SHOPPING CENTRES

OFFICES AND RESIDENTIAL

PROPERTY DEVELOPMENT

# Annual Report 2009

**Wereldhave. Value for tomorrow.**

WERELDHAVE

## Contents



*This is an English translation of the Annual Report and Accounts 2009. The official version is in Dutch.*

**The year 2009 was characterised by few property transactions and considerable downward revaluations on the property markets. Effective market rents decreased on the office markets but generally remained stable on the retail markets. In spite of these turbulent market conditions, direct result per share remained stable at € 4.93. Decreased property values led to an increase in the average yield on Wereldhave's portfolio of approx. 50 basis points, to 6.7% at the end of 2009.**

| **Key figures** (in €) | 2009 | 2008 |
|---|---|---|
| **Results** | | |
| Loss / profit | -/-102.3 mln | 8.8 mln |
| Direct result | 111.1 mln | 109.4 mln |
| Indirect result | -/-213.4 mln | -/-100.6 mln |
| Loss / profit per share | -/- 5.07 | 0.02 |
| Direct result per share | 4.93 | 4.92 |
| **Equity** | 31-12-2009 | 31-12-2008 |
| Investment portfolio | 2,418.2 mln | 2,646.0 mln |
| Shareholders' equity | 1,686.5 mln | 1,860.2 mln |
| Net asset value per share | 73.77 | 83.74 |

**Proposed dividend € 4.65 per share, of which € 3.20 in cash and € 1.45 optionally in cash or in shares. The dividend is payable as from 7 May 2010.**

**Property purchases and disposals in 2009** (amounts at year end exchange rates x € 1 mln)

| **Purchases** | | | **Disposals** (Gross proceeds) | | |
|---|---|---|---|---|---|
| Tournai, Belgium | retail / leisure | 6.7 | Manchester, UK | residential | 0.4 |
| | | | London, UK | retail / leisure | 0.7 |
| | | | London, UK | retail / leisure | 1.8 |

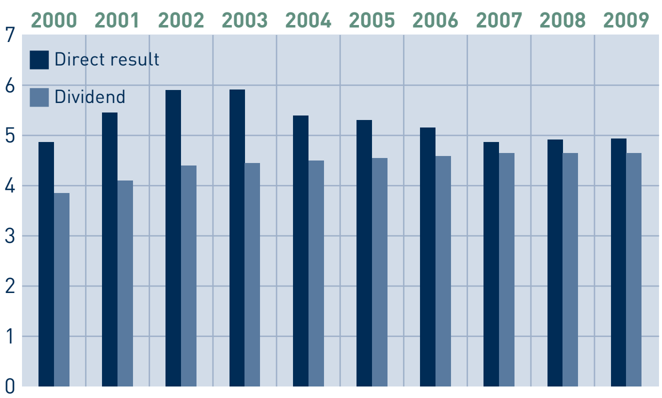
**On February 15, 2010 Wereldhave has purchased four Dutch shopping centres for € 219.8 mln including transaction costs. Wereldhave is looking for further expansion primarily in the United Kingdom, France and Spain. Because few property investors are capable of financing new acquisitions against reasonable conditions, Wereldhave expects opportunities to appear in 2010.**

## Key figures past 10 years[1]

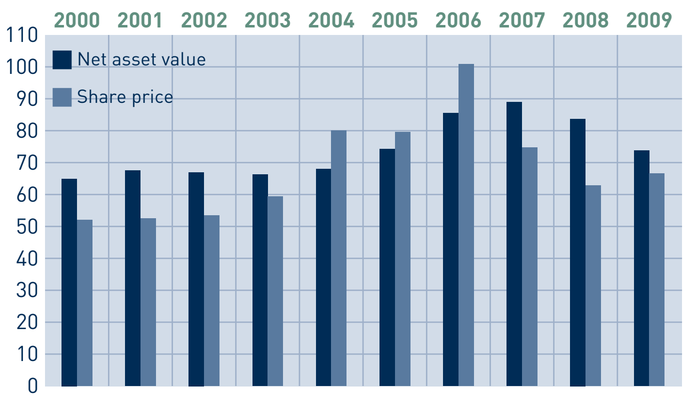
| | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| **Results** | | | | | |
| *(x € 1 mln)* | | | | | |
| Net rental income [4] | 112.8 | 124.9 | 147.8 | 146.6 | 147.5 |
| | | | | | |
| Profit [8] | 216.2 | 102.6 | 127.6 | 104.7 | 160.8 |
| Direct result [2] [8] | 86.0 | 97.1 | 116.3 | 116.5 | 110.9 |
| Indirect result [6] [8] | 140.1 | 17.8 | ./. 46.4 | ./. 42.4 | 49.9 |
| | | | | | |
| **Balance sheet** | | | | | |
| *(x € 1 mln)* | | | | | |
| Investments | 1,517.5 | 1,623.2 | 1,830.5 | 1,844.0 | 2,015.1 |
| Development projects | 258.1 | 249.3 | 124.9 | 88.1 | 50.3 |
| Equity [3] | 1,156.6 | 1,203.0 | 1,322.7 | 1,310.0 | 1,414.8 |
| Interest bearing debt | 464.6 | 552.1 | 629.8 | 575.2 | 500.0 |
| | | | | | |
| **Number of shares** | | | | | |
| At December 31 | 17,756,735 | 17,756,735 | 19,691,735 | 19,691,735 | 20,781,735 |
| Average during the year | 17,639,307 | 17,756,735 | 19,691,735 | 19,691,735 | 20,573,265 |
| | | | | | |
| **Share data** [5] | | | | | |
| *(x € 1)* | | | | | |
| Equity [9] | 64.94 | 67.55 | 66.99 | 66.35 | 68.08 |
| Direct result [2] | 4.83 | 5.45 | 5.90 | 5.91 | 5.34 |
| Indirect result [6] | 7.86 | 1.01 | ./. 2.36 | ./. 2.15 | 2.40 |
| Dividend | 3.85 | 4.10 | 4.40 | 4.45 | 4.50 |
| | | | | | |
| Pay-out | 79.7% | 75.2% | 74.6% | 75.3% | 84.3% |
| | | | | | |
| **Direct result per share** [7] | 4.86 | 5.45 | 5.90 | 5.91 | 5.39 |
| | | | | | |
| **Earnings per share** [7] | 12.24 | 5.77 | 6.47 | 5.31 | 7.81 |



**Direct result and dividend per share**
*(x € 1)*




**Net asset value and share price at December 31**
*(before distribution of profit, x € 1)*

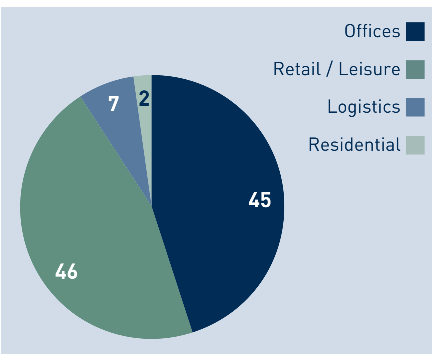


| 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| 151.8 | 151.2 | 147.5 | 149.0 | **143.1** |
| 192.1 | 343.5 | 216.5 | 0.5 | **-/- 107.1** |
| 110.1 | 106.9 | 101.3 | 102.3 | **104.0** |
| 82.0 | 236.6 | 115.2 | -/- 101.8 | **-/- 211.1** |
| 2,288.8 | 2,521.5 | 2,668.0 | 2,646.0 | **2,418.2** |
| 34.0 | 33.9 | 40.4 | 52.1 | **81.6** |
| 1,542.2 | 1,776.0 | 1,850.8 | 1,740.3 | **1,569.6** |
| 630.1 | 541.0 | 592.6 | 739.6 | **712.8** |
| 20,781,735 | 20,781,735 | 20,781,735 | 20,781,735 | **21,276,988** |
| 20,781,735 | 20,781,735 | 20,781,735 | 20,781,735 | **21,123,663** |
| 74.21 | 85.46 | 89.06 | 83.74 | **73.77** |
| 5.30 | 5.14 | 4.88 | 4.92 | **4.93** |
| 3.94 | 11.39 | 5.54 | -/- 4.90 | **-/- 10.00** |
| 4.55 | 4.60 | 4.65 | 4.65 | **4.65** |
| 85.8% | 89.5% | 95.4% | 94.5% | **94.3%** |
| 5.30 | 5.14 | 4.88 | 4.92 | **4.93** |
| 9.24 | 16.53 | 10.42 | 0.02 | **-/- 5.07** |

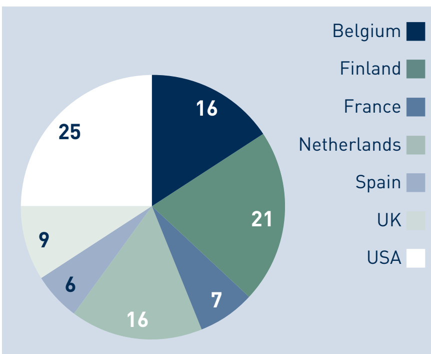
1) the figures before 2004 are based on Dutch GAAP. As from 2004 the figures are based on IFRS; the figures up to 2004 have been recalculated in view of the changes in accounting policies in 2004
2) costs relating to asset management are from 2001 onwards no longer charged to the indirect result
3) excluding minority interest, before distribution of profit
4) as from 2004 including minority interest; as from 2008 other rent related income are accounted for in gross rental income instead of other income and expense
5) per ordinary share ranking for dividend and adjusted for bonus issue
6) up to and including 2003 other movements in equity are included and as from 2001 excluding costs of asset management
7) based on the average number of shares in issue
8) excluding minority interest
9) before distribution of profit



**Distribution of investment properties by sector at year-end 2009**




**Geographical distribution of investment properties at year-end 2009**

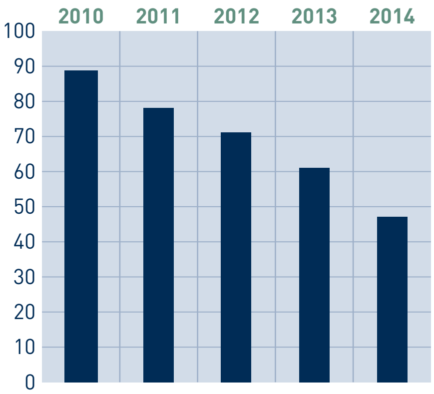



**Share price 2005-2009** *(x € 1)*

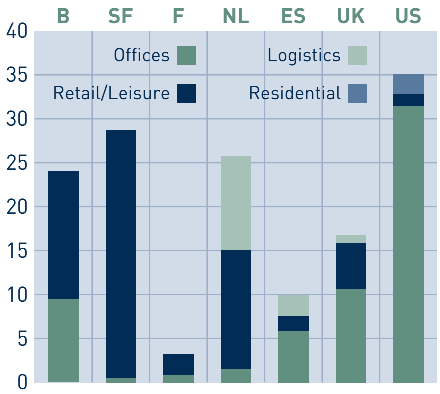
# Key information

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Share price at 31/12 | 79.65 | 100.90 | 74.72 | 63.00 | 66.70 |
| Price/DR at 31/12 | 15.0 | 19.6 | 15.3 | 12.8 | 13.5 |
| Avg. Transactionvolume/day | 53,000 | 75,000 | 171,000 | 172,000 | 131,000 |
| Marketcapitalisation at 31/12 | 1.7 mrd | 2.1 mrd | 1.6 mrd | 1.3 mrd | 1.4 mrd |
| NAV/share | 74.21 | 85.46 | 89.06 | 83.74 | 73.77 |
| Premium/discount | 7.3% | 18.1% | -16.1% | -25.3% | -9.6% |
| Dividend | 4.55 | 4.60 | 4.65 | 4.65 | 4.65 |
| Dividendyield at 31/12 | 5.7% | 4.6% | 6.2% | 7.4% | 7.0% |
| Pay-out | 86% | 89% | 95% | 95% | 94% |
| Free float | 100% | 100% | 100% | 100% | 100% |

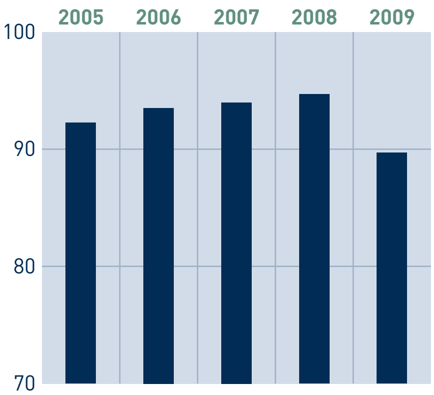
**Contracted rent**
(as a % of contracted rent at December 31, 2009)



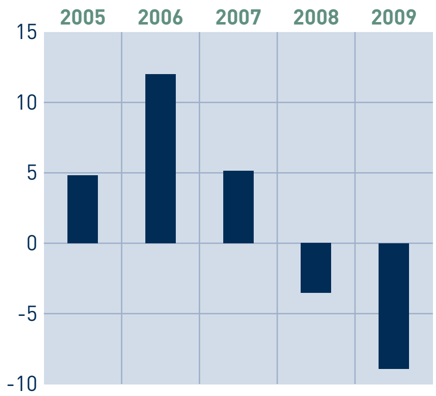

**Net rental income per country** (x € 1 mln)

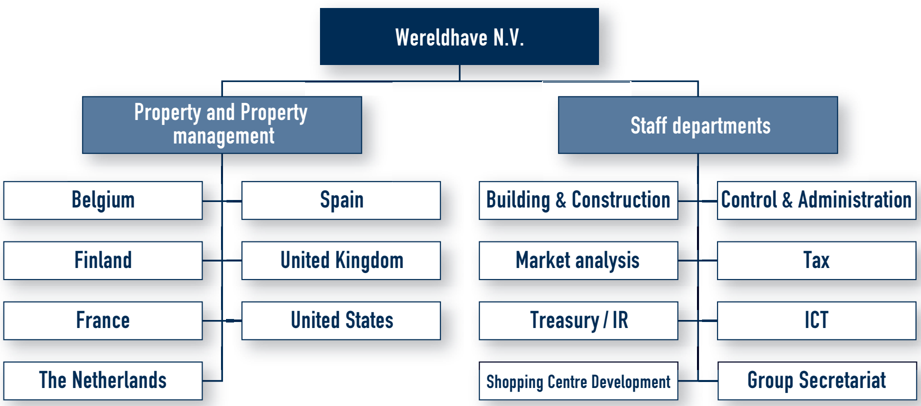



**Occupancy** (in %)




**Property revaluation**
(at year-end, as a % of the previous year)




## Financial calendar

| | |
|---|---|
| **18 March 2010** | Record date Annual General Meeting of Shareholders |
| **15 April 2010** | Annual General Meeting of Shareholders |
| **19 April 2010** | Ex-dividend date and start choice period dividend |
| **21 April 2010** | Dividend record date |
| **7 May 2010** | Dividend payment date |
| **12 May 2010** | First quarter results 2009 |
| **12 August 2010** | Interim statement 2009 |
| **11 November 2010** | Third quarter results 2009 |
| **March 2011** | Annual Report 2010 |

Wereldhave is listed at NYSE Euronext Amsterdam (AEX) and Paris (Premier Marché, valeurs étrangères) and a component of the following indices: MSCI, EPRA, GPR and Stoxx.

Tickercode: WHA
ISIN NL 0000289213

**Board of Management**
J. Pars
D.J. Anbeek

**Supervisory Board**
J. Krant
F.Th.J. Arp
P.H.J. Essers
J.A.P. van Oosten

## Profile

Wereldhave, established in 1930, is a property investment company with an internationally diversified investment portfolio of approximately € 2.5 billion. Wereldhave's activities are currently spread over four property sectors and across six European countries – the Netherlands, Belgium, Finland, France, Spain and the United Kingdom – and three regions in the United States. It creates value by actively managing shopping centres, through sound timing in the purchase and sale of offices and residential property, and by developing its own property at cost.

Real estate is a local business. Local expertise is decisive for the success of a property investment company. With its local personnel, Wereldhave maintains direct contact with its tenants. This enables Wereldhave to stay on top of the issues concerning its tenants and up-to-date on market developments. Knowledge of rapidly-changing user requirements is also deployed in the development of projects for Wereldhave's own portfolio.

## Structure

Wereldhave is a closed-end investment company with variable capital. Shares are issued and repurchased on the basis of resolutions of the Board of Management. Shares in Wereldhave are listed on the NYSE Euronext Amsterdam (AEX) and Paris (Premier Marché, Valeurs Etrangères) stock exchanges.
The company has the fiscal status of an investment institution, so it pays no corporation tax in the Netherlands (other than for development activities in the Netherlands). Wereldhave is licensed pursuant to the Dutch Act on Financial Supervision. Its Belgian investments consist of a 69.3% interest in C.V.A. Wereldhave Belgium S.C.A., an investment company with variable capital listed on the Euronext Brussels stock exchange. The investments in France are subject to the SIIC (Sociétés d'Investissements Immobilières Cotées) regime; in the United States the investments are held in a REIT (Real Estate Investment Trust).

## Property valuation

Wereldhave values its properties at market value, less transaction costs. The entire portfolio is valued each quarter. External valuations by independent, licensed valuers are performed as at 30 June and 31 December. In principle, as from the year 2009 the entire portfolio in every country is assessed by two independent individual experts. Internal valuations are carried out as at 31 March and 30 September.

## Financial position

Wereldhave has a sound financial position. With a Loan-to-Value of 30% and 70% solvency, Wereldhave is one of the most solidly funded property funds listed in Europe.

The Wereldhave share is one of the top 5 most-traded continental European property stocks with an average daily transaction volume of some € 8 million.

## Other

Wereldhave is a member of the Dutch association of institutional property investors IVBN, the Dutch Fund Association DUFAS and the European Public Real Estate Association EPRA. The Wereldhave share is included in the MSCI, EPRA, GPR and Stoxx indices.

# Strategy outline

## Mission

Wereldhave's mission is to be a professional property investor and landlord that generates an attractive long-term investment result in combination with a low-risk profile on its entire property portfolio.

## Strategy

**Value creation**
Wereldhave aims for stable growth of both the direct result and the dividend. To achieve this, the key focal areas of Wereldhave's strategy are value creation and risk diversification. Value is created for shareholders by:

1. achieving rent growth through active management of shopping centres
2. sound timing in the purchase and sale of offices and residential property, and
3. developing property for Wereldhave's own portfolio.

Wereldhave spreads the risks of its investments across nine countries/regions (six European countries and three regions in the United States) and in term three sectors (shopping centres, offices and residential projects). As it is active in various countries and sectors, Wereldhave has better opportunities to create value: there is always at least one country or sector with prospects.

*Active management*
Wereldhave invests in shopping centres that are dominant in their catchment areas. With active management by its own specialists, Wereldhave continues to reinforce the market position of its centres, focusing on increasing visitor numbers, retail sales and rental income. It invests in the appeal, quality and sustainability of its shopping centres. With their high occupancy levels, shopping centres contribute to the consistency of Wereldhave's results. It is for this reason that Wereldhave has resolved to ultimately increase its shopping centre exposure to 50-60% of the total portfolio.

*Sound timing*
The office and residential markets are dominated by tenants who regard property as a consumer good. Rental growth in these markets depends on fluctuations in supply and demand that cannot be controlled by owners. In general, office markets are more volatile than residential markets. The critical success factor in both markets is the timing of purchases and sales. Attractive returns on investments can be generated by utilising the economic cycles in the sale and purchase of offices and of residential property. In-house market analyses and a local presence underpin this policy.

*In-house development*
The third method of value creation is to develop high-quality property at cost for the Company's own portfolio. In-house development of projects makes it possible to optimally gear the quality to user demands and the timing of the investment to market conditions. Wereldhave keeps the risks of project development manageable by balancing the size of the development portfolio with the existing property portfolio.

**Distribution of risks**

Wereldhave spreads risks by dividing the portfolio over continental Europe, the United Kingdom and the United States, while investing in multiple real estate sectors, each with their own pace of development. It focuses on large, liquid, transparent and professional markets. The country and sector spread also creates a diversification of tenants, thus further spreading risks. At the same time, this spread offers opportunities because there is always a market with attractive investment opportunities.

Wereldhave invests in high-quality, sustainable buildings at locations that are readily accessible: in the longer term, the sustainability of buildings will be primarily determined by their location. Areas with proper public transportation in the vicinity of adequate facilities will continue to attract tenants in the longer term. High-quality real estate attracts tenants who are willing and able to pay a premium for sustainable quality. Wereldhave limits risks by investing in high-quality, sustainable property.

**Local expertise and presence**

In order to maintain direct contact with tenants and the market, Wereldhave has its own management organisations in the six European countries and three regions of the United States in which it is active. This local expertise and experience is used to generate rental growth, time the purchases and sales, and acquire projects at cost by in-house development.

**Objectives**

Wereldhave aims to achieve stable growth in the direct result per share and dividend, with a payout ratio of 85-95%. In each country or region, Wereldhave has identified the dominant sector for its activities. It is Wereldhave's ambition to grow its portfolio, initially to a scale of € 400 million per country/region. This size and choice of sector will ensure that Wereldhave's local operational scale is large enough to attract and retain expertise and experience.

Wereldhave aims to ultimately increase its shopping centre exposure to 50-60% of the total portfolio. In addition, Wereldhave is looking to invest in a number of selected office markets. In view of management intensity, buildings worth less than € 20 million will be gradually sold. In time Wereldhave will also sell the logistic buildings in its portfolio.

Wereldhave has solid capital ratios with a current solvency rate of approximately 70%. In view of the portfolio quality, the Board of Management considers it acceptable to fund growth by lowering the solvency margin to 55-65%. This will enable Wereldhave to seize any attractive acquisition opportunities as they appear in the period ahead.

# Corporate social responsibility

**Introduction**

Our developed surroundings constitute one of the primary causes of today's environmental issues. In terms of greenhouse emissions, buildings are in fact the number-one polluters. The years to come will bring challenges to our developed surroundings caused, on the one hand, by legislation and on the other by tenants' increasing demand for sustainable housing.

Wereldhave has embedded in its business principles its focus on sustainable, innovative property products that provide enhanced user value, lower life-cycle costs and reduced environmental impact. A stakeholder analysis was performed which defined four different specific areas of attention: Wereldhave's own organisation, new investments, construction and property development, and property management. An internal sustainability manual was compiled in 2008 defining objectives and plans of action for these four areas. In 2009 extensive effort was devoted to achieving these objectives. New internal objectives for the year to come were also identified. With these activities, Wereldhave is working to continually improve its sustainable policy while utilising the latest information and developments.

**Organisation**

Sustainability awareness starts at the top of the organisation. It is for this reason that the sustainability steering committee is chaired by the Chairman of the Board of Management. Wereldhave appointed a sustainability development manager in 2009. A start was also made in evaluating the Dutch organisation's carbon footprint. In the next few years, the carbon footprint evaluation will be expanded to include other country organisations, and improvements will be assessed.

Wereldhave will work in the years to come to improve the sustainability of its supply chain by stimulating suppliers to opt for sustainable products and to work with sustainable enterprises. The first step will consist of a (cooperation) contract by means of which construction companies commit to sustainable operations and which lays down various concrete sustainability guidelines.

**New investments**

Existing – older – buildings are often not the most sustainable. However, this does not mean that Wereldhave only purchases buildings that have yet to be built. The acquisition of existing, older buildings provides the opportunity to add value to the building and its vicinity. The technical qualifications of a building are often relatively easy to improve, and doing so creates a positive perception among the building's users and neighbours. By contrast, improving the location is seldom possible. Wereldhave will therefore continue to endeavour to invest in locations that will also be appealing to users in the longer term. This means that a choice will be made in the future to invest in inner-city areas offering an ample network of public transportation and where a variety of facilities is available in the immediate vicinity.

**Construction and property development**

In the development of new property, corporate sustainability starts immediately in the initiation phase, when the performance criteria are defined. Wereldhave has applied its own programmes of requirements defining sustainability criteria since 1998. Those criteria are continually tightened. Core themes are energy, water, materials, vicinity, flexibility and the interior environment (health and comfort). Numerous sustainability measures were also implemented in the realisation of a development project in the Netherlands that was put into operation in November 2009.

In the past year Wereldhave used the BREEAM (BREEAM = BRE Environmental Assessment Method) method in the renovation of the Ilot Kleber office in France to suit the latest sustainability requirements. Although the project has not yet been officially certified, the pre-assessment indicates that a "GOOD" rating is achievable. Examples of measures implemented in this project include: use of sustainable cooling: ground water combined with ice storage; upgrade to an energy-efficient heating system; high-frequency lighting; compilation of a building manual for future users; and use of cradle-to-cradle carpeting. In the future Wereldhave will endeavour to obtain at the very least a BREEAM rating of "GOOD" on all new development projects. To do so, the programmes of requirements as compiled by Wereldhave will be amended to include the specifications of BREEAM.

**Property management**

Naturally, Wereldhave's corporate sustainability continues once a building is put into operation. Green electricity is purchased for the portfolios in Belgium and the Netherlands, and in 2009 Wereldhave assessed accessibility for the physically-challenged. All of the shopping centres provide sufficient accessibility, as do 83% of the office buildings (40 buildings).

Ongoing technological developments make it important to keep assessing buildings. A good example in that respect is the shopping centre Itäkeskus in Finland. Various improvements have been made since the building was purchased in 2002, including an upgrade of the heating system, lighting replacement and the installation of air treatment equipment. As a result of these measures, the centre's electricity consumption has been reduced by 15% as compared to 2004.

Wereldhave has obtained energy labels in Europe for approx. 165,000 $m^2$ useable floor space in the past two years. A majority of the buildings earned scores ranging from satisfactory to good. Buildings with poorer scores will be evaluated in terms of possible improvements in the years to come. In the United States, Wereldhave is evaluating energetic quality based on the Energy Star programme. Unlike the system used in the European energy label, buildings are only issued a label if the performance satisfies a certain standard. The building on West Broadway in San Diego, California, has since been certified and labelled. The Mint building in Washington D.C. is currently awaiting certification approval.

Sustainable operation of buildings also requires the help of the building's users/tenants. Wereldhave encourages this by providing building users and tenants with information regarding the measures they can take to reduce their environmental impact. A special brochure will be composed per type of tenant containing tips for sustainable furnishings and a list of interior consultants who are familiar with environmentally-friendly applications. Sustainability brochures will also be compiled for each building in 2010, so that Wereldhave can give (potential) tenants concrete examples of the sustainable uses offered by the building, ensuring that the available facilities are optimally utilised.

# Preliminary Report from the Supervisory Board

To the shareholders

**Recommendation**

We hereby present the 2009 Annual Accounts and the report of the Board of Management. PricewaterhouseCoopers Accountants N.V. have audited and approved the annual accounts. We recommend that you approve these annual accounts. We support the proposal of the Board of Management to pay a dividend of € 3.20 in cash and € 1.45 in cash or in shares at the option of the shareholder.

**Composition of the Board of Management**

Mr G.C.J. Verweij resigned from the Board of Management in 2009. Mr Verweij joined Wereldhave in 1977 and was on the Board of Management since 1988. He served as Chairman of the Board as of March 1994. The Supervisory Board and the Board of Management would like to express their special appreciation of the significant contribution Mr Verweij has made to the Company. He guided Wereldhave out of the property crisis of the early 1990s and left it as a financially strong company that is more than able to weather today's financial crisis.

The General Meeting of Shareholders held on 2 April 2009 appointed Messrs. J. Pars and D.J. Anbeek to the Board of Management. After Mr Verweij's resignation, Mr Pars has served as Chairman of the Board since 1 July 2009. The Supervisory Board is of the opinion that the two directors complement one another well in terms of expertise and experience, equipping the new Board of Management to adequately deal with every aspect important to a property investment company with international operations.

Together with the new Board of Management, in September 2009 the Supervisory Board devoted extensive attention to the strategy for the years to come. This assessment led to the conclusion that Wereldhave's strategy is still the right choice, but with a shift of emphasis on certain elements.

**Appointment proposal**

Mr P.H.J. Essers is scheduled to step down at the next General Meeting. He is nominated for reappointment for a period of three years. The nomination is based on Mr Essers' experience with tax law and executive management. This nomination is in line with the profile for members of the Supervisory Board.

**Report by the Supervisory Board**

The Supervisory Board met seven times in 2009. A detailed report of the activities of this Board can be found on page 113 of this annual report.

The Hague, 2 March 2010
Supervisory Board Wereldhave N.V.

J. Krant
F.Th.J. Arp
P.H.J. Essers
J.A.P. van Oosten

## A brief look at 2009

### Rebalancing strategy

In consultation with the Supervisory Board, the strategy was rebalanced. Wereldhave focuses on steady growth of both the direct result and the dividend. It aims to ultimately increase its shopping centre exposure to 50-60% of the total portfolio. The exposure to shopping centres in the portfolio as a whole will be increased. Logistics property and property with a value of less than € 20 million will be sold.

### Property markets

Pressure came to bear on occupancy in the office markets in 2009. Corporate investments are being suspended and many users downsized their activities. In many markets this led to a decrease in effective rents. While the occupancy level remained stable on the retail market, retailers were affected by decreasing sales and diminishing margins. Almost no property transactions were closed in the first half of 2009. Modest recovery was seen in the second semester. The market consensus is that property yields have increased, implying that prices have declined. Opportunities could present themselves when highly-leveraged parties are confronted with higher interest expenses as a result of refinancing, forcing them to sell their real estate.

The financial crisis on the rental markets for both office buildings and shopping centres has sharpened the dividing line between first-class and second-class property. Wereldhave's strategy, focusing on the active management of quality shopping centres, the purchase and timely sale of offices, and the development of new real estate that meets the latest requirements is well-suited to the current turbulent market conditions.

### Valuation of the property portfolio

In light of the changed market conditions, a downward revaluation of 9.1% was applied to the portfolio in 2009. As a result, the weighted average net yield increased by approx. 50 basis points to 6.7% (31 December 2008: 6.2%). The average net initial yield is calculated as the quotient of the net market rent and the market value including transaction costs.

### Acquisitions and sales

Wereldhave refrained from acquisitions in 2009 in view of the continued decline in real estate prices, with the exception of the purchase of a shop in the Les Bastions shopping centre and a plot of land in Tournai for a total of € 6.7 mln. In keeping with the Company's strategy, three smaller buildings in the United Kingdom were sold for a total sum of € 2.9 million, generating a result on disposals of € 0.8 million. On February 15, 2010, Wereldhave purchased (stakes in) four Dutch shopping centres for € 219.8 mln. Involved are the Eggert centre in Purmerend, De Koperwiek in Capelle a/d IJssel, Woensel XL in Eindhoven and de Roselaar in Roosendaal. Completion is scheduled for March 16, 2010.

### Development portfolio

In Belgium, a permit has been obtained for the 12,000 $m^2$ expansion of the Nivelles shopping centre. Construction of the expansion is expected to commence in June 2010. In Tournai, also in Belgium, an application has been submitted for permits for a 4,500 $m^2$ expansion of the shopping centre and a 10,000 $m^2$ retail park. This permit is expected to be granted in the fourth quarter of 2010.

In the United States, the first two office buildings in the Eilan project in San Antonio are scheduled to be put into operation in the second quarter of 2010. Construction of the rest of the first phase of this project consisting of some 500 homes, a hotel and a variety of commercial facilities commenced in 2009 and is scheduled for delivery starting in 2011.

# Results

**Profit/loss**

The profit for 2009 amounted to € –102.3 million, or adjusted for the minority interest, to € –5.07 per share (2008: € 8.8 million or € 0.02 per share). The profit decrease was caused by a downward revaluation of the portfolio in all countries. This can be attributed mainly to higher yields and lower market rents. The revaluation totalled € –245.8 million (2008: € –112.6 million). Exchange rate differences had a positive effect on the profit of € 6.0 million (2008: € –1.6 mln). The profit consists of the direct result (rental income after deducting costs) and the indirect result (realised and unrealised changes in the value of the portfolio). A brief explanation is provided below. A detailed summary with comparative figures can be found starting on page 52. For a summary of the revaluations, see page 120. The notes to the annual accounts on pages 56 to 111 can be found at www.wereldhave.com. Upon request, a print of these pages will be sent free of charge.

**Direct result**

The direct result over 2009 amounted to € 111.1 million and was € 1.7 mln higher than the figure for 2008. Rising vacancies, especially in two office buildings in Washington DC and Paris, resulted in a decrease in the net rental income of € 5.8 million. The increase (including exchange rate differences) of the direct result was therefore primarily caused by a decrease in interest charges of € 8.5 million. General costs increased by € 1.3 million, primarily due to changes in the composition of the Board of Management and the costs of consultants. Exchange rate differences ultimately had a minimal effect on the direct result.

The decrease in interest expenses was a result of the sharply lower interest rates, especially in the United States. Wereldhave benefited significantly from the low interest in 2009 because a large part of its loans are financed at variable interest rates. The average interest rate declined sharply over the first nine months of the year, but the 5-year convertible bond of € 230 million issued on 16 September at 4.375% caused the average interest at year-end to increase again to 3.3% (2008: 3.7%).

In comparison with 2008, the occupancy level fell by 5 percentage points to 89.7%. Occupancy levels per sector over 2009 were 81.3% for offices, 97.8% for retail/leisure, 98.9% for logistics, and 88.1% in the residential sector.

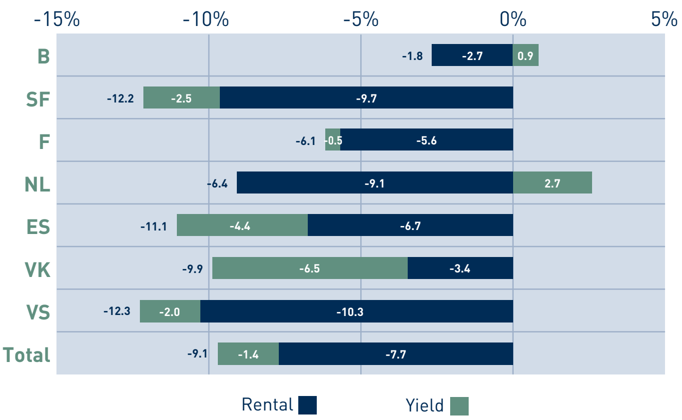
**Indirect result**

The indirect result for 2009 including consolidated minority interests in Wereldhave Belgium totalled € –213.4 million (2008: € –100.6 million).

The average yield on the portfolio applied in the valuation increased by circa 50 basis points in 2009, bringing the weighted net initial yield on the portfolio to approximately 6.7% (2008: 6.2%). The increase in the initial yields and lower market rents resulted in a downward revaluation of the property portfolio as at 31 December 2009 of 7.7% and 1.4% respectively. The breakdown per country can be found in the table below. The revaluation on financial instruments amounted to € –1.2 million (2008: € 4.7 mln).



**Revaluation as at December 31, 2009** *(as a % in cause)*




**Key figures** *(x € 1 mln)*

| **Results** | **2009** | **2008** |
|---|---|---|
| Profit | -/-102.3 | 8.8 |
| Direct result | 111.1 | 109.4 |
| Indirect result | -/-213.4 | -/-100.6 |
| Profit per share *(x € 1)* | -/- 5.07 | 0.02 |
| Direct result per share *(x € 1)* | 4.93 | 4.92 |
| **Equity** | | |
| Investment portfolio | 2,418.2 | 2,646.0 |
| Equity | 1,686.5 | 1,860.2 |
| Net asset value per share *(x € 1)* | 73.77 | 83.74 |

A result on property disposals was achieved in 2009 of € 0.8 million (2009: € 4.3 million). Lower property valuations and a release of deferred taxes in the United Kingdom brought a decrease in deferred taxes on the indirect result of € 34.8 million (2008: 10.0 million) Interest expenses in the indirect result increased by € 0.4 million to € 2.0 million, in particular due to the issue of a € 230 million convertible bond in 2009. Other financial income and expenses improved by € 6.1 million, as a result of one-off pension expenses in 2008 and of exchange rate differences.

**Dividend**

An optional dividend of € 4.65 will be proposed to the General Meeting of Shareholders for 2009, of which € 3.20 in cash in order to comply with the fiscal distribution obligation, after deducting withholding tax, and € 1.45 in cash or in shares, at the option of the shareholder. The latter distribution will be charged to the reinvestment reserve and therefore no dividend tax will be due. The dividend is payable from 7 May 2010. Shareholders can make their choice between cash and shares from April 19, 2010 until May 3, 2010, 17.00 hr CET. With a dividend of € 4.65, the payout ratio amounts to 94.3%. If a shareholder does not communicate his choice, the dividend will be paid in shares. The optional dividend component in shares (as a percentage) will be set by dividing the optional dividend in cash by the average of share prices at closure of trading of the period April 26 up to May 3, 2010, with a 3%-5% margin. The maximum number of ordinary shares to be issued is this percentage, multiplied by the number of shares in issue. The exact number of shares issued will be communicated by press release on May 4, 2010, before trading hours. The newly issued ordinary shares bear equal rights as those already in issue and are entitled to dividend as from the financial year 2010 and further.

**Stock market performance**

In 2009, Wereldhave shareholders realised a total return of 13.3% (2008: –9.4%). This return was 22.8% below the EPRA (European Public Real Estate Association) Return Index (€). The Wereldhave share is listed in Amsterdam and Paris and is included in the Amsterdam AEX Index (yield 2009: 42.1%). As at year-end 2009, the price/direct result ratio was 13.5. The daily trading volume averaged 131,000 shares. Options on the shares are traded on Euronext.Liffe.



**Share price development 2009** *(€)*


| | Price/DR | Price *(x € 1)* | |
|---|---|---|---|
| | 2009 | 2009 | 2008 |
| highest | 14.26 | 70.29 | 83.76 |
| lowest | 9.21 | 45.39 | 55.16 |
| year-end | 13.53 | 66.70 | 63.00 |

### Equity

As at year-end, equity including minority interests before appropriation of the proposed divided amounted to € 1,686.5 million. This represents a 70% solvency (2008: 71%). Wereldhave's guideline for the longer term is a solvency ratio ranging between 55% and 65%. Strong capital ratios reduce the sensitivity to interest rate movements and increase the ability to make new investments. A total of 495,253 new shares were issued in 2009 in connection with the distribution of an optional dividend. The total number of ordinary shares in issue at year-end 2009 amounted to 21,276,988.

On 8 July 2009, all the outstanding preference shares in the capital of Wereldhave N.V. were withdrawn and their listing was terminated. Wereldhave retains the right to issue new preference shares or priority shares as a means to ward off any hostile takeover. Additional information can be found on page 25. Share ownership is spread among institutional and private investors, both in the Netherlands and abroad. As at 31 December 2009, Wereldhave had only one shareholder with an interest of more than 5%: ABP with 5.95%. The free float of the ordinary shares is 100%. The net asset value per share before profit appropriation as at 31 December 2009 was € 73.77 (year-end 2008: € 83.74).

### Loan capital

Interest bearing loan capital as at year-end amounted to € 712.8 million, 40% of which at variable interest rates. Once again, in 2009 the variable money market interest rates were lower than in the preceding years. Declining interest rates had a positive effect, especially in the United Kingdom and the United States. Wereldhave issued a convertible loan of € 230 million at 4.375% during the third quarter of 2009, putting the average interest rate at 3.3% at year-end.

As a result of this bond loan, the committed credit lines rose to more than € 390 million and the percentage of loans at variable interest rates fell from 75% to 40%. Loans in USD and GBP are part of our currency hedging policy.

Despite considerable downward revaluation of the property portfolio, as at 31 December 2009 Wereldhave's equity ratios continued to be rock-solid with relatively little debt. With a Loan-to-Value ratio of 29.7%, Wereldhave is one of the most solidly funded property funds listed in Europe. Wereldhave's interest-rate sensitivity is limited by its high solvency ratio. Additional information can be found on page 19. Wereldhave aims for a loan portfolio with a term to maturity that is evenly spread across the medium term. Some € 200 million in loans will be extended in mid-2010, for which initial talks have already begun. In principle, the funding of the Company is provided by various banks on the basis of balance sheet financing without collateral. The notes to the consolidated annual accounts contain further information on the loan portfolio.



**Movement net asset value per ordinary share ranking for dividend** *(x € 1)*

| | 2009 | 2008 |
|---|---|---|
| Net asset value before distribution of profit as at 01-01 | 83.74 | 89.06 |
| less: dividend previous year | 4.65 | 4.65 |
| | 79.09 | 84.41 |
| Direct result | 4.93 | 4.92 |
| Indirect result | -/- 10.00 | -/- 4.90 |
| Other movements in equity | -/- 0.25 | -/- 0.69 |
| Net asset value before distribution of profit as at 31-12 | 73.77 | 83.74 |
| less: proposed dividend | 4.65 | 4.65 |
| Net asset value after distribution of profit as at 31-12 | 69.12 | 79.09 |

The € 200 million convertible bond 2006-2011 with a nominal interest rate of 2.5% has a conversion rate of € 97.00; the € 230 million convertible bond 2009-2014 with a nominal interest rate of 4.375% has a conversion rate of € 72.18. No bonds had been converted into Wereldhave shares as at 31 December 2009.

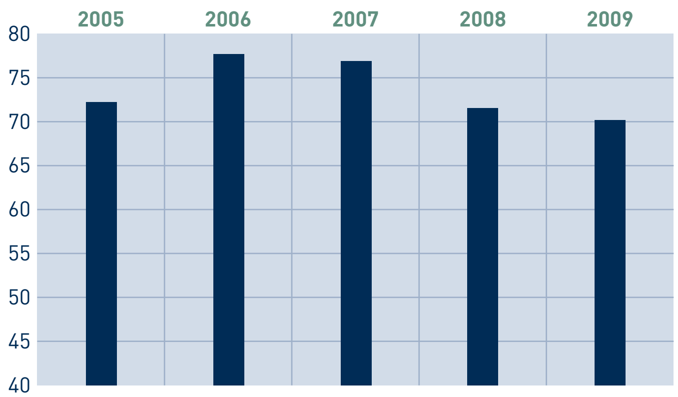
**Currency**
As at year-end 2009 the USD exposure was hedged for 62% (2008: 68%) and the GBP exposure was hedged for 61% (2008: 61%). Forward exchange options were used to hedge the GBP and USD positions in 2009. The net negative effect of exchange rate differences on equity amounted to € 1.2 million (2008: € –13.3 mln).

These hedge ratios represent the economic currency risk on the value of the property portfolio in the respective currencies. The guideline for hedging exposure in the property portfolio to USD and GBP is a hedge ratio of 50%. Deviations from this targeted level are permitted within a hedging margin of 40%-70%. Results in USD and GBP, other than through interest expenses in these currencies, are not hedged separately.

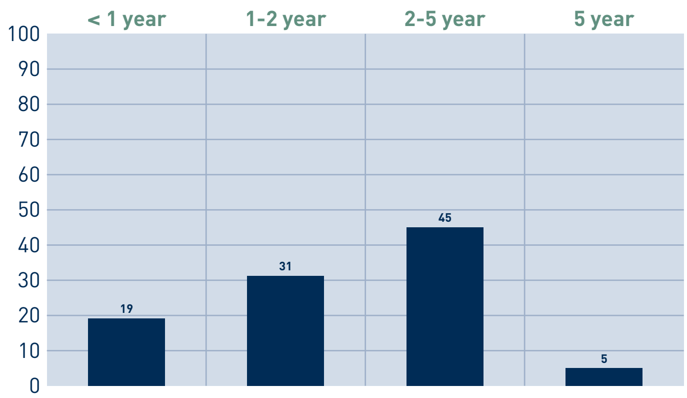
**Derivatives**
Wereldhave employs currency swaps and currency options, and also uses financial instruments as necessary to control its interest expenses. These financial instruments are combined to manage the exchange rate sensitivity of the net asset value per share and the interest rate sensitivity of the earnings per share. The use of financial instruments like interest rate and currency swaps accordingly serves the interest rate and currency policies referred to above.



**Solvency rate** *(as a %)*




**Maturity spread interest bearing debt** *(as a %)*



## Composition of the portfolio

The composition of the portfolio remained virtually unchanged in 2009. The occupancy rate in 2009 averaged 89.7%. The vacancy level increased compared to 2008 (occupancy rate 94.7%) when two office buildings (Paris and Washington DC) were vacated at the end of 2008. Some 10,400 m² in Paris, representing about half of the vacancies in France, has been leased as from mid-February 2010. In Washington DC some 4,700 m² or about 55% of the space vacated in December 2008 has been leased. The new rents exceed the old rent levels. Significant progress has also been achieved in leasing space in Manchester. Lease agreements were signed in December 2009 and January 2010 for 93% of the space available in this office project.

A downward revaluation at the year-end rates was made to the investment portfolio of 9.1% (yield –7.7%, rents –1.4%). The value of the development portfolio as at year-end was € 81.6; the value of the investment portfolio amounted to € 2,418.2 million. The table of revaluations can be found on page 120. Information on the development portfolio is provided on pages 32 and 33.

On February 15, 2010, Wereldhave made a first important step in realising it's objective to expand the share of shopping centres in the portfolio to 50%-60% of the total portfolio, by the purchase of stakes in four Dutch shopping centres for € 219.8 mln. After completion of the purchase, the share of retail will amount to approx. 50%.

**Net sales proceeds of investment properties in operation**

*(x € 1 mln)*

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Netherlands | 6.0 | 6.1 | 52.3 | – | – |
| Belgium | – | – | 22.2 | – | – |
| Finland | – | – | – | – | – |
| France | – | 105.9 | 0.1 | – | – |
| Spain | – | – | – | – | – |
| UK | 62.2 | 59.0 | 12.6 | 6.2 | 2.7 |
| USA | 10.0 | – | 60.6 | – | – |
| Total | 78.2 | 171.0 | 147.8 | 6.2 | 2.7 |

**Net sales proceeds of investment properties in operation**

*(as a % of book value)*

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Netherlands | – | 1.7 | – | – | – |
| Belgium | 3.9 | 2.1 | – | – | 5.6 |
| Finland | – | – | – | – | – |
| France | – | – | – | – | – |
| Spain | – | – | 53.9 | – | – |
| UK | 120.2 | – | – | – | – |
| USA | – | 101.5 | 150.0 | 117.7 | – |
| Total | 124.1 | 105.3 | 203.9 | 117.7 | 5.6 |



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

| | 05 | 06 | 07 | 08 | 09 |
|---|---|---|---|---|---|
| Offices | 48 | 45 | 45 | 45 | 45 |
| Retail/Leisure | 41 | 44 | 46 | 46 | 46 |
| Logistics | 9 | 9 | 7 | 7 | 7 |
| Residential | 2 | 2 | 2 | 2 | 2 |

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

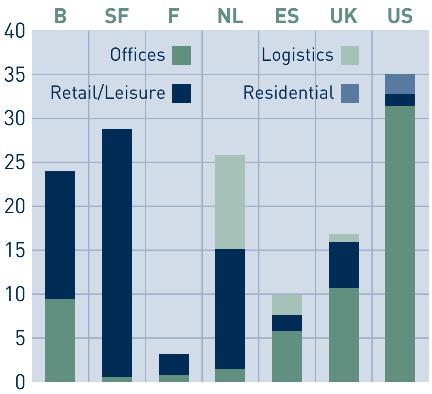
| | 05 | 06 | 07 | 08 | 09 |
|---|---|---|---|---|---|
| Belgium | 15 | 14 | 14 | 14 | 16 |
| Finland | 19 | 21 | 22 | 22 | 21 |
| France | 9 | 7 | 7 | 7 | 7 |
| Netherlands | 16 | 16 | 15 | 15 | 16 |
| Spain | 5 | 5 | 7 | 7 | 6 |
| UK | 18 | 17 | 14 | 8 | 9 |
| USA | 18 | 20 | 21 | 27 | 25 |

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

| | 05 | 06 | 07 | 08 | 09 |
|---|---|---|---|---|---|
| Belgium | 14.2 | 14.5 | 15.2 | 15.4 | 16.8 |
| Finland | 17.9 | 18.5 | 19.6 | 19.9 | 20.1 |
| France | 11.3 | 9.0 | 7.7 | 7.6 | 2.1 |
| Netherlands | 17.0 | 17.5 | 17.9 | 16.3 | 18.0 |
| Spain | 4.8 | 5.5 | 6.4 | 7.0 | 6.8 |
| UK | 17.6 | 17.7 | 15.5 | 13.3 | 11.7 |
| USA | 17.2 | 17.3 | 17.7 | 20.5 | 24.5 |
| Total | 100 | 100 | 100 | 100 | 100 |

**Net rental income per country and sector**

*(x € 1 mln)*



## Staff and organisation

Mr G.C.J. Verweij resigned from the Board of Management of Wereldhave as per 30 June 2009, after a long, successful career with Wereldhave. He joined the building staff department in 1977 and assumed responsibility as head of that department in 1981. Mr Verweij was appointed managing director of Wereldhave Management Holding B.V. in 1982. After his appointment as managing director of Wereldhave N.V. in 1988, Mr Verweij chaired the Board of Management for the last 15 years of his career. Management and staff wish to express their gratitude to Mr Verweij for his many contributions to Wereldhave during those years.

Mr Arto Asikainen, managing director of Wereldhave Finland, retired in December 2009. He will continue to be affiliated with Wereldhave Finland as a consultant. Mr Asikainen was succeeded by Ms Irja Hanelius, formerly shopping centre manager Itäkeskus with Wereldhave. With Ms Hanelius' appointment, two of the seven country directors are female.

Wereldhave created a new Shopping Centre Development department as of 1 January 2010. This department was created to provide support to the local organisations in the countries where Wereldhave has shopping centres in improving the tenant mix and the appeal of the shopping centres. The department will also facilitate the exchange of expertise and experience among the country organisations, and will compile and implement best practices in the area of shopping centre management.

A Tax Affairs department was also established in 2009 in order to optimise Wereldhave's international tax position. These tasks were formerly the responsibility of the Control & Administration department. No other changes were made to the organisation.

The new information system developed by Wereldhave, Aremis, was put into operation in April 2009. The conversion from the old information system was successful, and Aremis will be expanded in the years to come.

Wereldhave employed an average of 127 staff members in 2009 (2008: 104), 88 of whom in the local offices. The increase as compared to employment figures published earlier is a result of the fact that property-related employees (employees charged with day-to-day property management) are now included. Of the total number of employees, 48% were female and 52% male. The average age of the employees is 45 and the average term of employment is 10 years. Absenteeism due to illness averaged 1.9% (2008: 2%).

We wish to express our gratitude to all our employees for their dedication and commitment.

# Corporate governance

Wereldhave attaches great importance to achieving a balance between the interest of providers of risk-bearing capital and those of other steakholders 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 are published on our website www.wereldhave.com. The recommendations of the Tabaksblat Committee were implemented early 2004. The Annual Meeting Shareholders granted its approval to the implementation of the Committee's recommendations on March 24, 2004.

Changes in the Corporate Governance Code as suggested by the Commissie Frijns relate to (internal) risk management, the remuneration policy, corporate social responsibility, diversion within the Supervisory Board and communication with and responsibility of the Shareholder. Wereldhave's comments on the new Code can be found at the website of Wereldhave. As a consequence of the new code, the regulations for the Supervisory Board, the Audit Committee and the Board of Management were revised, as were the profile sketch and the policy for bilateral contacts with shareholders.

**Comply or explain**

Wereldhave is fully compliant to the Code. Where deviated from the code, the principle 'comply or explain' is applied. The statutory possibility of binding nominations of members of the Board of Management by the Meeting of Holders of Priority Shares is the only deviation from the Code. A possible binding nomination is connected to the option of anti-takeover measures (see page 25). The deviation has been approved by the General Meeting of Shareholders.
The complete text of the Code can be consulted at www.commissiecorporategovernance.nl.

**Company risks and risks management**

Wereldhave makes a distinction between strategic, operational and financial risks. Strategic risks are related to Wereldhave's strategic choices; operational risks are directly related to the operating activities, and financial risks are related to developments on the financial and currency markets.

A description of the Company's main risks, the specific measures to manage those risks and their potential impact on Wereldhave's result and equity is provided below.

## Main risks

**Operational**

*The rental risk* involves the risk of the lettability and movements in market rents. Due to the economic crisis, it may take longer to rent vacated space, resulting in a loss of rental income due to vacancies. Market rents are not always in keeping with contractual rent fees, as a result of which adjustments to the rental income can be necessary when extending leases or renovating. Wereldhave keeps a constant and close eye on market rent movements.

With its strategy of portfolio renewal, Wereldhave has grown a portfolio of modern, first-class property with good letting prospects. The local management organisations maintain direct contact with the tenants and regularly report to the Board of Management on all relevant market developments. Wereldhave also has a Market Analysis department that keeps a vigilant eye on developments in the various markets and reports to the Board of Management. The standard lease terms state that rent is to be paid in advance. Another fixed component in Wereldhave's lease agreements is formed by payment guarantees. A change of 0.5% in the occupancy levels has an effect on the direct result of € 0.9 million (€ 0.04 per share).

*The value development of the portfolio* is affected by rental markets as well as financial markets. A lower value affects the capital ratios and the net asset value of the share.

Wereldhave's strategy safeguards its portfolio of attractive properties with excellent letting prospects. However, even the value of fist-class property can decrease. The portfolio's value development is monitored closely. Wereldhave values its properties at market value, less transaction costs. The entire portfolio is appraised each quarter. External appraisals by several independent, licensed appraisers are performed as at 30 June and 31 December. The portfolio is also internally revalued as at 31 March and 30 September. With its solid capital ratios, Wereldhave is well able to absorb any decreases in property values. A change in the average initial yield of 0.25% has an effect of € 76.1 million on equity and (indirect) result (€ 3.58 per share).

**Financial**

*Fluctuations in the exchange rates for the GBP and the USD* can affect the result and the value of investments outside of the Euro zone. This affect is minimised through financing in the relevant currency and hedging with currency swaps and forward transactions.

The hedge policy is determined by the Board of Management. Exchange rate developments are continuously monitored. The guideline for hedging property portfolio exposure to the USD and GBP is a hedge ratio of 50%, with a range of 40% to 70%. As at year-end 2009, the USD exposure was hedged for 62% (2008: 68%) and the GBP exposure was hedged for 61% (2008: 61%). The risks of lower exchange rates to the direct result are not hedged. The currency risk to the value of the portfolio is partially hedged. A 5% change in the year-end exchange rates has an effect of € 17.6 million on equity and € 0.83 on the net asset value per share. A change of 5% in the average exchange rates has an effect of € 2.1 million on the direct result (€ 0.10 per share).

*Movements in interest rates* may affect the result, the yield and the value of the property portfolio. The interest rate policy is determined by the Board of Management.

Of the interest-bearing loan capital of € 712.8 million, 40% was borrowed at variable interest rates as at 31 December 2009. Inflation rates, in combination with both interest rates and exchange rates, are included in the management information and in the parameters set by the Board of Management for the projections and forecasts that are used in determining policy. Wereldhave has interest rate consolidation options at its disposal in the form of interest rate swaps and drawings on committed fixed-interest facilities, and it maintains strong capital ratios With a Loan-to-Value ratio of 29.7% as at year-end 2009, Wereldhave is one of the most soundly funded property funds listed in Europe. A change of 0.5% in the money market interest rate has an effect of € 1.4 million on the direct result and equity (€ 0.07 per share).

## Other risks

**Operational**

*The bad debt risk* is the risk of a contract party defaulting on payments to Wereldhave. If 1% of the debtors were to default, this would have an effect of € 0.1 million on the direct result (€ nil per share). With an on-line application, Wereldhave monitors outstanding receivables and assesses the adequacy of its provision for bad debts on a monthly basis. Moreover, the standard lease conditions require rents to be paid in advance, and the creditworthiness of every new tenant is assessed before any new lease is signed. The risk is limited further by bank guarantees provided by tenants.

*Development risk*

The risk that the ultimate project costs deviate from the original budget is managed by means of transparent budgeting and highly-disciplined project management. Wereldhave also endeavours to ensure that it can determine itself whether and when the various project phases commence. Completion and purchase obligations are only concluded subject to an explicit decision of the Board of Management.

**Financial**

*The refinancing risk* is the risk that credit agreements cannot be renewed or that renewal is only possible on less favourable conditions. That risk is limited by maintaining strong capital ratios, maintaining relationships with various international banks, and maintaining sufficient credit facilities (committed and uncommitted). Management assesses cash flow forecasts and the resulting funding requirements on a regular basis.

*Financial transactions* such as interest and currency swaps entail risks. The use of financial instruments is limited to hedging the underlying transactions or positions. Only financial institutions with an investment grade credit rating are eligible as counterparties. Financial transactions are only concluded with the prior approval of the Board of Management.

**Strategic**

In order to *maintain its fiscal status,* Wereldhave must satisfy the statutory requirements. The Board of Management devotes continuous attention to maintaining the status. The distribution obligation and funding limits are calculated periodically and on an ad-hoc basis in connection with refinancing, investments and preparing the dividend proposal. Wereldhave satisfied the requirements for the fiscal status of investment institution during 2009.

*Changes in the geographical distribution and the distribution of activities* by entering into countries, markets or activities that are new to Wereldhave, or making adjustments to the existing mix, involves risks. Having our own local management company that can provide the necessary knowledge of local regulations and the local culture is a prerequisite for entering into new countries. Wereldhave's local management companies employ staff from the relevant country with ties to the local culture who are committed to Wereldhave's performance.

**Risk management**

The Board of Management is responsible for the organisation, implementation and functioning of the internal risk management and control systems that are geared to Wereldhave's business activities. The Board of Management is aware that there is no risk management and control system that can provide absolute guarantees in terms of achieving the business objectives and preventing significant errors, losses, fraud or the violation of laws or regulations.

The instruments for internal control and risk management consist of the tailored administrative organisation, the annual investment plan prepared by the Board of Management and approved by the Supervisory Board, and the Business Principles and Code of Conduct. Wereldhave has rules in place for reporting irregularities. All integrity-sensitive positions have been identified, and special procedures are in place for hiring employees for these positions.

Wereldhave has set up its own, tailor-made administrative organisation in which internal control is embedded. The business processes are documented in a database that is available on-line to all employees. This system not only safeguards the continuity of business processes, but also records and disseminates the knowledge present in the company. The business processes are further defined in task descriptions per function.

The Administrative Organisation/Internal Control system is based on a division of functions to the greatest possible extent. This system includes a computerised information system with access being based on the task descriptions. Both contracting and payment take place based on the 'four-eyes' principle. The managing directors of Wereldhave N.V. are also the directors of the local property holding companies. This ensures that no property transactions can be concluded locally unless they have been explicitly approved by the Board of Management of Wereldhave N.V.

Wereldhave has strict procedures in place for the periodic preparation of quarterly and annual figures based on approved accounting principles. The internal management reports are designed to immediately identify developments in the value of investments and the result per share. Electronic data processing is used in a computerised, integrated central information system to which all foreign and domestic business units are directly connected.

Wereldhave aims to guarantee the reliability and continuity of its IT organisation and automated data processing by employing a system of preventative and repressive measures. This system is designed to safeguard the integrity, exclusiveness, availability and verifiability of the automated data processing and data storage. Daily backups are made of the data files. Each week the backup files are deposited in an external safe.

The Board of Management assessed the organisation and functioning of the internal risk management and control systems. The outcome of this assessment and any significant modifications were discussed with the Supervisory Board together with the strategy and risks. The assessment did not contain any observations warranting the conclusion that the description of the administrative organisation and internal control system does not satisfy the requirements set in the Dutch Financial Supervision Act and relevant regulations.

## Statement by the Board of Management

The Board of Management of Wereldhave N.V. declares:

1. that based on the assessment performed and taking into account the relevant recommendations of the Monitoring Committee Corporate Governance, the internal risk management and control systems of Wereldhave are adequate and provide a reasonable degree of certainty that the financial reporting as included in this annual report is free of material misstatement. The Board of Management has no evidence that this risk management and control system would not have functioned in accordance with the description or that this system would not have functioned properly in the current year;
2. that the annual accounts present a true and fair view of the assets, liabilities, financial position and result of Wereldhave N.V. and the companies included in the consolidation; and
3. that the annual report provides a true and fair view of the situation on the balance sheet date, the course of business during the financial year of Wereldhave N.V. and the affiliated companies, the figures of which have been included in its annual accounts; and
4. that the main risks confronting Wereldhave and its affiliated companies have been described in this annual report.

**Remuneration policy**

The remuneration report is submitted for approval by the Annual Meeting of Shareholders every year. For the year 2010 a change in the fixed salary is proposed, together with a new incentive scheme as from the year 2010. We have taken into account the guidelines by the Dutch National Bank and the Dutch Financial Markets Authority for a moderate remuneration policy. The proposed remuneration is mainly based on the development of the direct result, more weight is granted to its long term development. It is proposed to keep the short term incentive for the year 2009 unchanged and to end and pay the current long term incentive in 2010 (when the new scheme starts).

*New design*

The short and long term bonus for the years 2010-2012 will be determent using the development of the direct result per share (also known as EPS) and through personal objectives. More information can be found in the report of the Supervisory Board on page 113.

**General Meeting of Shareholders**

The General Meeting of Shareholders is usually held in April. The voting right on the shares is determined by the nominal value of the shares. Wereldhave has ordinary shares, preference shares and priority shares A and B, each with a € 10 nominal value. As at December 31, 2009, 21,276,988 ordinary shares and 10 priority shares A were in issue. There were no priority shares B and preference shares in issue.

Wereldhave applies a record date of thirty days and a convocation date of 42 days before the Annual Meeting of Shareholders. Bearer shares must be deposited on or before the record date and will be blocked until the record date. Additional information is provided in the calendar and the convocation for the meeting.

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 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.

The Articles of Association can be amended by the General Meeting of shareholders by absolute majority, upon proposal of the Meeting of holders of priority shares (article 35 of the articles of association).

**Board of Management**

The Board of Management of Wereldhave consists of Mr J. Pars (Chairman) and Mr D.J. Anbeek. The members of the Board of Management are jointly responsible for the management and running of Wereldhave N.V. and its subsidiairies. These duties are performed with due observance of the investment plan, and its derived sub-plans, that each year is drawn up for the enterprise and adopted by the Supervisory Board.

Mr Pars focuses on the countries Belgium, United Kingdom and United States and the staff departments Investor Relations, Group Secretariat, Human Resources, Shopping Centre Development, Market Analysis and the Building staff department. Mr Anbeek focuses on The Netherlands, Finland, France and Spain and the staff departments Control & Administration, Treasury, Fiscal Affairs and ICT.

The Board of Management aims to achieve a consensus in decision making. If no agreement can be reached within the Board of Management about important decisions, the items concerned will be raised by the Board of Management at the meetings with the Supervisory Board. Additional regulation regarding decision making is set out in the Regulations of the Board of Wereldhave N.V. which can be consulted at www.wereldhave.com.

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. The members of the Board of Management have been appointed for a period of four years. The agreements contain a break option with a maximum termination fee of one year's salary.

The Board of Management's remuneration is determined in line with the policy set out in the remuneration report.

In the year under review no business transactions took place in which conflicts of interest may have played a role. All business transactions and members of the Board will be published in the Annual Report.

**Supervisory Board**

The Supervisory Board of Wereldhave N.V. is formed by Messrs. J. Krant (Chairman), P.H.J. Essers, F.Th.J. Arp and J.A.P. van Oosten. The duty of the Supervisory Board is to supervise the policies of the Board of Management and the general affairs of the company and its affiliated enterprise. The Supervisory Board has both a supervisory and advisory role and, in discharging this role, shall be guided by the interests of the company, the enterprise and all its shareholders. The Supervisory Board shall act as a body having joint responsibility, without a mandate and independent of any particular interests associated with the company.

The Supervisory Board shall discuss at least once a year, without the Board of Management being present, its own functioning, the relationship to the Board of Management, the composition and assessment of the Board of Management, including matters of succession and remuneration.
The performance of the Board is assessed by way of question lists to be filled in. As a consequence of the new Code, the profile sketch for new members of the Board was revised. The revision relates to the deversification of Board members. The Supervisory Board is assisted by the Company Secretary.

The specific duties of the Chairman of the Supervisory Board comprises communication with the Board of Management, chairing the General Meeting of Shareholders, consulting with any advisers engaged by the Supervisory Board, consultation of the members of the Board of Management of the Priority prior to the submission of a proposal for reappointment of members of the Supervisory Board and discussing with the members of the Board of Management the outcome of the Supervisory Board's annual evaluation of the Board of Management's performance. The Chairman shall also take the initiative in such matters as selection, appointment and reappointment as well as evaluation of the members of the Supervisory Board and the Board of Management, appointment of the Vice-Chairman of the Supervisory Board, remuneration issues, contacts and communication with external advisers, including specifically the external auditor, all such to facilitate preparation of discussion of these matters at the plenary meeting of the Supervisory Board or the Priority. In addition the Chairman shall see to it that the members of the Supervisory Board follow their induction and education or training programme, the members of the Supervisory Board receive in good time all information which is necessary for the proper performance of their duties and that there is sufficient time for consultation and decision-making.

Members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders, at the proposal of the meeting of holders of priority shares. The General Meeting of Shareholders determines the remuneration of the board and its members. The remuneration was last adjusted in 1999 and is indexed annually. For the year 2010 and following, it is proposed to pay an additional fixed remuneration to members of committees of the Board of € 4,000 for the chairman of a committee and € 3,000 for committee members.

The members of the Supervisory Board are independent of one another, the Board of Management or any particular interest.

According to the articles of association, each year one member of the Supervisory Board retires by rotation. A proposal for (re)election to the General Meeting of shareholders shall be properly explained. In the case of a (re)appointment, account will be taken of the candidate's performance and ability as a Supervisory Director. The Regulations of the Supervisory Board stipulate that the total maximum term of office is 8 years, unless there are weighty interests (for which reasons must be expressly given) to justify a longer term. This maximum term is well below the required maximum of 12 years in office.

The Audit Committee of het Supervisory Board comprises of Messrs. F.Th.J. Arp (Chairman) and P.H.J. Essers. The Audit Committee held a meeting with the auditor in February and in November 2009 to discuss the annual accounts 2008, interim report 2009, the internal review and Wereldhave's compliance.

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

**Anti-takeover measures**

The anti-takeover measures consist of the posibility to issue preference shares, priority shares A and priority shares B. These shares are all registered shares. The priority shares A must be fully paid up; the preference shares and priority shares B must be paid up for 25%. The authorized share capital provides for the issue of preference and priority shares up to 50% of the issued share capital.

The priority shares A are held by the Foundation for the holding of priority shares in the public limited liability company Wereldhave N.V. [Stichting tot het houden van prioriteits-aandelen van de naamloze vennootschap: Wereldhave N.V.]. The board of the foundation is comprised of the members of the Board of Management and the members of the Supervisory Board. In addition to the profit rights, the determination of the number of members of the Board of Management and the Supervisory Board of the company and the binding nomination for their appointment are the most important rights connected to the priority shares A and B. Other than with the consent of the holders of priority shares, the General Meeting of Shareholders can only take the decision to dismiss or suspend board members with two-third of the votes cast, representing more than half of the issued share capital.

The objective of the Foundation for the holding of Preference and Priority shares B Wereldhave [Stichting tot het houden van Preferente en Prioriteitsaandelen B Wereldhave], in accordance with article 2 paragraph 1 of its articles of association, is to promote the interests of Wereldhave, of the companies affiliated to Wereldhave and all stakeholders, whereby the foundation also takes into account maintaining the independence, continuity and identity of the company. The Board of the Foundation is comprised of Messrs. H.J.A.F. Meertens (Chairman), M.W. den Boogert and P.C. Neervoort. The foundation does not hold any shares in Werelhave at present.

**Complaints procedure**

Complaints about the Financial reporting, internal risk management, control systems and the audit must be submitted to the company secretary, who will the inform the Supervisory Board of the complaints. The company 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**

As in previous years, 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 2009. 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 Supervisory Board and the Board of Management at which the annual figures are discussed and adopted. The press release 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 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. On request the annual report and half year notice will be sent in print, free of charge, on request press notifications via e-mail. The Annual Report, the interim statement and press releases can be found on Wereldhave's website. Additional publications are made if and when the Board of Management deems necessary in view of developments inside or outside the Company.

# Retail markets

Wereldhave's shopping centre activities are primarily concentrated in the Netherlands, Belgium and Finland. In due course Wereldhave is looking to grow a fourth retail portfolio in the United Kingdom.

Downward economic developments in 2009 strongly affected consumer confidence, in turn affecting retail trade and the market for retail property. Due to differences in economic structure, social security and the structure of the retail market, the impact was different in each of the countries where Wereldhave invests in retail property. In Belgium, for example, key money is no longer demanded; nominal rent fees stabilised in the Netherlands, and in Finland turnover rents decreased to the base level. In general, the gap between first-class and other retail property widened.

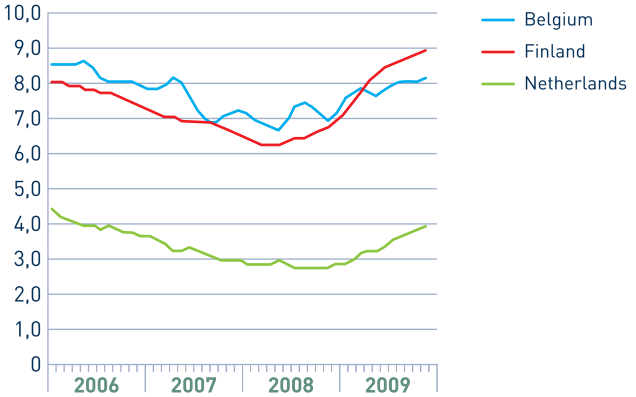
**Belgium**

The Belgian economy showed surprisingly stable development in this year of crisis. Belgium is the perfect example of a transit country: its own export is relatively limited, and although relatively little value is added to goods in transit, the transit volumes were not under pressure. The financial position of many Belgian consumers suffered from the crash of the widely-held Fortis stock, but residential property values in Belgium held up well compared to other countries. Because the economy outperformed many other Western countries, Belgian consumers did not adjust their spending behaviour as much. The savings ratio retained its high level, while consumer spending did not fall as rapidly as in other European countries. Retail sales remained fairly stable as a result. Retail chains are, however, showing more restraint in leasing new retail space, removing the greatest pressure from the market. As a result the phenomenon of key money – paid by one retailer to another in return for taking over retail space – has virtually disappeared.



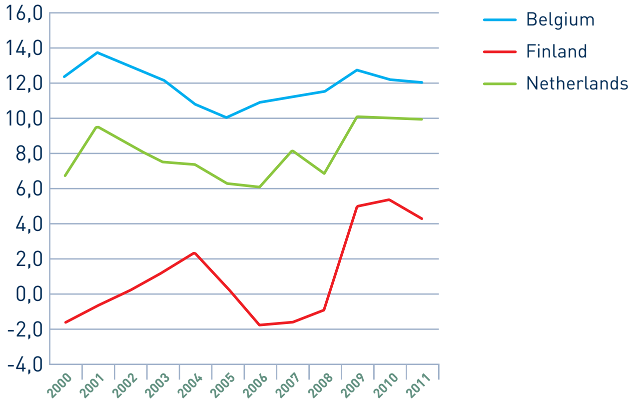
**Unemployment**

*(% of the workforce)*




**Household savings ratio**

*(% of freely disposable income saved)*



**Finland**

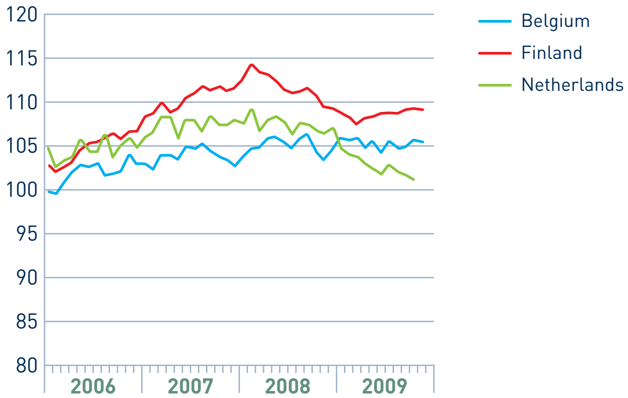
Consumer confidence fell in Finland on the back of plummeting exports of wood and electronics: the two cornerstones of Finnish export and thereby the country's economy. This development was triggered by the shelving of construction projects in various countries and by strong declines in global consumer demand for luxury products, including electronics. Finland's exports – closely linked to Germany, Russia and the United Kingdom – in 2009 fell by more than 26% and unemployment steadily increased. The Finnish people, feeling less secure about their income, put more money into their savings accounts and cut back on their retail spending.
A variety of government measures and increasing confidence in the economy have since stabilised retail trade sales. However, in 2009 these sales were still significantly lower than the levels seen in 2007 and 2008. Lower retail sales have a large impact on the gross profit margin achieved by retailers, which in turn puts considerable pressure on market rent prices.

**The Netherlands**

In 2008, the Dutch economy succumbed to the global economic decline as it began to hamper the country's exports.
The Netherlands exports relatively large product volumes from the industrial sector and also adds value to goods in transit. The weakened position of the Dutch financial sector had a major impact on corporate and consumer confidence. As the Dutch labour market was very tight when the crisis began, these developments initially only had a limited effect on employment. Vacancies were lost, rather than jobs. Employers did – and are still doing – everything within their power to retain their personnel. Unemployment did not start to increase in the Netherlands until early in 2009. This changing situation and the average fall of residential property prices by 5% in 2009 drove consumers to put more money in their savings account, which strongly curbed consumer spending in the retail sector.



**Retail sales**
*(index, 2005 = 100)*



# Office markets

Wereldhave's investment activities in the office sector are concentrated in France, Spain, the United Kingdom and the United States. In time, the portfolio in the United Kingdom will shift its focus to shopping centres.

The economic recession, especially in markets in which the financial sector has a strong presence, led to a sharp drop in the demand for office space in 2009 and to higher vacancy rates. The ongoing construction of new office buildings exacerbated this situation. Rents fell across the board. Looking closer, it is notable that every market and city responded differently to the changing circumstances in terms of adjustments to contractual rent as well as to the effective rent fees. Incentives in the effective rents were used to win over clients with new or renewable contracts.

Wereldhave has a preference for large and liquid office markets. The lion's share of the offices in its portfolio is situated in major European cities such as London, Paris, Madrid, Manchester, Brussels and Antwerp, and in American hubs such as Washington DC, Dallas and San Diego. In all of these cities the local economy is closely linked to the tertiary sector, in particular services to financial companies.

**Belgium**

The national government and the European Union are the largest employers in Brussels. The decrease in nominal rent remained limited to some 12% as compared to the peak seen in 2007, albeit that the effective rent fell more markedly due to incentives. A large number of development projects also continue to exert pressure on rent fees. In Antwerp, lessors opted to maintain nominal rent levels while making modifications in the shape of compelling rental packages. With the city's rent fee levels being quite modest compared to those in Brussels, it remains to be seen whether rent fees will show a further decline.

**France**

The government sector is a dominant factor in Paris. Incentives were the primary instrument used here to temper the decrease in nominal rent levels. Effective rents decreased by 11%, enhancing the city's competitive strength at the expense of metropolitan areas to the west. Vacancies in Paris totalled a mere 4.8%. The strongest decrease in rent fees was seen in the peripheral areas.

**Spain**

Rent fees also dropped in Madrid in 2009 in response to much lower demand.  Incentives are now the norm and rent fees decreased to the 2006 level. Clients in this city are relocating out of the city centre in their search for cheaper office space.

**United Kingdom**

Financial markets and global trade are the mainstays of the London economy. More than 350,000 people are employed in the financial sector in the United Kingdom. The City and West End were hit hard by the financial crisis and the ensuing recession. Lessors were quick to adjust contractual rent fees to the rapid rise in vacancies. Nominal rent fees decreased some 10% in the City and 7.4% in the West End while the effective rents dropped no less than 50% and 44%, respectively. The drop in market rent prices stimulated demand, causing prices to stabilise in the fourth quarter. The result in the last quarter was a modest decrease in yields to 6% in the City and 5% in the West End.

The financial industry also has a strong presence in Manchester. Nominal rent fees remained stable but the effective rent dropped by some 20%. The scope of incentives in this city increased strongly in 2009. The decline is expected to continue into 2010, but the limited extent of new construction in Manchester could allow rent fees to make a modest upward turn starting near the end of 2010.

**United States**

Effective rent fees in the United States fell on average by almost 9%. The great demand for high-quality buildings in Washington D.C. underpins the ongoing increase of rent fees for these locations. This demand is fuelled by government agencies and businesses wanting to be situated nearby. By way of comparison: rent fees plummeted in New York while the vacancy rates there did not exceed those in other American cities.

Although rent fees decreased in Dallas, they were still higher than the average seen in recent years (17 USD/square foot). Pressure on contractual rental fees increased in 2009 along with the use of incentives. Restricting new construction is the only way to reduce vacancies and restore rent fees.

California was hit hard by the recession. The use of incentives increased sharply in San Diego. While the rent fees offered by lessors declined by some 10%, the drop in effective rents was much more dramatic. As a result, demand increased somewhat.

# Development projects

## Nivelles, Belgium

The Nivelles shopping centre is located in the municipality of the same name between Brussels and Charleroi, along the A7/E19 expressway. The existing shopping centre was completely refurbished in 2008. In 2009 Wereldhave obtained the necessary permits for the expansion of the shopping centre and the necessary parking facilities. Construction is expected to commerce by mid 2010. The permit for a retail park was cancelled by the minister in appeal proceedings. The existing shopping centre of 16,195 m$^2$ will be expanded by 12,000 m$^2$. The investment amounts to approx. € 42 mln (including VAT). Completion is expected to begin in 2011.

Another plan is being developed in the vicinity of the shopping centre for a hotel, offices, leisure and apartment blocks. This plan is scheduled for realisation in the period between 2012 and 2015.

A variety of environmental sustainability measures will be implemented in the expansion of the centre, including:

- energy conservation by means of improved building insulation;
- using solar energy and maximum natural light penetration;
- natural ventilation and using natural gas as an energy source;
- optimum HVAC systems with cooling towers and no toxic fluids;
- rational water consumption and utilising rain water;
- use of sustainable materials;
- buffer basins as protection against flooding;
- green parking areas and planting trees along access routes;
- maximised subterranean parking, and
- separate access route for suppliers.

## Tournai, Belgium

A 28,000 m$^2$ lot across from the Les Bastions shopping centre in Tournai is the site of a project in which expansion of the parking capacity is planned in combination with retail and a number of flats. Les Bastions currently measures 15,540 m$^2$ and will be expanded with some 4,500 m$^2$ of the existing parking area. The adjacent lot is the future location of 10,000 m$^2$ retail, 500 parking spaces and some 26 homes. The total investment is about € 38 million (including VAT).

Construction of the retail park phase 1 is scheduled to start in the first half of 2011, after which expansion of the shopping centre will likely commence also in that year. The second phase of the retail park and flats is scheduled to commence in 2012.

Subsequent development of the plan will devote attention to energy conservation measures, sustainable use of materials and a natural landscaping transition to the adjacent woodland.

## Leiderdorp, the Netherlands


The Winkelhof shopping centre currently covers a surface area of 17,857 $m^2$. The proposed expansion will consist of more than 7,000 $m^2$ lettable floor space and a parking structure. The adjacent Statendaalderplein will also be transformed into a multifunctional square. The investment involved totals € 35 million. Construction in this project is expected to commence in 2012.

In preparation for the construction, significant attention is being devoted to the project's relationship with its vicinity and to social safety. Slow-moving traffic will receive special attention. Other focal areas include energy and water consumption, materials usage, the interior environment and the flexibility of the complex.

## San Antonio, Texas

Eilan, a mixed-use development, will transform a nearly 120-acre lot into an urban pedestrian community boasting homes, offices, a hotel and central facilities. The site is located northwest of downtown, San Antonio.

The project has multiple phases: the first consists of over 500 homes, 6,500 $m^2$ of retail, a hotel, two office buildings measuring 20,000 $m^2$, an amphitheatre, all site infrastructure and a full range of amenities. The investment during this first phase comes to € 190 million. The construction of the two office buildings commenced in 2009. This space will be ready for use early in 2010. The remainder of the first phase commenced in the last quarter of 2009, and delivery is scheduled to start 2011.

Subsequent phases of the project will primarily involve the construction of homes along with expansive amenities. The start date and scope of the subsequent phases in this plan depend on the speed of the absorption in earlier phases.

The Eilan development embodies a sustainable urban lifestyle promoting high quality of life, air quality and energy efficiency. This is demonstrated by the project emphasis on water collection and recycling, optimizing daylight filtration, and enhancing project connectivity with a solar-powered historical trolley; which are at the core of its design intent.

# Information per country



The economic figures per country in the following sections came from the "Economic Outlook" compiled by the OECD in December 2009. The revaluation per country was calculated in the local currency. Occupancy level is understood to mean the annual rent at full occupancy minus rent lost due to vacancy, expressed as a percentage of the annual rent applied.

## Belgium

The Belgian economy shrank by 3.1% in 2009. This decline can be attributed to reduced consumption, investments and export in equal parts. The economic recession hit its lowest point in the first half of 2009. Improving export and a variety of government initiatives brought the modest beginnings of recovery after the summer. Investments remained low through the end of the year; businesses utilised the recession to implement cost reductions, causing unemployment to increase over the course of 2009 to nearly 8%. Unemployment is expected to continue to increase over the next few years. Consumer spending decreased due to the uncertain employment market. It appears that consumer power will decrease slightly in 2010.

The recession clearly affected all property markets. In the retail markets, store visits and sales decreased and chains strongly downsized their plans for expansion. Shopping centres in Belgium, however, appear to be weathering the recession strikingly well: although store visits decreased slightly, consumer spending remained stable. Strip malls and secondary retail streets were particularly vulnerable to decreasing revenues. A variety of expansions and openings are scheduled in the next few years. More so than in the past, these will involve renovating and expanding existing centres. The total retail absorption in 2009 was some 20% lower than in 2008. The shortage of shopping centres and stable consumer spending enabled shopping centre rents to remain basically stable, albeit that revenues from key money decreased. Rent from strip malls and shops in secondary retail streets decreased. The transaction volume was extremely low in 2009. It is generally assumed that yields for high-quality shopping centres will range between 5.75% and 6.25%.

The Brussels office market saw a lower absorption, higher vacancy rates and lower high-end rent prices. A few transactions at the end of the year nevertheless brought the absorption over the entire year to a normal level: approximately 400,000 m$^2$ in 2009. With 80,000 m$^2$, the absorption in Antwerp was also only marginally lower than normal. Vacancies in Brussels increased by two percentage points from 9.2% at the beginning of the year to 11.5% at year-end. High-end rent fees that amounted to € 300 per m$^2$ in 2007 decreased to € 265 at the end of 2009. The number of offices under construction decreased drastically but this will only affect new completion starting in 2011. Until then, the supply of available office space will probably grow. Investments began to improve slightly in the third quarter but the transaction volumes is still minimal. Initial yields on the best offices with long-term contracts increased to more than 6%.

During the last quarter, Wereldhave Belgium purchased a shop in the Les Bastions shopping centre and a plot of land in Tournai, for the total amount of € 6.7 mln. There were no other changes to the portfolio. Major progress was achieved in 2009 in the development projects in Nivelles and Tournai. On 25 September 2009, the Municipality of Nivelles granted the building permit and the socio-economic permit for the 12,000 m$^2$ expansion of the shopping centre. The permit for a retail park was cancelled by the minister. Construction will likely commence in mid-2010. In Tournai, Belgium, an application has been submitted for permits for the 4,500 m$^2$ expansion of the shopping centre and a 10,000 m$^2$ retail park. A decision is expected on that application in the fourth quarter of 2010. The average occupancy level increased in the course of 2009 to 92.8% (2008: 91.7%) On 31 December 2009 the value of the Belgian portfolio was € 381.8 million, after a downward revaluation of -1.8% (yields –2.7%, rents +0.9%). The value of the development portfolio was € 13.2 million. Wereldhave holds a 69.3% interest in Wereldhave Belgium.

**Prospects**

Wereldhave intends to put preference on shopping centres in its new investments in Belgium. The retail market is still developing favourably. Considering the relative shortage of shopping centres, the expansion plans for the shopping centres in Nivelles and Tournai will be continued. Due to a number of rental agreements drawing to an end, renting the office portfolio will again require attention in 2010.

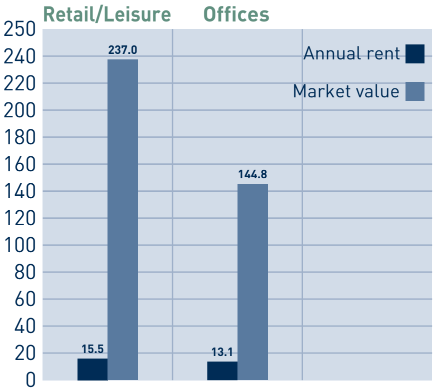


**OECD Economic Outlook**

| | 08 | 09 | 10 | 11 |
|---|---|---|---|---|
| Economic growth | 0.8 | -3.1 | 0.8 | 1.7 |
| Average growth EU zone | 0.5 | -4.0 | 0.9 | 1.7 |
| Inflation | 1.9 | 1.3 | 1.1 | 0.8 |
| Growth private consumption | 1.0 | -1.7 | 0.6 | 1.4 |
| Growth corporate investment | 6.1 | -5.5 | -1.5 | 4.0 |
| Growth in employment | 1.9 | -0.4 | -1.1 | 0.1 |
| Unemployment rate | 7.0 | 7.9 | 8.9 | 9.2 |

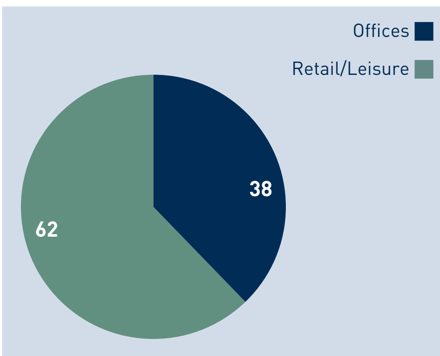
**Annual rent and market value**

*(x € 1 mln as at December 31, 2009, assuming no vacancies)*



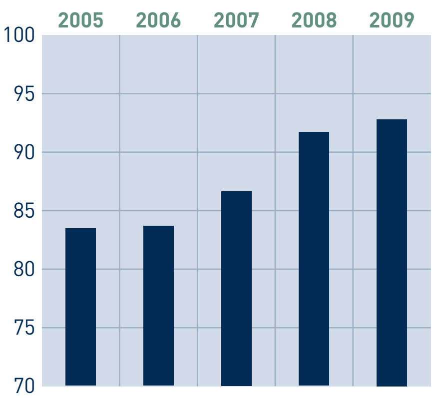

**Distribution of investments**

*(as a % of market value)*

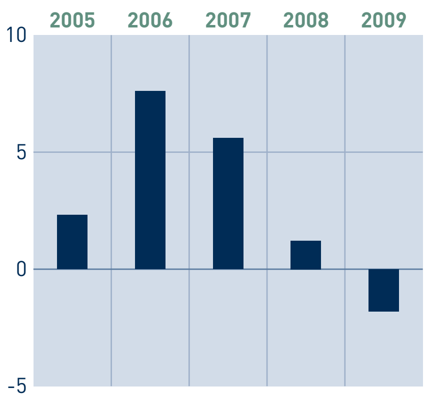



Shopping centre Belle-Ile, Liège

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




**Property revaluation** *(as a %)*




**Top 5 tenants**
*(as at December 31, 2009 based on the contracted annual rent in 2010)*

1. Ergo Services
2. Carrefour
3. Ricoh
4. C&A
5. Hennes & Mauritz

## Finland

The global recession dealt the Finnish economy a hard blow. The GDP in 2009 was nearly 7% lower than in 2008. However, the situation stabilised over the course of the year and Finland's economy was showing the first cautious signs of recovery at the year's end. Foreign demand for Finnish wood products and electronics decreased significantly. In turn this led to a strong decrease in corporate investments. In comparison, the decrease in consumer consumption of 2.8% was extremely modest. Unemployment increased in 2009 to 8.3% of Finland's labour force. Although growing unemployment initially affected only the rural areas, the number of jobless people is now also growing in the cities.

The government has implemented a number of stimulation measures. In December, for example, a law entered into force allowing shops to also open their doors on Sunday. Department stores and shopping centres are expected to benefit the most from this legislation. Sales tax on foods was reduced in October. Although retail sales are still lower than a year ago, they bottomed out in the first quarter. Consumer confidence grew in the course of the year and sales hesitantly followed suit. Major purchases are still being postponed. Accordingly, department stores, fashion and electronics stores are confronted with above-average sales decreases. For groceries, representing 1/3 of all retail trade, consumers actually spent 2.4% more than a year ago.

In the retail property market, the recession is especially reflected in higher vacancy rates, which are also affecting some shopping centres. Vacancy of retail property in the Helsinki region grew from 1.4% in 2008 to 2.9% in 2009 and is prevalent in the suburbs, rather than in Helsinki itself. Retail property vacancies in Helsinki are expected to remain at low levels in the long term because the city's population is still growing strongly; moreover, various retail property development plans have been shelved for the time being.

Approximately one-fourth less retail space was put into construction in the third quarter than a year ago. This will result in a continued decrease in the level of completed deliveries in the period to come. High-end rent fees in the shopping centres remained stable at approx. € 1,250/m$^2$. High-end rent fees in the most important shopping streets are about € 220/m$^2$ higher. These rent fees are too high for some retailers, causing them to move to less expensive locations in secondary retail streets or shopping centres.

The net initial yields on quality shopping centres increased, and now average 5.75% to 6.25%. Yields are about 100 basis points higher outside of Helsinki. Virtually no investments of a noteworthy scale were made in 2009. Quality shopping centres are almost never put on the market. The largest increase in initial yields has most likely already been achieved, and the number of investment transactions in retail property is expected to increase in the coming period.

The Finnish portfolio was not changed in 2009. The occupancy level averaged 99.0% (2008: 99.2%). On 31 December 2009, the value of the portfolio of property in operation amounted to € 519.6 million. A downward revaluation of 12.2% was applied (yields –9.7%, rents –2.5%). The portfolio contains no development projects.

**Prospects**

In Finland, Wereldhave focuses entirely on investments in shopping centres. The Management Board expects that the high occupancy level of the Finnish portfolio can be maintained in 2010, while inflation and sales developments in the retail trade are expected to affect the rent-fee levels.

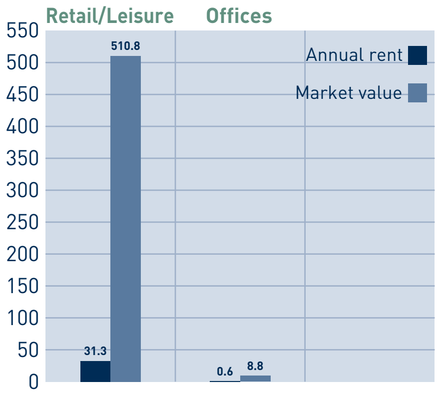


**OECD Economic Outlook**

| | 08 | 09 | 10 | 11 |
|---|---|---|---|---|
| Economic growth | 0.8 | -6.9 | 0.4 | 2.4 |
| Average growth EU zone | 0.5 | -4.0 | 0.9 | 1.7 |
| Inflation | 2.0 | 1.0 | 1.2 | 1.5 |
| Growth private consumption | 1.5 | -2.8 | 0.2 | 1.8 |
| Growth corporate investment | 4.9 | -16.2 | -7.6 | 5.5 |
| Growth in employment | 1.6 | -3.0 | -2.8 | 0.2 |
| Unemployment rate | 6.4 | 8.3 | 9.7 | 9.7 |

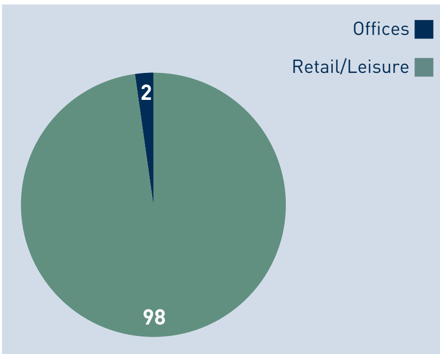
**Annual rent and market value**

*(x € 1 mln as at December 31, 2009, assuming no vacancies)*



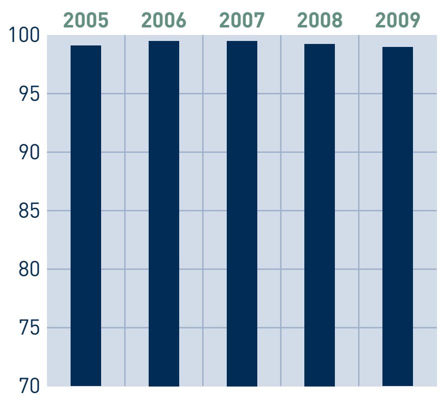

**Distribution of investments**

*(as a % of market value)*

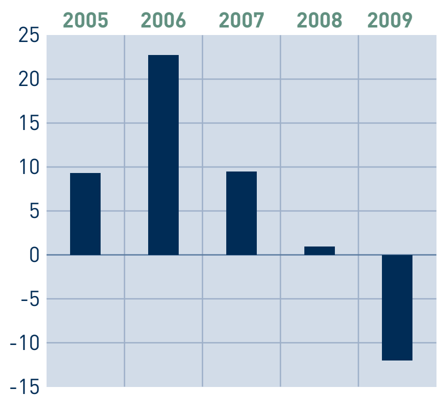



Shopping centre Itäkeskus, Helsinki

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




**Property revaluation** *(as a %)*




**Top 5 tenants**

*(as at December 31, 2009 based on the contracted annual rent in 2010)*

1. Stockmann
2. Anttila
3. Hennes & Mauritz
4. Tokmanni
5. Kesko

## France

France's economy shrank by 2.3% in 2009, outperforming the Eurozone. This relatively strong performance can be attributed to a surplus in the trade balance, with stable exports and decreasing imports, in part due to inventory reductions. Consumer spending was stable in France but overall domestic demand decreased as a result of lower corporate investments that were not fully compensated by higher government expenditures. Although France crawled out of the recession in the second quarter of 2009, its recovery is still weak due to the ever-increasing level of unemployment. At year-end unemployment had risen to nearly 10%, albeit that the rate of increase stabilised. France's recovery is clearly stronger than that seen in other large countries in Western Europe.

The absorption of offices in the greater Paris region decreased to 1.8 million m$^2$. As a result of a strong reduction in new build production, vacancies were limited to 6.8% of the available space. The lowest vacancy levels were seen in the city centre with 5.8% and in La Défense with 4.5%. Due to the lower demand, average office rent fees fell more in central Paris (€ 440/m$^2$) than in the peripheral areas. Higher nominal rent fees were only seen in La Défense, but it should be noted that significantly higher – and still increasing – incentives led to a considerable decrease in the effective rent fees. Those fees are some 20% lower than the nominal rent fees. This difference is smaller in the city centre. The improved price/quality ratio in the centre of Paris has markedly enhanced the demand. The shortage of first-class office space has widened the gap between rental levels. Fist-class office space is clearly available only in the traditional office markets. The yields have increased in recent years. Yields again decreased slightly in the last quarter of 2009 only in the centre, La Défense and the suburbs to the west. In the city centre, the net initial yield on office space is now approximately 5.5%, in La Défense 6.25%, and approximately 6% in the western suburbs. At € 7.5 billion, the investment volume in 2009 totalled 60% of the volume in the previous year. This was primarily due to the fact that financing is more difficult to obtain and transactions primarily involve smaller buildings.

Due to the departure of an occupant, the office building in Levallois Perret became vacant early in 2009. Wereldhave modified the building in 2009 in keeping with the latest sustainability requirements, ensuring that it will amply satisfy the expected French legislation regarding sustainability requirements for office buildings. A first-class occupant with which a 9-year contract has been signed for some 10,400 m$^2$ – about half of the building – will be moving in around mid-February 2010. The new effective rent is higher than the previous rent level.

The composition of the French portfolio was not changed in 2009. The occupancy rate of the French portfolio came to 37.5% in 2009 (2008: 96.0%). On 31 December 2009, the value of the portfolio of property in operation amounted to € 172.3 million. A downward revaluation of 6.1% was applied (yields –5.6%, rents –0.5%). Wereldhave's portfolio in France has no development projects.

**Prospects**

In future investments in France, Wereldhave will focus on the office market in Paris (Ile de France). The occupancy level of the French portfolio will be significantly higher in 2010 than in 2009. The French organisation will focus its attention in 2010 on finding occupants for the parts of the office building in Levallois Perret that are still empty. The market will be monitored closely to seize compelling investment opportunities as they arise.

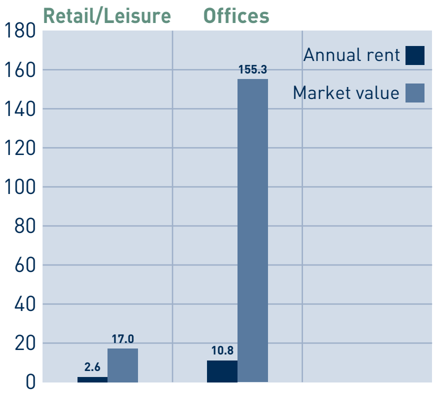


**OECD Economic Outlook**

| | 08 | 09 | 10 | 11 |
|---|---|---|---|---|
| Economic growth | 0.3 | -2.3 | 1.4 | 1.7 |
| Average growth EU zone | 0.5 | -4.0 | 0.9 | 1.7 |
| Inflation | 2.5 | 1.0 | 0.5 | 0.7 |
| Growth private consumption | 1.0 | 0.6 | 0.3 | 1.5 |
| Growth corporate investment | 2.6 | -6.8 | 0.8 | 4.7 |
| Growth in employment | 1.4 | -0.5 | -0.3 | 0.3 |
| Unemployment rate | 7.4 | 9.1 | 9.9 | 10.1 |

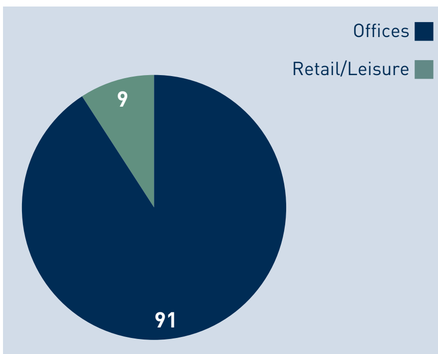
**Annual rent and market value**

*(x € 1 mln as at December 31, 2009, assuming no vacancies)*



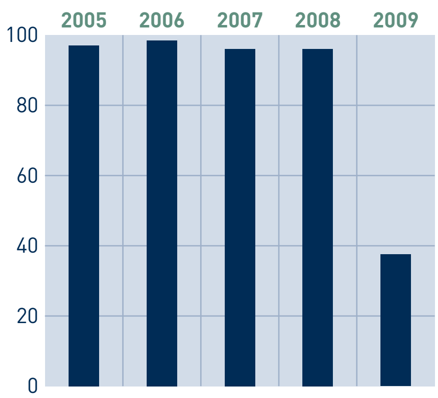

**Distribution of investments**

*(as a % of market value)*

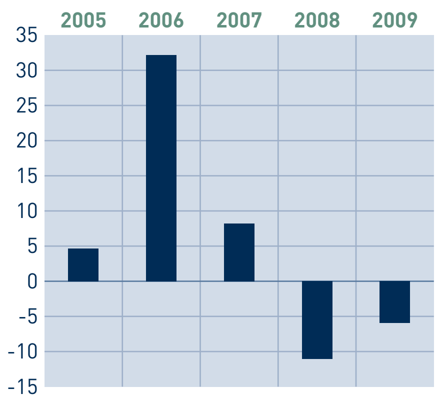


45-49 Rue Kléber, Levallois-Perret, Paris

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




**Property revaluation** *(as a %)*




**Top 5 tenants**
*(as at December 31, 2009 based on the contracted annual rent in 2010)*

1. Électricité de France
2. Groupe Canal+
3. Kohler
4. AMC Europe
5. Go Sport France

## The Netherlands

The economic recession reached the Netherlands in mid-2008 and lasted until mid-2009, shrinking the economy in 2009 by 4.3%, primarily on the back of lower corporate investments, lower exports and falling consumer consumption. Government spending continued to increase slightly throughout the year, softening the decrease somewhat. A turnaround in foreign demand led to a significant increase in exports in the third quarter, putting an end to the recession. The lower level of economic activity also resulted in increasing unemployment, but that increase was not as bad as initially expected. At 3.7%, unemployment in the Netherlands is still the lowest in the European Union. Unemployment figures are expected to continue to increase in the coming year.

Due to the economic situation and unemployment developments, consumers had 3.3% less to spend than in 2008, reducing purchases. Retail sales decreased over the first three quarters, but a slight upward trend was seen in the fourth quarter. Over the entire year 2009, sales in the Dutch retail sector decreased by about 5%. This decrease was seen in all parts of the retail sector. Sales in retail areas dropped the most in secondary retail areas and at peripheral locations. Retailers in quality shopping centres and in the central parts of city centres were plagued less by diminishing sales. At the same time, the availability of retail space continues to increase. Some 600,000 m$^2$ is under construction in shopping centres, although the number of plans for development and redevelopment of retail locations decreased. As a result, the availability of retail space will continue to increase, if somewhat slower than in recent years.

A variety of chain stores have postponed their plans for expansion. More shops and retail units are vacant than one year ago, as a result of which retail rents stopped increasing. Rents even decreased in various locations. The best initial yields for quality shopping centres range between 5.75% and 6.25%.

Economic developments also affected the office market. Employment in the business services sector decreased by more than 6%. The absorption of office space was 40% lower in 2009 than in 2008; the rental market is not expected to recover in the short term. Due to the reduced absorption, vacancies increased by more than 10%, putting pressure on rents and the values of office properties. The average office rent again decreased some 5% in 2009. The best initial yields increased to more than 6%. The most volatile markets in the past year in terms of absorption were Utrecht and The Hague. Conversely, vacancies are rapidly increasing in Amsterdam and Rotterdam due to ongoing new build production.

In the industrial park Ypenburg in The Hague, Wereldhave put a new hall measuring 3,000 m$^2$ on the market in November 2009 that has meanwhile been leased. Preparations are being made for a second hall measuring some 2,000 m$^2$. A zoning procedure was initiated in Leiderdorp for the expansion of the shopping centre there with 7,000 m$^2$ to replace the existing town hall. Construction is still scheduled to begin in 2012. The composition of the portfolio in the Netherlands was not changed in 2009. The occupancy rate of the Dutch portfolio came to 99.4% in 2009 (2008: 98.0%). The value of the portfolio of property in operation was € 375.0 million on 31 December 2009 while the portfolio of development project was € 0.7 million. A downward revaluation of 6.4% was applied (yields –9.1%, rents +2.7%).

**Prospects**

Wereldhave places particular focus in the Netherlands on shopping centres and made a first important step with the purchase of four mid-sized shopping centres to expand its retail portfolio. This brings the number of mid-sized centres in the portfolio to seven, a solid market position. Emphasis in 2010 will be placed on optimising the portfolio. Logistics buildings in the Dutch portfolio will be sold in time, as will a number of smaller management-intensive buildings.

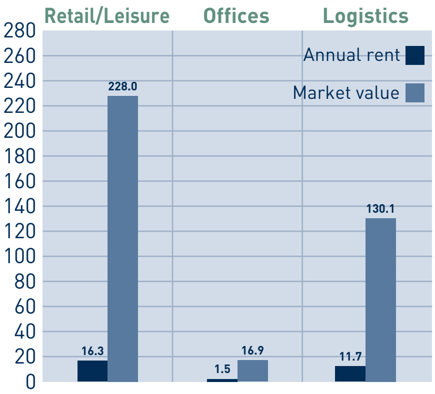


**OECD Economic Outlook**

| | 08 | 09 | 10 | 11 |
|---|---|---|---|---|
| Economic growth | 2.0 | -4.3 | 0.7 | 2.0 |
| Average growth EU zone | 0.5 | -4.0 | 0.9 | 1.7 |
| Inflation | 2.7 | -0.3 | 0.2 | 0.7 |
| Growth private consumption | 1.3 | -2.6 | 0.1 | 1.7 |
| Growth corporate investment | 7.0 | -16.0 | -2.1 | 5.3 |
| Growth in employment | 1.4 | -1.0 | -1.6 | -0.3 |
| Unemployment rate | 2.9 | 3.7 | 5.2 | 5.5 |

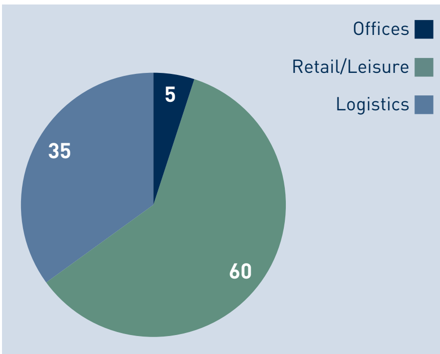
**Annual rent and market value**

*(x € 1 mln as at December 31, 2009, assuming no vacancies)*



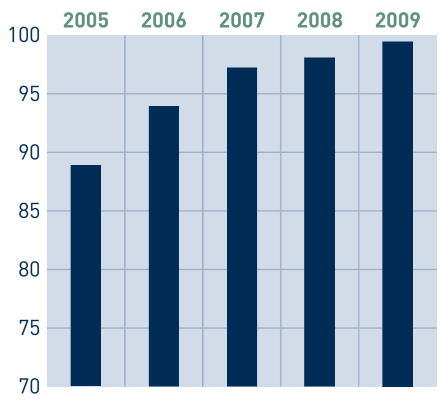

**Distribution of investments**

*(as a % of market value)*

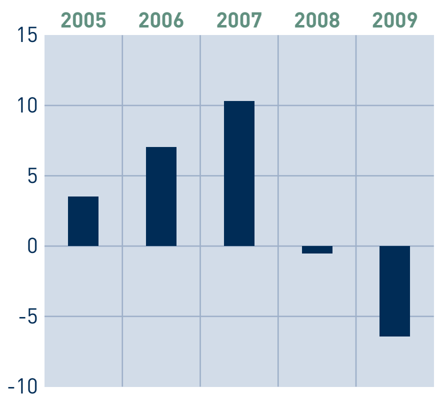


Shopping centre Kronenburg, Arnhem

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




**Property revaluation** *(as a %)*




**Top 5 tenants**

*(as at December 31, 2009 based on the contracted annual rent in 2010)*

1. DHL Express
2. Makro Zelfbedieningsgroothandel
3. Ahold Vastgoed
4. De Rijke Intermodal
5. Iron Mountain

# Spain

Spain's economy shrank by 3.6% in 2009, outperforming the Eurozone. However, this performance combined sharply decreasing private consumption with a strong increase in government expenditures. Imports also decreased more than exports, reducing the trade deficit. The lower private consumption resulted in a rapid increase in unemployment, from 11.3% at the end of 2008 to 18.1% at the end of 2009, with strong differences between the various regions. Prospects for 2010 are sombre. Spain has one of the few economies that are generally expected to continue shrinking in 2010.

Due to the increasing unemployment in the service sector, demand for office space fell as the year under review progressed. Office space absorption in Madrid decreased by more than 36% during the first three quarters. The last quarter showed an improvement, bringing the decrease back to 35% on an annual basis; in fact, more rental contracts were terminated than signed. At year-end, about half a million square metres-less office space was in use in the Spanish capitol than at the beginning of the year. Available office space doubled in eighteen months. The largest increase in available space was in the CBD, home to many financial institutions. Twelve and a half times as much office space is currently vacant in the CBD than one year ago. As a result, high-end rents in the CBD have dropped to about € 350 per m$^2$. Before the crisis began, high-end rents were about € 490 per m$^2$. Incentives for lessees, e.g. rent-free periods, have also grown. The unfavourable situation on the rental market is also being felt in the development and investment markets. Almost no new construction projects are being initiated. The growth rate of available office space in Madrid has gone down from about 3% per year before the crisis to about 1% now. The investment volume in 2009 was approximately one-third of the volume in 2008; yields increased to more than 6% against less than 4% before the crisis. The combination of lower rents and increased initial yields has nearly halved the value of office properties in Madrid's city centre. The decrease in market rents will probably continue to push down the value of office properties.

Lower consumer spending cut retail sales by 8%. Having said that, the decline increasingly lessened in the last months of the year. Due to lower sales, most chain stores have suspended any plans for expansion. Chains are only interested in locations in the best shopping centres. Low sales diminished retailers' profit margins, causing a sharp increase in the sales/rent fee ratio. Not all retailers are able to afford this any longer. Rents for retail space continued to drop in 2009 as a result, albeit less than in 2008; rents for the best shops in Madrid's centres were nearly 10% lower than the year before. The decrease in 2008 was more than 15%. The initial yields for quality shopping centres range from about 6.75% to 7%.

The composition of the portfolio was not changed in 2009. The average occupancy rate of the portfolio during the year under review amounted to 89.9% (2008: 94.9%). The skating rink in the retail and leisure centre Planetocio in Collado Villalba was closed in the course of 2009. Wereldhave is currently developing plans for filling the vacant space and drastically changing the retail mix. On 31 December 2009 the value of the portfolio of property in operation amounted to € 153.6 million. Wereldhave has no development projects in Spain. A downward revaluation of 11.1% was applied to the Spanish portfolio (yields –6.7%, rents –4.4%).

**Prospects**

Wereldhave will primarily focus on the office market in Madrid in its future investments in Spain. The management organisation in Spain will focus attention on keeping the occupancy levels stable. One of the spearheads of their efforts in 2010 is the change in the layout and retail mix of the Planetocio leisure centre.

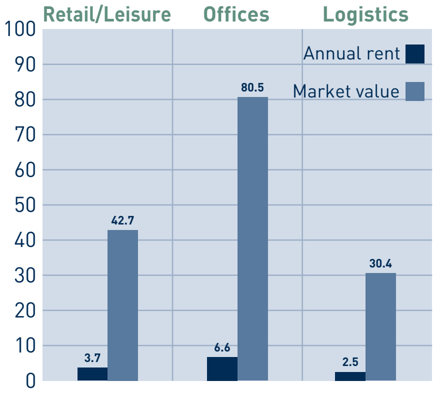


**OECD Economic Outlook**

| | 08 | 09 | 10 | 11 |
|---|---|---|---|---|
| Economic growth | 0.9 | -3.6 | -0.3 | 0.9 |
| Average growth EU zone | 0.5 | -4.0 | 0.9 | 1.7 |
| Inflation | 2.5 | 0.3 | 0.2 | 0.0 |
| Growth private consumption | -0.6 | -5.1 | -1.1 | 0.6 |
| Growth corporate investment | -2.2 | -15.4 | -1.5 | 3.2 |
| Growth in employment | -0.5 | -6.8 | -1.8 | 0.2 |
| Unemployment rate | 11.3 | 18.1 | 19.3 | 19.0 |

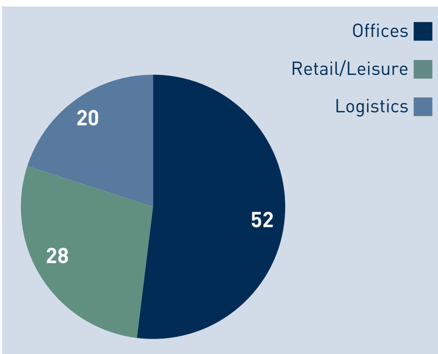
**Annual rent and market value**

*(x € 1 mln as at December 31, 2009, assuming no vacancies)*



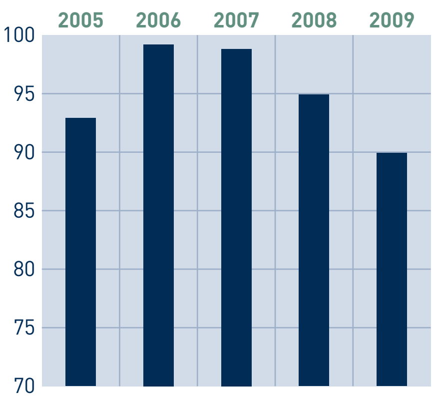

**Distribution of investments**

*(as a % of market value)*

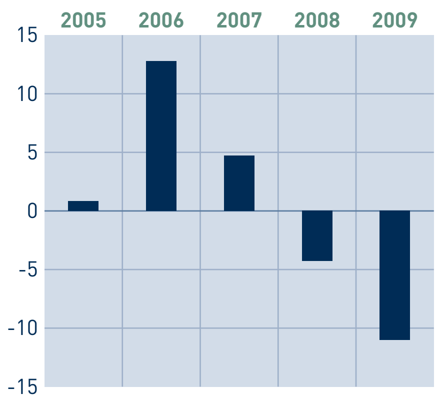


Plaza de la Lealtad, Madrid

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




**Property revaluation** *(as a %)*




**Top 5 tenants**
*(as at December 31, 2009 based on the contracted annual rent in 2010)*

1. Xfera Moviles
2. Cisco Systems
3. Grandes Almacenes
4. Stock Uno Grupo de Servicios
5. Hay Group

# United Kingdom

Unlike other large West European economies, the United Kingdom was only climbed out of the recession in the fourth quarter 2009, despite extensive government impulses. The recession caused the economy to shrink for five quarters in succession; unemployment has grown to 8%, meaning that 2.5 million people have no job. The most important drivers of the economic decline are the financial, construction and industrial production sectors. Retail sales and industrial production are now showing the first hesitant signs of recovery.
After the huge rise seen on the office markets in the City and West End in 2007, investment levels plummeted. After bottoming out these levels started to slightly increase in the second half of 2009. In the City and West End in particular, vacancies have tripled in the course of eighteen months. Vacancy levels bottomed out in mid-2009. Because rent fees were rapidly adjusted, absorption increased in the second half of the year. Vacant office space in the City amounts to 10%, and in the West End to 7.4%. Rents dropped 35% as compared to the top levels achieved in 2007, with the sharpest corrections in the City (GBP 42/sq.ft.) and the West End (GBP 80/sq.ft.). Effective rents decreased even more sharply. Compared to the peak, effective rents are now 50% lower in the City at GBP 28/sq.ft. and 44% lower in the West End at GBP 65/sq.ft. Yields in the City and West End increased to 6% and 5%, respectively.
Of the six largest cities after London, rental activity was the highest in Manchester but there, too, absorption was 25% lower than the long-term average. Vacancies on the office market in Manchester increased to 16.7% (2.8 million square feet), meaning a 50% increase in only two years. Nominal rent fees remained stable at 28.5 GBP/sq.ft. but many incentives are being given.
Increasing unemployment, decreasing property prices and hard-to-get loans reduced the amount of freely-disposable household budgets. Interest on mortgages has continued to decrease and people put more money into their savings accounts. Consumer confidence recovered slightly in the course of 2009 but is still extremely low. If at all possible, the purchase of luxury goods is postponed. Although the temporary VAT reduction from 17.5% to 15% slightly stimulated consumer spending, the measure ended as per 1 January 2010. Special sales are often used to boost stales, despite of which one in every ten retailers was forced to close their doors in 2009. Department stores, fashion and shoe shops were hit the hardest. In turn, this resulted in lower rent fees and increasing vacancies. The qualitative shortage of first-class retail space resulted in a small improvement in the yields on first-class retail property over the course of 2009. Yields for quality shopping centres ranged from 6.3% to 6.5% in December 2009.
In line with the company's strategy, three smaller buildings in the United Kingdom were sold for a total sum of € 2.9 million, generating a result on disposals of € 0.8 million. A collective coffee and lunch venue was created for the occupants of the office park in Manchester. Wereldhave also assumed full responsibility for property management starting late in 2009. Before and after New Year two new occupants were found for a total of 4,100 m$^2$ office space in the Towers Business Park, meaning that 93% of the available floor space in this office park has been leased for 2010. The average occupancy level for the portfolio in the year under review was 91.3% (2008: 91.2%).
On 31 December 2009, the value of the portfolio of property in operation amounted to € 211.1 million. A downward revaluation of 9.9% was applied to the British portfolio (yields –3.4%, rents –6.5%).

**Prospects**

Wereldhave strives to gradually shift focus in the British portfolio to shopping centres. A specialist in the area of shopping centres has joined the UK board for that reason.
Top priority in the United Kingdom is assigned to continued improvement of the occupancy levels. In time, and in keeping with our strategy, smaller buildings with a value of € 20 million will be sold.

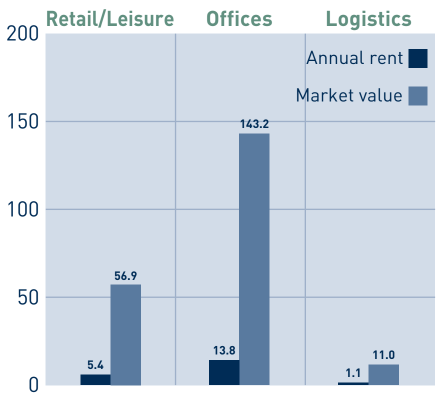


**OECD Economic Outlook**

| | 08 | 09 | 10 | 11 |
|---|---|---|---|---|
| Economic growth | 0.6 | -4.7 | 1.2 | 2.2 |
| Average growth EU zone | 0.5 | -4.0 | 0.9 | 1.7 |
| Inflation | 2.9 | 1.1 | 1.5 | 0.6 |
| Growth private consumption | 1.2 | -3.0 | -0.2 | 2.0 |
| Growth corporate investment | 1.4 | -19.5 | -6.6 | 3.8 |
| Growth in employment | 0.8 | -2.1 | -2.3 | -0.6 |
| Unemployment rate | 5.7 | 8.0 | 9.3 | 9.5 |

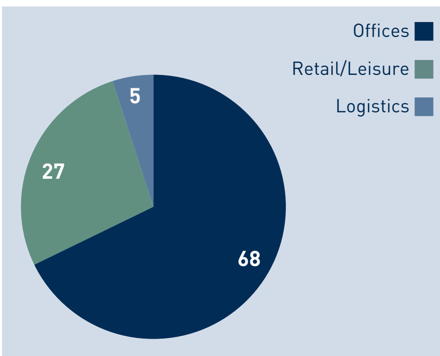
**Annual rent and market value**

*(x € 1 mln as at December 31, 2009, assuming no vacancies)*



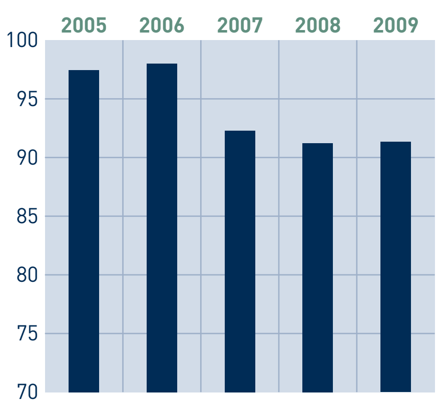

**Distribution of investments**

*(as a % of market value)*

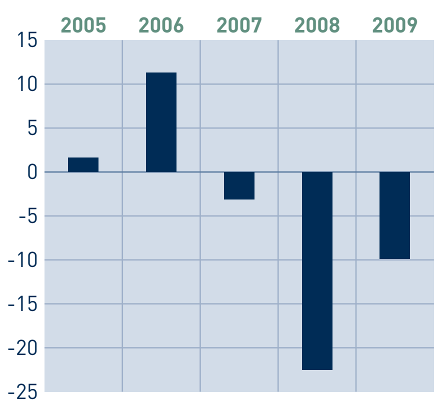



Towers Business Park, Manchester

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




**Property revaluation** *(as a %)*




**Top 5 tenants**
*(as at December 31, 2009 based on the contracted annual rent in 2010)*

1. Intelligent Processing Solutions
2. Black & Veatch
3. 2 Entertainment
4. British Airways
5. Cisco Systems

## United States

The United States turned the corner on its economic recession, in the third quarter of 2009 with slow growth anticipated through 2010. Growth was primarily fuelled by increased consumer spending. Government programmes to stimulate the housing and auto sales, and government support of the banking industry, played an important part in halting the economic contraction The recovery has been weak, and whether it can continue after these programmes end remains to be seen. Unemployment increased to nearly 10% at the end of 2009 with close to 8 million jobs lost. Inflation is low for the time being.

In general, the office market experienced low absorption and increased vacancy, placing downward pressure on rental rates. The market conditions in the three regions in which Wereldhave is active differ significantly. Despite the low absorption in Washington DC, market performance was clearly above average here. While the national vacancy average, for all classes of office space, increased to 17%, it topped off at 11.8% in Washington DC. On average, Rent fees decreased by 6.7% while prime properties were less affected. Yields increased but are still among the lowest in the country. In Dallas, direct vacancy remained high at 21.7% at the end of the year; slightly higher when sublease space is factored in. Rents in the city centre remained stable in the low to mid USD 20/sq.ft. San Antonio, has seen little impact from the national economic turmoil. While the Texas unemployment rate peaked at 8.3% in December 2009, well below the national average, San Antonio posted an impressive 6.8%. The development pipeline is limited, keeping vacancies steady and causing rent fees to increase slightly. The San Diego office market experienced an increase in direct vacancy in the first half of the year however, a strong fourth quarter of net absorption activity gave indication of stabilization. The direct vacancy in downtown San Diego at the end of 2009 totalled 16.4% while new construction in the suburbs brings the average vacancy for the San Diego county to 19.2%. Inevitably, this has resulted in a downward adjustment in rent fees.

The American government launched stimulation measures to prevent foreclosures of homes. Interest was kept low and the federal government acquired sizeable packages of mortgage loans. Regional differences will start growing again when these support measures come to an end. Residential property sales improved towards the end of the year and property values appears to have stabilized. Residential property values remained reasonably stable around San Antonio, certainly as compared to California and Florida, the two states that received the severest blows.
The composition of the portfolio in the United States was not changed in 2009. In Washington DC Wereldhave successfully completed two lease transactions for approximately 4,700 m$^2$ of office space at The Portrait building, approximately 55% of the space that became vacant at the end of December 2008. After a correction for incentives, the rent fees achieved in the new lease are still higher than the lease rates under the previous lease.
The first two office buildings of the development in San Antonio, totalling 20,000 m$^2$, will be put into operation in the second quarter of 2010, when the infrastructure will also be completed. Wereldhave has been able to achieve more competitive pricing from the contractors, by delaying the start of construction of the first phase until the fourth quarter of 2009. This will result in more favourable timing of completion. This is now scheduled to take place in 2011.
The average occupancy rate of the portfolio amounted to 90.2% (2008: 92.7%). The value of the portfolio of property in operation was € 604.8 million on 31 December 2009 while the portfolio of development projects was € 67.5 million. The property in operation portfolio underwent a downward revaluation of 12.3% (yields –10.3%, rents –2.0%).

**Prospects**

In the United States, Wereldhave is focusing on investments in offices and residential projects. The main challenge for the American management organisation is to successfully conclude the first phase of the project in San Antonio and to sign occupants for the offices to be completed in the second quarter of 2010. Every effort will also be made to increase occupancy levels in the portfolio.

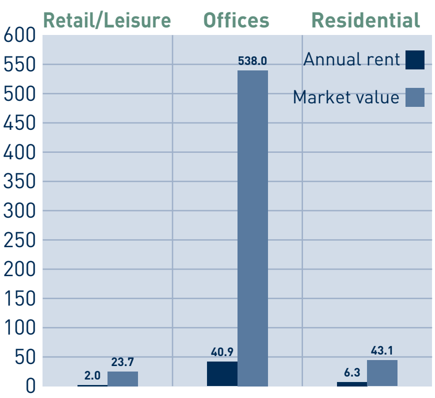


**OECD Economic Outlook**

| | 08 | 09 | 10 | 11 |
|---|---|---|---|---|
| Economic growth | 0.4 | -2.5 | 2.5 | 2.8 |
| Average growth EU zone | 0.5 | -4.0 | 0.9 | 1.7 |
| Inflation | 2.1 | 1.3 | 0.9 | 1.0 |
| Growth private consumption | -0.2 | -0.6 | 1.3 | 2.4 |
| Growth corporate investment | 1.6 | -17.8 | 0.2 | 8.4 |
| Growth in employment | -0.5 | -3.6 | -0.5 | 1.7 |
| Unemployment rate | 5.8 | 9.2 | 9.9 | 9.1 |

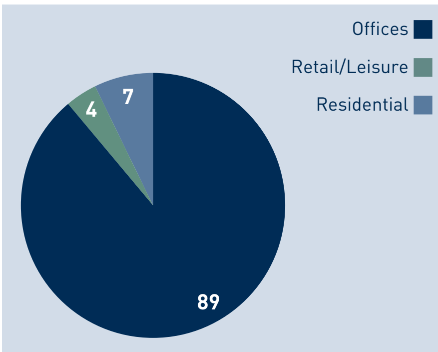
**Annual rent and market value**

*(x € 1 mln as at December 31, 2009, assuming no vacancies)*



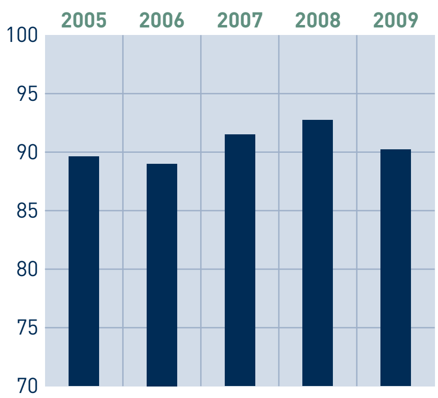

**Distribution of investments**

*(as a % of market value)*

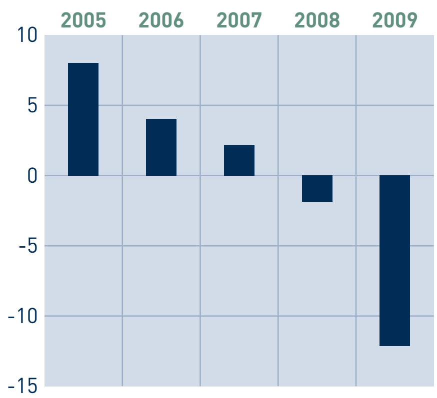



West Broadway 655, San Diego

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




**Property revaluation** *(as a %)*




**Top 5 tenants**
*(as at December 31, 2009 based on the contracted annual rent in 2010)*

1. United States Mint
2. Coughlin Stoia Geller Rudman & Robbins
3. Cisco Systems
4. Advanced Equities Financial Corp.
5. Farm Credit Bank of Texas

# Prospects

Although the global economy has found calmer waters as compared to the year 2009, recovery is still very fragile and primarily based on corporate cost reductions and government stimulation measures. Despite economic growth in Asia, a structural improvement has yet to be seen in Europe and the United States. Businesses and consumers will, and will need to, keep a close eye on costs in 2010 as well. This also applies to many of Wereldhave's tenants. In that respect, 2010 will not be much better than 2009.

With its solid balance sheet, Wereldhave's financial position is strong, despite the downward revaluation of the property portfolio in 2009. The acquisition of four shopping centres in the Netherlands marks the first important step towards expansion of the share of shopping centres in our portfolio. It is our intention that a number of property related staff will join Wereldhave. The purchase is financed with existing credit facilities and contributes immediately to the profit per share in 2010. Wereldhave expects more property to be available for sale in 2010, certainly in those markets where Wereldhave would like to expand its position: the United Kingdom, France and Spain. Its strong financial position will enable Wereldhave to benefit. In doing so, Wereldhave will continue to focus on high-quality property and prime locations, as these provide a solid basis for a stable and growing direct result per share. Once its acquisitions start to take shape, Wereldhave will commence selling smaller projects involving less than € 20 million, provided that can be obtained a suitable price.

Based on the quality of the shopping centres, Wereldhave expects the occupancy rate in the shopping centre portfolio to remain high. An upward trend can be seen in the occupancy rate for the offices portfolio, thanks also to excellent lease results in 2009 in Paris, Manchester and Washington D.C. in particular. This demonstrates that even in a difficult market, good quality office buildings can be successfully leased. Conditions on the office market will nevertheless continue to be challenging, with strong competition and pressure on prices in most markets. Top priority will continue to be devoted to maintaining and preferably improving the occupancy level in 2010.

Wereldhave continues to steadily work on the expansion of the Belgian shopping centre in Nivelles and the completion of a mixed-use project in San Antonio, Texas. Construction in Nivelles is expected to commence in mid-2010. The market has shown great interest in leasing shopping space in this project. Two office buildings that are part of the San Antonio project will be completed during the second quarter. Wereldhave is positive about the lease of these buildings based on their quality and the relatively favourable dynamics of the Texan economy. Construction of rental flats, a hotel and a shopping centre is set to commence, with completion expected in 2011.

The Hague, 2 March 2010

Wereldhave N.V. Board of Management — J. Pars, D.J. Anbeek

J. Pars (right) and D.J. Anbeek


Shopping centre Belle-Ile, Liège

# Consolidated Annual Accounts 2009



# Company Annual Accounts 2009

# Consolidated balance sheet at December 31, 2009

*(amounts x € 1,000)*

| | Notes | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Investment properties in operation | 5 | 2,418,248 | | 2,645,969 | |
| Investment properties under construction | 5 | 81,629 | | 52,056 | |
| Investment properties | | | 2,499,877 | | 2,698,025 |
| Property and equipment | 6 | 6,308 | | 6,359 | |
| Intangible assets | 7 | 2,823 | | 1,652 | |
| Financial assets | 8 | 24,352 | | 50,758 | |
| Deferred tax assets | 9 | 1,381 | | 799 | |
| Other non-current assets | 10 | 26,689 | | 24,861 | |
| | | | 61,553 | | 84,429 |
| | | | 2,561,430 | | 2,782,454 |
| **Current assets** | | | | | |
| Trade and other receivables | 11 | 15,374 | | 15,686 | |
| Tax receivables | 12 | 20 | | 302 | |
| Cash and cash equivalents | 13 | 20,156 | | 24,743 | |
| | | | 35,550 | | 40,731 |
| | | | 2,596,980 | | 2,823,185 |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Share capital | 14 | 212,770 | | 207,817 | |
| Share premium | 15 | 766,432 | | 763,809 | |
| General reserve | 16 | 655,961 | | 836,811 | |
| Revaluation reserve | 17 | 1,762 | | 399 | |
| Reserve for exchange rate differences | 18 | -/- 67,371 | | -/- 68,553 | |
| | | | 1,569,554 | | 1,740,283 |
| Minority interest | | | 116,921 | | 119,889 |
| | | | 1,686,475 | | 1,860,172 |
| **Long term liabilities** | | | | | |
| Interest bearing liabilities | 19 | 572,057 | | 715,586 | |
| Deferred tax liabilities | 20 | 119,036 | | 151,800 | |
| Financial liabilities | 24 | 5,868 | | – | |
| Other long term liabilities | 21 | 21,335 | | 21,347 | |
| | | | 718,296 | | 888,733 |
| **Short term liabilities** | | | | | |
| Trade payables | | 3,907 | | 3,470 | |
| Tax payable | 22 | 2,055 | | 1,073 | |
| Interest bearing liabilities | 19 | 140,757 | | 24,000 | |
| Other short term liabilities | 23 | 45,490 | | 45,737 | |
| | | | 192,209 | | 74,280 |
| | | | 2,596,980 | | 2,823,185 |
| Net asset value per share *(x € 1)* | 35 | | 73.77 | | 83.74 |

## Consolidated income statement for 2009

***(amounts x € 1,000)***

| | Notes | 2009 | | 2008 | |
|---|---|---|---|---|---|
| Gross rental income | 26 | 166,672 | | 168,747 | |
| Service costs charged | | 44,917 | | 42,603 | |
| Total revenues | | | 211,589 | | 211,350 |
| Service costs paid | | -/- 52,886 | | -/- 48,244 | |
| Property expenses | 27 | -/- 15,567 | | -/- 14,136 | |
| | | | -/- 68,453 | | -/- 62,380 |
| **Net rental income** | | | 143,136 | | 148,970 |
| Valuation results | 28 | | -/- 247,010 | | -/- 107,952 |
| Results on disposals | 29 | | 767 | | 4,273 |
| General costs | 30 | | -/- 12,824 | | -/- 11,484 |
| Other income and expense | 31 | | 820 | | 1,387 |
| **Operational result** | | | -/- 115,111 | | 35,194 |
| Interest charges | 32 | -/- 20,286 | | -/- 28,905 | |
| Interest income | 32 | 686 | | 1,196 | |
| Net interest | | | -/- 19,600 | | -/- 27,709 |
| Other financial income and expense | 33 | | 119 | | -/- 5,945 |
| **Result before tax** | | | -/- 134,592 | | 1,540 |
| Taxes on result | 34 | | 32,321 | | 7,292 |
| **Result** | | | -/- 102,271 | | 8,832 |
| Shareholders | | | -/- 107,096 | | 493 |
| Minority interest | | | 4,825 | | 8,339 |
| **Result** | | | -/- 102,271 | | 8,832 |
| Earnings per share *(x € 1)* | 35 | | -/- 5.07 | | 0.02 |
| Diluted earnings per share *(x € 1)* | 35 | | -/- 5.07 | | 0.02 |

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | direct result | indirect result | direct result | indirect result |
| Gross rental income | 166,672 | | 168,747 | |
| Service costs charged | 44,917 | | 42,603 | |
| Total revenues | 211,589 | | 211,350 | |
| Service costs paid | -/- 52,886 | | -/- 48,244 | |
| Property expenses | -/- 15,567 | | -/- 14,136 | |
| | -/- 68,453 | | -/- 62,380 | |
| **Net rental income** | 143,136 | | 148,970 | |
| Valuation results | | -/- 247,010 | | -/- 107,952 |
| Results on disposals | | 767 | | 4,273 |
| General costs | -/- 12,824 | | -/- 11,484 | |
| Other income and expense | 840 | -/- 20 | 777 | 610 |
| **Operational result** | 131,152 | -/- 246,263 | 138,263 | -/- 103,069 |
| Interest charges | -/- 18,298 | -/- 1,988 | -/- 27,293 | -/- 1,612 |
| Interest income | 686 | | 1,196 | |
| Net interest | -/- 17,612 | -/- 1,988 | -/- 26,097 | -/- 1,612 |
| Other financial income and expense | | 119 | | -/- 5,945 |
| **Result before tax** | 113,540 | -/- 248,132 | 112,166 | -/- 110,626 |
| Taxes on result | -/- 2,465 | 34,786 | -/- 2,751 | 10,043 |
| **Result** | 111,075 | -/- 213,346 | 109,415 | -/- 100,583 |
| Shareholders | 104,034 | -/- 211,130 | 102,326 | -/- 101,833 |
| Minority interest | 7,041 | -/- 2,216 | 7,089 | 1,250 |
| **Result** | 111,075 | -/- 213,346 | 109,415 | -/- 100,583 |
| Earnings per share *(x € 1)* | 4.93 | -/- 10.00 | 4.92 | -/- 4.90 |
| Diluted earnings per share *(x € 1)* | 4.93 | -/- 10.00 | 4.92 | -/- 4.90 |

This overview contains additional information which is not part of the current IFRS regulations, but is part of the consolidated statement of income. Reference is made to note 3.26.

## Consolidated statement of comprehensive income

***(amounts x € 1,000)***

| | 2009 | 2008 |
|---|---|---|
| Result | -/-102,271 | 8,832 |
| Exchange rate differences | 1,182 | -/- 13,336 |
| Revaluation of financial assets available for sale | 1,966 | -/- 1,283 |
| Total of comprehensive income | -/- 99,123 | -/- 5,787 |
| Shareholders | -/-104,551 | -/- 13,850 |
| Minority interest | 5,428 | 8,063 |
| | -/- 99,123 | -/- 5,787 |

## Consolidated statement of movements in equity for 2009

***(amounts x € 1,000)***

| | Attributable to shareholders of the Company | | | | | | Minority interest | Total |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | General reserve | Revaluation reserve | Reserve for exchange rate differences | Total attributable to share-holders | | |
| **Balance at January 1, 2008** | 207,817 | 763,809 | 932,952 | 1,287 | -/-55,098 | 1,850,767 | 122,545 | 1,973,312 |
| *Comprehensive income* | | | | | | | | |
| Result | – | – | 493 | – | – | 493 | 8,339 | 8,832 |
| Exchange rate differences | – | – | – | – | -/-13,455 | -/- 13,455 | 119 | -/- 13,336 |
| Revaluation of financial assets available for sale | – | – | – | -/- 888 | – | -/- 888 | -/- 395 | -/- 1,283 |
| Total of comprehensive income | – | – | 493 | -/- 888 | -/-13,455 | -/- 13,850 | 8,063 | -/- 5,787 |
| *Transactions with shareholders* | | | | | | | | |
| Reduction of minority share (Belgium) | – | – | – | – | – | – | -/- 4,188 | -/- 4,188 |
| Dividend 2007 | – | – | -/- 96,634 | – | – | -/- 96,634 | -/- 6,531 | -/-103,165 |
| **Balance at December 31, 2008** | 207,817 | 763,809 | 836,811 | 399 | -/-68,553 | 1,740,283 | 119,889 | 1,860,172 |
| *Comprehensive income* | | | | | | | | |
| Result | – | – | -/-107,096 | – | – | -/-107,096 | 4,825 | -/-102,271 |
| Exchange rate differences | – | – | – | – | 1,182 | 1,182 | – | 1,182 |
| Revaluation of financial assets available for sale | – | – | – | 1,363 | – | 1,363 | 603 | 1,966 |
| Total of comprehensive income | – | – | -/-107,096 | 1,363 | 1,182 | -/-104,551 | 5,428 | -/- 99,123 |
| *Transactions with shareholders* | | | | | | | | |
| Reduction of minority share (US) | – | – | – | – | – | – | -/- 2,090 | -/- 2,090 |
| Equity component convertible bond | – | 7,576 | – | – | – | 7,576 | – | 7,576 |
| Stockdividend | 4,953 | -/- 4,953 | – | – | – | – | – | – |
| Dividend 2008 | – | – | -/- 73,754 | – | – | -/- 73,754 | -/- 6,306 | -/- 80,060 |
| **Balance at December 31, 2009** | 212,770 | 766,432 | 655,961 | 1,762 | -/-67,371 | 1,569,554 | 116,921 | 1,686,475 |

# Consolidated cash flow statement for 2009

*(amounts x € 1,000)*

| | 2009 | | 2008 | |
|---|---|---|---|---|
| **Operating activities** | | | | |
| **Result** | | -/- 102,271 | | 8,832 |
| | | | | |
| Adjustments: | | | | |
| Valuation results | 247,010 | | 107,952 | |
| Net interest | 19,600 | | 27,709 | |
| Other financial income and expenditure | -/- 119 | | 5,945 | |
| Results on disposals | -/- 767 | | -/- 4,273 | |
| Deferred taxes | -/- 34,360 | | -/- 10,349 | |
| Other movements in reserves | 777 | | 622 | |
| | | 232,141 | | 127,606 |
| | | 129,870 | | 136,438 |
| Movements in working capital | | 11,358 | | 8,429 |
| | | | | |
| **Cash flow from operating activities** | | 141,228 | | 144,867 |
| | | | | |
| Interest paid | -/- 16,563 | | -/- 27,513 | |
| Interest received | 227 | | 1,196 | |
| Income tax paid / (received) | -/- 2,026 | | -/- 2,015 | |
| | | -/- 18,362 | | -/- 28,332 |
| **Net cash flow from operating activities** | | 122,866 | | 116,535 |
| | | | | |
| **Investment activities** | | | | |
| Proceeds from disposals of investment property | 2,822 | | 9,631 | |
| Investments in investment properties | -/- 56,058 | | -/- 140,109 | |
| Investments in property and equipment | -/- 579 | | -/- 475 | |
| Investments in financial assets | 584 | | -/- 5,068 | |
| Investments in minority interest | -/- 2,143 | | -/- 2,880 | |
| Investments in intangible assets | -/- 1,329 | | -/- 808 | |
| Investments in other non-current assets | -/- 5,668 | | 185 | |
| Cash settlement forward transactions | 33,301 | | -/- 9,592 | |
| | | | | |
| **Cash flow from investment activities** | | -/- 29,070 | | -/- 149,116 |
| | | | | |
| **Financing activities** | | | | |
| New loans interest bearing debts | 326,757 | | 332,339 | |
| Repayment interest bearing debts | -/- 339,473 | | -/- 184,714 | |
| Repayment other long term liabilities | -/- 912 | | -/- 3,419 | |
| Withdrawal of preference shares | -/- 3,405 | | – | |
| Dividend paid | -/- 73,754 | | -/- 96,602 | |
| Dividend paid – minority interest | -/- 6,306 | | -/- 6,531 | |
| | | | | |
| **Cash flow from financing activities** | | -/- 97,093 | | 41,073 |
| | | | | |
| **Decrease / increase cash and bank** | | -/- 3,297 | | 8,492 |
| Cash and cash equivalents at January 1 | | 24,743 | | 16,803 |
| Foreign exchange differences | | -/- 1,290 | | -/- 552 |
| | | | | |
| **Cash and cash equivalents at December 31** | | 20,156 | | 24,743 |

## 1. General information

Wereldhave N.V. (the company) is a property investment company. The property portfolio of Wereldhave and its subsidiaries (the group) are located in Europe and the United States. 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 NYSE Euronext Stock Exchange of Amsterdam and Paris. The consolidated financial statements for the year 2009 have been authorised for issue by the Supervisory Board on March 2, 2010 and will be presented to the shareholders for approval on April 15, 2010.

## 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'. 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 2009 financial statements

The Group's presentation currency is the Euro. The financial statements of Wereldhave have been presented in euros, rounded to the nearest thousand. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. 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 article 402 Book 2.9. of the Dutch Civil Code.

The accounting policies mentioned in the annual accounts have been applied to the years presented, i.e. the reporting year and the preceding year, unless mentioned otherwise. The accounts have been prepared before distribution of profit.

In 2009 the below mentioned new IFRS standards or interpretations thereon became applicable. These new or amended standards and interpretations did not affect Wereldhave's reporting for the year 2009, with the exception of the adjustments of IAS 1 'Presentation of the financial statements' and revision of IAS 40 'Investment Properties'. This concerns the following standards and interpretations:

- IAS 1 Presentation of Financial Statements;
- IAS 40 Investment Property;
- IFRS 8 Operating segments;
- IAS 23 Borrowing Cost;
- IFRIC 15 Agreement for the Construction of Real Estate;
- IFRS 7 Financial Instruments: Disclosures;
- IFRIC 13 Customer Loyalty Programs;
- IAS 1 and IAS 32 Puttable Financial Instruments.

*IAS 1 Presentation of Financial Statements*

The standard separates owner and non-owner changes in equity. The statements of changes in equity will include only details of transactions with owners, with non-owners changes in equity presented as a single line. In addition, companies have an option to continue presenting a 'traditional' income statement complemented by a second statement, the statement of comprehensive income (SOCI), or to present a single statement, also named 'statement of comprehensive income', that includes both elements. Wereldhave has taken the option of presenting an income statement complemented by the statement of comprehensive income.

*IAS 40 Investment Property*
IAS 40 has been amended to bring within its scope investment property under construction (IPUC). Consequently such property is measured at fair value when completed investment properties are measured at fair value. In the case that the fair value cannot be determined reliably the IPUC will be measured at cost less impairment. The policy has been applied prospectively from 1 January 2009. The change in accounting policy did not have an impact on result or comprehensive income, since the fair value of IPUC (valued at fair value) is equal to its cost.

*IFRS 8 Operating Segments*
IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 was early adopted by Wereldhave in 2008. Therefore, there is no effect in 2009.

*IAS 23 Borrowing Cost*
The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Wereldhave's previous policy was to capitalise borrowing costs on qualifying assets. It has continued to capitalise borrowing costs directly attributable to investment property under construction. As such the revised standard has no impact on these financial statements.

*IFRIC 15 Agreements for the Construction of Real Estate*
IFRIC 15 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate. As Wereldhave only develops for its own portfolio, this IFRIC does not have impact the annual accounts of Wereldhave.

*IFRS 7 Financial Instruments: Disclosures*
The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on the results.

As from 2010 following (adjusted) standards, applicable for Wereldhave, become in force:
- IAS 27 'Consolidated and Separate Financial Statements' (amended);
- IAS 32 'Financial Instruments' (revised);
- IFRS 3 'Business Combinations' (revised);
- IFRS 9 'Financial Instruments': Classification and measurement (subject to EU endorsement);
- IAS 39 'Financial Instruments': Measurement and recognition (amended);
- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (new);
- IFRIC 17 'Distributions of Non-cash Assets to Owners' (new).
- IAS 24 Related parties;
- IFRIC 19 Extinguishing financial liabilities with equity instruments.

It is expected that these adjustments do not have a major impact on the annual accounts of Wereldhave.

**Presentation of the consolidated balance sheet and income statement**
Wereldhave has decided to present rent related items in gross rental income, where these were presented in other income and expense in the past. As a result of this gross rental income of 2008 has increased by € 0.4 mln at the expense of the other income and expense. In addition, some elements of other financial income and expense have been recognized in interest expenses, general expenses and other income and expense. As a result of this the net interest has increased by € 2.5 mln in favor of the other financial income and expenses (€ 1.7 mln), general cost (€ 3.0 mln) and other income and expense (€ –2.6 mln).

Deferred tax assets amounting to € 0.8 mln were presented in current assets in 2008. In 2009 this amount has been presented as deferred tax asset on the face of the consolidated balance sheet.



**Cash flow statement**
Wereldhave decided to report the consolidated cash flow statement at transaction/weighted average foreign currency rates as from the third quarter of 2009, instead of year-end rates that were previously used. This has resulted in an adjustment of the cash flow from operating activities as per December 31, 2008 of € –1.3 mln. The cash flow from investments and financing activities has been adjusted by € –1.7 mln, respectively € 3.6 mln as per December 31, 2008. Furthermore, the cash settled forward transactions have been presented as investment activity, where they were presented as financing activity in the past.

**New Strategy**

In the fourth quarter of 2009 the Board of Management has announced a rebalancing of its strategy. One of the items is more focus on business lines 'offices and residential', 'shopping centers' and other.

Where in the past there was no explicit objective for purchasing and divesting offices and residential, the rebalanced strategy includes an objective to make use of sound timing in the purchase and sale of office buildings and residential projects, based on in-house own market analyses. Furthermore, the Board of Management has announced to divest properties with a value below € 20 mln and logistic properties in due time. As a consequence the assumptions for calculation the deferred tax has changed. Until 2008 tax facilities that were in place on the sale of properties were not taken into account when determining the deferred tax positions as it was considered that the properties would stay in the portfolio. Due to the new strategy these tax facilities are taken into account for 'offices and residential' and the properties with a value below € 20 mln and logistic properties. As a result of that the 2009 (indirect) result is € 8.7 mln higher and the deferred tax liabilities have decreased by € 8.7 mln.

As a consequence of the new strategy the internal and segment reporting will be modified from a geographical based reporting to a reporting that follows the property types in 2010.

**3.2 Consolidation**

*Subsidiaries*

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

*Transactions and minority interests*

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group and are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary. If the fair value of identifiable assets and liabilities exceeds their cost of acquisition, the surplus is acronated for in the (indirect) result.

### 3.3 Foreign currencies

*Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is Wereldhave's functional and the group's presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within other financial income and expense, except when deferred in comprehensive income as qualifying net investment hedges.

*Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in comprehensive income are recognised as exchange rate difference under other financial income and expense.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

| | average | | year-end | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| GBP | 1.12287 | 1.25954 | 1.12600 | 1.04987 |
| USD | 0.71905 | 0.68413 | 0.69416 | 0.71855 |
| TRY | 0.46364 | 0.52659 | 0.46410 | 0.46538 |

### 3.4 Cash flow statement

The cash flow statement is prepared by the indirect method. Cash flows denominated in a foreign currency are reported at foreign exchange transaction rate or, where it is impossible to determine individual transaction rates, at weighted average exchange rate. Cash flows from derivatives are presented as investment activity.

### 3.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds the higher of the recoverable amount, being the fair value less costs to sell, or the value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 3.6 Derivatives

Derivative financial instruments are stated at fair value. The gain or loss on remeasurement is recognised in the income statement as revaluation result. Purchase and sale are recognised and derecognised using trade date accounting.

### 3.7 Hedging of net investment in foreign operation

Wereldhave prepares hedge documentation at inception of every net investment hedge. The hedge documentation is updated on every period closing when the effectiveness of the hedge is determined.

### 3.8 Investment property

*Investment properties in operation*

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

Fair value is based on the capitalization 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 separately. 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 and the cost of the expenditure can be measured reliably. 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 finance leases, adding the fair value of these lease liabilities back to the investment property value. At the same time the lease liabilities are recorded at the lower of fair value of the liability or discounted minimal lease payments with subsequent measurement at amortised cost.

The fair value of the portfolio is valued twice a year by independent external valuers with the relevant qualification and experience in the location and category of the investment property being valued. All properties are internally valued at fair value at the end of every quarter. Valuation differences and results on disposals are recognised in the income statement. Investment properties under redevelopment continue 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 income statement under results on disposals.

*Investment properties under construction*

Property that is being constructed or developed for future use as investment property in operation is classified as subcategory investment property under construction ("IPUC"). IPUC projects are initially valued at historical cost, and are subsequently valued at fair value. Fair value measurement on IPUC is only applied for if the fair value is considered to be reliable measurable.

Cost includes the (estimated) works performed, the costs of staff directly related to technical supervision, project management on the basis of time spent and capitalised interest costs on the basis of amounts spent and the effective interest up to the date of completion.

Fair value changes and impairment losses are recognised in the income statement as valuation result. IPUC's are transferred to investment properties in operation on the date of technical completion.

### 3.9 Property and equipment

Property and equipment include property in own use. Property and equipment are stated at cost less depreciation and impairments. 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 : 3-5 years
- Cars : 5 years

The useful lives and the residual values of property and equipment are reviewed at balance sheet date. Gains and losses on disposals are recognised in the income statement. Subsequent expenditures are recognised in the income statement unless it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the expenditure can be measured reliably. In that case costs are capitalised to the carrying amount of the asset. For properties in own use the fair value at the date of reclassification is considered to be its cost for depreciation purposes.

### 3.10 Intangible assets

*Computer software*

Acquired computer software licenses and development costs regarding internally developed software are capitalised at cost incurred to acquire, to develop and implement the specific software. These costs are amortised over their estimated useful lives (5 to 10 years).

### 3.11 Financial assets

Financial assets will include items due after more than twelve months, unless mentioned otherwise. Capital gains on disposals are accounted for under results on disposals. Acquisitions and sales are accounted for based upon trade date. Wereldhave classifies its financial assets in the following categories:

- at fair value through profit or loss;
- loans and receivables; and
- available for sale.

The classification depends on the purpose for which the financial assets were acquired. The classification is determined at initial recognition.

The fair value of financial instruments is, if available, determined by relevant quoted (bid)prices (first level). In case that the valuations are not available on markets, the fair value is based on information from banks, which is recalculated in a internal calculation model (second level). When this information from banks is also not available only internal calculation models are used (third level).

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading or derivatives.

Financial assets at fair value through the income statement are initially and subsequently valued at fair value. The fair values are current bid prices in case these are available. In case an open market value is not available, the fair value is based on information of banks, which is recalculated with internal calculation models.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans issued and other receivables are taken into account, initially at fair value plus transaction costs directly attributable to the loan and subsequently at an amortised cost basis. Amortised cost is taken to the income statement under interest income and expense on the basis of the effective interest method.

When there is objective evidence that the group company will not be able to collect all amounts due, an impairment of loans and receivables is established via the income statement to the amount collectible. Indicators for non collectability are amongst others significant financial difficulties of a debtor, non-compliance of payment conditions and bankruptcy.

*Financial assets available for sale*
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial assets available for sale are initially recognised at fair value plus acquisition costs and subsequently valued at fair value. Valuation results are directly taken to the comprehensive income. In case a decline of the fair values is significant or prolonged, impairments will be accounted for as impairment in the income statement under revaluation result. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in comprehensive income are included in the income statement as results on disposal.

Dividends on financial assets are recognised in the income statement as other income and expense when the right to receive payments is established.

An overview of the carrying amounts of the financial assets and financial liabilities is set out in note 25.

**3.12 Other non-current assets**

*Rent free periods and other leasing expenses*
These costs are initially recognised at cost and subsequently amortised over the remaining term of the lease on a straight-line basis.

*Pension plans*
The capitalised net receivable from defined benefit plans is accounted for as mentioned in note 3.19, capped to the amount which can be obtained by means of premium discounts or unconditional repayments and considered as long term. Movements in the present value of the receivable are taken to the income statement as other financial income and expense.

*Deferred tax assets*
Deferred tax assets are valued at the amount that is expected to be offset against future taxable profits or offset opportunities, as per balance sheet date, enacted or substantially enacted tax rates that are expected to apply to the period when the asset is realized. Recognition of deferred tax assets with respect to unrealized capital losses on existing property is done in the case of a foreseen sale or in case compensation can be achieved with operational results.

**3.13 Non-current assets held for sale**

Non-current assets (or a disposal group) are held for sale in case its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition. Further the sale must be highly probable, management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. The sale should be completed in one year from the date of classification.

Non-current assets (or disposal group) classified as held for sale shall be measured at the lower of its carrying amount and fair value less costs to sell. No remeasurement takes place when the assets are already measured at fair value. Non-current assets held for sale or the assets from a disposal group shall be presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale shall be presented separately from the other liabilities. Those assets and liabilities that are held for sale shall not be offset.

A disposal group is a group of assets and liabilities that is sold or intended to be sold in one transaction.

**3.14 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms. Indicators for such an event are among others significant financial difficulties of a debtor, non-compliance to payment conditions and bankruptcy. The amount of the provision is the difference between the asset's carrying amount and the discounted estimated future cash flows. The movement in the provision is recognised as property expenses in the income statement. When trade receivables are uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against property expenses in the income statement.

**3.15 Cash and cash equivalents**

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

**3.16 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.

**3.17 Provisions**

A provision is recognised in the balance sheet when a legal or constructive obligation would exist, as a result of a past event, the obligation can be measured reliably and when it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**3.18 Long term debts**

*Interest bearing debts*

On acquisition, interest bearing debts are recognised at fair value, minus transactions costs. Subsequently interest bearing debts are measured at amortised cost. 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 unless the interest is capitalised. The short term portion of loans outstanding to be repaid within twelve months is shown under current liabilities.

*Convertible bonds*

Convertible bonds are a sub category of Interest bearing debts. The fair value of the liability portion of a convertible bond which is included in long term interest bearing liabilities is determined by discounting at a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at initial value on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder is allocated to the equity portion of the bond. This is recognised under share premium in shareholders' equity, net of tax.

*Deferred tax liabilities*
The deferred tax liabilities are based on the temporary differences between the book value of assets and liabilities and their fiscal book value for tax purposes and are considered to be long term. Deferred tax liabilities are determined at, as per balance sheet date, enacted or substantially enacted tax rates that are expected to apply to the period when the liability is settled and are not discounted.

Applicable corporate tax rates are used to determine the deferred tax liabilities. Fiscal facilities and different tariffs applicable at the moment of sale are only taken into account for properties where sale is expected in due course. Deferred tax assets and liabilities are only netted in case a legal right for compensation exists and if there is an intention to settle on a net basis.

Deferred tax has been included for temporary differences from investments in subsidiaries.

*Other long term liabilities*
Long term debts from leasehold liabilities and employee benefit plans are accounted for in accordance with note 3.8 respectively 3.19.

**3.19 Pension plans**
*Defined contribution plans*
Defined contribution plans are pension schemes to which a group company makes a fixed annual contribution and where the company does not have a legal or constructive obligation to make further payments if the pension fund of pension scheme does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The movement in obligations for defined contribution pension plans are recognised as an expense in the income statement.

*Defined benefit plans*
Defined benefit plans are pension schemes where participants can derive statutory benefits at the pension date. 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 ('corridor method'). We refer to note 3.12 for more information with regard to defined benefit plans with a net asset.

**3.20 Trade and other payables**
Trade and other payables are recognised initially at fair value and subsequently at amortised cost basis using the effective interest method.

**3.21 Leases**
*Lessor accounting*
Properties leased out under operating leases are included in investment property in the balance sheet. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a lease receivable under other long term assets.

*Lessee accounting*
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 are charged to the income statement on a straight-line basis over the period of the 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. Investment properties acquired under finance leases are carried at their fair value.

**3.22 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 are recognised as an integral part of the rental income.
The incentives are straight-lined over the minimum term of the lease. Rental income does not include value added tax or amounts charged to tenants in respect of service and operating costs.

*Service and operational income*
Service and operational income are shown on a gross basis when the property owner acts as a principal.

**3.23 Expenses**

*Service and operational costs*
Service and operational costs are shown on a gross basis when the property owner acts as a principal. In case the property owner acts as an agent only the non recoverable amount of the service and operational costs are shown. In the presentation on a gross basis, costs and charges are shown separately.

*Property expenses*
Property expenses consist 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 investment and development projects are capitalised on the basis of time spent.

**3.24 Interest**

Interest comprises the total of interest attributable to the accounting period on loans, other debts, accounts receivable and cash and bank balances and is split between interest received and paid. Due to the amortised cost valuation of interest bearing debts as well as amortization of the liability portion of convertible bonds, interest will include interest addition to interest bearing debts on the basis of the effective interest rate per loan.

Interest directly attributable to the acquisition or construction to an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets, starting at the moment of undertaking activities that are necessary to prepare the asset for its intended use till completion unless no further development takes place. The interest capitalised is calculated the group's weighted average cost of borrowings or the borrowing cost of a specific project financing.

**3.25 Tax charges**

Tax charges on the income statement 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 with probable future profits are recognised as deferred tax asset. Current tax is the expected tax payable or receivable on the taxable income or loss for the period. Deferred tax consists of the expected tax payable or receivable on changes in the value of assets or liabilities which will be realized at the moment of sale. Tax charges are calculated using tax rates prevailing at the balance sheet date. Tax receivables are only taken into account if it is reasonably expected that losses will be compensated.

**3.26 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 (other than exchange rate differences), financial income and expense (other than the interest addition to leasehold obligations, the interest addition to the real value of the conversion rights of convertible bonds, premiums paid on repurchased interest bearing debt and actuarial gains and losses on employee benefit plans) and tax charges on direct result. The indirect result consists of valuation results, exchange rate differences that are accounted for under other financial income and expense, the interest addition to leasehold obligations, the real value of the conversion rights on convertible bonds, the movement in deferred tax liabilities and actuarial gains and losses on employee benefit plans. This presentation is not obligatory under IFRS.

**3.27 Segment reporting**

A segment consists of assets and activities with specific risks and results, with differences per sector. The structure of the segment reporting is consistent with the way information is provided to the board of management of Wereldhave. Due to the fact that Wereldhave is structured geographically (till 2010) the segment reporting is structured per country. Head office activities are part of the segment the Netherlands.

**3.28 Significant estimates in the accounts**

*Investment property*

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.

A valuation based on fair value is a time- and place-based estimate. The estimate is based on a price level on which two well informed parties under normal market conditions would make a transaction for that specific property on the date of valuation. The fair value of a property in the market can only be determined with assurance at the moment of the actual sale of the property.

An external appraiser bases his fair value valuation on his own market knowledge and information. The valuation made by the appraiser is verified and approved by Wereldhave.

The fair value is based on a net yield calculation, where market rents are capitalised and normative property expenses (such as the costs of maintenance, insurance and expenses) are deducted. The yields used are specific for the country, the location, the type of property, the level of maintenance and the general lettability of every single property. The determination of applicable yields is based upon comparable transactions, added with market and building specific knowledge and remaining other assumptions.

Apart from assumptions with regard to yields, costs for future maintenance investments are also taken into account in the valuation. Furthermore, explicit assumptions are made per lettable location and per tenant with regard to the possibility of (re)letting, the start date of such (re)letting and the costs related hereto. Finally, adjustments are made for expected costs of vacancy (present and future) and for differences between the market rent and contractual rent. Sales costs at the expense of the buyer, including transfer tax, are deducted from the market value.

Due to the financial downturn the number of completed real estate transactions has significantly decreased worldwide in 2008 and even more in 2009, as a result of which there are less (or in some cases no) comparables available for the purpose of determining market yields. Due to the lack of clear comparables, the influence of assumptions on valuations has increased. Distressed sales cannot be fully used as reference value for the valuation of real estate based on a going concern company. In order to mitigate the risk Wereldhave has made use of external advise for the internal valuations, made use of external valuers for the full operational portfolio as per 31 December and has started to rotate external valuers.

A change in the average initial yield of 0.25% has an effect of € 76.1 million on equity (€ 3.58 per share) and (indirect) result.

General assumptions with regard to the valuation of investment property have been disclosed in note 3.8.

*Taxes*

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the 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 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 and deferred tax in the period in which such determination is made.

*Pensions*

With regard to the measurement of defined benefits assumptions are used with regard to interest rates, future return on assets, mortality rates and future salary increases. Deviations from these assumptions will have impact on assets, liabilities and results on future periods. In order to mitigate risks Wereldhave uses external expects for the measurement of defined benefit plans.

Furthermore, estimates have been applied for the recognition of deferred liabilities or claims.

## 4 Segment information *(amounts x € 1,000)*

### Geographical segment information – 2009

| | NL | BE | F | ES | SF | UK | US | Total |
|---|---|---|---|---|---|---|---|---|
| **Result** | | | | | | | | |
| Gross rental income | 29,037 | 26,164 | 5,361 | 11,375 | 30,608 | 18,684 | 45,443 | 166,672 |
| Service costs charged | 4,209 | 6,082 | 1,972 | 2,858 | 6,730 | 1,382 | 21,684 | 44,917 |
| **Total revenues** | 33,246 | 32,246 | 7,333 | 14,233 | 37,338 | 20,066 | 67,127 | 211,589 |
| Service costs paid | -/- 4,233 | -/- 6,847 | -/- 3,110 | -/- 3,520 | -/- 7,256 | -/- 1,829 | -/- 26,091 | -/- 52,886 |
| Property expenses | -/- 3,272 | -/- 1,391 | -/- 1,171 | -/- 944 | -/- 1,358 | -/- 1,463 | -/- 5,968 | -/- 15,567 |
| Valuation results | -/- 26,937 | -/- 6,975 | -/- 11,243 | -/- 19,070 | -/- 72,122 | -/- 23,021 | -/- 87,642 | -/-247,010 |
| Results on disposals | -/- 91 | – | – | – | – | 858 | – | 767 |
| General costs | -/- 6,245 | -/- 1,682 | -/- 371 | -/- 727 | -/- 478 | -/- 1,718 | -/- 1,603 | -/- 12,824 |
| Other income and expense | – | 820 | – | – | – | – | – | 820 |
| Interest charges | 9,728 | -/- 277 | -/- 1,997 | -/- 2,828 | -/- 13,570 | -/- 5,646 | -/- 5,696 | -/- 20,286 |
| Interest income | 343 | 104 | 50 | 17 | 21 | 62 | 89 | 686 |
| Other financial income and expense | 92 | -/- 29 | – | – | – | 56 | – | 119 |
| Taxes on results | 2,365 | -/- 103 | -78 | 3,773 | 14,884 | 6,818 | 4,662 | 32,321 |
| **Result** | 4,996 | 15,866 | -/- 10,587 | -/- 9,066 | -/- 42,541 | -/- 5,817 | -/- 55,122 | -/-102,271 |
| **Total assets** | | | | | | | | |
| Investment properties in operation | 374,983 | 381,873 | 172,272 | 153,572 | 519,627 | 211,126 | 604,795 | 2,418,248 |
| Investment properties under construction | 716 | 13,179 | – | – | – | 263 | 67,471 | 81,629 |
| Other segment assets | 598,019 | 20,174 | 4,590 | 6,786 | 1,946 | 35,722 | 23,335 | 690,572 |
| minus: intercompany | -/-575,747 | – | – | – | – | -/- 17,722 | – | -/-593,469 |
| | 397,971 | 415,226 | 176,862 | 160,358 | 521,573 | 229,389 | 695,601 | 2,596,980 |
| **Investments in investment properties** | 4,691 | 11,374 | 7,515 | 301 | 1,800 | -/- 1,205 | 30,875 | 55,351 |
| **Gross rental income by type of property** | | | | | | | | |
| Offices | 1,438 | 11,126 | 2,793 | 6,123 | 523 | 12,147 | 38,035 | 72,185 |
| Retail/Leisure | 16,084 | 15,038 | 2,568 | 2,834 | 30,085 | 5,532 | 1,816 | 73,957 |
| Logistics | 11,515 | – | – | 2,418 | – | 1,005 | – | 14,938 |
| Residential | – | – | – | – | – | – | 5,592 | 5,592 |
| | 29,037 | 26,164 | 5,361 | 11,375 | 30,608 | 18,684 | 45,443 | 166,672 |

In 2009 no tenant is responsible for more than 10% of the gross rental income. In The Netherlands the valuation results include € 1.2 mln of negative revaluations of financial instruments. Depreciation costs of € 0.8 mln are included in general costs. An amount of € 2.8 mln of interest charges relates to amortisation and interest addition.

**Geographical segment information – 2008**

| | NL | BE | F | ES | SF | UK | US | Total |
|---|---|---|---|---|---|---|---|---|
| **Result** | | | | | | | | |
| Gross rental income | 27,817 | 25,287 | 12,471 | 11,704 | 31,181 | 21,545 | 38,742 | 168,747 |
| Service costs charged | 3,888 | 6,170 | 3,236 | 2,671 | 6,338 | 956 | 19,344 | 42,603 |
| **Total revenues** | 31,705 | 31,457 | 15,707 | 14,375 | 37,519 | 22,501 | 58,086 | 211,350 |
| Service costs paid | -/- 3,906 | -/- 7,016 | -/- 3,303 | -/- 3,324 | -/- 6,813 | -/- 1,470 | -/- 22,412 | -/- 48,244 |
| Property expenses | -/- 3,552 | -/- 1,355 | -/- 1,180 | -/- 604 | -/- 1,061 | -/- 1,241 | -/- 5,143 | -/- 14,136 |
| Valuation results | 2,640 | 4,326 | -/- 21,980 | -/- 7,720 | 5,185 | -/- 76,769 | -/- 13,634 | -/- 107,952 |
| Results on disposals | 2,217 | – | – | – | -/- 42 | 2,098 | – | 4,273 |
| General costs | -/- 6,553 | -/- 1,488 | -/- 584 | -/- 315 | -/- 16 | -/- 1,478 | -/- 1,050 | -/- 11,484 |
| Other income and expense | 600 | 777 | 10 | – | – | – | – | 1,387 |
| Interest charges | 19,397 | -/- 312 | -/- 4,192 | -/- 6,892 | -/- 17,244 | -/- 9,703 | -/- 9,959 | -/- 28,905 |
| Interest income | 350 | 321 | 76 | 62 | 85 | 160 | 142 | 1,196 |
| Other financial income and expense | -/- 6,146 | 22 | – | – | – | 179 | – | -/- 5,945 |
| Taxes on results | -/- 8 | -/- 61 | -/- 46 | 1,325 | -/- 4,655 | 11,087 | -/- 350 | 7,292 |
| **Result** | 36,744 | 26,671 | -/- 15,492 | -/- 3,093 | 12,958 | -/- 54,636 | 5,680 | 8,832 |
| | | | | | | | | |
| **Total assets** | | | | | | | | |
| Investment properties in operation | 396,191 | 381,095 | 176,000 | 172,341 | 589,948 | 219,481 | 710,913 | 2,645,969 |
| Investment properties under construction | 572 | 9,558 | – | – | – | 222 | 41,704 | 52,056 |
| Other segment assets | 447,149 | 24,322 | 3,897 | 5,689 | 2,181 | 19,127 | 22,897 | 525,262 |
| minus: intercompany | -/-388,828 | – | – | – | – | -/- 11,274 | – | -/-400,102 |
| | 455,084 | 414,975 | 179,897 | 178,030 | 592,129 | 227,556 | 775,514 | 2,823,185 |
| | | | | | | | | |
| **Investments in investment properties** | -/- 523 | 6,885 | 239 | 276 | 4,049 | -/- 2,674 | 128,880 | 137,132 |
| | | | | | | | | |
| **Gross rental income by type of property** | | | | | | | | |
| Offices | 1,391 | 11,161 | 10,009 | 6,123 | 539 | 13,498 | 31,352 | 74,073 |
| Retail/Leisure | 15,552 | 14,126 | 2,462 | 3,232 | 30,642 | 6,662 | 1,810 | 74,486 |
| Logistics | 10,874 | – | – | 2,349 | – | 1,385 | – | 14,608 |
| Residential | – | – | – | – | – | – | 5,580 | 5,580 |
| | 27,817 | 25,287 | 12,471 | 11,704 | 31,181 | 21,545 | 38,742 | 168,747 |

In 2008 no tenant is responsible for more than 10% of the gross rental income. In The Netherlands the valuation results include € 4.7 mln of positive revaluations of financial instruments. Depreciation costs of € 0.6 mln are included in general costs. An amount of € 1.4 mln of interest charges relates to amortisation and interest addition.

## 5 Investment properties *(x € 1,000)*

| | 2009 | | |
|---|---|---|---|
| | Investment properties in | Investment properties under construction | Total investment properties |
| Balance at January 1 | 2,645,969 | 52,056 | 2,698,025 |
| Purchases | 5,631 | 1,036 | 6,667 |
| Investments | 16,976 | 33,667 | 50,643 |
| Transfer from IPUC | 2,755 | -/- 2,755 | – |
| Disposals | -/- 1,959 | – | -/- 1,959 |
| Revaluations | -/- 245,829 | – | -/- 245,829 |
| Exchange rate differences | -/- 5,295 | -/- 2,375 | -/- 7,670 |
| Balance at December 31 | 2,418,248 | 81,629 | 2,499,877 |

| | 2008 | | |
|---|---|---|---|
| | Investment properties in | Investment properties under construction | Total investment properties |
| Balance at January 1 | 2,668,032 | 40,430 | 2,708,462 |
| Purchases | 115,241 | – | 115,241 |
| Investments | 16,557 | 11,895 | 28,452 |
| Transfer from IPUC | – | – | – |
| Disposals | -/- 4,218 | -/- 2,343 | -/- 6,561 |
| Revaluations | -/- 112,637 | – | -/- 112,637 |
| Exchange rate differences | -/- 37,006 | 2,074 | -/- 34,932 |
| Balance at December 31 | 2,645,969 | 52,056 | 2,698,025 |

| Overview of measurement of total investment properties: | 2009 | 2008 |
|---|---|---|
| Fair value | | |
| – Investment properties in operation | 2,418,248 | 2,645,969 |
| – Investment properties under construction ('IPUC') | 21,560 | – |
| | 2,439,808 | 2,645,969 |
| At cost less impairment | 60,069 | 52,056 |
| | 2,499,877 | 2,698,025 |

In total 98% of the total property portfolio has been measured at fair value. Because IAS 40 'Investment Property' has not been endorsed retrospectively, there are no IPUC's measured at fair value in 2008. IPUC that has been measured at cost in 2009, mainly relates to IPUC for which it is not possible to determine a reliable fair value.

Wereldhave bought a retail store and a land plot in Belgium for an amount of € 6,7 mln and sold office buildings and a residential unit in the United Kingdom for an amount of GBP 2.5 mln (€ 2.9 mln). The disposals consists of 3 properties.

Investment properties to an amount of € 125 mln (2008: € 104 mln) are subject to mortgage. Mortgage has been given for English debentures for an amount of € 66 mln (2008: € 44 mln). The Belgian tax authorities have established a legal mortgage on four properties for an amount of € 51 mln, as security in a fiscal disagreement (see note 40). The market value of these properties amounts to € 59 mln (2008: € 60 mln).

All properties in the investment property portfolio were valued externally at December 31, 2009. Independent external valuers involved in the valuation of properties in 2009 are Troostwijk Taxaties B.V., Jones Lang LaSalle, Cushman & Wakefield, Catella, CBRE and Troostwijk-Roux Expertises cvba.

At December 31, 2009 the balance sheet valuation of investment properties valuation is as follows:

| | |
|---|---|
| Total investment property values according to internal and external valuation reports | 2,424,316 |
| Add: present value of future ground rent payments (leasehold) | 18,421 |
| | 2,442,737 |
| Deduct: book value of rent free periods and other leasing expenses to be amortised | -/- 24,489 |
| Balance sheet valuation | 2,418,248 |

Property expenses and service costs of unlet properties amount to € 1.8 mln (2008: € nil).

The significant assumptions made relating to valuations are set out below:

| **2009** | Belgium | Finland | France | The Netherlands | Spain | United Kingdom | United States |
|---|---|---|---|---|---|---|---|
| Theoretical rent per sqm (€) | 192 | 290 | 276 | 112 | 147 | 192 | 204 |
| Average net initial yield | 6.2% | 5.9% | 6.4% | 6.5% | 7.1% | 8.2% | 7.1% |
| Average vacancy rate | 7.2% | 1.0% | 62.5% | 0.6% | 10.1% | 8.7% | 9.8% |

| **2008** | Belgium | Finland | France | The Netherlands | Spain | United Kingdom | United States |
|---|---|---|---|---|---|---|---|
| Theoretical rent per sqm (€) | 179 | 304 | 270 | 110 | 145 | 181 | 210 |
| Average net initial yield | 6.1% | 5.3% | 6.0% | 6.0% | 6.6% | 7.9% | 6.3% |
| Average vacancy rate | 8.3% | 0.8% | 4.0% | 2.0% | 5.1% | 8.8% | 7.3% |



The average net inital yield is the calculation of the net market rent (gross market rent minus property expenses) divided by the gross market value including transaction costs.

## 6 Property and equipment *(x € 1,000)*

| | Property in own use | Office equipment | Cars | Total |
|---|---|---|---|---|
| Balance at January 1, 2008 | 4,360 | 1,536 | 635 | 6,531 |
| Investments/purchases | 3 | 292 | 219 | 514 |
| Disposals | – | – | -/- 39 | -/- 39 |
| Depreciation | -/- 67 | -/- 344 | -/- 223 | -/- 634 |
| Exchange rate differences | – | 5 | -/- 18 | -/- 13 |
| Balance at December 31, 2008 | 4,296 | 1,489 | 574 | 6,359 |
| Balance at January 1, 2009 | 4,296 | 1,489 | 574 | 6,359 |
| Investments/purchases | – | 263 | 383 | 646 |
| Disposals | – | – | -/- 67 | -/- 67 |
| Depreciation | -/- 66 | -/- 307 | -/- 256 | -/- 629 |
| Exchange rate differences | – | -/- 5 | 4 | -/- 1 |
| Balance at December 31, 2009 | 4,230 | 1,440 | 638 | 6,308 |

| | Property in own use | Office equipment | Cars | Total |
|---|---|---|---|---|
| **December 31, 2009** | | | | |
| Total acquisition at cost | 4,630 | 3,147 | 1,208 | 8,985 |
| Total depreciation | -/- 400 | -/-1,707 | -/- 570 | -/-2,677 |
| Net book value | 4,230 | 1,440 | 638 | 6,308 |

| | Property in own use | Office equipment | Cars | Total |
|---|---|---|---|---|
| **December 31, 2008** | | | | |
| Total acquisition at cost | 4,630 | 3,400 | 1,240 | 9,270 |
| Total depreciation | -/- 334 | -/-1,911 | -/- 666 | -/-2,911 |
| Net book value | 4,296 | 1,489 | 574 | 6,359 |



## 7 Intangible assets *(x € 1,000)*

Intangible assets refer to capitalised cost of internally developed ERP software.

| | | **2009** | | | **2008** | |
|---|---|---|---|---|---|---|
| | Internal cost | External cost | Total | Internal cost | External cost | Total |
| Balance at January 1 | – | 1,652 | 1,652 | – | 844 | 844 |
| Investments | 650 | 679 | 1,329 | – | 808 | 808 |
| Depreciation | – | -/- 158 | -/- 158 | – | – | – |
| Balance at December 31 | 650 | 2,173 | 2,823 | – | 1,652 | 1,652 |

| | 2009 | 2008 |
|---|---|---|
| Total acquisition at cost | 2,981 | 1,652 |
| Total depreciation | -/- 158 | – |
| Net book value | 2,823 | 1,652 |

The intangible asset has been taken into use in 2009 and therefore depreciation has been started. The internal cost refer to internal hours spent.

## 8 Financial assets *(x € 1,000)*

| | IFRS Category | December 31, 2009 | December 31, 2008 |
|---|---|---|---|
| Loans | *Loans and receivables* | 3,948 | 4,731 |
| Deposits paid | *Loans and receivables* | 1,621 | 1,609 |
| Financial assets available for sale | *Available for sale* | 11,948 | 9,723 |
| Derivative financial instruments | *At fair value through profit or loss* | 6,835 | 34,695 |
| Total | | 24,352 | 50,758 |

The fair value of financial assets coincides with their balance sheet valuation, except for the deposits paid. The fair value of the deposits paid amounts to € 1.3 mln (2008: € 1.3 mln). For a detailed explanation on derivative financial instruments, reference is made to note 24. Where applicable all financial assets are fully collectible and not passed due.

*Loans and deposits paid*
The fair value of loans and deposits paid has been determined using an internal discounted cashflow model (third level). The discount rate is equal to interest market rates.

Part of the issued loans is a subordinated loan to the pension fund of the company for an amount of € 3.0 mln (nominal € 3.3 mln) and has been issued in 2008. The original term of the loan is five years.

*Financial assets available for sale*
Financial assets available for sale are measured at fair value using stock market prices (first level).

With respect to the financial assets available for sale, which consists of equity instruments, an amount of € 2.0 mln revaluation result has been accounted for directly in equity (2008: € –1.3 mln). No financial assets available for sale have been sold in 2009 and 2008.

*Derivative financial instruments*
The derivative financial instruments contain interest rate swaps of which the fair value is obtained from banks and recalculated via internal valuation models using contractual and market interest rates (second level). Furthermore, the derivate financial instruments contain foreign exchange forward contracts of which the fair value has been determined by an internal model using the agreed forward rates (second level). For 2009 the foreign exchange forward contracts are accounted for in financial liabilities. Reference is made to note 24.

## 9 Deferred tax assets

| | 2009 | 2008 |
|---|---|---|
| Balance at January 1 | 799 | – |
| Additions | 1,809 | 799 |
| Compensated | -/- 1,227 | – |
| Balance at December 31 | 1,381 | 799 |

Deferred tax assets relate to capital gain losses in Spain that can be offset against future profits within 15 years.
For an amount of € 4.9 mln (2008: € nil) there are no deferred tax assets recognised in the United Kingdom as there are not enough (unrealised) capital gains available to off set the losses. For further information, reference is made to note 20.

## 10 Other non current assets *(x € 1,000)*

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Pension plans | 2,200 | 1,697 |
| Rent free periods | 9,432 | 8,977 |
| Other lease incentives | 7,086 | 7,146 |
| Agent fees | 7,971 | 7,041 |
| | 26,689 | 24,861 |

**Pension plans**

The net asset from defined benefit plans of the Dutch and English group companies is composed as follows:

| | The Netherlands | | United Kingdom | | Total | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Fair value of plan assets | 42,593 | 34,321 | 14,130 | 11,416 | 56,723 | 45,737 |
| Benefit obligations | 31,191 | 27,976 | 14,483 | 11,592 | 45,674 | 39,568 |
| | 11,402 | 6,345 | -/- 353 | -/- 176 | 11,049 | 6,169 |
| Past service costs | -/- 150 | -/- 350 | – | – | -/- 150 | -/- 350 |
| Unrecognised gains (–)/losses | 972 | 972 | 1,581 | 901 | 2,553 | 1,873 |
| Asset cap | -/-11,252 | -/- 5,995 | – | – | -/-11,252 | -/- 5,995 |
| Net asset | 972 | 972 | 1,228 | 725 | 2,200 | 1,697 |

The Dutch defined pension plan is based on average wage (until 2008: final wage) and the English pension plan is based on final wage. Both pension plans are carried out by company pension funds. The asset of the Dutch pension plan has been capped as this amount cannot be recuperated by Wereldhave.

The movement in the net asset is as follows:

| | The Netherlands | | United Kingdom | | Total | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Net asset at January 1 | 972 | 1,542 | 725 | 749 | 1,697 | 2,291 |
| Exchange rate differences | – | – | 51 | -/- 172 | 51 | -/- 172 |
| Employer contributions | 768 | 2,202 | 554 | 142 | 1,322 | 2,344 |
| Pension expense | -/- 768 | -/- 2,772 | -/- 102 | 6 | -/- 870 | -/-2,766 |
| Net asset at December 31 | 972 | 972 | 1,228 | 725 | 2,200 | 1,697 |

| The assumptions used: | | | | |
|---|---|---|---|---|
| – discount rate obligations | 5.40% | 5.60% | 5.70% | 6.30% |
| – long term rate of return on plan assets | 5.65% | 6.40% | 6.28% | 6.28% |
| – rate of annual salary increases | 2.00% | 2.00% | 3.60% | 2.80% |

The fair value of the assets of the Dutch pension plan consists for 32% of shares (2008: 34%), 55% of bonds (2008: 62%) and 13% of deposits (2008: 4%). The fair value of the assets of the English pension plan consists for 41% of shares (2008: 41%), 56% of bonds (2008: 59%) and 3% of other products (2008: 0%). The assets of the pension plans do not include financial instruments of Wereldhave. In 2009 Wereldhave made an additional contribution to the pension scheme in the United Kingdom of GBP 0.4 mln.

The mortality rates used for The Netherlands are obtained from the mortality tables. "Gehele bevolking mannen en vrouwen 2005-2050", published by the Dutch society of actuaries. For the UK the mortality rates are obtained from the 1992 series of the tables applicable to current experience. In 2009, as well in 2008, the plan assets do not include ordinary shares issued by the company. For employee benefit plans with a net liability, reference is made to note 21.

It is expected that the contribution of the employers will amount to € 1.0 mln in 2010.

The movement in the defined benefit obligation is as follows:

| | The Netherlands | | United Kingdom | | Total | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| DBO, beginning of year | 27,976 | 28,769 | 11,592 | 16,590 | 39,568 | 45,359 |
| Exchange rate differences | – | – | 841 | -/- 3,816 | 841 | -/- 3,816 |
| Plan adjustment | 179 | – | – | – | 179 | – |
| Net service cost | 517 | 468 | 93 | 115 | 610 | 583 |
| Interest cost | 1,546 | 1,466 | 767 | 728 | 2,313 | 2,194 |
| Employee contributions | – | – | 38 | 22 | 38 | 22 |
| Benefits paid | -/- 659 | -/- 951 | -/- 516 | -/- 464 | -/- 1,175 | -/- 1,415 |
| Actuarial gains (–)/losses | 1,632 | -/- 1,776 | 1,668 | -/- 1,583 | 3,300 | -/- 3,359 |
| DBO end of year | 31,191 | 27,976 | 14,483 | 11,592 | 45,674 | 39,568 |

The movement in the fair value of plan assets is as follows:

| | The Netherlands | | United Kingdom | | Total | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Beginning of year | 34,321 | 41,575 | 11,416 | 16,972 | 45,737 | 58,547 |
| Exchange rate differences | – | – | 829 | -/- 3,904 | 829 | -/- 3,904 |
| Employer contributions | 768 | 2,202 | 553 | 142 | 1,321 | 2,344 |
| Employee contributions | – | – | 38 | 22 | 38 | 22 |
| Benefits paid | -/- 659 | -/- 951 | -/- 516 | -/- 464 | -/- 1,175 | -/- 1,415 |
| Expected return on plan assets | 2,180 | 2,641 | 758 | 850 | 2,938 | 3,491 |
| Actuarial gains/losses (–) on plan assets | 5,983 | -/-11,146 | 1,052 | -/- 2,202 | 7,035 | -/-13,348 |
| End of year | 42,593 | 34,321 | 14,130 | 11,416 | 56,723 | 45,737 |

| **11 Trade and other receivables** *(x € 1,000)* | **December 31, 2009** | **December 31, 2008** |
|---|---|---|
| Tenant receivables | 6,122 | 5,501 |
| Prepayments | 2,533 | 3,008 |
| Interest to be received | 1,140 | 681 |
| Withholding tax | 2,636 | 2,782 |
| Value added tax | 384 | 528 |
| Other | 2,559 | 3,186 |
| Total | 15,374 | 15,686 |

The tenant receivables are receivables past due date and are shown after deduction of a provision for doubtful debts in the amount of € 1.5 mln (2008: 1.5 mln). In 2009 an amount of € 0.6 mln (2008: € 0.7 mln) was added to the provision and an amount of € 0.5 mln (2008: € 0.7 mln) was withdrawn. The other movements relate to exchange rate differences. The fair value of the trade and other receivables coincides with their balance sheet valuation. Wereldhave helds tenants deposits, credit letters from bank and group credit letters as colleteral. The tenant deposits amount to € 4.5 mln (2008: € 4.3 mln).



As in 2008, other receivables do not include amounts receivable and prepayments with a maturity of more than twelve months.

| **Maturity of tenant receivables** | **December 31, 2009** | **December 31, 2008** |
|---|---|---|
| – up to 1 month | 3,903 | 3,967 |
| – between 1 and 3 months | 1,009 | 605 |
| – between 3 and 12 months | 1,203 | 742 |
| – more than 1 year | 7 | 187 |
| | 6,122 | 5,501 |

## 12 Tax receivables *(x € 1,000)*

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Company tax | 20 | 302 |
| Total | 20 | 302 |

## 13 Cash and cash equivalents *(x € 1,000)*

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Bank balances | 17,162 | 14,180 |
| Deposits | 2,994 | 10,563 |
| Total | 20,156 | 24,743 |

## 14 Share capital *(number of shares)*

The objective of Wereldhave, when managing capital (as presented in the annual accounts), is to safeguard the group's continuity, to provide returns for its shareholders, benefits for other stakeholders and to maintain a capital structure as to optimize the cost of capital. Furthermore, Wereldhave manages its fiscal capital to ensure that it meets the requirements from fiscal laws and regulations. Wereldhave has the possibility to adjust the amount of dividends, return capital to shareholders, issue new shares or sell assets in order to maintain or adjust the capital structure.

| | Authorised share capital | Issued share capital |
|---|---|---|
| **Ordinary shares** | | |
| Balance at January 1, 2008 | 40,000,000 | 20,781,735 |
| Additions in 2008 | – | – |
| Balance at December 31, 2008 | 40,000,000 | 20,781,735 |
| Additions in 2009 | – | 495,253 |
| Balance at December 31, 2009 | 40,000,000 | 21,276,988 |



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

**Preference shares**

The authorised preference share capital amounted to € 200,000,000. The preference shares have a par value of € 10 each. No preference shares have been issued. In 2008 1,500,000 preference shares were issued, on which 25% was paid. These were withdrawn in 2009. In 2008 the preference shares were accounted for as a liability.

| | Authorised share capital | Issued share capital |
|---|---|---|
| **Priority shares A** | | |
| Balance at January 1, 2008 | 10 | 10 |
| Additions in 2008 | – | – |
| Balance at December 31, 2008 | 10 | 10 |
| Additions in 2009 | – | – |
| Balance at December 31, 2009 | 10 | 10 |

The priority shares A have a par value of € 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, 2008 | 19,999,990 | – |
| Additions in 2008 | – | – |
| Balance at December 31, 2008 | 19,999,990 | – |
| Additions in 2009 | – | – |
| Balance at December 31, 2009 | 19,999,990 | – |

The authorised priority shares B have a par value of € 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.

## 15 Share premium *(x € 1,000)*

Share premium is paid up share capital in excess of nominal value. The share premium is exempted from tax to the amount of € 736.5 mln (2008: € 741.4 mln).

| | **2009** | **2008** |
|---|---|---|
| Balance at January 1 | 763,809 | 763,809 |
| Equity component convertible bond | 7,576 | – |
| Stockdividend | -/- 4,953 | – |
| Balance at December 31 | 766,432 | 763,809 |

## 16 General reserve *(x € 1,000)*

| | 2009 | 2008 |
|---|---|---|
| Balance at January 1 | 836,811 | 932,952 |
| Result | -/-107,096 | 493 |
| Dividend previous year | -/- 73,754 | -/- 96,634 |
| Balance at December 31 | 655,961 | 836,811 |

An amount of € 502.4 mln (2008: € 641.9 mln) is designated as a legal reserve, relating to the unrealised revaluation of investment properties, and can not be distributed.

## 17 Revaluation reserve

The revaluation reserve relates to the unrealised valuation results of financial assets available for sale. As in 2008 there were no releases from the revaluation reserve into the profit and loss account in 2009.

## 18 Reserve for exchange rate differences *(x € 1,000)*

The exchange rate differences reserve comprises the exchange differences arising from the translation of the income statements of foreign subsidiaries denominated in USD, GBP and TRY as well as from the translation of liabilities and transactions designated as hedges for the exchange rate differences from the net investment in the United States and United Kingdom based subsidiaries and the translation differences on results in foreign currencies (difference between year-end and average rates). Due to the sale of the Turkish subsidiary an amount of € 0.1 mln has been transfered from equity to the profit and loss account.

| The movements are as follows: | 2009 | 2008 |
|---|---|---|
| Exchange rate differences on net investments in foreign entities | -/-1,020 | -/-37,983 |
| Sale of subsidiaries | 141 | – |
| Hedges of net investments in foreign entities | 216 | 14,414 |
| Exchange rate differences on results in foreign currencies (difference between year-end and average rates) | 1,845 | 10,114 |
| | 1,182 | -/-13,455 |



## 19 Interest bearing liabilities *(x € 1,000)*

| **Composition** | **December 31, 2009** | **December 31, 2008** |
|---|---|---|
| **Long term** | | |
| Bank loans | 116,176 | 484,163 |
| Debentures | 39,127 | 36,421 |
| Convertible bonds | 416,754 | 195,002 |
| | 572,057 | 715,586 |
| **Short term** | | |
| Bank loans | 140,757 | 24,000 |
| Total interest bearing liabilities | 712,814 | 739,586 |

**Movements in interest bearing debt**

*Including short term portion of long term debt*

| The movement is as follows: | **2009** | **2008** |
|---|---|---|
| Balance at January 1 | 739,586 | 592,597 |
| New loans | 326,757 | 332,339 |
| Repayments | -/-339,473 | -/-184,714 |
| Amortisation | 992 | 626 |
| Equity component convertible bond 2009 | -/- 7,576 | – |
| Interest addition equity component convertible bonds | 2,058 | 1,623 |
| Exchange rate differences | -/- 9,530 | -/- 2,885 |
| Balance at December 31 | 712,814 | 739,586 |

**Convertible bonds**

*Bond 2006*

The Group issued a 2.5% convertible bond at a total nominal value of € 200 mln in 2006. The bonds mature in 2011, five years from the issue date at their nominal value of € 200 mln or can be converted into shares at the holder's option at the rate of € 97 per share for maximum 2,061,856 shares at this moment.

*Bond 2009*

The Group issued a 4.375% convertible bond at a total nominal value of € 230 mln in 2009. The bonds mature in 2014, five years from the issue date at their nominal value of € 230 mln or can be converted into shares at the holder's option at the rate of € 72.184 per share for maximum 3,186,302 shares at this moment.

The convertible bond is treated as a compound financial instrument. The value of the liability component and the equity conversion component were determined at issuance of the bond. The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for equivalent non-convertible bonds. This amount is set at initial value minus transaction costs and added interest directly attributable to the loan. Transaction costs are amortised over the term of the loan, until the moment of conversion or redemption of the loan. The residual amount, representing the value of the equity conversion component, is included in the share premium.

Movements convertible bonds:



| | | |
|---|---|---|
| Balance at January 1, 2009 | | 195,002 |
| Nominal value convertible bond 2009 | 230,000 | |
| Equity component | -/- 7,576 | |
| Transaction costs | -/- 3,566 | |
| Interest bearing debt at initial entry | | 218,858 |
| Interest addition equity component | | 2,058 |
| Cost amortisation 2009 | | 836 |
| Interest bearing debt at December 31, 2009 | | 416,754 |

In 2009 no convertible bonds have been converted.

**Significant terms and conditions**

Secured interest bearing liabilities consist of two GBP mortgage debentures from 1985 and 1987 until 2015 for which investment properties are secured. Unsecured interest bearing liabilities have financial covenants that include various clauses.
As at December 31, 2009 Wereldhave complies with these clauses.

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Long term interest bearing debt as a percentage of total interest bearing debt: | 80.3% | 96.8% |
| Percentage of interest bearing debt at floating rates: | 40.0% | 75.0% |

**Average effective interest rate**

The effective interest 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. Differences to the nominal interest rate may occur because of the amortization of interest charges and equity components of convertible loans over the remaining duration of the instrument.

The average effective interest rate (in %) at the balance sheet date is as follows:

| | 2009 | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | EUR | USD | GBP | total | EUR | USD | GBP | total |
| Short term interest bearing debt | 1.3% | 0.6% | 0.9% | 0.7% | 5.8% | – | – | 5.8% |
| Long term interest bearing debt | | | | | | | | |
| – unsecured | | | | | | | | |
| • convertible bonds | 4.6% | – | – | 4.6% | 3.6% | – | – | 3.6% |
| • bank debt and other loans | – | 1.6% | – | 1.6% | 3.7% | 2.9% | 2.8% | 3.2% |
| – secured | | | | | | | | |
| • debentures | – | – | 10.5% | 10.5% | – | – | 10.5% | 10.5% |
| • interest rate swaps | – | – | -/- 5.5% | -/- 5.5% | – | – | 0.1% | 0.1% |
| Average | 4.4% | 1.1% | 4.4% | 3.3% | 3.8% | 2.9% | 8.6% | 3.7% |

The average interest based on actual interest rates, without the effects of the effective interest rate method amounts to 3.4%, 1.1%, 2.7% and 2.6% with regard to the euro, dollar, British Pound and as total average.

**Fair value**

Book and fair value of interest bearing debts may differ as a result of accounting adjustments, such as amortised costs and the equity component of the convertible bond, or as a result of differences in coupon interest versus market interest.
Such differences do not occur in the case of floating interest bearing debts.
The fair value of long term interest bearing debts is based on prices of these instruments available in the active open market (debentures and convertibles). In absence of these available market prices the fair value (bank debt and other loans) is calculated as the present value of cash flows discounted with the relevant market interest percentages, including a company specific surcharge. The fair value of short term interest bearing debts is equal to the book value.

The book value and fair value of long term interest bearing debt is as follows:

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | book value | fair value | book value | fair value |
| Bank debt and other loans | 116,176 | 116,271 | 484,163 | 484,378 |
| Debentures | 39,127 | 46,089 | 36,421 | 50,273 |
| Convertible bond | 416,754 | 459,278 | 195,002 | 157,676 |
| | 572,057 | 621,638 | 715,586 | 692,327 |

**Currencies**

The book value of interest bearing debt of the group (short- and long term) are denominated in the following currencies:

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | currency | EUR | currency | EUR |
| EUR | 443,629 | 443,629 | 386,428 | 386,428 |
| USD | 322,500 | 223,865 | 424,000 | 304,664 |
| GBP | 40,248 | 45,320 | 46,191 | 48,494 |
| | | 712,814 | | 739,586 |

**Hedges**

Interest bearing debt instruments to the amount of € nil (2008: € nil) have been qualified as instruments of hedging net investments in foreign operations. Reference is made to note 24.

**Financing arrangements**

As at December 31, 2009, Wereldhave has unused committed loan facilities to the amount of € 391 mln (2008: € 138 mln).

The maturity of commited loan facilities (including commitment fees) is as follows:

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| | EUR | EUR |
| – up to 12 months | 157,333 | 208 |
| – between 1 and 2 years | 364 | 70,816 |
| – between 2 and 5 years | 233,753 | 67,396 |
| – more than 5 years | – | – |
| Total | 391,450 | 138,420 |

## 20 Deferred tax liabilities *(x € 1,000)*

Deferred tax liabilities relate 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:

| | 2009 | 2008 |
|---|---|---|
| Balance at January 1 | 151,800 | 163,219 |
| Movements taken to the result | -/- 32,552 | -/- 9,422 |
| Exchange rate differences | -/- 212 | -/- 1,997 |
| Balance at December 31 | 119,036 | 151,800 |

The movement in deferred tax liabilities is primarily the result of revaluations. Due to the fact that sale is foreseen for a number of properties (see paragraph 3.1) the tax rates and facilities are used that are applicable on sale. Therefore the deferred tax liabilities have decreased by € 8.7 mln.

For an amount of € 4.0 mln deferred tax assets and deferred tax liabilties have been netted in 2009 (2008: € nil). The amounts have been netted as there is an legal right to set off these amounts.

The deferred tax liabilites relates to unrecoverable withholding tax on dividends from foreign subsidiaries for an amount of € 22.1 mln (2008: € 27.8 mln).

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

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Leasehold liability | 16,575 | 16,772 |
| Pension plans | 21 | 71 |
| Tenants deposits | 4,500 | 4,331 |
| Other | 239 | 173 |
| Total | 21,335 | 21,347 |

**Leasehold liabilities**

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

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | nominal value | present value | nominal value | present value |
| – up to 1 year | 1,084 | 1,084 | 1,091 | 1,091 |
| – between 2 and 5 years | 4,334 | 3,711 | 4,362 | 3,736 |
| – more than 5 years | 69,304 | 11,780 | 70,621 | 11,945 |
| | 74,722 | 16,575 | 76,074 | 16,772 |

The leasehold liabilities refer to ground leases that have been accounted for as financial lease.

**Pension plans**

The net liability from the defined benefit plan (final pay) in Belgium is composed as follows:

| | **December 31, 2009** | **December 31, 2008** |
|---|---|---|
| Benefits obligations | 752 | 616 |
| Fair value of plan assets * | 643 | 510 |
| | 109 | 106 |
| Unrecognised gains (–)/losses | -/- 88 | -/- 35 |
| Net obligation | 21 | 71 |

| The movement of the net liability is as follows: | **2009** | **2008** |
|---|---|---|
| Net liability at January 1 | 71 | 93 |
| Employer contributions | -/-130 | -/- 94 |
| Net movement | 80 | 72 |
| Net liability at December 31 | 21 | 71 |

| The movement of pension liabilities is as follows: | **2009** | **2008** |
|---|---|---|
| Balance at January 1 | 616 | 487 |
| Net service cost | 68 | 65 |
| Interest cost | 36 | 30 |
| Benefits paid | -/- 15 | -/- 14 |
| Actuarial gains (–)/losses | 47 | 48 |
| Balance at December 31 | 752 | 616 |



| The change of the fair value of the plan assets is as follows: | **2009** | **2008** |
|---|---|---|
| Balance at January 1 | 510 | 414 |
| Employer contributions | 130 | 94 |
| Benefits paid | -/- 16 | -/- 14 |
| Expected return on plan assets | 27 | 24 |
| Actuarial gains/losses (–) | -/- 8 | -/- 8 |
| Balance at December 31 | 643 | 510 |

* The fair value of the assets consists, as in 2008, for 100% of insurance contracts.

| The assumptions used are: | 2009 | 2008 |
|---|---|---|
| – discount rate obligations | 5.00% | 5.60% |
| – long term rate of return on plan assets | 4.50% | 5.00% |
| – rate of annual salary increases | 2.00% | 2.00% |

The mortality rates used for Belgium are the MR/FR series. For the above mentioned pension plan the expected employers contribution is € 0.1 mln for 2009. Reference is made to note 10 for employee benefits plans with a net asset.

## 22 Tax payable *(x € 1,000)*

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Company tax | 2,055 | 1,073 |

## 23 Other short term liabilities *(x € 1,000)*

| The duration of short term liabilities is less than 12 months. | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Deferred rents | 14,749 | 15,405 |
| Property expenses | 9,729 | 10,305 |
| Interest | 6,187 | 5,231 |
| General costs | 2,841 | 2,789 |
| Investments | 7,495 | 5,134 |
| Social securities | 570 | 510 |
| Value added tax | 2,918 | 1,747 |
| Other short term liabilities | 1,001 | 4,616 |
| Total | 45,490 | 45,737 |

The decrease of other short-term liabilities is mainly caused by the withdrawal of the preference shares.

## 24 Financial instruments *(x € 1,000)*

Derivatives are used for the purpose of net investment hedging of foreign currency denominated assets and to convert fixed interest rates to money market interest rates and vice versa.

**Hedge of net investments in foreign subsidiaries**

Forward currency transactions, currency option transactions and foreign currency loans are designated as hedging instruments against the currency risk resulting from USD-based and GBP-based foreign subsidiaries. The market value of these instruments is summarised in the following table:

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | assets | liabilities | assets | liabilities |
| Forward foreign exchange contracts | – | 5,868 | 27,217 | – |
| Loans | – | – | – | – |
| Total hedging instruments for net investment hedging | – | 5,868 | 27,217 | – |

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 2009 and 2008 year-end, all derivate financial instruments are non-current.

The notional amounts of outstanding forward exchange contracts at December 31, 2009, amounts to € 250.1 mln (2008: € 250.3 mln). Gains and losses on forward foreign exchange contracts, used for net investment hedging, have been recognised in the reserve for exchange rate differences.

In addition to the use of derivatives for net investment hedging in 2009 as well in 2008 no loans in the Netherlands in foreign currency qualified as net investment hedge.

**Net investment hedges**

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

| *(amounts in local currency)* | December 31, 2009 | | | December 31, 2008 | | |
|---|---|---|---|---|---|---|
| | USD | GBP | Total in € | USD | GBP | Total in € |
| Net investment in foreign subsidiaries before hedging | 646,550 | 143,885 | 610,820 | 624,221 | 81,837 | 534,450 |
| Hedging: | | | | | | |
| – derivatives | 238,701 | 75,000 | 250,145 | 238,701 | 75,000 | 250,258 |
| – interest bearing debt | – | – | – | – | – | – |
| Net investment hedge | 238,701 | 75,000 | 250,145 | 238,701 | 75,000 | 250,258 |
| Net investment | 407,849 | 68,885 | 360,675 | 385,520 | 6,837 | 284,192 |

The following amounts have been recognised in equity in relation to hedge accounting:

| *(amounts in €)* | December 31, 2009 | | | December 31, 2008 | | |
|---|---|---|---|---|---|---|
| | USD | GBP | Total in € | USD | GBP | Total in € |
| FX differences recognised in equity due to retranslation of foreign operations | -/-13,752 | 12,873 | -/-879 | 24,132 | -/-62,115 | -/-37,983 |
| Hedge result | 5,983 | -/- 5,767 | 216 | -/- 8,058 | 22,472 | 14,414 |
| Net effect in equity | -/- 7,769 | 7,106 | -/-663 | 16,074 | -/-39,643 | -/-23,569 |

**Derivative financial instruments for interest conversion (swaps)**
The fair value of interest rate swaps as at December 31, 2009, amount to € 6.8 mln (2008: € 7.5 mln). The notional principal amounts of the outstanding interest rate swaps at December, 31 2009 amounts to € 49.5 mln (2008: € 46.2 mln) and consists of GBP denominated interest rate swaps. This amount is considered to be of a long term nature.

The remaining term of the derivative financial instruments for interest conversion on a nominal basis are as follows:

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| – up to one year | – | – |
| – tbetween 2 and 5 years | – | – |
| – more than 5 years | 49,544 | 46,194 |
| Total | 49,544 | 46,194 |

The derivative financial instruments for interest conversion are accounted for as financial assets at fair value through profit and loss. During 2009 an amount of € 1.2 mln has been added to the valuation results (2008: € 5 mln) relating to these financial assets. In addition, an amount of € 1.9 mln has been added to the interest cost (2008: € 0.1 mln).

**Credit risk**
During 2009 the market value of the interest swaps has changed as a result of movement in underlying interest rates. The full value of the derivative financial instruments is exposed to credit risk and is not mitigated by other instruments. The creditworthiness of the counter parties is based on Fitch ratings and is presented as follows:

| | 2009 | | 2008 | |
|---|---|---|---|---|
| **Derivative financial instrument** | **Counter party credit risk** | **Amount (€ x 1,000)** | **Counter party credit risk** | **Amount (€ x 1,000)** |
| Forward foreign exchange contracts | F1 / F1+ | -/-5,868 | F1 / F1+ | 27,217 |
| Derivative financial instruments for interest conversion (swaps) | A/AA– | 6,835 | AA– | 7,478 |
| | | 967 | | 34,695 |

De Fitch ratings F1 en F1+ are comparable to the Standard & Poors ratings A1 and A1+.

## 25 Financial assets and liabilities *(x € 1,000)*

**Financial risks**

Wereldhave considers the market risk, liquidity risk and credit risk as financial risks. The market risk can be divided into interest risk and currency risk. These risks are being monitored on a continuous basis.

*Interest risk*

Changes in interest rates may affect the results, the yield and the value of the property. The interest rate policy is determined by the Board of Management. Wereldhave keeps solid capital ratios and has options for interest rate consolidation via interest rate swaps and drawings on commited fixed interest facilities, which can be used as soon as a clear upward trend in interest rates is visible.

When the money market interest rates change by 0.5%, direct result and equity will change with € 1.4 mln (2008: € 2.8 mln). This would result in a change of direct result and net asset value per share of € 0.07 (2008: € 0.13). The Treasury department constantly monitors the debt covenants.

*Currency risk*

Wereldhave owns property investments in USD and GBP areas. Lower exchange rates of GBP and USD compared to the EUR could have a negative impact on the results and on the value of the property investments. That effect can be mitigated by financing in local currency and hedge positiblies in foreign currency swaps and forward transactions. The hedging policy is determined by the Board of management. Exchange rate developments are continually monitored. The rate of inflation, which has an indirect effect on interest and currency rates, is one of the parameters established by the Board of Management and is used in determining its policy. Information on the actual inflation figures is included in the monthly management reports. The guideline for covering the USD and GBP risk for the portfolio is a covering percentage of 50%, allowing for deviations from 30% to 70%. The risks of lower exchange rates on results are not covered.

When the average exchange rates for USD or GBP change by 5% in respect of the EUR, the direct result and equity will change with € 2.1 mln (2008: € 1.7 mln). This would result in a change of direct result per share of € 0.10 (2008: € 0.08). A 5% change of the year-end exchange rates would have a € 0.83 impact on the net asset value per share and € 17.6 mln on equity.

*Liquidity risk*

The liquidity risk (also referred as refinancing risk) 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 international banks and maintaining sufficient credit facilities (both committed and uncommitted). Management reviews the cash flow forecasts and the resulting funding requirements on a regular basis.



Financial transactions comprise 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 major financial institutions with investment grade credit ratings are eligible as counter parties. Financial transactions are only concluded with the prior approval of the Board of Management.

*Credit risk*

Credit risk is the risk of default of a contracting party on payments to Wereldhave. If 1% of debtors would default on payment, this would impact direct results by € 0.1 mln (2008: € 0.1). As a result of such default, direct result per share would change by € nil (2008: € nil). On a monthly basis Wereldhave monitors this creditworthiness per debtor and determines via monthly management reports the adequacy of the provision for doubtfull debtors. Furthermore, standard lease terms include that rent has to be paid upfront and every tenant's creditworthiness is verified before entering a new lease. The credit risk is furthermore mitigated by bank warranties from tenants.

*Concentration of risk*

Under concentration of risk is understood that a single financial risk is for the lager part born by one party or that more financial risks are concentrated with one or a few parties. Wereldhave mitigates the concentration risk with regard to interest, currency and liquidity risk by concluding interest and currency derivatives and loans with several financial parties. Furthermore the credit risk is reduced by the size and diversification of the tenant portfolio as a result of which the concentration of risk does occur from one single tenant.

**Interest rate sensitivity**

The maturity of nominal amounts of the principal (up to 12 months including trade payables and derivative financial liabilities) and future undiscounted contractual interest payments is as follows:

| | **December 31, 2009** | | | **December 31, 2008** | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| – up to 12 months | 150,562 | 18,695 | 169,257 | 27,470 | 27,389 | 54,859 |
| – between 1 and 2 years | 222,560 | 15,555 | 238,115 | 199,987 | 22,394 | 222,381 |
| – between 2 and 5 years | 323,711 | 34,780 | 358,491 | 484,391 | 36,545 | 520,936 |
| – more than 5 years | 39,466 | 2,580 | 42,046 | 36,798 | 3,893 | 40,691 |
| Total debt | 736,299 | 71,610 | 807,909 | 748,646 | 90,221 | 838,867 |

The difference between the sum of the nominal principal values and the balance sheet value of € 13.7 mln (2008: € 5.6 mln) consists of the equity component of the convertible bond for an amount of € 9.1 mln (2008: € 3.6 mln) and for an amount of € 4.6 mln (2008: € 2.0 mln) due to amortised cost. With regard to the interest on debt with variable interest rates the rates prevailing at balance sheet date have been used to determine the future outgoing cash flow. Next to the financial liabilities mentioned above Wereldhave has tenant deposit liabilities for an amount of € 4.5 mln. The average term of these deposits is 5.7 years.

**On balance financial assets and liabilities**

The table below gives an overview of items previously mentioned in other notes.

On the horizontal axes the IFRS categories are shown and on the vertical axes the IFRS classes of financial instruments are shown.

| December 31, 2009 | Loans and receivables | Fair value through P&L | | Available for sale | Total | Note |
|---|---|---|---|---|---|---|
| | | Non hedge derivatives | Hedge derivatives | | | |
| **Assets** | | | | | | |
| Financial assets | 5,569 | 6,835 | – | 11,948 | 24,352 | 8 |
| Trade and other receivables | 15,374 | – | – | – | 15,374 | 11 |
| Cash and cash equivalents | 20,156 | – | – | – | 20,156 | 13 |
| | 41,099 | 6,835 | – | 11,948 | 59,882 | |

| | Hedge derivatives | Other financial liabilities | Total | Note |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Interest bearing debts | – | 712,814 | 712,814 | 19 |
| Financial liabilities | 5,868 | – | 5,868 | 24 |
| Trade payables | – | 3,907 | 3,907 | |
| | 5,868 | 716,721 | 722,589 | |

| December 31, 2008 | Loans and receivables | Fair value through P&L | | Available for sale | Total | Note |
|---|---|---|---|---|---|---|
| | | Non hedge derivatives | Hedge derivatives | | | |
| **Assets** | | | | | | |
| Financial assets | 6,340 | 7,479 | 27,216 | 9,723 | 50,758 | 8 |
| Trade and other receivables | 15,686 | – | – | – | 15,686 | 11 |
| Cash and cash equivalents | 24,743 | – | – | – | 24,743 | 13 |
| | 46,769 | 7,479 | 27,216 | 9,723 | 91,187 | |



| | Hedge derivatives | Other financial liabilities | Total | Note |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Interest bearing debts | – | 739,586 | 739,586 | 19 |
| Trade payables | – | 3,470 | 3,470 | |
| | – | 743,056 | 743,056 | |

Fair values of financial assets and liabilties are equal to the carrying amounts, unless mentioned otherwise in the separate notes. There are no financial assets and liabilities at fair value through profit and loss held for trading.

If applicable specific risks and further destinctions per financial assets and liabilities are commented in the related notes. Reference is made to note 8 for the measurent methods with regard to the financial assets.

**Off balance assets and liabilities**

The Group has provided guarantees to minority shareholders for the amount of € 15.6 mln (2008: € 15.6 mln) with regard to the claim which is described under note 40. The Group has capital commitments for the amount of € 19.5 mln (2008: € 43.7 mln) with regard to IPUC. Furthermore, the Group has committed credit facilities to the amount of € 391 mln (2008: € 138 mln).

## 26 Gross rental income *(x € 1,000)*

Leases have 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 received are not included in gross rental income. Rental losses as a result of vacancy, expressed as a percentage of theoretical rent, amounted to 10.32% in 2009 (2008: 5.28%).

The future aggregate contractual rent for the next five years from leases as at December 31, 2009 is shown in the following table (turnover leases are accounted for at the minimum rent):

| | 2009 | 2008 |
|---|---|---|
| – up to 1 year | 146,781 | 149,766 |
| – between 2 and 5 years | 337,292 | 362,149 |
| – more than 5 years | 76,669 | 75,835 |
| Total | 560,742 | 587,750 |

## 27 Property expenses *(x € 1,000)*

| | 2009 | 2008 |
|---|---|---|
| Property maintenance | 4,064 | 3,643 |
| Property taxes | 3,076 | 2,153 |
| Insurance premiums | 629 | 583 |
| Property management | 2,157 | 1,936 |
| Leasing expenses | 4,315 | 4,403 |
| Other operating costs | 1,326 | 1,418 |
| Total | 15,567 | 14,136 |

Impairments of € 0.6 mln relate to debtors (2008: € 0.7 mln). These costs are accounted for in the other operating costs.

## 28 Valuation results *(x € 1,000)*

| | 2009 | | 2008 | |
|---|---|---|---|---|
| **Investment properties** | | | | |
| Valuation gains | – | | 9,510 | |
| Valuation losses | -/-245,829 | | -/-122,147 | |
| | | -/-245,829 | | -/-112,637 |
| **Financial assets and liabilities** | | | | |
| Valuation gains | – | | 5,037 | |
| Valuation losses | -/- 1,181 | | -/- 352 | |
| | | -/- 1,181 | | 4,685 |
| Total | | -/-247,010 | | -/-107,952 |

The valuation gains and losses from financial assets and liabilities refer to financial instruments that are designated as at fair value through profit and loss upon initial recognition.

## 29 Results on disposals *(x € 1,000)*

| | 2009 | | 2008 | |
|---|---|---|---|---|
| **Properties** | | | | |
| Proceeds from sales, gross | 2,886 | | 9,457 | |
| Selling costs | -/- 140 | | -/- 29 | |
| Proceeds from sales, net | | 2,746 | | 9,428 |
| Book value investment properties | -/- 1,911 | | -/- 6,386 | |
| Book value lease incentives | -/- 30 | | -/- 38 | |
| | | -/- 1,941 | | -/- 6,424 |
| Result on direct sales of properties | | 805 | | 3,004 |
| Result on indirect sales of properties/subsidiaries | | -/- 38 | | – |
| Result from sales | | 767 | | 3,004 |
| **Other** | | | | |
| Fair value of the acquired assets and liabilities | 2,082 | | 4,237 | |
| Purchase price acquired assets and liabilties | -/- 2,082 | | -/- 2,960 | |
| Acquisition cost | – | | -/- 8 | |
| | | – | | 1,269 |
| Total | | 767 | | 4,273 |

In 2009 Wereldhave sold its stake in Turkey (an empty company). The amount of disposal was a little lower than the net asset value. The negative difference has been accounted for directly in result as result on indirect sales of properties.

In 2009 Wereldhave increased its stake in Broadway Tower LLC (US) to 100%. The fair value and the cost price of the acquisition were equal.

During 2008 Wereldhave increased its stake in CVA Wereldhave Belgium from 68.2% to 69.3%. The increase was made by stock exchange transactions. The shares have been acquired at a cost price of € 48.57 per share. The net asset value per share amounted to € 70.68 on the transaction date. Due to the fact that the purchase price was lower than the net asset value per share, the positive difference has been accounted for directly in result. The assets of CVA Wereldhave Belgium exist mainly out of property investments. The result of Wereldhave increased by € 1.3 mln due to the transaction.

### 30 General costs *(x € 1,000)*

| | 2009 | | 2008 | |
|---|---|---|---|---|
| Salaries and social security contributions | 10,629 | | 9,724 | |
| Pension costs | 1,502 | | 1,152 | |
| Audit fees | 493 | | 482 | |
| Advisory fees | 1,029 | | 777 | |
| Office costs | 3,502 | | 3,525 | |
| Other general costs | 3,727 | | 3,251 | |
| | | 20,882 | | 18,911 |
| Allocated to property expenses/service costs | -/- 3,844 | | -/- 3,728 | |
| Allocated to investments/IPUC | -/- 807 | | -/- 688 | |
| Allocated to intangible assets | -/- 650 | | – | |
| Charged to third parties | -/- 2,757 | | -/- 3,011 | |
| | | -/- 8,058 | | -/- 7,427 |
| Total | | 12,824 | | 11,484 |

**Pension costs**

The total cost for defined benefit plans are shown as follows:

| 2009 | The Netherlands | United Kingdom | Belgium | Total |
|---|---|---|---|---|
| Current net service cost | 517 | 94 | 68 | 679 |
| Interest cost | 1,546 | 766 | 36 | 2,348 |
| Expected return on plan assets | -/-2,180 | -/-756 | -/-26 | -/-2,962 |
| Amortisation of unrecognised: | | | | |
| – Past Service cost | -/- 21 | – | – | -/- 21 |
| – Net gains (–)/losses | – | – | – | – |
| Immediate recognition of (gains)/losses under paragraph 58A | -/-4,351 | – | – | -/-4,351 |
| Changes in irrecoverable surplus, effect of limit in paragraph 58B | 5,257 | – | – | 5,257 |
| | 768 | 104 | 78 | 950 |

| 2008 | The Netherlands | United Kingdom | Belgium | Total |
|---|---|---|---|---|
| Current net service cost | 468 | 139 | 65 | 672 |
| Interest cost | 1,466 | 873 | 30 | 2,369 |
| Expected return on plan assets | -/-2,641 | -/-1,020 | -/-23 | -/-3,684 |
| Amortisation of unrecognised: | | | | |
| – Past Service cost | -/- 32 | – | – | -/- 32 |
| – Net gains (–)/losses | -/- 353 | – | – | -/- 353 |
| Immediate recognition of (gains)/losses under paragraph 58A | – | – | – | – |
| Changes in irrecoverable surplus, effect of limit in paragraph 58b | 3,864 | – | – | 3,864 |
| | 2,772 | -/- 8 | 72 | 2,836 |

The total result on pension plans can be shown as follows:

| | 2009 | 2008 |
|---|---|---|
| *Direct result* | | |
| Pension cost defined benefit plans | 977 | 767 |
| Pension cost defined contribution plans | 525 | 385 |
| Pension cost in direct result | 1,502 | 1,152 |
| *Indirect result* | | |
| Movement in pension liabilties in indirect result with respect tot defined benefit plans (note 33) | -/- 27 | 2,069 |
| Total result on pension plans | 1,475 | 3,221 |

The total cost of defined benefit plans amount to € 1 mln (2008: 2.8 mln).

**Employees**

During the year 2009 an average of 127 persons (2008: 122) were employed by the Group, of which 44 (2008: 42) in The Netherlands and 83 (2008: 80) abroad.

The profit share, paid to employees, 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 final result. The maximum profit share is a one month's salary.

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

| **Supervisory Board** | **2009** | **2008** |
|---|---|---|
| J. Krant | 39 | 62 |
| F.Th.J. Arp | 28 | 27 |
| P.H.J. Essers | 28 | 27 |
| J.A.P van Oosten | 21 | – |
| C.J. de Swart | 11 | 40 |
| Total | 127 | 156 |

The amount paid to Mr Krant includes € 35,000 management remuneration for the period June 2008-December 2008. In this period Mr Krant acted as temporary managing director.

The members of the Supervisory Board do not hold shares or options in Wereldhave N.V. The company has not extended loans, advances or financial guarantees to members of the Board. Shares or options on shares are and will not be granted to members of the Board.

**Board of Management**

| **2009** | salary | short term bonus | long term bonus | exceptional reward | pension costs | social charges | total |
|---|---|---|---|---|---|---|---|
| G.C.J. Verweij [1] | 178 | 59 | 27 | 449 | 89 | 3 | 805 |
| J. Pars | 340 | 49 | 22 | – | 102 | 21 | 534 |
| D.J. Anbeek [2] | 175 | 44 | 20 | – | 53 | 11 | 303 |
| Total | 693 | 152 | 69 | 449 | 244 | 35 | 1,642 |

| **2008** | salary | short term bonus | long term bonus | exceptional reward | pension costs | social charges | total |
|---|---|---|---|---|---|---|---|
| G.C.J. Verweij | 345 | 57 | 31 | 59 | 86 | 4 | 582 |
| J. Buijs [3] | 103 | – | – | 400 | 26 | 6 | 535 |
| Total | 448 | 57 | 31 | 459 | 112 | 10 | 1,117 |

[1] Mr Verweij has stepped down as per June 30, 2009.
[2] Mr Anbeek was employed as per June 1, 2009.
[3] Mr Buijs has left the Board of Management as per the end of May 2008.

The members of the Board of Management do not hold shares or options in Wereldhave N.V. The company has not extended loans, advances or financial guarantees to members of the Board. Shares or options on shares are 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. 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 long-term bonus amounts to 33% of the annual salary, which will be payable at the end of the agreed period.

Mr Verweij has stepped down as per June 30, 2009. His employment agreement of 4 years ends as per March 31, 2010. The fixed salary, the agreed variable reward and pension cost will be paid untill the end of the agreement.

The Supervisory board has rewarded a special bonus to Mr Verweij for the amount of € 175,000, payable as per March 31, 2010 as recognition of his exceptional services for the company for the last 30 years.

The following amounts have been accounted for as exceptional reward in the overview above: € 175,000 special bonus, € 268,000 salary from July 1, 2009 untill March 31, 2010 and a short bonus of € 6,000 with regard to 2010.

In 2008 a one-off payment of € 59,000 was done to Mr Verweij as a compensation for the temporary replacement of Mr Buijs. An amount of € 400,000 was paid to Mr Buijs in 2008 when leaving the company. Reference is made to the renumerations reports.

The bonus granted on the basis of an outstanding performance level may also increase to 1.5 times the 'at target' level. Of the long-term bonus, 70% is based on strategic objectives and 30% on long-term personal targets. Calculated at December 31, 2009 as closing date, the long term bonus for the period 2008-2010 amounts to € 87,802 for Mr Verweij. For the period 2009-2011 the long term bonus for Mr Pars would amount to € 81,091 and for Mr Anbeek € 71,551. Due to the fact that the bonus plan is changed in 2010 the long term bonussues will be paid in 2010. The long term bonus for the period 2005-2007 for Mr Verweij of € 52,325, was paid in 2008.

**Audit fees**

In 2009 Wereldhave has accounted for the following costs from the group auditor PricewaterhouseCoopers:

| | 2009 | 2008 |
|---|---|---|
| Audit of the annual accounts | 477 | 447 |
| Other audit services | 59 | 33 |
| Tax advisory services | 43 | 24 |
| Other non audit services | 31 | 28 |
| | 610 | 532 |

Of the total amount of accounted cost € 300,678 (2008: € 230,461) is related to The Netherlands. This consists of an amount of € 223,818 (2008: € 196,809) cost for the audit of annual accounts, € 59,010 (2008: € 8,524) for other audit activities, for tax advisors fees € 17,850 (2008: € 8,128) whilst the remaining part relates to other non audit services.



## 31 Other income and expense *(x € 1,000)*

| | 2009 | 2008 |
|---|---|---|
| *Direct result* | | |
| Dividend received | 840 | 777 |
| | | |
| *Indirect result* | | |
| Received indemnities | – | 600 |
| Other | -/- 20 | 10 |
| | -/- 20 | 610 |
| | | |
| Total other income and expense | 820 | 1,387 |

## 32 Interest charges and income *(x € 1,000)*

| | 2009 | 2008 |
|---|---|---|
| **Interest charges** | | |
| *Direct result* | | |
| Interest paid | -/-17,519 | -/-27,513 |
| Capitalised interest | 1,287 | 2,100 |
| Interest addition leasehold liabilities | -/- 1,074 | -/- 1,076 |
| Amortised costs loans | -/- 992 | -/- 804 |
| | -/-18,298 | -/-27,293 |
| *Indirect result* | | |
| Interest addition convertible bonds | -/- 2,058 | -/- 1,623 |
| Interest addition other loans and receivables | 70 | 11 |
| | -/- 1,988 | -/- 1,612 |
| Total interest charges | -/-20,286 | -/-28,905 |
| **Interest income** | | |
| Interest received in direct result | 686 | 1,196 |
| Total interest charges and income | -/-19,600 | -/-27,709 |

Capitalised interest in connection with developments is based on the group's weighted average cost of borrowings. During 2009, the range of average interest rates used was 1.3%-3.5% (2008: 3.75%-6.2%).

The item "interest paid" includes costs related to fees paid for undrawn parts of committed financing facilities amounted to € 0.4 mln (2008: € 0.4 mln).

## 33 Other financial income and expenditure *(x € 1,000)*

| | 2009 | 2008 |
|---|---|---|
| **Indirect result** | | |
| Exchange rate differences | 92 | -/-3,876 |
| Movement in pension liabilities | 27 | -/-2,069 |
| | 119 | -/-5,945 |

## 34 Taxes on result *(x € 1,000)*

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | Direct result | Indirect result | Total | Direct result | Indirect result | Total |
| Profit before tax | 113,540 | -/-248,132 | -/-134,592 | 112,166 | -/-110,626 | 1,540 |
| Tax charges according to applicable tax rates | 33,816 | -/- 60,724 | -/- 26,908 | 33,204 | -/- 31,054 | 2,150 |
| Tax-exempt income based on fiscal status | -/- 25,813 | 13,615 | -/- 12,198 | -/- 26,766 | 8,478 | -/-18,288 |
| Deductible costs | -/- 3,909 | 9,123 | 5,214 | -/- 4,241 | 6,739 | 2,498 |
| Fiscal compensatable losses | – | – | – | – | -/- 681 | -/- 681 |
| Release of deferred tax | – | -/- 8,653 | -/- 8,653 | – | -/- 974 | -/- 974 |
| Return of withholding tax | -/- 1,596 | -/- 769 | -/- 2,365 | – | – | - |
| Revaluation on properties with a cumulative negative capital gain | – | 12,547 | 12,547 | – | 7,463 | 7,463 |
| Changes in rates | – | – | – | – | -/- 632 | -/- 632 |
| Other | -/- 33 | 75 | 42 | 554 | 618 | 1,172 |
| Taxes on result | 2,465 | -/- 34,786 | -/- 32,321 | 2,751 | -/- 10,043 | -/- 7,292 |
| Weighted average tax rate | 2.2% | 14.0% | | 2.5% | 9.1% | |

For 2009 the current tax charge is € 2.040 and the deferred tax charge is € –34.361.
The applicable tax rates vary from 0% for tax-exempt entities, based on their fiscal status, up to 35%.

The weighted average tax rate varies yearly, mainly because the revaluation results are taxed differently over the tax-exempt and tax based countries.

In case there is no sale plan for owned properties a deferred tax liability is accounted for the unrealised positive revaluation results, using the tax rates that are applicable for operational results. In the fourth quarter of 2009 Wereldhave has issued its new strategy which includes the sale of logistic properties and properties with a value below € 20 mln. Furthermore, offices will be bought and sold on a more regular basis as part of the investment strategy (see page 57 for the new strategy). For properties that will be sold in the future as a consequence of this new strategy and offices the tax implications have been accounted for which are applicable on sale of the property. Due to the new strategy deferred taxes have been released for an amount of € 8.7 mln.

There are no tax effects relating to other comprehensive income (2008: none).

**Reconciliation of the deferred tax charge to movement balance sheet position**

| | 2009 | 2008 |
|---|---|---|
| Movement in deferred tax assets | -/- 1,809 | -/- 799 |
| Movement in deferred tax liabilities | -/-32,552 | -/- 9,422 |
| Taxes on indirect result | -/-34,361 | -/-10,221 |
| Current tax charge in indirect result | -/- 425 | 178 |
| Tax on indirect result | -/-34,786 | -/-10,043 |

## 35 Result and diluted result per share upon full conversion *(amounts x € 1,000)*

**Number of shares**

The 2006 convertible bond is exchangeable into shares of Wereldhave NV at a conversion rate of € 97 per share.
The conversion rate of the 2009 convertible bond is € 72.184 per share.
The movement of the number of shares upon full conversion of the convertible bonds is as follows:

| | |
|---|---|
| Number of shares at December 31, 2009 | 21,276,988 |
| Add: maximum convertible shares 2006 convertible | 2,061,856 |
| Add: maximum convertible shares 2009 convertible | 3,186,302 |
| Maximum number of shares after conversion | 26,525,146 |

**Calculation method**

The results per share are calculated based on the total profit after tax, attributable to holders of ordinary shares and the average number of ordinary shares in issue during the year. Net asset value per share is calculated based on equity as presented in the balance sheet as at December 31 and the number of shares in issue as at that date. The diluted result per share upon full conversion is calculated, based on the total profit after tax, adjusted for costs relating to the convertible bonds that are charged to the direct result, and the average number of ordinary shares during the year, including the maximum number of shares that could be converted during the year. In 2009 there was no dilution because of a negative result.

**EPRA**

For information purposes the amounts per share are shown as calculated according to the recommendations of the European Public Real Estate Association (EPRA). This note is no part of IFRS, but gives additional information.

In order to calculate the EPRA net asset value per share, the net asset value is adjusted for the value of derivatives and deferred tax. To arrive at the EPRA triple net asset value the fair value of derivatives, the difference between the carrying amount and the fair value of loans and the fair value of deferred tax is added. In 2009 there has been no dilution because of a negative total result.

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Equity component per share | 73.77 | 83.74 |
| Fair value derivatives | -/- 0.05 | -/- 1.67 |
| Adjustments deferred taxes | 5.53 | 7.27 |
| EPRA net asset value per share | 79.25 | 89.34 |
| Fair value of derivatives | 0.05 | 1.67 |
| Fair value of interest bearing debt | -/- 2.33 | 1.12 |
| Fair value of deferred tax | -/- 3.32 | -/- 4.36 |
| EPRA triple net asset value per share | 73.65 | 87.77 |

## 36 Dividend

In addition to the statutory cash dividend of 5% on the priority 'A' shares in issue, it is proposed to distribute to holders of ordinary shares a dividend of € 3.20 in cash in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax. In addition, € 1.45 will be paid out in cash or in shares at the option of the shareholder. This distribution will be charged to the fiscal reinvestment reserve and therefore no dividend tax will be due.

## 37 Expense ratio

The expense ratio for the year 2009, based on the Financial Supervision Act, amounts to 2,05% (2008: 1.64%). The percentage is calculated as the quotient of property expenses, general costs and the average of shareholders' equity at the beginning and the end of the year and the end of each quarter in between.

## 38 Events after balance sheet date

On February 15, 2010 Wereldhave has purchased four Dutch shopping centres for € 219.8 mln including transaction costs.



## 39 Related parties

For the determining of related parties, Wereldhave N.V. is the final controlling entity of the group.
The Board of Management, the Supervisory Board, subsidiaries and the pension fund of 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 30. With regard to transactions with the pension fund reference is made to note 10. 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.

## 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 (€ 35.9 mln). This assessment relates to the split-up of M.L.O. 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 (€ 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 imposed by the Belgian tax administration on four properties. The market value of these properties amounted to € 58.5 mln at December 31, 2009 (2008: € 60.3 mln). Wereldhave maintains that the tax claims are not justified and has filed objections against these claims. For this reason there has not been accounted for a provision for this claim.

In 1999, judicial proceedings were started against Wereldhave Belgium, relating to the sale of a cash-company in 1993. The Chamber of the Court has referred the legal proceeding against Wereldhave Belgium for treatment in first instance. Wereldhave Belgium appealed against this decision. On 19 November 2009 the chamber of inquisition in Brussels has decided that the legal proceeding regarding Wereldhave Belgium were largely, mainly with regard to fiscal fraud and money laundering, declared inadmissable and referred Wereldhave Belgium to the Chamber of court with regard to the existence of fiscal incorrectness and the use of incorrect fiscal documents. Wereldhave Belgium has made appeal against the decision. The court date has not been determined yet. Wereldhave Belgium is convinced that they have met all relevant law and regulations and therefore there has not been accounted for a provision for this claim.

Wereldhave NV has issues guarantees to three (former) employees with regard to personal claims relating to the case mentioned above. In a worse case scenario this can have an impact of € 0.8 mln.

## Company balance sheet at December 31, 2009

*(amounts x € 1,000)*

| Assets | Note | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|---|
| **Investments** | | | | | |
| Property investments | 2 | 375,109 | | 396,191 | |
| Investments in group companies | 3 | 1,142,464 | | 1,285,922 | |
| Other financial investments | 4 | 485,036 | | 378,548 | |
| | | | 2,002,609 | | 2,060,661 |
| **Receivables** | 5 | | | | |
| Group companies | | 114,884 | | 9,589 | |
| Tax receivables | | 366 | | 48 | |
| Accruals | | 1,236 | | 1,638 | |
| Other receivables | | 526 | | 27,803 | |
| | | | 117,012 | | 39,078 |
| **Other assets** | | | | | |
| Property & Equipment | | 4,230 | | 4,297 | |
| Cash and bank | | 35 | | 17 | |
| | | | 4,265 | | 4,314 |
| | | | 2,123,886 | | 2,104,053 |
| **Equity and liabilities** | | | | | |
| **Equity** | 6 | | | | |
| Share capital | | 212,770 | | 207,817 | |
| Share premium | | 766,432 | | 763,809 | |
| General reserve | | 121,532 | | 129,334 | |
| Revaluation reserve | | 643,287 | | 707,383 | |
| Reserve for exchange rate differences | | -/- 67,371 | | -/- 68,553 | |
| Result current year | | -/- 107,096 | | 493 | |
| | | | 1,569,554 | | 1,740,283 |
| **Long term liabilities** | | | | | |
| Loans | 7 | 452,810 | | 280,328 | |
| Other debt | 8 | 7,097 | | 6,859 | |
| | | | 459,907 | | 287,187 |
| **Short term liabilities** | 9 | | 94,425 | | 76,583 |
| | | | 2,123,886 | | 2,104,053 |



## Company income statement for 2009

*(amounts x € 1,000)*

| | Note | 2009 | 2008 |
|---|---|---|---|
| Result form group companies after tax | 3 | -/- 107,477 | -/- 26,024 |
| Other gains and losses after tax | | 381 | 26,517 |
| **Profit** | | -/- 107,096 | 493 |

# Notes to the company balance sheet and income statement

## 1 General

### 1.1 Priciples for the presentation of the company accounts

The company accounts have been made up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. Use has been made of the option provided by article 2:362 paragraph 8 of the 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. The company has prepared the consolidated annual accounts in accordance to International Financial Reporting Standards as endorsed in the European Union. Reference is made to the notes to the consolidated annual accounts.

The annual accounts have been prepared before distribution of profit with the exception of those parts for which the distribution is determined by law.

### 1.2 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.

## 2 Investment properties *(x € 1,000)*

| | 2009 | 2008 |
|---|---|---|
| Balance at January 1 | 396,191 | 397,090 |
| Purchases | 2,881 | – |
| Investments | 1,792 | 1,146 |
| Revaluation | -/- 25,755 | -/- 2,045 |
| Balance at December 31 | 375,109 | 396,191 |

The purchase concerns an industrial building on Ypenburg. 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 income statement in respect of the investment properties:

| | 2009 | 2008 |
|---|---|---|
| Rental income | 28,996 | 27,767 |
| Property expenses relating to income generating investments | -/- 3,700 | -/- 4,028 |
| Property expenses relating to non-income generating investments | – | – |

## 3 Investments in group companies *(x € 1,000)*

| Movements are as follows: | 2009 | 2008 |
|---|---|---|
| Balance at December 31 | 1,285,922 | 1,336,629 |
| Exchange rate differences | -/- 408 | -/- 36,227 |
| Investments / divestments | – | 33,560 |
| Revaluation of financial assets held for sale | 1,363 | -/- 888 |
| Result group companies | -/- 107,477 | -/- 26,024 |
| Dividends | -/- 36,936 | -/- 21,128 |
| Balance at December 31 | 1,142,464 | 1,285,922 |

*List of group companies*

At December 31, 2009, the Company had direct shareholdings in the following companies:

| | Shareholding (%) |
|---|---|
| C.V.A. Belgium S.C.A. *) | 39.1 |
| Wereldhave Finland Oy | 100 |
| Ilot Kleber S.A.S. | 100 |
| Clichy Investissements S.A.S. | 100 |
| Espace Saint Denis S.A.S. | 100 |
| Marine de Dunkerque S.A.S. | 100 |
| N.V. Wereldhave International | 100 |
| Wereldhave Management Holding B.V. | 100 |
| Wereldhave Development 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 69.31%.*

## 4 Other investments *(x € 1,000)*

| | Receivables from group companies | Other financial assets | Total |
|---|---|---|---|
| Balance at December 31, 2007 | 463,333 | 6,739 | 470,072 |
| Exchange rate differences | 313 | – | 313 |
| Investments | 154,902 | 3,461 | 158,363 |
| Disinvestments | -/-249,630 | -/- 570 | -/-250,200 |
| Balance at December 31, 2008 | 368,918 | 9,630 | 378,548 |
| Exchange rate differences | -/- 3,269 | - | -/- 3,269 |
| Investments | 244,021 | - | 244,021 |
| Transfer to receivables | -/-108,300 | - | -/-108,300 |
| Disinvestments | -/- 25,229 | -/- 735 | -/- 25,964 |
| Balance at December 31, 2009 | 476,141 | 8,895 | 485,036 |

The receivables from group companies which are mentioned in this note have a maturity of more than a year.

## 5 Receivables *(x € 1,000)*

The receivables are due in less than one year. The fair value of the receivables coincides with the balance sheet valuation. The amount includes a loan with a groupcompany for an amount of € 108.3 million expiring in the course of 2010.

## 6 Equity

**Share capital**

The share capital of the company at December 31, 2009 amounted to € 800,000,000 dividend over 40,000,000 ordinary shares of € 10, 20,000,000 preference shares of € 10 and 20,000,000 priority shares of € 10 each. The issued and paid up share capital amounts to € 212,769,980, formed by 21,276,988 ordinary shares and 10 priority shares of € 10 each.

During 2009 part of the dividend 2008 has been paid out as stockdividend and this increased the share capital with 495,253 shares of € 10 each.

The movements in equity during 2008 and 2009 were as follows (amounts x € 1,000) **):

| | Share capital | Share premium reserve | General reserve | Property revaluation reserve *) | Revaluation reserve subsidiaries *) | Reserve for exchange rate differences *) | Result current year | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2007** | 207,817 | 763,809 | 129,336 | 105,741 | 482,678 | -/-55,098 | 216,484 | 1,850,767 |
| Result distribution 2007 | – | – | 91,026 | 37,442 | 88,016 | – | -/-216,484 | – |
| Exchange rate differences of foreign participations | – | – | – | – | – | -/-13,455 | – | -/- 13,455 |
| Movement in reserves | – | – | – | – | -/- 888 | – | – | -/- 888 |
| Revaluation realised | – | – | 5,606 | – | -/- 5,606 | – | – | – |
| Dividend payment over 2007 | – | – | -/- 96,634 | – | – | – | – | -/- 96,634 |
| Profit for the year **) | – | – | – | – | – | – | 493 | 493 |
| **Balance at December 31, 2008** | 207,817 | 763,809 | 129,334 | 143,183 | 564,200 | -/-68,553 | 493 | 1,740,283 |
| Result distribution 2008 | – | – | 65,952 | 346 | -/- 65,805 | – | -/- 493 | – |
| Exchange rate differences of foreign participations | – | – | – | – | – | 1,182 | – | 1,182 |
| Movement in reserves | – | 7,576 | – | – | 1,363 | – | – | 8,939 |
| Revaluation realised | – | – | – | – | – | – | – | – |
| Dividend payment over 2008 | 4,953 | -/- 4,953 | -/- 73,754 | – | – | – | – | -/- 73,754 |
| Profit for the year **) | – | – | – | – | – | – | -/-107,096 | -/-107,096 |
| **Balance at December 31, 2009** | 212,770 | 766,432 | 121,532 | 143,529 | 499,758 | -/-67,371 | -/-107,096 | 1,569,554 |

*) *Legal reserve.*
**) *The annual accounts have been prepared before distribution of profit.*
*With regard to the proposed profit distribution reference is made to the other information paragraph.*

## 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 € 736.5 mln (2008: € 741.4 mln).

## General reserve
*Allocation of profit over 2008*
The General Meeting of Shareholders on April 2, 2009 determined the following allocation of the profit over 2008 (amounts x € 1,000):

| | |
|---|---|
| Distributed to holders of ordinary shares | 73,754 |
| Added/withdrawn: | |
| – Propery revaluation reserve | 346 |
| – Revaluation reserve participations | -/-65,805 |
| – General reserve | -/- 7,802 |
| Result after tax 2008 | 493 |

## Dividend 2009
In addition to the statutory cash dividend of 5% on the priority 'A' shares in issue, it is proposed to distribute to holders of ordinary shares a dividend of € 3.20 in cash in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax. In addition, € 1.45 will be paid out in cash or in shares at the option of the shareholder. This distribution will be charged to the fiscal reinvestment reserve and therefore no dividend tax will be due.

**Property revaluation reserve**

Revaluation reserves are maintained with respect to the following cumulative 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.

**Revaluation reserve participations**

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

## 7 Loans *(x € 1,000)*

| | December 31, 2009 | | | | December 31, 2008 |
|---|---|---|---|---|---|
| | Maturity 1 – 2 year | Maturity 2 – 5 year | Maturity > 5 year | Total | Total |
| Debts to group companies | – | 22,356 | 13,700 | 36,056 | 28,451 |
| Convertible bond | – | 416,754 | – | 416,754 | 195,002 |
| Debt to financial institutions | – | – | – | – | 56,875 |
| Total | – | 439,110 | 13,700 | 452,810 | 280,328 |

Capital repayments due within 12 months from the end of the financial year are included under short-term interest bearing liabilities. With regard to the conversion terms of the convertible bond reference is made to the notes of the consolidated accounts.

**Average effective interest**

| | | 2009 | | | 2008 | |
|---|---|---|---|---|---|---|
| | EUR | GBP | total | EUR | GBP | total |
| Short term interest bearing debt | – | 0.6% | 0.6% | – | 3.1% | 3.1% |
| Long term interest bearing debt | | | | | | |
| – unsecured | | | | | | |
| • Debts to subsidiaries | 2.6% | – | 2.6% | 3.7% | – | 3.7% |
| • Convertible bond | 4.6% | – | 4.6% | 3.6% | – | 3.6% |
| • Bank debts and other loans | – | – | – | 3.8% | – | 3.8% |
| – secured | | | | | | |
| • Interest rate swaps | – | -/-5.5% | -/-5.5% | – | 0.1% | 0.1% |
| Average | 4.4% | -/-3.9% | 3.4% | 3.7% | 0.7% | 3.2% |

The interest rate swaps have been arranged in Wereldhave NV and refer to a loan in one of the subsidiaries.

**Fair value**

The book value and the fair value of long term interest bearing debts is as follows:

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | book value | fair value | book value | fair value |
| Debt to group companies | 36,056 | 36,056 | 28,451 | 28,451 |
| Bank debts and other loans | – | – | 56,875 | 56,875 |
| Convertible bond | 416,754 | 459,278 | 195,002 | 157,676 |
| | 452,810 | 495,334 | 280,328 | 243,002 |

**Currencies**

All interest bearing liabilities are denominated in euros.

## 8 Other debt *(x € 1,000)*

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Leasehold liabilities | 6,814 | 6,828 |
| Received deposits | 283 | 31 |
| | 7,097 | 6,859 |

## 9 Short term debt *(x € 1,000)*

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Debt to financial institutions | 57,217 | 49,854 |
| Short term portion of long term debt | – | – |
| Creditors | 574 | 443 |
| Preference shares | – | 3,405 |
| Debt to group companies | 19,054 | 15,934 |
| Taxes on profit | 1,498 | 80 |
| Dividend preference shares | – | 214 |
| Other debts | 16,082 | 6,653 |
| | 94,425 | 76,583 |

**Preference shares**

The preference shares have been withdrawn in July 2009.

## 10 Staff

During 2009 the legal entity employed an average of 3 persons (2008: 1), who worked in The Netherlands.

## 11 Remuneration of board members and Supervisory Board

Reference is made to the notes to the consolidated annual accounts with regard to the remuneration of the Board of Management and Supervisory Board.

## 12 Related parties

All group entities are treated as related parties.
Wereldhave N.V. purchased a new industrial building for an amount of € 2.9 mln from Wereldhave development B.V. We refer also to note 2.

## 13 Contingencies

The company has given guarantees to third parties for group companies totalling € 281.0 mln (2008: € 478.7 mln).
Capital commitments amount to € 0.4 mln as per December 31, 2009 (2008: € 0.5 mln).

The Hague, March 2, 2010

**Supervisory Board**
J. Krant
F.Th.J. Arp
P.H.J. Essers
J.A.P. van Oosten

**Board of Management**
J. Pars
D.J. Anbeek

# Other information

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 5% on the priority 'A' shares in issue, it is proposed to distribute to holders of ordinary shares a dividend of € 3.20 in cash in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax. In addition, € 1.45 will be paid out in cash or in shares at the option of the shareholder. This distribution will be charged to the fiscal reinvestment reserve and therefore no dividend tax will be due.

| *(amounts x € 1 mln)* | **2009** | **2008** |
|---|---|---|
| Result | -/-107.1 | 0.5 |
| Payment to holders of ordinary shares | 98.9 | 96.6 |
| Added/withdrawn: | | |
| • Property revaluation reserve | -/- 22.8 | 0.3 |
| • Revaluations reserve participations | -/-118.1 | -/-65.8 |
| • General reserve | -/- 65.1 | -/-30.6 |
| | -/-107.1 | 0.5 |

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

## Auditors report

### Report on the financial statements
We have audited the accompanying financial statements 2009 of Wereldhave N.V., The Hague as set out on pages 51 to 109. The financial statements consist of the consolidated financial statements and the company financial statements.
The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of movements in equity and consolidated cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.
The company financial statements comprise the company balance sheet as at 31 December 2009, the company income statement for the year then ended and the notes.

### The directors' responsibility
The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, with Part 9 of Book 2 of the Netherlands Civil Code and the Financial Supervision Act, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Financial Supervision Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Wereldhave N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, with Part 9 of Book 2 of the Netherlands Civil Code and the Financial Supervision Act.

### Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Wereldhave N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Financial Supervision Act.

### Report on other legal and regulatory requirements
Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, March 2, 2010
PricewaterhouseCoopers Accountants N.V.

R. Dekkers RA

## Supervisory Board

**J. Krant**
(m, 61)
Member of the Supervisory Board since 2003.
Reappointed in 2007.
Retires by rotation in 2011.

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

*Positions in Supervisory Boards:*
Chairman Supervisory Board Kardan N.V.
Member Supervisory Board Cyrte
Member Supervisory Board AFC Ajax N.V.
Member Supervisory Board Stadion Amsterdam N.V.

*Other Board positions:*
Chairman Jewish Historical Museum
Foundation "Hollandsche Schouwburg"
AFC Ajax

**F.Th.J. Arp**
(m, 56)
Member of the Supervisory Board since 2005.
Reappointed in 2008.
Retires by rotation in 2011.

Member of the Board of Management of Telegraaf Media Groep N.V., CFO

*Positions in Supervisory Boards:*
Several positions on behalf of the Telegraaf Media Groep N.V.

*Other Board positions:*
World Association of Newspapers
Foundation Africa Interactive Media

**P.H.J. Essers**
(m, 52)
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

*Other Board positions:*
Chairman committee of Finance of the Upper Chamber
Guest professor at the University of Bologna
Editor of the Weekly magazine for fiscal law
Board member of the Center for Company Law
Board member European Tax College

**J.A.P. van Oosten**
(m, 61)
Member of the Supervisory Board Wereldhave since 2009.
Retires by rotation in 2012.

Chairman Executive Board Koninklijke BAM Group NV

*Positions in Supervisory Boards:*
none

*Other Board positions:*
none

**General**

All members of the Supervisory Board are Dutch nationals.



## Board

**J. Pars**
(m, 47)

Zadelvast Beheer, Commercial Manager 1987-1989
Stichting Pensioenfonds Hoogovens, Portfolio Manager 1989-1993
Rodamco Europe, several management positions 1993-2003
VastNed Groep, Director and CIO 2003-2008
Wereldhave, appointed to Director from January 1, 2009,
Managing Director as of April 2, 2009, CEO as of July 1, 2009

**D.J. Anbeek**
(m, 46)

DSM, several financial positions 1988-1994
Pricewaterhouse, Senior Consultant 1994-1995
Ahold, several international management positions 1996-2005
Albert Heijn, Director Franchise & Real Estate 2006-2009
Wereldhave, Managing Director as of June 1, 2009

# Report of the Supervisory Board

**Composition and method of operation**

The Supervisory Board comprises four members, who are independent in respect of each other, the Board of Management of Wereldhave and whatever possible subsidiary interest. None of the Supervisory Board members have been absent frequently. No business transactions have taken place between the Supervisory Board members and the company in 2009. The Supervisory Board convenes at least once a year without the presence of the Board of Management. In this meeting, the composition and the functioning of the Supervisory Board and the functioning and the remuneration of the Board of Management are discussed. The functioning of the Supervisory Board was assessed by questionnaires that have been submitted by the members.

The Supervisory Board has appointed an Audit Committee. A remuneration committee has not been appointed in view of the limited size of the Supervisory Board. The remuneration policy is determined in accordance with the recommendations of the Tabaksblat Committee by the plenary Supervisory Board, but prepared by the Chairman and Vice-Chairman of the Supervisory Board.

**Audit committee**

The audit committee comprises Mr F.Th.J. Arp (chairman) and Mr P.H.J. Essers. The audit committee met with the auditor in February 2009 and November 2009 to discuss the relationship between the auditor and Wereldhave, the objectivity of the auditor, the application of ICT and internal risk management and controls. In addition, the audit committee examined the compliance within Wereldhave. The minutes of the meeting of the audit committee were discussed and approved in the meeting of the Supervisory Board.

**Meetings of the Board**

The Supervisory Board convened seven times in 2009. All members attended these meetings, except for one meeting when one of the members of the Board could not attend. Regular items on the agenda were the operational developments of the portfolio, the development of results and capital, investments and disposals, the funding policy, the currency and dividend policy and fiscal matters.

**Special items**

*Composition of the Board of Management*

On June 30, 2009, Mr G. Verweij stepped down from the Board of Management of Wereldhave N.V. His employment contract ends automatically on March 31, 2010. The Supervisory Board has decided to grant Mr. Verweij a special bonus of € 175,000 in recognition of his extraordinary valuable contributions to the Company. This bonus is payable at March 31, 2010.

The new Board of Management consists of Messrs J. Pars and D.J. Anbeek. The supervisory Board appointed Mr J. Pars Chairman of the Board of Management as of July 1, 2009.

*Rebalancing the strategy*

The Supervisory Board paid extensive attention to the strategy of the Company, together with the Board of Management. In a special meeting the Supervisory Board discussed the business plan 2010-2014 with the Board of Management. The Supervisory Board has approved the business plan, which in clear text states defined steps for the coming years, in continuation of the previous strategy. The plan combines the target of a stable growth of direct result and dividend with an ambitious growth during the coming years.

*Valuation procedure*

On the proposal of the Board of Management, the Board discussed a change in the valuation procedure with the Board of Management, increasing the frequency of external valuations of the entire portfolio to two times per year as at June 30 and December 31. The Supervisory Board is of the opinion that this change offers extra security for the market conformity of valuations, also in view of the limited number of evidence transactions.

The state of affairs regarding the Belgian tax claim was discussed regularly in 2009 (more information can be found at page 101. There have been no important developments in this claim during the year.

**Remuneration report**

The remuneration report that was prepared by the Supervisory Board was published on www.wereldhave.com and will be sent upon request free of charge. The main features of the report are outlined below.

*Board of Management*

No change was made in 2009 to the remuneration as approved at the Annual General Meeting of Shareholders, when the new Board members were appointed. It is proposed to increase the fixed remuneration of the Board of Management as of January 1, 2010 to € 375,000 per annum for Mr Pars and € 330,000 for Mr Anbeek. The pensionable salary is capped at € 375,000 per annum.

In addition, it is proposed to change the variable remuneration of the Board of Management as of the calendar year 2010, thus increasing alignment with the interest of shareholders. The new variable remuneration scheme focuses on the long term, while the calculation has been simplified. The new scheme is mainly based of the (moving average of) the increase in direct result per share and consists of a short term incentive in cash or in shares, at the option of the director, and a long term remuneration only in shares, with a conditional period of three years. The scheme also includes a claw back provision, to correct remunerations that have been based on incorrect data. The at target bonus amounts to 50% of the fixed annual salary, while the maximum has been set at 85% of the fixed salary.

The proposed new scheme implies a balance between short and long term remuneration of 50-50 at target and of approx. 40-60 at far above target scores.

For a complete overview of the employment conditions of the Board of Management, reference is made to the remuneration report that was prepared by the Supervisory Board, which can be found on www.wereldhave.com.

*Regulations*
The Supervisory Board reviewed in 2009 all regulations of the Board of Management, the Supervisory Board and the Audit Committee, in in connection with the revised Corporate Governace Code. With the exception of one deviation, which was already approved by the General Meeting of Shareholders (see Corporate Governance chapter), Wereldhave is fully compliant with the Code. The regulations of the Board of Directors and the Supervisory Board, the recommended profile of the Supervisory Board and a detailed response to all recommendations and best practices are available on the Company's website www.wereldhave.com.

The Hague, March 2, 2010

On behalf of the Supervisory Board,

J. Krant, Chairman

## Investment properties at December 31, 2009

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

| location | offices m² n.l.a. | retail/ leisure m² n.l.a. | logistics m² n.l.a. | residential number | parking spaces number | year of acqui-sition | year of construc-tion or renovation | annual rent 2010 (x € 1 mln) |
|---|---|---|---|---|---|---|---|---|
| **Belgium *)** | | | | | | | | |
| **Berchem** | | | | | | | | |
| 76-78 Berchemstadionstraat | 11,400 | | | | 217 | 1999 | 2002 | 1.6 |
| 1-2 Roderveldlaan | 11,560 | | | | 238 | 1999 | 2001 | 1.8 |
| 3-4-5 Roderveldlaan | 17,011 | | | | 316 | 1999 | 2001 | 2.1 |
| **Brussels** | | | | | | | | |
| 1-8 Boulevard Bischoffsheim | 12,666 | | | | 150 | 1988 | 2002 | 2.5 |
| 22-25 Boulevard Bischoffsheim | 5,230 | | | | 64 | 1990 | 1990 | 1.1 |
| **Tournai** | | | | | | | | |
| 22 Boulevard Walter de Marvis | | 15,540 | | | 1,260 | 1988 | 1996 | 2.8 |
| **Liege** | | | | | | | | |
| 1 Quai des Vennes | | 30,252 | | | 2,200 | 1994 | 1994 | 9.7 |
| **Nivelles** | | | | | | | | |
| 18 Chaussée de Mons | | 16,195 | | | 802 | 1984 | 1995 | 3.0 |
| **Vilvoorde** | | | | | | | | |
| 28 Medialaan | 13,018 | | | | 305 | 1998 | 2002 | 1.7 |
| 30 Medialaan | 5,650 | | | | 178 | 1999 | 2001 | 0.8 |
| 32 Medialaan | 4,027 | | | | 123 | 1999 | 2001 | 0.7 |
| **other properties** | 6,244 | | | | 114 | | | 0.8 |
| | **86,806** | **61,987** | **-** | | | | | **28.6** |
| **Finland** | | | | | | | | |
| **Espoo** | | | | | | | | |
| 5 Lansituulentie | | 12,117 | | | 234 | 2003 | 1998 | 3.3 |
| 4 Tyrskyvuori | | 3,444 | | | 80 | 2007 | 2007 | 0.3 |
| **Helsinki** | | | | | | | | |
| Itäkeskus | 9,537 | 85,009 | | | 3,000 | 2002 | 2001 | 28.3 |
| | **9,537** | **100,570** | **-** | | | | | **31.9** |
| **France** | | | | | | | | |
| **Dunkirk** | | | | | | | | |
| Quai des Fusiliers Marins | | 17,839 | | | 600 | 1999 | 1999 | 2.6 |
| **Paris and environs** | | | | | | | | |
| Avenue Jules Rimet, Saint-Denis | 10,993 | | | | 121 | 1999 | 2001 | 2.8 |
| 45-49 Rue Kléber, Levallois-Perret | 19,660 | | | | 350 | 1999 | 1999 | 8.0 |
| | **30,653** | **17,839** | **-** | | | | | **13.4** |

| location | offices m² n.l.a. | retail/ leisure m² n.l.a. | logistics m² n.l.a. | residential number | parking spaces number | year of acqui- sition | year of construc- tion or renovation | annual rent 2010 (x € 1 mln) |
|---|---|---|---|---|---|---|---|---|
| **Netherlands** | | | | | | | | |
| **Alphen aan den Rijn** | | | | | | | | |
| 2 J. Keplerweg | | | 14,698 | | 50 | 1997 | 2005 | 0.8 |
| 21-37 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 | 0.7 |
| **Arnhem** | | | | | | | | |
| Shopping Center Kronenburg (leasehold till 2110) | | 31,752 | | | 1,000 | 1988 | 1985 | 7.7 |
| **Best** | | | | | | | | |
| 4 Brem | | | 11,283 | | 690 | 1977 | 1971 | 1.0 |
| **The Hague** | | | | | | | | |
| 20-160 Laan van Ypenburg | | | 50,179 | | 155 | 1996 | 1993 | 3.1 |
| **Etten-Leur** | | | | | | | | |
| Shopping Center Etten-Leur | | 22,146 | | | | 1991 | 1995 | 3.6 |
| **Geldrop** | | | | | | | | |
| 62-89A Heuvel and 1, 3, 5 and 15 Achter de Kerk | | 4,537 | | 30 | | 1978 | 1996 | 1.0 |
| **Leiderdorp** | | | | | | | | |
| Shopping Center Winkelhof | | 17,857 | | | 830 | 1993 | 1999 | 4.0 |
| **Moerdijk** | | | | | | | | |
| 6 Middenweg | | | 8,779 | | 126 | 1997 | 1988 | 1.2 |
| **Nuth** | | | | | | | | |
| 15 Thermiekstraat | | | 18,066 | | 690 | 1977 | 1987 | 1.4 |
| **Roosendaal** | | | | | | | | |
| 23 Borchwerf | | | 15,378 | | 126 | 1997 | 1994 | 0.7 |
| **Utrecht** | | | | | | | | |
| 1 Rutherfordweg | | | 12,876 | | 100 | 1997 | 1994 | 0.7 |
| **other properties** | 4,322 | | 23,890 | | 151 | | | 2.0 |
| | **10,499** | **76,292** | **178,983** | | | | | **29.5** |
| **Spain** | | | | | | | | |
| **Madrid** | | | | | | | | |
| 15 Avenida de la Vega, Alcobendas | 22,676 | | | | 421 | 1999 | 2000 | 4.5 |
| 15 Calle Fernando el Santo | 3,254 | | | | 39 | 1991 | 1993 | 1.0 |
| 1-2 Calle Mariano Benlliure, Rivas-Vaciamadrid | | | 35,248 | | 351 | 2001 | 2002 | 2.5 |
| 2 Plaza de la Lealtad | 3,012 | | | | | 1989 | 1999 | 1.1 |
| 46 Avenida Juan Carlos I, Collado Villalba | | 22,666 | | | 980 | 2007 | 2001 | 3.7 |
| | **28,942** | **22,666** | **35,248** | | | | | **12.8** |

| location | offices m² n.l.a. | retail/ leisure m² n.l.a. | logistics m² n.l.a. | residential number | parking spaces number | year of acqui-sition | year of construc-tion or renovation | annual rent 2010 (x € 1 mln) |
|---|---|---|---|---|---|---|---|---|
| **United Kingdom** | | | | | | | | |
| **Guildford** | | | | | | | | |
| 73-75 North Street | 1,085 | 357 | | | | 1988 | 1976 | 0.5 |
| **London and environs** | | | | | | | | |
| 126-134 Baker Street, W1 | 934 | 605 | | | | 1988 | 1999 | 0.8 |
| 326-334 Chiswick High Road, W4 | | 2,307 | | | | 1988 | 1974 | 0.6 |
| 72-74 Dean Street, Royalty House, W1 | 2,648 | | | | 12 | 1988 | 1999 | 0.9 |
| 14-18 Eastcheap, EC3 | 3,630 | | | | | 1988 | 1991 | 1.6 |
| 31-36 Foley Street, W1 | 3,155 | | | | 10 | 1988 | 1993 | 0.9 |
| 26-28 Great Portland Street, W1 (leasehold till 2105) | 1,290 | | | | | 1988 | 1990 | 0.5 |
| 1-5 Lower George Street and 1 Eton Street, Richmond upon Thames | | 2,864 | | | 10 | 1988 | 1963 | 0.7 |
| 56-70 Putney High Street, SW15 | | 4,369 | | | 44 | 1988 | 1971 | 0.8 |
| 10-12A Thames Street and 1, 2 and 5 Curfew Yard, Windsor | 932 | 464 | | | 62 | 1988 | 1972 | 0.5 |
| **Manchester** | | | | | | | | |
| Wilmslow Road | 27,084 | | | | 927 | 2005 | 2003 | 5.5 |
| **Northampton** | | | | | | | | |
| 100 Pavillion Drive | 11,051 | | | | 510 | 1998 | 1991 | 1.7 |
| **Redhill** | | | | | | | | |
| 65/71 Grosvenor House, London Road | 4,652 | | | | 150 | 1989 | 1986 | 1.4 |
| **Sheffield** | | | | | | | | |
| Penistone Road | | 3,918 | | | 163 | 1988 | 1986 | 0.6 |
| **other properties** | | 16,725 | 17,572 | | 721 | | | 3.3 |
| | **56,461** | **31,609** | **17,572** | | | | | **20.3** |

| location | offices m² n.l.a. | retail/ leisure m² n.l.a. | logistics m² n.l.a. | residential number | parking spaces number | year of acqui-sition | year of construc-tion or renovation | annual rent 2010 (x € 1 mln) |
|---|---|---|---|---|---|---|---|---|
| **United States** | | | | | | | | |
| **Austin, Texas** | | | | | | | | |
| 3801 Cap. of Texas Highway North | | 11,891 | | | 550 | 2004 | 2002 | 2.0 |
| 6801 Cap. of Texas Highway North | 8,568 | | | | 344 | 1999 | 1999 | 1.0 |
| 8300 Mopac Expressway | 8,669 | | | | 431 | 1998 | 2000 | 1.0 |
| 4801 Plaza on the Lake Drive | 10,363 | | | | 491 | 1999 | 1999 | 1.2 |
| 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 | 1.0 |
| 161 Corporate Center, Irving | 9,737 | | | | 465 | 1998 | 1998 | 0.9 |
| 411 East Buckingham Road, Richardson | | | | 338 | 648 | 1999 | 1999 | 2.5 |
| 4490 Eldorado Parkway, McKinney | | | | 525 | 880 | 2000 | 2004 | 3.8 |
| 4500 Eldorado Parkway, McKinney | 5,490 | | | | 188 | 2006 | 2006 | 0.6 |
| 4600 Regent Boulevard, Irving | 7,432 | | | | 479 | 1998 | 1998 | 0.6 |
| 4650 Regent Boulevard, Irving | 7,432 | | | | 479 | 1999 | 1999 | 0.7 |
| **San Diego, California** | | | | | | | | |
| 655 West Broadway (leasehold till 2058) | 35,200 | 1,400 | | 12 | 752 | 2007 | 2005 | 9.1 |
| 10th & J Streets | 28,359 | | | 1 | 928 | 2008 | 2007 | 7.5 |
| **Washington D.C. and environs** | | | | | | | | |
| 701 8th Street | 12,465 | | | | 101 | 2005 | 2005 | 3.3 |
| 801 9th Street | 21,930 | | | | 190 | 2006 | 1999 | 4.6 |
| 13600 Dulles Technology Drive, Herndon | 10,507 | | | | 531 | 1999 | 2000 | 1.4 |
| 13650 Dulles Technology Drive, Herndon | 10,507 | | | | 531 | 1999 | 2000 | 1.4 |
| 1401 New York Avenue | 17,646 | | | | 165 | 1988 | 1984 | 4.0 |
| 21660 Ridgetop Circle, Sterling | 11,681 | | | | | 1999 | 2002 | 1.4 |
| | **228,071** | **13,291** | **-** | | | | | **49.2** |
| **Total** | **450,969** | **324,254** | **231,803** | | | | | **185.7** |

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 69.3% interest in the properties in Belgium.



## Independent valuers

CBRE,
Amsterdam

Troostwijk Taxaties B.V.,
Amsterdam

Troostwijk-Roux Expertises cvba,
Antwerp

Jones Lang La Salle,
Paris, Madrid, London

Catella Property Group,
Helsinki

Cushman & Wakefield,
Washington DC, San Diego

## Summary of investment properties

*(amounts x € 1 mln)*

The following is a summary of the open market value of the Group's investment properties at December 31, 2009. Foreign currencies have been converted at rates of exchange ruling at December 31, 2009. The annual rent is shown on the assumption that the buildings are fully let and before deduction of property expenses.

| | offices | | retail / leisure | | logistics | | residential | | total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | market value | annual rent | market value | annual rent | market value | annual rent | market value | annual rent | market value | annual rent |
| Belgium | 144.8 | 13.1 | 237.0 | 15.5 | – | – | – | – | 381.8 | 28.6 |
| Finland | 8.8 | 0.6 | 510.8 | 31.3 | – | – | – | – | 519.6 | 31.9 |
| France | 155.3 | 10.8 | 17.0 | 2.6 | – | – | – | – | 172.3 | 13.4 |
| The Netherlands | 16.9 | 1.5 | 228.0 | 16.3 | 130.1 | 11.7 | – | – | 375.0 | 29.5 |
| Spain | 80.5 | 6.6 | 42.7 | 3.7 | 30.4 | 2.5 | – | – | 153.6 | 12.8 |
| United Kingdom | 143.2 | 13.8 | 56.9 | 5.4 | 11.0 | 1.1 | – | – | 211.1 | 20.3 |
| United States | 538.0 | 40.9 | 23.7 | 2.0 | – | – | 43.1 | 6.3 | 604.8 | 49.2 |
| Total | 1,087.5 | 87.3 | 1,116.1 | 76.8 | 171.5 | 15.3 | 43.1 | 6.3 | 2,418.2 | 185.7 |

## Contracted rent

*(in % of the contracted rent at December 31, 2009)*


## Summary of revaluations of the investment properties

*(amounts x € 1 mln)*

This summary shows the revaluation in 2009 of investment properties by country and sector. Foreign currencies have been converted at rates of exchange ruling at December 31, 2009.

| | value at December 31, 2009 | revaluation in 2009 | as a % of the value before revaluation | | | | |
|---|---|---|---|---|---|---|---|
| | | | offices | retail / leisure | logistics | residential | total |
| Belgium | 381.8 | -/- 7.0 | -/- 4.1 | -/- 0.3 | – | – | -/- 1.8 |
| Finland | 519.6 | -/- 72.1 | -/- 3.1 | -/-12.3 | – | – | -/-12.2 |
| France | 172.3 | -/- 11.2 | -/- 6.7 | -/- 1.1 | – | – | -/- 6.1 |
| The Netherlands | 375.0 | -/- 25.8 | -/- 1.8 | -/- 8.8 | -/- 2.7 | – | -/- 6.4 |
| Spain | 153.6 | -/- 19.1 | -/-12.8 | -/-13.8 | -/- 1.2 | – | -/-11.1 |
| United Kingdom | 211.1 | -/- 23.1 | -/- 8.5 | -/-12.9 | -/-11.8 | – | -/- 9.9 |
| United States | 604.8 | -/- 84.6 | -/-12.8 | -/- 8.4 | – | -/-7.4 | -/-12.3 |
| Total | 2,418.2 | -/-242.9 | -/-10.1 | -/- 9.1 | -/- 3.1 | -/-7.4 | -/- 9.1 |

## The Netherlands
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and Wereldhave Management Nederland B.V.
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## United Kingdom
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**WWW.WERELDHAVE.COM**



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**Wereldhave. Value for tomorrow.**