

21 February 2007

“Intervest Retail and Intervest Offices - FY 06 Results”

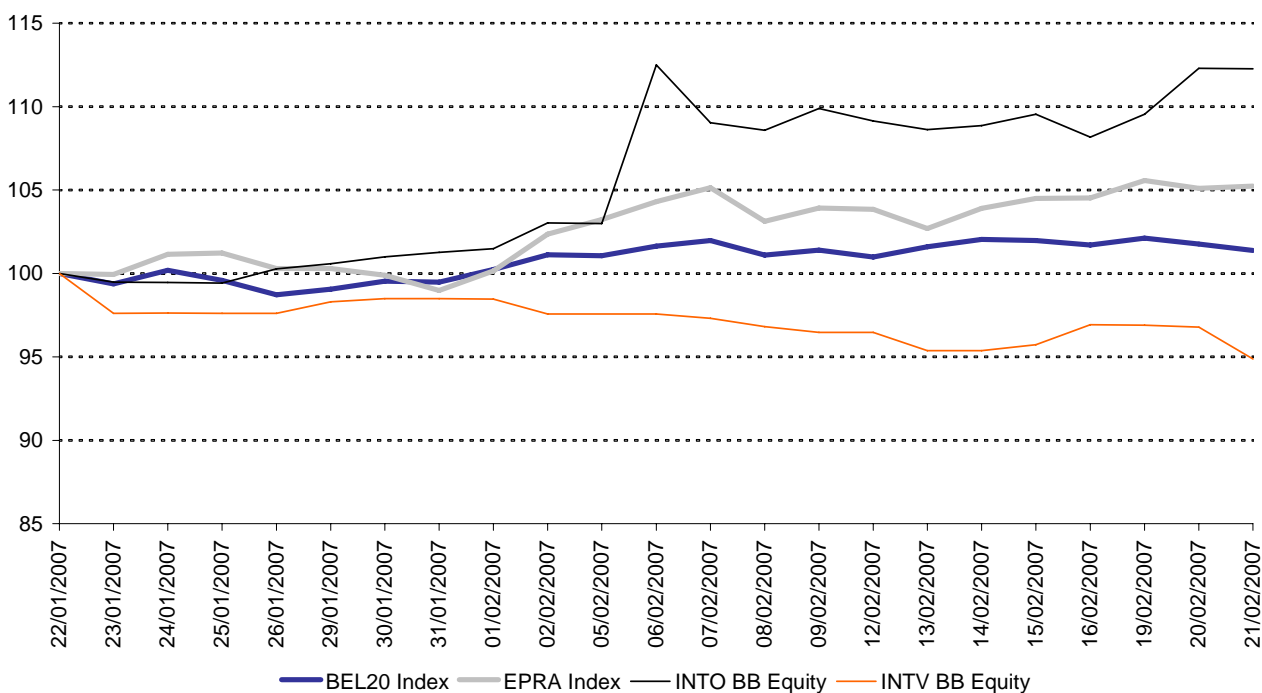
Bel20 -0.37%

Euronext100 -0.18%

Eurostoxx50 -0.14%

S&P500 0.28%

INTERVEST OFFICES/RETAIL vs EPRA/BEL 20 Index





FY06 results

The facts: Yesterday afternoon, Interinvest Offices announced FY06. Operating result before results on the portfolio amounted to EUR 37.82m (+0.8%) and the net result EUR 44.20m (+86.5%). Interinvest Offices announced a gross dividend per ordinary share of EUR 1.87 (-1.5%) which corresponds to a gross dividend yield of 5.71%.

Due to the increase of interest rates, the financial charges increased to EUR 12.04m (+5.5%).

The NAV per share of the portfolio increased by 6.6% to EUR 23.99, which corresponds to a premium of 36.3% on the basis of yesterday's closing price (EUR 32.70).

Due to the yield compression on the real estate market, the result on the portfolio reached a record at EUR 20.6m (non-cash).

The occupancy rate is up to 91.8% compared to a very low 82.3% in 2005; this difference is due to the sale of 6 properties (as discussed below).

Divestments

During 2006, Interinvest Offices decided to take advantage of the very attractive conditions on the market, to sell 6 buildings for a total amount of EUR 92.5m. The loss of value on this sale amounted to EUR 1.3m. The occupancy rate of the sold portfolio amounted to only 42.0%.

Our analysis: Although the dividend 2006 is down to EUR 1.87 in comparison with EUR 1.90 as 2005, Interinvest office continues to offer an attractive gross dividend yield of 5.71%.

Overall, the rental results simply reflect the tough conditions of letting office market in Brussels.

The sale of the 6 buildings with an extremely low occupancy rate of 42% improved strongly the rent situation of the Sicafi Interinvest Offices. Although this transaction generated a loss of value of EUR 1.3m, we believe that this decision will have a positive impact on Interinvest Offices.

We expect that Interinvest Offices will continue to improve its occupancy rate via an active commercial strategy in 2007.

Conclusion & Action: *We believe that the current premium at 36.3% is too high. We are therefore reducing our recommendation from Hold to reduce.*

Scenario under review

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FY06 results

The facts: Yesterday afternoon, Interinvest Retail announced FY06. The operating result before results on the portfolio amounted to EUR 13.81m (-3.0%) and the net result EUR 12.29m (-51.8%). Interinvest Retail announced a gross dividend per ordinary share of EUR 1.97 (-8.6%) which corresponds to a gross dividend yield of 4.9%.

Due to the increase of interest rates, the financial charges increased to EUR 3.90m (+13.5%).

The NAV per share of the portfolio increased by 1.2% to EUR 34.21, which corresponds to a premium of 15.9% on the basis of yesterday's closing price (EUR 39.68).

The occupancy rate stands at 95.5%. Without the Messancy Shopping Factory, this rate has been 99.1%.

Divestments

During 2006, Interinvest Retail decided to sell 12 non-strategic buildings for a total amount of EUR 19.49m. The loss of value on this sale amounted to EUR 1.2m.

New project

During 2006, Interinvest Retail will continue with the construction and the commercialization of the Julianus retail Park in Tongres which will be delivered in 4Q07. This project will have a positive impact on the result from 2008.

Our analysis: Although the net results decreased by 51.8%, the rental situation of the portfolio has improved during 2006 which reflects the good conditions on the letting retail market in Belgium. The only problem is the Messancy shopping Factory which represents 13% of the portfolio. It is struggling with the profitability of this complex (High vacancy rate, renegotiation of rents, incentives to the tenants,...) which had a global negative impact on the FY06 results. (Rental income, results on the portfolio,...).

We expect that Interinvest Retail will continue to improve the global situation of the Messancy shopping Factory via an active commercial strategy in 2007 but in our view the best solution would be a sale of the complex even if this would mean a significant loss.

Conclusion & Action: *We believe that the global situation of Interinvest retail remain healthy and we hope that the company can definitively settle its problems in Messancy. We maintain our Hold recommendation.*

Scenario under review

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Agenda

22-Feb-07	EVS BROADCAST	FY results FY06
22-Feb-07	GIMV	Trading update, first 12 months of 2006-2007 financial year
22-Feb-07	IPTE	FY results
22-Feb-07	KBC GROUP	FY results (07:00 am CET)
22-Feb-07	WERELDHAVE B.	FY results
23-Feb-07	LEASINVEST REAL ESTATE	1H results
26-Feb-07	ARINSO	FY results
27-Feb-07	PUNCH	FY results
27-Feb-07	REAL SOFTWARE	FY results (before market opening)
28-Feb-07	AGFA-GEVAERT	FY results (before market opening - 08.00 am CET)
28-Feb-07	D'IETEREN	FY results (7:30 am CET) (Avis the day before - 8:00 am)
28-Feb-07	FLUXYS	FY results
28-Feb-07	TER BEKE	FY results (after trading hours)

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Bois Sauvage holds a significant stake in Bank Degroof

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