln (2004: EUR 106 mln). Gains and losses on forward foreign exchange contracts have been recognised in the reserve for exchange rate differences.

Currency options

The notional amounts of the outstanding currency options at December 31, 2005 amount to EUR 84.7 mln (2004: EUR 146.8). Gains and losses on currency option contracts as at December 31, have been recognised in the reserve for exchange rate differences. In addition to the usage of derivative financial instruments for the purpose of net investment hedging, certain interest bearing liabilities denominated in local currencies amounting to EUR 39.6 mln (2004: EUR 19.8 mln) at the balance sheet date are also designated net investment hedges (See Note 19).

Net investment hedges

The net Investment hedges versus underlying exposures in local currencies are summarised in the following table:

	2005			2004 *)		
	USD	GBP	Total in EUR	USD	GBP	Total in EUR
Net investment						
Net investment	397,375	119,805	511,664	330,335	105,741	392,485
Hedges						
– derivates	100,000	75,000	194,208	200,000	75,000	253,200
– loans	27,000	11,424	39,558	27,000	–	19,822
Total net investment hedge	127,000	86,424	233,766	227,000	75,000	273,022
Total net investment at risk	270,375	33,381	277,898	103,335	30,741	119,463

**) As IAS 39 has been adopted as from January 1, 2005, 2004 information given is indicative and is based upon Dutch GAAP.*

Derivative financial instruments for interest conversion	Fair value 2005		Fair value 2004 *)	
	assets	liabilities	assets	liabilities
Interest rate swaps	8,953	–	7,084	–

**) As IAS 39 has been adopted as from January 1, 2005, 2004 information given is indicative and is based upon Dutch GAAP.*

The notional principal amounts of the outstanding interest rate swaps at December 31, 2005 are EUR 64.2 mln (2004: EUR 62.4 mln). This amount is considered to be long term.

24 Gross rental income *(x EUR 1,000)*

Spaces are leased out under leases of various expiry terms. Rent indexation is agreed in countries where indexation is usual or legally permitted. The leases specify the rent, the other rights and obligations of the lessor and the lessee, including notice and renewal options as well as service and operating costs charges. Service and operating costs paid and charges made are not included in gross rental income. Rent loss as a result of vacancy, expressed as a percentage of theoretical rent amounted to 7.79% (2004: 8.95%).

The future aggregate contractual rent for the next five years from leases as at December 31, 2005 is shown in the following table (turnover leases are accounted for at the minimum rent):

	2005	2004
First year	165,189	155,878
Second up to and including fourth year	423,890	402,205
Fifth year	103,944	101,624
Total	693,023	659,707

25 Property expenses *(x EUR 1,000)*

	2005	2004
Property maintenance	2,864	4,328
Property taxes	2,863	2,979
Insurance premiums	673	695
Property management	2,683	2,265
Other operating costs	3,642	2,134
Total	12,725	12,401

26 Valuation results *(x EUR 1,000)*

		2005		2004
Investment properties				
Valuation gains	101,964		80,082	
Valuation losses	–		-/- 19,434	
		101,964		60,648
Financial instruments *)				
Valuation gains	1,667		–	
Valuation losses	-/- 3,739		–	
		-/- 2,072		–
Total		99,892		60,648

**) With the exception of forward currency transactions which are directly taken to equity, on the basis of Dutch GAAP and in accordance with the exemption under IAS 32 and 39 no valuation gains and losses have been accounted for in 2004.*

27 Results on disposals *(x EUR 1,000)*

		2005		2004
Properties				
Proceeds from sale, net	82,890		28,106	
Book value	-/- 75,049		-/- 31,169	
		7,841		-/- 3,063
Financial instruments				
Proceeds from sale, net	8,239		–	
Book value	-/- 8,691		–	
		-/- 452		–
Total		7,389		-/- 3,063

28 General costs *(x EUR 1,000)*

		2005		2004
Salaries and social security contributions	9,035		7,561	
Pension costs	1,322		1,113	
Audit fees	435		385	
Advisory fees	677		665	
Other general costs	6,213		6,211	
		17,682		15,935
Allocated to property expenses/service and operational costs	-/- 4,185		-/- 3,781	
Allocated to investment projects	-/- 446		-/- 892	
		-/- 4,631		-/- 4,673
Total		13,051		11,262

Salaries and social security contributions

This item includes the EUR 0.8 mln termination fee paid to Mr. De Ruijter.

Pension costs

Pension costs comprise premiums relating to the employee pension plan. The actual employer contribution for defined benefit plans amounts to EUR 948 (2004: EUR 818) and for defined contribution plans EUR 374 (2004: EUR 295).

Employees

During 2005 an average of 100 persons (2004: 101) were employed by the Group, of which 43 in The Netherlands and 57 abroad.

Profit share employees

The profit share is based on four indicators. These are the occupancy rate, property expenses, general costs and the size of the portfolio. For each indicator, a target has been set. The score against the target determines the result per indicator. The maximum profit share is a one month's salary.

Remuneration of the members of the Supervisory Board and of the Board of Management

Supervisory Board	remuneration
C.J. de Swart	36
F.Th.J. Arp (from March 31, 2005)	18
P.H.J.Essers (from March 31, 2005)	18
J. Krant	24
H. van Nimwegen (until March 31, 2005)	6
H.M.N. Schonis (until March 31, 2005)	6

The members of the Supervisory Board do not hold shares or options in Wereldhave N.V.
The company has not extended loans, advances or guarantees to the members of the Board.

	salary	bonus	pension costs	social charges	exit payment
Board of management					
G.C.J. Verweij	330	77	82	21	–
R.L.M. de Ruijter	258	50	65	16	820

A termination fee of EUR 820,000 was paid to Mr. De Ruijter in December 2005. The amount reflects the duration of the employment of Mr. De Ruijter, his age upon termination and the annual salary. This salary has been increased by the average bonus payments over the past five years, to calculate the amount payable on the basis of the calculation model used by Dutch judges. The member of the Board of Management do not hold shares or options in Wereldhave N.V.. The company has not extended loans, advances or guarantees to members of the Board. Shares or options on shares are and will not be granted to members of the Board.

The short-term bonus that may be awarded on the basis of an average-to-high performance level (the so-called 'at target' level) can add up to 33% of the annual salary. The bonus granted on the basis of an outstanding performance level may increase to 1.5 times the 'at target' level, i.e., 49.5% of the annual income. The short-term bonus depends for 70% on the annual profit objectives and for 30% on objectives that may be readily assessed on an individual basis. The 'at target' level of the long-term bonus is equivalent to 33% of the annual income and will be allocated in cash after a period of three years. The bonus granted on the basis of an outstanding performance level may also increase to 1.5 times the 'at target' level, i.e., 49.5% of the annual income. Of the long-term bonus, 70% is based on strategic objectives and 30% on long-term personal targets. The long term bonus is payable in 2008 and would have amounted to EUR 80,000 for Mr. Verweij for the year 2005.

29 Other gains and losses *(x EUR 1,000)*

	2005	2004
Service costs management fee and other	3,748	2,753
Exchange rate differences	3,360	1,769
Total	7,108	4,522

30 Financial income and expenditure *(x EUR 1,000)*

	2005		2004	
Interest received	3,896		3,540	
Capitalised interest	1,316		1,149	
Other	440		–	
		5,652		4,689
Interest paid	-/- 26,321		-/- 22,689	
Movement in pension liabilities	-/- 1,509		-/- 281	
Other	-/- 2,125		-/- 1,556	
		-/- 29,955		-/- 24,526
Total		-/- 24,303		-/- 19,837

Capitalised interest in connection with development projects is based on interest rates which are relevant for Wereldhave. During 2005, the range of average interest rates used was 2.86% - 5.75% (2004: 2.27% - 5.75%).

31 Taxes on results *(x EUR 1,000)*

The amount of taxes on results comprise the company tax charges relating to the results of subsidiaries.

	2005	2004
Current tax	3,977	2,829
Deferred tax	23,640	7,830
Total	27,617	10,659
Profit before tax	228,848	178,522
Deduct: tax-exempt income based on fiscal status and fiscal adjustments	-/- 138,803	-/- 115,311
Taxable profit	90,045	63,211
Tax amount (calculated at domestic tax rates applicable in the respective countries)	27,617	10,659

The average weighted tax rate was 12.1% (2004: 6.0%). The increase of the average weighted tax rate was primarily caused by effects of capital gain tax in Finland, where the taxation level in 2004 was low due to an adjustment of tax rates, and in the UK.

32 Results per share

The result per share is calculated on the basis of the total net profit after tax and the average number of outstanding ordinary shares during the year (2005: 9.24; 2004: EUR 7.81).

33 Dividend

The Board of Management proposes a dividend per ordinary share of EUR 4.55 (2004: EUR 4.50), totalling to EUR 94.5 mln (2004: EUR 93.5 mln).

34 Contingencies

The Group has provided guarantees to third parties to the amount of EUR 17.3 mln (2004: EUR 17.2 mln). The Group has capital commitments in the amount of EUR 8.8 mln (2004: 10.4 mln) in respect of capital expenditures contracted for at the balance sheet date.

35 Expense ratio

The Dutch Investment Institutions Supervision Act "Wet toezicht beleggingsinstellingen" (Wtb) has changed during 2005.
The expense ratio for the year 2005 according to new rules amounts to 1.94% (2004: 1.89%). The percentage is calculated as the quotient of property expenses and general costs against weighted equity as at the beginning and the end of the year and the end of each quarter in between. Based on the old Wtb rules, the expense ratio amounts to 3.49% (2004: 3.33%). According to the old rules, interest charges were part of the formula.

36 Events after balance sheet date

On February 7, 2006, Wereldhave launched the issue of convertible bonds up to EUR 200 mln. The maturity of the bonds is 5 years, with a conversion price of EUR 97 and a coupon of 2.5%.

37 Estimates in the account

The assets of the Company and its subsidiaries mainly consist of the property portfolio. The market value of these assets can not be assessed using official quotations or listings. The value of the assets is based on the Company policy for the valuation of property (valuation method) and on the estimates from internal end external experts regarding some elements needed to value property. These elements mainly consist of the yield for the property, the market rent for surfaces to be let and the expenditures that are needed to maintain the property in the condition on which market rents are based. Furthermore, estimates have been applied for the measurement of derivative financial instruments and the recognition of deferred liabilities or claims.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax end deferred tax provisions in the period in which such determination is made.

38 Related parties

The subsidiaries and the pension fund Wereldhave are considered to be related parties. The members of the Supervisory Board and of the Board of Management had no personal interest in any of the company's investments during the year. For information about the directors' remuneration reference is made to note 28. The Company has no knowledge of any transactions having taken 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.

39 Risks

The control measures taken for each type of risk are described below.

Business risks

These comprise the risks that Wereldhave considers that it incurs as part of its ordinary business operations, viz.:

developments in the rental market

These cover risks such as loss of rental income owing to vacancy, lettability and market changes in rent.

- The developments in the rental market are closely followed by the local management companies, with the assistance of the Market Research Department.

developments in the value of property

Decreases in the value of property have a negative impact on Wereldhave's capital position.

- The market value of the portfolio is calculated at the end of every quarter. In addition half the portfolio is assessed by independent external appraisers on June 30 and the other half on December 31.

valuation of properties and financial instruments

To determine the value of properties, estimates of items such as market rents and yields are used. The valuation of financial instruments is determined with market based reference values. The risks exists that these estimates and reference values are not correct.

- External valuers are instructed to assess the fairness of the estimates used, such as market rents and yields.
- Market based reference values of financial instruments are obtained from well established financial institutions. These values are assessed with an internal calculation model.

technical condition of the buildings

This covers risks such as the whole or partial loss of buildings, the risk of hidden shortcomings and the risk of soil pollution.

- Wereldhave's property is covered by buildings insurance with umbrella coverage. The insurance companies have excluded terrorism from the risks covered, with the exception of the UK, where terrorism is covered.
- Whenever any property is purchased, a thorough structural analysis is made of the building or of the construction plans.
- Wereldhave's entire portfolio has been inspected to trace the presence of substances that are harmful for the environment or for public health. At the end of tenancy agreements with tenants conducting any activities that are potentially harmful to the environment, a soil survey is conducted. Any costs caused by soil pollution are recovered from the tenant if at all possible.
- Acquisitions of new property are preceded by thorough investigations. If it becomes apparent that the soil or the groundwater is polluted, the land is not purchased, or only after the soil has been thoroughly decontaminated (at the seller's expense).

technological developments

Technological developments may cause property to become obsolete before its time, which will have a negative effect on the lettability and the value of the property.

- Wereldhave's Construction Affairs department serves as a knowledge centre for technological developments, and reports on these to the Board of Management.

changes in laws or regulations

In the countries in which Wereldhave operates and owns investments, it is subject to local, regional and national regulations.

- Wereldhave's local management companies serve as its windows onto the markets. In this fashion, Wereldhave can access relevant information about proposed or actual changes to laws or regulations at an early stage.
- Wereldhave has appointed a compliance officer, who is charged with supervision on compliance with regulations.

information to third parties

As a listed company, Wereldhave is obliged to meet legal obligations and standards relating to the timing and contents of disclosure of information to third parties. The risk exists that the disclosure is non compliant to these obligations and standards.

- The internal administrative organisation and internal control, as well as the financial system and its planning, have specifically been developed to comply with all legal and regulatory requirements regarding the timing and contents of the financial and non financial information of Wereldhave.

tenant-related performance risk

This risk primarily consists of the risk of rents not being paid and the possibilities for recovering damages to leased property at the end of the lease.

- Prospective tenants are examined for their creditworthiness and reliability. Wereldhave's standard tenancy agreements stipulate payment guarantees. The local management companies submit monthly statements of debtors, which are used to detect arrears in payments. Wereldhave has a strict collection policy.

supplier-related performance risk

Whenever activities are outsourced, fulfilment of the agreements by the counter-party constitutes a risk. The risk is of particular importance with major contracts such as turnkey projects etc.

- Contracts are granted based on model agreements that are regularly updated. The agreements include extensive warranty and completion clauses. Wereldhave tries to build solid relationships with its suppliers, thus reducing the risk of unsatisfactory completion.

Financial risks

These are the risks that Wereldhave incurs because it is subject to economic risks. The following risks are distinguished:

interest rate developments

Changes in interest rates may affect the results, the yields and the value of the property.

- The interest rate policy is determined by the Board of Management and conducted by the Treasury department. The policy is determined using parameters established by the Board of Management. Wereldhave's solid balance sheet ratios allow it to profit from the low variable interest rates. Wereldhave has options for interest rate consolidation, which will be used as soon as interest rates show a clear upward trend.

foreign currency developments

Wereldhave owns property investments outside the Euro zone, in GBP and USD areas. Lower exchange rates for these currencies compared with the Euro have a negative impact on the results and on the value of the property investments.

- The hedging policy is determined by the Board of Management and conducted by the Treasury department. The policy is also determined using the forecast rates (parameters). Foreign currency developments are continually monitored. The risks of lower exchange rates on the results are not covered. The guideline for covering the USD and GBP risk for the property portfolio is a cover ratio of 50%. Deviations may be made within the 30%-70% range.

inflation

Rising inflation will have a positive effect on the value of property, since that value is based in part on the volume of rental income (which is adjusted for inflation). Low inflation and deflation have a negative impact on the value of property.

- The rate of inflation is one of the parameters established by the Board of Management and used in determining its policy. Information about the actual inflation figures is included in the monthly management reports.

refinancing risk

This comprises the risk that loan agreements cannot be renewed, or can only be renewed subject to less favourable conditions.

- The risk is mitigated by maintaining solid equity ratios, maintaining relations with various inter-national banks, and maintaining sufficient credit facilities (both committed and uncommitted).

transactions

This comprises the risk that is attached to financial transactions such as interest rate and foreign currency swaps.

- The use of financial instruments is restricted to hedging underlying transactions or positions. Only reputable banks are eligible as counter-parties. Financial transactions are only concluded with the prior approval of the Board of Management.

Operational risks

These risks stem from the fact that a business is a collaborative venture between people, in which human fallibility and vulnerability cannot be excluded from the processes.

people

The risks attached to people can be broken down into:

continuity

The risk of employees leaving the company applies mainly to department heads and country directors.

- Succession for positions that are scheduled to become vacant within 5 years owing to retirement is considered in the annual business plans. The possibilities for internal promotions from within the company are limited. Applicants must generally be hired from outside the company.

conduct

These risks chiefly concern errors, fraud, embezzlement, etc.

- Wereldhave has designed and implemented its own specific accounting organisation with internal controls built in. The various business processes have been described and approved by the Board of Management. The business processes are detailed in job descriptions for each position. The accounting system and its related internal controls are based on the greatest possible separation of jobs, and includes an automated information system whose access is based on the job descriptions referred to above.
- The risk of fraud and embezzlement is limited by the consistent use of internal and external powers of authorisation and a strict separation of investment and management positions and accounting and payment positions. The Board of Management's external power of authorisation is unlimited and independent. Other holders of powers of authorisation are only jointly authorised and within certain limits. Internally, a principle of two signatures and four eyes applies in all instances, i.e. also for Board members. Invoices are only made payable if the invoice in question has been approved in accordance with the relevant authorisation schedule. All payments must be signed by two authorised officers.
- On May 26, 2003, Wereldhave's Board of Management adopted a Code of Conduct, laying down the principles for conducting business and for behaviour of the company's Board and employees. The code is available on Wereldhave's intranet and at www.wereldhave.com. In December 2003, regulations for 'notification of abuse' were adopted. These regulations lay down procedures for employees to properly and safely report any suspicions they may have of abuse in the division of the Wereldhave group for which they work.

information system

The risk consists of the information system not being sufficiently available and reliable.

- Wereldhave has its own Information Systems department, with four developers and two system managers, who maintain the information system and renew it where necessary. Back-ups are made of the data files on a daily basis. The back-up files are stored every week in a safe. An agreement has been concluded with IBM for back-up systems.

Strategic risks

These are the risks attached to a company's strategic choices, such as mergers, alliances etc. Wereldhave distinguishes the following strategic risks:

Risk of retention of tax status
Wereldhave has the status of a fiscal collective investment scheme within the meaning if Section 28 of the Dutch Corporation Tax Act 1969. One of the implications of that status is that no corporation tax need be paid if certain conditions are met. However, failure to meet all statutory requirements may result in the tax status being revoked.

- Changes may occur in the composition of shareholders, outside Wereldhave's sphere of influence, that may result in failure to meet all requirements for qualification as a fiscal collective investment scheme.
- Retention of the tax status is a matter of continual attention for the Board of Management. The updated statements of financing limits are discussed at the Board meetings every month. The statutory distribution is calculated before the proposed dividend is presented to the Supervisory Board.

Entry into new countries
Changing the geographic spread by entering new countries in which Wereldhave has not previously deployed activities is subject to the risk that insufficient knowledge has been gathered about the laws and regulations, the culture, etc.

- Being able to call on a local management company is a prerequisite for entering new countries. Wereldhave's local management companies employ staff from the respective countries, who are closely connected with the local culture and are directly involved with Wereldhave's results.

40 Claims

In November 1996 the Belgian subsidiary N.V. VastgoedMaatschappij België (VMB) received a tax assessment to the amount of BEF 1.4 bln (EUR 35.9 mln). This assessment relates to the split-up of MLO Ltd in N.V. M.L.O. and N.V. Seceurimmo invest, followed by the disposal of property by the new owned and the sale of the company as a cash company. The Belgian tax administration does not accept the split-up and claims that these transactions should be considered as a hidden distribution of dividends to the shareholders. In 1999, the Belgian tax administration filed a second assessment to the amount of BEF 0.6 bln (EUR 15.0 mln). This supplementary assessment, which is based on the first assessment, relates to withholding tax. This assessment is secured, for preservation purposes, by a legal mortgage inposed by the Belgian tax administration, to the amount of EUR 39.7 mln on four properties. The market value of these properties amounted to EUR 61.3 mln at December 31, 2005 (2004: EUR 60.4 mln). Wereldhave maintains that the tax claims are not justified and has filed objections against these claims.

Company balance sheet at December 31, 2005

(amounts x EUR 1,000; before distribution of profit)

	Notes	December 31, 2005		December 31, 2004	
Assets					
Investments					
Property investments	2	339,900		328,403	
Investment in group companies	3	1,020,204		871,974	
Other investments	4	496,737		470,240	
			1,856,841		1,670,617
Receivables	5		15,029		27,919
Other assets			7,381		4,397
			1,879,251		1,702,933
Equity and liabilities					
Equity					
Share capital		207,817		207,817	
Share premium		755,707		755,707	
General reserve		207,353		200,153	
Revaluation reserve		357,387		265,131	
Reserve for exchange rate differences		13,898		-/- 14,017	
	6		1,542,162		1,414,791
Long term liabilities					
Loans	7	262,735		236,333	
Other debt	8	10,831		11,045	
			273,566		247,378
Short term liabilities	9		63,523		40,764
			1,879,251		1,702,933

Company income statement for the year 2005

(amounts x EUR 1,000)

	Note	2005	2004
Result from group companies after tax	3	149,288	139,940
Other gains and losses after tax		42,822	20,838
Profit after tax		192,110	160,778

Notes to the company balance sheet and the income statement

(amounts x EUR 1,000)

1. General

1.1. Principles for the presentation of the company accounts

The company accounts have been made up in accordance with the provisions of Tltle 9 Book 2 of the Dutch Civil Code. Use has been made of the option provided by Article 2:362 paragragh 8 of the Dutch Civil Code to apply the same principles for determining profit and loss and balance sheet items (including the principles of accounting for financial instruments under shareholders' equity or interest bearing liabilities) as are applied in the consolidated accounts. Reference is made to the notes to the consolidated financial statements.

1.2. New accounting standards

Choice of principles

As from the financial year 2005 the Group's consolidated financial statements are presented in accordance with International Financial Reporting Standards as accepted for use within the European Union. The first adoption of these principles has changed the accounting policies regarding the valuation of assets, provisions and interest bearing liabilities (the IFRS adjustments). The adjustments have been applied to the comparative figures as at January 1, 2004. Movements relating to financial instruments have been applied as from January 1, 2005.

The group has opted to apply from 2005 onwards the same principles for the presentation of the company income statement and balance sheet (including the principles for accounting for financial instruments under shareholders' equity or interest bearing liabilities) as applied in the consolidated accounts. This method has the benefit of improving the reporting at the company level, avoiding discrepancies in after tax profit and shareholders' equity between the company accounts and the consolidated accounts, which is generally accepted practice in the Netherlands, and simplifying the presentation by applying a single set of accounting principles to all the subsidiaries to be consolidated.

This has led to a restatement of 2004 figures in respect of:

- a change to shareholders' equity as at January 1, 2004 and December 31, 2004 as a result of the initial IFRS adjustments.
- a change to the profit in 2004 as a result of the initial IFRS adjustments.
- a change in shareholders' equity at January 1, 2005 as a result of the adoption of the IFRS principles for the valuation of financial instruments.

The effects of these new accounting standards on equity and profit are identical to those set out in note 4 (Transition to IFRS) to the consolidated accounts.

Composition of shareholders' equity

As from January 1, 2005 the Dutch legal framework for the creation and the maintenance of statutory reserves and revaluation reserves has been altered. As a result of this new legislation and the new accounting standards changes have been made to the composition of shareholders' equity. (See the notes to the shareholders equity in the consolidated accounts).

1.3. Accounting principles

The principles for valuing assets and liabilities and the determination of profit are identical to those applied in the consolidated accounts. Where no specific principles are stated the reader is referred to note 3 of the consolidated accounts.

1.4. Investments in group companies

Investments in group companies and other entities in which the Group either exercises voting control or effective management responsibility are valued at net asset value. The initial processing in the accounts and valuations at balance sheet dates is made at the net asset value. The value is adjusted with the share of the Company in the results of the subsidiary, based on the principles for determining results as applied in the consolidated accounts and with the share in the other movements in equity of the subsidiary as from the date of acquisition, which are attributable to the Company. The net asset value is determined by valuing assets, provisions and liabilities and by determining results according to the principles which have been used in the consolidated accounts.

The determination of net asset value takes into consideration the rules for the transition to the new principles for valuing assets and liabilities and the valuation principles as initially applied in the consolidated accounts (IFRS adjustments).

2. Investment properties

	Investment properties	Development projects	Total
Balance at January 1, 2005	318,694	9,709	328,403
Investments	5,791	934	6,725
Disposals	-/- 5,953	–	-/- 5,953
Revaluation	10,725	–	10,725
Transferred to investment properties	10,643	-/- 10,643	–
Balance at December 31, 2005	339,900	–	339,900

The investment properties are all owned by Group legal entities for the purpose of earning rental income or capital appreciation. Group companies do not utilize these properties to produce goods or services or for any other corporate purpose. The fair value of investment properties is assessed four times per year. External valuers assess the portfolio twice per year. When assessing the fair value, the size, nature and use of the property is taken into account.
The following amounts were charged to the profit and loss account in respect of the investment properties:

	2005	**2004**
Gross rental income	26,040	26,643
Property expenses relating to income generating investments	-/- 3,769	-/- 3,042
Property expenses relating to non-income generating investments	-/- 95	-/- 212

3. Investment in group companies

Movements are as follows:

	Investment in group companies
Balance at December 31, 2003	828,761
IFRS adjustments	-/- 41,587
Balance at January 1, 2004	787,174
Exchange rate differences	-/- 20,312
Disposals	-/- 740
Results for the year	139,940
Dividends	-/- 34,088
Balance at December 31, 2004	871,974
IFRS adjustments	394
	872,368
Exchange rate differences	31,784
Disposals	1,133
Results for the year	149,288
Dividends	-/- 34,369
Balance at December 31, 2005	1,020,204

List of group companies

At December 31, 2005, the Company had direct shareholdings in the following companies:

	Shareholding (%)
C.V.A. Wereldhave Belgium S.C.A.*)	37.99
Wereldhave Finland Oy	100
Kleber Investissements S.A.S.	100
Clichy Investissements S.A.S.	100
Plaine Investissements S.A.S.	100
Bollaert Investissements S.A.S.	100
Marine de Dunkerque S.A.S.	100
N.V. Wereldhave International	100
Wereldhave Management Holding B.V.	100
West World Holding N.V.	100
Relovast B.V.	100
Espamad S.L.	100
Wereldhave U.K. Holdings Ltd.	100

**) Including indirect holdings: 68.2%*

4. Other investments

	Receivables from group companies	Other financial assets	Total
Balance at December 31, 2003	441,859	–	441,859
Exchange rate differences	-/- 6,703	–	-/- 6,703
Investments	53,175	1,377	54,552
Disinvestments	-/- 19,468	–	-/- 19,468
Balance at December 31, 2004	468,863	1,377	470,240
Exchange rate differences	15,423	–	15,423
Investments	152,465	9,639	162,104
Disinvestments	-/- 151,030	–	-/- 151,030
Balance at December 31, 2005	485,721	11,016	496,737

5. Receivables

	31-12-2005	**31-12-2004**
Receivables from group companies	4,447	3,590
Taxes	5,812	6,162
Current assets	75	15
Other receivables	4,695	18,152
	15,029	27,919

The receivables are due in less than one year.

6. Equity

Share capital

At December 31, 2005, the maximum authorised share capital amounted to EUR 400,000,000 divided over 40,000,000 ordinary shares of EUR 10 and 20,000,000 preference shares of EUR 9.08 each. The issued and paid up share capital amounts to EUR 207,817,350, formed by 20,781,735 ordinary shares of EUR 10 each.

	Ordinary shares
Balance at January 1, 2004	19,691,735
Share issue	1,090,000
Balance at December 31, 2004	20,781,735

There have been no changes in share capital in 2005. In accordance with the IFRS principles for accounting for financial instruments as shareholders' equity or as interest bearing liabilities, the preference share capital and the share premium reserve pertaining thereto, are treated from January 1, 2004 onwards as long-term interest bearing liabilities.

The movements in equity during 2004 and 2005 were as follows:

	Share capital	Share premium reserve	General reserve	Property revaluation reserve (legal reserve)	Revaluation reserve subsidiaries (legalreserve)	Reserve for exchange rate differences (legalreserve)	Total
Balance at December 31, 2003	200,322	699,055	552,322	–	–	-/-141,668*)	1,310,031
Policy changes in presentation of property revaluations	–	–	-/-212,307	59,688	152,619	–	–
IFRS adjustments	-/- 3,405	–	-/-159,238	–	–	141,668	-/- 20,975
Balance at January 1, 2004	196,917	699,055	180,777	59,688	152,619	–	1,289,056
Exchange rate differences of foreign participations	–	–	–	–	–	-/- 16,100	-/- 16,100
Translation differences	–	–	–	–	–	-/- 4,079	-/- 4,079
Movement in reserves	–	–	-/- 806	–	–	6,162	5,356
Share issue	10,900	56,652	–	–	–	–	67,552
Revaluation realised	–	–	177	-/- 177	–	–	–
Dividend payment	–	–	-/- 87,772	–	–	–	-/- 87,772
Profit for the year	–	–	107,777	7,016	45,985	–	160,778
Balance at December 31, 2004	207,817	755,707	200,153	66,527	198,604	-/- 14,017	1,414,791
IFRS adjustments			170		394		564
Balance at January 1, 2005	207,817	755,707	200,323	66,527	198,998	-/- 14,017	1,415,355
Exchange rate differences of foreign participations	–	–	–	–	–	28,716	28,716
Translation differences	–	–	–	–	–	2,259	2,259
Result hedges	–	–	–	–	–	-/- 3,060	-/- 3,060
Movement in reserves	–	–	-/- 833	–	1,133	–	300
Revaluation realised	–	–	17,848	-/- 1,401	-/- 16,447	–	–
Dividend payment	–	–	-/- 93,518	–	–	–	-/- 93,518
Profit for the year	–	–	83,533	18,313	90,264	–	192,110
Balance at December 31, 2005	207,817	755,707	207,353	83,439	273,948	13,898	1,542,162

**) This item did not constitute a legal reserve at December 31, 2003.*

Share premium reserve

Share premium is paid up share capital in excess of nominal value. The share premium is exempted from tax to the amount of EUR 741.4 mln (2004: EUR 741.4 mln).

General reserve

Allocation of profit over 2004

The General Meeting of Shareholders on March 31, 2005 determined the following allocation of the profit (after IFRS adjustments) over 2004:

Distributed to holders of ordinary shares	93.5
Added to	
• Property revaluation reserve	7.0
• Revaluation reserve participations	46.0
• General reserve	14.3
Result after tax	160.8

Dividend 2005

The accounts are presented before distribution of profit: The proposed dividend amounts to EUR 4.55 per ordinary share, totalling to EUR 94.5 mln.

In accordance with the accounting principles, the preference dividend has been treated as an interest charge as from January 1, 2004.

Property revaluation reserve

Under the new legal framework for the creation and maintenance of legal and revaluation reserves as from 2005 such reserves are now maintained with respect to the following unrealized profits on revaluation:

- Revaluations of assets, changes in the value of which are accounted for in the profit and loss account;
- Revaluations of assets which are taken directly to shareholders' equity.

As a result of amendments to Title 9 Book 2 of the Dutch Civil Code the balance of positive revaluations of property and subsidiaries as at December 31, 2003, have been transferred to the respective revaluation reserves.

Revaluation reserve subsidiaries

In this reserve valuation positive results on property investments in subsidiaries are kept.

Reserve for exchange rate differences

As from 2004 a reserve for exchange rate differences is kept for translation differences relating to subsidiairies in foreign countries. Value differences of financial instruments designated as hedges, are taken in this reserve.

7. Loans

	December 31, 2005				December 31, 2004
	Maturity ≤ 1 year	Maturity 1 – 5 year	Maturity ≥ 5 year	Total maturity > 1 year	Total maturity > 1 year
Interest bearing liabilities from subsidiaries	1,500	109,451	–	109,451	87,918
Debt to financial institutions	16,670	97,887	55,397	153,284	148,415
Total	18,170	207,338	55,397	262,735	236,333

8. Other debts

	December 31, 2005	December 31, 2004
Preference shares	3,405	3,405
Received deposits	30	30
Leasehold liabilities	7,396	7,610
	10,831	11,045

Capital repayments due within 12 months from the end of the financial year are included under short-term interest bearing liabilities.

Currencies

All interest bearing liabilities are denominated in euros, except for a loan of GBP 11,424,188 (EUR 16,670,347) and a loan of USD 27,000,000 (EUR 22,878,171).

Preference shares

As from January 1, 2004 the preference shares are classified as long-term debt in accordance with the principles applying in the consolidated accounts. The number of preference shares amounts to 1,500,000.
There have been no changes during 2004 and 2005 in the number of shares.

9. Short term debt

	December 31, 2005	December 31, 2004
Interest bearing liabilities from financial institutions	33,895	29,142
Short term portion of long term debt	18,170	–
Creditors	350	465
Debts to group companies	4,520	4,074
Taxes on profit	8	1
Other taxes and social security contributions	54	131
Dividend preference shares	132	1
Other debts	6,394	6,950
	63,523	40,764

10. Staff

During 2005 the legal entity employed an average of 2 persons (2004: 2).

11. Management and members of the Supervisory Board

For the remuneration of the members of the Board of Management and Supervisory Board reference is made to the notes to the consolidated annual account.

12. Related parties

All consolidated and unconsolidated subsidiaries as per note 4 qualify as related parties. Group companies are considered to be related parties. Reference is made to Note 38 to the consolidated accounts.

13. Contingencies

Guarantees

The company has given guarantees to third parties for group companies totalling EUR 448.3 mln (2004: EUR 340.5 mln).

The Hague, February 23, 2006

Supervisory Board
C.J. de Swart
J. Krant
F.Th.J. Arp
P.H.J. Essers

Board of Management
G.C.J. Verweij

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 statutory cash dividend of 3.84% on the preference shares in issue and 5% on the priority 'A' shares in issue, it is proposed to distribute to holders of ordinary shares a dividend of EUR 4.55 in cash. Of the dividends, EUR 3.10 per share will be paid in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax. The remainder of EUR 1.45 will be charged against the reinvestment reserve (as a result of which no dividend withholding tax will have to be withheld on that portion).

(amounts x EUR 1 mln)	**2005**	**2004**
Profit	192.1	160.8
Payment to holders of ordinary shares	94.5	93.5
Added to:		
• Property revaluation reserve	18.3	7.0
• Revaluation reserve participations	90.3	46.0
• Reserve for exchange rate differences	–	14.3
Drawn from General Reserve	-/- 11.0	–
	192.1	160.8

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 forward-looking 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.
The recommendations of the Tabaksblat Committee were implemented early in 2004. The Annual Meeting of Shareholders granted its approval to the implementation of the Tabaksblat recommendations on March 24, 2004. It will be proposed to Annual Meeting of Shareholders on March 30, 2006 to appoint the members of the Board of Management for a period of four years. The employment contracts will contain a maximum interim termination fee of one years salary, according to the Tabaksblat recommendations. The statutory possibility of binding nominations will then remain the only deviation from the Code. 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 Annual 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 nominations deviates from the best practice provisions of the Tabaksblat Committee. At first instance the nomination is not binding and can be cast by simple majority, but the second round offers the possibility for a binding nomination by the holders of Priority shares, which can only be rejected with two thirds of the votes cast, representing more than half the issued capital.

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.

Until recently, board members were appointed for an indefinite term. In line with the Tabaksblat recommendations a proposal will be made to the Annual General Meeting of Shareholders to appoint directors for a period of four years, with a maximum break fee of 1 year salary.

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 2004. In 2005, the Supervisory Board drew up a new remuneration report. The report is posted on Wereldhave's website. The main aspects of this report are published on pages 97-98.

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 of the Supervisory Directors retires each year. 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 ability 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.

In August 2005, the Supervisory Board appointed an audit committee. Members are Messrs F.Th.J. Arp (chairman) and P.H.J. Essers. In November 2005, the audit committee held a meeting with the auditor to discuss the audit plan and Wereldhave's compliance. In February 2006, the audit committee held a meeting in preparation for the meeting of the Supervisory Board, and discussed the report of the Board of Management, the Annual Accounts 2005 and the auditor's report, without the presence of the Board of Management.

The appointment of other committees is not yet considered necessary. 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 December 31, 2005, 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 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. 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. 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 2005 was EUR 1.92. 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 Prioriteitsaandelen 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 6.06% of the number of outstanding shares, entitling it to 5.5% of the votes. In the joint opinion of the company and the board members of the 'Stichting tot het houden van Preferente en Prioriteitsaandelen 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 monitoring systems

The Board of Management is responsible for the design, implementation and functioning of the internal risk control and monitoring system, tailored to the activities of Wereldhave. The systems are, with an acceptable level of certainty, aimed at the timely recognition of significant risks and at controlling these risks in the best way possible. The systems provide a view on how strategic, operational and financial objectives are met and on the reliability of financial reporting. The systems support the compliance with relevant laws and regulations. The Board of Management acknowledges that no risk management and monitoring system can provide absolute guarantees to achieving business objectives or that any material mistakes, losses, fraud or non-compliance with laws and regulations will not occur.

The main elements of the internal risk management and monitoring system are:

- the documented administrative organization and internal control (AO/IC) in which detailed descriptions of procedures are incorporated with regard to business processes, accounting, controls, internal reporting, documentation and manuals regarding the structure of financial reporting;
- an automated, integrated and central information system with which all domestic and foreign operations are directly connected;
- an internal management reporting aimed at immediate detection of developments with regard to the value of the portfolio and the result per share;
- the annually updated five-year strategic plan, including an analysis of all operational and financial objectives;
- Wereldhave's 'Business Principles' and 'Code of Conduct', applicable throughout the Wereldhave organization.

For a description of the most important business, financial, operational and strategic risk control measures, we refer to note 39 of the consolidated annual accounts. The results of the assessment by the Board of Management of the design and functioning of the internal risk management and control systems, as well as any significant changes in these, have been discussed with the Supervisory Board in conjunction with the company's strategy and risks. On the basis of the assessment performed and taking into account the recommendations of the Monitoringcommission for Corporate Governance (December 2005) to this respect, the Board of Management deems the design of Wereldhave's internal risk management and control systems to be adequate and believes these systems provide a reasonable level of certainty that the financial statements as incorporated in this annual report does not contain any material errors. The Board of Management aims to further improve and optimize the internal risk management and control procedures.

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.

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.

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. 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 assignment we have audited the annual accounts of Wereldhave N.V., The Hague, for the year 2005 as set out on pages 36 to 90 in these accounts. These annual accounts are the responsibility of the company's board of management. Our responsibility is to express an opinion on these annual accounts 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 annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion with respect to the consolidated annual accounts
In our opinion, the consolidated annual accounts give a true and fair view of the financial position of the company as at December 31, 2005 and of the result and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code as far as applicable and the Investment Institutions Supervision Act. Furthermore, we have to the extent of our competence, established that the annual report is consistent with the consolidated annual accounts.

Opinion with respect to the company annual accounts
In our opinion, the company annual accounts give a true and fair view of the financial position of the company as at December 31, 2005 and of the result for the year then ended in accordance with accounting principles as generally accepted in the Netherlands and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code and the Investment Institutions Supervision Act. Furthermore, we have to the extent of our competence, established that the annual report is consistent with the company annual accounts.

The Hague, February 23, 2006
PricewaterhouseCoopers Accountants N.V.

J.A.M. Stael RA

Supervisory Board

C.J. de Swart
(m, 64)
Member of the Supervisory Board since 2001; reappointed in 2003.
Retires by rotation in 2006.

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

Positions in Supervisory Boards:
Stadion Feyenoord N.V.
Japhet de Jong Holding B.V.
Hogeschool Rotterdam
Fondel Finance B.V.
Daf Trucks N.V.
Ordina N.V.
Ruwaard van Putten Hospital
Univé Insurances
NIBC Wealth Management

Board positions:
Foundation Kunsthal Rotterdam
Foundation Administration office Heijmans N.V.

J. Krant
(m, 57)
Member of the Supervisory Board since 2003.
Retires by rotation in 2007.

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

Positions in Supervisory Boards:
Chairman of the Supervisory Board of Kardan N.V.

Board positions:
Chairman Jewish Historical Museum
Foundation "Hollandsche Schouwburg"

F.Th.J. Arp
(m, 52)
Member of the Supervisory Board since 2005.
Retires by rotation in 2008.

Member of the Board of Management of Telegraaf Mediagroep N.V., CFO

Positions in Supervisory Boards:
Weather News International
Several positions on behalf of de Telegraaf

Board positions:
World Association of Newspapers

P.H.J. Essers
(m, 48)
Member of the Supervisory Board since 2005.
Retires by rotation in 2010.

Professor in tax law, Chairman department tax law University of Tilburg

Positions in Supervisory Boards:
none

Board positions:
Chairman committee of Finance of the Upper Chamber
Guest professor at the Sorbonne, Paris
Editor of the Weekly magazine for fiscal law
Board member of the Center for Company Law Board member European Tax College

General

All members of the Supervisory Board are Dutch nationals. Mr. C.J. De Swart will retire by rotation at the General Meeting of Shareholders, to be held on March 30, 2006. He will be nominated for re-election.

Board

G.C.J. Verweij
(m, 60)

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)

The Supervisory Board's activities

The Supervisory Board met six times in 2005. Regular items on the agenda of these meetings were the company's results and asset performance, developments in the relevant property markets, investments and disinvestments, financing, the policy on foreign currency and on dividends and the company's tax position. The June 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 June 2005. 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 February. No points were raised at this discussion that require adjustment or modification. In June 2005, the Supervisory Board decided to install an audit committee. Other separate committees are not deemed necessary, in view of the moderate size of the Supervisory Board.

Members of the audit committee are Messrs F.Th.J. Arp (chairman) and P.H.J. Essers. In November 2005, the audit committee held a meeting with the auditor, without the Board of Management, to discuss the relationship of the external auditor to Wereldhave, the independence of the external auditor, the application of ICT and the internal risk management and monitoring systems. The minutes of the meeting of the audit committee have been discussed and approved by the Supervisory Board in its regular November meeting.

The remuneration report of the Supervisory Board is published on www.wereldhave.com and is available free of charge on request. The main aspects of the report are given below.

During the year 2005, the Supervisory Board paid special attention to the future composition of the Board of Management and the available positions within it. This has, by mutual agreement, led to the decision of Mr. R.L.M. de Ruijter to step down as director of the Company. Mr. R.L.M. de Ruijter has been a member of Wereldhave's Board of Management since 1994, together with Mr. G.C.J. Verweij, Chairman of the Board. A termination fee of EUR 820.000 was paid to Mr. De Ruijter. The amount reflects the duration of the employment of Mr. De Ruijter, his age upon termination and the annual salary. This salary has been increased by the average bonus payments over the past five years, to calculate the amount payable on the basis of calculation model used by Dutch judges. At the General Meeting of Shareholders, to be held on March 30, 2006, the nomination will be proposed of Mr. J. Buijs (40) as director of the Company. The fixed annual salary at appointment will amount to EUR 220,000. In addition, a performance contract will be made for the short and long term incentives, based on the remuneration principles that have been approved by the General Meeting of Shareholders on March 31, 2005.

At the General Meeting of Shareholders a proposal will be made to reappoint Mr. G.C.J. Verweij for a period of four years, therefore until March 2010. There will be no changes in the remuneration of Mr. Verweij. Furthermore, it will be proposed to nominate the members of the Board of Management for a period of four years, with a break option against a maximum termination fee of 1 year's salary. The clause that in the event of dismissal in the case of merger, the Management Board will receive retaining pay, will no longer be included in the arrangements.

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 65. 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..

All Supervisory Board members are independent of one another, the Management Board of Wereldhave and any particular interest. One of the members of the Supervisory Board was prevented from attending the Board meetings by illness. The other members attended all Board meetings.

The regulations and the profile for members of the Board of Directors and members of the Supervisory Board are published on the website www.wereldhave.com.

No business transactions took place in 2005 between the members of the Supervisory Board and the company.

On behalf of the Supervisory Board,

C.J. de Swart, Chairman

The Hague, February 23, 2006

Property portfolio

Investment properties at December 31, 2005

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

location	offices m² n.l.a.	shops m² n.l.a.	industrial m² n.l.a.	residential	number of parking spaces	year of acqui-sition	year of construc-tion or renovation	annual rent 2006 (x EUR 1 mln)
Belgium *)								
Berchem								
76-78 Berchemstadionstraat	11,416				217	1999	2002	1.4
1-2 Roderveldlaan	12,344				238	1999	2001	1.8
3-4-5 Roderveldlaan	17,139				316	1999	2001	2.1
Brussels								
1-8 Boulevard Bischoffsheim	12,666				150	1988	2002	2.6
22-25 Boulevard Bischoffsheim	5,730				64	1990	1990	1.2
Tournai								
22 Boulevard Walter de Marvis		14,178			1,260	1988	1996	2.2
Liege								
1 Quai des Vennes		31,252			2,200	1994	1994	8.2
Meer								
35-41 Riyadhstraat			22,610		85	2001	2002	0.9
Nivelles								
18 Chaussée de Mons		19,501			802	1984	1995	2.7
Vilvoorde								
28 Medialaan	12,989				305	1998	2002	1.7
30 Medialaan	5,696				178	1999	2001	0.8
32 Medialaan	4,052				123	1999	2001	0.8
other properties	6,336	3,285	18,359		333			1.7
	88,368	**68,216**	**40,969**					**28.1**
Finland								
Espoo								
5 Lansituulentie		12,117			234	2003	1998	3.1
Helsinki								
Itäkeskus	9,537	85,009			3,000	2002	2001	27.2
	9,537	**97,126**	**–**					**30.3**
France								
Dunkirk								
Quai des Fusiliers Marins		9,895	7,944		600	1999	1999	2.4
Paris and environs								
Avenue Jules Rimet, Saint-Denis	10,993				121	1999	2001	3.1
45-49 Rue Kléber, Levallois-Perret	19,660				350	1999	1999	6.9
Zac des Berges de Seine, Clichy	23,564				350	1999	2002	6.7
	54,217	**9,895**	**7,944**					**19.1**

location	offices m² n.l.a.	shops m² n.l.a.	industrial m² n.l.a.	residential	number of parking spaces	year of acqui-sition	year of construc-tion or renovation	annual rent 2006 (x EUR 1 mln)
Netherlands								
Alphen aan den Rijn								
J. Keplerweg			14,698		50	1997	2005	0.8
R. Wallenbergplein	6,177				108	1999	2002	0.9
Amersfoort								
1-3 Basicweg			11,377		96	1997	1993	0.7
Amsterdam								
64 Hornweg			12,457		117	1997	1991	0.8
Arnhem								
Shopping Centre Kronenburg (leasehold till 2110)		31,752			1,000	1988	1985	7.1
Best								
4 Brem			11,283		690	1977	1971	0.9
Breda								
Distriparc IABC			20,134			2002	2002	0.7
The Hague and environs								
20-160 Laan van Ypenburg, The Hague			47,179		155	1996	1993	2.9
Winston Churchill Tower, Rijswijk	23,163				370	1974	2002	3.2
Deventer								
2 Duisburgstraat			18,360		25	1997	1991	0.6
Etten-Leur								
Shopping Centre Etten-Leur		21,751				1991	1995	2.9
Geldrop								
62-89A Heuvel and 1, 3, 5 and 15 Achter de Kerk		4,537		30		1978	1996	0.9
Leiderdorp								
Shopping Centre Winkelhof		17,310			830	1993	1999	3.6
Moerdijk								
6 Middenweg			8,779		126	1997	1988	1.1
Nuth								
15 Thermiekstraat			18,066		690	1977	1987	1.3
Roosendaal								
23 Borchwerf			15,378		126	1997	1994	0.6
Utrecht								
1 Rutherfordweg			12,876		100	1997	1994	0.7
other properties	4,322		30,548		151			2.5
	33,662	**75,350**	**221,135**					**32.2**
Spain								
Madrid								
15 Avenida de la Vega, Alcobendas	22,676				421	1999	2000	4.8
15 Calle Fernando el Santo	3,254				39	1991	1993	0.9
1-2 Calle Mariano Benlliure, Rivas-Vaciamadrid			35,248		351	2001	2002	2.2
2 Plaza de la Lealtad	3,012					1989	1999	1.0
	28,942	**–**	**35,248**					**8.9**

location	offices m² n.l.a.	shops m² n.l.a.	industrial m² n.l.a.	residential	number of parking spaces	year of acqui-sition	year of construc-tion or renovation	annual rent 2006 (x EUR 1 mln)
United Kingdom								
Blackburn								
76-80 Bank Top		3,426			202	1994	1987	0.4
Burton-Upon-Trent								
Horninglow Street		2,765			140	1988	1986	0.4
Gloucester								
63-71 Northgate Street and 14-20 Hare Lane		4,047				1994	1972	0.5
Guildford								
73-75 North Street	1,085	357				1988	1976	0.5
London and environs								
126-134 Baker Street, W1	934	605				1988	1999	0.9
326-334 Chiswick High Road, W4		2,307				1988	1974	0.8
72-74 Dean Street, Royalty House, W1	2,648				12	1988	1999	1.1
14-18 Eastcheap, EC3	3,630					1988	1991	1.8
31-36 Foley Street, W1	3,155				10	1988	1993	1.2
186-188 Fullham Road		1,048			7	1988	1979	0.4
26-28 Great Portland Street, W1 (leasehold till 2105)	1,290					1988	1990	0.6
1-5 Lower George Street and 1 Eton Street, Richmond upon Thames		2,864			10	1988	1963	0.9
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
Manchester								
Wilmslow Road	27,084				927	2005	2003	7.9
Northampton								
100 Pavillion Drive	11,051				510	1998	1991	2.3
Redhill								
Grosvenor House, 65/71 London Road	4,652				150	1989	1986	1.5
Rickmansworth								
1 Tolpits Lane, Olds Approach			7,334		165	1988	1993	0.7
Sheffield								
Penistone Road		3,918			163	1988	1986	0.7
Warwick								
Warwick Technology Park, Gallows Hill	21,814				788	1998	1992	4.4
Yeovil								
Bay 6, Lynx Trading Estate		3,218			207	1994	1986	0.5
other properties		4,038	15,298		29			2.7
	78,275	**33,426**	**22,632**					**32.0**

location	offices m² n.l.a.	shops m² n.l.a.	industrial m² n.l.a.	residential	number of parking spaces	year of acqui-sition	year of construc-tion or renovation	annual rent 2006 (x EUR 1 mln)
United States								
Austin, Texas								
3801 Cap. of Texas Highway North		11,891			550	2004	2002	2.8
6801 Cap. of Texas Highway North	8,568				344	1999	1999	0.7
8300 Mopac Expressway	8,669				431	1998	2000	1.1
4801 Plaza on the Lake Drive	10,363				491	1999	1999	1.1
5001 Plaza on the Lake Drive	11,383				539	1999	1999	1.2
Dallas and environs, Texas								
805 Central Expressway, Allen	10,702				737	1999	1999	1.2
161 Corporate Center, Irving	9,737				465	1998	1998	1.1
411 East Buckingham Road, Richardson				338	648	1999	1999	2.9
4490 Eldorado Parkway, McKinney				525	880	2000	2004	4.2
4600 Regent Boulevard, Irving	7,432				479	1998	1998	0.8
4650 Regent Boulevard, Irving	7,432				479	1999	1999	0.9
Philadelphia, Pennsylvania								
1515 Market Street	47,161					1989	1986	6.1
Pittsburgh, Pennsylvania								
3000 Park Lane	9,784					1998	1998	1.2
Washington D.C. and environs								
701 8th Street	12,465				101	2005	2005	4.3
13600 Dulles Technology Drive, Herndon	10,507				531	1999	2000	1.7
13650 Dulles Technology Drive, Herndon	10,507				531	1999	2000	1.6
1401 New York Avenue	17,646				165	1988	1984	4.1
21660 Ridgetop Circle, Sterling	11,681					1999	2002	1.8
	194,037	**11,891**	**–**					**38.8**
Total	**487,038**	**295,904**	**327,928**					**189.4**

n.l.a. means net lettable area. All properties are freehold unless stated otherwise. The annual rent is calculated on the assumption that the buildings are fully let and before deduction of operating costs.

*) Wereldhave has a 68.2% interest in the properties in Belgium of the categories offices and shops.

Independent valuers

Jones Lang LaSalle,
London

Troostwijk Taxaties B.V.,
Amsterdam

Troostwijk-Roux Expertises cvba,
Antwerp

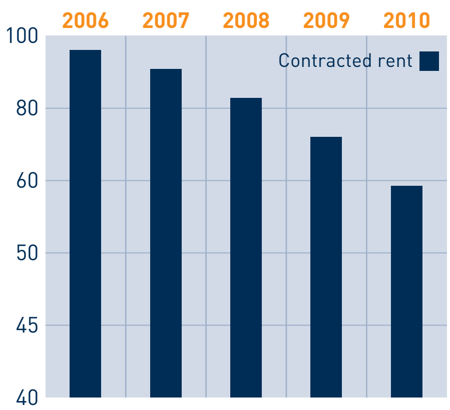
Summary of investment properties

The following is a summary of the open market value of the Group's investment properties at December 31, 2005. Foreign currencies have been converted at rates of exchange ruling at December 31, 2005. The annual rent is shown on the assumption that the buildings are fully let and before deduction of property expenses.

(amounts x EUR 1 mln)	offices		shops		industrial		residential		total	
	market value	annual rent	market value	annual rent	market value	annual rent	market value	annual rent	market value	annual rent
Belgium	139.6	13.2	180.0	13.5	11.6	1.4	–	–	331.2	28.1
Finland	7.0	0.5	416.6	29.8	–	–	–	–	423.6	30.3
France	196.9	16.6	8.1	1.4	6.5	1.1	–	–	211.5	19.1
The Netherlands	52.1	4.6	190.2	14.6	133.1	13.0	–	–	375.4	32.2
Spain	77.1	6.7	–	–	26.9	2.2	–	–	104.0	8.9
United Kingdom	295.7	22.5	98.7	7.4	27.1	2.1	–	–	421.5	32.0
United States	335.7	29.0	33.9	2.7	–	–	52.0	7.1	421.6	38.8
Total	1,104.1	93.1	927.5	69.4	205.2	19.8	52.0	7.1	2,288.8	189.4

Contracted Rent

(as a % of contractual rent as at December 31, 2005)



Summary of investment portfolio

(under construction, investment value more than EUR 10 mln)

			(estimated) date of completion	investment value (x EUR 1 mln)
USA	McKinney	5,500 m^2 office building	June 2006	13.1

Summary of revaluations of the investment properties per country and sector

(x EUR 1 mln)

	value at December 31, 2005	revaluation in 2005	as a % of the value before revaluation				
			offices	shops	industrial	residential	total
Belgium	331.2	7.4	0.7	4.4	-/- 9.5	–	2.3
Finland	423.6	36.1	9.6	0.4	8.8	–	9.3
France	211.5	9.2	4.6	4.7	4.7	–	4.6
The Netherlands	375.4	12.7	2.4	10.8	-/- 5.0	–	3.5
Spain	104.0	0.8	-/- 0.1	–	3.3	–	0.8
United Kingdom	421.5	6.6	1.7	-/- 0.8	9.9	–	1.6
United States	421.6	31.4	9.8	0.1	–	2.7	8.0
Total	2,288.8	104.2	4.3	7.1	-/- 2.2	2.7	4.8

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