WERELDHAVE

ANNUAL REPORT 2014

STRATEGY
Growth phase

DEVELOPMENTS
Itis and Noda

SUSTAINABILITY
Fully integrated in our business

ANNUAL REPORT 2014

This is the Annual Report 2014 of Wereldhave N.V. including the report from the Board of Management for the year 2014, the property portfolio overview, the financial statements and the report of the Supervisory Board. This report will be published in digital form only on the Company's website www.wereldhave.com

Where relevant, the comparative figures have been restated for the rights issue.

CONTENTS

1. ABOUT WERELDHAVE

Wereldhave is a Dutch listed property investment company. Wereldhave focuses on dominant mid-sized shopping centres in larger provincial cities in northwest continental Europe and sustainable offices in Paris.

The catchment area should comprise of at least 100,000 inhabitants within 10 minutes travel time. Wereldhave's shopping centres offer consumers 'convenient shopping': 90% of shopping needs, strong (inter)national tenants, fully embedded food and beverage functions and easy accessibility, in combination with strong food anchors.

For more information: www.wereldhave.com

KEY FIGURES 2014

		2014		2013
Total result	€	26.9m	€	50.0m
Direct result	€	85.7m	€	81.3m
Indirect result	€	-58.8m	€	-31.2m
Direct result per share	€	2.97	€	2.86
Dividend proposal per share	€	2.87	€	2.87

		31-12-2014		31-12-2013
Property investment portfolio	€	3,221.6m	€	1,731.9m
Equity	€	1,976.0m	€	1,499.8m
NAV per share (EPRA)	€	54.35	€	56.41

SHARE PRICE 2010-2014 (€)

FINANCIAL CALENDAR 2015

MARCH 27
Record date Annual General Meeting of Shareholders

APRIL 24
Update first quarter 2015

APRIL 24
Annual General Meeting of Shareholders

APRIL 28
Ex-dividend date

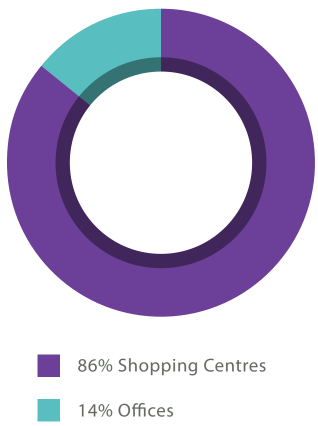
APRIL 29
Record date dividend

MAY 7
Dividend payment date

JULY 24
Interim statement 2015

OCTOBER 23
Update third quarter 2015

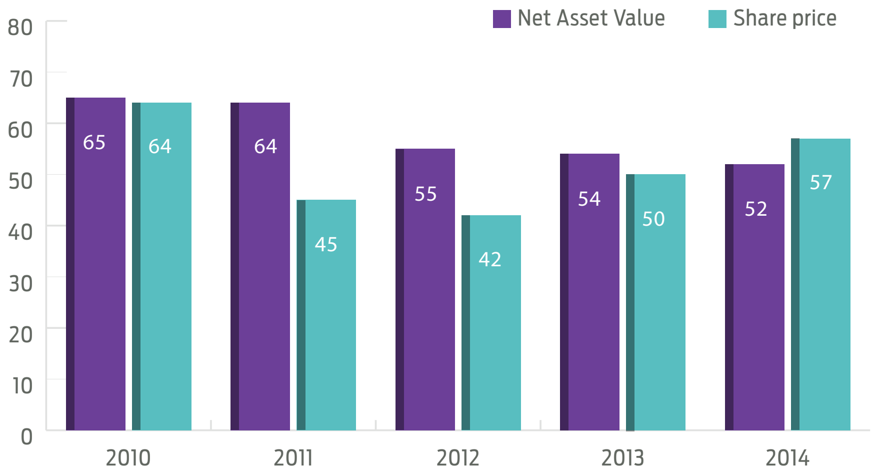
DISTRIBUTION OF INVESTMENT PROPERTIES BY SECTOR AT YEAR END 2014



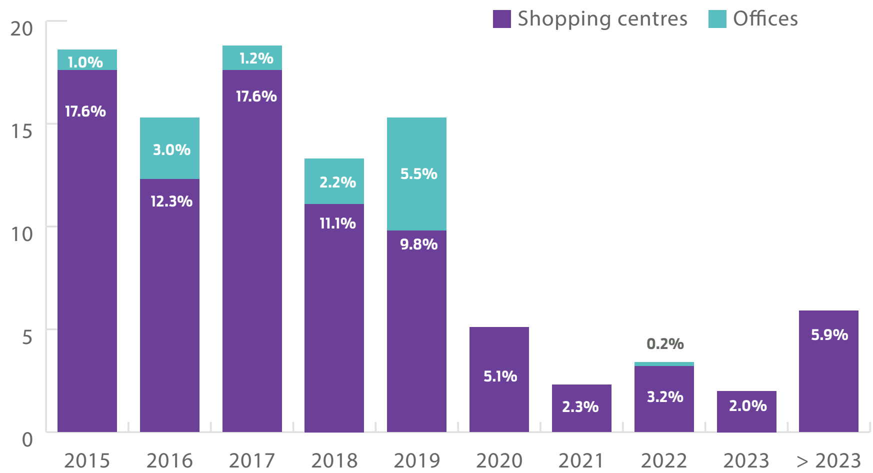
KEY INFORMATION

	2010	2011	2012	2013	2014
Share price at 31/12	63.57	44.65	41.77	49.75	57.00
Price/Direct result at 31/12	14.36	10.43	12.31	17.40	19.19
avg. Transactionvolume/day	166,000	144,000	137,000	131,000	134,000
Marketcapitalisation at 31/12	1,6bn	1,1bn	1,0bn	1,2bn	2.0bn
NAV/share	65.20	63.75	55.20	54.02	52.07
EPRA NAV/share			57.57	56.41	54.35
Premium (discount)	-2.5%	-30.0%	-24.3%	-7.9%	9.5%
Dividend	4.09	4.09	2.87	2.87	2.87
Dividend yield at 31/12	6.4%	9.2%	6.9%	5.8%	5.0%
Pay-out	92%	95%	84%	100%	97%
Free float	100%	100%	100%	100%	100%

NET ASSET VALUE AND SHARE PRICE AT DECEMBER 31 (€)



LEASE EXPIRIES



(as a % of contracted rent at december 31, 2014)
Excluding indefinite contracts (4.4% of total)

SHARE PRICE DEVELOPMENT 2014 (€)

KEY FIGURES PAST 5 YEARS

	2010	2011	2012	2013	2014
Results (x € 1m)					
Net rental income [1) 2)]	160.2	128.7	107.7	99.9	114.8
Result [3)]	88.7	51.3	-98.4	50.0	26.9
Direct result [3)]	109.0	106.3	84.9	81.3	85.7
Indirect result [3)]	-20.3	-55.0	-183.3	-31.2	-58.8
Balance sheet (x € 1m)					
Investments	2,860.1	2,830.2	2,073.0	1731.9	3,221.6
Development projects	134.5	227.9	240.0	413.2	43.9
Equity [4)]	1,611.2	1,591.9	1378.8	1349.4	1,823.4
Interest bearing debt	1,148.0	1,289.1	1,288.8	680.7	1,251.0
Number of shares					
At December 31	21,448,525	21,679,608	21,679,608	21,679,608	35,020,921
Average during the year	21,389,310	21,593,238	21,678,608	21,679,608	25,384,336
Share data [5)] (x € 1)					
Equity [6)]	65.20	63.75	55.20	54.02	52.07
Direct result [7)]	4.43	4.28	3.39	2.86	2.97
Indirect result [7)]	-0.82	-2.21	-7.33	-1.28	-2.38
Dividend	4.09	4.09	2.87	2.87	2.87
Pay-out	92%	96%	85%	100%	97%
Result per share [7)]	3.60	2.07	-3.94	1.58	0.59

1) as a result of change in accounting policies, as per 2011 leasehold contracts are presented as operational lease contracts
2) figures 2011 and onwards excl. discontinued operations
3) excluding minority interest
4) excluding minority interest, before distribution of profit
5) per ordinary share ranking for dividend and adjusted for bonus issue
6) before distribution of profit
7) based on the average number of ordinary shares in issue

2. FOREWORD FROM THE CEO

DIRK ANBEEK

Dear stakeholders,

The past two years have been truly transformational for Wereldhave. In a real estate landscape that is changing fast, Wereldhave shifted gear and moved even more rapidly. Over the past two years, our total transaction volume in acquisitions and disposals amounted to well over € 2.5bn. The entire portfolios in the United States, the United Kingdom and Spain were sold. The acquisition of six French shopping centres for € 850m was completed in December 2014. During the full year 2014, our assets in operation grew by 86% from € 1.7bn to € 3.2bn. The Company is now in the strategic growth phase.

We want to play a pro-active role in the consolidation that is currently taking shape. Our portfolio is much more focused now: mid-sized shopping centres in northwest continental Europe represent almost 90% of our assets. Good progress was also made on the refinancing of our debt portfolio. Wereldhave traditionally had a high percentage of loans at variable interest rates, usually about half of the loan portfolio. The interest rate is now fixed for a long time and the percentage of loans at fixed interest rate is currently at 81% with an average rate of 2.2%. This has significantly improved Wereldhave's risk profile and we do have one of the lowest cost of debt of the sector.

The largest transformation however has been the change in corporate culture. Early in 2013, we defined Entrepreneurship, Ambition, Teamwork and Transparency/Integrity as our key values. Changing the culture was necessary to create a solid foundation towards operational excellence. Staff and operations must be aligned towards the same target. Focus on a clear management agenda is one of the keys to success. Our ambition is to become the leading operator of mid-sized shopping centres in northwest continental Europe.

The change in culture went hand in hand with many and frequent adjustments to the organisation, also in the Management Team. We used key priorities to focus on operational excellence. Clear targets were set and management attention and reporting shifted towards these priorities. By mid-2014, it became clear that we were ready for Growth. Our like-for-like rental growth is far above indexation and occupancy levels went up, in spite of a harsh leasing environment. So we did not only reshape our portfolio, but also succeeded in building a strong operational platform.

"We used key priorities to focus on operational excellence"

The use of key priorities also paid off in the field of sustainability. In 2014, Wereldhave was rated GRESB Green star and more recently, SAM rated Wereldhave a Dow Jones Sustainability Index industry fast mover. We have a sound ambition to keep the pace in improving our sustainability performance.

I would particularly like to thank all committed Wereldhave employees, also the ones we had to say goodbye to after exiting their country. Without their relentless effort and loyal support, we would never have been able to change the Company this rapidly. I also would like to express my gratitude towards our loyal shareholders. A vast majority of them decided to stay on board with us during the challenging years 2012 and 2013 and more recently decided to exercise their rights and invest further in the Company, increasing our equity with € 550m. This is a great sign of faith in our strategy, for which I would like to thank them. Last but not least, I would like to thank our tenants and the visitors of our shopping centres. Our refurbishment program may certainly have been a nuisance from time to time. However, the increasing footfall in the completed centres shows that a refurbishment finally pays off.

Our focus for 2015 is now on building a strong operational platform in France. I bid a warm welcome to our new colleagues in France. More than 20 shopping centre managers, marketing managers and technical managers of the centres have joined Wereldhave. They support us in our day-to-day operations, and enable us to build up a robust organisational retail platform. During the interim period I will personally lead the operation, until a French Retail Director has been recruited, which is scheduled to be finalised by mid-2015.

The main operational objective for 2015 is to stabilize the rental income from the new French portfolio. In addition, the focus is on operational performance in the countries and markets where Wereldhave already operates shopping centres, in the Netherlands, Belgium and Finland, and offices in Paris. Possibly in those markets investments and divestments will also be done. I can personally assure you that Wereldhave is more than ever ready to become the leading specialist owner and operator of mid-sized shopping centres in northwest continental Europe. By refreshing and refurbishing all our centres within a 5 years' timeframe (2013-2017), we will best accomplish convenience and retail experience within our centres and secure cash flows that allow for a growing dividend.

Dirk Anbeek
Schiphol, February 26, 2015

THE YEAR 2014 IN REVIEW

During 2014, the targets for the Regroup phase were achieved:

1. OPERATIONAL EXCELLENCE

- Overall like-for-like rental growth came out at 3.6%.
- Occupancy of the shopping centre portfolio remained high throughout the year, with a like-for-like occupancy at 98.6%.
- General costs decreased to the targeted € 14m.

2. CONTROLLED DEVELOPMENT PIPELINE

- Four development projects were completed in 2014 and the yield on cost remained at or above the budgeted 7%: Joinville-le-Pont (Paris), Ghent, Genk and Issy-les-Moulineaux (Paris).
- Good progress was made with the refurbishment program of the Dutch shopping centres.
- In January 2015, Wereldhave Belgium will commence construction of a retail park adjacent to the Tournai shopping centre. The refurbishment and expansion of the existing shopping centre in Tournai is scheduled to start at the end of 2015, early 2016.

3. MAXIMISE VALUE ITIS

- The refurbishment of Itis was completed in December 2014. The success of the refurbishment related lettings was a driver of a very strong like-for-like rental growth, at 610 bps above indexation. The value of Itis increased from € 450m in 2012 to well over € 600m at year-end 2014.

4. REINVEST IN CORE MARKETS

- In the Netherlands, Wereldhave acquired shopping centre De Vier Meren in Hoofddorp. Wereldhave became the single owner of De Koperwiek in Capelle aan den IJssel and Kronenburg in Arnhem. In Roosendaal, three shops next to the Roselaar shopping centre were acquired.
- Wereldhave Belgium became the single owner of the shopping centre Les Bastions in Tournai, with the acquisition of a Delhaize unit. Full ownership was also obtained of the Kortrijk Ring shopping centre. At the end of September Wereldhave Belgium acquired the first part and the remainder was acquired in January 2015.
- On December 18, 2014, Wereldhave completed the acquisition of six shopping centres in France for € 850m. The centres are located in Paris, Bordeaux, Le Havre, Strasbourg and Rouen.

5. ALIGNMENT WITH ALL STAKEHOLDERS

- In 2014, three shareholders meetings were held. At the AGM in April, shareholders approved the simplification of the anti-takeover structure.
- In September 2014, Robert Bolier was appointed CFO.
- The EGM in December 2014 approved a rights issue of € 550m new shares to finance our first step in the Growth phase. We have chosen a rights issue to offer all our loyal shareholders the opportunity to participate. The proposal was approved by the EGM on 28 November 2014 and the issue of 13,341,303 new ordinary shares was launched on December 1, 2014.

3. RECOMMENDATION FROM THE SUPERVISORY BOARD

Dear reader,

It is my pleasure to present to you the report of the Supervisory Board in respect of the year 2014, a very active one in our Company history of nearly 85 years. The Company underwent major changes in 2014, not only in terms of the composition of the portfolio, but also in debt profile and in management structure. At the end of the year, Wereldhave was ready to conclude the strategic Regroup phase, one year ahead of target. The Growth phase was entered with the acquisition of six shopping centres in France. This transaction further narrows Wereldhave's strategic focus on mid-sized shopping centres in northwest continental Europe.

CHANGES

Wereldhave's 2014 acquisition volume amounts to a € 1.2bn and the disposals of properties amount to approx. € 180m. The Supervisory Board had an active role in these changes, discussing the Growth strategy and reviewing investment proposals with the Board of Management. The decision to exit Spain was also put to the approval of the Supervisory Board, as well as the major refinancing operations to improve the Company's debt portfolio. The year also recorded three shareholders' meetings, two changes to the articles of association and a major increase in the issued share capital.

MANAGEMENT

The year 2014 saw a transition in senior management. In April 2014, Pieter Roozenboom stepped down from the Board of Management and Robert Bolier was recruited as interim CFO. At the EGM on September 23, 2014, shareholders approved his nomination as member of the board and CFO of Wereldhave.

The Board of Management consists of CEO Dirk Anbeek and CFO Robert Bolier, who are supported by a Management Team. Following changes during the year, the Management Team now consists of a Chief Investment Officer (Riemer Smink), an HR director (Inez Blankestijn), a director Legal (Richard Beentjes) and the country directors for the Netherlands and Belgium (Belinde Bakker and Luc Plasman).

In our opinion the Company continued to perform well in 2014. The operational performance showed a solid positive like-for-like rental growth and high occupancy rates, in spite of challenging market conditions.

"In our opinion the Company continued to perform well in 2014"

The Supervisory Board respectfully submits the annual accounts 2014 to the shareholders and recommends their adoption. This annual report was prepared by the Board of Management and discussed and approved by the Supervisory Board. The Report from the Supervisory Board can be found on pages 60 up to 65.

The Supervisory Board also approves the Board of Management's proposal of a dividend in cash of € 2.87 per share. The financial statements have been audited by PwC, who issued an unqualified audit opinion.

Finally, I would like to extend my thanks, on behalf of the Supervisory Board, to our dedicated employees and also to the Board of Management for their contribution to the success of the Company in 2014.

Joop van Oosten
Chairman of the Supervisory Board

Schiphol, February 26, 2015

4. REPORT FROM THE BOARD OF MANAGEMENT

4.1 2014 IN BRIEF

Wereldhave had a strong year in 2014. Following the successful restructuring measures of the previous years, including a 50% asset rotation, the direct result is on the way up again (+5.5%). The indirect result was negative, largely due to the transaction costs of the recent acquisitions. The underlying property portfolio performed well, with a strong operational performance.

Like-for-like rental income in the shopping centre portfolio was strong, particularly in Belgium and Finland. The offices portfolio also recorded a positive like-for-like rental growth, due to improved letting results in the Belgian offices portfolio. Overall like-for-like rental growth came out at 3.6%, which is 270 bps above the average indexation. This implies that we have outperformed the target for 2014, which was already raised during the year from 140 bps to 200 bps above indexation.

Occupancy of the shopping centre portfolio remained high during the year, but dropped at year-end 2014 to 93.9% in connection with the completion of development projects and the addition of 6 shopping centres in France, which were acquired at an average occupancy of 91%. The completion of the NODA office development in France, which is currently 65% let, caused a decrease of the occupancy rate of the offices portfolio to 85.9% at year-end 2014.

General costs for the year 2014 decreased to the targeted € 14m. As a result of the acquisition of the French retail portfolio, general costs will increase by approximately 15% or € 2m per year in 2015, whilst the size of our portfolio increased by more than 30%.

Four development projects were completed in 2014 and the yield on cost remained at or above the budgeted 7%. The office development in Joinville-le-Pont (Paris) was completed and transferred to the buyer in February. In July, the mixed use development in Ghent was transferred to the investment portfolio and in December the redevelopment of Genk Shopping 1 in Belgium and Itis in Finland were transferred to the investment portfolio. Partly due to the opening of a Gigantti electronics store and a Zara flagship store, footfall in Itis has increased in 2014 by 11%. Finally, the NODA office development in Issy-les-Moulineaux (Paris) was transferred to the investment portfolio at December 31, 2014, 65% let. At December 31, 2014, the development portfolio amounted to € 43.9m.

Reinvestment of proceeds from disposals were made during the first two months of 2014, when Wereldhave acquired the Vier Meren shopping centre in Hoofddorp and the remaining part of De Koperwiek in Capelle aan den IJssel for a total consideration of € 207m. In September the Spanish portfolio was sold for € 99.5m gross, approximately 4% above book value.

In March, a € 270m Revolving Credit Facility with maturity in 2015 was renewed and increased to € 300m maturing in 2019. Since April 2014, when Robert Bolier joined Wereldhave as interim CFO, significant progress was made on the refinancing of Wereldhave's debt portfolio. In May Wereldhave issued new 5-year Convertible Bond for € 250m at a fixed coupon of 1%. A € 100m repurchase was made of Wereldhave's € 230m 2.875% Convertible Bonds due 2015. In July, Wereldhave completed the issuance of € 265m of senior unsecured notes through a US private placement. The notes carry an average interest rate of 2.9% and have an average maturity of 10.1 years.

This significantly changed our debt profile. Wereldhave traditionally had a high percentage of loans at variable interest rates, usually about half of the loan portfolio. The interest rate is now fixed for a long time and the percentage of loans at fixed interest rate is currently at 81%.

Nominal interest bearing debt was € 1,261m at December 31, 2014, which together with a cash balance of € 119m results in a net debt of € 1.142m. The average cost of debt and ICR were 2.2% and 5.8 respectively. Our cost of debt is the lowest in the sector.
On December 31, 2014, the Loan-to-Value amounted to 35.4% (2013: 27.4%).

The year also saw changes to the Management Team. In view of Wereldhave's ambition to become the leading specialist owner and operator of dominant mid-sized shopping centres, we decided to strengthen our Management Team with a CIO and a HR Director. The Management Team further consists of a Director Legal and the Retail Directors for the Netherlands, Belgium and France (the latter to be recruited), thus ensuring alignment of the management agenda and Group functions in support of the business.

Three shareholders meetings were held in 2014. At the AGM in April, the simplification of the anti-takeover structure was approved. On September 23, an EGM was held for the appointment of Robert Bolier as CFO. On November 28, the EGM convened to discuss and approve the rights issue of € 550m for the acquisition of six shopping centres in France for € 850m. These shopping centres are located in Argenteuil (Paris), Rouen (2), Le Havre, Bordeaux and Strasbourg. The transaction was completed on December 18, 2014. On pages 44 up to 47 of this report, you will find detailed information on the portfolio we acquired. The chapter France Retail explains the rationale for the transaction. After completion our Loan-to-Value stood at 35%.

4.2 STRATEGY

Mid-2012 Wereldhave announced a change in strategy, to be implemented in three phases: Derisk, Regroup and Growth.

In response to the changing environment for consumer-, retail-, real estate- and finance-markets, Wereldhave set its strategic focus on shopping centres in North-West Europe and sustainable offices in Paris. Wereldhave focuses on dominant mid-sized shopping centres in larger provincial cities. The catchment area should comprise of at least 100,000 inhabitants within 10 minutes travel time. Wereldhave's shopping centres offer consumers 'convenient shopping': 90% of shopping needs, strong (inter) national tenants, fully embedded food and beverage functions and easy accessibility, in combination with strong food anchors.

STRATEGIC PHASES

The first phase, Derisk, started mid-2012 and was completed one year later. During the second half of 2012, Wereldhave focused on the sale of the US portfolio, the action plan for the UK, overhead reduction and the strategy update. The first phase was completed by mid-2013, when the portfolios in the United States and the United Kingdom were sold and the management offices in these countries were closed. After completing this phase Wereldhave had a focused portfolio, a strong balance sheet and low general costs.

The second strategic phase, Regroup, aimed at strengthening and expanding Wereldhave's position in the four core markets through operational excellence, a controlled development pipeline, value maximisation of the shopping centre Itis, reinvesting in core markets and alignment with all stakeholders. For each objective, specific targets were set.

By mid-2014 it became clear that Wereldhave would achieve these targets and that Regroup phase could already be concluded by the end of 2014, one year ahead on the initially targeted date.

The entire Spanish portfolio was sold in September 2014 and at the end of the Regroup phase, Wereldhave had a much more focused portfolio. Since 2012, the number of properties was reduced from 85 divided over 5 categories of real estate in seven countries to 31 properties in 2 real estate categories in 4 countries. The average asset size increased from € 31m to € 104m and the average portfolio size per country from € 340m to € 810m. In addition, the past two years significant steps had been made to improve the operational platform. Wereldhave was ready for the next strategic phase, Growth.

GROWTH

Wereldhave will play a pro-active role in the consolidation of the European real estate sector and has the ambition to become the specialist owner and operator of mid-sized shopping centres in northwest continental Europe. These are countries with stable economies and sound long-term perspectives. Dominant mid-sized shopping centres offer customers convenient shopping, have a natural footfall and a proven resilience.

To enter a new market, Wereldhave requires a minimum starting portfolio size between € 500m and € 750m. This portfolio size will enable Wereldhave to build up and retain a team of highly qualified professionals. Wereldhave has a preference for established centres with stable and solid cash flows, matching Wereldhave’s strategic criteria for mid-sized shopping centres as set out above.

On October 16, 2014, Wereldhave announced the acquisition of six shopping centres in France, for a consideration of € 850m. With this transaction, Wereldhave seized a unique opportunity to execute an off-market deal despite an investment market which continues to show high flows of liquidity. The transaction was completed on December 18, 2014. France has now become Wereldhave’s fourth retail market, next to Belgium, Finland and the Netherlands. In addition, Wereldhave remains active as an investor in sustainable offices in Paris. Shopping centres now comprise more than 86% of the total portfolio.

FINANCING

Wereldhave aims to maintain a diversified funding base, with a Loan-to-Value year-end between 35-40%.

The acquisition of six shopping centres in France was a major step forward in the growth of the Company, expanding the portfolio with nearly one third and bringing the balance sheet total at year-end 2014 to € 3.2bn. The transaction was financed with a rights issue of € 550m and interest bearing debt of € 150m. The remainder was paid with available cash, mainly from the disposal of the Spanish portfolio. At year-end 2014, the Loan-to-Value stood at 35.4%, well within the targeted range.

A rights issue to raise € 550m was launched on December 1, 2014 at an issue price of € 41.23 per Offer Share. The number of Wereldhave ordinary shares outstanding increased to 35,020,921.

OUTLOOK

For the year 2015 and 2016, Wereldhave anticipates a compounded average growth of the direct result per share between 6% and 9%. Wereldhave aims for a growing dividend and a pay-out ratio between 85% and 90%, with a Loan-to-Value year-end between 35%-40%.

4.3 INTERNET AND RETAIL

'The future of our shopping centres is connecting people.'

Wereldhave is in the midst of an extensive investment program to refurbish its shopping centres. This modernisation is crucial in adapting to customer needs and a changing retail environment. "The name of the game these days is connecting people", says Belinde Bakker, country director of the Dutch operations of the Company.

The future of retail, and the viability of shopping centres, is a much discussed theme. The simple truth is that nobody knows exactly what is going to happen. Of course online retail will have its influence, but it is a channel that exists next to shopping centres, according to Belinde Bakker. "People are still coming to shopping centres and will continue to come there, although their demand changes. At Wereldhave, we respond to these changes."

Belinde Bakker looks to the future with a positive outlook and a solid vision. "Shopping centres are attracting millions of people who are looking for a place that meets most of their daily shopping requirements. It is our task to provide that place and make it as attractive as possible. However, we will not forget the basics: our core retail offering needs to be attractive."

The shopping centre itself will also undoubtedly change in response to customer demand. A fresh, modern and light ambiance, more and higher quality food and beverage, more activities that attract people and bring them together. These are all very important items for the shopping centres of the future.

The key word for Belinde Bakker is the 'connection' people make with each other. "Research has shown that social contact is a major driver for people to visit a shopping centre. At Wereldhave, we want to empower people to connect with their community in our centres. Of course people will visit our centres to shop, but more and more shopping centres become places to connect. It is a privilege for us to play such an important part in the social lives of our visitors."

"Research has shown that social contact is a major driver for people to visit a shopping centre"

FUTURE DEVELOPMENTS

The strategy to adapt to the future consumer demand is fourfold. Wereldhave is refurbishing its shopping centres with warm colored materials, the retail mix is being changed, the facilities for visitors upgraded and expanded and there is an increased focus to host various activities within the centres. These developments are key in the transformation of shopping centres into community places, where people connect with each other.

“If we want people to feel at ease at our shopping centres, the facilities have to be top notch”

When talking about new materials for the shopping centres, Belinde Bakker has a full list of properties where those changes have already been made or where activity is planned. The €110m portfolio modernization scheme of the Dutch portfolio has already boosted Kronenburg in Arnhem, where footfall rose by around 10% during the last few months of 2014. The renovation of Kronenburg consisted of the creation of new and renovated squares, new floors, lighting and shop fronts. “For me this is a great example of the way forward for the look and feel of shopping centres. We use more wood in our properties, which makes them appear warmer. The use of natural light also contributes to making people feel more at home.”

The second important factor is the changing retail mix. Wereldhave is increasing emphasis on food & beverage to improve the quality and the variety of the offer. “If we want people to feel at ease at our shopping centres, the facilities have to be top notch. The distinguishable trend here is that people want their food and drinks to be as fresh as possible, with a tenant as Delilicious we are serving them,” Belinde Bakker said.

But the changing retail offer also impacts the type of tenants. Wereldhave is aiming to retain and attract ‘local heroes’ for its centres. These local entrepreneurs somehow can turn into true icons for the centres, like the local flower shop in Leiderdorp which attracts people from the whole Leiden region. Wereldhave is now looking into possibilities to enable young entrepreneurs to start up their business. Belinde Bakker: “We are thinking about participating in a sort of startup boot camp for innovative retail entrepreneurs.”

FREE PARKING AND TOILETS

When it comes to facilities, Wereldhave in the Netherlands advocates free parking for visitors, “Dutch people do not like to pay for their parking place”, and clean and free toilets. It is on the brink of introducing a digital ‘lost and found’ in the shopping centres and children are served with new digital, interactive play zones, while their parents can dive into the shopping experience in the knowledge that their offspring is having a great time.

To give consumers even more reason to go to a shopping centre, Wereldhave is speeding up its activities programs. The regular visits of Sinterklaas, a few local singers and the local brass band are no longer sufficient to attract more visitors. The Company is now working together with local sports clubs, dance companies and other clubs to show their events in the centres. To a mutual benefit, as they get a stage to perform, while Wereldhave gives customers an extra reason for a visit.

According to Belinde Bakker the shopping centres of Wereldhave have a bright future with all the improvements and innovations it has in store for its visitors. “Our centres are all at a great location and we are adapting them for future success. The ultimate goal is to bring people together, so they can connect with other people in their local community. Our tenants recognize our efforts, given the fact that we successfully renewed 160 rental agreements in 2014, on a total of around 800 contracts in the Netherlands.”


SOLDES

4.4 MARKETS

THE NETHERLANDS

2014 was the first full year of undivided management attention on shopping centres, since all non-core properties were sold in 2013.

Wereldhave acquired shopping centre Vier Meren in Hoofddorp in January for € 147m. This transaction was soon followed by the acquisition of the remainder of shopping centre De Koperwiek in Capelle aan den IJssel for € 60m. In April, Wereldhave acquired three shops directly adjacent to the Roselaar shopping centre in Roosendaal for € 10m and in September 2014, part of the Kronenburg shopping centre in Arnhem was acquired for € 21m, making Wereldhave, strategically very important, the single owner. The Dutch shopping centre portfolio now consists of ten shopping centres in Arnhem, Capelle aan den IJssel, Eindhoven, Etten-Leur, Geldrop, Hoofddorp, Leiderdorp, Maassluis, Purmerend and Roosendaal. The value of the portfolio as at December 31, 2014 stood at € 697m.

A VERY ACTIVE YEAR

Leasing activity was high during the year, with the successful renewing of no less than 160 leases, approx. 20% of the total volume. The introduction of key account management in 2013, whereby the top-25 tenants are served by one dedicated Wereldhave professional, proved fruitful. The tenants reacted positively to this approach and the occupancy rate rose to 98% at year-end 2014, compared to 97% in 2013.

Belinde Bakker
Managing Director of Wereldhave Netherlands

“THE REFURBISHMENT OF SHOPPING CENTRE KRONENBURG IN ARNHEM PROVES THAT UP-TO-STANDARD SHOPPING CENTRES ATTRACT INCREASING FOOTFALL”

Modernising our shopping centres is crucial if we want to attract more visitors. Consumers nowadays expect shopping centres to be attractive places where they not only do their shopping. They also want an attractive place where they can meet each other. We aim to do that by offering more food and beverage facilities of higher quality, nice children playgrounds and giving our centres a warm and comfortable look and feel.
Customers recognize this. The refurbishment of shopping centre Kronenburg in Arnhem has led to an increase of the amount of visitors by 4% since the previous year and by 10% in the last quarter of 2014.

- 5% Department & variety stores
- 32% Fashion & accessoires
- 15% Food
- 9% Health & beauty
- 7% Homeware, household & leisure
- 12% Electronics & special goods
- 5% Restaurant & cafe
- 7% Services
- 8% Shoe, leatherware & sport

TOP 10 TENANTS

(AS AT DECEMBER 31, 2014 BASED ON THE CONTRACTED ANNUAL RENT)

1. AHOLD
2. BLOKKER
3. C&A
4. HENNES & MAURITZ
5. AS WATSON
6. SUN CAPITAL PARTNERS
7. EXCELLENT RETAIL BRANDS
8. HEMA
9. ETAM GROEP
10. MACINTOSH RETAIL GROUP

1 Arnhem
2 Purmerend
3 Leiderdorp
4 Eindhoven
5 Etten-Leur
6 Roosendaal
7 Capelle aan den IJssel
8 Maassluis
9 Hoofddorp
10 Geldrop

■ Shopping centres

2014 was also the year of refurbishments at most of the shopping centres in the Dutch Wereldhave portfolio. At December 31, 2014, the value of the development portfolio amounted to € 18.1m, entirely consisting of the refurbishment program of the Dutch shopping centres. The schemes for Roosendaal, Purmerend and Leiderdorp will be developed in-house by the Wereldhave Development Team. Wereldhave will work with Multi Development for the redevelopment of the shopping centres in Maassluis (expansion), Capelle aan den IJssel (redevelopment) and Arnhem (expansion and partial redevelopment). Multi will receive a fixed development fee, which does not depend on leasing, rental levels and value.

The refurbishment program is progressing well. The Central Plaza and opening of H&M in the Eggert (Purmerend) shopping centre have been a success. The refurbishment of units and public areas is scheduled for completion in 2015/2016. Due to the complex tenant rotation plan, some entrances cannot be renovated before 2016. In Maassluis two passages of shopping centre Koningshoek were completed during the second half of the year. The letting of the renovated areas is successful, with new signings of large anchors such as Big Bazar. The renovation is scheduled for completion in 2015. The expansion will start in 2016, and has already been prelet for more than 70%.

The renovation of shopping centre De Roselaar in Roosendaal was nearly completed. Some minor adjustments still need to be finalised in 2015. The zoning plan for the redevelopment of shopping centre De Koperwiek (Capelle aan de IJssel) has become final. Construction to renovate the heart of the centre will start in 2015. Good progress was also made in the other centres, with the upgrading of units in connection with the rotation of tenants. The refurbishment of shopping centre Kronenburg in Arnhem proves that up to standard shopping centres attract increasing footfall. Visitor numbers of the centre have gone up by more than 4% since the previous year and by 10% in the last quarter of 2014.

KEY PARAMETERS SHOPPING CENTRES PERFORMANCE

		2014		**2013**
Net rental income	**€**	**38.9m**	€	29.8m
NIY (EPRA)		**6.0%**		5.9%
Occupancy		**98.0%**		97.0%
Investment properties market value	**€**	**697.0m**	€	477.0m
Investment properties under construction	**€**	**18.1m**	€	6.3m
Acquisitions	**€**	**237.6m**		-

STRATEGY CONTINUED

In 2015, Wereldhave will continue to focus on operational excellence, with three spearheads: upgrading the shopping centres, improving tenant interaction and attracting more visitors to the shopping centres. The recent acquisitions the Vier Meren shopping centre in Hoofddorp and De Koperwiek in Capelle aan den IJssel perform according to expectations. The key account management approach pays off, we are more than ever connected to our tenants. The recent events of Halfords and Schoenenreus (bankruptcies) and V&D (financial restructuring) show that pro-active leasing management is key to success in like-for-like rental growth and occupancy.

Wereldhave Netherlands will continue to look for new investments, which meet our strategic investment criteria.

OUTLOOK

The Dutch retail market will continue to be challenging in 2015, although there are signs that consumer spending might increase slightly. Lower private pension contributions, low energy prices and low forecasted inflation have a positive effect on disposable income. Retail competition is slightly increasing, while the availability of bank financing is low. Pro-active leasing management has contributed to an increase in occupancy to 98%, in spite of several tenant bankruptcies during the last quarter. The retail climate is harsh, as demonstrated by recent examples of V&D and Schoenenreus. We already started preparing alternatives for units where we expect retailers to stop operating. Value retailers are expanding, but overall demand for retail space is low. OECD forecasts Dutch GDP to grow by 1.4% in 2015.

PORTFOLIO

The occupancy rate of the Dutch portfolio was 98.0% in 2014, compared to 97% in 2013. The portfolio was valued at € 697m on 31 December 2014 (2013: €477m). The increase is due to property acquisitions. The Dutch shopping centre portfolio underwent a negative revaluation of € 22.7m, due to the write-off of transactions costs related to the acquisitions in 2014 and non-yielding capex of € 12m, which does not yet result in higher valuations.


PRO
PRO
chillbox

EGGERT

A new shopping spirit – and H&M – for the Eggert shopping centre in Purmerend.

Purmerend is a friendly city – population 80,000 – just north of Amsterdam. Though many locals commute to Amsterdam, Purmerend has a strong and broad retail offering. To revitalise its appeal to local and regional consumers, Purmerend's downtown Eggert shopping centre is undergoing a full refresh and refurb. The three-year project adds a new shopping spirit to Purmerend's city centre.

Since the 70's, Eggert has been a great place to shop for any family in a wide area north of Amsterdam. With the growing competition from Amsterdam and its northern boroughs came the need to renovate and refurbish the ageing Eggert.

To bring Eggert into today's shopping era, several large improvements had to be made. These included a renovation of the overall look, an upgrade of storefronts, the development of a new passage and the construction of a new square on the first floor. Another important eye-catching change is the higher, lighter-coloured ceiling and the fresh new tile-floor in Eggert. Wereldhave's Shopping Centre Manager for Eggert, Sarah Vehmeijer, comments: "A cosmetic change that completely alters the look & feel of the centre, a rejuvenation with at least 30 years. The light and colour changes reflect the taste of the modern shopping consumer, making all visitors feel welcome."

One of the most impactful changes that the project team envisioned was the construction of a new retail space for H&M, including new escalators. Sarah Vehmeijer explains: "Although Eggert offers an attractive combination of Dutch and international retailers together with local heroes, surveys among visitors showed that one particular brand was missing: H&M. Adding this retailer was a major step for Eggert, as it creates traffic from visitors that would previously go elsewhere – like Amsterdam city centre. Attracting H&M would be beneficial to all tenants, even competitors."

"We managed to transform the quiet first floor to a lively area"

According to Doris Slegtenhorst, Leasing Manager at Wereldhave, there was more to it than just convincing H&M to settle in Eggert. "A large project like this affects all the tenants of the centre.

I am proud to say that we managed to reach agreement with every one of them about temporary and permanent relocations, new shop fronts, phasing of the works etcetera."

Bringing in H&M required setting up a complex 'domino game plan' by Patricia van Nieuwenhuyzen (Development Manager) and her planners. "Moving tenants, preparing their alternative location, deciding the sequence of the structural and cosmetic changes in the centre – all of these things have great impact on the 'routing'. Making the right choices is essential for footfall, business and turnover in a centre."

A complex and elaborate phasing was set up to enable 'shopping life' in the centre to continue more or less normally. Patricia van Nieuwenhuyzen: "We have put great effort into a detailed planning of the different phases of construction work, so that disruption of every day operations was minimal. An example is the construction of new escalators in the central area. A major effort by any standard, but even more so if you want to avoid scaring away the visitors with noise and dust. We take pride in how we handle this, no matter how complex the planning may be."

Sarah Vehmeijer stresses that communicating with all stakeholders in an open and timely fashion before and during the construction works was – and still is – crucial to success. "It creates understanding and buy-in of possibly unpleasant steps that need to be taken to create a revitalised and up-to-date shopping centre."

Sarah, Patricia and Doris are proud of the central square on the first floor, a vital addition to Eggert. Sarah: "Like any shopping centre, Eggert is in direct competition with online shopping retailers. A central square greatly enhances the shopping experience." Located close to H&M, the square offers waiting space, a play area for kids and a food and beverage outlet. The square also acts as a stage for new activities, like fashion shows, kids workshops and music performances. "We managed to transform the quiet first floor to a lively area." A bonus to the visitors is the brand new extensive toilet facility, with baby nursing area. This free service from Eggert provides a well-received alternative to the former paid service in one of the tenants' facilities.

To complete the ‘time warp’ for Eggert, all shop fronts of the first redevelopment phase were raised. Every shop is fitted with a new, higher glass storefront, to improve the view on the retailer’s offering. Doris: “Some tenants moved to a location that better suits their products. Tenants that kept their unit have taken the opportunity to refurbish their stores. This way the project will re-invigorate the entire offering of the centre.”

To ‘seduce’ consumers to enjoy the full shopping centre experience, a new passage is to be constructed, while closing another one, allowing for better routing through the centre. Patricia: “This is what we call ‘the 100% route’. It invites visitors to enjoy a leisurely walk through the entire Eggert.” Closing an old passage and creating a brand new passage – together with completing the final series of shop fronts – will be important steps still to be taken before the project will be delivered in 2016.

Doris Slegtenhorst believes that in the end, the total package is beneficial to every single tenant: “The fully refurbished Eggert is already attracting new visitors that come more often and stay longer. The new retail mix, the new routing, the look & feel, it is spot on. I see a great future for this revitalised centre that clearly adds value to Wereldhave’s portfolio. Tenants of shops that have already been completed are thrilled. Our Eggert will deliver all the promises we have put on the table to convince the tenants. Our vision is becoming reality.”

“The fully refurbished Eggert is already attracting new visitors that come more often and stay longer”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BELGIUM

Wereldhave Belgium is a listed company in which Wereldhave holds a stake of just under 70%. Wereldhave Belgium focuses on dominant mid-sized shopping centres, aligned with the overall strategy of Wereldhave. The retail portfolio consists of shopping centres in Liege, Nivelles, Tournai, Courtrai, Genk and a mixed inner city project in Ghent. In addition, the portfolio contains office buildings in Antwerp and Brussels. The development portfolio contains shopping centre extensions and renovations in Tournai and Waterloo.

STRONG LIKE-FOR-LIKE GROWTH

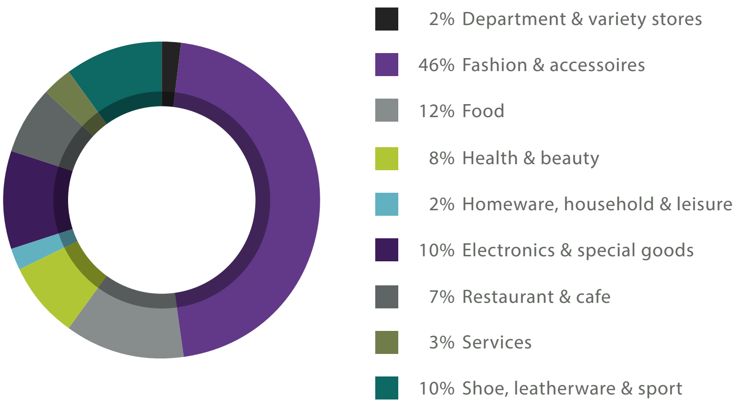
Wereldhave Belgium performed well in 2014. The like-for-like rental growth of the Belgian shopping centre portfolio amounts to +3.2%, which is 280 bps above indexation. Occupancy in the Belgian retail portfolio decreased to 94.6%. This decrease can be fully attributed to the opening of the Genk Shopping 1 centre in November, which is currently 74% let. The shopping centres in Nivelles, Tournai and Liège are still at or above the 99%. In these shopping centres, 35 leases were signed or renewed during 2014.

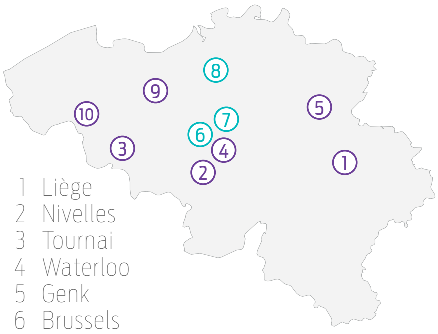
Occupancy levels of the offices increased from 91.8% at 31 December 2013 to 92.5% at 31 December 2014, which is a good result in the Belgium office market that was stable at a low activity rate. At business park De Veldekens in Antwerp, an additional take-up of office space took place as another lease agreement was signed with Argenta. For Wereldhave Belgium consolidation of the current occupancy and renegotiation of expiring lease is of prime importance in 2015.

Luc Plasman
Managing Director of Wereldhave Belgium

An important milestone was the opening of the new Genk Shopping 1 centre in November. This is a state of the art shopping centre of which we are very proud. The renovation has turned it into a modern shopping centre. We still have some work to do there, as the occupancy ratio at year-end was at 74%. We are confident that we are able to quickly attract new tenants and thus improve that ratio this year.

The offices in Belgium had a strong year, in spite of still tough market conditions. The occupancy level rose from 91.8% to 92.5% at the end of 2014. We regard that as a good result in the Belgium office market that was stable at a low activity rate.





TOP 10 TENANTS

(AS AT DECEMBER 31, 2014 BASED ON THE CONTRACTED ANNUAL RENT)

1. HENNES & MAURITZ
2. CARREFOUR
3. C&A
4. DELHAIZE
5. EXCELLENT RETAIL BRANDS
6. SPORTSDIRECT.COM
7. AS WATSON
8. HEMA
9. QUICK RESTAURANTS
10. CASSIS

Net rental income increased by € 3.1m, mainly due to the acquisition at the end of September of a part of the Kortrijk (Courtrai) Ring Shopping Noord, the completion of developments (Ghent and Genk) and the additional office take-up in Antwerp. The shopping centre Genk Shopping 1 was completed in December 2014. It is currently 74% let and take-up is slow, particularly for the larger units. Wereldhave Belgium is anticipating a gradual improvement of occupancy to approx. 85% at the end of 2015.

DEVELOPMENT PROJECTS

The fair value of the development projects portfolio amounted to € 25.8m at the end of 2014. The size of the portfolio is substantially lower than it was a year earlier, due to completions of the developments in Ghent and Genk. In Tournai, Wereldhave Belgium has obtained a permit for the construction of a retail park, directly adjacent to the existing shopping centre. Construction will start in February 2015. The expansion and renovation of the Les Bastions shopping centre in Tournai is scheduled to commence at the end of 2015. All other development projects (a multifunctional inner city project located at Waterloo and an extension and refurbishment of Belle-Ile) are still in the planning and consent stages.

OUTLOOK

The Belgian economy is expected to benefit from lower energy prices and a very low inflation, which could lead to increased consumer spending. However, austerity measures to bring down the government budget could have an adverse effect. Belgian retailers are still careful and reluctant to open new stores, especially larger units. Shopping centres that have a good track record still attract new tenants. OECD forecasts Belgian GDP to grow by 1.4% in 2015.

Wereldhave Belgium continues to look for new opportunities to further reinforce the portfolio through acquisitions or new developments.

KEY PARAMETERS SHOPPING CENTRES PERFORMANCE

		2014		2013
Net rental income	€	28.0m	€	25.9m
NIY (EPRA)		5.7%		6.0%
Occupancy		94.6%		99.2%
Investment properties market value	€	597.0m	€	381.0m
Investment properties under construction	€	25.8m	€	90.2m
Acquisitions	€	113.2m		-

PORTFOLIO

The occupancy level of the total Belgium portfolio was 94.1% at year-end 2014, compared to 97.0% in 2013. The portfolio was valued at € 724m as at 31 December 2014 against € 507m a year earlier. Two smaller properties were sold for € 1.3m during the first half of the year. The share of shopping centres in the total Belgian investment portfolio rose from 75% to 82.5%. The increase can be fully attributed to the completion of Shopping 1 in Genk (€ 87.0m) and a mixed-use inner-city project in Ghent (€ 16.4m).

Wereldhave Belgium acquired the Delhaize unit of shopping centre Les Bastions in Tournai for € 4.7m and in September Wereldhave Belgium acquired 11,000 m² of the Kortrijk Ring shopping centre. In December, agreement was reached to acquire the leasehold rights of the remaining part of the Kortrijk Ring shopping centre, which is now 100% owned. This transaction was completed on January 12, 2015. The total acquisition price for the entire centre amounts to € 108m.

REAL ESTATE CERTIFICATES

As at 31 December 2014, Wereldhave Belgium held an interest in the listed stock exchange real estate certificate 'Basilix' of 17.8%. No additional certificates were acquired in 2014. The other stake in a real estate certificate relates to Kortrijk Ring Shopping Noord. This certificate will be liquidated, and the real estate has been sold to Wereldhave Belgium. The value of Wereldhave Belgium's stake amounts to € 12.8m.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FINLAND

Wereldhave's portfolio in Finland consists of the Itis shopping centre in Helsinki. The highlight of 2014 was the completion of the project that brought Itis back at the top of the retail market in Helsinki. Itis is now not only the largest but also – again – the leading shopping destination in the Nordics.

In 2014, the final phase of the project has been concluded successfully. The final job of the two-year project was the renovation of the former Stockmann location. This involved 12,000 m² of prime retail space that was leased to high-end retail brands. The major part of the Itis refurbishment was already completed one year earlier, at the end of 2013.

After the construction workers had left and shops had reopened in 2013, visitors found their way back into the centre, increasing footfall by no less than 11% in 2014.

ATTRACTIVE TENANTS

In 2014 Itis was able to attract tenants like Zara, Intersport, Expert, Gigantti (Dixons Carphone), top brand names that were happy to set up shop in the former Stockmann location. Some tenants – like Gigantti – were new. Others made good use of the premium locations by investing in shops that are either larger or offer a more exclusive shopping environment. Fashion brand Zara proudly opened a new flagship store in Itis, the first in Finland.

Like-for-like rental growth amounts to +6.7%, which is 610 bps above indexation. The increase in like-for-like rental income is driven by successful refurbishment related lettings.

INVESTING AND DEVELOPING

Groceries remain an important aspect of Finnish shopping. A typical shopping visit includes shopping for groceries as well as fashion in one trip. Itis is an important fashion shopping centre, but also remains strong food anchored with three grocery retailers. The share of restaurant and cafe in Itis was 9% in 2014. Wereldhave Finland is aiming for an increased offer of good quality restaurants, cafes and bars. This will help to increase dwell time. Wereldhave Finland added several events to Itis's calendar, such as product presentations and fashion shows. These events will contribute to an increased footfall, longer dwell time and higher consumer spending.

Jaakko Ristola
Managing Director of Wereldhave Finland

"THE INCREASE IN LIKE-FOR-LIKE RENTAL INCOME IS DRIVEN BY SUCCESSFUL REFURBISHMENT RELATED LETTINGS"

Clearly Itis is back as the leading Helsinki shopping centre destination. It serves a direct catchment area of at least 550,000 people within 12 minutes travel distance by car and by public transport; Greater Helsinki has well over 1.1m inhabitants. It takes 15 minutes by subway to reach Itis from the city centre. The Itis shopping centre's catchment is likely to expand, as East Helsinki is growing. This may lead to the addition of new shopping centres, but the largest and established centres like Itis will definitely benefit from the city's growth. Feedback from tenants and public has been overwhelmingly positive and offers confirmation of the fact the Itis is on international level again and ahead of its main competitors.

TOP 10 TENANTS

(AS AT DECEMBER 31, 2014 BASED ON THE CONTRACTED ANNUAL RENT)

1. STOCKMANN
2. KESKO
3. HENNES & MAURITZ
4. GIGANTTI
5. NORDEA
6. BESTSELLER
7. TOKMANNI
8. VELJEKSET HALONEN
9. SUOMALAINEN KIRJAKAUPPA
10. HOK-ELANTO

OUTLOOK

With Itis' facilities and tenants 'ready for the future', the outlook for Wereldhave Finland in 2015 is moderately positive. The economic sanctions against Russia have hit the Finnish economy. National sales and consumer spending remain weak and the near-term growth estimates for the Finnish economy have been downgraded. Private consumption is expected to contract in 2015. Demand for retail space is largely from national retailers, but decision making is slow. International retailers have halted their plans for expansion in Finland. OECD forecasts Finnish GDP to grow by 0.9% in 2015, clearly below the OECD average of 2.3%.

PORTFOLIO

The Finnish investment portfolio was valued at € 605m as at 31 December 2014 against € 482m a year earlier. Since not all redeveloped shops have been let before completion, occupancy dropped to 92.1%. In 2015, Wereldhave Finland will focus on the letting of the remaining vacant units and the operational excellence of shopping centre Itis. Wereldhave anticipates that net rental income from Itis will gradually increase to € 33m, when reaching the targeted occupancy of 98%. The impact of the Ukrainian crisis and the general sentiment is not very beneficial to Itis. However, the strong success of Gigantti and Zara, both opened in the fall of 2014, give us reason to be confident that occupancy will improve in 2015.

KEY PARAMETERS SHOPPING CENTRES PERFORMANCE

	2014	2013
Net rental income	**€ 27.9m**	€ 23.9m
NIY (EPRA)	**5.2%**	5.3%
Occupancy	**92.1%**	99.4%
Investment properties market value	**€ 605.0m**	€ 482.1m
Investment properties under construction	**-**	€ 78.0m
Acquisitions	**-**	-

- 19% Department & variety stores
- 28% Fashion & accessoires
- 5% Food
- 7% Health & beauty
- 8% Homeware, household & leisure
- 5% Electronics & special goods
- 9% Restaurant & cafe
- 14% Services
- 5% Shoe, leatherware & sport

ITIS

A new start for Helsinki's largest shopping centre.

In 2014 a € 100m project transformed and repositioned Itis. Today, the newly reconfigured, refurbished and rebranded Itis is one of Wereldhave's proud flagships, providing a fresh and attractive retail environment.

Shopping centres need change to stay attractive. Continuous innovation keeps shopping centres up-to-standard. Itis, the largest shopping centre in the Nordics, had been extremely successful for a great number of years. But as new competition was closing the gap, attracting customers with brand new retail offerings, it was time for drastic measures. To give the shopping centre the lead again in the competition for top-class tenants and for Helsinki's discerning consumers would take more than a cosmetic refurbishment. A full reconfiguration, refurbishing and rebranding was needed to allow a head start for the shopping centre, under the new name of Itis.

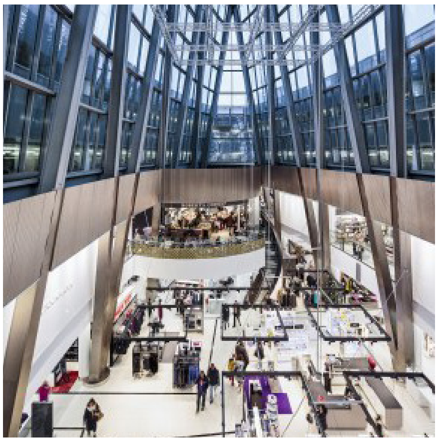
Laker Developments (Development Management) and Haskoll Architects (Concept Design) acted as key players in the team that signed up for the task. The extensive list of goals included creating an environment that attracts new anchor tenants to reinvigorate the important Piazza area of the centre, adding prime retail space, improving tenant mix, location and visibility. Itis was to become a centre with a homely ambience and atmosphere, with an improved food offer and with new 'fun' ingredients to win back customers as well as establish a longer average dwell time.

John Laker, Managing Director of Laker Developments, sums up the shortcomings that prompted drastic reconfigurations. "The centre had been built and expanded in phases. In some places this had resulted in lack of cohesion. One problem was the existing Stockmann frontage, which was too long and too blank and the store was in the wrong location. Stockmann's input to the centre could be vastly improved if they could be relocated to the eastern end of the mall." More parts of the puzzle: the existing eastern end of the centre (The Piazza) had a very poor retail offer with only a low percentage of the area capable of being leased. The customer facilities also needed an extensive upgrade. Furthermore, the entrances and the car park needed a firm push in the right direction.

"Families now love Itis again, and stay longer"

Relocating the Stockmann Department Store to the eastern end of the shopping centre was one of the major steps in the two-year operation. Laker: “Commercially it made sense. We would manage to put the odd-shaped Piazza into full use. It had two car parking levels underneath which we converted into retail space and we made the whole of the upper levels rent-producing, creating a new 13,000 m² store for Stockmann. We put them in the place where they were supposed to have been from the start and produced a proper shopping centre anchor. The new Stockmann store was created without having to close down the old store until the new one opened.”

The move opened space for a number of large retail units, including a first Zara flagship store in Finland. The team was also able to add a new, two level anchor tenant (‘New Yorker’) at the western end of the galleried mall. A massive firewall was removed to allow visual connection across the full length of the mall. New wider bridges were installed at the upper mall level to improve circulation. High quality customer toilet facilities were centrally located on the upper mall level.



Derek Barker describes how he revitalised what he describes as “a very tired, poorly lit environment, with worn out dark materials”. “To create a more pleasurable environment the new centre should be light, bright, clean and safe and as user friendly as possible, especially to help car borne families, a customer group Itis had lost, find their way back to Itis. A primary pallet of render, timber – to enhance the ‘Nordic’ look & feel – stone coloured ceramic tiles, glass and painted steel was chosen to replace wall, floor and ceiling finishes along with balustrades, pilasters and lighting.”

The team also decided to de-clutter the mall by removing non-retail items like trees, lampposts and 3 metre high kiosks. This would improve sightlines and give visitors a better view of the stores that were to be given a modern feel with raised shop front and a more unified signage. Derek Barker: “The general idea here was: let the retailer shine. The best thing we could give the retailer was visibility.”

WHAT DO YOU THINK ABOUT ITIS?

Customer comments 2009 vs 2014

Outdated
Gloomy
Spaciousness, roominess airiness
Easy to shop, move, walk functionality, quick to shop
Low-end shopping mall
Old fashioned
Good connections
Boring
Drug addicts
Untidy
Good/convenient location
Atmosphere, comfort feeling, cleanness
A comprehensive selection of shops, everything one needs can be found in the same place, no need to go anywhere else

All details matter, from the new facing of the shopping centre and the friendlier car park to the improved toilet facilities, the layout, looks and lighting of the shopping centre itself, the raised shop fronts, the food and beverage facilities and the overall tenant mix. John Laker: “Families now love Itis again, and stay longer. New elements like the large play area to be created will also play a part in this. Today, shopping centres need to offer more than shops, they need entertainment, catering and in general – fun for the whole family. Now Itis has all of this.”

The team listened carefully to the views of retail experts about where to locate which fashion brands, fun shops, homeware stores and fast-retailing shops. In order to get every tenant in its ideal refurbished location to be successful, almost half of the 160 shops/tenants had to be relocated. This was a real challenge, as Itis was to remain open during the construction and relocation activities. John Laker: “We had to create an immensely complicated schedule with 28 different phases to ensure a smooth transition for all retailers involved.” Both Derek Barker and John Laker insist that all parties involved handled this ‘tour de force’ in great cooperation. “We pulled it off thanks to great teamwork. It was like trying to solve a Rubik cube with several parties helping – and keeping calm in the process.”

Barker and Laker agree that the new Itis is a livelier environment and a great place for – new – business. New Yorker, Zara’s brand new flagship store and other retailers have added to the attraction of today’s Itis. New kiosks and mall cafes provide visual and retail interest for customers. Itis now offers a stage – literally – for promotions and product launches but also for smaller community-based events.

Consumer research offers proof that the team did a wonderful job. Helsinki regards the new Itis as a place to spend more time, to shop, to eat and drink, to have fun, especially for lots of Finnish families that have found their way back to the revitalised Itis.

ITIS SHOPPING CENTRE HELSINKI

- Opening date: 19 September 1984
- Refurbishment/enlargement date: 15 November 2013
- Refurbished/enlarged retail area: 8,000m²
- Lettable Retail Area: 93,119m²
- Total Gross Lettable Area: 103,248m²
- Number of stores to date: 160
- Main tenants: Stockmann, New Yorker, Anttila, H&M, Zara (flagship store), Halonen, S-Market.

“Today, shopping centres need to offer more than shops, they need entertainment, catering and in general – fun for the whole family. Now Itis has all of this”


ZARA
ZARA
ZARA

FRANCE PARIS OFFICES

With over 52m square meters of office space, Paris is Europe's third office market, behind London and Frankfurt. Wereldhave France operates right in the middle of Paris' most prestigious office areas, more specifically in Ile de France where a large part of France's economic activity is centred.

In spite of a French economy in low gear, Wereldhave France was quite successful in 2014. Wereldhave focuses on well-located, accessible, high-quality and modern properties with a high sustainability profile. This offering has proven to be very suitable to attract large tenants. Wereldhave started the year 2014 with two investment properties and two office developments in Greater Paris. The investment portfolio consisted of the office buildings of Carré Vert in Levallois-Perret and Le Cap in Saint Denis. The development projects were Noda in Issy-les-Moulineaux and UrbaGreen in Joinville-le-Pont. The total value of the investment and development portfolios amounted to € 177.0m and € 222.0m respectively.

In 2014, the UrbaGreen office development in Joinville-le-Pont was completed and transferred to the buyer/occupier. The construction of Wereldhave's flagship office building Noda was completed by the end of 2014. The 22,100 m² office building has welcomed Coca-Cola as its tenant. About 65% of the property has been let to their French headquarters. In January 2015 they moved in. The Noda building was rated BREEAM 'Outstanding' with a score of 92.07, an unrivalled high score for an office building.

Wereldhave's Carré Vert office complex (19,679 m² office space) in Levallois-Perret, between the Western part of the Parisian ring road and the Seine, was fully let throughout the year. Thanks to a successful co-operation between landlord and the tenant EDF, the sustainability level of the building was raised significantly and BREEAM awarded the scheme with a post construction score of 87.07%, 'Outstanding'.

Michel Janet
Managing Director of Wereldhave France

"THE ENTIRE PORTFOLIO IS NOW RATED BREEAM OUTSTANDING"

Wereldhave France has a preference for investing in development projects of sustainable office buildings in locations with excellent public transport connections. By investing in turnkey development projects and taking the letting risk, Wereldhave France can add value. Large, well-located properties that are suitable for international tenants are scarce. Larger tenants are an interesting target, as they tend to stay longer in one location, and big office properties that are suitable for them tend to generate a higher rent. This type of tenants require a series of well-defined key qualities, like an attractive location, great accessibility by other means than car – hence railroad and public transportation – architectural value, landscaping, amenities and flexibility. Tenants in the Paris' market have become increasingly aware of their position and have professionalised the way they rent offices today.

TOP 5 TENANTS

(AS AT DECEMBER 31, 2014 BASED ON THE CONTRACTED ANNUAL RENT)

1. ÉLECTRICITÉ DE FRANCE
2. GROUPE CANAL+
3. KOHLER
4. REX-ROTARY
5. LAFI ENGINEERING

1 Paris and environs

KEY PARAMETERS OFFICES PERFORMANCE

	2014	2013
Net rental income	€ 10.0m	€ 9.9m
NIY (EPRA)	4.7%	6.1%
Occupancy	82.6%	99.0%
Investment properties market value	€ 380.6m	€ 177.0m
Investment properties under construction	-	€ 219.7m

Le Cap in Saint-Denis is an office building of 10,070 m² in the northern Saint-Denis suburb of Paris, in front of the Grand Stade and close to the Paris-Lille (A1) motorway. It was nearly fully let during the year. In 2014, Wereldhave refurbished Le Cap in view of getting a Post Construction Stage BREEAM certificate ‘Outstanding’. In the car park, electric cars plugs have been installed and facilities were developed for car sharing, rainwater recycling and waste selection improvement to optimize recycling. In 2015 Wereldhave will be upgrading the air conditioning installations to optimise energy management and consumption.

THE MARKET

In 2014 the investment market soared. The year has added over € 25bn of investments to the market. At the end of the third quarter, Paris counted 35 office investments of over € 100m. The vacancy rate of the Paris office market at the end of 2014 was 5.3% in the Central Business District and 4.7% in Paris.

OUTLOOK

With a forecasted GDP that only slightly grows in 2015, Wereldhave France’s management is cautiously positive for the near future. The 2014 take-up increase in Ile de France from 1.9m m² to 2.1m m² adds to the optimism. However, expectations for the 2015 take-up are largely dependent on further growth of the French economy and the increase of economic activity.

As the environmental footprint of Paris’ offices is becoming increasingly important to demanding tenants, Wereldhave France has committed fully to sustainability as the key to success in 2015. Wereldhave’s Noda, Carré Vert and Le Cap properties are in excellent position to answer tenant’s needs in this particular area, with high BREEAM ratings. The entire French offices portfolio is now rated BREEAM ‘Outstanding’.

For 2015, Wereldhave France offices will focus on the letting of the remainder of the Noda building, preferably to one single tenant. In addition, we will pursue new investment opportunities in development projects of sustainable office buildings in locations with excellent public transport connections in Paris.

PORTFOLIO

At December 31, 2014, the occupancy rate of the French office portfolio stood at 82.6% (99% excluding Noda, delivered in December 2014), compared to 99.0% in 2013. The portfolio was valued at € 381m, after a positive revaluation of € 23m which reflects the booming investment market for prime office properties.

NODA

Outstanding sustainability in a welcoming environment.

Wereldhave's Noda property is a good example of a well-located and accessible BREEAM certificated office building that is most definitely in the top range of what Paris has to offer to office tenants.

Noda is located in Issy-les-Moulineaux on the banks of the river Seine, facing the Ile Saint Germain. The office complex has an excellent accessibility, both by public transport as well as by car. It offers any imaginable amenity to its tenant Coca-Cola, and to new tenants for the remaining space in the complex that is currently vacant.

Noda is a wonderful office development, in many ways. It has all the innovative facilities one might expect for a modern sustainable office building, like geothermal energy, wind turbines, solar lighting, water recycling, cool beams, solar thermal hot water and digital equipment (Building Management System, security, public areas).

Noda's accessibility is outstanding, with the subway and RER station nearby. Office workers enjoy the benefits of the availability of electric car plugs, bicycle storage with lockers and showers and a car sharing platform. A nice touch is the traffic jam info systems that have been installed in the building's elevators.

The 'green' quality of Noda also translates into the landscaping and ecology of its surroundings. The common areas offer a large variety of plants and fruit trees. The gardens provide meeting points for sunny summer days.

The offices have also proven to be a welcoming area for the tenant's employees, as Noda offers two large areas for catering and meetings, including a conference room (cap. 150). There is also an additional bonus – an amazing roof deck fitted with a vegetable garden. Employees can have meetings here – or simply relax during breaks – with unique views over Paris and Saint-Germain.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FRANCE RETAIL

Introduction of our new portfolio.

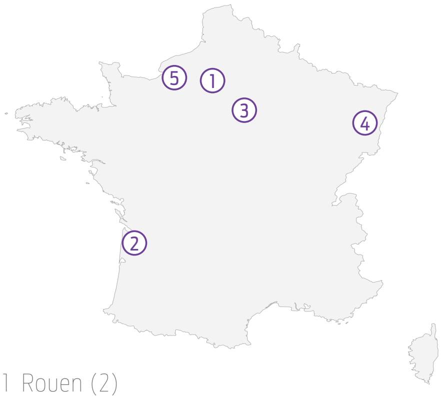
On October 16, 2014, Wereldhave announced the acquisition of six shopping centres in France, for a consideration of € 850m. The transaction was completed on December 18, 2014. France has now become Wereldhave's fourth retail market.

France is Europe's second largest economy and consumer spending in France is still growing. Although the shorter term prospects for the French economy are impacted by inevitable economic reforms and austerity measures, the longer term fundamentals are more positive. The population is growing, France has a high savings rate and a low private sector indebtedness. Retail spending has remained stable through the downturn.

France is Europe's second preferred market for retailers, immediately after Germany. 48% of the leading international retailers are present in the French retail market. The real estate market of France is also very large and transparent and it benefits from a strong and lively interest from national and international investors.

Wereldhave's French retail portfolio consists of six shopping centres. Two of the centres are located in Rouen. The other centres are in Le Havre, Bordeaux, Strasbourg and Argenteuil (Greater Paris). The centres are relatively new with modest capital expenditure requirements for the coming years. Three of the centres are inner city centres with an important role within the local community. The other centres have a leisure and experience angle, with large cinemas, restaurants and a broad fashion offer. The average size of the centres is just under 40,000 m² GLA and footfall is at an average of 7.3m visitors per year.

All centres have a high penetration rate within their catchment area. This is the percentage of the population that visits the centre at least once a month. The catchment areas are very sizeable and their spending power is above the French national average. Sales and footfall of the centres has outperformed the French CNCC index over the previous years. This index consists of the 100 largest shopping centres in France and also includes superregional malls.



1 Rouen (2)
2 Bordeaux
3 Argenteuil
4 Strasbourg
5 Le Havre

"48% of the leading international retailers are present in the French retail market"

The centres house the main fashion brands, have strong hypermarkets and offer a broad range of entertainment and leisure. Docks 76 in Rouen is the only centre of the portfolio that does not have a hypermarket. The tenant base is well spread with limited maturities for the next three years. The top 10 tenants represent approx. 25% of rental income.

Net rental income from the portfolio is currently at € 46.4m and the average occupancy-to-cost ratio is at 12.7%, a more or less normal level for these centres. The occupancy is at 91%. Wereldhave aims to improve the occupancy gradually to a targeted 97%, thus improving the net initial yield from 5.5% in 2015 to 5.9% in 2017. Wereldhave's operational performance in other countries has shown that mid-sized centres can reach high occupancy levels, even in an economic downturn.

TOP 10 TENANTS

(AS AT DECEMBER 31, 2014 BASED ON THE CONTRACTED ANNUAL RENT)

1. HENNES & MAURITZ
2. E. LECLERC
3. INDITEX
4. MANGO
5. AUCHAN
6. SEPHORA
7. CAMAIEU
8. CELIO
9. JULES
10. ESPRIT

- 3% Department & variety stores
- 43% Fashion & accessoires
- 6% Food
- 11% Health & beauty
- 9% Homeware, household & leisure
- 5% Electronics & special goods
- 8% Restaurant & cafe
- 3% Services
- 12% Shoe, leatherware & sport

KEY PARAMETERS SHOPPING CENTRES PERFORMANCE

		2014
Net rental income	€	1.3m
NIY (EPRA)		5.5%
Occupancy		91.2%
Investment properties market value	€	832.0m
Investment properties under construction		-
Acquisitions	€	858.8m

SAINT SEVER - ROUEN

The SAINT SEVER Centre is the urban convenience shopping centre of Rouen City. With a total size of 34,400 m^2 the total footfall is around 10m people a year. Total net rental income is € 9.5m for the location which was fully renovated in 2011. It holds 8 restaurants, a 14 screen cinema and has a strong food anchor in E.Leclerc. Other major tenants are H&M, UGC, Go Sport and Sephora.

MERIADECK - BORDEAUX

In the very centre of the booming city of Bordeaux, MERIADECK is the urban convenience shopping centre in the city. Built in 1980, it was partially renovated in 2014. The centre holds 32,400 m^2 and attracts as many as 13m people every year. Net rental income is € 8.6m. Auchan is the main food anchor; other important tenants are Zara, H&M, Mango and Hema.

CÔTÉ SEINE - ARGENTEUIL

CÔTÉ SEINE is the urban convenience shopping centre of Argenteuil city with a total size of 16,200 m^2. The footfall is 6m people per year for the centre that was renovated in 2010. Net rental income is € 5.1m. The food anchor of Côté Seine is Géant Casino, other retailers are C&A, Etam and La Grande Récré.

RIVÉTOILE - STRASBOURG

RIVÉTOILE is situated in the north east of France. It is the unique trendy destination of the Strasbourg area. It was constructed in 2008, harbours 12 restaurants and is located next to the 9th largest cinema in the country. The total size is 28,400 m² with 6m people visiting the centre every year. Net rental income is € 8.8m. The elementary food anchor is E.Leclerc, other main tenants are Zara, Hollister, Mango and H&M.

DOCKS VAUBAN - LE HAVRE

DOCKS VAUBAN is the shopping and leisure destination of the Le Havre area with a total size of 53,500 m². Total footfall is 5m in the modern centre, which was constructed in 2009 and has a net rental income of € 4.3m. The centre is anchored by a 12 screen cinema and has a strong food anchor in E.Leclerc, along a robust tenant base with retailers as Zara, Gaumont, H&M, Esprit and G-Star Raw.

DOCKS 76 - ROUEN

The shopping and leisure destination of the Rouen area is DOCKS 76. It was built in 2009 and has a total size of 37,600 m². It attracts 4m visitors a year, leading to a net rental income of € 10.1m. The centre is anchored by a 14 screen cinema and holds 8 restaurants. Important tenants are H&M, Esprit, Hollister and PittaRosso.

4.5 COMPOSITION OF THE PORTFOLIO

2014 was a very busy year for Wereldhave. The property transaction volume for the year 2014 amounts to acquisitions of € 1.2bn and disposals of properties to an amount of approx. € 180m. As a result, Wereldhave's portfolio became even more focused. Shopping centres now compose 86% of our entire portfolio, divided over four retail countries: the Netherlands, Belgium, Finland and France.

In the Netherlands, Wereldhave made four acquisitions. In January, shopping centre Vier Meren in Hoofddorp was acquired, followed by the purchase of the remainder of shopping centre De Koperwiek in Capelle aan den IJssel in February. In April, Wereldhave acquired three shops directly adjacent to the Roselaar shopping centre in Roosendaal and in September 2014, part of the Kronenburg shopping centre in Arnhem.

Wereldhave Belgium acquired the Delhaize unit of shopping centre Les Bastions in Tournai for € 4.7m and in September Wereldhave Belgium acquired 11,000 m² of the Kortrijk Ring shopping centre. In December, agreement was reached to acquire the leasehold rights of the remaining part of the Kortrijk Ring shopping centre, which is now 100% owned. This transaction was completed on January 12, 2015.

On December 18, 2014, Wereldhave completed the acquisition of six shopping centres in France for € 850m. The centres are located in Argenteuil (Paris), Bordeaux, Le Havre, Strasbourg and two in Rouen. The occupancy rate remained stable since the day of announcement of the transaction (October 16, 2014) at 91% to 91.2% at year-end 2014.

During the year, disposals of properties were made in Belgium, France, the Netherlands and Spain. In Belgium, two smaller properties were sold. In France, Wereldhave sold the Joinville office development. In the Netherlands, a logistics building in Moerdijk was transferred in October 2014. The entire Spanish portfolio was sold in September 2014. The total result on disposals amounts to € 9.1m.

"Wereldhaves portfolio became even more focused"

INVESTMENT PORTFOLIO DISTRIBUTION (AS A %)

	2010	2011	2012	2013	2014
Retail	52	54	79	78	86
Offices	41	41	18	21	14
Other	7	5	3	1	

INVESTMENT PORTFOLIO GEOGRAPHICAL DISTRIBUTION (AS A %)

	2010	2011	2012	2013	2014
Belgium	14	14	24	29	22
Finland	18	18	22	28	19
France	6	6	8	10	37
Netherlands	22	21	26	28	22
Spain	5	5	5	5	-
United Kingdom	10	11	15	-	-
United States	25	25	-	-	-

NET RENTAL INCOME PER COUNTRY (AS A %)

	2010	2011	2012	2013	2014
Belgium	14.7	19.1	29.5	32.5	31.8
Finland	18.4	21.9	21.9	22.7	24.3
France	5.2	9.5	9.7	9.4	9.8
Netherlands	23.8	29.6	32.5	30.7	34.1
Spain	5.4	5.9	6.4	4.7	-
United Kingdom	10.1	14.0	-	-	-
United States	22.4	-	-	-	-

NET SALES PROCEEDS OF INVESTMENT PROPERTIES (X €1M)

	2010	2011	2012	2013	2014
Belgium	-	2.7	11.7	-	14.1
Finland	-	47.2	-	-	
France	-	-	17.0	-	90.3
Netherlands	6.5	62.4	0.7	34.0	
Spain	-	-	15.4	-	95.2
United Kingdom	38.3	82.9	80.0	250.9	-
United States	-	23.8	206.7	514.0	-
Total	44.8	219.0	331.5	798.9	199.6

NET PURCHASES OF INVESTMENT PROPERTIES (X €1M)

	2010	2011	2012	2013	2014
Belgium	11.1	-	74.0	-	113.2
Finland	-	-	-	-	-
France	-	-	-	-	858.8
Netherlands	265.0	3.9	3.0	-	237.6
Spain	-	-	-	-	-
United Kingdom	98.8	199.0	-	-	-
United States	-	-	-	-	-
Total	374.9	202.9	77.0	-	1,209.6

Occupancy of the shopping centre portfolio remained high during the year, but dropped at year-end 2014 to 93.9% in connection with the completion of development projects and the addition of 6 shopping centres in France, which were acquired at an average occupancy of 91%. For the longer term, Wereldhave aims for a 98% occupancy of the shopping centre portfolio. The completion of the NODA office development in France, which is currently 65% let, caused a decrease of the occupancy rate of the offices portfolio to 85.9% at year-end 2014. The EPRA occupancy rate as at December 31, 2014 amounted to 92.5% (-4.1%).

The valuation result on the portfolio (excluding transaction costs) amounted to € 0.2m. The French offices portfolio (including the completed Noda office building) was revaluated positively with € 23.1m, reflecting the positive investors' climate in the French office market for prime offices. This compensated for a negative revaluation of the Dutch shopping centres portfolio of € 22.7m, among which non yielding capex represented € 12m, which does not yet result in higher valuations. The revaluation results in the other countries were stable.

The value of the investment portfolio as at December 31, 2014 amounted to € 3,238.3m and the development portfolio was valued at € 43.9m. The EPRA net initial yield on the portfolio stood at 5.5%.

4.6 STAFF AND ORGANISATION

In 2014, the outline of the 'new' Wereldhave has become clear. Wereldhave is building the organisation that puts the growth strategy into practice. Several important steps have been taken in the area of human resources.

Following the acquisition of six shopping centres in France, Wereldhave has put great effort into building the management organisation for its French retail portfolio.

BUILDING THE ORGANISATION

Setting up the organisation that will manage and develop the French retail activities is a key priority. It involves a wide range of HR activities, including role & task definition and the recruitment of more than 40 employees, on a current organisation size of 5 employees that are currently involved in managing Wereldhave's office activities in France.

A number of important areas – like Finance – in the new French retail organisation are handled on an interim base, with the support from Wereldhave's head office. With CEO Dirk Anbeek leading the French retail branch in 2014, Wereldhave aims to appoint a new Retail Director France during the first half of 2015 Wereldhave France's retail organisation is expected to be in place mid-2015.

"Key priorities were set, to create a sharp management focus on the objectives"

ATTRACTION, RETENTION AND DEVELOPMENT

To position Wereldhave for growth, several HR instruments have been put into place. The appraisal process was further professionalised in 2014 with detailed job descriptions, assessment criteria and a matching remuneration structure. It will be gradually rolled out in Wereldhave's key markets in 2015.

Attraction, retention and development of talents and professionals are an essential element of our human capital strategy, requiring a modern and up-to-date remuneration policy. Wereldhave is introducing a targeted combination of market-compatible base compensation, short-term performance-related incentives and long-term incentives.

FACTS AND FIGURES

Average number of employees:	142 FTE
Men:	46.7%
Women:	53.3%
Average age:	41.7 years
Average length of service:	7.1 years
Absence due to illness:	1.8%

PROFESSIONALISATION AND CORE VALUES

Professionalisation remains one of Wereldhave's key HR targets. Wereldhave is reshaping its head office to become a centre of excellence. This implies that all positions/functions are required to add value to the business and operations. With the organisation changing and growing as it is, Wereldhave's corporate cultural values of ambition, entrepreneurship, transparency/integrity and teamwork need to be fully anchored. Implementing these values is high on the agenda for 2015, to strengthen the Wereldhave identity in a period when many new employees will join the organisation.

STAFF

Building the ‘new’ organisation involves recruiting professional staff to support Wereldhave’s growth. Robert Bolier joined Wereldhave as the new CFO. Riemer Smink is Wereldhave’s new CIO. In December Inez Blankestijn became Wereldhave’s new HR Director. Bringing extensive and dedicated HR experience from the French market to the table, Blankestijn will play a key role in building Wereldhave’s organisation in France and further developing the Group HR functions.

Wereldhave also welcomed Jeroen Piket as its new Group Treasurer, a new position that is intended to further strengthen Wereldhave’s financial practice. Wereldhave Belgium created the new position of COO Belgium – welcoming Kasper Deforche – to support investment management in Belgium. Kasper will be proposed for nomination as boardmember at the AGM of Wereldhave Belgium on April 8, 2015.

4.7 SUSTAINABILITY

Based on extensive stakeholder consultations, Wereldhave adopted a sustainability framework in 2013. The framework consists of four pillars: Bricks, HR, Partners and Society. Together, these pillars form a solid basis for the integration of sustainability into our business operations.

“Sustainability has now become fully integrated in our business operations”

The four pillars were used to manage and monitor progress. For each pillar, three key targets were defined. Key priorities were set, to create a sharp management focus on the objectives. A Group Sustainability Manager was appointed in 2014, to coordinate the four pillars. Each pillar reported monthly to the Group Sustainability Committee.

The Group Sustainability Committee consists of the CEO and the CFO, the Group Sustainability Manager and representatives of each pillar. The Committee is chaired by the CEO. Its key task is to formulate and communicate the Company’s strategy and define, discuss, assess and monitor sustainability strategic progress. The committee met 10 times in 2014.

The Committee is supported by dedicated working groups, who are responsible for monitoring data, developing and implementing actions plans in the different country management organisations. In 2014 uniform tools / instruments have been implemented to monitor performance more effectively, such as an energy measurement tool to manage the electricity and gas consumption more actively.

Based on the outcome of the reports per pillar, the Committee compares performance. This forms a basis to share best practices internally.

MATERIALITY REVIEW

Wereldhave continued the direct dialogue with stakeholders to sharpen the materiality matrix. In 2014 interviews were held with several stakeholders, internal (e.g. works council, Supervisory Board, HR director) and external (investors, suppliers and tenants).

Additionally, an independent third party conducted a peer review to improve our materiality matrix, which helps in prioritising. Consulting our stakeholders during the materiality review has allowed us to clearly understand their expectations of our business objectives. Their valuable feedback enabled us to set the key priorities.

EXTERNAL RECOGNITION

In 2014 Wereldhave published its first sustainability report. It was well received. We were awarded EPRA silver (Best Practices on Sustainability Reporting). Early in 2015 Wereldhave was rated Industry Mover by the Dow Jones Sustainability Index (DJSI) for sustainability performance. Our steps led to a 42% increase of the DJSI scores in respect of environmental, social and governance topics in 2014.

Further recognition came with the rating as GRESB Green Star. GRESB is the acronym for Global Real Estate Sustainability Benchmark, an initiative by institutional investors globally aiming for more transparency in the real estate sector. The average sector score improved from 43 to 54 in 2014, while Wereldhave's score increased from 39 to 69. In 2013, we ranked 314 of 543 participants; in 2014 we are at number 103 out of 637 participants, putting us in the top 25%. This motivates us, as it is a clear signal that we are on the right track. We aim to maintain our GRESB Green Star rating, and as the sector is continuously improving, this is an ambitious target.

TARGETS

The entire French portfolio now has BREEAM certification 'Outstanding' for the offices portfolio and 'Very Good' up to 'Outstanding' for the shopping centres. Wereldhave will continue the certification process with the international standard BREEAM. The certification of the majority of our shopping centres will follow in 2015.

Our sustainability framework goes beyond managing bricks. Wereldhave has committed itself to ambitious other targets focused to enhance or structure the relationship with our key stakeholders:

- Improve customer satisfaction: Satisfaction survey for customers in Itis performed which will be followed up by other regions using a similar methodology
- Sustainable purchasing and cooperation with partners: Standard procedures for sustainable procurement and cooperation with tenants (green leases) have been implemented
- Improve employee satisfaction: A first employee satisfaction survey executed: with 87,8% the response rate was very high and the average satisfaction score stood at 7,7
- Create jobs: Over 580 retail jobs have been created through extensions or new developments. Furthermore, Wereldhave has invested in local communities by additional investments and refurbishing assets in the Netherlands with over € 30m
- In addition, in the Netherlands, Key Account management for the 25 largest tenants was introduced. Regular client contacts proved to be very useful and significantly supported our business operations

FULLY INTEGRATING SUSTAINABILITY

Perhaps the largest success is a less visible one. After the key priorities per country and pillar were set, business plans were drafted per shopping centre. These business plans included sustainability actions per centre. They formed the basis for a bottom-up budget, which was discussed with and approved by the Supervisory Board. Sustainability has now become fully integrated in our business operations. All appropriate budgets for 2015 are allocated to further reduce our environmental impact and improving the social function of our shopping centres.

We will continue to work on improving the employee awareness of sustainability. First important steps were made in 2014 during the Sustainability Workshops that were held in all countries. All employees had to answer the question: “what can you do to support our sustainability performance?” This provided many, often creative ideas, unlocking the employees’ enthusiasm and commitment.

4.8 RESULTS AND EQUITY

The higher direct result was due to like-for-like rental growth and to the effect of acquisitions. The indirect result was impacted mainly by transaction costs in France and the Netherlands. This resulted in total result for 2014 of € 26.9m compared € 50.0m for 2013. The total result per share amounts to € 0.59 (2013: € 1.58).

DIRECT RESULT FOR FY 2014

In € m

	FY 2014	FY 2013	Change	Change
Net rental income	114.8	99.9	14.9	14.9%
General costs	-13.5	-13.1	-0.4	3.5%
Other income and expense	1.1	1.7	-0.6	-32.0%
Net interest	-14.5	-11.3	-3.2	28.1%
Taxes on result	-0.6	-0.4	-0.2	59.0%
Result from continuing operations	87.2	76.8	10.4	13.7%
Result from discontinued operations (UK/US/SPAIN)	-1.5	4.5	-6.0	-134.3%
Total	85.7	81.3	4.4	5.5%

The direct result improved by 5.5% from € 81.3m to € 85.7m, mainly due to the increased net rental income from acquisitions in the Netherlands and like-for-like growth with a substantial impact from the letting of the redeveloped Itis shopping centre in Finland.

General costs for 2014 amount to € 13.5m (including discontinued operations € 14.1m at the target that was set in 2012). It represents a decrease of € 0.4m compared to the previous year. The decrease came from cost savings in different areas.

The average interest rates decreased due to refinancing transactions, such as the 1% coupon convertible bond and the issue of a US private placement and contributed to the direct result. However, interest charges rose by € 3.2m to € 14.5m (including discontinued operations € 1m and € 20.9m respectively), mainly due to the increase in debt to finance the acquisitions that were made in 2014. As at December 31, 2014, the average nominal interest rate on debt stood at 2.2% and 81 % of the debt had a fixed interest rate.

For the year 2014, Wereldhave posted a result from discontinued operations of € -1.5m (2013: € 4.5m). The negative result in 2014 is primarily caused by interest on the debenture loans in the UK, which will expire in the last quarter of 2015. As the UK portfolio was disposed of, these interest charges could no longer be offset against rental income.

INDIRECT RESULT FOR FY 2014

In € m

	FY 2014	FY 2013	Change
Valuation result	-40.8	14.7	-55.5
Results on disposal	5.9	-3.6	9.5
Taxes	-1.4	8.6	-10.0
Other income and expense	-18.0	-10.6	-7.4
Net interest	-1.3	-5.6	4.3
Result from continuing operations	-55.6	3.5	-59.1
Ordinary result from discontinued operations (UK/US/SPAIN)	0.7	-13.8	14.5
Recycling exchange rate differeces (no NAV impact)	-3.9	-20.9	17.0
Result from discontinued operations (UK/US/SPAIN)	-3.2	-34.7	31.5
Total	-58.8	-31.2	-27.6

The indirect result for 2014 amounts to € -58.8m (2013: € -31.2m). The valuation result of € -40.8m can largely be attributed to the write off of transactions costs in connection with the acquisitions in the Netherlands and France. The valuation result on the portfolio (excluding transaction costs) amounted to € 0.2m.

The French offices portfolio (including the completed Noda office building) was revaluated positively with € 23.1m, reflecting the positive investors' climate in the French office market for prime offices. This compensated for a negative revaluation of the Dutch shopping centres portfolio of € 22.7m, among which non yielding capex represented € 12m, which does not yet result in higher valuations. The revaluation results in the other countries were stable. Other income and expense was impacted by fair value movements on derivatives due to lower market interest rates.

At December 31, 2014, the EPRA net initial yield on the portfolio stood at 5.5% (June 30, 2014: 5.8%). The decrease in yield is due to the transfer to investments from the development projects Itis, NODA, and the addition to the portfolio of the newly acquired six shopping centres in France.

The result on disposal of € 5.9m relates to the sale of the real estate certificates Kortrijk in Belgium. The profit on the disposal of the Spanish portfolio (€ 3.2m) has been accounted for under discontinued operations.

The other income and expense of € -18.0m is due to the repurchase cost of the € 100m 2.875% Convertible Bond to the amount of € 5m. Interest rate swaps were revalued by € -8.0m in reflection of lower market interest rates. The remaining amount refers amongst others to accrued interest on the convertible.

DIRECT AND INDIRECT RESULT

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 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. The direct result per share is identical to the EPRA result per share.

DIRECT AND INDIRECT RESULT FOR FY 2014

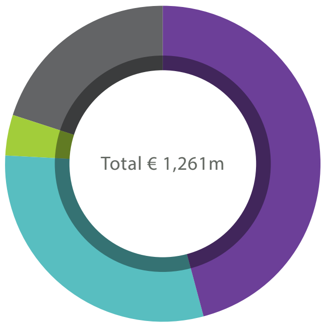
(x € 1,000)

	FY 2014		FY 2013	
	direct result	**indirect result**	**direct result**	**indirect result**
Gross rental income	126,794		109,419	
Service costs charged	21,125		20,887	
Total revenues	147,919		130,306	
Service costs paid	-22,618		-22,596	
Property expenses	-10,525		-7,826	
	-33,143		-30,422	
Net rental income	114,776		99,884	
Valuation results		-40,767		14,709
Results on disposals		5,899		-3,583
General costs	-13,537		-13,084	
Other income and expense	1,142	-4,784	1,679	-288
Operational result	102,381	-39,652	88,479	10,838
Interest charges	-15,005	-1,258	-11,611	-5,624
Interest income	515		291	-
Net interest	-14,490	-1,258	-11,320	-5,624
Other financial income and expense		-13,226		-10,280
Result before tax	87,891	-54,136	77,159	-5,066
Taxes on result	-633	-1,441	-398	8,565
Result from continuing operations	87,258	-55,577	76,761	3,499
Result from discontinued operations	-1,542	-3,241	4,492	-34,741
Result	85,716	-58,818	81,253	-31,242

Profit attributable to:

Shareholders	75,520	-60,500	71,447	-32,076
Non-controlling interest	10,196	1,682	9,806	834
Result	85,716	-58,818	81,253	-31,242

Earnings per share from continuing operations (x € 1)	3.03	-2.25	2.68	0.11
Earnings per share from discontinued operations (x € 1)	-0.06	-0.13	0.18	-1.39
Earnings per share (x € 1)	2.97	-2.38	2.86	-1.28



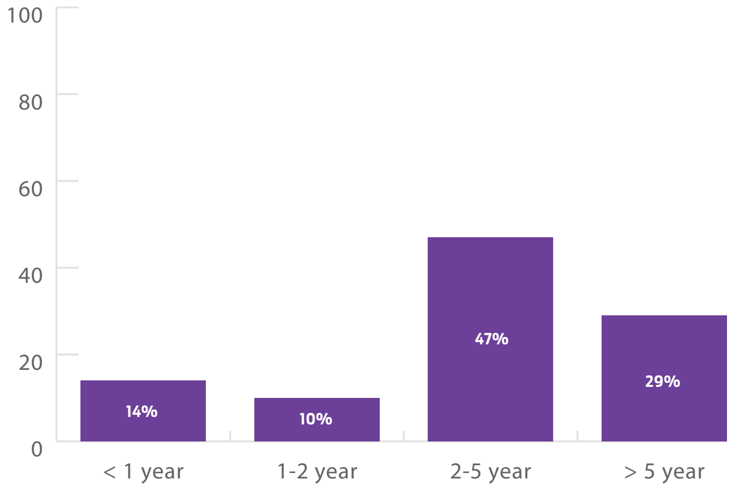
EQUITY

At December 31, 2014, shareholders' equity excluding minority interest amounted to € 1,823.4m (December 31, 2013: € 1,349.4m). The movement is mainly attributable to the issue of new shares (€ 550m), the dividend payment in respect of the year 2013 (€ 71.5m), the 2014 result of € 15.0m and costs connected to the rights issue of € 18.7m.

The net asset value per share (EPRA) including current profit stood at € 54.35 at December 31, 2014 (2013: € 56.41, restated for share issue). 2014 EPRA NAV was affected by the issuance of shares.

On December 16, 2014 the number of shares in issue increased by 13,341,303 ordinary shares to 35,020,921. There are no preference shares in issue. The new shares are entitled to dividend in respect of the year 2014.

MATURITIES OF INTEREST BEARING DEBT AS A %



DEBT PROFILE

	2014	Covenant
LTV	35.4%	≤ 60%
Solvency ratio	58.1%	≥ 40%
ICR	5.8x	≥ 2.0x
Secured	2.1%	≤ 40%

SHARE PRICE/DR

	2014	2013	2012
highest	61.75	51.32	53.36
lowest	47.96	41.37	35.06
year-end	57.00	49.75	41.77

4.9 OUTLOOK 2015

For the year 2015, the priority will be on the integration of the new French retail organisation and the continuation of our strong operational performance. No new markets will be entered in 2015.

Wereldhave anticipates a compounded average growth of the direct result per share between 6% and 9% for the years 2015 and 2016. We aim for a growing dividend and a pay-out ratio between 85% and 90%, with a Loan-to-Value year-end between 35%-40%.

FOCUS 2015

- Execute integration plan in France
  - Organisation in place (July 1, 2015)
  - Stabilising NRI of the French retail portfolio at € 46m
- Continue strong operational performance
  - Strong like-for-like rental growth
  - Work towards 98% long-term occupancy of the retail portfolio
- Realise selective investments and disposals in core markets
- Continuously strengthen the organisational platform and culture
- Maintain focus on improving sustainability score
  - GRESB Green Star
  - Enter DJSI Europe

FINANCIAL TARGETS 2015 – 2016

- Compounded average growth of EPS 2015-2016 between 6%-9%
- Growing dividend; pay-out ratio between 85% and 90%
- LTV year-end between 35%-40%

5. REPORT FROM THE SUPERVISORY BOARD

INTRODUCTION

The Supervisory Board consists of Mr Joop van Oosten (chair and member Remuneration and Nomination Committee), Mr Joost Bomhoff (vice-chairman), Mr Bert Groenewegen (chair Audit Committee), Mrs Femke Weijtens (chair Remuneration and Nomination Committee) and Mr Herman van Everdingen (member Audit Committee). Having reached a maximum term in office, Mr Fred Arp stepped down from the Board in April 2014. The Board thanks Mr Arp for his valuable contribution. At the AGM on April 24, 2015, Mr Van Everdingen will retire by rotation. He is available for re-election and the Supervisory proposes his re-election for a period of 4 years. Mr Van Oosten joined the Supervisory Board in 2009. He was re-appointed in 2013 for a period of three years. The articles of association of the Company allow for up to three consecutive appointments of two, three or four years. His re-appointment is proposed now for two years until 2017, when he will reach the maximum term in office of eight years.

At present, the Company does not fully comply with the Dutch Act on Management and Supervision, which – among others – aims at a representation of at least 30% of either gender in both boards. The Supervisory Board strives to achieve a balanced composition of the Boards in terms of gender, while it will continue to select members primarily on the basis of expertise, experience, background and skills. The Supervisory Board now has a composition of at least 20% of either gender. The Management Team consists of the CEO and CFO, 2 country directors and 3 corporate managing directors. The representation percentage of each gender in this group amounts to 28% or higher (2013: 12.5%).

MEETINGS

The Supervisory Board held 16 meetings in 2014 with the Board of Management present. Five of these meetings were held by phone. In addition, the Supervisory Board held several Supervisory Board-only meetings to prepare, evaluate and discuss the meetings, one of which was to discuss the financial statements with the external auditors. The average attendance during the year stood at 97.5%, two of the members being absent once. In addition to the scheduled meetings and conference calls, the Chairman of the Supervisory Board had frequent regular contact with the CEO.

During the year, the Board of Management kept the Supervisory Board closely informed about the strategic progress, with the focus on operational excellence. Two of the meetings were called to discuss large refinancing operations and the rights issue. Recurring items on the agenda were the operating performance of the property portfolio, movements in results and the balance sheet, investments and disposals, the financing policy, budget for the coming year, the dividend policy, tax planning and risk management. Several Supervisory Board only meetings were held to discuss changes to the Board of Management. Mr Roozenboom stepped down in April, and Mr Robert Bolier was nominated CFO in September 2014. He acted as interim CFO as from April 2014. In the July meeting, the country director for the Netherlands presented the plans for the refurbishment of the Dutch shopping centres and in September the disposal of the Spanish portfolio and the closing of the Spanish management office was tabled.

During the first half of the year, two meetings were held to discuss strategic options. Another four meetings were scheduled during the second half of 2014, to discuss the acquisition of the six shopping centres in France. The Supervisory Board was advised by an independent expert, to assess the strategic rationale, the valuation process of the target portfolio and the financing arrangements for this transaction. The vice chairman of the Supervisory Board visited all the shopping centres in the very early stages of the acquisition. The rights issue of € 550m and the acquisition of the shopping centres were successfully completed in December 2014.

The Supervisory Board is pleased with the progress in the field of sustainability. In April 2014, Wereldhave published its first sustainability report. It was awarded EPRA silver award and Wereldhave has been rated “Green Star” by GRESB, the Global Real Estate Sustainability Benchmark. Green Star implies that Wereldhave belongs to the top 25% of the sector, and as the sector is continuously improving its performance, remaining Green Star is the target for the coming years.

Wereldhave’s Works Council was installed in 2014. Two members of the Supervisory Board had a meeting with representatives of the Works Council in 2014. A next meeting will be scheduled in 2015.

BOARD EVALUATION

In November 2014, the Supervisory Board carried out an extensive Board evaluation, to assess its own performance and the relation to the Board of Management. All Supervisory Board members filled in an elaborate questionnaire of which the answers were discussed plenary. The overall feedback was positive, with some recommendations for improvement. In particular, the Supervisory Board will work towards a more balanced spread of recurring topics over the year.

The Board established that all of its members are committed to allocating sufficient time and attention to the requirements of Wereldhave and its business. The Supervisory Board has mapped the relevant skill of its members. Knowledge and experience are evenly spread: two of the Board members have relevant real estate experience, two members are financial experts and two members have relevant experience in the field of sustainability. Following the recommendations from 2013, the Supervisory Board regularly evaluated meetings immediately afterwards, without the Board of Management being present. The Supervisory Board will continue this practice in 2015. The Supervisory Board intends to use external party assistance to the evaluations every three years, in line with international best practices. The next evaluation with external assistance is scheduled for 2016.

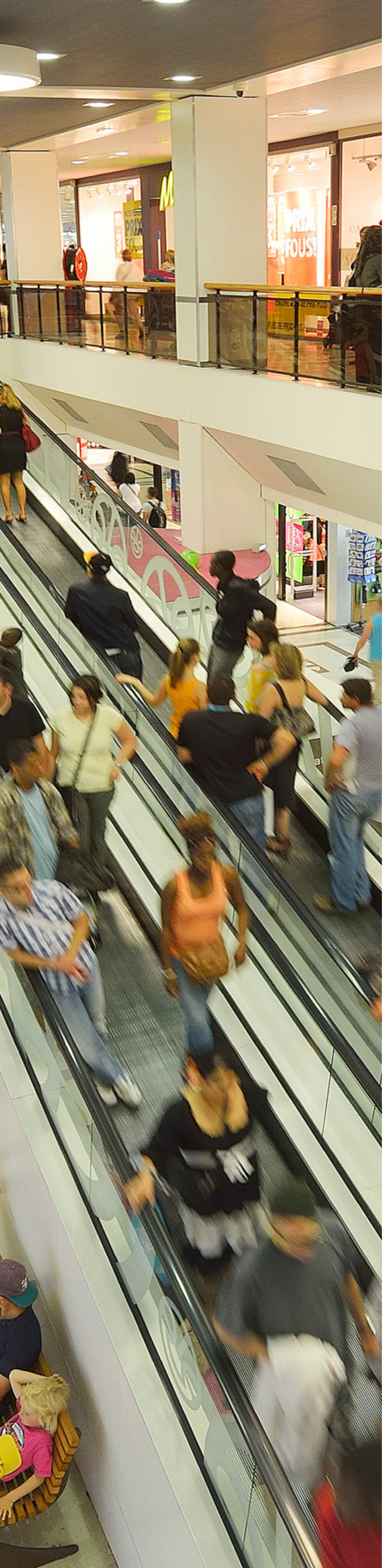
No transactions with a potential conflict of interest were reported by members of the Supervisory Board or the Board of Management in 2014.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has two standing Committees, the Audit Committee and the Remuneration and Nomination Committee.

The Audit Committee met three times in 2014, to prepare the Supervisory Board meeting for the full-year and half-year results. In line with the Dutch Corporate Governance Code, the Audit Committee also meets once a year with the external auditors without members of the Board of Management being present. In addition, the Audit Committee held several meetings and conference calls with the external expert to prepare the Board meetings on the acquisition of the French shopping centre portfolio and the rights issue of € 550m to finance the transaction. The attendance rate of the meetings was 100%.

Among the main items discussed during the Audit Committee meetings were the results, the accounts, the property valuations, the dividend policy and tax planning. Other regular items on the agenda were the auditors' (interim) board report, the management letter, the internal country reviews, the internal risk management and control systems, compliance, ICT and Investor Relations. The Audit Committee convenes generally a few days before the Supervisory Board meetings.



For the year 2015, the system of annual country reviews by the Group Control Department will be maintained, instead of installing an internal audit department. The country reviews provide a clear and transparent assessment of management control and items of attention and are reported directly to the (Audit Committee of the) Supervisory Board. The review process will be strengthened and the external auditor will evaluate the process and the outcome of the country reviews.

THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee convened three times in 2014, to prepare the remuneration report and the meetings of the Supervisory Board in which the changes to the Board of Management were discussed. The Committee engaged an outside compensation advisor to provide recommendations and information on market practices for compensation structure and levels. Subsequently, the remuneration report 2014 was discussed. The Supervisory Board has decided to propose to shareholders to change fixed and variable compensation of the members of the Board of Management.

REMUNERATION

Except for indexation, no changes have been made to the remuneration levels since 2009. Based on an outside expert remuneration peer group analysis, the Supervisory Board proposes to change the remuneration.

Mr Anbeek's fixed salary as per January 1, 2015 amounts to € 412,765 and Mr Bolier's to € 328,371. Mr Anbeek's variable income for 2014 amounts to € 314,682, of which € 165,923 as short term incentive in cash and € 148,759 as long term incentive in conditional shares.

During the period from April 10 until September 23, Mr Bolier acted as interim CFO as a non statutory director. His variable income for this period amounted to € 60,010 as short term incentive in cash and € 53.802 in conditional shares. Mr Bolier's variable income as CFO for 2014 (with effect from September 23) amounts to € 67,901, of which € 35,802 as short term incentive in cash and € 32,099 as long term incentive in conditional shares.

Mr Roozenboom's contract of assignment ended on September 30, 2014. He received a severance payment of € 325,120, equal to one year's salary. Mr Roozenboom's variable income for the year 2014 was set at € 104,851, payable as short term incentive in cash.

The Supervisory Board proposes to raise the fixed remuneration for the year 2015 to € 510.000 for the CEO and € 380,000 for the CFO. Proposed variable income amounts to a maximum of 100% of the fixed annual income, with a maximum of 40% payable as short term incentive in cash and of 60% as long term incentive in shares. The short term incentive score is determined by like-for-like rental growth (20% of fixed income) and personal targets (20% of fixed income). The long term incentive score is determined by the direct result per share (40% of fixed income) and sustainability (20% of fixed income).

As from the year 2015, the Company will apply a shareholding guideline for members of the Board of Management of 1.5 base salary. The Company will not apply an additional two years holding period for performance shares, as defined in art II.2.5 of the Corporate Governance Code. A holding period does not imply a quantity of shares to be held and is therefore a less suitable alignment. Applying a shareholding guideline provides a better alignment, since it is volume and impact driven.

Based on an external expert peer analysis, the Supervisory Board also proposes to change the remuneration for members of the Supervisory Board, in particular with respect to committee memberships. Current remuneration levels are mentioned between brackets. The base remuneration will be set at € 47,500 for the Chairman (€ 47,348), € 39,500 for the vice chairman (€ 31,626) and € 32,000 for members (€ 31,626). Committee chairs will receive a fixed remuneration of € 7,500 (€ 4,334) and committee members € 5,000 (€ 3,250). It is proposed that these amounts will be indexed to inflation annually as from January 1, 2016.

Further details of the terms and conditions for the members of the Boards and the proposal to change the remuneration, can be found in the remuneration report 2014 from the Supervisory Board, as published on the Company's website.

Bomhoff Weijtens Van Oosten Groenewegen Van Everdingen

J.A.P. VAN OOSTEN (M 66)

Member of the Supervisory Board since 2009, Chairman since 2011
Member of the Remuneration and Nomination Committee since 2013
Reappointed in 2012

Positions in Supervisory Boards:
Chairman Supervisory Board Royal HaskoningDHV B.V.

Other Board positions:
Member Supervisory Board Staedion foundation
Chairman Supervisory Board Reinier Haga Groep foundation (until June 1, 2015)
Chairman Supervisory Board West-Holland Foreign Investment Agency foundation
Chairman Foundation Haagbouw
Member Board NEN
(with the exception of the Staedion foundation, these foundations do not qualify as a foundation as defined in article 2:297.a.1 of the Dutch civil Code)

H.L.L. GROENEWEGEN (M 51)

CFO Ziggo
Member of the Supervisory Board since 2014
Chairman Audit Committee since 2014
Retires by rotation in 2018

Other Board positions:
none

H.J. VAN EVERDINGEN (M 59)

Director Catalyst Advisors
Member of the Supervisory Board since 2011
Member of the Audit Committee since 2013
Retires by rotation in 2015

Positions in Supervisory Boards:
none

Other Board positions:
Director Berlage Winkelfonds Duitsland
Board Member Karel Doorman Foundation

F.C. WEIJTENS (F 47)

Member of the Supervisory Board since 2013
Chairman of the Remuneration and Nomination Committee since 2013
Retires by rotation in 2017

Positions in Supervisory Boards:
none

Other positions:
none

J.A. BOMHOFF (M 66)

Member of the Supervisory Board since 2013, Vice Chairman since 2014
Retires by rotation in 2017

Positions in Supervisory Boards:
Chairman Supervisory Board Bornet Group Rotterdam B.V.
Member Supervisory Board Huisman Equipment Nederland B.V.

Other Board positions:
Chairman Foundation SHS
Board member foundation Reserve 1983
(these foundations do not qualify as a foundation as defined in article 2:297.a.1 of the Dutch civil Code)

6. CORPORATE GOVERNANCE

Wereldhave is committed to a high standard of Corporate Governance. We adhere to strict principles of business ethics and the adequate provision of forward-looking information. Transparency is a key cultural value to us. The Company's business ethics are embedded in the Business Integrity Policy and the Code of Ethics for employees, which is published on our website www.wereldhave.com.

6.1 LEGAL STRUCTURE

Wereldhave N.V. is a real estate investment company, listed at Euronext Amsterdam (AMX). The Company was founded in 1930 and is listed since 1947. Wereldhave has the fiscal status of an investment institution, so it is subject to a 0% corporation tax rate in the Netherlands (other than for development activities in the Netherlands). Its Belgian investments consist of a 69.41% interest in C.V.A. Wereldhave Belgium S.C.A., a tax exempt 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.

The Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) has been amended further to implement the European Directive 2011/61/EU on Alternative Investment Fund Managers (the "AIFMD"). Pursuant to this amendment, Wereldhave N.V. is no longer an investment institution within the meaning of the Dutch Financial Markets Supervision Act, whereby the license has not by operation of law been converted as of 22 July 2014. As a result hereof, the license of Wereldhave N.V. as investment institution ended as of 22 July 2014. The regulations applicable to listed companies, as amongst others laid down in the Dutch Financial Markets Supervision Act, continue to apply in full.

In connection with these changes, Wereldhave amended the articles of association in 2014 and as of July 22, 2014, Wereldhave is no longer an investment company with variable capital. As a result thereof, amongst other things, the power to issue shares returned to the shareholders meeting.

DUTCH CORPORATE GOVERNANCE CODE

Wereldhave complies with all principles and best practice provisions of the Dutch Corporate Governance Code (the Code). The full text of the Code can be found at the Company's website. The only current deviation to the code is a vesting period for the long term remuneration of two years, which was submitted to and approved by shareholders in 2010. The new proposed remuneration policy (see below) contains a vesting period of three years.

6.2 BOARD OF MANAGEMENT

Wereldhave has a two tier board structure. The Board of Management is responsible for achieving the Company's aims, the strategy and associated risk profile, the development of results and company social responsibility issues that are relevant to the Company.

COMPOSITION AND DIVISION OF RESPONSIBILITIES

Wereldhave's Board of Management consists of Mr D.J. Anbeek (CEO) and Mr R.J. Bolier (CFO). The members of the Board of Management are jointly responsible for the management and running of Wereldhave N.V. and its subsidiaries, with due respect for their roles and tasks. The CEO takes the lead in this, and is the main point of liaison for the Supervisory Board. The Board of Management is accountable to the Supervisory Board and to the General Meeting of Shareholders.

The CEO is primarily responsible for strategy, operations and developments, investments and divestments, investor relations, human resources and legal affairs, the CFO for finance and control, treasury, tax and ICT.

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 Governance Charter of Wereldhave N.V. which can be consulted at www.wereldhave.com.

APPOINTMENT AND REMUNERATION

The Board of Management is appointed and dismissed by the General Meeting of Shareholders, from a nomination to be drawn up by the Supervisory Board. The members of the Board of Management have been appointed for a period of four years. The agreements contain a break option with a four months' notice and a maximum severance payment of one year's salary.

The Board of Management's remuneration is determined by the Supervisory Board, based on advice from the Remuneration and Nomination Committee. In line with the Dutch Corporate Governance Code, the remuneration policy was adopted and approved by the General Meeting of Shareholders in 2012.

The Supervisory Board proposes changes to the remuneration policy to the AGM, which will be held on April 24, 2015. The proposal entails a change of fixed and variable compensation of the members of the Board of Management for the year 2015 and subsequent years. The vesting period will be three years. When adopted, these proposed changes will have effect as from January 1, 2015.

The proposed new scheme puts more emphasis on the long-term variable compensation. It has a simplified design and ownership guidelines equal to 1.5 time base salary are intended to align interests. In deviation of article II.2.5 of the Dutch Corporate Governance Code, no additional two year holding period is applicable. A holding period does not imply a quantity of shares to be held and is therefore a less suitable alignment. Applying a shareholding guideline provides a better alignment, since it is volume and impact driven. The guideline does not apply for the portion of the shares that have vested, to pay the taxes that are due upon vesting.

The strategic performance measures are also aligned with the Company's strategy. More details can be found in the full remuneration report 2014.

RELATED PARTY TRANSACTIONS

In the year under review there have been no business transactions with members of the Board of Management in which conflicts of interest may have played a role. All business transactions between the Company and members of the Board are published in the Annual Report.

6.3 SUPERVISORY BOARD

The role of the Supervisory Board is to supervise the strategy (including corporate social responsibility) of the Board of Management and the business of the Company and its subsidiaries, as well as to assist the Board of Management by providing advice. In discharging its role, the Supervisory Board shall be guided by the interests of the Company, and to that end, shall weigh the relevant interests of the Company's stakeholders, including the 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.

COMPOSITION AND COMMITTEES

The Supervisory Board consists of at least three members. The members are appointed by the General Meeting of Shareholders. The Supervisory Board of Wereldhave N.V. currently consists of five members, who are all independent from the Company as defined in article III.2.2 of the Corporate Governance Code. The Supervisory Board has two standing Committees, an Audit Committee and a Remuneration and Nomination Committee. At least one of the members of the Audit Committee will be a financial expert. At present, both members of the Audit Committee qualify as such. The Chairman of the Supervisory Board can not be the Chairman of the Selection and Remuneration Committee.

The duties of the Committees are laid down in Wereldhave's Governance Charter, which can be found at the Company's website.

At present, the Company does not fully comply with the Dutch Act on Management and Supervision, which – among others – aims at a representation of at least 30% of either gender in both boards. The Supervisory Board strives to achieve a balanced composition of the Boards in terms of gender, while it will continue to select members primarily on the basis of expertise, experience, background and skills. The Supervisory Board now has a composition of at least 20% of either gender.

The members of the Supervisory Board and its Committees are: Messrs J.A.P. van Oosten (Chair and member Remuneration and Nomination Committee), J.A. Bomhoff (Vice Chair), H.L.L. Groenewegen (Chair Audit Committee), H.J. van Everdingen (member Audit Committee), Mrs F. Weijtens (Chair Remuneration and Nomination Committee). The profile for members of the Board can be found at the Company's website.

APPOINTMENT AND REMUNERATION

The Supervisory Board members are appointed by the General Meeting of Shareholders for a maximum of three consecutive periods of 2, 3 or 4 years. In principle, Wereldhave applies a maximum term in office for Supervisory Board members of 8 years. The schedule for rotation can be found at the Company's website.

The base remuneration for 2015 amounts to € 47,348 for the Chairman and € 31,626 for members. Committee chairs receive a fixed remuneration of € 4,334 and committee members € 3,250. The Supervisory Board proposes to change the remuneration for Supervisory Board members as from the year 2015. It is proposed that Committee chairs will receive a fixed remuneration of € 7,500 and committee members € 5,000. The base remuneration will be set at € 47,500 for the Chairman, € 39,500 for the vice chairman and € 32,000 for members. It is proposed that these amounts will be indexed annually as from January 1, 2016.

The Company has not awarded any options or shares to members of the Supervisory Board. The remuneration of the Supervisory Board members is not affected by the Company's results, or by any change of control at the Company. No loans were issued to members of the Supervisory Board.

MEETINGS OF THE BOARD

The Supervisory Board convenes according to a fixed schedule, at least six times per year. During one of these meetings, without the Board of Management being present, The Supervisory Board discusses its own functioning, the relationship with the Board of Management, the composition and assessment of the Board of Management, including matters of remuneration. In 2014, the performance of the Supervisory Board was assessed by way of an elaborate questionnaire of which the answers were discussed plenary. The Supervisory Board intends to use external party assistance to the evaluations every three years, in line with international best practices. The next evaluation with external assistance is scheduled for 2016.

RELATED PARTY TRANSACTIONS

In the year under review there have been no business transactions with members of the Supervisory Board in which conflicts of interest may have played a role. All business transactions between the Company and members of the Board are published in the Annual Report.

6.4 GENERAL MEETING OF SHAREHOLDERS

At least once a year, a General Meeting of Shareholders will be held. The agenda of the Annual General Meeting of Shareholders shall in each case contain the report of the Board of Management, the dividend policy, the adoption of the financial statements, the report of the Supervisory Board, and the proposal to distribute dividends or other distributions. Resolutions to release the members of the Board of Management and Supervisory Boards from liability for their respective duties shall be voted on separately.

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 Company 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.

VOTING AT SHAREHOLDERS MEETING

In 2014, Wereldhave took active steps to increase the number of shares present or represented at the Annual General Meeting of Shareholders. These included making using standard proxy forms and voting instruction forms available online, enabling shareholders to give voting instructions electronically prior to the meeting, and actively contacting larger shareholders with the question whether they intended to vote during the Annual General Meeting of Shareholders. Three meetings were held in 2014 and the average attendance rate stood at 49.24% of the issued capital of the Company (2013: 41.32 %).

6.5 POLICY ON COMMUNICATIONS BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The Company adopts a passive attitude with regard to entering into dialogues with shareholders outside the framework of the shareholders' meeting. This means that, in principle, discussions will only take place following an invitation from shareholders.

Wereldhave reserves the discretionary right to decide whether Wereldhave will accept invitations from shareholders or parties representing shareholders to enter into a dialogue. Wereldhave can ask for further clarification of such a shareholder's vision, intentions and long-term objectives before accepting or rejecting an invitation to a dialogue.

Discussions with one or more shareholders or parties representing shareholders will be held by the Board of Management, together with other company representatives if necessary. Any requests from shareholders for the Chairman of the Board of Management to attend or participate in these discussions will be presented to the Chairman, who will decide whether or not to accept the invitation.

After prior consultation with the Supervisory Board, the Board of Management decides on requests for a meeting with the Chairman of the Supervisory Board without the Board of Management being present. Meetings with individual shareholders without the Board of Management being present will only be conducted by the Supervisory Board with shareholders representing a stake of more than 5% of the outstanding share capital and furthermore on the basis of written preliminary questions presented in advance, allowing Wereldhave N.V. to make a prior assessment as to whether answering these questions individually or jointly is desirable or even necessary.

At any given time, both before and after accepting the invitation from shareholders for face-to-face consultations outside the formal context of the shareholders' meeting, Wereldhave reserves the right to ask the shareholders in question for a statement of the stake they directly or indirectly represent, as well as details of the purchasing conditions, purchasing date and previous owner of the stake. Further details can be found in the policy as published on the Company's website.

6.6 PROTECTIVE DEVICES

The protective devices consist of the possibility to issue preference shares up to 50% of the issued share capital (less one share), calculated after issue.

The contract between the Company and the Foundation in relation to the preference shares Wereldhave entails the granting to the Foundation of the right to, on a continuous basis take, if necessary in tranches, preference shares up to a maximum of, after exercise, 50% of the issued capital (less one share). Both parties have the interim right to cancel the agreement. Following the issue and subsequent repurchase or withdrawal of the preference shares, the Company intends to discuss the protective devices with the General Meeting of Shareholders.

The objective of the Foundation, 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 P. Bouw (Chairman), M.W. den Boogert and R. de Jong. The Foundation is independent from the Company within the meaning of section 5:71 paragraph 1 under c of the Financial Supervision Act. The foundation does not hold any shares in Wereldhave at present.

The Foundation intends to take preference shares if, amongst others, a threatening situation occurs where a significant interest might come in the possession of legal entities or persons who possibly aim to acquire control over the Company without the involvement of the Board, without guarantees with respect to the independency and continuity of Wereldhave and its affiliates and without the possibility to safeguard the interests of employees, other shareholders and other parties related to Wereldhave or, affiliated companies, or without the real value of the Wereldhave shares being reflected in a take-over bid, or if power is, or may be exercised with the intention to amend the strategic policy which is determined by the Board and Supervisory Board.

Wereldhave and the Foundation have agreed that the Foundation can request the Company to withdraw or buy back the shares six months after issuance of the preference shares. In addition, Wereldhave is obliged to convene a General Meeting of

Shareholders within eighteen months after the issuance date of the preference shares, where the withdrawal or buy back of the preference shares will be put on the agenda. These contractual clauses imply that the issue of any preference shares is intended as a temporary protective device.

6.7 AUDIT

The Board of Management is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board shall see to it that this responsibility is fulfilled..

As part of its responsibilities, the Audit Committee supervises, a.o., the financial reporting process, the statutory audit of the consolidated financial statements, the Company's risk management system, compliance with legislation and the functioning of the Code of Ethics. For the year 2015, the system of annual country reviews by the Group Control Department will be maintained, instead of installing an internal audit department. The renew process will be strengthened and the external auditor will evaluate the process and the outcome of the country reviews.

The external auditor may be questioned by the General Meeting of Shareholders in relation to his auditor's opinion on the financial statements. The external auditor shall attend and be entitled to address the General Meeting of Shareholders for this purpose.

The external auditor is appointed by the General Meeting of Shareholders. The current external auditor was appointed at the Annual General Meeting of Shareholders in April 2012, for a period of three years, up to and including the financial year 2015. The Supervisory Board will propose to the Annual General Meeting of Shareholders of April 24, 2015, to appoint KPMG Accountants N.V. as the external auditor of the Company, in relation to the audit of the financial reporting years 2016 up to and including 2018. The proposal to appoint a new auditor follows the new Dutch law according to which the Company is required to rotate its external audit firm every eight years. The proposal is based on the positive outcome of an extensive selection procedure organized by the Company. Wereldhave's current audit firm, PwC, will remain in place until the audit of the financial reporting year 2015 has been concluded.

6.8 RISK APPETITE /- MANAGEMENT

STRATEGIC AND BUSINESS RISKS

Wereldhave has a clear strategy and wants to pursue growth within a well-defined asset class, clear acquisition criteria and geography. Within the framework Wereldhave is prepared to take risks in a responsible and sustainable way that is in line with the interest of its stakeholders.

OPERATIONAL RISKS

Wereldhave's key values are entrepreneurship, ambition, teamwork and transparency/integrity and by embedding this into our culture on a day to day basis ensures that we are able to connect people and create a good environment to shop and work. Wereldhave also sets a clear management agenda that gives clear focus. Risk related with our efforts to create this environment will be balanced by the related rewards.

FINANCIAL RISKS

In respect of financial risks, Wereldhave has a conservative financial policy which includes commercial insurance coverage. It is important to be attractive for debt investors and Wereldhave is therefore committed to maintain a strong financial profile.

COMPLIANCE

One of our key values is transparency and this means that Wereldhave and its employees are responsible to act with honesty, integrity and respect to others. Wereldhave strives to comply with laws and regulations wherever we are active.

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 budget prepared by the Board of Management and approved by the Supervisory Board, and the Business Integrity Policy and Code of Ethics. 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 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 implies that the local directors do not have the power of attorney to represent the property owner. It ensures that no property acquisitions, disposals and developments can be concluded locally unless they have been explicitly approved by the Board of Management of Wereldhave N.V.

Annually, Group Control performs country reviews in all local management organisations, assessing the Administrative Organisation and Internal Control. The assessment reports are submitted to the Audit Committee and Supervisory Board and any items of attention will be dealt with during the year.

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 ICT 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.

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 Audit Committee and the Supervisory Board together with the strategy and risks.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MAIN RISKS

STRATEGIC AND BUSINESS RISKS	RISK	MITIGATING MEASURES
Lack of supply	Our strategy is to grow and become the leading specialist owner and operator of mid-sized shopping centres in our geographical target area. In order to fulfil this strategy we need to acquire mid-sized shopping centres. We have strict acquisition criteria. In the current market there is a lot of interest from all types of investors and there is a risk that we cannot acquire the properties that suit us at the right price.	Over the years we have built an extensive network of contacts in the real estate industry and in particular in shopping centres. This allows us to be aware of potential acquisitions quickly. We have also built up a reputation of a company that is very reliable and able to do deals in a time efficient way. This will allow us to be considered in any relevant deal.
Internet shopping	Internet shopping has increased substantially over recent years. Existing retailers have started with web shops next to their physical presence and dedicated online retailers have started with various degrees of success. If the trend continues and online shopping will replace shopping in brick and mortar shops, it could be a risk that retailers need less space in our shopping centres.	Wereldhave aims to keep its shopping centres interesting with good design, a good tenant mix including a food anchor, central squares with children entertainment and food and beverage offerings and events that draw in visitors. At the same time we use the opportunities through internet by using social media.
	Wereldhave is reliant on rental income it receives from its tenants. Tenants are dependent on consumer spending. If consumer spending would decrease substantially due to economic circumstances or any other reasons, tenants will struggle to pay the rent.	We make our shopping centres the place to go and be. A large food anchor is important for us to ensure footfall even when economic times are adverse. We monitor tenant performance closely in order to be proactive if any tenant has difficulties.

OPERATIONAL RISKS	RISK	MITIGATING MEASURES
Acquisitions	When acquiring a property, Wereldhave may fail to uncover hidden deficiencies or defects or overvaluing of the properties. Warranties from the Seller may not be sufficient to cover the issue.	Wereldhave commissions an extensive due diligence when acquiring new properties. The investigations will be made by independent third parties, who report their findings directly to the Board of Management.

Delayed maintenance	Although real estate lasts for a long time, shopping centres need maintenance and need to be kept up to modern standards to remain attractive. As the influence on rent levels can only be felt over the longer term, there is a risk that buildings are not maintained or updated as they should.	5 years ago Wereldhave's portfolio of shopping centres was clearly outdated and visitor numbers came down. A program of refurbishment in Finland and Belgium was started and later also in the Netherlands, It is important to keep a shopping centre looking good and to maintain it on an ongoing basis. Our dividend pay-out ratio of 85%-90% assures that funds are available to cover maintenance expenditures.
Accidents	In our shopping centres millions of people spend time annually. In case of calamity there is a risk that personal accidents will occur.	Plans in case of emergency are drafted and actions to take are well known to shopping centre management.
Human resources	Wereldhave is capital intensive and it is important that properties are managed operationally well and that the right investment decisions are taken. To ensure the best management of its resources Wereldhave needs to attract the best people. We may not always be able to attract and retain the best people and there is a risk that this could adversely affect the value of our portfolio.	We aim to attract the best people in the industry. We have a transparent culture and reward performance. We are committed to the professional development of all our employees.

COMPLIANCE RISKS	RISK	MITIGATING MEASURES
Legislation	In the wake of the financial crisis the Banking sector has been hit hard and new laws and rules have been introduced to prevent the same situation happening again. The compliance burden has increased significantly. Real Estate is a relatively small industry, but often seen as part of the Financial Sector. There is a risk that legislation introduced for banks and wealth managers will have an effect on Wereldhave.	In order to not be burdened with legislation that is more for other types of businesses we monitor new initiatives closely and at an early stage determine which action to take. This could be in cooperation with peers in the industry to ensure the impact for the real industry is clearly understood.

Tax compliance	We benefit from the REIT legislation in France, the Netherlands and Belgium. This is a real estate related tax structure, whereby if certain criteria are met, no corporate tax is payable or the tax rate is 0 %. The main criterion is that at least a large part of fiscal distributable profit (in the Netherlands more than 85%) is distributed as dividend. There could be a risk that we do not meet the criteria or that the tax authorities take a different view on the calculation of distributable profit.	We determine every year how much dividend we need to distribute and we monitor all the other criteria closely as well to ensure compliance.

FINANCIAL RISKS	RISK	MITIGATING MEASURES
Capital structure	Real estate has been subject to difficult times in the past. We believe it is important to maintain steady cash flows and the ability to pay a stable or growing dividend. It is important that our capital structure allows us to be able to pay dividend even in difficult times. There is a risk that our capital structure weakens significantly due to lower property valuations and that in difficult times we will be breaching our covenants and will not be able to pay dividend.	We pay dividend once a year, which means a onetime large cash outflow. We closely watch our Loan-to-Value, which we want to keep between 35% and 40 %. We will not finance acquisitions that risk going over a LTV at year-end of 40 %. A closely controlled cash flow forecast is updated regularly to ensure staying within our targets.
Liquidity risk	Funding with debt involves refinancing risk.	Wereldhave aims for continuous good access to the money and capital markets by means of the prudent capital structure, the use of diversified funding sources, a well spread maturity profile of issued debt and a continuous dialogue with investors, banks and other financial institutions.
Interest rate risk	Our capital structure has a number of loans with a floating interest rate. If interest rates will rise, it will have a material adverse effect on our profitability.	It is our policy to fix at least 60 % of our interest rate, either because the debt has a fixed rate or is hedged with interest rate swaps. At the end of December 2014 81 % of interest rate was fixed. The valuation of interest rate swaps could be subject to fluctuations due to changes in the interest rate.

Increase in operational costs cost and inflationary risk	In the strategic Derisk phase the operational costs have been decreased drastically in line with a smaller portfolio, but also with real cost savings. In the growth phase there is a risk that these costs will increase. Inflation could also affect the operational costs, with pressure on salary increases in line with inflation. The increased costs will have an adverse effect on our profitability.	Our rental contracts are indexed so if inflation increases, this should well compensate the increase in operational costs. All costs related to running the properties are charged to the tenants and inflation related increases are passed on. We will furthermore control our cost by following the cost development closely on a monthly basis.
Valuation risk	The value of our assets is an important metric. These valuations can be affected by the general macro economic environment, but also by local influences. A devaluation of the portfolio could affect the borrowing capacity and also the possibilities to raise equity.	Wereldhave operates its shopping centres in a responsible way and keeps them up to date in order to remain an attractive place to shop with visitors naturally coming to our centres. This will ensure tenants will be interested to remain within the centre and pay market rents. The properties are valuated by external independent valuators twice a year and this will ensure the values represent the market value. We use a number of valuators in order to ensure a wide expertise of our markets.

For more information on the risks relating to financial instruments, reference is made to Note 26 of the financial statements.

6.9 FINANCIAL STATEMENTS

The Board of Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. The financial statements consist of the consolidated financial statements and the Company's financial statements. The responsibility of the Board of Management includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Management is also responsible for the preparation of the Report of the Board of Management that is included in this Annual Report, which has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. The Board of Management endeavours to present a fair review of the situation of the business at balance sheet date and of the state of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be exhaustive.

6.10 STATEMENT BY THE BOARD OF MANAGEMENT

The Company has identified the main risks it faces, including financial reporting risks. These risks can be found in the chapter Main Risks above. In line with the Dutch Corporate Governance Code and the Dutch Act on financial supervision (Wet op het financieel toezicht), the Company has not provided an exhaustive list of all possible risks. Furthermore, developments that are currently unknown to the Board of Management or considered to be unlikely may change the future risk profile of the Company.

The design of the Company's internal risk management and control systems has been described in the chapter Risk Management above. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives and the risk of material errors to the financial reporting. Accordingly, these systems can only provide reasonable, but not absolute, assurance against material losses or material errors.

The Board of Management reviewed and analysed the main strategic, operational, financial & reporting, and compliance risks to which Wereldhave is exposed, and assessed the design and operating effectiveness of the Wereldhave risk management & control system. The outcome of this assessment was shared with the audit committee and the Supervisory Board, and was discussed with our external auditor.

As required by provision II.1.5 of the Dutch Corporate Governance Code and section 5:25c(2)(c) of the Dutch Act on financial supervision (Wet op het financieel toezicht) and on the basis of the foregoing and the explanations contained in Risk Management, the Board of Management confirms that to its knowledge:

- during 2014, the internal risk management and control systems of Wereldhave N.V. regarding the financial reporting risks worked effectively, and that this provides reasonable assurance that the financial statements 2014 do not contain any material misstatements.

- the financial statements for 2014 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2014, and of the 2014 consolidated income statement of Wereldhave N.V. ;

- the annual report provides a true and fair view of the situation as at December 31, 2014, and the state of affairs during the financial year 2014, together with a description of the main risks faced by the Group

Schiphol, February 26, 2015

D.J. Anbeek
R.J. Bolier

7. EPRA TABLES

INVESTMENT PROPERTY - RENTAL DATA

(x € 1,000)

	Gross rental income	Net rental income	Lettable space (m²)	Annual theoretical	Estimated rental value	EPRA vacancy rate
Belgium	38,892	36,470	209,006	47,000	52,876	5,9%
Finland	29,428	27,871	104,000	35,000	35,870	7,9%
France	11,843	11,259	255,200	75,100	76,335	11,3%
Netherlands	46,631	39,176	198,959	49,000	51,872	2,0%
Total portfolio	**126,794**	**114,776**	**767,165**	**206,100**	**216,953**	**7,5%**

The EPRA vacancy rate is determined on a unit by unit basis. Vacancy due to redevelopment has been excluded from the vacancy rate. The total reversionary potential is currently estimated at approximately 5.3%.

INVESTMENT PROPERTY - VALUATION DATA

(x € 1,000)

	Market value of property (€m)	Valuation movement in the year (€m)	Change in %
Belgium	724.3	-0.3	0.0%
Finland	605.0	0.2	0.0%
France	1,212.3	-4.1	-0.3%
Netherlands	696.7	-36.6	-5.2%
Total portfolio	**3,238.3**	**-40,8**	**-1.2%**

INVESTMENT PROPERTY - LEASE DATA

(x € 1,000)

	Average lease length *		Annual rent of leases expiring in		
	to break	to expiry	year 1	year 2	year 3-5
Belgium	3.4	6.7	11,226	9,873	19,768
Finland	5.4	5.8	4,446	640	12,256
France	3.2	5.1	6,588	10,656	32,622
Netherlands	3.5	4.0	9,900	5,388	17,374
Total portfolio	**3.7**	**5.4**	**32,160**	**26,557**	**82,020**

*Excluding indefinite contracts

INVESTMENT PROPERTY - LIKE-FOR-LIKE NET RENTAL INCOME

(x € 1,000)

NET RENTAL INCOME 2014

	Properties owned throughout the 2 years	Acquisitions	Disposals	Development /standing properties	Other	Total net rental income
Belgium	33,803	499	-	2,168	-	36,470
Finland	25,358	-	-	2,513	-	27,871
France	9,959	1,300	-	-	-	11,259
Netherlands	25,290	7,285	-	6,291	310	39,176
Total portfolio	**94,410**	**9,084**	**-**	**10,972**	**310**	**114,776**

net like-for-like rental growth 3.6%

NET RENTAL INCOME 2013

	Properties owned throughout the 2 years	Acquisitions	Disposals	Development /standing properties	Other	Total net rental income
Belgium	32,487	-	-	1,598	-	34,088
Finland	23,755	-	-	98	1	23,854
France	9,869	-	-	-	-	9,869
Netherlands	25,050	-	1,728	4,816	479	32,073
Total portfolio	**91,161**	**-**	**1,728**	**6,512**	**480**	**99,884**

Like-for-like net rental growth is determined on a unit by unit basis. Units in redevelopment are excluded from the like-for-like analysis.

Calculation EPRA 'triple NAV' per share	31-12-2014	31-12-2013
Shareholders' equity per share	52.07	54.03
Adjustments for fair value of derivatives	0.14	-0.15
Adjustments for deferred taxes	2.14	2.60
Adjustment goodwill	-	-0.07
EPRA net asset value per share	54.35	56.41
Fair value of derivatives	-0.14	0.15
Fair value of interest bearing debt	-0.73	-1.08
Fair value of deferred taxes	-1.29	-1.56
EPRA 'triple NAV' per share	52.19	53.92

EPRA Cost ratio (as per)	31-12-2014
Continuing operations	
Net service charges	1,493
Property expenses	10,525
General Costs	13,536
Ground rent	(1,237)
Total Costs (EPRA)	24,316
Gross rental income	126,794
Cost ratio (%)	19.2%

EPRA NET INITIAL YIELD AND 'TOPPED-UP' INITIAL YIELD

as per December 31, 2014, amounts x € 1,000

	Income	Gross Value	Net bookvalue
Portfolio value (net of cost to complete)		3,412,857	3,250,080
Purchasers costs			174,597
Net portfolio valuation as reported in the financial statements			3,238,260
Income and yields			
Rent for valuer's initial yield (equivalent to EPRA Net Initial Yield)	188,695	5.5%	5.8%
Rent-free periods (including pre-lets)	1,782	0.1%	0.1%
Rent for 'topped-up' initial yield	190,476	5.6%	5.9%

EPRA PERFORMANCE MEASURES

PERFORMANCE MEASURES	DEFINITION	PAGE	PURPOSE
EPRA NAV	Net Asset Value (NAV) adjusted to include properties and other investment interest at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model	86	Makes adjustments to IFRS NAV to providestakeholders with the most relevant informationon the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy
EPRA NNNAV (triple net)	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes	86	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate entity
EPRA Net Initial Yield	Annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, including estimated purchasers' cost (EPRA Net Initial Yield = (Annualised rent passing + other income + turnover rent -/- property expenses) / Gross Property Value)	86	A comparable measure for portfolio valuations
EPRA Vacancy	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	84	A measure of investment property space that is vacant, based on ERV
EPRA Cost Ratio	The calculation for a cost ratio is based on total operating cost and gross rental income	86	Cost ratio to reflect the relevant overhead and operating costs of the business and provide a recognised and understood reference point for analysis of a company's costs

8. PROPERTY PORTFOLIO

AS AT DECEMBER 31, 2014

Location	retail	office	other	parking spaces	year of acquisition	year of construction or renovation	Annual theoretical rent
	m²	m²	m²	number			(x € 1m)
Belgium *)							
Retail portfolio							
Genk							
Sint Martinusplein	15,600			600	2012	2008	3.4
Shopping 1	22,258			1304	2010	2014	6.1
Ghent							
Overpoort	4,000				2012	2014	0.9
Liège							
Shopping Centre Belle-Ile	30,252			2200	1994	1994	11.0
Nivelles							
Shopping Centre Nivelles	28,600			1452	1984	2012	7.9
Tournai							
Shopping Centre Les Bastions	15,540			1260	1988	1996	3.5
Waterloo							
Chaussée de Bruxelles 193-195	3,347			95	2010	1967	0.8
Kortrijk							
Kortrijk Ring Shopping Centre	11,000				2014	2013	1.9
	130,597						35.5
Other properties							
Brussels							
Boulevard Bischoffsheim 1-8		12,666		150	1988	2002	2.6
Medialaan, Vilvoorde		22,695		606	1998	2002	3.2
Jan Olieslagerlaan		3,077		82	1999	1999	0.4
Antwerp							
Veldekens, Berchem		39,971		771	1999	2002	5.3
	130,597	78,409					47.0
Finland							
Retail portfolio							
Helsinki							
Itis	94,000	10,000		1700	2002	2013-2014	35.0
	94,000	10,000					35.0

Location	retail	office	other	parking spaces	year of acquisition	year of construction or renovation	Annual theoretical rent
	m²	m²	m²	number			(x € 1m)
France							
Retail portfolio							
Rouen							
Docks 76	37,600				2014	2009	10.6
Saint Sever	34,400				2014	2011	9.5
Strasbourg							
Rivétoile	28,400				2014	2008	9.8
Bordeaux							
Mériadeck	32,400				2014	2008	10.7
Argenteuil							
Côté Seine	16,200				2014	2010	6.1
Le Havre							
Docks Vauban	53,500				2014	2009	5.8
	202,500						52.5
Office portfolio							
Paris and environs							
45-49 Rue Kléber, Levallois-Perret		19,679		351	1999	1999	9.1
Avenue Jules Rimet, Saint-Denis		10,921		124	1999	2001	3.1
Noda		22,100				2014	10.4
	202,500	52,700					75.1

Location	retail	office	other	parking spaces	year of acquisition	year of construction or renovation	Annual theoretical rent
	m²	m²	m²	number			(x € 1m)
Netherlands							
Retail portfolio							
Arnhem							
Shopping Centre Kronenburg	31,752			1000	1988	1985	9.8
(leasehold until 2110)							
Purmerend							
Shopping Centre Eggert	19,381			375	2010	1992	4.4
Leiderdorp							
Shopping Centre Winkelhof	17,857			830	1993	1999	4.2
Eindhoven							
Shopping Centre Woensel	10,145				2010	2006	3.3
Etten-Leur							
Shopping Centre Etten-Leur	22,146				1991	1995	4.0
Roosendaal							
Shopping Centre De Roselaar	16,800				2010-2014	1996	4.4
Capelle a/d IJssel							
Shopping Centre De Koperwiek	25,103		60 app.		2010-2014	1995	6.6
Maassluis							
Shopping Centre Koningshoek	14,638				2010	1973	2.5
Geldrop							
Heuvel 62-89A and Achter de							
Kerk 1, 3, 5 and 15	4,537		30 app.		1978	1996	1.1
Hoofddorp							
Vier Meren	32,900	3,700		1037	2014	2005	8.7
		3,700	90 app.				49.0
Total	622,356	144,809	90 app.				206.1

All properties are freehold unless mentioned otherwise. The annual rent is calculated as the theoretical rent, on the assumption that the buildings are fully let and before deduction of operating costs

*) Wereldhave has a 69.41% interest in the properties in Belgium.

SUMMARY OF INVESTMENT PROPERTIES

		Shopping Centres		Offices	Total	Total
	market value	annual theoretical rent	market value	annual theoretical rent	market value	annual theoretical rent
Belgium	597.4	35.5	126.9	11.5	724.3	47.0
Finland	605.0	35.0		-	605.0	35.0
France	831.7	52.5	380.6	22.6	1,212.3	75.1
Netherlands	696.7	49.0		-	696.7	49.0
Total portfolio	2,730.8	172.0	507.5	34.1	3,238.3	206.1

SUMMARY OF REVALUATIONS OF THE INVESTMENT PROPERTIES

	value at 31-12-2014	revaluation in 2014	Shopping Centres	Offices	Total
Belgium	724.3	-0.3	-0.2%	0.5%	0.0%
Finland	605.0	0.2	0.0%		0.0%
France	1,212.3	-4.1	-3.2%	6.7%	-0.3%
Netherlands	696.7	-36.6	-5.2%		-5.2%
Total portfolio	**3,238.3**	**-40.8**	**-2.3%**	**4.9%**	**-1.2%**

INVESTMENT PROPERTY - LEASE DATA

	Average lease length *		Annual rent of leases expiring in		
	to break	to expiry	year 1	year 2	year 3-5
Belgium	3.4	6.7	11,226	9,873	19,768
Finland	5.4	5.8	4,446	640	12,256
France	3.2	5.1	6,588	10,656	32,622
Netherlands	3.5	4.0	9,900	5,388	17,374
Total portfolio	**3.7**	**5.4**	**32,160**	**26,557**	**82,020**

* Excluding indefinite contracts

FINANCIAL STATEMENTS 2014

CONSOLIDATED FINANCIAL STATEMENTS 2014

COMPANY FINANCIAL STATEMENTS 2014

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2014

(x € 1,000)

	Notes	December 31, 2014		December 31, 2013	
ASSETS					
Non-current assets					
Investment properties in operation		3,221,588		1,731,942	
Lease incentives		16,672		13,237	
Investment properties under construction		43,874		413,229	
Investment properties	5		3,282,134		2,158,408
Property and equipment	6	2,647		2,918	
Intangible assets	7	1,715		3,834	
Derivative financial instruments	8	43,641		10,122	
Financial assets held for sale	8	9,116		18,507	
Other financial assets	8	811		3,134	
Deferred tax assets	9	-		2,605	
			57,930		41,120
			3,340,064		2,199,528
Current assets					
Trade and other receivables	11	69,308		31,590	
Tax receivables	12	34		292	
Cash and cash equivalents	13	119,205		88,466	
		188,547		120,348	
Assets held for sale	14	-		6,000	
			188,547		126,348
			3,528,611		2,325,876
EQUITY AND LIABILITIES					
Equity					
Share capital	15	35,021		216,796	
Share premium	16	1,467,196		759,740	
Reserves	17-20	321,197		372,890	
			1,823,414		1,349,426
Non-controlling interest			152,550		150,325
Total Equity			1,975,964		1,499,751
Non-current liabilities					
Interest bearing liabilities	21	1,077,525		672,669	
Deferred tax liabilities	22	75,091		76,270	
Derivative financial instruments	23	17,577		7,927	
Other long-term liabilities	23	13,181		7,025	
			1,183,374		763,891
Current liabilities					
Trade payables		9,505		7,935	
Tax payable	24	101		1,567	
Interest bearing liabilities	21	173,423		8,000	
Other short term liabilities	25	186,244		44,732	
			369,273		62,234
			3,528,611		2,325,876

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

(x € 1,000)

	Notes	2014		2013	
Gross rental income	29	126,794		109,419	
Service costs charged		21,125		20,887	
Total revenue			147,919		130,306
Service costs paid		-22,618		-22,596	
Property expenses	30	-10,525		-7,826	
			-33,143		-30,422
Net Rental income			114,776		99,884
Valuation results	31		-40,767		14,709
Results on disposals	32		5,899		-3,583
General costs	33		-13,537		-13,084
Other income and expense	34		-3,642		1,391
Operating result			62,729		99,317
Interest charges		-16,263		-17,234	
Interest income		515		290	
Net interest	35		-15,748		-16,944
Other financial income and expense	36		-13,226		-10,280
Result before tax			33,755		72,093
Income tax	37		-2,074		8,167
Result from continuing operations			31,681		80,260
Result from discontinued operations	38		-4,783		-30,249
Result			26,898		50,011
Result attributable to:					
Shareholders			15,020		39,371
Non-controlling interest			11,878		10,640
Result			26,898		50,011
Basic and diluted earnings per share from continuing operations (x € 1)	41		0.78		2.79
Basic and diluted earnings per share from discontinued operations (x € 1)	41		-0.19		-1.21
Basic earnings per share (x € 1)	41		0.59		1.58
Diluted earnings per share (x € 1)	41		0.59		1.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

(x € 1,000)

	2014		2013	
Result from continuing operations	31,681		80,260	
Result from discontinued operations	-4,783		-30,249	
Result		26,898		50,011
Items that may be recycled to the income statement subsequently				
Currency translation differences	3,671		13,816	
Changes in fair value of financial assets available for sale	-2,847		3,025	
Effective portion of change in fair value of cash flow hedges	-1,341		-8,075	
		-517		8,766
Items that will not be recycled to the income statement subsequently				
Remeasurement of past employment obligations		-434		-1,259
Total comprehensive income		25,947		57,518
Attributable to:				
Shareholders		15,227		45,953
Non-controlling interest		10,720		11,565
		25,947		57,518

The total result from continued operations can be attributed to shareholders for the amount of € 19.8m (2013: € 69.6m) and non-controlling interest € 11.9m (2013: € 10.6m). The total result from discontinued operations can be attributed to shareholders for the amount of € -4.8m (2013: € -30.2m) and non-controlling interest € 0m (2013: € 0m).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

(x € 1,000)

	Attributable to shareholders								
	Share capital	Share premium	General reserve	Available for sale investments	Hedge reserve	Currency translation reserve	Total attributable to shareholders	Non-controlling interest	Total equity
Balance at January 1, 2013	216,796	767,315	419,105	494	162	-25,118	1,378,754	146,998	1,525,752
Comprehensive income									
Result	-	-	39,371	-	-	-	39,371	10,640	50,011
Currency translation differences	-	-	-	-	-	13,816	13,816	-	13,816
Changes in fair value of financial assets available for sale	-	-	-	2,100	-	-	2,100	925	3,025
Remeasurement of past employment obligations	-	-	-1,259	-	-	-	-1,259	-	-1,259
Effective portion of change in fair value of cash flow hedges	-	-	-	-	-8,075	-	-8,075	-	-8,075
Total of comprehensive income	-	-	38,112	2,100	-8,075	13,816	45,953	11,565	57,518
Transactions with shareholders									
Purchase shares for remuneration	-	-	-66	-	-	-	-66	-	-66
Repurchase convertible	-	-7,575	3,875	-	-	-	-3,700	-	-3,700
Dividend	-	-	-71,515	-	-	-	-71,515	-8,238	-79,753
Balance at December 31, 2013	216,796	759,740	389,511	2,594	-7,913	-11,302	1,349,426	150,325	1,499,751
Balance at January 1, 2014	216,796	759,740	389,511	2,594	-7,913	-11,302	1,349,426	150,325	1,499,751
Comprehensive income									
Result	-	-	15,020	-	-	-	15,020	11,878	26,898
Currency translation differences	-	-	-	-	-	3,671	3,671	-	3,671
Changes in fair value of financial assets available for sale	-	-	-	-1,974	-	-	-1,974	-873	-2,847
Remeasurement of past employment obligations	-	-	-301	-	-	-	-301	-133	-434
Effective portion of change in fair value of cash flow hedges	-	-	-	-	-1,189	-	-1,189	-152	-1,341
Total of comprehensive income	-	-	14,719	-1,974	-1,189	3,671	15,227	10,720	25,947
Transactions with shareholders									
Change nominal value shares	-195,116	195,116	-	-	-	-	-	-	-
Proceeds from rights issue	13,341	536,721	-	-	-	-	550,062	-	550,062
Costs of rights issue	-	-18,724	-	-	-	-	-18,724	-	-18,724
Purchase shares for remuneration	-	-	-134	-	-	-	-134	-	-134
Repurchase convertible	-	-5,657	4,757	-	-	-	-900	-	-900
Dividend	-	-	-71,543	-	-	-	-71,543	-8,495	-80,038
Balance at December 31, 2014	35,021	1,467,196	337,310	620	-9,102	-7,631	1,823,414	152,550	1,975,964

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

(x € 1,000)

	Notes		2014		2013
OPERATING ACTIVITIES					
Result			26,898		50,011
Adjustments for:					
Valuation results	31-38	41,474		-6,550	
Net interest charge	35-38	22,168		25,562	
Other financial income and expense	36	13,873		28,696	
Results on disposals		-9,195		10,353	
Deferred taxes		1,441		-9,951	
Other non cash movements		-295		1,303	
			69,466		49,413
			96,364		99,424
Changes in working capital			35,516		-33,923
Cash flow generated from operations			131,880		65,501
Interest paid		-20,604		-28,644	
Intertest received		146		183	
Income tax paid		-829		-408	
			-21,287		-28,869
Cash flow from operating activities			110,593		36,632
Investing activities					
Proceeds from disposals direct investment properties		192,780		729,616	
Proceeds from disposals indirect investment properties		-		163,071	
Purchase of investment property	5	-1,255,378		-191,711	
Purchase of equipment		-458		-1,558	
Inv/divestments in financial assets		466		3,704	
Investments in intangible assets		-168		-135	
Inv/divestments in other long term liabilities		-6,654		-9,461	
Cash settlement forward transactions		-1,900		-2,794	
Cash flow from investing activities			-1,071,312		690,732
Financing activities					
Proceeds from new interest bearing debts	21	1,201,590		66,000	
Repayment interest bearing debts	21	-676,033		-670,591	
Proceeds / (repayments) of other long-term liabilities		6,665		-1,244	
Other movements in reserve		-134		-	
Proceeds from shares issued		531,338		-	
Dividend paid		-80,039		-79,777	
Cash flow from financing activities			983,387		-685,612
Increase in cash and cash equivalents			22,668		41,752
Cash and cash equivalents at January 1	13		88,466		44,406
Foreign exchange differences			8,071		2,308
Cash and cash equivalents at December 31	13		119,205		88,466

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Wereldhave N.V. ('the Company') is an investment company which invests in property. The property portfolio of Wereldhave and its subsidiaries ('the Group') are located in Belgium, Finland, France and The Netherlands. The group is principally involved in leasing investment property under operating leases. The property management is performed by group management companies. The Company is a limited liability company incorporated and domiciled in The Netherlands. The address of the Company's registered office is Schiphol Boulevard 233, Schiphol. The shares of the Company are listed on the NYSE Euronext Stock Exchange of Amsterdam. The consolidated financial statements for the year ended December 31, 2014 were authorised for issue by the Supervisory Board on February 26, 2015 and will be presented to the shareholders for approval on April 24, 2015.

2. TAX STATUS

Wereldhave N.V. has the tax status of an investment company (FBI status) in accordance with section 28 of the Dutch 'Wet op de Vennootschapsbelasting 1969'. This means that corporation tax is due at a rate 0% in The Netherlands, provided that certain conditions are met. The main conditions concern the requirement to distribute the taxable profit as dividend and restrictions with regard to the leverage. There is no requirement to include capital gains, arising on disposal of investments, in the profit to be distributed. The subsidiaries in Belgium (Bevak status) and France (SIIC status) have a similar status. Subsidiaries in Finland are subject to corporation tax.

3. ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. They are presented in euro, rounded to the nearest thousand. The consolidated financial statements and the Company financial statements have been prepared on historical cost basis, except for investment property, investment property under construction, financial assets & liabilities at fair value through income statement and derivatives, which are recognised at fair value. They have furthermore been prepared on a going concern basis. The Company has made use of the exemption referred to in article 402 Book 2.9. of the Dutch Civil Code.

CHANGE IN ACCOUNTING POLICIES

Wereldhave has not changed its accounting policies.
In 2014 the following new or revised IFRS standards or interpretations became applicable for Wereldhave:

- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment activities
- Amendment to IAS 32, 'Financial instruments: Presentation,' on asset and liability offsetting
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures
- Amendment to IAS 39, 'Financial instruments: recognition and measurement' on novation of derivatives
- IFRIC 21: Levies

The (amended) standards did not impact the financial statements of Wereldhave, except for the additional disclosure requirements under IFRS 12 wich are presented in note 39.
Over the next years the following (amended) standards will enter into force, but are not expected to have a significant impact for Wereldhave:

- IFRS 9: financial instruments
- IFRS 11: Joint arrangements
- IFRS 15: Revenue from contracts with customers
- IAS 16: PPE
- IAS 27: Separate financial statements
- IAS 28: Investment in associates
- IAS 38: Intangible assets
- IAS 40: Investment property

Wereldhave did not early adopt any standards that are not mandatory.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors considered appropriate. Actual results may differ for these estimates. The estimates and underlying assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.2 CHANGE IN PRESENTATION

In order to improve the insight in the accounting of the valuation results of its investment properties in the income statement Wereldhave presents the fair value movements of derivatives as other financial income & expense instead of part of the total valuation result. The 2013 figures have been changed accordingly and an amount of € -2.3m has been classified from valuation result other financial income and expense

3.3 DISCONTINUED OPERATIONS

In 2014 Wereldhave sold its Spanish portfolio. As the operations presented a major geographical area the disposal group has been classified as discontinued operations in the income statement. The comparative figures for 2013 have been re-presented accordingly. This has resulted in an amount of € -7.2m for 2013 in relation to the Spanish portfolio that has been re-presented as discontinued operations. The results on the US and UK – in line with the financial statements 2013 – are presented as discontinued operations.

3.4 RIGHTS ISSUE

On 16 December 2014 issued new shares through a rights-issue. In total € 550m of equity has been issued through a 8 for 13 rights issue of 13,341,303 new ordinary shares with a nominal value of € 1 each at an issue price of € 41.23 per ordinary share. The earnings per share have been adjusted accordingly for the comperative period.

3.5 CONSOLIDATION AND BUSINESS COMBINATIONS

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2014. Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ACQUISITIONS

Wereldhave recognises acquisitions in accordance with IFRS 3R "Business Combinations" or IAS 40 "Investment Property". Acquisitions are considered a business combination if there is an acquisition of assets, rental activities and such a management organisation, that the acquired entity can operate as an independent company, with the aim of generating economic profits. Wereldhave does not necessarily consider acquisitions of properties within a legal company as a business combination, but evaluates these acquisitions individually for the above operational characteristics.

For acquisitions of business combinations, the fair value of the acquired participation is compared to the acquisition price. If the fair value is lower, the difference between the amounts paid and the fair value is recorded as goodwill. If the considerations are lower, the difference is recognised directly in the income statement. Cost incurred in the acquisition directly related to the acquisition are included in the income statement.

If an acquisition does not qualify as a business combination, it is recorded based on the individual assets and liabilities. Additional considerations are capitalised and goodwill or deferred taxes are not taken into account.

The acquisition method of accounting is used by the group to account for the acquisition of subsidiaries that qualify as business combinations. The consideration transferred is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. All acquisitions in 2014 were processed as investment property.

TRANSACTIONS AND NON-CONTROLLING INTERESTS

Transactions with non-controlling interests, where control is maintained, are accounted for as transactions within shareholders' equity. If changes result in loss of control, any remaining non-controlling interest in the former subsidiary is recognised at fair value at the date when control is lost and any profit or loss is accounted for in the income statement.

3.6 FOREIGN CURRENCIES

FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in euro, which is Wereldhave's functional currency and the Group's 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').

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the spot exchange rate prevailing on the transaction date. Balances in foreign currencies are translated using the exchange rate prevailing at balance sheet date. 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 expenses.

The following exchange rates against the euro, were used for these consolidated financial statements:

		average		year-end
	2014	**2013**	**2014**	**2013**
GBP	1.24084	1.17778	1.28386	1.19947
USD	0.75369	0.75379	0.82366	0.72511

DISPOSAL OF A FOREIGN OPERATION

On the closing or disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is recycled from equity to the income statement when the gain or loss on disposal is recognised.

3.7 COMPREHENSIVE INCOME

In the statement of comprehensive income no separate line for tax on unrealised gains is included. This is due to the tax status of some subsidiaries, where unrealised gains are untaxed.

3.8 CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Cash flows from derivatives relating to net investment hedging are presented as investment activity. Proceeds from disposals of indirect investment properties in the cash flow statement refer to the divestment of a subsidiary.

3.9 IMPAIRMENT OF NON-FINANCIAL AND FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than investment property, investment property under development and deferred tax, are reviewed at the reporting date to determine whether there is an indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement as impairment of assets.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is reversed if there is an indication that the impairment loss no longer exists or if there has been a change in the estimates used to measure the recoverable amount at the date of recognition of the impairment loss.

A financial asset not carried at fair value through income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. For groups of similar assets, such as trade receivables, a collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise or other indications that a debtor will enter bankruptcy.

3.10 DERIVATIVE FINANCIAL INSTRUMENTS

The sole purpose of the derivative financial instruments contracted by the Company is to cover exchange rate and interest rate risks arising from operating, financing and investing activities. The Group does not hold any derivatives for trading purposes. Derivative financial instruments are carried at fair value. Transaction expenses related to derivatives are accounted for in the income statement.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

3.11 HEDGE ACCOUNTING

In general, Wereldhave is committed to use hedge accounting in order to limit the effects of changes in fair value due to currency exchange rates and interest rate differences on the income statement.

The Group uses hedging instruments such as forward rate contracts and cross currency interest rate swaps. Transactions are entered into with a limited number of counterparties with strong credit ratings. Hedging operations are governed by internal policies and rules approved and monitored by the Board of Management.

Wereldhave hedges the interest rate risk related to its loans and the currency risk related to its loans and related to its subsidiaries with a functional currency other than the euro. If possible, hedge accounting is applied to these transactions.

On initial designation of the hedge, Wereldhave formally documents the relationship between the hedging instrument(s) and hedged item(s), together with the methods that will be used to assess the effectiveness of the hedging relationship. Wereldhave makes an assessment, both at inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 %. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in income statement (net finance expenses).

HEDGING OF NET INVESTMENT IN FOREIGN OPERATIONS

Wereldhave applies hedge accounting for differences in foreign currency due to a difference between the functional currency of foreign investments and the functional currency (euro) of the Group, regardless if the net investment is directly held or through an intermediate holding company.

The forward exchange contracts or loans with external parties designated as a hedge of a net investment in a foreign operation are recognised in the statement of comprehensive income to the extent that the hedge is effective, and are presented in the reserve for exchange rate differences within equity. To the extent that the hedge is ineffective, these differences are recognised in the income statement.

CASH FLOW HEDGES

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect income statement it qualifies as a cash flow hedge.

Changes in the fair value of a derivative hedging instrument designated as a cash flow hedge are recognised in the statement of comprehensive income and recognised directly in equity in the hedge reserve to the extent the hedge is effective. To the extent the hedge is ineffective; changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued and the cumulative unrealised gains or losses (recognised directly in equity) from the statement of other comprehensive income are immediately accounted for in the income statement. When a hedging instrument is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss up to that point will remain part of the statement of comprehensive income. The cumulative gains or losses are presented in accordance with the above policy when the transaction occurs.

FAIR VALUE HEDGES

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is recognised at fair value with regard to the hedged risk and the profit or loss attributable to the change in fair value is recognised in the income statement and adjusts the carrying amount of the hedged item. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised over the period to maturity.

3.12 INVESTMENT PROPERTY

INVESTMENT PROPERTIES

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

The fair value is determined based on the capitalisation of net market rents. For the determination of the fair value per property the net capitalisation factor and the present value of the difference between market rent and contract rent, vacancy, rent rebates and the cost of maintenance are determined. Expenditures postdating the purchase date are added to the carrying amount, when it is probable that future economic benefits will follow and the cost can be determined reliably. All other expenses such as repairs and maintenance are charged to the income of the period in which they are incurred.

The portfolio is appraised every six months (30 June and 31 December) by independent external valuers who hold a recognised and relevant professional qualification and have experience relating to the location and category of the property being appraised. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market values have been determined on the evidence of recent market transactions for similar properties in similar locations to the Group's investment property. Appraisals require the use of both the conventional method and the net present value method. The conventional method involves valuation based on capitalisation at net initial yields for similar transactions. The net present value method gives an amount derived from the projected cash flows for at least the next ten years and after ten years an exit value based on a yield.

Estimated costs a purchaser will necessarily incur to acquire the property are deducted from the property value. Investment properties that are expected to be sold and that are in very advanced stage of negotiation are valued at the expected selling price.

A number of inputs to the valuation process are not directly observable in the market and significantly impact the valuation. Therefore valuations are considered to be Level 3 in the fair value hierarchy.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Properties eligible for disposal are classified as assets held for sale. In the case of sale of properties, the difference between net proceeds and book value is recognised in the income statement under results of disposal.

RENT FREE PERIODS AND OTHER LEASING EXPENSES

Rent-free periods and investments made or allowances granted to tenants by Wereldhave ("lease incentives") are allocated on a linear basis over the lease term. The lease term consists of the period until the first break option for the tenants, which period can be extended by management with the expected prolongation of the leases.

The capitalised value of rent-free periods and other lease incentives is amortised over the term of the lease contracts against rental income. In determining the properties at fair value capitalised rent free periods and other leasing incentives are adjusted for the valuation results, to avoid double counting.

INVESTMENT PROPERTIES UNDER CONSTRUCTION

Property that is being constructed for use as investment property is classified as 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 if the fair value is considered to be reliably measurable. In cases where no reliable measurement is possible IPUC is valued at initial cost, including subsequent investments and capitalisation of financing costs and less any impairments.

Costs include the material and labour for the construction, costs of staff directly related to technical supervision, project management on the basis of time spent and finance costs. The finance cost are capitalised interest that is charged until the date of delivery and is based on the interest to be allocated to development or on the basis of the average effective rate of the Group, where no specific project financing is present. Interest charges include interest and all costs associated with Wereldhave raising funds.

The fair value of development is determined on an identical basis as investment properties, with the understanding that the capitalisation factor is adjusted for reflect development risks.

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

3.13 PROPERTY AND EQUIPMENT

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

- 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 taking the property in use is considered to be the cost for depreciation purposes. At the time of sale, positive and negative results on disposals are accounted in the income statement.

3.14 INTANGIBLE ASSETS

COMPUTER SOFTWARE

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

GOODWILL

Goodwill arises only arises upon a business combination. For the initial measurement, reference is made to the accounting policy of Business combinations.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to individual or groups of cash-generating units for the purpose of impairment testing and is tested annually for impairment.

Negative goodwill is recognised directly in the income statement.

3.15 FINANCIAL INSTRUMENTS

Wereldhave categorizes its financial instruments measured at fair value in three hierarchies of inputs to valuation techniques used to measure fair value. Level 1 inputs are based on quoted prices, level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either direct or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

3.16 FINANCIAL ASSETS

Financial assets 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:

- Financial assets at fair value;
- Loans and receivables;
- Financial assets available for sale.

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

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. Those assets are carried at fair value. On initial recognition, attributable transaction costs are expensed as and when incurred.

LOANS AND RECEIVABLES

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

Loans and receivables, acquired or granted, not held for the purpose of trading or sale, are recorded on the statement of financial position as “Loans and receivables”. After initial recording, they are measured at amortised cost based on the effective interest rate. They may be subject to impairment when necessary.

Indicators for payment default are for example, significant financial difficulties of a debtor, non-compliance with payment conditions and bankruptcy. The impairment is measured as the difference between the assets carrying amount and present value of future estimated cash flows, discounted at the financial assets original effective interest rate.

FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are non-derivative financial assets held for an undetermined period that may be sold by the Group at any time. They are measured at their fair value at the accounting date and recorded as available-for-sale investments. When the fair value cannot reliably be determined they are recorded at historical cost. Interest accrued or received on fixed-income securities is recorded as income based on the effective interest rate. Changes in market value other than income are recorded in other comprehensive income. Fair value variations are recorded in the income statement if the asset is sold or significantly impaired.

Interest or dividends received on financial assets are recognised in the income statement as other income and expenses as from the time the entitlement was established.

An overview of the carrying amounts of the financial assets and liabilities is set out in note 27.

3.17 OTHER NON-CURRENT ASSETS

PENSION PLANS

The capitalised net receivable from defined benefit plans is accounted for as mentioned in paragraph 3.25, 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 other comprehensive income.

Results from a buy-in (reinsurance of the scheme) are accounted for through other comprehensive income and results from curtailments and buy-outs (all risks transferred to a third party) are accounted for as other financial income and expense in the income statement.

3.18 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or a disposal group) are held for sale in case the carrying amount will be recovered principally by means of a sale rather than by continuing use. This only applies if the asset (or disposal group) is available for immediate sale in its present condition. Furthermore, 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 within one year from the date of classification.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the carrying amount and fair value less cost to sell. No re-measurement takes place if the assets have already been measured at fair value under IAS 40. Non-current assets held for sale or the assets from a disposal group are presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from the other liabilities. Assets and liabilities held for sale are not offset against each other.

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

3.19 TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for doubtful debts.

A provision for doubtful debts of trade receivables is established when there is objective evidence that the Company has the risk that it 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 with payment conditions and bankruptcy. The movement in the provision is recognised as property expenses in the income statement. If trade receivables are uncollectible, they are written off against the provision. Subsequent recoveries of amounts previously written off are credited against property expenses in the income statement.

3.20 CASH AND CASH EQUIVALENTS

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

3.21 EQUITY

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are deducted from the proceeds. When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in the general reserve in equity. Repurchased shares are classified as treasury shares and deducted from total equity. When treasury shares are reissued the proceeds are credited to the treasury share reserve and any surplus is credited to the share premium reserve. Dividends are recognised as a liability in the period in which they are declared.

3.22 DIVIDEND POLICY

As an investment company in accordance with Article 28 of the Dutch ‘Wet op de Vennootschapsbelasting 1969’, the Company is required to distribute at least the taxable profit as dividend.

Wereldhave aims for a dividend pay-out ratio of 85-90% of its direct result (net rental income, general costs, other gains and losses (other than exchange rate differences), financial income and expense (other than 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.

3.23 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and 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. Any increase in the provision due to passage of time is recognised as interest charges.

3.24 LONG TERM DEBT

INTEREST BEARING DEBT

Interest bearing debt is initially recognised at fair value, minus transactions costs. Subsequently interest bearing debt is measured at amortised cost. Any difference between the face value and the carrying amount is recognised in the income statement over the period of the interest bearing liabilities on the basis of the effective interest per loan. The portion of loans outstanding to be repaid within twelve months is shown under current liabilities.

CONVERTIBLE BONDS

The components of a convertible bond are stated separately in accordance with the economic content of the agreement as a financial liability and shareholder's equity. At the time of issue, the fair value of the debt component is determined on the basis of market interest rate applicable to a comparable nonconvertible instrument. This amount is carried as a financial liability on the basis of amortised cost of purchase using the effective interest rate method up until the time of fulfilment, i.e. when the instrument is converted or reaches its maturity. The equity component is calculated by subtracting the value of the debt component from the fair value of the whole instrument. The resultant value, less the income tax impact, is recognised as part of the share premium reserve in shareholder's equity.

OTHER LONG TERM LIABILITIES

Long term debts from employee benefit plans are accounted for in accordance with paragraph 3.25.

3.25 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 the 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 is recognised as an expense in the income statement.

DEFINED BENEFIT PLANS

Defined benefit plans are pension schemes where participants obtain 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 future benefits that employees have earned for their service in the current and prior employments. 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 the terms of the related pension liability. In markets where there is no extended trade in such bonds, the market yields (at the balance sheet date) on government bonds are used.

Amongst others, actuarial gains and losses arising from adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

3.26 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.

3.27 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, to a larger extent, 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. Fair value changes are recognized through income statement

3.28 REVENUE

GROSS 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 a reduction of the rental income, and are straight-lined over the minimum term of the lease. Rent adjustments due to indexation are recognised as they arise. Rental income does not include value added tax or amounts charged to tenants in respect of service and operating costs.

Variable rental income, such as turnover related rent or income from speciality leasing (i.e. kiosks) is recognised in the income statement in the period to which it relates, if it can be estimated reliably. If a reliable estimate is not possible, recognition takes place at the time of realisation.

Revenue received from tenants for early termination of leases is directly recognised in the income statement in the period to which the revenues relates.

SERVICE COSTS CHARGED

Where there are service contracts with third parties, service charges are recovered from tenants. Service charges in respect of vacant property are expensed. They mainly relate to gas, water, electricity, cleaning and security. Service charges are shown on a gross basis when Wereldhave acts as a principal.

3.29 EXPENSES

SERVICE COSTS PAID

Service costs are shown on a gross basis when Wereldhave acts as a principal. In case Wereldhave acts as an agent only the non-recoverable amount of the service and operational costs is presented. 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 Wereldhave attributable to the accounting period, such as:

- Maintenance;
- Property tax;
- Insurance premiums;
- Property management and
- Letting expenses.

Letting expenses include the depreciation of capitalised expenditure in connection with a letting, such as fit out contributions paid by Wereldhave. The expenditure is depreciated over the term of the lease. Investment property depreciation charges are not recognised, because investment properties are valued at market value (see paragraph 3.12). The market value calculation takes technical and economic obsolescence into account.

GENERAL COSTS

General costs are expenses that are not directly attributable to the operation of properties (including salaries of staff not directly involved with properties, office overheads, advice, valuation and audit fees, listing costs and promotion costs). 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 as part of the Investment property under Construction on the basis of time spent.

3.30 RESULTS ON DISPOSAL

The results on disposal are the differences between the realised selling prices, net of selling costs, and the carrying amount, based on the last known fair value (mostly the latest appraisal).

Results on disposals from the sale of investment property or fixed assets are processed if the following conditions are met:

(a) the entity has transferred the rights to all major economic benefits and any significant risks to the buyer;
(b) The legal entity does not keep possession of those goods and therefore cannot decide on its use;
(c) the amount of revenue can be reliably determined;
(d) it is probable that the economic benefits associated with the transaction will flow to the new legal owner and
(e) costs already incurred and the potential future costs in respect to the transaction can be measured reliably.

3.31 INTEREST CHARGES AND INCOME

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 interest paid. Interest income & charges is recognised in the income statement as it accrues. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Interest attributable to the acquisition or construction of an asset that takes a substantial period of time to complete, is capitalised as part of the cost of the respective assets, starting from preparation of the plan until completion. Capitalised interest is calculated using the Groups weighted average cost of debt or the borrowing cost of specific project financing.

3.32 EMPLOYEE BENEFITS

LONG TERM EXECUTIVE BENEFITS

The variable remuneration of the Board of Management consists partly of share based payments. Under this plan, conditional shares are granted annually. Two years after the grant date, the vested shares become unconditional and are delivered. The number of shares that become unconditional depend on the 'total shareholder return' generated by Wereldhave N.V. during a three-year period, compared to the total shareholder returns generated by companies in a pre-defined peer group (market criteria) and on a like-for like-rental performance (business performance criteria). For shares granted with a market condition, if the market condition has not been met, the awards will lapse and any compensation cost previously recognised will not be reversed.

Share-based payment transactions are recognised in the income statement. Conditionally awarded shares to the Board of Management are valued at fair value at the date they were awarded and are included in equity. The award is treated as expense which is spread over the vesting period.

3.33 TAX CHARGES

Tax charges on the income statement for a year comprise current and deferred tax and are calculated on results before taxes, taking into account any tax-exempt components of profit and non-deductible costs. Losses to be offset against 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 realised at the time of sale. Tax charges are calculated using tax rates prevailing at the balance sheet date.

Current tax and deferred tax is recognised in income statement except to the items recognised directly in equity or in other comprehensive income in which case, the tax is also recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income statement;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The carrying value of the Groups investment property is assumed to be realised by sale at the end of use.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.34 SEGMENT REPORTING

The Wereldhave Board of Management has determined the operating segments based on the information reviewed by the Management Board for assessing performance and allocating resources. Management considers the business from a geographic perspective and the management assesses performance for Belgium, The Netherlands, Finland, France and Head office & other. A segment consists of assets and activities with specific risks and results, differing from other sectors.

3.35 SIGNIFICANT ESTIMATES IN THE ACCOUNTS

INVESTMENT PROPERTY

The assets in the Company and its subsidiaries mainly consists of the property portfolio. The market value of these assets cannot be assessed using official quotations or listings.

A valuation based on fair value is a time- and location-based estimate. The estimate is based on the 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 accurately at the moment of the actual sale of the property. Twice a year (June 30 and December 31) the properties are valued by external valuers. The valuer appraises at fair value on his own market knowledge and information. The valuation is prepared by the valuer and verified by Wereldhave.

The fair value is based on a net yield calculation, where market rents are capitalized. Elements of this calculation include current and future rent levels, expected vacancy rates, rent indexations, turnover rents, lease incentives, etc. The yields and market rents used are specific for the country, the location, the type of property, the level of maintenance and the general rent ability of every single property. The determination of applicable yields is based upon comparable transactions, supplemented with market and building specific knowledge and remaining other assumptions, in which the professional judgment of the valuer will become more important if the available transaction information is not sufficient.

Apart from assumptions with respect 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 (re)letting, the start date of such (re)letting and the costs related thereto. 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.

Finally, the valuation of investment property implicitly reflects the survival of the euro and the availability of financial resources by funders.

General assumptions with regard to the valuation of investment property have been disclosed in paragraph 3.12 and in note 5.

4. SEGMENT INFORMATION

GEOGRAPHICAL SEGMENT INFORMATION 2014

(x € 1,000)

	Belgium	Finland	France	the Netherlands	Spain	United Kingdom	United States	Headoffice and other	Total
Result									
Gross rental income	38,892	29,428	11,843	46,631	-	-	-	-	126,794
Service costs charged	6,779	6,985	3,323	4,038	-	-	-	-	21,125
Total revenue	45,671	36,413	15,166	50,669	-	-	-	-	147,919
Service costs paid	-7,336	-7,204	-3,446	-4,632	-	-	-	-	-22,618
Property expenses	-1,865	-1,338	-461	-6,861	-	-	-	-	-10,525
Net rental income	36,470	27,871	11,259	39,176	-	-	-	-	114,776
Valuation results	-299	221	-4,081	-36,608	-	-	-	-	-40,767
Results on disposals	6,256	-	-220	-137	-	-	-	-	5,899
General costs	-2,740	-1,142	-738	-2,958	-	-	-	-5,959	-13,537
Other income and expense	652	-	-2,000	-	-	-	-	-2,294	-3,642
Interest charges	-1,051	-16,777	-2,149	-5,626	-	-	-	9,339	-16,263
Interest income	176	18	209	105	-	-	-	8	515
Other financial income and expense	-	-	-	-	-	-	-	-13,226	-13,226
Income tax	-699	-1,095	-210	-70	-	-	-	-	-2,074
Result from continued operations	38,765	9,096	2,070	-6,118	-	-	-	-12,132	31,681
Result from discontinued operations	-	-	-	-	1,289	-6,686	614	-	-4,783
Result	38,765	9,096	2,070	-6,118	1,289	-6,686	614	-12,132	26,898
Total assets									
Investment properties in operation	722,607	603,330	1,199,329	696,321	-	-	-	-	3,221,588
Investment properties under construction	25,802	-	-	18,072	-	-	-	-	43,874
Assets held for sale	-	-	-	-	-	-	-	-	-
Other segment assets	37,778	3,832	47,650	63,906	991	154,191	1,123	1,781,840	2,091,310
minus: intercompany	-11,643	-	-	-79,100	-	-77,994	-	-1,659,424	-1,828,161
	774,545	607,162	1,246,978	699,199	991	76,197	1,123	122,416	3,528,611
Investments in investment properties	154,688	23,938	896,181	267,668	425	-	-	-	1,342,900
Gross rental income by type of property									
Shopping centres	29,202	29,428	1,600	46,042	-	-	-	-	106,272
Offices	9,690	-	10,243	589	-	-	-	-	20,522
	38,892	29,428	11,843	46,631	-	-	-	-	126,794

In 2014 none of the tenants is accounted for more than 10% of the gross rental income. Depreciation costs of € 0.6m are included in general costs. An amount of € 3.8m of interest charges relates to the use of the effective interest method. For more information or the breakdown of the result of the discontinued operations, reference is made to note 38.

GEOGRAPHICAL SEGMENT INFORMATION 2013

(x € 1,000)

	Belgium	Finland	France	the Netherlands	Spain	United Kingdom	United States	Headoffice and other	Total
Result									
Gross rental income	36,214	25,347	10,180	37,678	-	-	-	-	109,419
Service costs charged	6,315	5,799	3,331	5,442	-	-	-	-	20,887
Total revenue	42,529	31,146	13,511	43,120	-	-	-	-	130,306
Service costs paid	-7,073	-6,142	-3,349	-6,032	-	-	-	-	-22,596
Property expenses	-1,368	-1,150	-293	-5,015	-	-	-	-	-7,826
Net rental income	34,088	23,854	9,869	32,073	-	-	-	-	99,884
Valuation results	3,294	23,192	20,834	-32,612	-	-	-	1	14,709
Results on disposals	-	-	-	-2,694	-	-	-	-889	-3,583
General costs	-2,619	-944	-636	-2,568	-	-	-	-6,317	-13,084
Other income and expense	1,665	-	60	-	-	-	-	-334	1,391
Interest charges	-1,468	-15,428	-1,029	-2,088	-	-	-	2,779	-17,234
Interest income	42	14	80	39	-	-	-	115	290
Other financial income and expense	-	-	-	-1	-	-	-	-10,279	-10,280
Income tax	-230	8,593	-196	-	-	-	-	-	8,167
Results from continued operations	34,772	39,281	28,982	-7,851	-	-	-	-14,924	80,260
Results from discontinued operations	-	-	-	-	-7,186	-30,494	7,431	-	-30,249
Result	34,772	39,281	28,982	-7,851	-7,186	-30,494	7,431	-14,924	50,011
Total assets									
Investment properties in operation	505,322	482,116	177,390	477,030	90,083	1	-	-	1,731,942
Investment properties under construction	90,158	97,057	219,724	6,290	-	-	-	-	413,229
Assets held for sale	-	-	-	6,000	-	-	-	-	6,000
Other segment assets	44,580	5,134	12,838	167,322	7,541	151,558	5,132	667,382	1,061,487
minus: intercompany	-11,474	-	-	-79,100	-	-76,550	-	-719,658	-886,782
	628,586	584,307	409,952	577,542	97,624	75,009	5,132	-52,276	2,325,876
Investments in investment properties	37,130	60,983	85,342	15,848	1,034	1,403	-	-	201,740
Gross rental income by type of property									
Shopping centres	26,977	25,347	-	35,064	-	-	-	-	87,388
Offices	9,237	-	10,180	2,614	-	-	-	-	22,030
	36,214	25,347	10,180	37,678	-	-	-	-	109,419

In 2013 none of the tenants is accounted for more than 10% of the gross rental income. Depreciation costs of € 0.6m are included in general costs. An amount of € 7.4m of interest charges relates to the use of the effective interest method. For more information or the breakdown of the result of the discontinued operations, reference is made to note 38.

5. INVESTMENT PROPERTIES

(x € 1,000)

2014	Investment properties in operation	Lease incentives	Investment properties under construction	Investment properties
Balance at January 1	1,731,942	13,237	413,229	2,158,408
Acquisitions	1,207,185	-	2,403	1,209,588
Subsequent expenditure	15,998	-	110,647	126,645
Transfer from and to investment properties under construction	380,160	-	-380,160	-
Disposals	-89,547	-	-91,735	-181,282
Revaluations	-24,297	-	-17,177	-41,474
Capitalised borrowing costs	-	-	6,667	6,667
Other	147	3,435	-	3,582
Balance at December 31	3,221,588	16,672	43,874	3,282,134

2013	Investment properties in operation	Lease incentives	Investment properties under construction	Investment properties
Balance at January 1	2,073,027	14,812	240,044	2,327,883
Acquisitions	-	-	9,909	9,909
Subsequent expenditure	14,644	-	170,374	185,018
Transfer from and to investment properties under construction	-3,890	-	3,890	-
Transfer to assets held for sale	-6,000	-	-	-6,000
Disposals	-323,921	-	-31,882	-355,803
Revaluations	-3,331	-	12,185	8,854
Capitalised borrowing costs	-	-	6,773	6,773
Other	-3,233	-1,575	3,136	-1,672
Exchange rate differences	-15,354	-	-1,200	-16,554
Balance at December 31	1,731,942	13,237	413,229	2,158,408

In 2014 Wereldhave acquired the Dutch shopping centres Vier Meren in Hoofddorp for € 147m, a part of De Roselaar in Roosendaal for € 10m, the remaining part of Kronenburg in Arnhem for € 21m and the remaining part of De Koperwiek in Cappelle a/d IJssel for € 60m, a third of the Belgian shopping centre Kortrijk Ring for an amount of € 27m and for € 5m the Delhaize shop in Tournai. On 18 December for the remaining part of shopping centre Kortrijk Ring an unconditional bid for € 81m was accepted. Wereldhave also acquired on 18 December 2014 six shopping centres in France for a total amount of € 859m.

In February Wereldhave sold the office building Urbagreen in Paris, France and in September 2014 Wereldhave disposed the Spanish portfolio,

The development projects in Genk, Belgium (€ 87m), Ghent, Belgium (€ 16m), Itis, Finland (€ 119m) and Noda, France (€ 158m) were completed in 2014 and transferred to investment properties.

99% (2013: 99%) of the total property portfolio has been measured at fair value. Investment property under construction (IPUC) that has been measured at cost mainly relates to land positions for which the development is still in the planning phase or IPUC for which it is not possible to determine a reliable fair value.

Overview of measurement of total investment properties:

	2014	2013
Fair Value		
Investment properties in operation (including lease incentives)	3,238,260	1,745,179
Investments properties under construction ('IPUC')	23,150	394,599
	3,261,410	2,139,778
At cost less impairment ('IPUC')	20,724	18,630
	3,282,134	2,158,408

Fair value hierarchy disclosures for investment properties have been provided in note 28.

INVESTMENT PROPERTIES IN OPERATION

The revaluations can be broken down as follows:

(x € 1,000)

	2014	2013
Belgium	-299	3,311
Finland	221	23,192
France	-4,081	1,134
the Netherlands	-19,432	-25,113
Spain	-706	-8,386
United Kingdom	-	2,531
United States	-	-
Total	-24,297	-3,331

No Investment property is secured by a mortgage (2013: € 46m).

All the investment properties were valued externally at December 31, 2014.

Independent external property valuators in 2014 are:
Jones Lang LaSalle, Cushman & Wakefield, DTZ, CBRE and Troostwijk-Roux Expertises cvba.

At December 31, 2014 the carrying amount of investment properties valuation is as follows:

	December 31, 2014	**December 31, 2013**
Total investment property values according to internal and external valuation reports	3,238,260	1,745,179
Deduct: carrying amount of rent free periods and other leasing expenses to be amortised	-16,672	-13,237
Carrying amount	3,221,588	1,731,942

Property expenses and service costs of unlet properties amount to nil (2013 nil).

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

2014	**Belgium**	**Finland**	**France**	**the Netherlands**
Total market rent per sqm (€)	253	345	299	261
EPRA Net Initial Yield	5.9%	5.2%	5.2%	6.0%
EPRA Vacancy rate	5.9%	7.9%	11.3%	2.0%
Average vacany period (in months)	4-9	13	6-12	5
Bandwith vacancy (in months)	0-12	0-13	0-12	0-12

2013	**Belgium**	**Finland**	**France**	**the Netherlands**
Total market rent per sqm (€)	220	346	402	253
EPRA Net Initial Yield	6.1%	5.3%	6.1%	5.9%
EPRA Vacancy rate	3.0%	0.6%	1.0%	3.0%
Average vacany period (in months)	0-6	12	6	6
Bandwith vacancy (in months)	0-14	12	3-9	0-12

The EPRA net initial yield is calculated by taking the net passing rent (passing rent at balance sheet date minus property expenses) divided by the gross market value including transfer costs. The total average net initial yield amounts to 5.5% (2013: 5.8%).

A change in yield with 0.25% results in a change of approximately € 117m in equity (€ 3.33 per share) and the result. A 5% drop of the estimated market rent, assuming stable yields, has a negative impact on shareholders' equity of approximately € 121m (€ 3.45 per share).

INVESTMENT PROPERTIES IN OPERATION - LEASE DATA

	Average maturity rent *		Annualised contract rent expiring in:		
	Until	Until lease			
2014	**first break**	**end date**	**Year 1**	**Year 2**	**Year 3 - 5**
Belgium	3.4	6.7	11,226	9,873	19,768
Finland	5.4	5.8	4,446	640	12,256
France	3.2	5.1	6,588	10,656	32,622
the Netherlands	3.5	4.0	9,900	5,388	17,374
Total portfolio	3.7	5.4	32,160	26,557	82,020

*) Excluding indefinite contracts

INVESTMENT PROPERTIES UNDER CONSTRUCTION

The revaluations can be broken down as follows:

(x € 1,000)

	2014	**2013**
France	-	19,700
the Netherlands	-17,177	-7,515
Total	-17,177	12,185

The main development projects are the Dutch refurbishment and refreshment projects. With regard to the Dutch shopping centres in development a fair value per property has been obtained from the appraiser, resulting into fair value changes. The development properties has been accounted for as cost of the development including changes in fair value. In 2014, total amount of fair value change was a loss of € 17.2m.

6. PROPERTY AND EQUIPMENT

(x € 1,000)

	Property in own use	Office equipment	Cars	Total
Balance at January 1, 2013	2,074	1,875	501	4,450
Investments/purchases	-	1,350	208	1,558
Disposals	-2,074	-355	-64	-2,493
Depreciation	-	-397	-191	-588
Exchange rate differences	-	-6	-3	-9
Balance at December 31, 2013	-	2,467	451	2,918
Balance at January 1, 2014	-	2,467	451	2,918
Investments/purchases	-	270	205	475
Disposals	-	-1	-22	-23
Depreciation	-	-547	-181	-728
Exchange rate differences	-	4	1	5
Balance at December 31, 2014	-	2,193	454	2,647

December 31, 2014	**Office equipment**	**Cars**	**Total**
Total acquisition at cost	5,868	1,103	6,971
Total depreciation	-3,675	-649	-4,324
Net book value	2,193	454	2,647

December 31, 2013	**Office equipment**	**Cars**	**Total**
Total acquisition at cost	5,540	918	6,458
Total depreciation	-3,073	-467	-3,540
Net book value	2,467	451	2,918

7. INTANGIBLE ASSETS

The intangible assets consist of capitalised cost internally developed software and goodwill from acquisitions.

(x € 1,000)

	December 31, 2014	December 31, 2013
Capitalised cost of internally developed software	1,715	1,814
Goodwill	-	2,020
	1,715	3,834

CAPITALISED COST OF INTERNALLY DEVELOPED SOFTWARE

(x € 1,000)

	December 31, 2014	December 31, 2013
Balance at January 1	1,814	1,973
Investments	168	135
Depreciation	-267	-294
Balance at December 31	1,715	1,814

	December 31, 2014	December 31, 2013
Total acquisition at cost	2,590	2,454
Total depreciation	-875	-640
Net book value	1,715	1,814

GOODWILL

	December 31, 2014	December 31, 2013
Balance at January 1	2,020	2,020
Impairment	-2,020	-
Balance at December 31	-	2,020

The goodwill relates to the acquisition of ING RED Belgium in 2010.

At year-end, a test for impairment was performed based upon valuations, feasibility analysis and future cash flows related to the projects taken over from ING RED Belgium. Due to the transfer of Genk from development to investments in operation and the related valuation at fair value, the goodwill was impaired. The impairment loss is included in the revaluation results of investment properties.

8. FINANCIAL ASSETS

(x € 1,000)	IFRS Category	December 31, 2014	December 31, 2013
Loans	Loans and receivables	607	1,904
Deposits paid	Loans and receivables	204	1,230
Financial assets available for sale	Available for sale	9,116	18,507
Derivative financial instruments	Fair value through P&L	43,641	10,122
Total		53,568	31,763

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 € 0.2m (2013: € 1.0m). Where applicable all financial assets are fully collectible and not past the due date.

LOANS AND DEPOSITS PAID

The fair value of loans and deposits paid has been determined using an internal discounted cash flow model. The discount rate is equal to prevailing observable interest market rates.

FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are measured at fair value using stock market prices (level 1). This item comprises of certificates of Belgian real estate vehicles.

With respect to the financial assets available for sale, which consists of equity instruments, an amount of € -2.8m revaluation result has been accounted for directly in equity (2013: € 3.0m). The financial assets related to the Belgian real estate vehicle were economically considered sold upon the acceptance of the binding offer for Kortrijk Ring investment. Due to the disposal of financial assets available for sale in 2014 revaluation results have been recycled to the income statement for the amount of € 3.2m.

DERIVATIVE FINANCIAL INSTRUMENTS

Further reference is made to note 26.

9. DEFERRED TAX ASSETS

(x € 1,000)

	2014	2013
Balance at January 1	2,605	3,129
Compensated	-2,605	-524
Balance at December 31	-	2,605

Due to the disposal of the Spanish portfolio the deferred tax assets have been set off against the deferred tax liabilities. An amount of € 17m losses with regard to Spain has not been capitalised as recovery is not foreseen within the near future.

10. OTHER NON-CURRENT ASSETS

PENSION PLANS

In 2014 a buy-out took place with regard to the UK pension plan with Aviva. In 2014 Wereldhave contributed € 0.2m in order to make the buy-out possible. This has been recorded as result from discontinued operations. In 2015 and onwards no more contributions will be made to the UK pension plan.

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

(x € 1,000)	United Kingdom	
	2014	2013
Fair value of plan assets	-	17,906
Benefit obligations	-	17,906
Net asset	-	-

RECONCILIATION OF NET ASSET

Net Asset recognised at January 1	-	1,044
FX difference	-	-22
Charge/Credit recognised in P&L	-	157
Remeasurement recognised in OCI (Income)/Loss	-	-7,220
Employer contributions	-	6,041
Net Asset recognised at December 31	-	-

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

	United Kingdom	
	2014	**2013**
Balance at January 1	17,906	18,464
FX difference	622	-401
Interest income on plan assets	759	772
Return om scheme assets	1,635	-6,258
Employer contributions	361	6,041
Employee contributions	6	6
Administrative cost paid	-11	-
Benefits paid	-2,128	-
Settlements	-19,151	-718
Balance at December 31	-	17,906

The movement in the defined benefit obligation is as follows:

	United Kingdom	
	2014	**2013**
Balance at January 1	17,906	17,419
FX Difference	618	-367
Net service cost	-	19
Interest cost	759	727
Employee contributions	-	6
Benefits paid	-2,128	-718
Experience (gains) / losses	361	-
(Gain)/Loss due to assumption changes	1,635	962
Past service cost	-	-142
Expenses	-	-
Settlements	-19,151	-
Balance at December 31	-	17,906

11. TRADE AND OTHER RECEIVABLES

(x € 1,000)

	December 31, 2014	December 31, 2013
Tenant receivables	8,803	5,387
Service charge receivable	18,468	908
Prepayments	9,186	4,355
Interest to be received	8,570	5,187
Withholding tax	4,181	1,532
Value added tax	1,136	1,570
Dividend tax	5,850	4,726
Escrow receivable with regard property disposals	-	2,862
Other	13,114	5,063
Total	69,308	31,590

The fair value of the trade and other receivables coincides with their carrying amount. Wereldhave holds tenants deposits, credit letters from bank and Group credit letters as collateral. As in 2013, other receivables do not include amounts with a maturity of more than twelve months.

The service charges have increased in 2014 due to the acquisition of the French portfolio. Service charges receivable and payable for the French retail portfolio are not netted of, but are shown separately. Interest to be received refers to interest receivable under interest rate swaps.

MATURITY OF TENANT RECEIVABLES

	December 31, 2014	December 31, 2013
- up to 1 month	6,017	3,416
- between 1 and 3 months	2,057	552
- between 3 and 12 months	3,813	1,822
- more than 1 year	4,630	2,187
	16,517	7,977
Deduct: provision	-7,714	-2,590
	8,803	5,387

The tenant receivables category ‘up to 1 month’ includes debtors which are not immediately due for an amount of € 2.0m (2013: € 1.4m). In 2014 an amount of € 1.0m (2013: € 0.3m) was added to the provision doubtful debtors and an amount of € 0.1m (2013: € 3.1m) was withdrawn.

12. TAX RECEIVABLES

(x € 1,000)

	December 31, 2014	December 31, 2013
Company tax	34	292

13. CASH AND CASH EQUIVALENTS

(x € 1,000)

	December 31, 2014	December 31, 2013
Bank balances	43,226	16,693
Deposits	75,979	71,773
Total	119,205	88,466

Deposits of € 76m are held as collateral for debentures with a value of € 45m.

14. ASSETS HELD FOR SALE

Assets held for sale amounts to nil. A Dutch logistic property of € 6m was sold in 2014 (2013: € 6m related to same Dutch logistic property).

15. SHARE CAPITAL

(number of shares)	Authorised share capital	Number of issued shares	Purchased shares for remuneration	Outstanding number of shares
Balance at January 1, 2013	400,000,000	21,679,608	-	21,679,608
Purchased in 2013	-	-	-1,217	-1,217
Balance at December 31, 2013	400,000,000	21,679,608	-1,217	21,678,391
Purchased in 2014	-	-	-2,236	-2,236
Change nominal value	-360,000,000	-	-	-
Change articles of association	35,000,000	-	-	-
Conversion priority shares	-	10	-	10
Rights issue	-	13,341,303	-	13,341,303
Balance at December 31, 2014	75,000,000	35,020,921	-3,453	35,017,468

The authorised ordinary shares have a par value of € 1 each. All issued ordinary shares have been fully paid.

In 2014 the nominal value of the ordinary shares has been changed from €10 to €1.

On 16 December 2014 Wereldhave issued 13,341,303 new shares via a rights-issue for €41.23 per share. All issued ordinary shares have been fully paid up.

The shares for remuneration were awarded to the Board of Management in the Annual General Meeting of April 25, 2014.

Preference shares	Authorised share capital	Issued share capital
Balance at January 1, 2014	200,000,000	-
Change nominal value	-180,000,000	-
Change articles of association	55,000,000	-
Balance at December 31, 2014	75,000,000	-

The preference shares have a par value of € 1 each. No preference shares have been issued.

Priority shares A	Authorised share capital	Issued share capital
Balance at January 1, 2013	10	10
Additions in 2013	-	-
Balance at December 31, 2013	10	10
Converted to ordinary shares	-10	-10
Balance at December 31, 2014	-	-

Priority shares B	Authorised share capital	Issued share capital
Balance at January 1, 2013	19,999,990	-
Additions in 2013	-	-
Balance at December 31, 2013	19,999,990	-
Converted to ordinary shares	-19,999,990	-
Balance at December 31, 2014	-	-

CAPITAL MANAGEMENT

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.

16. SHARE PREMIUM

Share premium is paid up share capital in excess of nominal value. The share premium is exempt from tax to the amount of € 1,436m (2013: € 733m). The share premium has increased by € 518m (net) due to the issue of 13,341,303 new shares at a price € 41.23 per share (€ 40.23 above nominal value).

17 GENERAL RESERVE

The dividend paid during the year, relating to the previous year amounts € 3.30 (2012: € 3.30) per qualifying ordinary share.

An amount of € 402m (2013: € 358m) has been designated as a legal reserve, relating to the unrealised revaluation of investment properties, and cannot be distributed.

18 HEDGE RESERVE

The hedge reserve comprises the effective portion of the cumulative net change in fair value of hedging instruments designated as cash flow hedges where the hedged transaction has not yet occurred.

19. REVALUATION RESERVE

The revaluation reserve relates to the unrealised valuation results of financial assets available for sale. Due to the disposal of financial assets available for sale in 2014 revaluation result have been recycled to the income statement for an amount of € 3.2m (positive in income statement).The financial assets related to the Belgian real estate vehicle were economically considered sold upon the acceptance of the binding offer for Kortrijk Ring investment. The accumulated revaluation amount has been recognised in the income statement.

20. RESERVE FOR EXCHANGE RATE DIFFERENCES

The exchange rate differences reserve comprise of:

- the exchange differences arising from the translation of the income statements of foreign subsidiaries denominated in USD and GBP; The subsidiaries in the US and the UK are dormant.
- 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
- translation differences on results in foreign currencies (difference between year-end and average rates).

(x € 1,000)	**2014**	**2013**
Balance at January 1	-11,302	-25,118
Exchange rate differences on net investments in foreign entities	1,872	-2,952
Hedges of net investments in foreign entities	-2,072	-3,725
Exchange rate differences on results in foreign currencies (difference between year-end and average rates)	-17	-451
Recycling exchange rate differences to the income statement	3,888	20,944
Balance at December 31	-7,631	-11,302

Due to capital repayments and the disposal of foreign entities in 2014 exchange rate differences have been recycled to the income statement for an amount of € 3.9m (negative in income statement). This has been recorded as part of the discontinued operations.

21. INTEREST BEARING LIABILITIES

COMPOSITION

(x € 1,000)

	December 31, 2014	**December 31, 2013**
Long term		
Bank loans	843,107	406,706
Debentures	-	41,829
Convertible bonds	234,418	224,134
	1,077,525	672,669
Short term		
Interest bearing debt	173,423	8,000
Total interest bearing liabilities	1,250,948	680,669

MOVEMENTS IN INTEREST BEARING LIABILITIES

Including short term portion of long term debt

	2014	2013
Balance at January 1	680,669	1,288,778
New loans	1,201,590	66,000
Repayments	-672,533	-655,768
Use of effective interest method	5,590	7,441
Effect of fair value hedges	5,626	-14,989
Exchange rate differences	30,006	-10,793
Balance at December 31	1,250,948	680,669

In addition to the repayments, an amount of € 5.9m has been paid in order to repurchase the convertibles.

CONVERTIBLE BONDS

At year-end Wereldhave had two convertible bonds outstanding.

	Maturity	Face value	Interest rate	Conversion rate	Maximum number of shares
2010	5 years	130,000,000	2.875%	71.7816	1,811,049
2014	5 years	250,000,000	1.000%	67.147	3,723,175
					5,534,224

	2014	2013
Balance at January 1	224,134	447,212
Repayment nominal value convertible bond 2010	-100,000	-230,000
Face value convertible bond 2014	250,000	-
Use of effective interest method	-11,275	6,922
Interest bearing debt at December 31	362,859	224,134

The convertible bonds are treated as a compound financial instrument.

€ 100m of the 2010-2015 2.875% Convertible Bond was repurchased in 2014. In 2014 no convertible bonds have been converted.

The 2010 issued bond is presented as short term interest bearing liabilities for an amount of € 129m, since repayment is due in 2015.

2010-2015 CONVERTIBLE BOND

The components of a convertible bond are stated separately in accordance with the economic content of the agreement as a financial liability and shareholder's equity. At the time of issue, the fair value of the debt component is determined on the basis of market interest rate applicable to a comparable nonconvertible instrument. This amount is carried as a financial liability on the basis of amortised cost of purchase using the effective interest rate method up until the time of fulfilment, i.e. when the instrument is converted or reaches its maturity.

The equity component is calculated by subtracting the value of the debt component from the fair value of the whole instrument. The resultant value, less the income tax impact, is recognised as part of the share premium reserve in shareholder's equity.

2014-2019 CONVERTIBLE BOND

On 15 may 2014 Wereldhave issued a 1% Convertible Bond due 22 May 2019 for a amount of € 250m. The conversion price is € 67.147. The Company will have the right to redeem all outstanding 2014-2019 Convertible Bonds at par plus accrued interest

(i) on or after the third anniversary of the Settlement Date (as defined below) plus 21 days if the aggregate value of the shares per the 2014-2019 Convertible Bond for a specified period of time equals or exceeds 130 per cent. of the principal amount of the 2014-2019 Convertible Bond
(ii) if 20 percent or less of the principal amount of the 2014-2019 Convertible Bond issued remains outstanding.

The fair value of the conversion option has been separated from the loan contract and has been accounted for as derivative. The fair value of the conversion option is calculated using option valuation models. The change in value of the conversion option is accounted for in the income statement.

US PRIVATE PLACEMENT (USPP)

In July 2014 Wereldhave issued a private placement for an amount of € 265m consisting of 7 notes with varying maturities. A total of € 160m of the notes is dominated in Euro and the remainder in US dollars and Pound sterling. The US Dollar notes (US 92.5m) have been swapped into Euro for the whole maturity (10 and 12 years), the Pound sterling note (GBP 30m) has been swapped into Euro for 10 years of the 15 years maturity.

The notes have an average weighted maturity of 10.1 year and an average interest rate of 2.9% after being swapped and including the swap costs.

SECURED INTEREST BEARING LIABILITIES

Secured interest bearing liabilities consist of two GBP mortgage debentures from 1985 and 1987 until 2015 for which security has been given. The bonds were originally secured by a mortgage, but as the properties in the UK have been sold, the mortgages have been replaced by a cash deposit.

UNSECURED INTEREST BEARING LIABILITIES

Unsecured interest bearing liabilities have financial covenants that include various clauses. As at December 31, 2014 Wereldhave complied with these clauses.

Ratios	December 31, 2014	December 31, 2013
Loan to value	35%	27%
Solvency	58%	68%
Interest coverage ratio	5.8	6.6

Wereldhave uses a net LTV (35%) in its communication with investors. The LTV definition in the covenants is a gross LTV i.e. cash is not deducted from the debt. In accordance with this definition the LTV is 38%. In the covenants is defined that LTV may not exceed 60%.

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 nominal interest based on nominal interest rates, without the effects of the effective interest rate method amounts to:

	2014	2013
Euro	1.6%	2.8%
US dollar	2.9%	-
Pound sterling	3.8%	4.3%
Total	2.2%	2.8%

The average interest rate (as a %) based on the effective interest method is as follows:

	2014				2013			
	EUR	GBP	USD	Total	EUR	GBP	USD	Total
Short term interest bearing debt								
bank debt and other loans	4.2%	10.0%	-	5.7%	0.9%	-	-	0.9%
interest rate swaps	-	-5.6%	-	-5.6%	-	-	-	-
Long term interest bearing debt								
unsecured								
convertible bonds	2.4%	-	-	2.4%	3.9%	-	-	3.9%
bank debt and other loans	1.8%	4.6%	4.9%	3.3%	2.7%	-	-	2.7%
interest rate swaps	-1.5%	-	-	-1.5%	-	-5.7%		-5.7%
secured								
debentures	-	-	-	-	-	10.5%	-	10.5%
Average	2.4%	4.1%	4.9%	3.2%	3.1%	4.8%	-	3.1%

FAIR VALUE OF DEBT

The carrying amount and the 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.

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 the absence of such 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 carrying amount and fair value of long term interest bearing debt is as follows:

	December 31, 2014		December 31, 2013	
	carrying amount	fair value	carrying amount	fair value
Bank debt and other loans	843,107	855,248	406,706	420,157
Debentures	-	-	41,829	47,715
Convertible bond	234,418	242,649	224,134	235,180
	1,077,525	1,097,897	672,669	703,052

CURRENCIES

The carrying amount of interest bearing debt of the Group (short and long term) are denominated in the following currencies:

	December 31, 2014		December 31, 2013	
	currency	EUR	currency	EUR
Euro	773,024	773,024	361,333	361,333
US dollar	392,500	333,216	300,000	217,533
Pound sterling	115,050	144,708	84,873	101,803
		1,250,948		680,669

Interest bearing debt in U.S. Dollars and British Pound were for an amount of USD 392.5m and GBP 80m converted to EURO via multiple cross currency interest rate swaps.

HEDGE INSTRUMENTS

Interest bearing debt instruments to the amount of € nil (2013: nil) have been qualified as hedging instruments in net investments hedge accounting relations to hedge investments in foreign operations. Reference is made to note 26.

CREDIT FACILITIES

As at December 31, 2014, Wereldhave had a total of € 703m (2013: € 545m) of credit facilities (committed plus uncommitted) that expire within 1 to 5 years. As at December 31, 2014, Wereldhave had undrawn committed credit facilities to the amount of € 420m (2013: € 467m). The average maturity of the committed credit facilities at 31 December 2014 was 2.9 years (2013: 3.1 years).

22. DEFERRED TAX LIABILITIES

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

(x € 1,000)

	2014	2013
Balance at January 1	76,270	87,492
Movements taken to the result	1,441	-9,966
Compensated with deferred tax assets	-2,605	-
Transferred to short term tax liabilities	-	-1,250
Other	-15	-6
Balance at December 31	75,091	76,270

The movement in deferred tax liabilities in 2014 is the result of revaluations and the sale of investment properties with a tax liability (Spain).

23. OTHER LONG TERM LIABILITIES

(x € 1,000)

	December 31, 2014	December 31, 2013
Pension plans	1,373	860
Tenants deposits	11,627	2,280
Capital commitments payable	-	3,780
Derivative financial instruments	17,577	7,927
Other	181	105
Total	30,758	14,952

Tenant deposits consists of amounts received from tenants as a guarantee for future rental payment obligations.

PENSION PLANS

The net liability from the defined benefit plan in Belgium and the Netherlands is composed as follows:

	Belgium		the Netherlands		Total	
	2014	2013	2014	2013	2014	2013
Fair value of plan assets	2,618	3,121	-	-	2,618	3,121
Benefit obligations	3,990	3,981	-	-	3,990	3,981
Net liability	1,372	860	-	-	1,372	860
Reconciliation of net liability						
January 1	860	874	-	8,410	860	9,284
Charge/Credit recognised in P&L	376	324	-	1,616	376	1,940
Remeasurement recognised in OCI (Income)/Loss	433	117	-	-6,078	433	-5,961
Employer contributions	-297	-455	-	-3,948	-297	-4,403
December 31	1,372	860	-	-	1,372	860

The movement of the defined benefit obligation is as follows:

	Belgium		the Netherlands		Total	
	2014	2013	2014	2013	2014	2013
Balance at January 1	3,981	3,599	-	58,054	3,981	61,653
Net service cost	359	295	-	1,592	359	1,887
Interest cost	109	93	-	1,835	109	1,928
Employee contributions	13	16	-	214	13	230
Benefits paid	-919	-	-	-1,385	-919	-1,385
Experience (gains) / losses	547	17	-	-1,254	547	-1,237
(Gain)/Loss due to assumption changes	-	90	-	-4,088	-	-3,998
Past service cost	-	-	-	-1,481	-	-1,481
Expenses	-99	-129	-	-	-99	-129
Settlements	-	-	-	-53,487	-	-53,487
Balance at December 31	3,990	3,981	-	-	3,990	3,981

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

	Belgium		the Netherlands		Total	
	2014	2013	2014	2013	2014	2013
Balance at January 1	3,121	2,725	-	49,644	3,121	52,369
Interest income on plan assets	91	63	-	1,584	91	1,647
Return om scheme assets	114	-11	-	736	114	725
Actual expenses	-99	-129	-	-200	-99	-329
Employer contributions	297	457	-	3,948	297	4,405
Employee contributions	13	16	-	214	13	230
Benefits paid	-919	-	-	-1,385	-919	-1.385
Settlements	-	-	-	-54,541	-	-54,541
Balance at December 31	2,618	3,121	-	-	2,618	3,121

The assumptions used are:

- discount rate obligations	1.15%	2.75%	0.00%	3.20%
- rate of annual salary increases	2.00%	2.00%	0.00%	2.00%

The fair value of the Belgian pension assets consists, as in 2013, for 100% of insurance contracts.

MORTALITY RATES

The mortality rates used for Belgium are the MR/FR series. The mortality rates used for the Dutch pension scheme in 2013 have been obtained from the mortality tables “Gehele bevolking mannen en vrouwen 2012-2062”.

Plan assets in both countries do not include shares issued by the Company in 2014 and 2013. For the above mentioned pension plans the expected employer’s contribution is € 0.3m for 2015 (only for Belgium). Reference is made to note 10 for employee benefits plans with a net asset.

24. TAX PAYABLE

(x € 1,000)

	December 31, 2014	December 31, 2013
Company tax	101	1,567

25. OTHER SHORT TERM LIABILITIES

(x € 1,000)

	December 31, 2014	December 31, 2013
Deferred rents	15,613	7,039
Property expenses	18,032	7,189
Interest	17,244	8,780
General costs	14,391	3,673
Capital commitments payable	91,535	6,290
Social securities	2,387	591
Value added tax	43	-388
Dividend tax	5,850	4,726
Other short term liabilities	21,149	6,832
Total	186,244	44,732

The duration of short term liabilities is less than 1 year.
Capital commitments payable include € 81m for the purchase of remaining part of shopping centre Kortrijk Ring.

26. FINANCIAL INSTRUMENTS

(x € 1,000)

Derivatives are used to hedge net investments in foreign operations, cash flow and fair value risks.

HEDGING INSTRUMENTS

Forward exchange contracts, cross currency interest rate swaps and foreign currency loans can be classified as hedging instruments against exchange risk on investments and borrowings in USD and GBP and interest rate risk. The fair value of these instruments break down as follows:

2014	Hedged risk	Principal	Fair value assets	Fair value liabilities
Cashflow hedge				
Cross currency interest rate swap	Currency	123,549	851	-
Currency swap	Currency	123,549	7,190	-
Currency swap	Currency	64,193	4,460	-
Currency swap	Currency	76,189	5,977	-
Currency swap	Currency	38,516	1,309	-
Interest rate swap	Interest	50,000		-494
Fair value hedge				
Cross currency interest rate swap	Interest	123,549	22,959	-
Net investment hedge				
Forward foreign exchange contracts	Currency	29,529	-	-195
No hedge accounting				
Interest rate swap	Interest	56,490	895	-
Interest rate swap	Interest	110,108	-	-5,890
			43,641	-6,579*

*) The amount is excluding € 10,998 for the conversion right of the convertible bond, which is recorded as a derivative.

2013	Hedged risk	Principal	Fair value assets	Fair value liabilities
Cashflow hedge				
Cross currency interest rate swap	Currency	108,767	-	-278
Currency swap	Currency	108,767	-	-7,624
Currency swap	Currency	59,974	-	-278
Fair value hedge				
Cross currency interest rate swap	Interest	108,767	6,126	-
Net investment hedge				
Forward foreign exchange contracts	Currency	27,588	-	-24
No hedge accounting				
Interest rate swap	Interest	52,777	4,274	-
			10,400	-8,204

The fair value of a hedging derivative is classified as long term if the remaining maturity of the hedged item is longer than 1 year and as a current asset or liability if the remaining maturity is less than 1 year.

The remaining term of the derivatives for interest and currency conversion is as follows:

	December 31, 2014	December 31, 2013
- up to 1 year	86,019	27,588
- between 1 and 5 years	242,262	134,146
- more than 5 years	343,842	143,362
Total	672,123	305,096

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

(x € 1,000)	2014				2013		
	EUR	USD	GBP	Total in EUR	USD	GBP	Total in EUR
FX differences recognised in equity due to retranslation of foreign operations	-	-108	1,963	1,855	6,852	-9,804	-2,952
Hedge result	-	-	-2,072	-2,072	-2,887	-838	-3,725
Effective part fair value changes in cashflow hedging	343	-477	1,323	1,189	-7,797	-278	-8,075
Net effect in equity	343	-585	1,214	972	-3,832	-10,920	-14,752

Gains and losses on forward exchange transactions under net investment hedge are recognised in the reserve exchange rate differences reserve.

In 2014, a net loss of € 1.1m (2013: € 1.7m) was recognised in the income statement as a result of ineffectiveness of fair value hedges.

Regarding fair value hedge derivatives, a profit of € 3.5m has been included in net interest, and a loss for the same amount has been recorded on the same line in the income statement for the hedged item. The cumulative fair value adjustment on the hedged item is € 5.8m negative.

NET INVESTMENT HEDGE

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

(amounts in local currency x 1,000)	December 31, 2014		December 31, 2013	
	USD	GBP	USD	GBP
Net investment in foreign subsidiaries before hedging	658	27,665	2,518	25,099
Hedging instruments:				
- derivatives (principal)	-	23,000	-	23,000
- interest bearing debts	-	-	-	-
Net investment hedge	-	23,000	-	23,000
Net investment exposure after hedging	658	4,665	2,518	2,099

DERIVATIVES

Derivatives include (cross currency) interest rate swaps whose fair value has been determined by a calculation models based on contractual and market interest rates (level 2). These calculations are checked with calculations obtained from banks. Other derivatives relate to forward foreign currency contracts whose fair value is determined on the basis of mathematical models based on agreed forward rates. In the models the counter party risk has been taken into account via the expected exposure method.

Changes in the fair value of derivative financial instruments for interest conversion are accounted for as financial assets at fair value through profit and loss. During 2014 a negative amount of € 9.4m was charged to the other financial income and expense (2013: € 2.3m negative) relating to these financial assets.

CREDIT RISK

During 2014 the market value of the interest swaps 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 credit risk of counter parties is monitored on a continuous basis.

27. FINANCIAL ASSETS AND LIABILITIES

FINANCIAL RISKS

Wereldhave's financial risks management focuses the unpredictable nature of the financial markets and aims to minimize adverse effects on the Group's financial position and performance. Wereldhave is exposed to the following financial risks:

INTEREST RISK

Indexation in rental contracts provides a certain degree of protection, but this is insufficient to cover an increase in interest rates in the same period.
Exposure to the risk of changes in the market interest rates relates primarily to the Group's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using interest rate swap agreements. These interest rate swap agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is Wereldhave's policy to keep at least 60% of its borrowings at fixed rates of interest. In the current low interest rate environment Wereldhave has fixed the interest rate on more than 80 % of its debt.

SENSITIVITY

When the overall interest rates change by 0.5%, result and equity will change by € 1.2m (2013 € 1.5m). This would result in a change of result and net asset value per share of € 0.03 (2013: € 0.07). The ratio between fixed and variable interest rate is 81%-19% (2013: 57%-43%).

CURRENCY RISK

Wereldhave operates in Euro countries only after it no longer owns property investments in USD and GBP areas. The currency risk has been reduced significantly compared to previous years. The main currency risks relates to USD and GBP notes in the US Private Placement program and have been almost fully hedged to Euro through cross currency swaps and a GBP position resulting from GBP deposits and GBP debenture loans, which has been hedged almost fully to Euro.

(x € 1,000)	December 31, 2014		December 31, 2013	
	currency	EUR	currency	EUR
Euro	773,024	773,024	361,333	361,333
US dollar	392,500	333,216	300,000	217,533
Pound sterling	115,050	144,708	84,873	101,803
		1,250,948		680,669

LIQUIDITY RISK

Wereldhave manages its liquidity risk on a consolidated basis with cash provided from rental income being a primary source of liquidity. The Group manages short-term liquidity based on a rolling forecast for projected cash flows for a twelve-month period.

Besides the cash from operations fluctuations in the liquidity requirement are accommodated by means of several revolving credit facilities of in total € 670m. The maturity of € 300m was extended to the first quarter of 2019.

Consequently a facility of € 100m is available until the second half of 2015, facilities amounting to € 160m are available until the first half of 2016, a facility of € 30m is available until the first half of 2017, a facility of € 30m is available until the first half of 2018 and facilities amounting to € 350m are available until the first half of 2019.

As at year-end 2014, borrowing under the facilities stood at € 250m (2013: € 131m). The interest and repayment obligations for 2015 are guaranteed by means of the available facilities.

Based on the current operating performance and liquidity position, the Company believes that cash generated by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next twelve months and the foreseeable future.

Liquidity risk is furthermore managed by maintaining strong capital ratios, maintaining relationships with various international banks and financial markets, and maintaining sufficient credit facilities (committed and uncommitted), see note 21.

Wereldhave must at all times meet its obligations under the loans it has taken out, including the interest cover ratio. The interest cover ratio is calculated by dividing the net rental income plus dividends received by the net interest payable. This must not be less than 2. The 2014 interest cover ratio was 5.8 (2013: 6.6). Wereldhave must also meet solvency requirements: shareholder equity less intangible assets plus provision for the deferred tax liabilities should be at least 40% of the total assets less intangible assets. At year-end 2014 the solvency ratio was 58.1% (2013: 67.6%). During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

Apart from these obligations and commitments, Wereldhave’s tax status imposes financing limits.

Wereldhave funds itself with a diversity of financing instruments in money markets and capital markets. Debt maturities are chosen in line with the long term character of Wereldhave’s assets. Consequently Wereldhave has a well-spread maturity profile.

Financial transactions are only concluded with the prior approval of the Board of Management and the Supervisory Board.

CREDIT RISK

Wereldhave’s maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position.

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 related to lease contracts is mitigated by bank warranties and deposits received from tenants. The maximum credit risk is the carrying amount less bank warranties and deposits received from tenants. Wereldhave monitors this creditworthiness per tenant and determines via management reports the adequacy of the provision for doubtful debtors.

SENSITIVITY OF CREDIT RISK ON LEASE INCOME

In case 1% of the annual rent is not paid, the effect on the gross rental income amounts to € 1.8m (2013: € 1.2) and € 0.07 (2013: € 0.05) on the result per share. If 10% of debtors would default on payment, this would impact results by € 0.8m (2013: € 0.5m). As a result of such default, result per share would change by € 0.03 (2013 € 0.02).

Wereldhave’s maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position.

To limit credit or counterparty risk, only financial institutions with an investment grade credit rating are eligible as counterparties for financial transactions.

CONCENTRATION OF CREDIT RISK

Under concentration of risk is understood to mean that a single financial risk is mainly borne 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. The credit risk further reduced by the size and diversification of the tenant portfolio as a result of which there is no concentration of risk due to there being one single tenant.

MATURITY OF AND INTEREST PAYABLE ON DEBT

The maturity and interest payable of debt (up to 12 months including trade payables and derivative financial liabilities) and future contractual interest payments is as follows:

(x € 1,000)	December 31, 2014			December 31, 2013		
	Principal	**Interest**	**Total**	**Principal**	**Interest**	**Total**
- up to 1 year	190,589	29,359	219,949	15,934	21,684	37,618
- between 1 and 2 years	123,549	19,891	143,440	282,042	20,009	302,051
- between 2 and 5 years	593,021	49,630	642,651	254,854	16,484	271,338
- more than 5 years	369,425	41,603	411,028	142,173	4,092	146,265
Total debt	1,276,585	140,483	1,417,067	695,003	62,269	757,272

The difference between the sum of the nominal principal values and the carrying amount of € 10.0m (2013: € 6.4m) consists of the negative equity component of the convertible bond for an amount of € 1.3m (2013: € 4.9m), the negative component of the convertible bond, recorded as a derivative € 12.5m (2013: nil) amortised costs of € 7.0m (2013: € 3.8m) the positive fair value adjustment on hedged items € 10.8m (2013: € 2.3m)\the foreign exchange rate differences between nominal and IFRS accounting € nil (2013: € nil).

With regard to the interest on debt with variable interest rates, the rates prevailing at the balance sheet date have been used to determine the future outgoing cash flow. In addition to the financial liabilities mentioned above Wereldhave has a tenant deposit liability for an amount of € 11.6m (2013: € 2.3m). Tenants are obliged to deposit cash when entering a lease contact. The average term of these deposits is 5.4 years (2013: 4.6 years).

FINANCIAL ASSETS AND LIABILITIES

The table below gives an overview of financial assets and liabilities discussed in previous notes. The first column shows the IFRS categories and subsequent columns the IFRS classes of financial instruments are shown.

(x € 1,000)

December 31, 2014	Loans and receivables	Non hedging derivatives	Hedging derivatives	Available for sale	Total	Note
Assets						
Financial assets	811	895	42,746	9,116	53,568	8
Trade and other receivables	69,308	-	-	-	69,308	11
Cash and cash equivalents	119,205	-	-	-	119,205	13
	189,324	895	42,746	9,116	242,081	

	Non hedging derivatives	Hedging derivatives	Other financial liabilities	Total	Note
Liabilities					
Interest bearing debts	-	-	1,250,948	1,250,948	21
Tenants deposits	-	-	11,627	11,627	23
Financial liabilities	16,888	494	195	17,577	23
Trade payables	-	-	9,505	9,505	
	16,888	494	1,272,275	1,289,657	

December 31, 2013	Loans and receivables	Non hedging derivatives	Hedging derivatives	Available for sale	Total	Note
Assets						
Financial assets	3,134	4,274	5,848	18,507	31,763	8
Trade and other receivables	31,590	-	-	-	31,590	11
Cash and cash equivalents	88,466	-	-	-	88,466	13
	123,190	4,274	5,848	18,507	151,819	

	Hedging derivatives	Other financial liabilities	Total	Note
Liabilities				
Interest bearing debts	-	680,669	680,669	21
Tenants deposits	-	2,280	2,280	23
Financial liabilities	7,903	24	7,927	23
Trade payables	-	7,935	7,935	
	7,903	690,908	698,811	

Fair values of financial assets and liabilities are equal to the carrying amounts, unless mentioned otherwise in the separate notes.

Where applicable, specific risks and further characteristics per financial assets and liabilities are discussed in the related notes. Reference is made to note 8 for the measurement methods with regard to the financial assets.

Except for the cash and cash equivalents no assets and liabilities have been presented on a net basis. Cash and cash equivalents can be netted, due to cash pooling arangements. The debit cash and cash equivalents amount in 2014 is € 222m (2013: € 262m). The credit cash and cash equivalents in 2014 is € 103m (2013: € 174m).

OFF BALANCE SHEET ASSETS AND LIABILITIES

The Group has provided guarantees to minority shareholders for an amount of € nil million (2013: € 16m).

The Group has contracted capital commitments for an amount of € 5m (2013: € 57m) with regard to investment properties under construction. The Group has leasehold liabilities for an amount of € 65m (2013: € 66m). Furthermore, the Group has undrawn committed credit facilities to the amount of € 420m (2013: € 467m).

In addition to the Purchase Price of the six French shopping centres, Wereldhave may be required to pay additional amounts according to earn-out provisions that have been agreed with regard to the leasing performance by the seller for the period up to 18 months after closing. Any additional amounts required to be paid are not expected to be material. Furthermore, the current fair value of the earn-out provisions is estimated to be nil.

With regard to the disposal of the Spanish operation a resale clause has been agreed for one property. Wereldhave will share in any capital gain on resale. At this moment the fair value of this gain is estimated to be nil.

The maturity of the Group capital commitments and leasehold liabilities are as follows:

(x € 1,000)

	2014	2013
-up to 1 year	5,689	57,812
-between 2 and 5 years	5,337	4,804
-more than 5 years	59,551	60,565
Total	70,577	123,181

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

Where applicable, specific risks and further characteristics per financial assets and liabilities are discussed in the related notes. Reference is made to note 8 for the measurement methods with regard to the financial assets.

28. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

(x €m)

2014		**Fair value measurement using**		
		Quoted prices	**Observable input**	**Unobservable input**
	Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Investment property in operation	3,222	-	-	3,222
Investment property under construction	23	-	-	23
Financial assets				
- Derivative financial instruments	44	-	44	-
- Available for sale	9	9	-	-
Assets for which the fair value has been disclosed				
- Loans and deposits paid	1	-	-	1
Liabilities for which the fair value has been disclosed				
-Interest bearing debt	1,098	243	855	-
- derivative financial instruments	18	-	18	-

There were no transfers between levels during the year.

2013		**Fair value measurement using**		
		Quoted prices	**Observable input**	**Unobservable input**
	Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Investment property in operation	1,732	-	-	1,732
Investment property under construction	395	-	-	395
Financial assets				
- Derivative financial instruments	10	-	10	-
- Available for sale	19	19	-	-
Assets for which the fair value has been disclosed				
- Loans and deposits paid	3	-	-	3
Liabilities for which the fair value has been disclosed				
-Interest bearing debt	703	283	420	-
- derivative financial instruments	8	-	8	-

There were no transfers between levels during the year.

29. GROSS RENTAL INCOME

Lease contracts 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 cost charges. Lease contracts have various expiry terms and break clauses. Rent indexation is agreed in countries where indexation is usual or legally permitted.

Service and operating cost 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 7.3% in 2014 (2013: 9.0%).

Rental income based on turnover of the tenant amounts to 2.5% (2013: 2.3%) of gross rental income. Lease incentives provided to tenants amounts to 3.0% (2013: 4.2%) of gross rental income.

A change in the average occupancy rate by 0.5% results in a change of gross rental income by € 0.9m.

The aggregate contractual rent for the next five years from lease contracts as at December 31, 2014 is shown in the following table (Lease contracts with turnover related clauses are accounted for assuming the base rent only):

(x € 1,000)

	2014	**2013**
- up to 1 year	148,816	101,932
- between 1 and 5 years	278,643	178,781
- more than 5 years	40,239	31,317

30. PROPERTY EXPENSES

(x € 1,000)

	2014	**2013**
Property maintenance	846	628
Property taxes	2,943	2,453
Insurance premiums	302	278
Property management	3,320	2,601
Leasing expenses	695	673
Other operating costs	2,419	1,193
Total	10,525	7,826

An impairment to € 0.4m relates to debtors (2013: € 0.3m). These costs are accounted for in the other operating costs.

31. VALUATION RESULTS

(x € 1,000)

	2014		2013	
Investment properties				
Valuation gains	222		27,638	
Valuation losses	-23,812		-25,114	
		-23,590		2,524
Investment properties under constructions				
Valuation gains	-		19,700	
Valuation losses	-17,177		-7,515	
		-17,177		12,185
Total		-40,767		14,709

32. RESULTS ON DISPOSALS

(x € 1,000)

	2014		2013	
Properties				
Gross proceeds from sales	111,566		37,669	
selling costs	-1,335		-1,463	
Net proceeds from sales		110,231		36,206
Book value investment properties	-104,332		-39,550	
Book value lease incentives	-		-239	
		-104,332		-39,789
Total		5,899		-3,583

33. GENERAL COSTS

(x € 1,000)

	2014		2013	
Salaries and social security contributions	12,803		11,331	
Pension costs	1,084		1,715	
Audit and advisory fees	2,273		1,817	
Office costs	3,567		3,280	
Other general costs	5,434		3,064	
		25,161		21,207
Allocated to property expenses/ service costs	-3,158		-2,565	
Allocated to investments/IPUC	-5,442		-3,665	
Charged to third parties	-3,024		-1,893	
		-11,624		-8,123
Total		13,537		13,084

PENSION COSTS

The total cost for defined benefit plans is as follows:

2014	Belgium	the Netherlands	Total
Current service cost	371	-	371
Past service cost - curtailment	-	-	-
Settlement Loss/(Gain)	-	-	-
Service cost	371	-	371
Net interest on Net Defined Benefit Liability (Asset)	17	-	17
Employee contributions	-13	-	-13
Administration expense	-	-	-
	376	-	376

2013	Belgium	the Netherlands	Total
Current service cost	311	1,592	1,903
Past service cost - curtailment	-	-1,481	-1,481
Settlement Loss/(Gain)	-	1,054	1,054
Service cost	311	1,165	1,476
Net interest on Net Defined Benefit Liability (Asset)	29	251	280
Employee contributions	-16	-	-16
Administration expense	-	200	200
	324	1,616	1,940

The following amounts have been recognised in other comprehensive income (OCI):

OTHER COMPREHENSIVE INCOME

2014	Belgium	the Netherlands	Total
Actuarial (gain)/loss due to liability expenses	434	-	434
Actuarial (gain)/loss due to liability assumption changes	-	-	-
	434		434
Return on scheme assets (greater)/less than discount rate	-	-	-
Changes in irrovocable surplus	-	-	-
Remeasurement effect recognised in OCI	434	-	434

(Table above: Changes in irrevocable surplus = Changes in irrevocable surplus).

With regard to discontinued operations an amount of € nil has been recognised in other comprehensive income (2013: € 4.7m).

2013	Belgium	the Netherlands	Total
Actuarial (gain)/loss due to liability expenses	117	-1,254	-1,137
Actuarial (gain)/loss due to liability assumption changes	-	-4,088	-4,088
	117	-5,342	-5,225
Return on scheme assets (greater)/less than discount rate	-	-736	-736
Changes in irrovocable surplus	-	-	-
Remeasurement effect recognised in OCI	117	-6,078	-5,961

In total the following amounts have been recognized in the income statement and OCI:

DEFINED BENEFIT

2014	Belgium	the Netherlands	Total
Service cost	371	-	371
Net interest on Net Defined Benefit Liability (Asset)	17	-	17
Remeasurement effect recognised in OCI	434	-	434
Defined benefit cost	823	-	823

2013	Belgium	the Netherlands	Total
Service cost	324	1,616	1,940
Administration expense	-	200	200
Remeasurement effect recognised in OCI	117	-6,078	-5,961
Defined benefit cost	441	-4,262	-3,821

EMPLOYEES

Including Spain (10 persons), during the year 2014 an average of 142 persons (2013: 126) were employed by the group, of which 57 (2013: 54) in the Netherlands and 85 (2013: 72) abroad.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT

(x € 1,000)

Management remuneration	2014	2013
Salaries and Other short-term employee benefits	1,255	1,169
Termination benefits	325	-
Post-employment benefits	147	177
Other long-term benefits	-	-
Share-based payments	127	66
Total	1,854	1,412

The Supervisory Board members and the members of the Board of Management are considered to be key management personnel.

Supervisory Board	2014	2013
J.A.P van Oosten	50	48
F.Th.J. Arp	11	35
P.H.J. Essers	-	8
H.J. van Everdingen	35	85
J.A. Bomhoff	31	21
H.L.L. Groenewegen	24	-
F.C. Weijtens	36	24
	187	221

As at December 31, 2014, Mr Van Everdingen held 10,000 ordinary shares in the Company; Mr Groenewegen held 2,740 shares. These were acquired by them as private investment through the market. The other members of the Supervisory Board do not hold shares or options in Wereldhave N.V. The Company has not issued loans, advances or financial guarantees to members of the Supervisory Board. Shares or options on shares have not been and will not be awarded to members of the Supervisory Board.

Mr F.Th.J. Arp resigned as Supervisory Board member after the maximum term in office as per April 25, 2014. Mr H.L.L. Groenwegen was appointed as member of the Supervisory Board.

Board of Management

2014	Fixed income	STI	LTI	One off	Pension	Social	Crisis tax	Total
D.J. Anbeek	409	166	149	-	89	10	-	822
P. Roozenboom	244	105	-	325	39	7	-	720
R. Bolier	88	36	32	-	19	3	-	178
Total	741	307	181	325	147	20	-	1,720

2013								
D.J. Anbeek	402	154	66	50	121	10	63	866
P. Roozenboom	187	70	20	-	56	6	6	345
Total	589	224	86	50	177	16	69	1,211

Mr P. Roozenboom stepped down as per 15 April, 2014. Mr R. Bolier has been appointed as CFO as per 23 September 2014.

With regard to the stepping down of Mr P. Roozenboom a one off payment was made for the amount of € 325,120.

The variable remuneration which can be achieved by the Board of Management at an 'at target' level is 50% of the annual salary, while the maximum bonus is capped at 85% of the annual salary.

The variable remuneration is dependent on:
- the development of the like for like net rental growth (maximum of 40%)
- the total shareholder return (maximum of 20%)
- the achievement of personal goals (maximum of 25%).

The variable bonus related to the development of the like-for-like net rental income and total shareholder return is divided in an unconditional short term bonus (30%) and a conditionally awarded long-term bonus (70%). The component for the personal targets is unconditional and paid as short term.

The short and long term bonus of Mr D.J. Anbeek's targets and scores for 2014 are as follows:

Target	Cap	Score	STI	LTI	Vestiging	Condition
Personal target	25%	25%	25.0%	0.0%	-	-
Like-for-like net rental growth	40%	36%	10.8%	25.2%	2016	LfL > 0% 2015-2016
Total shareholder return	20%	16%	4.8%	11.2%	2016	average TSR > 6th place
Total	85%	77%	40.6%	36.4%		

The short and long term bonus of Mr R. Bolier targets and scores for 2014 are as follows:

Target	Cap	Score	STI	LTI	Vestiging	Condition
Personal target	25%	25%	25.0%	0.0%	-	-
Like-for-like net rental growth	40%	36%	10.8%	25.2%	2016	LfL > 0% 2015-2016
Total shareholder return	20%	16%	4.8%	11.2%	2016	average TSR > 6th place
Total	85%	77%	40.6%	36.4%		

For the year 2014 a long-term variable remuneration will be granted to Mr Anbeek for an amount of € 148,759 and for Mr R. Bolier in the amount of € 32,099. The long-term variable remuneration is a share-based payment that is conditionally awarded. The conditions are that, in addition to continuance of employment, the average like-for-like net rental growth for the Group over the next two years remains positive and for the TSR performance indicator that the average place with regard to total shareholders return over the next two years remains higher than the 6th place.

The short-term bonus is payable in cash, after deduction of income tax and social charges.

The long-term bonus is payable in shares only. On determination of the conditional bonus each year, the amount in cash is calculated into a conditional share balance based on the share price at the end of the first day of trading after ex-dividend listing of the Wereldhave share in the year in which the conditional bonus is awarded.

The shares qualify for dividend payments. The conditional share balance will be increased by a number of conditional shares equal to the amount of the dividend divided by the share price at the time dividend is paid. If after three years the vesting conditions are met, the number of awarded shares that vest are released to the member of Board of Management. The Board of Management pays income tax and social charges on the long-term variable remuneration.

The vesting period for the 2012 long-term variable bonus is January 1, 2012 to December 31, 2014 and for the 2013 long-term variable bonus January 1, 2013 to December 31, 2015. For the 2014 long-term variable bonus this is January 1, 2014 to December 31, 2016.

Financial year grant	Vesting period u/i Dec 31	Long-term bonus	Accounted in financial statements 2014	Accounted in earlier financial statements	Total accounted for
2014 - D.J. Anbeek	2016	149	50	-	50
2013 - D.J. Anbeek	2015	132	44	44	88
2012 - D.J. Anbeek	2014	66	22	44	66
2014 - R. Bolier	2016	32	11	-	11

With regard to the 2014 long-term bonus of Mr D.J. Anbeek the requirements for vesting are continued employment and the average like-for-like net rental growth over the 2015 and 2016 remaining positive.

As per December 31, 2014 the long-term variable bonus 2014 would represent 2,423 shares for Mr D.J. Anbeek and 523 shares for Mr R. Bolier based on a share price of € 61.39 per share (based on the listed price as per February 9, 2015).

The actual number of shares will be determined at the share price of the first day after the ex-dividend. The shares will be bought after the approval of the annual accounts in the Annual General Meeting of Shareholders of April 24, 2015. The shares will be accounted for as shares for remuneration as part of the general reserve.

After the Annual General Meeting of Shareholders of April 2014 2,180 shares were bought for Mr D.J. Anbeek in relation to the 2013 long-term bonus and 56 shares were acquired with the reinvestment of dividend. These shares have been conditionally awarded and are accounted for as shares for remuneration as part of the general reserve.

Mr D.J. Anbeek holds 11.844 shares, of which 3,958 are conditional and of which the remainder is unconditional or has been acquired as private investments. The current fair value of the shares owned by Mr D.J. Anbeek based on the stock exchange price amounts to € 61.39 per share (as per February 9, 2015) in total € 727,103.
Mr R. Bolier holds 2.063 shares in Wereldhave N.V. per December 31, 2014 as private investment.

The Company has not granted loans, advances or financial guarantees to members of the Board of Management.

The model to calculate the fair value of the share awards incorporates the ranking of the total shareholder returns of the Company against the defined peer companies as published by EPRA, the combined cap for the short term and long term incentive at 85% of base pay and the expected dividend payments based on the Company's dividend policy.

34. OTHER INCOME AND EXPENSES

(x € 1,000)

	2014	2013
Dividend received	1,125	1,198
Other	-4,767	193
Total other income and expense	-3,642	1,391

“Other” consists mainly of costs related to acquisitions.

35. INTEREST CHARGES AND INCOME

(x € 1,000)

	2014	2013
Interest charges		
Interest paid *	-19,706	-16,348
Capitalised interest *	6,671	6,585
Amortised costs loans	-1,480	-2,337
Interest charges related to loans	-14,515	-12,100
Interest addition convertible bonds *	-1,748	-5,187
Interest addition other loans and receivables *	-	53
	-1,748	-5,134
Total interest charges	-16,263	-17,234
Interest income		
Interest received *	515	290
Total interest charges and income	-15,748	-16,944

*) included in calculation interest coverage ratio. See note 21.

Capitalised interest in connection with developments is based on the Group's weighted average cost of debt. During 2014, the range of weighted average interest rates used was 3.15% - 3.5% (2013: 1.4% - 3.5%). The average interest rate in 2014 was 2.2% (2013: 3.1%). The line item 'interest paid' includes costs related to fees paid for undrawn parts of committed financing facilities amounting to € 2.1m (2013: € 2.6m).

36. OTHER FINANCIAL INCOME AND EXPENSES

(x € 1,000)

	2014	2013
Exchange rate differences	-264	2,654
Costs repurchase convertible	-4,976	-10,168
Fair value adjustments financial instruments	-7,986	-2,304
Movement in pension liabilities	-	-462
Total	-13,226	-10,280

37. TAXES ON RESULT

(x € 1,000)

	2014	2013
Profit before tax	33,755	42,888
Tax charges according to applicable tax rates	11,579	15,566
Tax-exempt income based on fiscal status	-9,375	-10,106
Deductible costs	154	849
Change in tax rates	112	-14,894
Other	-396	418
Taxes on result	2,074	-8,167
Weighted average tax rate	6.1%	-19.0%

For 2014 the current tax charge is € 0.6m positive (2013: € 0.4m negative) and the deferred tax charge was € 1.4m (2013: € 8.6m profit). The applicable tax rates for Group companies vary from 0% for tax-exempt entities, based on their fiscal status, to up to 34%.

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

There are no tax effects relating to other comprehensive income or amounts directly credited to equity (2013: idem).

38. RESULT FROM DISCONTINUED OPERATIONS

Discontinued operations represent the net result of the UK and USA operations that were sold in 2013 and the net result of the Spanish operations that was sold in 2014. The results from discontinued operations break down as follows:

2014

(x € 1,000)	UK	USA	Spain	Total
Net rental income	463	-	3,588	4,051
Valuation results	-	-	-707	-707
Results on disposals	-	-	3,296	3,296
General costs	-29	-	-556	-585
Net interest	-3,711	-	-2,709	-6,420
Other financial income and exp	-3,888	-	-	-3,888
Other	479	614	-1,623	-530
Result	-6,686	614	1,289	-4,783

2013

(x € 1,000)	UK	USA	Spain	Total
Net rental income	2,998	7,227	4,976	15,201
Valuation results	2,531	-	-8,386	-5,855
Results on disposals	-9,234	2,464	-	-6,770
General costs	-353	-329	-708	-1,390
Net interest	-3,836	-1,723	-3,068	-8,627
Other financial income and exp	-20,765	-	-	-20,765
Other	-1,836	-207	-	-2,043
Result	-30,495	7,432	-7,186	-30,249

An amount of € -0.2m is presented in other comprehensive income for the currency translation, which will be recycled through the income statement in future years. An amount of € 3.9m is recycled through the income statement in 2014 (€ 20.9m in 2013).

In the cash flow statement the following amounts have been accounted for in relation to the discontinued operations in 2014: operating activities € -1.5m, investment activities € 94.9m and financing activities € nil.

An amount of € 3.7m (2013: € 9.1m) in other comprehensive income relates to discontinued operations with regard to exchange rate differences (€ 3.7m, 2013: € 13.8m) and remeasurement of pension schemes (€ nil, 2013: € -4.7m).

39. SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

PRINCIPAL SUBSIDIARIES

Name	Country of incorporation	Proportion of ordinary shares held by parent (%)	Proportion of ordinary shares held by the group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Wereldhave Finland Oy	Finland	100		
Agenttitalo Holding Oy	Finland	100		
Itäkeskus Holding Oy	Finland	100		
Ilôt Kleber S.A.S.	France	100		
Urbagreen S.A.S.	France	100		
Espace Saint Denis S.A.S.	France	100		
NODA S.A.S.	France	100		
Wereldhave Retail France S.A.S.	France	100		
SCI Bordeau Bonnac	France	0.01	99.99	
SCI du CC Bordeaux Prefecture	France	0.01	99.99	
SNC les Docks de Rouen	France	0.01	99.99	
SNS Les Passages de l'Etoile	France	0.01	99.99	
SNC Marceau Coté Seine	France	0.01	99.99	
SNC Elysees Vauban	France	0.01	99.99	
SCI due CC Rouen Saint Sever	France	0.01	99.99	
SNC Cegep et Compagnie	France	0.01	99.99	
SCI des Bureaux Rouen Bretagne	France	0.01	99.99	
SCI Rouen Verrerie	France	0.01	99.99	
SCI Fonciere Marceau Saint Sever	France	0.01	99.99	
N.V. Wereldhave International	Netherlands	100		
C.V.A. Belgium S.C.A.	Belgium	33.19	36.22	30.59
Wereldhave Management Holding B.V.	Netherlands	100		
Wereldhave Development B.V.	Netherlands	100		
West World Holding N.V.	Netherlands	100		
Relovast B.V.	Belgium	100		
Relovast II B.V.	Belgium	100		
Relovast IV B.V.	Belgium	100		
Espamad S.L.	Spain	100		
Wereldhave U.K. Holdings Ltd.	UK	100		

All subsidiaries are included in the consolidation. The proportion of voting rights held by the parent or by the Group companies in the subsidiaries do not differ from the proprotion of ordinary shares held The parent does not have any shareholdings in preference shares of subsidiaries in the Group.

The total amount of non-controlling interest as at end of 2014 amounts to € 152m.

SUMMARIZED FINANCIAL INFORMATION FOR C.V.A. BELGIUM S.C.A.

	2014	2013
Summarized balance sheet		
Current assets	13,986	8,537
Current liabilities	-102,932	-16,734
Total current net assets	-88,946	-8,197
Non-current assets	760,036	618,214
Non-current liabilities	-172,806	-119,038
Total non-current net assets	587,230	499,176
Net assets	498,284	490,979
Summarized income statement		
Revenue	38,794	35,832
Profit before income tax	39,554	34,953
Income tax expense/income	-699	-201
Post tax profit from continuing operations	38,855	34,752
Other Comprehensive Income	-3,765	2,467
Total Comprehensive Income	35,090	37,219
Total Comprehensive Income allocated to non-controlling interest	10,734	11,385
Dividend paid to non-controlling interest	8,491	8,202
Summarized cash flows		
Cash flows from operating activities		
Cash generated from operations	38,168	28,093
Interest paid	-2,124	-
Income tax paid	-	-
Net cash generated from operating activities	36,044	28,093
Net cash used in investment activities	-69,268	-30,754
Net cash used in financing activities	34,743	3,180
Net increase in cash and cash equivalents and bank overdrafts	1,519	519
Cash, cash equivalents and bank overdfat at beginning of the year	2,534	2,015
Exchange gains / losses on cash and cash equivalents	-	-
Cash and cash equivalents and bank overdafts at year-end	4,053	2,534

The information above is the amount before intercompany eliminations

40. TRANSACTIONS WITH SHARE-HOLDERS

In 2014 there were no transactions with shareholders which affected profit and loss.

41. RESULT AND DILUTED RESULT PER SHARE UPON FULL CONVERSION

RESULT PER SHARE

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.

DILUTED RESULT PER SHARE

The diluted result per share 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.

(x € 1,000)

	2014	2013
Result attributable to shareholders of the Company	19,803	69,620
Adjustment for effect convertible bonds	7,465	9,729
Result after effect convertible bonds	27,268	79,349

Number of shares as at January 1	21,678,391	21,679,608
Adjustment for conversion priority shares	5	-
Adjustment for rights issue	3,707,397	3,294,510
Adjustment for purchase of own shares for remuneration	-1,457	-1,217
Weighted average number of shares for fiscal year 2014	25,384,336	24,972,901
Adjustment for convertible bonds	5,534,224	3,204,146
Diluted average number of shares after adjustment for the effects of all dilutive potential shares for fiscal year 2014	30,918,560	28,177,047

As the conversion has a positive effect on the result per share, this is not taken into account in the diluted result per share. See note 43 for the proposed dividend for 2014.

42. NET ASSET VALUE PER SHARE

NET ASSET VALUE PER SHARE

The 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 issued as at that date.

	2014	2013
Equity available for shareholders (x € 1,000)	1,823,414	1,349,426
Number of ordinary shares per 31 December	35,020,921	21,679,608
Purchased shares for remuneration	-2,180	-1,217
Number of ordinary shares per 31 december for calculation net asset value	35,018,741	21,678,391
Net asset value per share (x € 1)	52.07	54.02*

* Adjusted for the rights issue.

NET ASSET VALUE AFTER FULL CONVERSION

	2014		2013	
	in € 1,000	in € per share	in € 1,000	in € per share
Equity	1,823,414	52.07	1,349,426	62.24
Effect of full conversion	128,441	0.93	223,357	1.91
Equity after full conversion	1,951,855	53.00	1,572,783	64.15

As the convertibles are not in the money, no effect of conversion is taken into account.

43. DIVIDEND

It is proposed to distribute to holders of ordinary shares a dividend of € 2.87 in cash in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax.

44. RELATED PARTIES

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 33. With regard to transactions with the pension fund reference is made to notes 10 and 23.

In the financial year 2014, no business transactions took place in which conflicts of interest of the Board of Management might have played a role.

COMPANY BALANCE SHEET AT DECEMBER 31, 2014

(before profit appropriation; x € 1,000)

	Note	December 31, 2014		December 31, 2013	
ASSETS					
Investments					
Investments in subsidiaries	2	1,520,818		1,507,985	
Other financial investments	3	1,648,226		674,772	
			3,169,044		2,182,757
Receivables	4				
Group companies		142,940		102,201	
Tax receivables		6,523		5,036	
Accruals		11,847		6,293	
Other receivables		5,898		2,843	
			167,207		116,373
Other assets					
Cash and cash equivalents			60,064		-
			3,396,316		2,299,130
EQUITY AND LIABILITIES					
Equity	5				
Share capital		35,021		216,796	
Share premium		1,467,196		759,740	
General reserve		-95,332		-24,182	
Revaluation reserve		418,242		376,916	
Hedge reserve		-11,453		-7,913	
Reserve for exchange rate differences		-5,280		-11,302	
Result current year		15,020		39,371	
			1,823,414		1,349,426
Long term liabilities	6				
Interest bearing liabilities		1,027,525		531,939	
Currency swaps		16,887		7,927	
			1,044,412		539,866
Short term liabilities	7		528,490		409,837
			3,396,316		2,299,130

COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

(x € 1,000)

	Note	2014	2013
Result from subsidiaries after tax	2	29,270	48,343
Other gains and losses after tax		-14,250	-8,972
Result		15,020	39,371

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL

1.1 PRINCIPLES FOR THE PRESENTATION OF THE COMPANY ACCOUNTS

The Company accounts have been made up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. 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 has been used.

The consolidated annual accounts are prepared in accordance to International Financial Reporting Standards as endorsed in the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. Reference is made to the notes to the consolidated annual accounts. The change in accounting for employee benefits (IAS 19R) as described in note 3.1 of the consolidated financial statements has also been incorporated in the Company accounts.

The annual accounts have been prepared before distribution of profit with the exception where distribution is determined by law.

1.2 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries 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. INVESTMENTS IN SUBSIDIARIES

Movements are as follows:

(x € 1,000)

	2014	2013
Balance at January 1	1,507,985	1,555,846
Exchange rate differences	38,561	9,765
Movements in pension schemes	-301	-1,259
Investments / divestments	10	-40,713
Revaluation of financial assets held for sale	-1,973	2,100
Recent subsidiaries	29,271	48,343
Dividends	-52,472	-69,336
Other	-263	3,239
Balance at December 31	1,520,818	1,507,985

LIST OF SUBSIDIARIES

At December 31, 2014, the Company had direct shareholdings in the following companies:

			Shareholding (%)
Wereldhave Finland Oy			100
Agenttitalo Holding Oy			100
Itäkeskus Holding Oy			100
Ilôt Kleber S.A.S.			100
Urbagreen S.A.S.			100
Espace Saint Denis S.A.S.			100
NODA S.A.S.			100
Wereldhave Retail France S.A.S.			100
	99.99	SCI Bordeau Bonnac	0.01
	99.99	SCI du CC Bordeaux Prefecture	0.01
	99.99	SNC les Docks de Rouen	0.01
	99.99	SNS Les Passages de l'Etoile	0.01
	99.99	SNC Marceau Coté Seine	0.01
	99.99	SNC Elysees Vauban	0.01
	99.99	SCI due CC Rouen Saint Sever	0.01
	99.99	SNC Cegep et Compagnie	0.01
	99.99	SCI des Bureaux Rouen Bretagne	0.01
	99.99	SCI Rouen Verrerie	0.01
	99.99	SCI Fonciere Marceau Saint Sever	0.01
N.V. Wereldhave International			100
	33.19	C.V.A. Belgium S.C.A.	36.22
Wereldhave Management Holding B.V.			100
Wereldhave Development B.V.			100
West World Holding N.V.			100
Relovast B.V.			100
Relovast II B.V.			100
Relovast IV B.V.			100
Espamad S.L.			100
Wereldhave U.K. Holdings Ltd.			100

3. OTHER FINANCIAL INVESTMENTS

(x € 1,000)	Receivables from subsidiaries	Other financial assets	Total
Balance at December 31, 2012	959,656	28,149	987,805
Exchange rate differences	-14,139	-144	-14,283
Investments / withdrawal	173,424	-	173,424
Divestments / redemptions	-454,291	-17,883	-472,174
Balance at per December 31, 2013	664,650	10,122	674,772
Exchange rate differences	546	-	546
Investments / withdrawal	1,522,111	33,519	1,555,630
Divestments / redemptions	-582,722	-	-582,722
Balance at December 31,2014	1,604,585	43,641	1,648,226

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

4. RECEIVABLES

The receivables not accounted for under Financial Investments are due in less than one year. The fair value of the receivables coincides with the balance sheet valuation.

5. EQUITY

SHARE CAPITAL

The share capital of the Company at December 31, 2014 amounted to € 150m divided over € 75m ordinary shares of € 1 and € 75m preference shares of € 1. The issued and paid up share capital amounts to € 35m, formed by 35,020,921 ordinary shares.

In the year 2013 1,217 shares were purchased for the long term bonus plan of the Board of Management. In the year 2014 2,180 shares were purchased for the long term bonus of the Board of Management. These shares were conditionally awarded to Mr D.J. Anbeek.

The movements in equity during 2014 and 2013 were as follows:

(x € 1,000)	Share capital	Share premium reserve	General reserve	Revaluation reserve subsidiaries *)	Hedge reserve *)	Currency translation differences *)	Result current year	Total
Balance at December 31, 2012	216,796	767,315	75,621	442,417	162	-25,118	-98,439	1,378,754
Remeasurement of past employment obligations	-	-	1,259-	-	-	-	-	-1,259
Result distribution 2012	-	-	96,197-	-2,242	-	-	98,439	-
Currency translation differences of foreign participations	-	-	-	-	-	13,816	-	13,816
Movement in reserves	-	-	-	2,100	-8,075	-	-	-5,975
Revaluation realised	-	-	65,359	-65,359	-	-	-	-
Purchase remuneration shares	-	-	-66	-	-	-	-	-66
Option premium convertible	-	-7,575	7,575	-	-	-	-	-
Premium repurchase convertible	-	-	-3,700	-	-	-	-	-3,700
Dividend	-	-	-71,515	-	-	-	-	-71,515
Profit for the year **)	-	-	-	-	-	-	39,371	39,371
Balance at December 31, 2013	216,796	759,740	-24,182	376,916	7,913-	-11,302	39,371	1,349,426
Result distribution 2013	-	-	3,929-	43,300	-	-	-39,371	-
Currency translation differences of foreign participations	-	-	-	-	-	6,022	-	6,022
Movement in reserves	-	-	-	-1,974	-3,540	-	-	-5,514
Purchase remuneration shares	-	-	-134	-	-	-	-	-134
Option premium convertible	-	-5,657	4,757	-	-	-	-	-900
Remeasurement of past employment obligations	-	-	-301	-	-	-	-	-301
Change nominal value shares	-195,116	195,116	-	-	-	-	-	-
Proceeds from rights issue	13,341	536,721	-	-	-	-	-	550,062
Costs rights offering	-	-18,724	-	-	-	-	-	-18,724
Dividend	-	-	-71,543	-	-	-	-	-71,543
Profit for the year **)	-	-	-	-	-	-	15,020	15,020
Balance at December 31, 2014	35,021	1,467,196	-95,332	418,242	-11,453	-5,280	15,020	1,823,414

*) 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 the nominal value. The share premium is exempted from tax for distribution to the amount of € 1,436m (2013: € 733m).

GENERAL RESERVE

Allocation of profit over 2013

The Annual General Meeting of Shareholders on April 25, 2014 determined the following allocation of the profit over 2013:

(x € 1,000)

Distributed to holders of ordinary shares	71,543
Added/withdrawn:	
- Revaluation reserve subsidiaries	43,300
- General reserve	-75,472
Result after tax	39,371

DIVIDEND 2014

The 2014 dividend proposal is explained in the 'Other Information'.

REVALUATION RESERVE

Revaluation reserves are maintained with respect to the following cumulative unrealised 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
- Revaluations are determined per asset and only taken into account for cumulative positive revaluations

REVALUATION RESERVE SUBSIDIARIES

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

6. LONG TERM LIABILITIES

(x € 1,000)

	December 31, 2014					
	Maturity < 1 year	Maturity 1 - 5 year	Maturity > 5 year	Total long term	Total	December 31, 2013
Debts to subsidiaries	92,094	-	-	-	92,094	90,649
Convertible bonds	128,441	234,418	-	234,418	362,859	224,134
Debt to financial institutions	-	423,682	369,425	793,107	793,107	293,706
Total	220,535	658,100	369,425	1,027,525	1,248,060	608,489

The maturity of interest bearing liabilities shows as follows:

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 bonds reference is made to the notes of the consolidated accounts.

Other long term liabilities relate to cross currency swaps.

AVERAGE EFFECTIVE INTEREST

	2014				2013			
Short term interest bearing debt	EUR	GBP	USD	total	EUR	GBP	USD	total
Debt to financial institutions	4.2%	10.0%	-	5.7%	-	0.5%	-	0.5%
Interest rate swaps	-	-5.6%	-	-5.6%	-	-	-	-
Long term interest bearing debt								
- unsecured								
Debts to subsidiaries	-	-	-	-	1.2%	-	-	1.2%
Convertible bond	2.4%	-	-	2.4%	3.9%	-	-	3.9%
Debt to financial institutions	1.8%	4.6%	4.9%	3.3%	3.2%	-	-	3.2%
Cross currency interest rate swaps	-1.5%	-	-	-1.5%	-	-5.7%	-	-5.7%
Average	2.4%	4.1%	4.9%	3.2%	3.4%	-2.0%	-	2.1%

The interest rate swaps for the debenture accounted for in the UK subsidiary has been arranged in Wereldhave NV.

FAIR VALUE

The carrying amount and the fair value of long term interest bearing debts are as follows:

	December 31, 2014		December 31, 2013	
	carrying amount	fair value	carrying amount	fair value
Debts to Group companies	-	-	90,650	90,650
Convertible bonds	234,418	242,649	224,134	235,180
Debt to financial institutions	793,107	805,248	293,706	307,157
	1,027,525	1,047,897	608,490	632,987

CURRENCIES

There are loans closed in euro, pound sterling and US dollars.

7. SHORT TERM LIABILITIES

(x € 1,000)

	December 31, 2014	December 31, 2013
Debt to financial institutions	136	81,611
Short term portion of long term debt	128,441	-
Creditors	300	23
Debt to Group companies	365,942	316,150
Taxes on profit	109	-2
Other debts	33,562	12,055
	528,490	409,837

8. STAFF

During 2014 the legal entity employed an average of 2.5 persons (2013: 1.6). The employees worked in the Netherlands.

9. AUDIT FEES

In 2014 Wereldhave and her subsidiaries have accounted for the following costs from the Group auditor PricewaterhouseCoopers:

	2014	2013
Audit of the Annual Accounts	305	300
Other audit services	716	198
Tax advisory services	-	1
Other non audit services	27	76
	1,048	575

In "other audit services" an amount of € 595 relates to the rights issue. The total other non-audit services are in compliance with Dutch Auditor Regulations.

Of the total amount of audit fees € 797 (2013: € 159) relates to the Netherlands. This consist of an amount of € 155 (2013: € 151) cost for the audit of the Annual Accounts and € 642 (2013: € 8) for other audit activities.

10. MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

For the remuneration of the members of the Board of Management and Supervisory Board reference is made to note 33 in the consolidated annual accounts.

11. RELATED PARTIES

All Group entities are treated as related parties. Reference is made to note 44 in the consolidated annual accounts.

12. CONTINGENCIES

General guarantees as defined in Art. 403, Book 2 of the Dutch civil code is given by the Company for a number of subsidiaries in The Netherlands.

The Company has given guarantees to third parties for Group companies totalling € 2m (2013: € 52m). Capital investment commitments amount to € nil as per December 31, 2014 (2013: € nil).

The Company is the head of the corporate income tax and VAT units for which Dutch subsidiaries are also included. The Company is also jointly and severally liable for the tax of the tax units as a whole.

The Hague, February 26, 2014

Supervisory Board
J.A.P. van Oosten
H.L.L. Groenewegen
F.C. Weijtens
J.A. Bomhoff
H.J. van Everdingen

Board of Management
D.J. Anbeek
R.J. Bolier

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 if this amount is not available, as much is available from the distributable profit. Distribution of the remaining balance available for distribution is determined by the Annual General Meeting of Shareholders.

PROPOSED DISTRIBUTION OF PROFITS

It is proposed to distribute to holders of ordinary shares a dividend of € 2.87 in cash in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax.

(amounts x € 1m)	**2014**	**2013**
Profit	26.9	39.4
Payment to holders of ordinary shares	100.5	71.5
- Revaluation reserve subsidiaries	42.2	43.3
- General reserve	-115.8	-75.4
	26.9	39.4

EVENTS AFTER BALANCE SHEET DATE

On February 11, 2015 a share issue of C.V.A. Wereldhave Belgium S.C.A. was completed. The number of shares increased by 630,819 shares from 6,308,198 to 6,939,017. Total amount raised with this share issue was € 50m. The consolidated participating share of Wereldhave N.V. remained nearly unchanged.

On January 12, 2015 the purchase of Kortrijk Ring shopping centre by Wereldhave Belgium was completed.

Independent auditor's report

To: the Annual General Meeting of Shareholders and Supervisory Board of Wereldhave N.V.

Report on the financial statements 2014

Our opinion

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 2014 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of Wereldhave N.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of Wereldhave N.V., Schiphol ('the company'). The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet at December 31, 2014;
- the following statements for 2014: the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet at December 31, 2014;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of Wereldhave N.V. in accordance with the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA).

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

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Board of Management made subjective judgements and accounting estimates that involved making assumptions and considering future events that are inherently uncertain such as the valuation of investment properties for the amount of € 3,282 million. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Board of Management that may represent a risk of material misstatement due to fraud.

Materiality

- Overall materiality: € 2.5 million which represents 4% of profit before tax from continuing operations, excluding the results of disposals and valuation.

Audit scope

- We conducted audit work in all the countries in which the company has operations. We paid particular attention to the € 850 million acquisition that took place in France in December 2014 and the related € 550 million rights issue.
- Site visits were conducted to all countries in which the company has continuing operations – Finland, Belgium, the Netherlands and France.

Key audit matters

- Valuation of investment properties
- (Deferred) income tax
- Acquisition of the shopping centres in France and the related rights issue

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as coming from our risk analysis, the correct presentation of the Board of Management and Supervisory Board remunerations helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€ 2.5 million (2013: € 3 million).
How we determined it	4% of profit before tax from continuing operations, excluding the results of disposals and valuation. Investment properties are based on external valuations of which we assess that they are within an acceptable bandwidth (refer to Key Audit Matter "Valuation of investment properties").
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax from continuing operations, excluding the results on disposals and valuation, which we audit separately, is an important metric for the financial performance of the company.

We also take (possible) misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above € 125,000 (2013: € 150,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Wereldhave N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of the company.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

The group audit focused on all components. For the components in Finland, Belgium, the Netherlands, France and Spain (for the period up until its sale in September 2014) a full scope audit of their financial information was performed. As the US and UK operations were sold in 2012 and 2013 respectively and limited residual activities in 2014, the group audit team was able to audit the remaining material positions and transactions in 2014.

For all components we used component auditors from the PwC network firms who are familiar with the local laws and regulations and have the real estate industry knowledge and experience to perform their audit work. The companies that hold the 6 acquired shopping centres in France were audited by a non-PwC network firm. As the acquisition was completed on 18 December 2014, with a resulting immaterial effect on the income statement for the year 2014, we performed, amongst others, a detailed review of the working papers of the non-PwC network firm. The audit of the acquisition of the French shopping centres, the valuation of the investment properties as at 31 December 2014, the result for the period 18 December to 31 December 2014 and the accounting treatment for the acquisition was performed centrally by the group audit team.

The Belgium subsidiary, Comm. VA Wereldhave Belgium SCA, has its own listing on Euronext Brussels stock exchange. As such, the component auditor of the Belgium subsidiary besides undertaking audit procedures for group audit purposes, also has a prominent role in the audit of the statutory financial statements of Comm. VA Wereldhave Belgium SCA, including meetings with local management and the Supervisory Board of Comm. VA Wereldhave Belgium SCA.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. In this respect we performed the following procedures:

- We have issued detailed audit instructions to the component auditors prescribing the scope of work to be performed, our risk assessment, the key audit areas, materiality to be applied and the reporting requirements to the group audit team;
- The group audit team had several calls during the year with the component teams on the progress of the audit;
- The reports of the component auditors were assessed by the group audit team and observations were discussed with the component auditors and with group management;
- The group audit team visited management of local operations and component teams. In the current year the group audit team visited Finland, Belgium, the Netherlands and France, attended the audit closing meetings in Finland, Belgium and the Netherlands where the audit findings were discussed with management and reviewed a selection of the working papers of the component auditors of Finland, Belgium, the Netherlands and France, which included, among others, those concerning valuation of investment properties.

The group consolidation, financial statements disclosures and a number of complex items are audited by the group audit team at the company’s head office. These include, amongst others, valuation of investment properties, derivative financial instruments, external financing, hedge accounting, certain tax positions and share based payments. Our group audit team was complemented by PwC real estate, tax, pensions, IT, valuation and treasury specialists.

As part of the audit of the financial statements our IT auditors assessed the IT control environment and general controls regarding the central AREMIS system which is used by the group.

Furthermore, we have performed a review engagement on the condensed consolidated interim financial information for the nine month period ended 30 September 2014, issued a review report dated 28 November 2014 and issued an assurance report on the pro forma financial information that was included in the prospectus for the rights issue relating to the acquisition in France. For further information we refer to the Key Audit Matter "Acquisition of shopping centres in France and the related rights issue".

By performing the procedures above at components, combined with the audit at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Valuation of investment properties The valuation of the investment properties in operation, investment properties under construction and lease incentives (Investment Properties) is significant to our audit due to their magnitude and their valuation is complex and highly dependent on a range of estimates (amongst others, rental value, vacancy rates, interest rates, maintenance status, market appetite for real estate financing, online sales and bankruptcy of tenants) made by management as well as the external appraisers used. Refer to Note 3.12, 3.35 and 5 for more information on the valuation of the Investment Properties.	The Board of Management uses external appraisers to support its determination of the individual fair value of the Investment Properties bi-annually. Amongst others, we have considered the objectivity, independence and expertise of the external appraisers, assessed the appropriateness of the property related data, including estimates as used by the external appraisers (amongst others rental value, vacancy rates, interest rates, maintenance status, market appetite for real estate financing, online sales and bankruptcy of tenants) and back-tested sales during the year. In addition we used our PwC real estate and valuation specialists to assist us in challenging the external valuations. We have challenged management and the external appraisers about the appropriateness of the property related data and the (movements in) fair value of the Investment Properties. Furthermore, we met with a selection of the external appraisers to discuss their valuation reports and our findings. We have tested the lease incentives included in the rental contracts signed during the year and the accounting of the straight-lining for the year 2014. We concur with managements' position on the valuation of the investment properties in operation, investment properties under construction and lease incentives as set out in

Key audit matter	*How our audit addressed the matter*
	the financial statements. We also assessed the appropriateness of the disclosures relating to the assumptions, as we consider them likely to be very important to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.
(Deferred) income tax The group operates in various countries with local tax regulations, including countries where the group has a tax exempt status (the Netherlands, Belgium and France). The valuation of the (deferred) income tax related items is important to our audit as the assessment process is complex, requires management's judgment and is based on assumptions that are affected by future market or economic conditions. In addition, the tax exempt status is important to our audit as non-compliance with applicable tax laws and regulations could have a material negative impact on the financial position of the group. For more information on (deferred) income tax reference is made to note 3.33, 9, 22 and 37.	Our audit procedures included, amongst others, evaluating and challenging assumptions used by the group to determine deferred tax assets and liabilities and its compliance with the requirements relating to the tax exempt status in the Netherlands, Belgium and France. This included, amongst others, consideration of the financing position, payment of dividends (in the Netherlands: 'Uitdelingsverplichting'), the type of activities and the shareholders criteria. We obtained a letter from the Company's external fiscal advisor relating to the confirmation of the tax position of the Company, which we assessed as part of our audit. We used PwC tax specialists to assist us in testing the tax exempt status and the assumptions and criteria mentioned in the tax letter. We concur with management's position on the (deferred) income tax positions as included in the financial statements.
Acquisition of shopping centres in France and the related rights issue The € 850 million acquisition in France of 6 shopping centres and related rights issue of € 550 million is important to our audit as it increased the Investment Properties position by more than 30% and equity by, in excess of 25%. In addition, the accounting for the acquisition is complex (including the assessment of whether the acquisition qualifies as an asset deal or as a business combination) and it has an important impact on several disclosures in the financial statements and the report of the Board of Management.	We have audited the acquisition of the French portfolio, amongst others, by assessing the accounting treatment of the acquisition, the fair value of the investment properties as at 31 December 2014, the result accounted for in the period 18 December 2014 until 31 December 2014, and the compliance with the company's internal policies and procedures for investments including the approval of the acquisition by the Supervisory Board. We also assessed the accurate presentation of the acquisition in the financial statements and the report of the Board of Management. Given the importance of the valuation of the shopping centers we met with the external appraisers and reviewed and challenged their valuation report. The companies that hold the investment properties are audited by a non-PwC component auditor. We have reviewed relevant

Key audit matter	*How our audit addressed the matter*
	working papers including its audit file. In relation to the prospectus dated 1 December 2014 that related to the rights issue of € 550 million, we have amongst others, issued a review opinion on the consolidated interim financial information as at 30 September 2014 and an assurance report on the pro forma financial information that was included in the prospectus. We have also assessed the appropriateness of the accounting for the related costs to the rights issue that has been directly accounted for in equity. We concur with the treatment of the acquisition and the rights issue in the financial statements.

Responsibilities of the Board of Management and the Supervisory Board

The Board of Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all errors and frauds.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Board of Management report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the Board of Management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Board of Management report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed, for a period of 3 years, as auditors of Wereldhave N.V. by the Supervisory Board following the passing of a resolution by the shareholders at the Annual General Meeting of Shareholders held on 22 April 2013. We have been the auditors of Wereldhave N.V. for a total period of uninterrupted engagement appointments of more than 25 years.

Amsterdam, 4 March 2015
PricewaterhouseCoopers Accountants N.V.

Original version signed by R. Dekkers RA

Appendix to our auditor's report on the financial statements 2014 of Wereldhave N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted of, among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.


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Its a virus, Amsterdam

INDEPENDENT AUDITOR
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